Europe

# Public Consultation on Europe 2020 Strategy – GSMA Input
## *Mobile for Europe 2020 – A Stronger Partnership Agenda*

## INTRODUCTION & CONTEXTS

1. The GSMA welcomes this opportunity to respond to the European Commission's consultation on the Europe 2020 strategy *for smart, sustainable and inclusive growth*. We would agree that the EU needs a comprehensive medium term strategy for growth and jobs, and we support the role the Digital Agenda for Europe (DAE) "flagship" has played in focussing attention on the importance of ICT in its delivery. As we reach the mid-term point of the current strategy the Commission is right to assess its effectiveness and consider changes in its scope and prioritisation. A new era, featuring the digitisation of services and ubiquitous broadband connectivity, is at our doorstep. This will bring many new challenges but also opportunities for growth.

2. Mobile plays a pivotal role in the European economy, both as an industry in its own right and as an enabling platform for an increasing range of adjacent sectors and services. The transformative effect of mobile has been made possible by significant capital investment in networks by our members, totalling over 100 billion euro since the launch of the EU 2020 strategy in 2010. These networks help power the Internet, driving growth, innovation, jobs and social inclusion. They are providing the fast, reliable, secure and intelligent connectivity that is essential to delivering social and economic progress for Europe. Investing in communications technology and infrastructure helps Europe's large and small businesses in all sectors to lower costs, increase productivity and be more competitive. President Juncker has rightly put infrastructure investment at the centre of the new European Commission's agenda.

3. The mobile industry has the potential to deliver even greater benefits with the capacity to connect almost anything and anyone. The Europe of 2020 will offer a range of life enhancing services powered by a vibrant mobile ecosystem that connects the physical and digital worlds. This convergence will unleash a new dimension of services that improve the quality of citizens' lives and the productivity of the region's businesses, transforming everything in their path. With the digitalisation of healthcare, education, government, transport and energy, broadband networks will become even more central to future social and economic development.

4. Collaboration between industry and governments through the Digital Agenda initiative of Europe 2020 has already proven its value. The GSMA looks forward to working with the new European Commission and Parliament and being part of a stronger *partnership agenda* to drive investment, enable innovation in digital services, and build trust and confidence in their take-up and use by Europe's citizens and businesses. Only through partnership will we maximise mobile's contribution and realise its full potential to drive smart, sustainable and inclusive growth across

all sectors of Europe's single market. The policy decisions we make now will determine the potential of industry to deliver a better future for Europe's businesses and citizens.

5. This consultation response to the Europe 2020 review focuses on the three areas that we see as central to underpinning progress in all others: investment, innovation and trust. For each it explores the common challenges and opportunities shared by policy makers and industry, sets out what the GSMA and its members are doing to meet those challenges, and proposes an enabling policy framework to ensure maximum benefits accrue to Europe's citizens, businesses and economy.

## A) INVESTING FOR GROWTH & JOBS

**ALIGNED AGENDA – COMMON CHALLENGES AND SHARED OPPORTUNTIES**

Europe 2020 Communication: "*EU investment in state of the art communications infrastructure is also lagging behind that of its main competitors".*

6. Boosting communications infrastructure investment is critical to powering the digital economy. We must scale networks to meet the growing demand for high-speed connections and large increases in data traffic (60% year on year), driven by faster connections, smarter terminals, and more media rich content. Our common challenge is to bring digital to all sectors of the economy and to connect Europe's citizens and businesses, and to achieve this against the backdrop of economic downturn and decreasing revenues in the telecoms industry - 163 billion euro in 2010 to 142 billion euro this year.

7. Meanwhile Europe's single market provides the telecoms industry with a scale opportunity but in reality we are still facing 28 national telecoms markets, with 28 different spectrum and regulatory regimes. The current proposals for the Connected Continent Regulation fall short of the level of ambition needed. To reap the full benefits of the digital economy a more comprehensive approach is required - a view shared by President Juncker who has called for "ambitious legislative steps towards a connected Digital Single Market, notably by adding more ambition to the on-going reform of our telecoms rules". We would support this.

8. As set out below, huge strides have been made in meeting Europe's connectivity agenda but, as the Commission itself recognises, our region has not kept up with communications infrastructure advances in markets such as the United States (U.S.) and South Korea. For example, 4G coverage in the U.S. stands at 97% with 40% of all mobile connections in the U.S. on 4G networks – the equivalent figures for Europe 74% and 9%. Our shared challenge is to continue closing that connectivity gap and restoring Europe's mobile edge.

