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NOTE

From:	Presidency
To:	Permanent Representatives Committee/Council
Subject:	The future of the connectivity sector - Exchange of views

The Future of the Connectivity Sector

Strengthening European competitiveness through connectivity

The Digital Decade policy programme is guiding Europe's digital transformation to 2030. While monitoring the progress of the Digital Decade targets will be instrumental in ensuring the digital transformation, the European Commission¹ has called attention to the need to look beyond 2030 and outlined a way forward for how the long-term competitiveness and productivity of the European economy can be strengthened.

As digitalisation is one of the main drivers for long-term European competitiveness, access to secure, safe and reliable connectivity infrastructure is ever more crucial in order to ensure an effective Single Market.

¹ COM(2023) 168 final.

A sustainable and well-functioning connectivity infrastructure is essential in order to strengthen the EU's long-term competitiveness. In light of significant technical and market developments, the question of further roll-out of connectivity infrastructure have sparked a debate on the need for investments and the current regulatory conditions for the electronic communications sector.

Significant technology and market developments

In the past months the European Commission has put forward a series of tools to contribute further to the EU's strategic objectives of ensuring gigabit connectivity for everyone and 5G coverage everywhere by the end of the decade.

The amount of data exchanged is increasing. With new digital technologies and increased digitalisation of the economy, the amount of exchanged data is expected to grow even further. At the same time, the use of proprietary content distribution networks is increasing on the market. Data traffic patterns also seem to be evolving where content and application providers' data traffic is increasing. Content and applications providers are investing in such networks for the delivery of digital services to their customers. However, this may not alleviate the overall strain of networks stemming from future needs.

Against this background, the European Commission in February 2023 launched an exploratory consultation on the future of the connectivity sector and its infrastructure², running until 19 May 2023.

The aim of the consultation is to gather views on the changing technological and market landscape and how it may affect the sector for electronic communications. In this respect, its objective is to identify the connectivity infrastructure that Europe needs to lead the digital transformation in the coming years.

The consultation also seeks to identify investment gaps to meet these needs and the tools to bridge them, whilst also touching upon consumer perspectives and barriers to the Single Market.

² EU Commission, Consultation, [The future of the electronic communications sector and its infrastructure](#).

A part of the consultation calls attention to the question whether content and application providers should contribute to the electronic communications network deployment costs. In October 2022, BEREC published a preliminary assessment of the underlying assumptions of payment from large content and applications providers to internet service providers³. It highlights, *inter alia*, that the internet has proven its ability to self-adapt to changing conditions. In the assessment, BEREC also informs of its intention to further analyse the potential benefits and risks with such payment systems.

In light of the ongoing discussions on payments from content and applications providers for infrastructure deployment, the Ministers are invited to discuss the following questions.

- Given recent technological and market developments mentioned above, do you see a need for measures to stimulate investments in infrastructure and do you see any potential benefits or risks in connection with such measures?
- Do you see other challenges or developments the electronic communications sector is facing that would require attention?

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³ BoR (22) 137.