

State aid: Commission consults on draft Guidelines for broadband networks

The European Commission has published, for public consultation, draft Guidelines on the application of EU state aid rules to public funding of broadband networks. The key issue for discussion concerns the public financing of very high speed, so-called "next generation access networks". Member States and stakeholders are encouraged to submit their views on the proposed text by 22 June 2009. On the basis of the comments received, the Commission intends to adopt definitive Broadband Guidelines later this year.

Competition Commissioner Neelie Kroes said: *"I am eager to hear stakeholders' views on our draft Broadband Guidelines. My objective is to provide a clear and predictable framework for the application of EU state aid rules in this strategic sector. This is all the more important in the present economic circumstances as investments in this important infrastructure may both help economic recovery in the short term and allow long term benefits for European competitiveness."*

The Commission's policy on public funding of broadband networks is built on the experience of over forty Commission decisions on individual cases. This policy has allowed public funding to be channelled to rural and remote areas where market operators do not have sufficient incentives to provide adequate broadband services. State aid rules also ensured that public intervention did not crowd out private investment and injected competition to areas where consumers did not have a choice before. The Commission's state aid policy in this field has significantly contributed to achieving the EU's paramount objective of facilitating access to broadband for all EU citizens.

The first part of the draft Broadband Guidelines outlines the Commission's policy and past practice on individual cases of public support for "traditional broadband" networks to help Member States to channel increased levels of public funding (see funding allocated by the European Economic Recovery Package, [IP/08/1771](#)) in the most effective way and in line with the EU state aid rules.

The second part of the draft Guidelines addresses public financing of very high speed, so-called "next generation access networks" which are capable of delivering broadband access services with enhanced characteristics as compared to traditional broadband networks. The deployment of such networks represents a major technological shift in the broadband market that requires significant investments from electronic communication operators and the Commission aims to encourage and support the rapid and timely roll-out of such networks.

In essence, the Commission's proposed methodological and analytical approach would be based upon the existing distinction between areas that lack broadband connectivity (white areas), areas where only one network infrastructure is deployed (grey areas) and areas where at least two competing broadband infrastructures are present (black areas). The Commission position towards public support for

broadband network deployment varies from a positive view for white areas to a more critical assessment for areas where private investment is already made or is expected to take place and where competition is effective. The draft Guidelines also set out a number of conditions that would have to be fulfilled for the purposes of the compatibility assessment carried out under Article 87.3(c) of the Treaty.

Member States and stakeholders are now invited to comment on the draft rules and conditions that the Commission suggests should apply to state funding of next generation access networks. Member States will also be invited to attend a multilateral meeting on this subject very shortly.

The draft Broadband Guidelines are available at:

http://ec.europa.eu/comm/competition/state_aid/reform/reform.cfm

Translations of the draft Broadband Guidelines in other languages and all submissions received during the consultation will also be published on this page.