**MOBILE'S CONTRIBUTION**

9. Despite falling revenues, increased regulation and a difficult economic backdrop the telecommunications industry continues to play its part in building Europe's digital future*, investing more than* €20bn/year in next generation mobile networks. Huge strides have been made over the last five years in meeting Europe's Digital Agenda connectivity targets with improvements in the speed, quality and reach of Europe's mobile broadband infrastructure. 3G/4G penetration has

almost doubled since 2010 from 45% to 82%, and the 3G/4G share of connections has risen from 36% to 65%. 4G coverage stood at just 4% back in 2010 and has now risen to 74%, with 91% forecast by 2020. Whilst 4G penetration is around 12% today it is expected to rise to 76% by 2020.

10. Virtually 100% of European citizens have access to a broadband connection; 62% have access to a 'fast' fixed and mobile broadband connection (at least 30mbit/s); and average download speeds (across the EU28) have more than doubled since 2010. The industry's capital expenditure plans will help achieve the Digital Agenda goals of 100% of EU citizens having access to 'fast' broadband (30mbit/s) by 2020.

11. With these capability and coverage improvements in Europe's communications infrastructure, mobile can play an even more significant role in driving Europe's economic recovery over the next five years. The responsibility for that lies with industry and it is stepping up, but the EU institutions can also play their role by developing a more supportive "enabling" policy framework.

**SUPPORTIVE EU POLICY – ENCOURAGING INVESTMENT IN CONNECTIVITY**

**Support growth focussed spectrum policies**

12. Spectrum is the life-blood of the mobile communications industry and key to the industry's efforts to continue to meet consumer and business needs for faster connection speeds, and greater capacity and coverage. Europe's fragmented and inconsistent approach to spectrum policies applies a brake to growth. Europe needs broad and bold reform in the management of its spectrum assets and this should focus on the harmonised deployment of available spectrum, and the identification and timely release of further harmonised spectrum for mobile broadband across the single market. It should be allocated with the objective of driving long-term growth, investment and citizen welfare: spectrum auctions should not be structured to extract excessive payments as spectrum costs directly impact the operator's ability to invest in infrastructure.

**Modernise the regulatory framework to better fit a fast evolving market**

13. The EU should encourage the roll-out of modern communication infrastructures by ensuring a simplified, pro-investment regulatory framework that supports the significant investments planned by industry. That framework should also be adjusted to better address the policy impact of the transition to all-IP networks and the increasing availability of over-the-top (OTT) services provided by Internet companies. We need to address the asymmetries that exist between the applicable rules and principles for investors in European digital infrastructures and those for global Internet companies. The forthcoming review of the electronic communications regulatory framework should also eliminate out-dated and unnecessary layers of regulation, and focus on the broader citizen interest by supporting investment in connectivity rather than managing prices.

**Enable scale through market driven restructuring**

14. Consolidation can incentivise investment and benefit consumers by increasing economies of scale and scope to address Europe's highly fragmented market. The evolution of Europe's anti-trust framework to support market driven restructuring and consolidation will help meet citizens' connectivity expectations and drive Europe's competitiveness. Well-capitalised, vigorous competition supports investment, innovation and accelerated market development. Consolidation can incentivise all three, delivering the greatest choice and prices that suit differing

needs and uses. Merger reviews should be simplified and remedies reduced, with more emphasis given to longer-term dynamic benefits linked to investment and innovation.

**Reduce obstacles to broad-band roll-out**

15. It is important to limit network deployment costs and delays by promoting best practice on base station licensing and ensuring consistent implementation of internationally recognised EMF limits. Mobile specific taxation should be eliminated as its diverts resources away from critical network investment and, where private investments fail to deliver on all broadband targets, public funding could be considered as a complement to the private sector's investment efforts.

## B) INNOVATING FOR EUROPE'S CITIZENS AND BUSINESSES

**ALIGNED AGENDA – COMMON CHALLENGES AND SHARED OPPORTUNITIES**

Europe 2020 Communication: *"In the new, data based economy, European companies are almost absent from the value chain."*

16. We need to ignite innovation and entrepreneurship in Europe, enable interoperable pan-European services, and deliver cost-effective and efficient public services. Mobile is transforming commerce across the single market, enabling public services in areas like health and transport, and promoting innovation and entrepreneurship across all sectors of Europe's single market. Intelligent networks are connecting an ever-greater range of devices and have potential to revolutionise the lives of customers and the productivity of many enterprises. These innovations have huge potential but more needs to be done to realise it.

17. Mobiles offer new, more convenient mechanisms for carrying out payments, transfers, ticketing and a range of other transactions. But within the digital commerce ecosystem no one single group of stakeholders has the assets required to be able to offer an end-to-end proposition. Therefore partnerships will be required between stakeholders with different assets and capabilities to create and enable a secure, seamless and intelligent ecosystem.

