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Committee on Industry, Research and Energy

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2011/0299(COD)

24.5.2012

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## **DRAFT REPORT**

on the proposal for a regulation of the European Parliament and of the Council on guidelines for trans European telecommunications networks and repealing Decision No 1336/97/EC (COM(2011)0657 – C7-0373/2011 – 2011/0299(COD))

Committee on Industry, Research and Energy

Rapporteur: Evžen Tošenovský

### ***Symbols for procedures***

- \* Consultation procedure
- \*\*\* Consent procedure
- \*\*\*I Ordinary legislative procedure (first reading)
- \*\*\*II Ordinary legislative procedure (second reading)
- \*\*\*III Ordinary legislative procedure (third reading)

(The type of procedure depends on the legal basis proposed by the draft act.)

### ***Amendments to a draft act***

In amendments by Parliament, amendments to draft acts are highlighted in ***bold italics***. Highlighting in *normal italics* is an indication for the relevant departments showing parts of the draft act which may require correction when the final text is prepared – for instance, obvious errors or omissions in a language version. Suggested corrections of this kind are subject to the agreement of the departments concerned.

The heading for any amendment to an existing act that the draft act seeks to amend includes a third line identifying the existing act and a fourth line identifying the provision in that act that Parliament wishes to amend. Passages in an existing act that Parliament wishes to amend, but that the draft act has left unchanged, are highlighted in **bold**. Any deletions that Parliament wishes to make in such passages are indicated thus: [...].

## CONTENTS

	<b>Page</b>
DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION.....	5
EXPLANATORY STATEMENT.....	25



## DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

**on the proposal for a regulation of the European Parliament and of the Council on guidelines for trans European telecommunications networks and repealing Decision No 1336/97/EC (COM(2011)0657 – C7-0373/2011 – 2011/0299(COD))**

**(Ordinary legislative procedure: first reading)**

*The European Parliament,*

- having regard to the Commission proposal to Parliament and the Council (COM(2011)0657),
  - having regard to Article 294(2) and Article 172 of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C7-0373/2011),
  - having regard to Article 294(3) of the Treaty on the Functioning of the European Union,
  - having regard to Rule 55 of its Rules of Procedure,
  - having regard to the opinion of the European Economic and Social Committee of ... 2012<sup>1</sup>,
  - having regard to the opinion of the opinion of the Committee of the Regions of ... 2012<sup>2</sup>,
  - having regard to the report of the Committee on Industry, Research and Energy and the opinions of the Committee on the Internal Market and Consumer Protection, the Committee on Culture and Education, the Committee on the Environment, Public Health and Food Safety and the Committee on Regional Development (A7-0000/2012),
1. Adopts its position at first reading hereinafter set out;
  2. Calls on the Commission to refer the matter to Parliament again if it intends to amend its proposal substantially or replace it with another text;
  3. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

**Amendment 1**  
**Proposal for a regulation**  
**Recital 1**

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<sup>1</sup> OJ C 0, 0.0.0000, p. 0.

<sup>2</sup> OJ C 0, 0.0.0000, p. 0.

*Text proposed by the Commission*

(1) Telecommunications networks and services are increasingly becoming internet-based infrastructures, with broadband networks and digital services closely interrelated. The internet is becoming the dominant platform for communication, services, and doing business. Therefore, the trans-European availability of fast Internet access and digital services in the public interest is essential for economic growth and the Single Market.

*Amendment*

(1) Telecommunications networks and services are increasingly becoming internet-based infrastructures, with broadband networks and digital services closely interrelated. The internet is becoming the dominant platform for communication, services, and doing business. Therefore, the trans-European availability of fast Internet access and digital services in the public interest is essential for economic growth, **competitiveness** and the Single Market.

Or. en

**Amendment 2**  
**Proposal for a regulation**  
**Recital 3**

*Text proposed by the Commission*

(3) On 17 June 2010, the European Council endorsed the Digital Agenda for Europe and called upon all institutions to engage in its full implementation. The Digital Agenda aims to chart a course to maximise the social and economic potential of information and communication technologies, in particular through the deployment of high-speed broadband networks by seeking to ensure that by 2020 all Europeans have access to internet speeds of above 30 Mbps and 50% or more of European households subscribe to internet connections above 100 Mbps. The Digital Agenda aims to establish a stable legal framework to stimulate investments in an open and competitive high speed internet infrastructure and in related services; a true single market for online content and services; active support for the digitisation of Europe's rich cultural heritage, and the promotion of internet

