

## **TechSverige's response on the EU Commission's consultation on white paper: "How to master Europe's digital infrastructure needs?"**

TechSverige<sup>1</sup> is a member organization for companies within the tech sector, that wish to join the largest industry network in Sweden in order to promote and further develop the tech market and conditions for tech enterprises. We represent about 1 400 member companies that between them have nearly 100 000 employees.

### **From regulation to investments – EU needs a new regulatory approach**

A modern and secure digital infrastructure in combination with new technology such as AI has the potential to contribute to a sustainable transition, to sharpening welfare, to improve competitiveness in all industries and to create new jobs throughout the EU. However, as described in the white paper, many other parts of the world are currently running significantly faster than Europe in digital development. Investments in digital infrastructure are not sufficient and detailed and out-of-date regulations based on old monopoly markets inhibit development.

The focus must shift from regulation to investments and innovation. TechSverige therefore welcomes the Commission's initiative for a broad dialogue with the goal of reversing the trend through promoting investments and a changed regulatory framework.

Global technological development is progressing rapidly. New products, business models, start-ups and changing ecosystems create a dynamic and innovative power that not only generates growth and changes our digital lives, but also changes markets and the market power of various actors. At the same time, regulation of digital infrastructure in EU has a tradition of trying to steer development with detailed rules towards a desired outcome. This has not only resulted in high administrative costs for companies and legal processes, but also a lack of both flexibility and predictability. Factors that are decisive for the investment climate in a market where long-term rules combined with the possibility to develop and test new things are crucial.

If EU is to bring about a change and become a leader in digital development, a new approach is required where focus is shifted from regulation to supporting the development of digital infrastructures. EU needs to invest more in innovation and the regulatory approach needs to shift from detailed rules to a more general framework. A framework that gives the market freedom to innovate, create new business models, phase-out old technology and scale.

Increased harmonization is important for completing the digital single market, but it must be balanced with the possibility for member states who are digital frontrunners to take the lead and show the way. A too centralized and detailed approach based on the lowest common denominator will not make EU a digital leader.

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<sup>1</sup> <https://www.techsverige.se/om-oss-2/in-english/>

TechSverige believes that the white paper provides a good description of many of the problems and challenges that EU must address. However, the suggestions from the Commission are, to a large extent, based on the present regulatory approach trying to steer the development of the market with detailed rules. Going forward it is important to evaluate how EU's approach to regulation needs to change in order for Europe's digital infrastructure to have the opportunity to flourish. Otherwise, the risk is imminent that a review will result in more rules in more areas and a continued development where EU falls increasingly behind. Below are TechSverige's comments on selected areas in the white paper.

## **Pillar I – “Creating the 3C-Network”– Connected Collaborative Computing”**

### **Research and innovation for advanced digitalisation**

In a globalised economy characterised by rapid technological development, the EU needs to invest in innovation, research and development to address future challenges effectively. Therefore, investment in research and innovation must increase. This is particularly true in advanced areas such as quantum computers, 6G, AI and information and cybersecurity. This concerns both EU research funding and better conditions for the R&D initiatives of the business sector.

- The administrative burden surrounding applications for research funding from the EU should be reduced. Time and money should go towards research activities, not towards paperwork.
- Research and innovation initiatives should promote a broad dissemination of knowledge and learning between industries and domains. Today, there are too many examples where large research projects create bottlenecks, thereby passively limiting the benefit of innovations.
- There is a need for increased investment in research and development programmes at EU level covering the entire chain from basic research to applications.

## **Pillar II – Completing the digital single market**

### **Scope of application (scenario 4)**

TechSverige firstly would like to stress that there have been a significant amount of various legislative files for the sector in the last five years. During the period 2019–2024, 116 legal acts related to digitization were decided. In several cases, regulations are overlapping, difficult to comply with and driving costs. It is time to focus on the implementation of these legislative proposals and intervene only where it is demonstrably required by evidence.

Technology neutrality is important, and the same regulatory framework should be applied to competing infrastructures as far as is appropriate. At the same time, there are often significant differences even between infrastructures and services that are in full or partial competition. There are also significant differences between business markets and mass-markets in terms of investments, network deployment, quality of services, and service level agreements. However, regulatory work within EU often has a large focus on mass markets.

More regulation and an increased regulatory burden will not make EU a digital leader. It is therefore important to first analyse and review how today's regulation of infrastructure can be replaced with a less detailed regulation with more flexibility. Only when this has been finalized, it may be appropriate to review the scope of application.

## **Technology shifts (scenario 5 and 7)**

Three major technology shifts are currently ongoing as the copper network, 2G and 3G are being phased out and replaced by modern solutions such as fibre, 5G, satellite, and other technologies.

