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Czech Presidency of the EU: the view of telecom operators

By Lise Fuhr, Director General, ETNO

July marks an important political transition in the European Union. For the second time in history, the Czech Republic takes the helms of the rotating [EU Presidency](#) from France. The Czech government's plans are ambitious as it works to “*rethink, rebuild, repower*” Europe. Amid geopolitical tensions, ramping inflation, recovering economies and high uncertainty, the terrain is sprinkled with challenges.

In this context, what role could digital play in navigating this semester? I believe it can be a game changer. Let me explain why.

Digitisation as a tool for economic recovery

The European Commission has put on the table a series of very ambitious “[Digital Decade](#) targets” to digitalize Europe: the objectives range from digitalizing SMEs and helping them to adopt cloud solutions, to ensuring that all key public services are accessible online. The common denominator is connectivity. For this reason, the targets also require to achieve 5G and gigabit connectivity for everyone, everywhere in Europe, by 2030.

The reason for these ambitious targets is that today digitalization is a “must-have”: according to the [World Bank](#), the digital economy now represents 15.5% of global GDP.

The crucial role of the telecom sector

In Europe, the telecom industry has been massively investing to make the digital opportunity real across Member States. [Studies](#) show that European telcos have already invested more than half a trillion euros to upgrade the digital infrastructure, in the period 2012 - 2021. For sake of [comparison](#), this means that for every 1 euro invested by big tech in Internet infrastructure, European telcos have invested 10 euros. Experts also point at a major opportunity ahead. According to [BCG](#), the on-going investment in 5G and fibre networks can bring a €113bn GDP boost to Europe by 2025.

Telco sector has been a key energizer of the Czech economy. In 2020, telco sector invested more than 18 billion CZK to their networks and services in the Czech Republic. Three of the telco companies are among the top 20 contributors to the state budget. Over the last 10 years, the share of telco and information technologies in GDP has increased by 1% to 4.69% in 2021. With nearly 175 000 employees, telco and IT companies are also one of the most important employers in the Czech Republic.

Europe's new approach to network deployment

Because of networks being a socio-economic enabler, the European Commission has taken a fresh approach to the telecoms sector. With the European Electronic Communications Code, for the first time in recent history, the EU has explicitly included investment in “network roll-out” among the objectives of EU regulation.

The purpose is to facilitate increased investment in 5G and fibre networks, both at the EU level and by harmonizing approaches by national governments and regulators.

From my standpoint, this means that national regulatory decisions should always be geared towards accelerating roll-out, rather than creating regulatory obstacles. This is particularly important, for example, when defining obligations related to spectrum management or when regulating fixed broadband markets.

National regulators should be clearly in line with the latest EU laws and regulatory benchmarks, to ensure that no Member State lags behind in 5G and fibre.

Sustainability of the EU Internet ecosystem

Despite the many EU efforts to boost 5G and fibre roll-out, there are still major worries on the sustainability of the EU internet ecosystem.

Numbers tell the story. Today, 55% of the whole Internet traffic comes from only a few tech giants. While telecom companies carry the burden of investing the networks, it is mostly tech giants who currently seize the benefits of traffic increases. With expensive 5G and fibre investment cycles ahead, one might ask: is this sustainable?

In this context, Executive Vice-president Vestager [recently announced that the European Commission](#) would analyse if “there are players who generate a lot of traffic that then enables their business, but who have not been contributing actually to enable that traffic”. While Commissioner Breton [announced](#) measures on the matter would be decided by the end of 2022.

Doing so won't only fix this critical issue on network-related costs. Estimates show that solid socio-economic benefits can be [unlocked](#) for Europe, including €72bn GDP growth, an additional 840 000 jobs in 2025 and potential cuts to CO₂ emissions.

Digital resilience and cybersecurity

Speedy and substantive investment in resilient European telecom networks is today even more necessary, as cybersecurity threats ripple and new risks emerge in a complex digital ecosystem. Telecom operators know the game well, traditionally putting a “security first” approach at the core of their network operations.

Cyber threats are a historic challenge for our societies. While they will inevitably occur, it is essential that we take a fact-based and risk-based approach in mitigating them. This will be particularly the case for 5G. On the one hand, just like every new technology, it might create new vulnerabilities. On the other hand, we should not ignore that it also brings new opportunities to tame cyber vulnerabilities by adding extra security opportunities, namely network slicing, authentication and encryption.

As Europe works to achieve its 2030 targets, let us be aware that one quarter of the “digital decade” has already gone by.

The stakes are high, but we expect the Czech Presidency of the EU will have a key role in accelerating the achievement of Europe's digital decade ambition.