

## 9 questions and answers on the “fair contribution” debate

In the past months, lobbying groups linked to major tech companies promoted a campaign against the “fair contribution” debate. Some of their sponsored content and targeted advertising on the issue included misrepresentations of the issue and false claims on our position. Here is our viewpoint.

### 1 – What is the “fair contribution” debate about?

“Fair contribution” refers to an EU policy debate on whether tech companies should contribute to the development of gigabit networks. It kicked-off in 2022, after the publication of the European [Declaration](#) on Digital Rights and Principles. Among others, the declaration stipulated that “all market actors” should make a “fair and proportionate contribution” to the cost of infrastructure.

Following this, ETNO has presented a [report](#) arguing that a direct contribution by tech giants to network costs would help achieve full 5G and fibre in Europe and hence boost the Continent’s GDP, create new jobs and reduce CO2 emissions.

The European Commission has spoken up in several occasions on the issue, explaining it would inquire whether tech giants should contribute and clarifying that the objective is to improve roll-out of innovative networks. References include: a letter from President [von der Leyen](#) to MEPs on the topic (December 2022), as well as a speech of Commissioner [Thierry Breton](#) (February 2023). Other stakeholders have put forward critical views and a fully-fledged public consultation is therefore expected soon so that the merits of each argument can be properly evaluated.

### 2 – How would introducing a “fair contribution” help consumers?

First, a fairer allocation of network costs can relieve the pressure on consumer prices for communication services as the only way to meet investment needs for the transition to 5G and FTTH networks. Today, tech giants generate disproportionate network costs with respect to consumers and they monetize this through advertising and exploitation of personal data. It is only logical for tech giants to contribute to network roll-out.

Second, consumers will see a faster roll-out and availability of top quality networks, such as 5G and FTTH. As of today, figures by [Analysys Mason](#) show that – despite high levels of telecom investment – roll-out is still too slow and private investment in Europe is still lower than that of global peers.

If we look at consumer welfare, we also find tier-1 academic research in a working paper by [Toulouse School of Economics](#). It states that, if done right, a fair contribution “can lead to lower overall prices and higher consumer welfare”.

### 3 – Has anybody asked to abandon the EU Open Internet Principles?

No. Currently, no EU stakeholder, public or private, is asking to change Europe’s net neutrality principles. ETNO has publicly [stated](#) that we are *not* asking to modify the EU Open Internet principles. In addition, we note that the European Commission has clarified, including in a public [letter](#), that their approach to the fair contribution debate is in “full respect of EU net neutrality rules”.

### 4 – Why should tech giants pay, if consumers are already paying a bill to operators?

Consumers pay phone bills to access the full and unrestricted Open Internet: this is not in question. However, tech giants are not just any user: they are not your ‘grandfather Giacomo’, nor ‘Judith the local SME entrepreneur’. Tech giants are a small group of five or six global platforms and streamers,

with huge market power, occupying roughly 50% of the total bandwidth of the whole Internet. Hence, they ‘deplete’ an important public good, while not directly investing into national telecom networks.

This creates a deficit for telecom operators, who struggle to adequately monetize data traffic within the current market and regulatory context, but must invest in 5G and FTTH. As communication networks are a two-sided market, this deficit would be [addressed](#) if tech giants paid a fair contribution reflecting the network costs generated by the delivery of their traffic to end users. This solution would be in line with similar practices in other two-sided markets. For example, news and media markets.

### **5 – Aren’t tech giants already investing in connectivity?**

Tech giants invest in their own products and services, not in access networks. Recent [figures](#) show this clearly. In 2021, tech giants invested around €1bn in infrastructures such as large international and undersea routes, peering, transit and caching. The additional €16bn invested by tech giants went to data centres.

While useful and important, investment by tech giants is not comparable – in terms of magnitude or complexity – to the one for telecom networks that reach million mobile users or households across Europe. In the same period, Europe’s total telecom investment reached €56.3bn/year.

### **6 – Which stakeholder groups can benefit from a fair contribution?**

Recent [research](#) shows that 45 million Europeans are at risk of not being reached by gigabit networks in 2030. This means that a fair contribution is relevant to all sectors of Europe’s economy and society, with particular regard to all those who rely on fast, secure and intelligent connectivity.

In particular, [use cases](#) show that local communities as well as the manufacturing, healthcare, transports and cultural sectors are meant to benefit greatly from new networks.

### **7 – Should broadcasters, creators or other companies worry?**

No. The scaremongering by some lobbying groups should not distort an open policy debate with all stakeholders. In our view, the fair contribution should simply address a small number of powerful tech giants who generate huge amounts of traffic. This is a group of five or six companies who, alone, constitute roughly 50% of the [global internet traffic](#). The problem does *not* lie in local cloud providers/CDNs, start-ups, broadcasting companies or other cultural and public interests.

### **8 – What about alternative and smaller telecom operators?**

We think that the smaller and less powerful the company, the more relevant the fair contribution debate. If even major pan-European telecom companies struggle to negotiate with big tech, the smaller ones face even greater imbalances in negotiation power. Smaller [fibre providers](#) took a positive stance on fair contribution. Similarly, the CEOs of key European [challengers](#) signed a joint statement supporting fair share. Finally, [alternative operators](#) called to support the European Model, contribute to the green agenda, and stated that “all players in the entire digital ecosystem must acknowledge their respective impact in it”.

### **9 – Are you proposing to “tax” tech giants?**

No. On the contrary, we [argue](#) for a commercial relationship that recognises a direct contribution by tech giants to network costs. Telecom investment in Europe is driven by private investors, not by public funds. In order to make a difference in achieving the EU Digital Decade targets we do not need a tax, or just more public funding. We need to urgently create better conditions for private investment.