

# High-speed broadband must reach all European citizens to eliminate digital divide

*Mart Vörklaev's opinion summarises the conclusions of the Broadband Platform and highlights the crucial role of the EU's structural funds in boosting connectivity*

**A strong cohesion policy in combination with other financing instruments is key to boosting broadband connectivity in Europe, according the European Committee of the Regions (CoR). In an opinion adopted at the plenary session on 22 March, it points out that lack of fast and reliable broadband coverage remains a problem in many rural and sparsely populated areas where there is not enough market-driven development.**

As one of the measures for improving connectivity, the European Commission and the CoR have set up a joint Broadband Platform made up of local and regional policymakers and experts. Its initial conclusions are reflected in this [opinion](#), which points out that the European Structural and Investment Funds (ESIF) play a crucial role in improving ICT and broadband infrastructure: in the current programming period, EUR 14 billion is available for that purpose.

“Currently high-speed broadband coverage only reaches 40% of rural residents in the EU compared with 90% of urban areas”, says rapporteur **Mart Vörklaev** (EE/ALDE), Mayor of Rae Municipality. “This presents an obstacle to achieving the EU's ambitious goals for the Digital Single Market and contributes to the growing problem of rural depopulation and marginalisation throughout Europe. Therefore broadband infrastructure needs to be supported by strengthening cohesion policy in parallel with other financial instruments combining public and private financing, such as the Broadband Fund launched by the European Investment Bank.”

Following concerns raised by Broadband Platform members, the opinion calls for efforts to tackle administrative burdens resulting from overregulation and lack of consistency. In particular, the EU guidelines for the application of State aid rules in relation to rapid deployment of broadband networks should be aligned with the various EU funding options for broadband rollout.

Local and regional representatives also pointed out the need for more data and technical knowledge, which is why they are urging the European Commission to extend its network of Broadband Competence Offices to all Member States. Local and regional authorities should be active partners in the design and roll-out of national broadband development plans, together with telecommunications companies and national governments.

The opinion notes that mobile and satellite broadband can often provide quicker and less costly alternatives to fibre networks, especially in

sparsely populated areas. As the rapid development of high-capacity 5G communications networks raises new challenges for radio spectrum management, it is important to seek a common approach for the allocation of licences for the higher frequencies that will be used in the future.

Finally, the Committee considers it necessary to separate services from network operation, in the same way as in the energy sector. This “unbundling” should apply to both the fixed and 5G markets, in the interests of competition.

“There should be no dependence on basic infrastructure owned by the telecommunications companies that dominate the market. Networks need to be operator-neutral so that large numbers of service providers can operate on the market on an equal basis and consumers can choose the services they prefer”, Mr Vörkklæv stresses.

#### **Background information:**

[The Broadband Platform](#) was launched in October 2017 by CoR President Karl-Heinz Lambertz and the Commissioner for Digital Society, Mariya Gabriel. Comprising 12 CoR members and ad-hoc experts from the European Commission, it aims to contribute to the deployment of faster, better and sustainable high-speed broadband in all European regions.

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## **EU-wide Alliance warns European Commission: cutting regional funds is a risk to Europe's future**

EU cohesion policy must continue to represent at least one-third of the EU budget after 2020 and support all of Europe's regions. Reducing it risks deepening divides in Europe and would undermine the future of the European Union. This message was delivered today by the EU-wide [#CohesionAlliance](#) to the European Commission ahead of the publication of its draft future EU budget on 2 May.

Worth over €350 billion between 2014 and 2020, cohesion policy – implemented

through [the European Structural and Investment Funds](#) – is the EU's main investment tool that works to reduce regional disparities, create jobs, open new business opportunities and address major global issues such as climate change and migration. It is the only EU policy that covers all of Europe's local communities involving local stakeholders to deliver growth strategies led by shared EU goals.