Not only building new infrastructures but phasing out old technology is an important part in the development of a modern, secure, and sustainable digital society. It is therefore important that the market have the incentive and flexibility to responsibly replace networks that no longer meet the customers' requirements. As stated in the white paper, development is going significantly faster in many other parts of the world compared to Europe and this is also reflected in the transition to modern networks. Countries such as the US, Japan, Australia, and many more have come much further in the transition from the old mobile networks (2G and 3G) to modern technology.

In Sweden, the copper network is expected to be completely closed in 2026, while the 2G and 3G networks are planned to be closed between 2025 and 2027. TechSverige wants to highlight the importance of flexibility and a market driven transition in close dialogue and cooperation with both responsible authorities and other stakeholders. To set dates for the closure of specific networks or to design a regulation that guides in detail towards, for example, a copper to fiber transition is not compatible with technology neutrality and risks reducing the flexibility required for an effective transition.

Even if the purpose of setting targets dates and harmonize technology shifts is to accelerate the transition, the result may be the opposite. If EU sets common targets for phasing out copper, 2G or 3G, there is a significant risk that this will be an argument for delaying the transition in countries that are frontrunners. Trying to steer the market towards specific dates and technologies will not make EU a digital leader.

## **Access policy (scenario 5)**

The current regulatory framework that was created to open up national copper monopolies for competition is no longer relevant in Sweden and has therefore resulted in significant uncertainty and lengthy regulatory processes. The access market in Sweden consists of hundreds of fibrenetwork owners and several competing mobile networks. TechSverige therefore shares the conclusion that there is a need to review and simplify today's access regulation for countries with a well-developed competition.

In the white paper the Commission consider the introduction of a regulated European virtual access product. It is not clear how the product would be designed. TechSverige wants to emphasize that the differences between Europe's access markets are significant. There is a considerable risk that a common regulated European access product, based on the lowest common denominator, will result in a regulation that is not proportionate in countries or areas with a well-developed level of competition. The suggestion therefore risks interfere with market development and negatively affecting investments in infrastructure. This will not make EU a digital leader.

## **Spectrum (scenario 6)**

An investment friendly spectrum policy is a key for EU to regain its position as a leading network union. Costly spectrum prices and fragmented auction rules are identified among the top reasons for the delay in the deployment of 5G networks. It is important that

spectrum auctions are structured across EU member states with low reserve prices (or annual fees) and based on proven auction formats and rules and particular attention should be paid to prevent distortive or inefficient awards, artificial spectrum scarcity issues and cost burden of annual spectrum fees. An increased level of harmonization could contribute to a more effective and investment friendly spectrum management across EU.

At the same time, it is important to maintain the local flexibility and speed. A too centralized approach risks holding back the digital front runners which would be negative for EU's general digital development. TechSverige therefore believes that spectrum management and authorization procedures should remain the responsibility of the Member States while a certain level of co-ordination can be further strengthened at the EU level.

## **Universal service**

Securing that everyone has a broadband connection that gives full access to the digital society is a prerequisite for building a sustainable digital society. A universal service for connectivity results in benefits for all parts of the society when public administration can be digitized, more healthcare can be provided at home, people can study online and work from all over the country. The cost for a universal service should therefore be financed by the state and not by a specific sector.

To ensure an effective provision of the universal service it is important that all available technologies/infrastructures (fibre, mobile networks, satellite) can be used to deliver the service depending on the specific situation. It is therefore important to avoid setting detailed or too far-reaching requirements on the universal service which risks excluding several techniques. Rather than enabling investment, a universal service which is not technology neutral and is financed by the sector will have a negative impact on investment in infrastructure.

In general, it is important that targets and regulation are flexible enough to enable development and new technologies. TechSverige therefore believes that today's 1 Gigabit target should be replaced with a goal of well-functioning and qualitative services for everybody.

## **Pillar III: Secure and resilient digital infrastructures for Europe**

### **Europe needs diverse and resilient subsea cable connectivity**

Subsea cables are unique assets, critical yet challenging to protect due to their vast coverage and fragility underwater. The benefits of diverse subsea cables include improving network reliability, ensuring resiliency and increasing global connectivity. Multiple, diverse routes help ensure outages have minimal to no impact. Protecting them differs from safeguarding other critical infrastructure. Cable cuts are frequent, often caused by natural events like mudslides or accidental fishing activity. Consequently, subsea cable operators design systems to handle cuts, often operating three cables as a framework where two can compensate if one fails. Many operators also exchange fiber pairs with others, providing backup capacity and route diversification.

The most effective approach for countries is to encourage continued and diverse investments in cables, enhancing resilience through quantity. Efforts to build more cables

are positive, increasing overall network reliability. Governments and regulators can help reinforce diversity by making it easier to land and maintain subsea cables. This can be done for example through:

- Transparent and clearly laid out procedure to obtain licenses and permits for laying and landing submarine cables.
- An open cable landing station which provides non-discriminatory and cost-oriented access to landing parties.
- An open investment policy for subsea cables.
- The implementation and effective enforcement of cable protection laws.

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