



*Employers entrusted to deliver
Sustainability Growth Innovation*

Position Paper

Response to the Roadmap on Broadband Guidelines (State Aid)

Brussels, September 2021

General remarks on the Revision of the Broadband Guidelines

As an employers' organisation and a recognised European social partner, we represent our members providing services of general interest. Our members are active in sectors such as energy, healthcare, telecommunications, waste management, water sector etc. Not only are our members benefitting from the broadband connections, but more importantly, they are also in charge of rolling out the networks.

SGI Europe **welcomes the initiative to revise the current Broadband Guidelines**. As with the outbreak of COVID-19, overnight, the entire economy and society had to switch online, the strategic role of the broadband connectivity for all sectors of the economy became undisputable. Moreover, the pandemic also revealed the importance of broadband connectivity for social and territorial cohesion.

Also important, the rollout of broadband can significantly contribute to the creation of jobs, a GDP boost and green transformation. For instance, in telecoms alone, it is estimated that the rollout of 5G network can create 2.4 million new jobs in Europe by 2025, generate an annual increase of EUR 113bn in GDP and reduce carbon emissions by up to 15%. To achieve these goals, the European Union must improve its network investment capacity.

Competition policy benefitting citizens

The provision of services of general economic interest enjoys a special recognition in primary EU law through Article 14 TFEU and Protocol No. 26 TFEU as well as in secondary law. However, the Member States (national, regional, and local authorities) have the general competence and wide discretion to define, provide, commission and organise services of general interest, as well as fund them, and European institutions should only control manifest errors thereof.

When it comes to the general interest objectives, which are the core element of the SGEIs, SGI Europe believes that the competition policy should not be seen as a mere enforcer of greater competition but must **become a tool for shaping inclusive policies**. The broadband connectivity is one of the SGEIs that stands in the forefront in today's digital and green transition.

Therefore, SGI Europe would like to point out that even if the support for the rollout of broadband is not approved under the SGEI rules, its genuine commitment to serve the citizens and its special role in bridging the divide between urban and rural must be recognised also in the Broadband Guidelines.

SGI Europe further **calls for giving** the Member States **increasing flexibility** to design their own policies that correspond to the different national contexts, in line with the Principle of Subsidiarity.

Consideration of the revision in the upcoming RRP

To remedy the unprecedented damage, the Commission introduced the Recovery and Resilience Facility (RRF), under which the National Recovery and Resilience Plans (NRRPs) will have to ensure a sustainable and inclusive recovery that promotes the green and digital transitions. More concretely, this means that **the Member States will have to dedicate at least 20% of allocated funding to supporting the digital transition, including the deployment of very high-capacity infrastructure.**

We understand that the investment initiatives under the Recovery and Resilience Plans will have to be implemented by 2026, however the first disbursements under the RRF already started. The revised Broadband Guidelines on the other hand, are planned to be adopted in the first quarter of 2022.

Although SGI Europe understands that the outbreak of COVID-19 was an unpredictable occurrence, we would like to express **our concerns regarding the disbursements of the NRPPs under the old Broadband Guidelines.** As the Member States will go through a major transformation of broadband infrastructure, we are concerned about applying the slightly outdated rules at a crossroads of digital transformation. Since the disbursements already started, and we expect that many tenders will be launched before the adoption of the revised Broadband rules, SGI Europe **calls for a clear guidance on the application of the rules until the adoption.**