



A Mobile Industry Manifesto for Europe

**Empowered Consumers
Invigorated Economies**



About the GSMA

The GSMA represents the interests of mobile operators worldwide, uniting more than 750 operators with over 350 companies in the broader mobile ecosystem, including handset and device makers, software companies, equipment providers and internet companies, as well as organisations in adjacent industry sectors. The GSMA also produces the industry-leading MWC events held annually in Barcelona, Los Angeles and Shanghai, as well as the Mobile 360 Series of regional conferences.

For more information, please visit the GSMA corporate website at www.gsma.com

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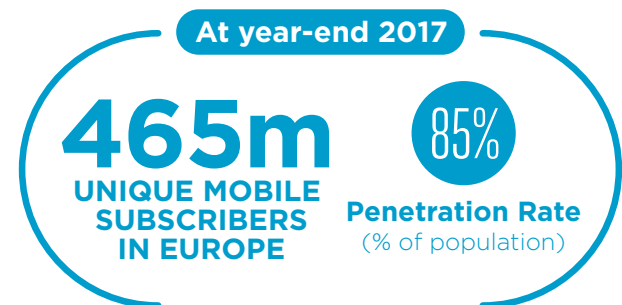
Achieving Europe's Digital Potential

The digital revolution has created enormous value in Europe. In 2018, mobile technologies and services generated an estimated 3.5% of GDP in Europe, a contribution that amounted to €580 billion of economic value added.¹

Citizens have embraced digital technologies, which offer convenience, connection and choice. Digitisation has made companies more efficient and has opened up new opportunities for product and service innovation. Governments are transformed, pivoting with increasing confidence to digital approaches and tools.

Telecommunications networks are at the heart of the digital experience. Europe has the highest rate of mobile connectivity compared with other regions, and operators have continued to improve the quality of service, even as markets have matured. As an industry, mobile is a cornerstone of the economy — in its own right and as an enabler of innovation and opportunity in other sectors. Massive network investments, totalling more than €20 billion per year², have made a profound

socio-economic impact, as consumers increasingly rely on mobile for life-enhancing services, such as health, education, personal finance and navigation. Likewise, public services are incorporating mobile connections to improve transport, smart metering, environmental monitoring, smart grids and more.



1. GSMA, The Mobile Economy Europe 2018
2. GSMA, The Mobile Economy Europe 2018



We are proud of what we have achieved. Our networks make Europe stronger, enabling citizens and businesses to reap the rewards of the digital transformation. And there is much more that connectivity makes possible — for a greener planet, more liveable cities, more efficient industries and more united societies.

But for all the benefits, a number of challenges remain, and these are best described in two parts: network infrastructure and digital services. On the infrastructure side, network performance is better than policymakers perceive it to be; mobile operators are delivering connectivity that meets the needs of nearly every person and business today. Nevertheless we recognise that it is not acceptable for *anyone*, in our digitised society, to be on the wrong side of the digital divide.

The policy environment in Europe is not sufficiently supportive of network investment. Delivering 5G connectivity will stretch operators' financial resources to the limit, particularly if a sustainable business model for 5G remains elusive. The challenge is how to meet government expectations to cover every remote corner of every country — even where there is no business justification for it — while still delivering 5G connectivity.

On the services side, digitisation has made society more complex and, in some ways, more vulnerable. The unrestricted nature of the internet, once hailed as its greatest virtue, has opened the door to commercial dominance stemming from the control of data, election tampering, predatory behaviour, fraud and other crimes. Consumers are worried about the privacy and security of their personal information and may not know how to protect themselves, while product and service providers are not always responsive to their concerns. Meanwhile, digital disruption is putting entire economic sectors at risk. These are existential threats to the entire digital ecosystem.

We are at a critical moment of growing consumer awareness and declining trust in all things digital. Maintaining the trust of consumers is critical to ensuring the success of digitisation. European citizens expect more accountability from Big Tech, and policymakers are looking to regain sovereignty over internet-centred business and re-establish the region as a leading digital economy.



Our Industry DNA

European policymakers can look to our industry as a key driver of digital growth and innovation. In a digital ecosystem where the big internet companies are outside of EU jurisdiction and largely unresponsive to policymakers, mobile operators can be relied upon to support, promote and contribute to European aspirations.

We are strategic

Once seen as a luxury, mobile connectivity is now an essential ingredient of our modern economy and society, embedded in citizens' daily life — shopping, banking, driving to work, voting, operating businesses, etc. Europe features a 123% mobile penetration rate, and smartphone adoption exceeds 70%.³ We enable industries and entrepreneurs to innovate and we connect entire supply chains. A manifestation of Europe's economic strength and technological roots, Europe's mobile networks are a strategic asset that support growth and propel Europe's industries into the future.