As a consequence of Brexit and the need for the EU to fund new priorities such as defence, security and external border control, the financial allocations for cohesion policy risks being cut in the next EU long term budget – or [Multiannual Financial Framework](#) – which sets the EU's expenditure ceilings for the period after 2020. To avoid this and raise awareness on the vital role of cohesion policy, the #CohesionAlliance was initially launched by the leading associations of regions and cities – [the Association of European Border Regions](#) (AEBR), the [Assembly of European Regions](#) (AER), the [Conference of European Regional Legislative Assemblies](#) (CALRE), the [Council of European Municipalities and Regions](#) (CEMR), the [Conference of Peripheral Maritime Regions of Europe](#) (CPMR) and [EUROCITIES](#) – and the [European Committee of the Regions](#) in October last year.

The Alliance demands that the EU budget after 2020 makes cohesion policy stronger, more effective, visible and available for every region in the European Union. Since its launch, the Alliance's [declaration](#) has been signed by more than 4000 individual signatories, 100 regions, 70 cities and counties, 50 associations of regional and local governments, 40 Members of the European Parliament, 30 EU sectorial associations.

*" Cohesion Policy is traditional but not old fashioned. It will keep playing its role in the next EU budget. We cannot guarantee no cuts but our idea is to limit them to between 5 and 10%"* said EU Budget Commissioner **Gunther Oettinger**, inviting all partners to convince member states to back a limited increase of their contributions.

EU Regional Policy Commissioner **Corinna Crețu**, also stressed that: *" This is probably the biggest, broadest grassroots campaign on behalf of cohesion policy ever. Through the cohesion alliance, thousands of beneficiaries of this unique policy, representing cities and regions as well as the health, education or business sectors, state loud and clear that Europe and cohesion policy are two sides of the same coin. Europe needs more cohesion "*.

CoR President **Karl-Heinz Lambertz** who stressed that: *" If we want a Europe that invests in every community, that is more effective, visible, less centralised and supports cooperation across borders, we need a strong cohesion policy for all regions and a bigger EU budget. Cutting it will have serious consequences for the prosperity and unity of the future of European Union "*.

An issue highlighted also by President of CPMR and of Portugal's Regional Autonomous Government of the Azores, **Vasco Alves Cordeiro**: *" The future EU budget needs to reflect the ambition and priorities of the EU, providing regions with the flexibility they need to realise the political vision of the European Union for the future of Europe on the ground. Certain priorities can*

*only be achieved by Cohesion policy ”.*

The vital role of cohesion policy was stressed by the President of EUROCITIES and Mayor of Ghent in Belgium **Daniël Termont**: *” Cohesion policy is the glue that holds the EU together as we strive for a future that is more sustainable, inclusive, democratic and prosperous. Supporting innovation, cooperation and solidarity via a strong cohesion policy will help Europe remain a role model for the world around us for generations to come ”.*

AEBR’s **Rosa Balas Torres**, the Director General for External Action of the Regional Government of Extremadura , said: *” The current territorial cooperation programmes must be kept as inherent pieces of European Cohesion, getting citizens and territories closer across national boundaries. Following the recent Commission’s Communication on Border Regions, cross-border and transnational approaches in other EU policy fields such as employment, healthcare, accessibility and connectivity should be further developed “.*

Intervening on behalf of CALRE **Roberto Ciambetti**, President of the Regional Council of Veneto in Italy, pointed out that : *“European Regions strongly demand that the EU Budget post 2020 guarantee adequate resources in each and all of them to improve their investment capacity and continue along the path of economic growth, which would be seriously compromised by cuts in cohesion policy. Furthermore, they are convinced that the costs of structural reform must not be charged on cohesion policy, created to achieve a specific goal of the European Treaties”.*

The CEMR spokesperson and Councillor of Malmö in Sweden, **Ilmar Reepalu**, declared: *” The success of the EU’s new priorities, such as social inclusion and climate action, depends on towns and regions’ ability to invest in their territories. These investments cannot happen without cohesion policy. The EU should be consistent and make cohesion policy strong in the future budget “.*

