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TELECOM NETWORKS AT THE HEART OF EUROPE’S DIGITAL TRANSITION

FFTélécoms’ core priorities for the
2024 European elections

FFTÉLÉCOMS' CORE PRIORITIES FOR THE 2024 EUROPEAN ELECTIONS

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Electronic communications networks, at the heart of the digital ecosystem, constitute the essential basis of the connectivity that citizens and businesses need on a daily basis. For decades, they have been catalysts for the European economy. Their role is all the more crucial with the emergence of new technologies, such as industrial 5G, autonomous and connected mobility and artificial intelligence models, which are about to step up the impact of digital technology on our lives and the economy. While they have demonstrated their social and economic utility, they are now facing a sharp increase in data traffic linked to new needs and use cases, and changing consumption patterns (telecommuting, home autonomy, streaming, etc.).

All of these mutations are confronted with the imperative of ecological transition and the necessary integration of environmentally-friendly practices, a duty for everyone, and for major digital players in particular.

Europe needs to fully seize the opportunities offered by the digital and ecological transition, by promoting and implementing sustainable digital technologies. The competitiveness of European players in the sector on the international stage and support for investment in infrastructures must remain a priority for the new mandate to come.

While the European Commission's 2019-2024 mandate has set significant milestones in terms of regulating the digital space, the 2024-2029 mandate is crucial to implement successfully the twin transition to a digital and green Europe and meet the deployment objectives of the 2030 Digital Decade policy program. European electronic communications operators have an essential role to play in realizing the ambitions of the European Union in terms of connectivity, digital leadership, economic and industrial competitiveness, but also social inclusion and ecological transition.

However, the sector's economic situation and the regulatory models that currently govern operators' activities compromise their ability to invest significantly and sustainably in digital infrastructures, a prerequisite if they are to ensure the long-term viability of networks and meet the critical rise in usage.

In order to close the 174 billion euros investment gap which would make it possible to achieve these objectives, the European Union must adopt an approach that breaks away with the current regulatory framework, making it possible to stimulate investment and innovation.

In the perspective of the new European mandate 2024-2029, and in order to support public decision-makers in the implementation of a strong European ambition, FFTélécoms is formulating 14 major proposals which are structured around four major axes: guaranteeing an investment-friendly environment while simplifying the regulation of the electronic communications market, promoting sustainable and secure digital practices, and harmonizing and ensuring consistency of other current and future legislation.

Supporting investments in networks, the basis of connectivity

The European Union has set ambitious targets in its Digital Decade policy program, aiming for gigabit coverage for all Europeans and next-generation wireless networks equivalent to 5G in all populated areas by 2030. However, to achieve these objectives, considerable investments are required, placing electronic communications operators at the heart of a major economic challenge.

Over the past decade, European operators have invested massively in next-generation networks in Europe - 500 billion euros, including nearly 114 billion euros in France[1]. These investments must continue to deploy fiber and 5G everywhere and for everyone. The need for networks to evolve in response to the profound changes they are undergoing justifies these investments all the more: ever greater use of software, cloud and edge cloud, and artificial intelligence. Networks are destined to become even smarter and more agile, enabling them to better respond to specific customer needs.

Operators call on the European Union to prioritize the harmonization of legislation and the simplification of electronic communications market regulation, by adopting a holistic approach aimed at reducing the costs that constrain operators and supporting private investment.

The current legislative and regulatory framework is still a source of stagnation and slowness in network deployment, preventing the completion of territory coverage plans and leaving part of the population waiting for concrete improvements. At both national and European level, priorities are to simplify and stabilize the system of administrative authorizations prior to the rollout of very high-speed networks, and to make town planning rules less restrictive.

Regulations must be simplified and further harmonized. For example, in consumer law, operators have to deal with horizontal European law, sector-specific law and specific national law. This pile-up of rules is complex and costly, and does not benefit end-users in terms of readability and simplicity.

