

Fair contribution & BEREC questionnaire

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The fair contribution discussion 1/2

- ▶ The discussion dates back to 2012: ETNO proposed to ITU that CAPs would need to pay ISPs for sending content to users.
- ▶ 2022: EU declaration on digital rights and principles declares that
 - ▶ all market actors benefiting from the digital transformation (...) make a fair and proportionate contribution to the costs of public goods, services and infrastructures for the benefit of all people living in the EU”.
- ▶ ETNO started to lobby for a direct compensation supported by EC (Breton)
- ▶ A lot of lobbying from different actors...
- ▶ BEREC preliminary assessment of the underlying assumptions of payments from large CAPs to ISPs

The fair contribution discussion 2/2

EC questionnaire included 62 questions grouped into 4 sections:

- Impacts developments on future networks and business models
- Fairness for consumers
- Barriers to the Single Market
- Fair contribution by all digital players

12 weeks to respond – deadline was 19 May 2023

- 437 different stakeholders responded to the consultation responses
- As a preliminary conclusion, broadband connectivity infrastructure is not fit for purpose to match the EU-level 2030 political goals
- Spain has confirmed that infrastructure investment will be one of the priorities during Spanish Council presidency in the second half of 2023

EP ECON committee on Competition policy - annual report 2022

Motion for a resolution

44. Is of the opinion that the economic sustainability of telecom networks is essential to achieving the 2030 Digital Compass connectivity targets and high performance connectivity for all citizens within the EU without jeopardising competition rules; urges the Commission to address and mitigate persistent asymmetries in bargaining power as set out by the European Declaration on Digital Rights and Principles for the Digital Decade³¹; calls for the establishment of a policy framework where large traffic generators contribute fairly to the adequate funding of telecom networks;

³¹ OJ C 23, 23.1.2023, p. 1.

Amendment

44. Is of the opinion that the economic sustainability of telecom networks is essential to achieving the 2030 Digital Compass connectivity targets and high performance connectivity for all citizens within the EU without jeopardising competition rules; urges the Commission to address and mitigate persistent asymmetries in bargaining power as set out by the European Declaration on Digital Rights and Principles for the Digital Decade³¹; calls for the establishment of a policy framework where large traffic generators contribute fairly to the adequate funding of telecom networks ***without prejudice to net neutrality***;

³¹ OJ C 23, 23.1.2023, p. 1.

BEREC preliminary assessment

- ▶ The internet has proven its ability to self-adapt to changing conditions, such as increasing traffic volume and changing demand patterns
- ▶ There needs to be an adequate justification for any intervening in the market
- ▶ The “sending party network pays” (SPNP) model would provide ISPs the ability to exploit the termination monopoly and it is conceivable that that such a significant change could be of significant harm to the internet ecosystem.
- ▶ SPNP would require regulatory oversight, could require regulatory intervention
- ▶ Traffic is requested and thus “caused” by ISPs’ customers.
- ▶ CAPs are also able to optimise the data efficiency of the content and applications they provide.

BEREC preliminary assessment

- ▶ Fixed access networks costs exhibit a very low traffic-sensitivity, while mobile networks experience some degree of traffic-sensitivity
- ▶ IP-interconnection disagreements are typically about increasing the capacity of the IP interconnection link
- ▶ The cost of network upgrades that are necessary to handle an increased IP traffic volume are very low when compared to the total network costs
- ▶ CAPs and ISPs are mutually dependent on each other
- ▶ Demand from ISPs customers for content drives demand for broadband access
- ▶ Availability of broadband access drives demand for content
- ▶ There is no evidence of “free-riding”, costs for internet connectivity are typically covered and paid for by ISPs customers

BEREC IP-IC questionnaire

- ▶ 2017 BEREC updated its study about the IP interconnection market
- ▶ After more than five years, BEREC sees a need to assess the current state of the market and to reevaluate its earlier findings.
- ▶ In this study, BEREC will assess the current trends and the developments in the market since 2017, such as the relationships between different parties, utilisation of paid peering and on-net CDNs.
- ▶ The work will be largely based on a IP-IC questionnaire
 - ▶ That will be send in August, reference date for data is September
 - ▶ we would encourage everybody to answer so that we can get a complete picture

Thank you!

Klaus Nieminen