The AER President, and President of the Region Västra Götaland in Sweden, **Magnus Berntsson** said: *” A strong renewed cohesion policy for all regions is the smartest and most logical investment the EU can make for its future. In the Union of the future, cohesion policy is our most powerful tool, improving the quality of life of citizens and promoting a unified, strong and competitive Europe”.*

## **Background note**

The #CohesionAlliance is a coalition of those who believe that EU cohesion policy must continue to be a pillar of the EU’s future. The Alliance was created through cooperation between the leading European associations of cities and regions and the European Committee of the Regions. It demands that the EU budget after 2020 makes cohesion policy stronger, more effective, visible and available for every region in the European Union. From national, regional and local governments to SMEs, NGOs, schools, universities, cultural organisations, anyone who believes in EU cohesion policy is welcome to join the #CohesionAlliance by signing the [declaration](#) .

**More info:**

[Photos](#)

[Cohesion Factsheets](#)

[Cohesion Alliance Signatories](#)

[The Map of Cohesion Alliance](#)

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## [\*\*Speech by Climate Action and Energy Commissioner Miguel Arias Cañete at the High-Level Conference on Sustainable Finance: Future perspectives: sustainable finance as part of wider climate agenda\*\*](#)

Distinguished guests, ladies and gentlemen,

On 12 December 2015 in Paris, after days of long negotiations, something very remarkable happened: the world's leaders demonstrated that it is possible to unite around a challenge that affects the whole planet.

The Paris Agreement is an unprecedented global commitment and sets a clear direction for the low carbon economic transformation. It demonstrates our generation's responsibility towards this and future generations.

This global agreement came together in part thanks to vocal support from the financial sector, with clear and consistent calls from the world's investment community.

While there are many details to sort out as we move ahead with the implementation of the Paris Agreement, we should not forget the big picture. Change is already happening, and at an accelerating pace. I am confident that together we will achieve the goals of the Paris Agreement.

Why? Because we know that an early and decisive transition makes strong economic sense, driving investments, growth and jobs.

Take the case of Europe: around €180 billion of additional investments a year are needed to achieve the EU's 2030 targets agreed in Paris, including a 40%

cut in greenhouse gas emissions.

Globally, the implementation of all the existing National Determined Contributions under the Paris Agreement is estimated to spur investments of some 19 trillion dollars by 2030.

This is well beyond the capacity of the public sector, so private capital will also need to play its part.

Indeed, it is the private sector that will ultimately need to bring about the economic transformation, turning challenges into business and investment opportunities.

And the trend is already pointing towards this direction: world clean energy investment totalled more than \$330 billion last year, up 3% from 2016 and the second highest annual figure ever, taking cumulative investment since 2010 to \$2.5 trillion.

The science is clear on climate change. Without a significant shift in energy production and use, the world is on track to experience catastrophic changes.

We must change course – and it is in everyone's long-term interest to have a rapid and orderly transition.

Global investments hold the key to fighting climate change- So now is the time to ensure our investments go in the right direction. Investments made during the next years will in many cases have an effective life-span well beyond 2050.

We owe it to today's and to the future generations that we do not create stranded assets, but rather put our money into projects that are compatible with our decarbonisation objectives and take into account the inevitable impacts of climate change.

The European Commission is committed to contribute to speeding up the low-carbon transformation.

With our Energy Union Strategy we bring forward a comprehensive and coherent policy framework up to 2030 that will deliver on our Paris commitments.

It will ensure that we will not be locked in high polluting technologies and enable us to achieve our decarbonisation objectives.

First, this concerns bringing our own spending priorities in line with the requirements of the clean energy transition. As part of the Energy Union framework, we are putting in place the right incentives for steering investments in the right direction – such as effective carbon pricing and the phase out of fossil fuel subsidies.

Given the magnitude of the investment challenge, we need to use limited public money as a catalyst to leverage further private investment.

This is why, with the aim to mobilise at least half a trillion euros by 2020,

the Investment Plan for Europe has a specific climate target of 40% to provide loans, risk guarantees and equity for the deployment of innovative renewable energy technologies.