This simplified and harmonized framework must also take into account the need to rebalance relationships within the ecosystem. Operators must in fact ensure that their networks continue to absorb steadily growing traffic, multiplied by 18 between 2012 and 2021, and driven by the services of non-European digital giants.

FFTélécoms' members are calling for a revision of regulatory models, giving greater support to private investment in networks and rebalancing relations between European operators and large global traffic generators.

To ensure the competitiveness and strategic autonomy of the European economy, it is imperative for the European Union to make a firm commitment to a regulatory framework conducive to investments in its infrastructure.

174
billion euros

The investment gap estimated by the European Commission to meet the rollout targets set out in the Digital Decade policy program by 2030.

14.6
billion euros

The level of investment by French operators in networks in 2022, i.e. an investment effort rate of 19.4%[2]. Investment needs are set to explode in the years to come to meet network coverage and capacity requirements, particularly in view of the increase in data traffic generated by certain digital players.

39% & 79%

While they account for just 39% of the revenues generated by the digital ecosystem in France in 2022, telecom operators alone account for 79% of gross investments made.

6.3%

The level of taxation as a percentage of revenues for electronic communications operators in France in 2022. For comparison, terminal manufacturers and internet giants are respectively subject to levels of 0.1 and 0.3% tax in proportion to their revenues.

1/ Source: 2023 economic study, FFTélécoms

2/ CAPEX/CA

→ Our proposals

01

Simplifying and harmonizing the regulatory framework for electronic communications infrastructures to support investment and innovation by European operators.

It is essential to establish a regulatory environment allowing the sector to regain its attractiveness, including through modalities for contributing to the costs caused by the largest traffic generators.

02

Facilitating and accelerating rollouts by streamlining administrative procedures.

In addition to guaranteeing a favorable framework for operators' business models, we need to promote the adoption of measures designed to facilitate rollouts in order to achieve the objectives of the digital decade policy program, such as the principle of generalized tacit approval for permits granting (including rights of way), better coordination with the electrical cabling of sites, the introduction of exemptions for mobile rollouts in complex areas (coastal areas), etc.

03

Ensuring regulatory consistency, support innovation and the development of pan-European offerings.

A reassessment of existing sector-specific rules is needed to ensure that they meet current market challenges, and that they are not redundant, contradictory or rendered obsolete by horizontal rules governing the same field. These reassessments must be backed up by systematic impact studies based on up-to-date figures. It is also important to avoid any over-transposition of European texts at national level. These reassessments should first and foremost concern consumer protection provisions (Directive 2018/1972 of December 11, 2018 establishing the European Electronic Communications Code), or those relating to data protection with Directive 2002/58/EC known as privacy and electronic communications and the draft Privacy Regulation versus Regulation (EU) 2016/679 known as the General Data Protection Regulation.

04

Reducing the sector-specific tax burden on operators and ensuring that revenues are properly allocated.

Today, the electronic communications sector is subject to particularly heavy specific taxes and levies, amounting to 1.5 billion euros in France in 2022, which represent value that is not allocated to infrastructure investment.

Empowering all digital players to support environmental footprint management

The digital infrastructure and electronic communications sector is at the heart of the environmental transition. French operators have taken the initiative of committing to a voluntary and ambitious approach, embodied in a charter for sustainable digital development. The aim of this initiative is to set a first milestone in avoiding, reducing or offsetting all Scopes 1 and 2 emissions by 2040.

An in-depth analysis of the responsibility of all players operating in the digital value chain is required. Equipment manufacturers, in this regard, have an essential role in the information and communication technology value chain to help reduce so-called scope 3 emissions from operators. Measures aimed at encouraging them to provide more transparent information on their products, and to develop a secondary market for network equipment, would contribute to an efficient and virtuous sharing of responsibilities.

