

FiCom's comments on the Commission's proposed amendments to the General Block Exemption Regulation (EU 651/2014)

We are very concerned about the Commission's proposed amendments to the General Block Exemption Regulation (GBER). GBER, which is under review, is a very important regulation from the perspectives of digitalization and the green transition and, particularly, as pertains to aid for broadband networks. The [Finnish Federation for Communications and Teleinformatics \(FiCom\)](#) wants to bring the following comments on the proposal to the Commission's attention.

The proposed regulation is highly problematic with regard to market-based network investments and related incentives

The proposed amendments related to broadband networks and their aid contain substantial problems, especially in terms of technological neutrality, non-discrimination, a level playing field and competition neutrality, as well as the effective utilisation of potential aid funds.

In Finland, telecom companies are investing approximately half a billion euros each year into expanding and improving communication networks, with just over one half spent on fixed networks and just under half on mobile networks. Telecom companies have a significantly higher investment rate (18 %) than the rest of the business sector (6 %). Additionally, Finnish telecom companies signed a [commitment](#) last year with the Ministry of Transport and Communications, with the aim of further improving the availability of the high-speed broadband connections needed by modern society all over Finland, independently of time or place. In line with the commitment, high-speed connections are to be constructed primarily on market terms and only secondarily using public funds. The starting point is technological neutrality, which means that the development of fixed and wireless connections must be parallel. The aim of the Ministry of Transport and Communications is for funding from the EU Recovery and Resilience Facility (RRF) to be allocated to the construction of advanced communication connections. However, from the point of view of effective recovery, it is important to ensure that the stimulus money does not replace commercial investments and adversely affect the highly competitive communications market.

Considering the investment figures and the terms of the commitment made with the ministry, the proposed regulation causes highly significant uncertainty factors for the broadband network market and for investments, from the perspective of commercially operating Finnish telecom companies.

The proposal is not technologically neutral or non-discriminatory, because it treats fixed broadband and mobile broadband very differently. For example, the criteria for receiving aid (Articles 52 and 52 a) are different for fixed and mobile networks. According to the proposal, fixed networks could receive aid even if an NGA network existed in the area, but mobile networks could not. An existing NGA network in the aid area could have been built entirely commercially and on market terms, which would be very problematic in terms of competition neutrality, while also cannibalising market-based construction. The proposal would turn against itself in creating this major uncertainty factor and not incentivising the market-based construction of a fixed network.

It would also permit the construction of a second aid-funded network in an area with an existing aid-funded one, which would be a highly inefficient use of state funds. There is no reason to build an aid-funded network in an area with at least one NGA or 5G network.

The regulation should allow for networks to be built technologically independently in the most suitable and cost-effective manner for each area. It is worth noting that as technology advances, connection speeds also grow in diverse technologies.

FiCom believes that the definition of an NGA network should be changed so that it covers 5G networks as well as fixed wireless access networks. 5G networks are considered to be one of the basic pillars of digitalization, and various EU institutions and member states are strongly backing their construction. 5G network technology differs significantly from prior mobile network generations, so it should be eligible for aid regardless of whether the area already includes mobile networks. Therefore, it is not expedient to support 4G networks with aid, which should instead primarily be channelled towards 5G networks without symmetry requirements. The clause in GBER Article 2 (138) that the networks must have “substantially higher upload speeds (compared to basic broadband networks)” is sufficient as a definition.

FiCom’s suggestions for changes to the proposed regulation

With aforesaid grounds in mind, FiCom suggests the following changes to the proposed regulation:

Article 2

(d) point 138 is replaced by the following:

“(138) “next generation access (NGA) networks” means advanced networks which have at least the following characteristics:

[(a) ...c)]

At the current stage of market and technological development, NGA networks are: (a) fibre-based access networks (FTTx), (b) advanced upgraded cable networks and (c) certain advanced fixed-wireless access networks capable of delivering reliable high- speeds per subscriber. Gigabit networks capable of providing symmetric download and upload speeds of at least 1Gbps are also considered NGA networks. References to NGA networks include next generation backhaul networks (NGN), where these are necessary for the NGA deployment;”;

Article 52

Aid for fixed broadband networks

3. The investment shall be located in:

(a ...)

~~(b) Areas where there is only one NGA network present or credibly planned to be deployed within three years from the moment of publication of the planned aid measure or within the same time frame as the deployment of the subsidised network, which shall be verified by mapping and public consultation, under the following conditions:~~

~~(i) As concerns connectivity for households: in areas where the one and only NGA network present or planned cannot reliably provide speeds of 100Mbps download or more. Areas with one present or credibly planned NGA network able to reliably provide speeds of at least 100Mbps download shall be excluded. The aided network shall be capable of reliably providing at least 200Mbps symmetric speeds (upload and download).~~

~~(ii) As concerns connectivity for socio-economic drivers: in areas where the one and only NGA network present or planned cannot reliably provide speeds of at least 200Mbps symmetric or more than 500Mbps download. Areas with one present or credibly planned NGA network able to reliably provide speeds of at least 200Mbps symmetric or more than 500Mbps download shall be excluded. The aided network shall be capable of reliably providing at least 1Gbps symmetric speeds.~~

Article 52a

Aid for ~~4G~~ and 5G mobile networks

3. 5G investment shall be located in areas where mobile networks have not been deployed or where only mobile networks capable of supporting mobile services of up to ~~3G~~ 4G are available and where there are no ~~4G~~ and no 5G mobile networks present or credibly planned to be deployed within three years from the moment of publication of the planned aid measure or within the same time frame as the deployment of the subsidised network, which shall be verified by mapping and public consultation. ~~4G~~ investment shall be located in areas where mobile networks have not been deployed or where only mobile networks capable of supporting mobile services of up to 4G are available and where there are no ~~3G, 4G~~ or 5G mobile networks present or credibly planned to be deployed within three years from the moment of publication of the planned aid measure or within the same time frame as the deployment of the subsidised network, which shall be verified by mapping and public consultation.