Moreover, with a contribution of €4.1 billion from the European Commission, the instrument called “External Investment Plan” is expected to leverage more than €44 billion of sustainable investments in Africa and the European neighbourhood by 2020.

Second, this includes a major overhaul of our legislative framework. We are close to finalising all key legislation that will allow us to reach our target of cutting EU greenhouse gas emissions by at least 40% by 2030.

For example, we have strengthened the EU emissions trading system and have agreed on new emissions targets for key economic sectors in all Member States, as well as taken steps towards cleaner transport systems and towards sustainable use of land.

At the end of last year, we also put forward the Clean Energy for All Europeans Package, which will provide a strong push to the transition to a clean economy, while creating jobs and growth.

It will help us adapt our regulatory framework to bring Energy Efficiency First and to foster our role as a world leader in the field of renewable energy.

We have also put forward a governance proposal, which would require EU Member States to prepare integrated climate and energy plans to provide a clear picture of where we need to go. This will help provide investor certainty and identify the investments needed for the clean energy transition.

We are also seeking to make sure that citizens, companies, local authorities and governments are ready to cope with the effects of climate change.

With the EU strategy on adaptation to climate change, we are asking all Member States to take into account this physical climate risk in their planning – and this is becoming an essential element in sustainable investment decisions.

The Commission wants to make sure that people, or assets, are not put in harm's way because of unawareness of the changes to our climate that are already happening.

I am excited that all of these elements are coming together at European level.

Sustainable finance is the latest, and a crucial, addition to the mix of factors that are speeding up global decarbonisation.

Aligning private sector investments with the path set out in Paris is a precondition for success – we need the private sector to deliver the investments that will modernize our economy and deliver on our decarbonisation objectives. This is precisely where sustainable finance comes

in.

I am very encouraged by the positive response of the whole financial sector, and the high interest in taking this forward rapidly.

We can already see that change is happening. Climate effects are being factored into basic business calculations, and making sustainability a key part of the company's value proposition is bringing new business opportunities.

Being at the vanguard of this is a business case, a competitiveness issue, especially if you are competing in a global market. In Europe, we have seen very clearly the electricity sector making that switch. Other sectors are following too. For example, with the recently presented clean mobility package, we intend to give clear direction for the transport sector to invest in clean solutions.

And we see that big international companies in many sectors are in fact starting to take a leadership role. In a recent letter, 20 leading companies who collectively represent over €300 billion in revenue, along with an investors' association managing assets worth a total of €18 trillion, asked the EU to continue to demonstrate leadership on climate change.

The EU played a key role in the preparations of the Paris Agreement and has led the way on setting ambitious targets and putting in place legislation to implement Paris on the ground.

So it is only fitting that the EU is now leading the way on aligning the financial system with the Paris Agreement by putting sustainability at the centre.

Three years after the world committed to global climate action in Paris, COP 24 in Katowice in December will be a crucial moment to adopt the rules for the future climate governance regime.

These rules – the “Paris Rulebook” – are essential to monitor and verify the pledges made by nearly 200 countries to reduce greenhouse gas emissions.

A solid set of rules will help build trust among stakeholders and ensure the fair and effective implementation of the Paris Agreement, while sending strong market signals to spur low-carbon innovation and investment by the private sector and action by business and governments.

With the vast majority of countries already moving in the same direction, I believe the fossil fuel era is coming to an end and the move to clean energy and sustainable societies is now unstoppable.

As highlighted by this conference, this Commission is committed to reorienting capital flows in Europe, to make sure that the EU protects its future generations as well as its citizens today.



The Paris Agreement is a massive investment opportunity. The Action Plan on Sustainable Finance presented by the Commission will help Europe's financial sector position itself as a leading global destination for investments in green technologies.

As with the Paris Agreement, so with the sustainable finance – now is the time for implementation.

Thank you.

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## **Speech by Vice-President Dombrovskis at the High-Level Conference on Financing Sustainable Growth**

Honourable conference participants,

Honourable Ministers,

Honourable Members of Parliament,

Ladies and Gentlemen,

Let me start by thanking President Macron for his speech and his firm support for a European strategy to mobilise finance for sustainable growth. As the country of the landmark Paris agreement, and one of the pioneers of European green finance, France is clearly committed to lead on this agenda. And we clearly heard it just now.

