

## Proposal for a Gigabit Infrastructure Act

*Background note for the members of the EEA EFTA Forum*

*Jura Switzerland, 10-11 May 2023*

“Gigabit networks are the stepping stone to our digital transformation. They can provide innovative services, more efficient business operations and smart, sustainable, digital societies.”

*[Margrethe Vestager](#), Executive Vice-President for a Europe Fit for the Digital Age*

“Today we are making sure that everyone, everywhere in the EU, has access to fast and secure connectivity. But high-speed Internet requires high investments. That is why, in addition to facilitating network deployment in the short term, we are exploring the important question of who should pay for the next generation of connectivity infrastructure, including whether platforms should share the cost of investment in next generation connectivity with telco operators.”

*[Thierry Breton](#), Commissioner for Internal Market*

### 1. CONTEXT: WHY?

The European Union (EU) has in recent years prioritised the **digital transition**. Following the European elections in 2019 the current Commission has underlined the importance of embracing the digital transformation by **investing in businesses, research, and innovation, empowering people** with the skills necessary for a **new generation of technologies** and design rules to match making [Europe fit for the digital age](#).

We can all feel it in our daily life that **digital technology** has **changed our lives**. Whether it is the increased impact of artificial intelligence (AI), the way in which we use social media, or network **connectivity**, the EU has been involved in shaping rules on these topics, which we in the EEA EFTA States adopt. Europe wants to empower businesses and people in a way which is **human centred** and is sustainable. One of the EU’s key [ambitions](#) regarding secure and sustainable digital infrastructures is that all European households will be covered by a Gigabit network, with all populated areas covered by 5G by 2030. They argue that achieving such connectivity is a prerequisite for a society **where every business and citizen can fully participate**.

We know how important it is to have a **good internet connection**. This became even more relevant during the COVID-19 pandemic, when telework increased exponentially. The EU already has rules on [Broadband Cost Reduction](#) which came into force in 2014. Those rules contributed to ensure that all EU households would be covered by a network of at least 30 Mbps speeds (enough to ensure smooth use of emails and web browsing). After the entry into force of the rules the share of households covered by 30 Mbps network increased from 58% in 2013 up to 90% in [2021](#).

But since 2014 the world has changed considerably and the digital **expectations and needs of people and businesses have increased**. One might say that it is no longer enough to have the basic connection. There have been and will be fast advances in important digital technologies such as the metaverse, artificial intelligence, quantum computing, augmented and virtual reality and there is a need to keep up with network investment to increase bandwidth need. The problem, according to the [Commission](#), is that full coverage of very high capacity, or Gigabit, networks, including both fibre and 5G rollout, in Europe still faces **high network deployment costs and slow network deployment**.

Therefore, the Commission believes it important to new legislative proposals to amend this.

## 2. CONTENT: WHAT?

On 23 February, the European Commission [presented](#) a set of actions aimed to make Gigabit connectivity available for all citizens and businesses by 2030. Most relevant for the purposes of this background note is the [proposal](#) for a ‘Gigabit Infrastructure Act’ a regulation to put forward new rules to enable **faster, cheaper and more effective rollout of Gigabit networks** across the EU. The Commission also proposed a draft Gigabit [Recommendation](#) that provides guidance for the domestic authorities and an exploratory [consultation](#) on the future of the connectivity sector and its infrastructure.

It is worth noting that when the Commission published the [proposal](#) for the regulation, it was not marked as EEA relevant as such as is usually done with EU legislation deemed to have relevance for the EEA EFTA States. However, it is repealing a Directive (2014/61/EU) which was EEA relevant. It is most likely that the proposal will be taken up into the EEA Agreement.

The proposed regulation from the Commission **aims to**;

- **Reduce and simplify procedures for operators to access existing physical infrastructure**, allowing them to re-use infrastructure to be able to set up networks more quickly;
- **Reduce delays** for the granting of permits and dispute resolution;
- Ensure **more coordination** of civil works between electronic communication operators and operators of other networks like gas, water, electricity, and transport;
- Set up **digitalised administrative procedures** for operators rolling out gigabit networks;
- Bring **fibre inside every new or majorly renovated building**.