*Amendment*

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access and take-up by all, especially through support of digital literacy and accessibility. In addition, Member States should implement operational national plans for high speed internet, targetting public funding on areas not fully served by private investments in internet infrastructures and promote deployment and usage of modern accessible online services.

promotion of internet access and take-up by all, especially through support of digital literacy and accessibility. In addition, Member States should implement operational national plans for high speed internet, targetting public funding on ***less developed, rural and suburban*** areas not fully served by private investments in internet infrastructures and promote deployment and usage of modern accessible online services ***to enable all European citizens and industries to fully benefit from the potential of an open access to broadband networks.***

Or. {EN}en

**Amendment 3**  
**Proposal for a regulation**  
**Recital 3 a (new)**

*Text proposed by the Commission*

*Amendment*

***(3a) Decision No 243/2012/EU of the European Parliament and of the Council of 14 March 2012 establishing a multiannual radio spectrum policy programme<sup>1</sup> should, by 1 January 2013, make the 800 MHz frequency band available for wireless broadband services.***

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<sup>1</sup> *OJ L 81, 21.3.2012, p. 7.*

Or. en

**Amendment 4**  
**Proposal for a regulation**  
**Recital 4**

*Text proposed by the Commission*

*Amendment*

(4) The Communication from the Commission to the European Parliament, the Council, the European Economic and

(4) The Communication from the Commission to the European Parliament, the Council, the European Economic and

Social Committee and the Committee of the Regions -European Broadband: investing in digitally driven growth concludes that the critical role of the internet means that the benefits for society as a whole appear to be much greater than the private incentives to invest in faster networks. Public support for *this area is therefore necessary, but* should not unduly distort competition.

Social Committee and the Committee of the Regions -European Broadband: investing in digitally driven growth concludes that the critical role of the internet means that the benefits for society as a whole appear to be much greater than the private incentives to invest in faster networks. ***Public support for investing in faster networks may be necessary but should be carefully targeted towards areas where there is a lack of commercial incentive to invest, typically found in rural and remote areas.*** Public support for *these areas* should not unduly distort competition, ***crowd out private investments or create disincentives to invest.***

Or. en

**Amendment 5**  
**Proposal for a regulation**  
**Recital 5**

*Text proposed by the Commission*

(5) The Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – A Budget for Europe 2020 recognises the creation of a Connecting Europe Facility in the context of the Multiannual Financial Framework in order to address the infrastructure needs in the areas of transport, energy and information and communication technologies. Synergies between these sectors as well as with other Union investment programmes are key as similar challenges emerge requiring solutions that unlock growth, combat fragmentation, reinforce cohesion, favour the use of innovative financial instruments and address market failures as well as the removal of bottlenecks which hinder the completion of the Single

*Amendment*

(5) The Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – A Budget for Europe 2020 recognises the creation of a Connecting Europe Facility in the context of the Multiannual Financial Framework in order to address the infrastructure needs in the areas of transport, energy and information and communication technologies. Synergies between these sectors as well as with other Union investment programmes are key as similar challenges emerge requiring solutions that unlock growth, combat fragmentation, reinforce cohesion, favour the use of innovative financial instruments, ***if their added value and feasibility is assessed by pilot phases and independent evaluations,*** and address



Market.

market failures as well as the removal of bottlenecks which hinder the completion of the Single Market.

Or. en

**Amendment 6**  
**Proposal for a regulation**  
**Recital 7**

*Text proposed by the Commission*

(7) Actions in the field of broadband networks will be in line with the relevant Union policies, regulation and guidance. This includes the set of rules and guidelines for the telecommunications markets and in particular the Regulatory Framework for electronic communications adopted in 2009 which provides a coherent, reliable and flexible approach to the regulation of electronic communication networks and services in fast moving markets. These rules are being implemented by national regulatory authorities and the Body of European Regulators for Electronic Communications (BEREC). The NGA Recommendation adopted in 2010 aims at fostering the development of the Single Market by enhancing legal certainty and promoting investment, competition and innovation in the market for broadband services in particular in the transition to next generation access networks (NGAs).