Let me also thank this morning's keynote speakers, President Juncker and Michael Bloomberg. Their speeches were resonant wake-up calls for the financial sector. It needs to seize the opportunities of the low-carbon transition, and live up to its responsibilities towards our planet and our society. This is exactly the core objective of the European Commission's Action Plan for sustainable finance.

Today has already shown that sustainable finance is no longer a narrow niche, but it is maturing into a full-blown sector. However, this change is not happening fast enough.

On the one hand, there is an urgent need for more investment in areas like renewable energy, low-carbon vehicles, smart and interconnected grids, and energy-efficient buildings.

On the other hand, we see that European savers and investors are increasingly interested in the opportunities for value creation that come with the low-carbon transition. And they are asking for investment options that consider

the long-term risks of climate change, environmental degradation, and social issues.

Ladies and gentlemen, the EU financial sector should move ahead and lead these developments. That is what our Action Plan is designed to facilitate.

It builds on the visionary work of the High Level Expert Group on sustainable finance, and I would like to thank Christian Thimann for his chairmanship. The group's recommendations formed an ideal basis for an ambitious EU strategy for sustainable finance.

We now have a ten-point plan for boosting private funding of sustainable and green projects, by changing incentives and culture all along the investment-chain. Like President Macron, I believe our Action Plan is a big step forward, both for the fight against climate change and for Europe's financial sector.

Overall, it has three main objectives:

- First, to redirect capital flows towards green and sustainable investments.
- Second, to embed sustainability into risk management.
- And third, to increase transparency and long-term thinking in financial and economic activity.

Let me go through these one by one, starting with sustainable investment. For green investments to flourish, we need to recruit a broader base of investors. Our strategy is to make green investments open and accessible, with easily comparable products, so even first-time investors can navigate the various options.

Our first step will be to provide a unified and clear set of definitions for sustainable activities. We call this an EU classification system, or a taxonomy. To put it simply, it will provide common definitions for what is green and what is not. Why? Because a unified EU taxonomy will help investors identify activities that are truly sustainable and allocate their capital to them.

Establishing this classification is a highly important and urgent action. It will act as a common trunk from which other actions will branch off. So we will present a legislative proposal for the governance and development of the EU taxonomy already in May.

Of course, it will take some time to be developed. We will start with a taxonomy on climate change mitigation, which should come into effect by the third quarter of next year. It would then be expanded to incorporate broader environmental risks and, in the future, social issues.

The EU taxonomy will enable us to establish EU standards and labels for financial products, such as green bonds or green investment funds. To give an example, organic labels for food in the supermarket or eco-labels for clothing and housing help consumers identify green and sustainable products. In the same way, an EU eco-label for financial products would guide savers towards climate-friendly investments.

To better inform retail investors, we will also require financial advisors to ask clients about their sustainability preferences, and offer suitable investment products. Let me give you one example. Many European parents put aside a fixed sum every month to save for the university studies of their children. We want them to be able to choose a green option, so this money would serve the planet while the child is growing up.

The second objective of our Action Plan is to embed sustainability into risk management. This is important, because sustainability risks will have an increasing impact on financial stability. Last year, the amount of catastrophe-related losses covered by insurance reached an all-time high – €110 billion. If we ignore the risks of climate change, we may end up locking capital into projects that are only viable in the short-run, which would be a waste.

There are two reasons why we should climate-proof our investments, and foster a broader view of risks: first, the impact of climate change can threaten financial stability and lead to major economic losses through floods, land erosion or draughts. And second, because of the risk of stranded assets. If we wake up too late to the reality of global warming, many of today's investments could end up being redundant.

In May, we will present a legislative proposal clarifying the sustainability duties of institutional investors and asset managers. These actors play an influential role as intermediaries between companies and their end-investors. Our proposal will ensure that they work closely and transparently with clients to consider sustainability in asset allocation and risk-management.