**Explanatory box: What is gigabit infrastructure?**

Some of you, like me, might not be technical experts and might be confused by words like gigabit. In technical terms a [gigabit](#) is 1 billion bits, or 1,000,000,000. It is used to measure the amount of data which is transferred in a second between two telecommunication points. What the EU wants to do is rollout Gigabit networks faster (1 Gbps speeds). If this is too complicated for you, I would just say that a gigabit is very fast internet. You may perhaps be more familiar with the terms 5G and fibre. The EU [wants](#) to foster the deployment of such advanced networks, by cutting 'red tape'.

### 3. IMPACT ON MUNICIPALITIES AND REGIONS

In some European countries, such as Norway and Iceland, the municipalities and regions have played a significant role in the deployment of fiber and next-generation mobile networks, especially in rural areas. National support schemes have stimulated broadband deployment in many geographical areas of Norway and Iceland where commercially profitable development of modern digital infrastructure has been challenging. The national state aid program for broadband deployment in rural areas, based on the EU's State Aid Broadband Guidelines, is the main key for ensuring Gigabit connectivity for all citizens and businesses by 2030.

The existing Broadband Cost Reduction directive constitutes a well-functioning regulatory framework for the deployment of modern digital infrastructure and for reaching the EU 2030 targets for broadband deployment.

The National Associations of Local and Regional Authorities are therefore concerned that the proposed Gigabit Infrastructure Act may lead to new and partly burdensome obligations which

may not be proportionate to its objective. This includes the proposed access to existing physical infrastructure, coordination of the use of existing passive infrastructure and of civil works and the advanced transparency of planned civil works via single information points may also pose challenges.

#### 4. STATE OF PLAY: WHERE ARE WE?

##### Legislative procedures

The legislative proposal will be discussed by the European Parliament (EP) and the Council of the European Union. After adoption by the co-legislators, the Regulation will enter into force on the twentieth day following their publication in the Official Journal of the EU.

When this is written the file is in preparatory phases in both the EP and the Council. The ITRE Committee of the EP has designated MEP [Alin Mituta](#) (Renew Europe, Romania) as the Rapporteur responsible for the file.

On the Council side the Working Party on Telecommunications and Information Society will continue to meet over the coming months to examine the proposal and prepare the Council's negotiating mandate (General approach). It is likely that the EU Member States will have different opinions on the approach, and that some might be reluctant to support a legislative proposal on this.

##### EEA Relevance

The question of EEA relevance of the legal act is still unanswered. The proposal has not been marked as EEA relevant by the Commission when the first version was published, but this was likely an omission by the Commission. However, the proposal is amending an older legal act which has been [incorporated](#) into the EEA Agreement and is in force. This is an indicator that the Gigabit Infrastructure Act might also be incorporated into the EEA Agreement. The proposal to has [possible](#) EEA relevance. It is related to the XI Annex to the EEA Agreement on Electronic Communication, Audio-visual Services, and Information Society.

##### **Explanatory box: Who pays?**

Another interesting aspect of these three initiatives is the public [consultation](#) that the Commission started. We can even [take part](#) in the consultation ourselves if interested. This might pave the way for 'Big Tech' companies to pay a fair share of infrastructure cost. This is possibly the most [controversial](#) piece of the puzzle. Thierry Breton, the EU Commissioner in charge of the Internal Market raises the [question](#) of who should pay for the next generation of connectivity infrastructure. The questionnaire

from the Commission proposes two options: one is a digital fund that could be established at either EU or national level, or a direct contribution to the telecom operators that might come with strings attached.

### Other stakeholder opinions

In early 2023 the draft texts of the proposals were [leaked](#) by Euractiv. At the time, the European Competitive Telecommunications Association [stated](#) it was stunned by the content and denounced the leaked text. They complained over a lack of consultation and argued that it would have a strong adverse impact on the contestability of markets and on investments in Gigabit networks. Large telecoms companies such as Vodafone have also [contributed](#) to the discussion.