We are protective

Mobile operators have a solid record of safeguarding consumers by ensuring network security, adhering to principles and rules on personal data protection, adopting good practices that support the safe and responsible use of the internet, and cooperating with law enforcement agencies that require mobile data to fight crime and protect the public.

3. GSMA, The Mobile Economy Europe 2018



We are responsible

We are mature, ethical businesses that can be trusted to address customer issues and deliver great service. We also give back. The mobile industry is the first sector to come together in support of the Sustainable Development Goals (SDGs), providing solutions to the social and economic challenges facing Europe and the world.

We are European

The fact that European mobile operators are, actually, European is significant. We are Europe's strongest contributors to the digital ecosystem. We are subject to European laws and regulation, and we have a shared interest in Europe's digital advancement and economic success. Moreover, we are promoting open source platforms for the development of portable, interoperable apps and services that will be crucial for the Digital Single Market and the data economy.

We are local

Our networks are part of the physical landscape, connecting virtually every home and business. Our offices and employees — over 1 million of them — are spread across the map. We count nearly every one of the 500 million Europeans as our customers — they have a number to call us, a door to knock on and a person to speak to.

These attributes are points of pride, and establish our credentials as digital economy stakeholders that can work with governments to achieve common objectives that strengthen all of Europe. We believe that, with an enabling policy environment, Europe can return to the forefront of innovation in key industries.

To that end, we are wholly committed to delivering mobile service excellence, strengthening consumers' digital confidence and galvanising vertical-industry leadership through innovation in connected technologies.



Excellence in Network Performance and Reach

Service quality is paramount. Consumers and businesses demand fast, uninterrupted mobile connectivity, and the industry is delivering it more widely and dependably than ever. More than 97% of European households now have access to high-quality mobile broadband.⁴

This is powerful evidence that mobile network competition — fostering investment and a high quality of service as well as competitive prices — has been and continues to be an effective model for extending access to Europe's citizens. We are committed to continual service improvement, delivering more capabilities and higher performance to more people in more locations, just as we have over the past two decades.

Despite the industry's success, mobile coverage remains a legitimate focus of political attention, with growing demands for European operators to go further. In many cases, the incremental areas policymakers want covered are sparsely populated or rarely visited. Such areas are challenging for operators to cover. However, commercial networks can deliver coverage in areas where duplicate networks are uneconomic through alternative solutions such as voluntary network sharing by operators. In some areas, other ways of achieving and funding further coverage are needed, and this may require partnership with governments and

local authorities. What's clear is that governments must protect competition and the incentives for operator investment, and avoid radical moves (e.g., renationalising networks) that could prove unsustainable and damaging in the long term.

Fifth-generation mobile technology is a significant progression in two key aspects: it addresses the problem of booming demand for mobile data, particularly in densely populated cities where network infrastructure is being pushed to the limit; and it is multi-purpose, able to cater to unique connectivity needs for different products or services at the same time. 5G therefore requires not only infrastructure advances, but a commercial environment that incentivises and rewards investors.

It must be recognised that the spread of 5G will and should be gradual, with network deployment focusing on those areas where the commercial opportunity is greatest. 5G coexists by design with 4G networks, and consumers will continue to be

4. GSMA Intelligence



well served by 4G infrastructure in most locations. 5G capabilities are most important for industrial applications, and policymakers should not expect widespread geographic coverage to be necessary in the foreseeable future.

Regardless, partnership with stakeholders and government is necessary to create the conditions for 5G. New digital services, for example, place new demands on spectrum. The efficient use of spectrum with the right amount and type available under the right, long-term conditions will ensure Europe reaps the rewards of this new technology.⁵

A huge investment and commitment will be required to meet the expectations of the digital economy and society, especially in Europe, where low average revenues per subscriber⁶ challenge the financial viability of network deployment plans. The European Commission estimates that €500 billion, in total, is necessary over the coming decade to achieve its Gigabit Society vision. A number of reports doubt, however, that such investments will materialise in the specified timeframe, and the Commission itself predicts a €155 billion investment gap, given current investment trends.

We invite governments to take action to improve the conditions for coverage and connectivity by improving the investment environment through lower spectrum fees and siting costs.