*Amendment*

(7) Actions in the field of broadband networks will be in line with the relevant Union policies, regulation and guidance. This includes the set of rules and guidelines for the telecommunications markets and in particular the Regulatory Framework for electronic communications adopted in 2009 which provides a coherent, reliable and flexible approach to the regulation of electronic communication networks and services in fast moving markets. These rules are being implemented by national regulatory authorities and the Body of European Regulators for Electronic Communications (BEREC). ***This also includes the "Community Guidelines for the application of State aid rules in relation to rapid deployment of broadband networks", which provide guidance on the application of public funding to broadband projects, setting strict criteria for the application of state funding and for the notification of projects to be assessed under those guidelines.*** The NGA Recommendation adopted in 2010 aims at fostering the development of the Single Market by enhancing legal certainty and promoting investment, competition and innovation in the market for broadband services in particular in the transition to next generation access networks (NGAs).

Or. en

**Amendment 7**  
**Proposal for a regulation**  
**Recital 9**

*Text proposed by the Commission*

(9) Within the framework of a system of open and competitive markets, the Union's intervention *is* necessary where market failures need to be overcome. By providing financial support and additional financing leverage to infrastructure projects the Union can contribute to the establishment and development of trans-European networks in the area of telecommunications, thus generating higher benefits in terms of market impact, administrative efficiency and resource utilisation.

*Amendment*

(9) Within the framework of a system of open and competitive markets, the Union's intervention *may be* necessary where ***demonstrated and persistent*** market failures ***including under-investment in non-commercial projects*** need to be overcome. By providing financial support and additional financing leverage to infrastructure projects ***that are market driven, and therefore supporting initiatives as they grow and develop,*** the Union can contribute to the establishment and development of trans-European networks in the area of telecommunications, thus generating higher benefits in terms of market impact, administrative efficiency and resource utilisation.

Or. en

**Amendment 8**  
**Proposal for a regulation**  
**Recital 10**

*Text proposed by the Commission*

(10) Substantial economic and social benefits, which cannot be captured nor monetised by investors, are associated with higher broadband speeds. Fast and ultra-fast broadband is the key enabling infrastructure for the development and deployment of digital services, which rely on the availability, speed, reliability and resilience of the physical networks. The deployment and take-up of faster networks opens the way for innovative services exploiting higher speeds. Action at Union level is necessary to maximise the

*Amendment*

(10) Substantial economic and social benefits, which cannot be captured nor monetised by investors, are associated with higher broadband speeds. Fast and ultra-fast broadband is the key enabling infrastructure for the development and deployment of digital services, which rely on the availability, speed, reliability and resilience of the physical networks. The deployment and take-up of faster networks opens the way for innovative services exploiting higher speeds. Action at Union level is necessary to maximise the

synergies and interactions between those two components of digital telecommunications networks.

synergies and interactions between those two components of digital telecommunications networks ***and to complement the action of various other Union programmes and initiatives such as Structural and Cohesion funds, whilst avoiding duplication or oversight and an increase in red tape and administrative burden.***

Or. en

**Amendment 9**  
**Proposal for a regulation**  
**Recital 15**

*Text proposed by the Commission*

(15) The development, deployment and long-term provision of interoperable cross-border eGovernment services enhance the functioning of the Single Market. Governments are recognised for providing public online services which contribute to increasing efficiency and effectiveness of the public and private sector.

*Amendment*

(15) The development, deployment and long-term provision of interoperable cross-border eGovernment services enhance the functioning of the Single Market. Governments are recognised for providing public online services which contribute to increasing efficiency and effectiveness of the public and private sector. ***Public support for the further development of those services will not only enhance the Single Market, but also stimulate e-skills and demand for NGA networks, thereby making a stronger case for both public and private investments in infrastructure projects in certain areas.***

Or. en

**Amendment 10**  
**Proposal for a regulation**  
**Recital 19 a (new)**

*Text proposed by the Commission*

*Amendment*

***(19a) Security requirements should be established in order to ensure optimum levels of privacy and protection of***

*personal data and to prevent any kind of unauthorised tracking of personal information and profiling, including medical status and health records.*

Or. en

**Amendment 11**  
**Proposal for a regulation**  
**Recital 21**

*Text proposed by the Commission*

(21) In order to take into account the developments in the areas of information and communication technologies, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission in respect of amending the Annex to this Regulation. It is of particular importance that the Commission carries out appropriate consultations during its preparatory work, including at expert level. The objective of this delegation is to address new technological and market developments, emerging political priorities or opportunities for exploiting synergies between different infrastructures, including those in the fields of Transport and Energy. The scope of delegation is limited to modifying the description of projects of common interest, adding a project of common interest or removing an obsolete project of common interest according to pre-established, clear and transparent criteria.

