<u>Digital Networks Act: A plan to restore Europe's competitiveness</u>

1. Europe's growth, security and social cohesion depend upon digital networks. Yet investment in digital connectivity and adoption across the Union is poor compared to other parts of the world, economic productivity is flatlining, and scale-ups are leaving to grow elsewhere. A focused Digital Networks Act (DNA) can help change this. It should unlock a genuine single market for connectivity services, including satellite, rebalance the digital ecosystem with 'same service, same rules', and simplify and modernise regulation so capital flows into European digital networks and technology innovation, key elements of Europe's critical infrastructure.

2. Political action now will make a difference by 2029.
   a. A completed single market for digital could add up to €415 bn per year, creating hundreds of thousands of jobs across the EU, but today, progress remains uneven.
   b. The European Commission estimates that c. €200 bn of investment is still needed to meet its 2030 connectivity targets.
   c. Mobile technologies and services contribute about 5% of EU GDP (€1.1 tn) and 5G alone could add around €164 bn by 2030.
   d. Europe's cloud market is c. 70% controlled by non-European hyperscalers, while European providers' share has fallen from 27% in 2017 to just 13%.
   e. Between 2008 and 2021, 40 of 147 European unicorns moved their headquarters abroad, mostly to the US, where they can scale faster and access better capital.
   f. Only 1.3% of Europeans had access to 5G SA coverage in Q2 2025 (versus 20% in the US and 80% in China). Just 62% of the EU's rural households had access to a very high-capacity fixed network in 2024.
   g. Digital exclusion persists with 44% of EU citizens lacking basic digital skills in 2023. The digital divide could cost €1.3 tn in lost GDP by 2033.

3. These are solvable problems. The DNA can deliver real, measurable benefits for citizens, small businesses and public services. These benefits are within reach of this European Commission's mandate, provided it implements the recommendations in the Letta and Draghi reports.

   a. *Faster rollout of the next generation of connectivity networks* with predictable, investment-friendly regulation of both spectrum and the market, plus the removal of outdated, complex and duplicative rules.
   b. *Seamless and faster deployment at scale of cross-border innovative services*, like industrial 5G SA and direct-to-device (D2D) satellite, through improved harmonisation of rules across Member States.
   c. *World-leading innovation like edge computing and dedicated network layers (slicing)* for emergency services, IoT or connected vehicles, all enabled by technology-neutral traffic rules that uphold an open internet and increase European sovereignty by applying the same rules to equivalent services.

4. If we want to see these benefits become realities, the EU must hold itself to account in years to come: spectrum and authorisation reforms need a fixed timeline; KPIs should measure things like 'time-to-permit', spectrum renewal cycle times, cross-border service availability and 5G SA uptake; and there should be annual reporting on the DNA's delivery with a proactive approach to meeting KPIs.

Three pillars with practical actions for the European Commission, MEPs and the Council of the EU

5. <u>Unlock a genuine digital single market</u>

   a. *Spectrum reform that rewards investment.* Create a harmonised EU licensing framework with long term (minimum 40 years) or perpetual licences, coordinated renewals and fee structures that prioritise rollout and service quality. Support secondary trading and commercial sharing with rules to prevent spectrum hoarding. Outlaw regulation through the back door via market-shaping measures, instead relying on the *ex-ante* framework and competition law to do their jobs.
   b. *Single authorisation for satellite.* Establish EU-wide authorisation for satellite services, including D2D, to operate across borders without navigating 27 regimes. Ensure certain spectrum is preserved for mobile telecoms.

c. *Passporting and country-of-origin.* Apply these principles to digital connectivity and IoT services so a business authorised in one Member State can operate seamlessly and at scale across the Single Market.

6. Ensure the same rules apply to the same services

   a. *Recast the open internet framework.* Replace prescriptive rules with a principles-based, technology-neutral regime focused on non-discrimination and transparency across the whole ecosystem, including non-telecom providers who control access to the internet for end-users. Ensure legal certainty for 5G SA innovation, especially for business solutions e.g. allowing quality of service for critical apps and slicing, whilst protecting the open internet for consumers.
   b. *Consistent interconnection obligations.* Bring large digital service providers into the scope of the telecoms framework for interconnection and traffic management obligations. Introduce a dispute resolution process to support commercial interconnect negotiations, thereby aligning incentives for responsible traffic and strengthening network resilience.
   c. *Modernise technical obligations.* Protect consumers by updating emergency calling, caller-ID and anti-fraud rules to reflect the reality of modern apps across the digital ecosystem. Apply proportionately across functionally equivalent services.

7. Simplify to unlock investment

   a. *Retire obsolete or duplicative rules.* Repeal the outdated universal service obligation, instead targeting affordability with social tariffs and vouchers and availability with subsidies. Fold e-Privacy's overlaps into horizontal rules that follow GDPR. Remove duplicative consumer protection rules for end users, especially for B2B, ensuring harmonisation for pan-EU services.
   b. *Keep competition effective where it matters.* Don't deregulate dominant fixed networks prematurely, instead use the copper to fibre migration to promote investment competition wherever possible. Maintain remedies against abuse of market power, with a preference for upstream access like ducts and poles, to ensure capital investments for the long term.
   c. *Back SME digital adoption.* Pair network reforms with practical measures, such as e-invoicing, digital ID uptake and digital skills, that lift SME productivity.

These policy reforms will yield measurable, real-world benefits

8. *Better connections mean better lives.* Closing Europe's skills and coverage gaps pays back quickly: reducing the skills and coverage gap, unlocks everyday gains like enhanced productivity and greater innovation across the Single Market, as well as better access to e-health, online education and secure public services for millions.
9. *For small firms, the backbone of Europe's economy, the returns are larger still.* Better SME adoption of cloud, data and AI raises productivity and resilience, especially when combined with 5G SA and slicing to hasten the modernisation, digitalisation and competitiveness of European industries. Full digitalisation of SMEs in Europe could for example boost revenues by 26%, unlocking €628 billion annually.
10. *Public services see fast, bankable savings.* Moving to e-invoicing cuts processing costs by roughly 55-72% for issuers and recipients and shortens payment cycles, with savings accruing across governments. One German study found savings of about €4.50 per invoice. Increased use of telemedicine is cost-effective in about 73% of evaluated cases and reduces avoidable hospital use in chronic disease, freeing capacity and improving outcomes.
11. *Modern networks improve resilience and sovereignty.* Closing the connectivity gaps provides businesses, emergency services, transport and utilities with access to low-latency, secure infrastructure, while anchoring greater value creation in Europe.