We will also consider incorporating sustainability into prudential rules to boost funding for green projects, for example by adjusting capital requirements for banks. Work is currently ongoing in the European Parliament on a proposal for such a green supporting factor, and the Commission stands ready to give support for this process.

By reducing the costs of certain loans, a green supporting factor could provide incentives to choose investments that are good for the climate, such as building a passive house, or buying an electric car. Still, any measures would need to be justified from a risk and financial stability perspective, and they would need to be carefully calibrated. Green does not necessarily mean risk-free.

Along this, we are looking into amending rules for banks' risk management policies to better account for sustainability risks. Time is running out, so we need solutions to quickly help sustainable finance reach scale, and the green supporting factor could be one of them.

This brings me to the third objective of the Action Plan, to foster transparency and long-term perspectives in financial and economic activity. Sometimes, finance is about sowing the seeds of projects whose value only materialises decades later. This is often the case for investments in new low-carbon technology or climate change adaptation.

But today, success in finance is often measured only from quarter to quarter. This can blind companies from the risks and opportunities of the low-carbon transition. We will start by collecting evidence on the short-term pressures on companies. We want to relieve this pressure, and help boards and directors think long-term.

We also want to encourage companies to be more transparent about how they deal with sustainability risks. This would help investors assess and measure their exposure to these risks.

In the EU, we have already made some progress. Listed companies are required to disclose information on sustainability risks, and we have non-binding guidelines to help them do so in a consistent and comparable manner. By next year, we will propose to revise these guidelines. They should include measures of climate risk, in line with the recommendations of the Financial Stability Board's Task Force on Climate-related Disclosure.

Here I would like to thank Mike Bloomberg for all his work to keep this issue on the global agenda, despite opposition from different corners. Yesterday, we launched a fitness check of existing corporate reporting rules, to inform any future legislative proposals. Finally, the Commission will ensure that accounting rules do not directly or indirectly discourage sustainable and long-term investments.

Ladies and gentlemen,

We will ensure a swift follow-up to our Action Plan on sustainable finance: As I mentioned, the first legislative proposals are due already in May. And we are in the middle of setting up a technical expert group to help develop key functions, such as the first taxonomies, the green bond standard, and climate-related metrics for disclosure. We are also considering establishing a longer term governance structure, by way of a platform composed of relevant stakeholders.

But sustainable finance will only work as a shared effort. All players in the finance value chain – everybody in this room – will need to play an active role in its implementation.

We also need to get the international community fully on board. Finance is global and interconnected, so sustainable finance must be too. The EU stands ready to promote our action plan at the highest level internationally. We hope that it can provide a common blueprint for mobilising private sustainable investment.

Today is just the beginning, and the road ahead is long. But if we walk together, I am confident that we can reach our destination.

Thank you very much.

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## **Luis de Guindos appointed as Vice President of the European Central Bank**

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The European Council appointed today Luis de Guindos as Vice-President of the European Central Bank for a non-renewable 8-year term.

The new Vice President will replace Vítor Constâncio as of 1 June 2018.

The decision was taken after having consulted both the European Parliament and the European Central Bank's Governing Council.

The Economic and Financial Affairs Council on 20 February issued a recommendation to the European Council, confirming the nomination of Luis de Guindos as vice-president of the European Central Bank, after the Eurogroup gave its support to the candidacy a day before.

### **Background:**

Article 283(2) of the Treaty on the Functioning of the European Union specifies that appointments to the ECB executive board are made "by the European Council, acting by a qualified majority, from among persons of recognised standing and professional experience in monetary or banking matters, on a recommendation from the Council, after it has consulted the European Parliament and the Governing Council of the European Central Bank."

The ECB executive board is responsible for implementation of eurozone monetary policy, as laid down by the ECB governing council. It is composed of the President, the Vice President and four other members, all appointed for non-renewable eight-year terms. The governing council is composed of the six executive board members and the governors of the national central banks of the eurozone member states.

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