*Amendment*

(21) In order to take into account the developments in the areas of information and communication technologies, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission in respect of amending the Annex to this Regulation. It is of particular importance that the Commission carries out appropriate consultations during its preparatory work, including at expert level. The objective of this delegation is to address new technological and market developments, emerging political priorities or opportunities for exploiting synergies between different infrastructures, including those in the fields of Transport and Energy. The scope of delegation is limited to modifying the description of projects of common interest, adding a project of common interest or removing an obsolete project of common interest according to pre-established, clear and transparent criteria. ***Such actions should not threaten the legal or investment certainty on this market, by changing and removing projects in the short term.***

Or. en

**Amendment 12**  
**Proposal for a regulation**  
**Article 2 – point 1 a (new)**

*Text proposed by the Commission*

*Amendment*

***(1a) develop a sustainable level of competitiveness in less populated and developed regions, mainly rural and sub-urban areas served with low and medium speed connections, when accessing broadband networks and ensure the e-inclusion of citizens living in those areas.***

Or. en

**Amendment 13**  
**Proposal for a regulation**  
**Article 2 – point 2**

*Text proposed by the Commission*

*Amendment*

(2) contribute to improvements in daily life for citizens, businesses and governments through the promotion of the interconnection and interoperability of national telecommunication networks as well as access to such networks.

(2) contribute to improvements in daily life for citizens, businesses and governments through the promotion of the interconnection and interoperability of ***local, national, and regional*** telecommunication networks as well as ***open and non-discriminatory*** access to such networks. ***In order to complete the Digital Single Market, close cooperation and coordination of activities under the CEF programme with the national and regional broadband actions shall be ensured.***

Or. en

**Amendment 14**  
**Proposal for a regulation**  
**Article 2 – point 3**

*Text proposed by the Commission*

(3) stimulate Europe-wide deployment of fast and ultra-fast broadband networks which, in turn, shall facilitate the development and deployment of trans-European digital services.

*Amendment*

(3) stimulate Europe-wide deployment of fast and ultra-fast broadband networks ***in accordance with the principle of technology neutrality*** which, in turn, shall facilitate the development and deployment of trans-European digital services ***as well as the competitive potential of European industry.***

Or. en

**Amendment 15**  
**Proposal for a regulation**  
**Article 2 – point 4**

*Text proposed by the Commission*

(4) ***facilitate*** sustainable deployment of trans-European digital service infrastructures, their interoperability and coordination at European level, their operation, maintenance and upgrading.

*Amendment*

(4) ***ensure the*** sustainable deployment of trans-European digital service infrastructures, their interoperability, ***compliance with international and EU standards*** and coordination at European level, their operation, maintenance and upgrading.

Or. en

**Amendment 16**  
**Proposal for a regulation**  
**Article 3 – point 3 a (new)**

*Text proposed by the Commission*

*Amendment*

***3a. "Open access" means wholesale access to the broadband infrastructure for all electronic communications operators on equal and non-discriminatory conditions that enable them to compete fully with the operator owning or managing the infrastructure, thereby strengthening choice and competition for***

*users which should be able to i) access content and ii) run application of their choice according to clearly specified transparent commercial terms offered by the electronic operator providing broadband operator of their choice. Access shall be fairly priced to allow fair returns ensuring both investment for upgrade/maintenance and economic viability of the infrastructure as well as maximum take-up by users.*

Or. en

**Amendment 17**  
**Proposal for a regulation**  
**Article 4 – point a**

*Text proposed by the Commission*

(a) the deployment of ultra fast broadband networks ensuring the speed of data transmission of 100 Mbps and above;

*Amendment*

(a) the deployment of ultra fast broadband networks ensuring the speed of data transmission of 100 Mbps and above, ***taking into account the demand for ultra-fast Internet;***

Or. en

**Amendment 18**  
**Proposal for a regulation**  
**Article 4 – point b**

*Text proposed by the Commission*

(b) the deployment of broadband networks to link island, landlocked and peripheral regions with the central regions of the Union ensuring in those regions that speeds of data transmission are sufficient to permit broadband connectivity of 30 Mbps and above;

*Amendment*

(b) the deployment of broadband networks to link island, landlocked and peripheral regions with the central regions of the Union ensuring in those regions that speeds of data transmission are sufficient to permit broadband connectivity of 30 Mbps and above, ***taking into account the demand for ultra-fast Internet, utilising all available types of technologies on the basis of technological neutrality, which is crucial to an open and dynamic internet;***

**Amendment 19**  
**Proposal for a regulation**  
**Article 4 – point d**

*Text proposed by the Commission*

(d) actions allowing to achieve synergies and interoperability between different projects of common interest in the field of Telecommunications, between projects of common interest concerning different types of infrastructures, including Transport and Energy, between project of common interest in the field of Telecommunications and projects supported by the Structural and Cohesion funds, as well as relevant research infrastructures.