In addition, although operators are indeed making continuous efforts to optimize their networks and replace obsolete infrastructure, the very sustained growth in data traffic (23% per year), largely driven by a few digital giants, is holding back the transition to a more sustainable digital future. Some of these players have adopted energy-intensive and environmentally unsound practices, such as launching videos by default or pre-loading advertisements. These practices, which are currently unregulated, fuel traffic growth, which in turn calls for investment in network densification and, consequently, accelerated renewal of equipment.

Achieving sustainability objectives and mitigating the increase in carbon emissions caused by ever-increasing demand for services therefore requires greater responsibility not only from operators but also from all digital players, through mandatory standards and/or pricing incentives.

-21%

The reduction in carbon emissions (scope 1 & 2) by French telecom operators since 2020.

54%

The share of French traffic generated by the 5 main internet players (Google, Meta, Amazon, Netflix, Akamai) in 2022.

+200% & +60%

Rates of increase in fixed and mobile data traffic due to automatic video playback on Facebook following the implementation of this feature.

89gb

The data consumption per user on mobile networks in 2030 in France, i.e. a 6-fold increase in data usage compared with 2022.

→ Our proposals

05

Enhancing the transparency of information provided by equipment manufacturers.

It is essential that the future digital product passport establishes a standardized framework at EU level to enable the sharing of information between eco-organizations, vendors, and manufacturers. This will enable electronic communications operators to better understand the management of their electrical and electronic equipment (EEE) and comply with CSRD obligations.

06

Improving electronic waste management.

It is important that «ecodesign» principles are applied to network equipment to extend their life cycle and encourage the development of a secondary, reconditioned and resale market on a European scale. This approach would help reduce carbon emissions from the supply chain and the quantity of electronic waste while improving the management of raw materials. Modernizing rules for the reuse of equipment within the EU is therefore essential, for example by preventing licenses from restricting the cross-border use of equipment or incentivizing the purchase of new equipment in a context of decarbonization of the economy. Revising the Waste Electrical and Electronic Equipment (WEEE) Directive is essential in this regard to simplify the rules for transferring EEE from one country to another and to rebalance the burden of responsibility for waste between producers and sellers.

07

Establishing a regulatory framework to optimize data traffic.

Solutions to reduce data consumption currently exist, such as advanced video compression, adaptive bitrate streaming, or the optimized video compression codec. However, it is clear that the players whose services consume the most energy are currently under little or no obligation to use them. We believe it is essential to introduce specific regulations with clear obligations to improve the energy efficiency of certain services and optimize data traffic, while providing for appropriate enforcement.

08

Designing mandatory standards to enable consumers to be aware of the environmental impact of the digital services they use.

This information could be based on European standards inspired by the general eco-design standard for digital services proposed by Arcep and Arcom in France. Pricing incentives are of course still highly relevant.

Addressing cybersecurity and network security concerns

Physical and cyber-attacks against digital infrastructure and services in Europe have increased significantly in recent years. Operators are investing heavily to anticipate and combat these attacks, with network protection costs continuing to rise. Although operators have an important role to play, they only represent one of the links in the value chain; it is important to ensure that the allocation of responsibilities remains proportionate and clear within this value chain.

Given the major challenges posed by cybersecurity due to the digitalization of the economy, the European Union took a strong stance on these issues during the previous mandate, with the adoption of several legislative initiatives, such as the directive on measures for a high common level of cybersecurity across the Union (NIS 2 Directive), the proposal for a regulation on horizontal cybersecurity requirements for products with digital elements (Cyber resilience act) or the regulation on ENISA and on information and communications technology cybersecurity certification, but also with non-legislative initiatives, such as the "5G security toolbox".

It is now necessary to ensure that all of these measures remain coherent and effective for the targeted players, particularly in terms of reporting, taking into account the transition phase and the concrete impacts of their implementation.

To further strengthen the security and sustainability of our networks and services, we also support the development of cybersecurity certification schemes in accordance with the 2019 Cybersecurity Regulation.