- National regulatory authorities are encouraged to implement policies that enable improved coverage — in ways that do not distort competition or the spectrum award process.
- Authorities should reduce site-specific costs and reward energy efficiency. Measures on small-cell deployment in the new EU Telecoms Code are a step in the right direction.
- Governments should follow spectrum allocation procedures that prioritise sensible, high-impact coverage outcomes rather revenue generation.
- National regulators should foster innovation and investment, rather than simply transferring regulation for today's products to tomorrow's highly differentiated networks.
- Demand-side reforms that support digital literacy and relevant local content are also needed, enabling more European citizens to engage with e-government services and the digital world in general.
- The tax environment should be predictable, and telecoms-specific taxes that go beyond standard business taxation should be avoided to allow for greater investment in mobile networks.

5. Refer to the GSMA 5G Spectrum Guide, www.gsma.com/spectrum/5g-spectrum-guide/

6. GSMA Intelligence. North American mobile customers spend more than twice on their mobile plans compared to European mobile customers. ARPU in Q4 2018: Europe €17.22, North America €47.56.



It has been estimated that the rollout cost for 5G across Europe will be significantly higher than for 4G, at between €300 billion and €500 billion

Strengthening Digital Confidence

Mobile operators have long been aware of the importance of consumer trust, and our business practices — protecting consumer data, ensuring network security, delivering dependable service — reflect our priorities. Nevertheless, we have a collective responsibility with the entire digital ecosystem to address the risks and fears, striving at every point of contact to earn users' trust and prevent any erosion of confidence in the digital environment.

Governments, businesses and mobile customers can be confident our networks are secure and resilient. We are close to the network, we built it, we operate it — this is our advantage. We do not police the network, that is the job of government, but we do have a duty of care. Operators understand that trust in the networks that connect people and machines means different things to different people: secure connections for online banking, protection of businesses from fraud and promoting safe and responsible use of mobile services by children, for example.

Robust security measures must therefore be adopted by the entire digital value chain. Governments should consider certification requirements, which may be the best approach to

ensure users of the network understand and apply security measures appropriately. Liability clauses integrated into public and private procurement and supply processes can then be adopted to ensure security practices are adhered to.

EU citizens also expect companies to be more transparent and accountable regarding the use of their data. Mobile operators support and adhere to the high standards of consumer and personal data protection, including rules on transferring consumer data across European borders, have consistently adopted a responsible approach to the use of data. We are well placed, therefore, to be trusted providers of data sovereignty for the wider ecosystem.

- Operators are calling for a new network security standard for Europe, leveraging the expertise of the operator community and building on existing accepted national and international standards and best practice.
- We invite governments to address their concerns about network security with the mobile industry, as well as other parts of the digital supply chain, for a frank exchange of information and perspectives. We are private companies and must be allowed to operate as such, however constructive dialogue to weigh policy objectives and business constraints can be the only effective way to progress.



Europe has the highest level of mobile user engagement by region, according to the GSMA





Mobile Sector Contribution to GDP in Europe

2017

€550bn

3.3%

of GDP

2022

€720bn

4.1%

of GDP



Aspiring to European Digital Leadership

It must be acknowledged that certain countries, namely the US, China and South Korea, are the global leaders in the digital economy, ahead of Europe in the horizontal businesses of cloud computing, artificial intelligence and data analytics, for example.

However Europe could take practical steps to develop best-in-class digital capability in selected vertical sectors. For example, AI will deliver new categories of products and services and is set to transform industries such as automotive, healthcare and energy. To unleash the potential of AI systems in vertical industries, mobile operators and other stakeholders will have to work together, and 5G connectivity will be a critical component. Digital leadership could be attained in this way, and the mobile industry would be an important contributor in such an initiative.

The opportunities ahead are exciting and vast, but persistent barriers to a reinvigorated digital sector do exist. A key concern is that traditional regulatory concepts and tools do not always capture the dynamics of the data-driven digital economy, leaving gaps for undue concentration and abuse. All branches of industry are affected by data, and such gaps risk economy-wide inefficiencies. The competition for data is

attracting players of ever-greater variety, and it is now more important than ever to treat these players equally.

- We therefore invite governments to take further steps to refine competition policy, not only updating but also speeding up the tools for assessing and delivering a fair environment for competition in the digital economy. If competition law is insufficient to achieve this, governments should consider appropriate ex ante regulation.
- To ensure better consumer protection within the EU and fair competition among all players, legislators should apply the 'same service, same rules' principle across the digital economy.
- The new ePrivacy Regulation should be risk-based, balanced and future-proof —aligned and consistent with the GDPR.



Conclusion

As we look to the future, our industry must keep pace with profound changes in politics, the economy and society. We can, and must, help to confront these changes.

We will play our role so European citizens feel digitally empowered and protected at the same time. Working with governments, we will lead and champion innovation that will help Europe take advantage of the huge technological changes we see. But we will also protect, and remain true to, the continent's great heritage and values.



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