*Amendment*

(d) actions allowing to achieve synergies and interoperability between different projects of common interest in the field of Telecommunications, **complementarity** between projects of common interest concerning different types of infrastructures, including Transport and Energy, between project of common interest in the field of Telecommunications and projects supported by the Structural and Cohesion funds **and other initiatives, avoiding duplication or oversight**, as well as relevant research infrastructures.

**Amendment 20**  
**Proposal for a regulation**  
**Article 5 – paragraph 3**

*Text proposed by the Commission*

3. Member States and/or other entities in charge of the implementation of projects of common interest or contributing to their implementation shall take the necessary legal, administrative, technical and financial measures in compliance with the corresponding specifications of this Regulation.

*Amendment*

3. Member States and/or other entities, **including local and regional authorities**, in charge of the implementation of projects of common interest or contributing to their implementation shall take the necessary legal, administrative, technical and financial measures in compliance with the corresponding specifications of this Regulation **and consistent with the Community Guidelines for the application of State aid rules in relation to rapid deployment of broadband networks. The implementation shall in particular, be based on a comprehensive project**



*assessment. Such a project assessment shall cover, inter alia, market conditions including information on existing infrastructure, regulatory obligations on project promoter, commercial and marketing strategies.*

Or. en

**Amendment 21**  
**Proposal for a regulation**  
**Article 5 – paragraph 4**

*Text proposed by the Commission*

4. The Union may facilitate the implementation of the projects of common interest through regulatory measures, where appropriate, through coordination, through support measures and through financial support to stimulate their deployment and take-up, as well as public and private investment.

*Amendment*

4. The Union may facilitate the implementation of the projects of common interest through regulatory measures, where appropriate, through coordination, through support measures and through financial support to stimulate their deployment and take-up, as well as public and private investment ***and shall be in compliance with the Community Guidelines for the application of State aid rules in relation to rapid deployment of broadband networks.***

Or. en

**Amendment 22**  
**Proposal for a regulation**  
**Article 5 – paragraph 7 – point a**

*Text proposed by the Commission*

(a) new technological and market developments; or

*Amendment*

(a) new technological and market developments ***and innovations***; or

Or. en

**Amendment 23**  
**Proposal for a regulation**  
**Article 5 – paragraph 7 – point b**

*Text proposed by the Commission*

*Amendment*

**(b) emerging political priorities; or**

**deleted**

Or. en

**Amendment 24**  
**Proposal for a regulation**  
**Article 5 – paragraph 8 – point c**

*Text proposed by the Commission*

*Amendment*

(c) demonstrates European added values;

(c) demonstrates European added values,  
**as a result of a feasibility and cost-benefit  
assessment;**

Or. en

**Amendment 25**  
**Proposal for a regulation**  
**Article 7 – paragraph 2**

*Text proposed by the Commission*

*Amendment*

2. The Commission shall be assisted by an Expert Group, composed of a representative of each Member State, for monitoring of the implementation of these guidelines, assisting in the planning through the national strategies for high speed internet and mapping of infrastructures, and exchanging information. The Expert Group may also consider any other issue relating to the development of the trans-European telecommunication networks.

2. The Commission shall be assisted by an Expert Group, composed of a representative of each Member State, for monitoring of the implementation of these guidelines, assisting in the planning through the national strategies for high speed internet and mapping of infrastructures, and exchanging information. The Expert Group may also consider any other issue relating to the development of the trans-European telecommunication networks. ***The opinion of the Expert Group shall be duly taken into account by the Commission. Where the Commission chooses not to follow the opinion of the Expert Group, it shall inform the European Parliament, giving***

*reasons for its position.*

Or. en

**Amendment 26**  
**Proposal for a regulation**  
**Article 7 – paragraph 4**

*Text proposed by the Commission*

4. In these reports the Commission shall also evaluate whether the scope of the projects of common interest continues to reflect political priorities, technological developments or the situation in the relevant markets. ***For major projects, these reports shall include an analysis of the environmental impact, taking into account climate change adaptation and mitigation needs, and disaster resilience.*** Such a review may also be carried out at any other time when it is deemed appropriate.