Lastly, companies operating critical infrastructures and services, such as those in the electronic communications, healthcare or energy sectors, are increasingly subject to cyber-ratings throughout the world, and in Europe in particular. These ratings, often carried out by non-European entities, on the basis of non-harmonized or non-enforceable criteria, can have a significant impact on the rated entities (particularly business entities). Given their development and their consideration, it is important to define a set of minimum requirements for these rating agencies, similar to what has been done for credit rating agencies.

→ Our proposals

09

Promoting harmonized and coherent implementation of the various European texts relating to cybersecurity.

(NIS2, REC, CRA, DSA, etc.), to avoid any risk of multiplication of reporting.

10

Swiftly adopting the certification schemes under development.

We encourage the EU to pursue the rapid adoption of the certification schemes currently being developed. It is also essential to ensure harmonized adoption across the EU of these certification schemes, including the one relating to cloud services ("EUCS"); this would allow customers to benefit from enhanced protection against extra-EU extraterritorial measures which could pose a major risk and concern for certain EU companies and public bodies.

11

Regulating "cyber-rating" practices, consistently with the cybersecurity requirements set at European level.

In order to ensure the legitimacy, relevance and comparability of cyber ratings, it is necessary to define minimum requirements (including transparency) for cyber rating agencies at EU level and to establish an official EU register or inventory of approved cyber rating agencies.

Harmonizing, simplifying and bringing consistency to the regulations applicable to electronic communications operators

In addition to the requests for simplification and harmonization made regarding the regulatory framework specific to telecoms, it is also necessary to ensure that other measures applicable to the sector follow the same principles and remain proportionate. Implementing regulations requires considerable resources, time and adjustments from companies, particularly in terms of information systems, the associated costs of which are not always fully taken into account. This applies in particular to ESG measures, payment deadlines and payment services.

Finally, certain activities carried out by operators, such as the distribution of audiovisual services, deserve to be subject to harmonized regimes at European level, in order to guarantee greater fairness with non-European players carrying out similar activities but currently escaping the regulatory, administrative or financial obligations weighing on operators.

→ Our proposals

12

Limiting the constraints weighing on companies while guaranteeing them a high level of protection vis-à-vis third parties.

These constraints can be particularly time-consuming and costly, and need to be adapted to the specific needs of businesses. In this respect, the future regulation on payment deadlines must take into account the constraints inherent to the operator's business when purchasing, in particular, critical and highly technological equipment, by adapting, for example, the goods verification timeframe accordingly. Similarly, the regulation on ESG rating agencies should also ensure a high level of protection for companies committed to environmental policies (introduction of a system of authorization, supervision and sanctions by ESMA, and obligations relating to internal organization, transparency, independence of agencies and prevention of conflicts of interest).

13

Ensuring a proportionate review of the Payment Services Directive, in terms of liability for telecom operators.

Accompanied by a new regulation aimed at strengthening collaboration between payment service providers and electronic communications service providers, the review of the Payment Services Directive must preserve the regimes specific to operators' activities, without making the latter bear, in cases of bank fraud, a disproportionate responsibility, in defiance of the measures already implemented, and also disproportionate with regard to the sharing of value with payment service providers.

14

Reforming European regulations relating to the activity of audiovisual services distributors.

While Audiovisual Media Services Directive (EU) 2018/1808 has enabled a rebalancing of functional and fiscal obligations between foreign and French players in the publishing and editorial sector by establishing an exception to the country-of-origin principle, an asymmetry persists between French and foreign audiovisual services distributors, to the extent that this status is not recognized at Community level. To put an end to asymmetries by imposing a minimum set of obligations on players offering equivalent services, it is essential to recognize a European definition of audiovisual service distributor and to apply to these services the principle of the country of destination.

RESPONSABILITY - TRANSPARENCY - LISTENING
RESPECT - INNOVATION

Created in 2007, Fédération Française des Télécoms brings together electronic communications operators in France. Its mission is to promote a responsible and innovative industry regarding society, environment, people and companies in the sector, defending the economic interests of its members and participating in the development of the profession at the national and international level.

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