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17 organizations express their concerns about new threats to internet users and developing European digital companies

As a broad coalition composed of 17 organizations from across Europe, we are deeply worried by ETNO's proposal to introduce a network fee for digital services. We believe that such a regulation would negatively affect the consumers, hurt innovative European businesses, lead to an inefficient allocation of resources, and, most importantly, undermine access to the free and open internet.

We believe that the European institutions should support competitiveness, innovation, and a safe, modern civil society, and as such, we welcome the announcement of a public consultation on the potential network fee. At the same time, it is important to be clear from the outset: the new network fee will undermine the net neutrality principle and become a burden for developing businesses and consumers. That is why it is critical that our voice is heard. Having said that, we intend to engage with European businesses, consumers, and citizens as part of the consultation process. In light of the EU's own Better Regulation Principles, guaranteeing transparency, adequate access to consultation, and a detailed impact assessment is critical for the quality of European policymaking.

The European Consumer Organization (BEUC) voiced concerns about the impact of the network fee on consumers. While supporting investment in the development of network infrastructure to prevent digital exclusion, BEUC warns against the introduction of a network fee, which could amount to a sending-party-network-pays system (SPNP). Such a fee will lead to several risks, especially for the integrity of the net neutrality principle, fair competition in the telecom market and consumers' interests. Consumers would be affected in several ways - from negatively impacting the diversity of products, prices, and performance, to undermining access to the open and free internet.¹

Given the Commission's proclaimed support for digital innovation and competition, the push to introduce a new tax is surprising. According to the Center for European Policy Analysis (CEPA), "[i]t would compromise the Commission's vision for digital transformation, which aims by 2030 for 75%

¹ BEUC, Connectivity Infrastructure and the Open Internet BEUC [preliminary position](#) on possible introduction of network infrastructure fees.

of European companies to be using cloud technology, artificial intelligence, and big data.”² It is critical to understand that not only large, international companies will be forced to incur additional costs. Network tax will heavily influence also the European gaming industry, which is “becoming an important engine of digital growth in both small EU and the CEE Member States.”³ For example, employment in the Polish gaming industry has doubled between 2018 and 2020 and currently gives jobs to almost 10,000 people. Developers create online games and experiences for users all over the world, usually enabled by major cloud providers’ services. Consequently, big telecoms, in pursuit of improving their economic viability, are advocating for a measure, which can raise the costs of and as such impede the development of an innovative European digital industry.

At the same time, it is important to note that calls to tax digital services to fund infrastructure are neither new nor justified. Telecom giants have attempted to charge content providers to access consumers for years.⁴ These attempts have been rejected by numerous European bodies, including the OECD⁵ and the Body of European Regulations and Electronic Communication (BEREC) among others.⁶ The support for the net neutrality principle has been reiterated in 2018 by then Commissioner Andrus Ansip stating that: “[f]or me, the idea that all legal internet traffic should be treated equally as the vehicle for innovation that sparked the digital economy in the first place.”⁷

It is worth noting that the development of telecom infrastructure is heavily subsidized by national governments and the EU. To name an example: up to 20% of the EU’s €700bn of the COVID Recovery Fund has been earmarked for upgrading digital infrastructure. Moreover, claims that tech companies do not contribute to the costs of telecom infrastructure are unfounded. As reported by the BEREC “[i]n recent years, [tech companies] have invested increasingly in telecom infrastructure and have been providing additional services related to the network and ECS markets.”⁸ Examples include virtualized network services, content delivery networks (CDN) and deployment of extensive international networks (i.e., submarine cables). In 2020 eight leading tech companies spent €95bn on infrastructure and invested €113bn in research and development.⁹

Finally, a new network fee will discriminate against traffic coming from certain providers, hence will undermine the fundamental principle of net neutrality enshrined in the Open Internet Regulation. An open letter signed by 34 NGOs in 17 EU countries warned that such a tax “appeared to aim at drastically altering the regulatory framework underpinning the free and open internet”.¹⁰ In another letter, 54 MEPs stressed that “European citizens rely on a free and open internet” and underlined that “adopting a model that allows for or mandates access fees would be a disastrous

² CEPA, [The Curious Case of Europe’s Potential Internet Traffic Tax](#).

³ 2020 European video games industry insights [Report](#) by By European Game Developers Federation (EGDF) and supported by Interactive Software Federation of Europe (ISFE)

⁴ ArsTechnica, [Dear ITU, please don’t bill Internet use like phone calls](#).

⁵ OECD, [Internet Traffic Exchange - Market Developments and Policy Changes](#).

⁶ BEREC, [BEREC’s comments on the ETNO proposal for ITU/WCIT or similar initiatives along these lines](#).

⁷ EC, [Speech by Andrus Ansip](#).

⁸ BEREC, [Draft BEREC Report on the Internet Ecosystem](#)

⁹ CCIA, [Tech invests Billions in Connectivity and Exciting Content](#).

¹⁰ Epicenter, [The European Commission threatens to undermine the core values of the free and open internet](#).

return to the economic model for telephony, where telecom companies and countries leveraged their termination access monopolies to make communication expensive.”¹¹

To sum up, adopting a new network fee entails serious risks for the consumers, emerging European businesses, efficient allocation of public funding, but also for access to the free and open internet in the EU. Hence, a comprehensive public consultation and impact assessment needs to be carried out. We urge the Commission to evaluate the entirety of the submitted evidence independently and fairly. After all, there is a reason why this proposal has been rejected in the past.

Respectfully yours,



L'Association des services internet communautaires (ASIC), France



Digital National Alliance, Bulgaria



Danish Entrepreneurs, Denmark



The Voice of Entrepreneurs, Croatia



Startup Hungary



INFOBALT, Lithuania



Asociația Producătorilor și Distribuitorilor de Echipamente de Tehnologie Informației și Comunicațiilor (APDETIC), Romania



Digital Poland Association, Poland

¹¹ [Letter of 54 MEPs to Commissioner Vestager and Commissioner Breton](#)



Union of Entrepreneurs and Employers, Poland



Startup Poland



Warsaw Enterprise Institute, Poland



Slovak Alliance for Innovation Economy (SAPIE), Slovakia



European Enterprise Alliance, CEE



ACT The App Association



Allied for Startups



European Games Developer Federation



Free Trade Europa