*Amendment*

4. In these reports the Commission shall also evaluate whether the scope of the projects of common interest continues to reflect political priorities, technological, ***market and environmental*** developments or the situation in the relevant markets. Such a review may also be carried out at any other time when it is deemed appropriate.

Or. en

**Amendment 27**  
**Proposal for a regulation**  
**Annex – introduction – paragraph 2**

*Text proposed by the Commission*

The deployment and enhancement of trans-European telecommunication networks (broadband networks and digital service infrastructures) shall contribute to fostering economic growth, creating jobs and achieving a vibrant digital single market. In particular, their deployment will grant faster access to the internet, bring about information technology-enabled improvements in daily life for citizens, including children and young persons, businesses and governments, increase

*Amendment*

The deployment and enhancement of trans-European telecommunication networks (broadband networks and digital service infrastructures) shall contribute to fostering economic growth, ***promoting new investment***, creating jobs and achieving a vibrant digital single market. In particular, their deployment will grant faster access to the internet, bring about information technology-enabled improvements in daily life for citizens, including children and young persons, businesses and

interoperability and facilitate the alignment or convergence to commonly agreed standards.

governments, increase interoperability and facilitate the alignment or convergence to commonly agreed standards.

Or. en

**Amendment 28**  
**Proposal for a regulation**  
**Annex – Section 2 – paragraph 2**

*Text proposed by the Commission*

Investment in broadband infrastructure has been undertaken predominantly by private investors and it is expected that this will remain the case. However, the achievement of the Digital Agenda targets will require investment in areas for which there is not a clear business case *or* where a business case may need to be enhanced within the time frame of the targets. The following types of areas can be characterized on the basis of the likely investment:

*Amendment*

Investment in broadband infrastructure has been undertaken predominantly by private investors and it is expected that this will remain the case. However, the achievement of the Digital Agenda targets will require investment in areas for which there is not a clear business case, where a business case may need to be enhanced within the time frame of the targets *or where a market failure exists*. The following types of areas can be characterized on the basis of the likely investment:

Or. en

**Amendment 29**  
**Proposal for a regulation**  
**Annex – Section 2 – paragraph 5**

*Text proposed by the Commission*

*High density/urban areas – with the exception of some low income regions - are typically well served with medium to fast speed connections, often provided by competitive offerings of cable and telecom operators. Yet because of this relatively satisfactory situation the market incentives to invest in very high speed networks such as fibre to the home are limited. Thus financial support may be also envisaged to investments in urban*

*Amendment*

*deleted*

*areas with dense populations which do not attract sufficient investment despite societal benefits it would generate, provided that it is in full compliance with Articles 101, 102 and 106 of the Treaty on the Functioning of the European Union, as well as, if relevant, with the Community Guidelines for the application of state aid rules in relation to rapid deployment of broadband networks.*

Or. en

**Amendment 30**  
**Proposal for a regulation**  
**Annex – Section 2 – paragraph 6**

*Text proposed by the Commission*

In less developed regions, the support to the deployment of broadband networks **should** be provided primarily through the instruments of Structural and Cohesion funds. Grants and / or financial instruments from the Connecting Europe Facility **may** complement such support where necessary to achieve the objectives of this Regulation. The achievement of synergies between the CEF actions in those regions and the support from the Structural and Cohesion Funds may be reinforced by using an appropriate coordination mechanism.

*Amendment*

In less developed regions, the support to the deployment of broadband networks **may** be provided primarily through the instruments of Structural and Cohesion funds. Grants and /or financial instruments from the Connecting Europe Facility, **if their added value and feasibility are assessed by pilot phases and independent evaluations, shall** complement such support **and reduce project costs by covering part of an investor's credit risk** where necessary to achieve the objectives of this Regulation. **Nevertheless, the Commission shall coordinate the allocation of funds, thereby preventing any duplication or oversight.** The achievement of synergies between the CEF actions in those regions and the support from the Structural and Cohesion Funds may be reinforced by using an appropriate coordination mechanism.

Or. en

**Amendment 31**  
**Proposal for a regulation**  
**Annex – Section 2 – paragraph 9**

*Text proposed by the Commission*

Actions contributing to the project of common interest in the field of broadband networks shall constitute a balanced portfolio including actions contributing to both the 30Mbps and the 100Mbps Digital Agenda targets, covering suburban and rural areas in particular, as well as areas across the European Union.

