Telefónica's views about post i2010 Consultation

Section 4: "High speed networks and open internet"

In a global economy a leading ICT capability in Europe is essential to maintain competitiveness with other regions. ICT and in particular telecommunications are the essential core of any knowledge-based economy. The ICT sector has two main contributions to the economy:

- The first is a direct contribution to the economy due to the economic activity that it implies
- The second is as an enabler of other sectors competitiveness, productivity growth and contribution to a Greener economy

On the other hand, ICT can substantially contribute to enhance the standard of living of citizens.

In order to profit from the ICT sector, Europe needs as a first priority to improve skills and knowledge of citizens regarding ICT use. A survey from the EU Commission on ICT usage in households and the report from the Swedish Presidency point to the same fact: The main reasons for not having Internet at home are perceived lack of need (38%) and lack of skills (25%). Only then we have costs of equipment (25%) and then costs of access (24%).

While industry is running some programs to deal with that, this is mainly the area where governments and the EU Institutions should and need to focus on to really make a difference.

We think that strong focus should be on education, training and skills, in order to allow those not still connected to be able to use the Internet. Training and awareness raising would be very useful in order to increase the possibilities of more people and businesses to profit from information society services.

Regarding availability of networks, services and applications, we are fairly in line with the Commission assessment at the start of the questionnaire: the EU is reasonably well placed in penetration and availability of fixed broadband and mobile communications. We also think that the EU is lagging behind in services and applications.

The first priority then would be to try to really grasp the underlying reasons of the lack of innovation in the services and applications layer, and preserve and expand the strong points of the EU, that today lay mainly on the network layer.

We also coincide with the Commission that on the infrastructure side, the EU is at risk of losing its competitive edge when it comes to new, innovative developments (high speed fibre or mobile broadband). To try to prevent this lack of progress, we think that it is necessary to:

- lay down a framework that allows private investment from all players in a competitive environment
- Establish clear rules that leave to the market the choice of technologies and network models
- Recognise the risks involved and allow different possibilities of risk sharing under regulatory supervision

A last word about **Net Neutrality**: section 4 of the document deals with a series of concepts such as "openness" and "net neutrality" that are not clearly defined, and that is important to handle with care in order to draw conclusions from the questionnaire.

Net neutrality has been recently debated in the context of the Citizens Rights Directive, attracting a lot of attention in the last phases of the approval of the package. It is clear that the package includes now a possibility of intervention by NRAs.

But in order to trigger any possible policy initiative or regulatory intervention, it is necessary to ask first if there is any problem about net neutrality in the EU, to see if there is any need to do something. Any promotion of a strict "Net neutrality" policy that prevents network management would make impossible to

— Achieve fluid Internet traffic (avoiding congestion at peak loads)
— Enable future innovative quality services to flourish (e.g. e-health services, real time multimedia applications, etc.)

Therefore it is crucial to avoid ex-ante regulation that would restrict network management and find the appropriate balance, where ex-post competition law can intervene on a case by case basis.