18. Our goal is to help deliver the foundations for a new wave of economic growth, job creation and improved social welfare by both pioneering research in next-generation telecom technologies as well as by deploying and operating advanced telecommunication networks and services.

**MOBILE'S CONTRIBUTION**

19. The telecommunications industry invests over €5bn/year in research and development in Europe, and has established a vibrant network of partnerships to drive innovation and transformation across a wide range of industries and vertical sectors, creating a truly networked society.

20. Mobile also plays a key role as an innovation platform for new services, providing opportunities for entrepreneurs to reach new customers and monetise products and services. Our industry's networks and services are an essential part of how every company in Europe does business - small or large, established or start-up. We are committed to maintaining an Open Internet and to providing a range of services at different levels of quality and price in order that all sectors of European industry can maximise commercial opportunities from advanced services.

21. Mobile is already delivering connectivity to a broad range of devices, allowing the development of innovative new services and applications. Now we see mobile bringing a new wave of connectivity, beyond handsets, tablets and laptops, to connected cars and buildings, smart meters and medical equipment. This connected devices market will open up critical new revenue streams, facilitate new business models, drive efficiencies and improve the way existing services across many different sectors are delivered. The ‘Industrial Internet’ has the potential to transform enterprises and industries. It can open up new sources of economic growth and competitiveness through boosting productivity, fuelling innovation and creating new business models. It can be a key driver in delivering on the objectives of Europe 2020.

22. New mobile technologies are changing the way in which people and businesses buy and sell goods and services. Mass-market smartphones are extending the convenience and interactivity of online commerce into the physical bricks and mortar world. Consumers need a straightforward and consistent approach to organising digital vouchers, loyalty programmes, payment cards, tickets and other items. A mobile wallet can deliver this. Indeed mobile offers new, more convenient mechanisms for carrying out payments, transfers, ticketing and a range of other transactions, reducing costs for businesses, and simplifying the lives of Europe’s consumers.

## SUPPORTIVE EU POLICY – ENABLING INNOVATION IN SERVICES

### Allow traffic management to optimise network performance and service delivery

23. Europe needs an Open Internet policy framework that focuses on general principles, recognises the consumer benefits that flow from traffic management, irrespective of the level of congestion, and provides appropriate freedom and flexibility for the development and delivery of innovative services alongside general Internet access. Network operators and Internet service providers (ISPs) use traffic management to optimise network performance and service delivery to ensure that as many users as possible get the best on-line experience as possible at all times, and this is becoming even more important as data traffic grows.

### Enable services based on enhanced Quality of Service

24. Traffic management techniques help operators and ISPs provide an essential platform for service innovation, enabling the provision of connectivity solutions that deliver different combinations of price, speed and usage volume. Policy must allow different service platforms to exist together on the same general purpose IP-based network resources and capacity. This will maximise incentives to invest and maximise utility and value for the end user. Such an outcome is only possible with regulation focussed on establishing high-level principles rather than detailed rules.

### Ensure a level playing field for the provision of equivalent services – same service/same rules

25. A regulatory level playing field is increasingly important in markets where the underlying technology network ownership no longer defines or constrains service provision. Many companies now provide similar services to telecoms operators but without the same regulatory obligations. Rules should be more consistently applied across member states and between providers of functionally equivalent services, irrespective of the technology being used, who is providing the service, or where the business or consumer is located. Same service/same rules should be the guiding principle. This even-handed approach to regulation across the value chain is needed to open up opportunities for all players to compete on an even footing in the delivery of new Internet

services and innovative, interoperable and secure telecommunication services. It is important to ensure the transparency and openness of communications platforms, operating systems and search engines to allow European customers to freely communicate and choose between platforms.

**Facilitate interoperability of secure transactions and services across borders and industry sectors**

26. SIM-based authentication payments and identity services can unleash the full power of Europe's digital opportunity to the benefits of public administrations and sectors beyond telecom. Policymakers can facilitate and support industries' efforts to collaborate on interoperable pan-European services that meet consumer needs and create new markets scale opportunities for the whole economy.

**Promote the digitisation of public administrations**

27. The digitisation of public administrations can be a critical catalyst for the spread of ICT in Europe. We are encouraged that President Juncker has prioritised the modernisation of the EC's administration in this respect.

**Encourage a proportionate and future-proof approach to regulating M2M services**

28. Governments and regulators can realise significant social and economic benefits from the growth of IoT services by ensuring that policies and regulations are flexible, balanced and technology neutral. Excessive, prescriptive or technology based regulation risks stifling innovation, raising costs and harming overall citizen welfare.