*Amendment*

Actions contributing to the project of common interest in the field of broadband networks shall constitute a balanced portfolio including **public and private** actions contributing to both the 30Mbps and the 100Mbps Digital Agenda targets, covering suburban and rural areas in particular, as well as **low and medium density** areas across the European Union.

Or. en

**Amendment 32**  
**Proposal for a regulation**  
**Annex – Section 2 – paragraph 10 – point a**

*Text proposed by the Commission*

(a) Support investments in broadband networks capable of achieving the Digital Agenda 2020 target of universal coverage at 30Mbps; or

*Amendment*

(a) Support investments in broadband networks capable of achieving the Digital Agenda 2020 target of universal coverage at 30Mbps **and above**; or

Or. en

**Amendment 33**  
**Proposal for a regulation**  
**Annex – Section 2 – paragraph 10 – point b**

*Text proposed by the Commission*

(b) Support investments in broadband networks capable of achieving the Digital Agenda 2020 target and of having at least 50% of households subscribing to speeds **above** 100Mbps;

*Amendment*

(b) Support investments in broadband networks capable of achieving the Digital Agenda 2020 target and of having at least 50% of households subscribing to speeds **of** 100Mbps **and above**;

Or. en

**Amendment 34**  
**Proposal for a regulation**  
**Annex – Section 2 – paragraph 10 – point c**

*Text proposed by the Commission*

(c) Comply with applicable law, in particular with competition law

*Amendment*

(c) Comply with applicable law, in particular with competition law **and State aid rules**

Or. en

**Amendment 35**  
**Proposal for a regulation**  
**Annex – Section 2 – paragraph 14 – point b**

*Text proposed by the Commission*

(b) Utility companies (e.g. water, sewage, energy, transport), which are expected to invest in passive broadband networks, either alone or in partnership with operators.

*Amendment*

(b) Utility companies (e.g. water, sewage, energy, transport), which are expected to invest in passive broadband networks, either alone or in partnership with **other public and private** operators.

Or. en

**Amendment 36**  
**Proposal for a regulation**  
**Annex – Section 3 – introductory part**

*Text proposed by the Commission*

The implementation of digital service infrastructures shall contribute to the realisation of digital single market by removing existing bottlenecks in terms of service deployment. This will be achieved through the creation and/or enhancement of interoperable digital service infrastructure platforms, accompanied by essential basic digital service infrastructures. It shall rely on a two-layer approach:

*Amendment*

The implementation of digital service infrastructures shall contribute to the realisation of digital single market by removing existing bottlenecks in terms of service deployment. This will be achieved through the creation and/or enhancement of interoperable **and internationally compatible** digital service infrastructure platforms, accompanied by essential basic digital service infrastructures. It shall rely

on a two-layer approach:

Or. en



## EXPLANATORY STATEMENT

### Introduction

Within a new Multiannual Financial Framework for 2014-2020, the European Commission has proposed a new instrument to promote European integrated infrastructures in the transport, energy and telecommunications sectors, the Connecting Europe Facility (CEF).

The CEF proposal would unlock 50 billion euro for network infrastructure to improve connections in the European Union and should trigger a multiplier effect by leveraging public and private capital required for investments needs estimated at 1000 billion euro.

Since public budgets at national and local levels will not be able to fund the projects alone, the Commission is proposing a new budgetary instrument in order to attract other public and private funding and reduce the risks for private investors.

The use of the Structural Funds and the Competitiveness and Innovation programme for digital service infrastructures and only for pilot projects is not sufficient to ensure a significant development of digital services, especially in the rural areas of the European Union. Moreover, the difficult economic situation faced by the EU and especially some countries, is threatening the investments in new infrastructure and the development of a single European digital market.

The CEF replaces existing legal bases TEN-T/TEN-E and eTEN with one single regulation for financing, aiming to guarantee a maximum integration and synergies with other EU instruments and other EU policies and regulations.

The CEF foresees almost 9.2 billion euro to support investments in fast and very fast broadband networks and pan-European digital services. The main objective of the proposal is to meet the targets of the Digital Agenda for Europe for 2020 of broadband access for all at speeds of at least 30 megabits per second (Mbps), with at least 50% of households subscribing to speed above 100 Mbps.

At least 7 billion of the proposed EUR 9.2 billion would be made available for investments in high speed broadband infrastructure. The remaining part would be provided, primarily through grants, to projects which help to get essential public and networked services on-line. Those projects include cross-border services of public interest (e-Health, e-Identity and e-Justice services, etc.) and should guarantee a fast access for the citizens, the public administrations, the EU industry to the digital platforms, to broadband infrastructures, to telecommunication networks.

Broadband internet and cross-border digital services are the digital infrastructures of the future and, pursuant to a number of studies, will have a significant impact on labour productivity and on GDP per capita. It has been calculated that a 10% higher broadband penetration in any year is correlated with a 1.5% increase in labour productivity over the

following five years.

On the basis of conservative estimates, the European Commission considers that the CEF could stimulate financial investments of more than EUR 50 billion and up to EUR 100 billion in high-speed broadband infrastructure.

The purpose of the present proposal of regulation is to establish a series of guidelines for trans European telecommunications networks to remove the bottlenecks which hinder the completion of the Digital Single Market and to eliminate the digital gap dividing EU regions by promoting private investments in those areas which are actually served with low speed connections or not served at all.

## **1. General comments**

The rapporteur generally agrees with the Commission's proposal. The CEF in the field of infrastructure for broadband and digital services can be viewed as one of the possible complementary mechanisms, which can stimulate necessary investments from the private and public sector in these areas. Some of these investments - in particular those for non-commercial projects or of low profitability - might not take place without this proposed financial support.

The rapporteur believes that this regulation, together with the regulation on CEF, should mainly create a business-friendly environment for the development of telecommunications infrastructure. This should be done mainly through financial instruments such as guarantees, etc.. Grants should be used only in exceptional cases.

For the rapporteur, it is therefore necessary that Member States continue to stimulate the development of the market with telecommunications infrastructure by removing obstacles that prevent faster progress and by promoting competition in this market. Centrally planned and managed projects for the further development of the ICT sector are not recommended, due to the close links of this sector with the market and due to rapid changes in the direction of its development.

In a fully market-based environment, this regulation should not intervene with non-market measures and influences but it should responsibly mitigate the deficits in the digital economy. The principal deficit is connected with the digital divide between the rural and urban areas in the possibilities to connect to fast internet and the use of digital services linked to it. The reduction in this divide is one of the key priorities of the rapporteur. It is one of the areas where public money can effectively promote the development of this market.

## **2. Specific comments**

The proposed instrument should mainly concentrate on the areas of infrastructure where there are weaknesses, which can be mitigated or removed and which cannot be solved through other instruments or by pure commercial entity. The rapporteur would like to stress that the financial support from this instrument should not lead to economic competition distortion. This means that, regarding the broadband infrastructure, the financial support should mainly be directed into low and medium density areas, where private investors are not willing to invest due to low rentability of their investments. Consequently, the instrument should ensure that the EU financial support consolidates and develops the competitiveness of less populated and developed regions when accessing to broadband networks. The proposal to use funds from CEF also for projects in urban areas does not seem to be appropriate; these projects should be solely left to private investors as most of them are commercially viable.

Closely linked to this issue is also the remark made by the European Commission that deployment of broadband networks in less developed regions should be provided primarily through the instruments of Structural and Cohesion funds. The rapporteur believes that the less developed regions should not be prevented to use CEF funds for similar purposes and that synergies between different EU programmes should be established. Concerning the efficient use of funds, it is important that the CEF instrument for telecommunications networks ensures complementarities with the energy and the transport sectors.

Another important aspect of investments in broadband infrastructure is linked to the concept of technological neutrality. In case of different technologies with similar services allowing the same speeds, these technologies should be treated equally. This is why the rapporteur welcomes the proposal of the Regulation which does not propose any concrete technologically correct solution but a mix of technologies to reach the Digital Agenda goals.

The broadband infrastructures are defined in the regulation as wired and wireless (including satellite) networks. The principal connection to the internet is fixed, but the number of mobile users is increasing rapidly as well as the data traffic. These trends should be taken into account in the portfolio of projects of common interest and the priority should be accorded to a deployment of open fast and ultra-fast broadband network.

Concerning the competences of the Commission with regard to this regulation, the rapporteur would like to prevent any unjustified increase in the competences of the Commission. The first issue in this context are the delegated acts. The Commission has, on the basis of this proposal, extensive power to modify, remove and add new projects of common interest, which are essential to this regulation. That is why it is necessary to ensure particular control mechanism that will scrutinize the actions of the Commission.

ICT is a dynamic and rapidly developing sector; therefore, on the one hand it is necessary that the regulation is flexible and takes into account development changes; on the other hand, it should not threaten the legal and investment certainty on this market, by changing and removing projects in the short-term.

The rapporteur also believes that the same problem concerns the question of evaluation and the functioning of the Expert Group