## C) BUILDING TRUST IN THE TAKE UP AND USE OF DIGITAL SERVICES

**ALIGNED AGENDA – COMMON CHALLENGES AND SHARED OPPORTUNITIES**

Europe 2020 Communication: "*A lack of consumer confidence still hampers the completion of the digital single market.*"

29. The success of Europe's Digital Single Market will be built on three pillars: fast and reliable connectivity, great services; and confident European consumers and businesses ready to embrace their digital opportunities, and take-up and use those services. With no confidence, there is no take-up. And with no take-up, those digital opportunities are missed and the full potential of the digital single market goes unrealised. As Vice-President Ansip has said "Trust is a must".

30. The digital future will encompass a wide variety of services that are always online, available cross-platform, and accessible from any location. As access to digital services spreads and technology develops further, the mix of mobile services will also evolve to encompass new ecosystems in areas such as mobile commerce, health and e-government. With citizens using digital identities to conduct an ever-wider range of activities in the digital world, so the level of risk they are exposed to has increased. The need for new identity solutions has become ever more critical.

31. The benefits of secure digital identity extend across all areas of society, allowing governments to further develop eServices and allowing greater security around corporate data for enterprises. Europe has leadership potential in this critical component of the digital economy. We need to facilitate efforts to collaborate in developing interoperable, pan-European services that meet the

needs of the region's businesses, public administrations and citizens, whist creating big new growth-driving market opportunities.

32. Trust and confidence are key to this and there is growing public awareness of online risk and the need to protect identity. Indeed there are many industries and government services that would have their development constrained without the development of secure digital authentication services. Our shared objective has to be a Europe of citizens and businesses confident in the use of innovative public and private sector services delivered over class leading communications infrastructure.

**MOBILE'S CONTRIBUTION**

33. The mobile industry is committed to protecting the privacy and security of Europe's citizens and providing the best possible safeguard to European customers and the assets and information of European enterprises.

34. Mobile identity can drive trust and confidence in the adoption and use of innovative content and services. For consumers, mobile-based digital identity solutions offer privacy protection, reduce the risk of identity theft and simplify the login experience for a range of services, such as retail, healthcare, government and banking, among others. For enterprises, reliable digital identity services will allow greater security around corporate data, as well as enabling more efficient and effective workflows.

35. In February 2014, the GSMA launched the Mobile Connect service, which will simplify consumers' lives, offering a single, trusted, mobile phone number-based authentication solution that fully respects their online privacy. Consumers will no longer need to create and manage multiple user names and passwords. The operator provides authentication to the service provider with no personal data shared without the customer's permission.

**SUPPORTIVE EU POLICY – BUILDING TRUST AND CONFIDENCE IN TAKE-UP AND USE**

**Develop proportionate and flexible data and consumer protection rules**

36. Data protection and privacy rules should deliver consistent protection for Europe's citizens, promote innovation and ensure a level playing field. They should be clear and flexible enough to encourage continued innovation in technology and information use, such as big data business models, while maintaining Europe's high standards in the protection of personal data and privacy.

**Apply them consistently across the single market and the digital value chain – same service/same protection**

37. Privacy and security are fundamental to building trust and confidence in the uptake and use of new digital services by Europe's citizens. We need to address the current patchwork of regulation, which compromises the effective and consistent protection of consumers across the digital value chain. Policymakers need to ensure that consumers enjoy consistent privacy experiences and levels of consumer protection, irrespective of the technologies, infrastructure, business models and data flows involved. The regulatory regime should apply equally and consistently to all players in the Internet ecosystem. Consistency in law will make it easier for business to meet users' privacy interests and reinforce consumer trust across the whole digital value chain.

**Ensure a consistent pan-European regulation of identification services**

38. The GSMA considers that a predictable regulatory environment for electronic identity and trust services, is key to promoting global interoperability, thereby encouraging the roll-out of trustworthy digital identity solutions with positive impact on job creation, productivity and economic growth. This framework must be flexible and technology neutral in order to balance the security and privacy regulatory requirements against the economic and social opportunities that mobile technology and data can provide.

**Ensure consistent security breach reporting rules across all sectors**

39. Finally, the minimum security requirements that apply to providers of electronic communications services, in particular the adoption of risk management processes and the reporting of security breaches, should also apply to all service providers that play a role in managing critical digital infrastructure**.** This would lead to a situation where security for EU citizens could be ensured on a comprehensive scale and fair competition between businesses would be enhanced.

## CONCLUSION

40. We fully support the ambition of Europe 2020 and the new Commission's endeavour to ensure that Europe fulfils its potential as a world-class digital economy. We hope that policy makers recognise the scale of our industry's contribution and the level of our ambition to foster a truly digital Europe. Combined with a supportive EU policy environment including ambitious legislative steps towards a connected Digital Single Market we can, through stronger partnership, achieve the challenging objectives of the Digital Agenda for Europe.