

Satellite operators applaud DG Regio Initiative to encourage use of ERDF to achieve 2020 objectives

Brussels, 7th October 2010 – European Satellite Operators today applauded DG Regio's Communication entitled "Regional Policy contributing to smart growth in Europe 2020" where the Commission calls upon Member States to "consider how to better use the ERDF to accelerate achievement of the EU 2020 objectives for broadband access including total coverage, making use of the different technologies (fibre, adsl, wireless, satellite) available to suit the diverse geographical needs and challenges of different regions across the EU".

Christodoulos Protopapas, Chairman of ESOA said: "I commend Commissioner Hahn for recognising that EU funds can and should be used to connect the 80% of Europe's rural population that are today still not connected to broadband networks. His call to Member States to make best use of ERDF along with his recognition of the different needs of different regions in Europe marks a breakthrough in how the Commission has so far tackled the question of the Digital Divide. It will serve to help the Commission achieve its 2013 target of broadband for all and the satellite operators of Europe are ready to work with him to make it a reality."

Satellites are already connecting thousands across Europe to broadband Internet. New advanced broadband satellites are also being deployed from 2010-2013 that enable speeds of 10Mbps and even higher. With satellite, the capacity offered to users is a matter of commercial and consumer choice and has evolved dramatically since the first generation satellites. "DG Regio has done well to recognise the need to greater leverage private investment given present day restraints on public expenditure; this is not only a reality for many member states but it also speaks to satellite operators who have made long-term upfront investments in new satellites, including for broadband." Said Aarti Holla, ESOA's Secretary General.

The need for cost-efficiency was also recognised this week at DG Regio's Open Days workshop on Bridging the Digital Divide, where US Ambassador to the EU William E. Kennard noted the need to find the most cost efficient solutions to reach citizens in sparsely populated or remote regions and not forget the needs of these citizens by being trapped in the 'bubble of Brussels'. Following his statement, Mercedes Bresso, Committee of the Regions (COR) President called for selection of the most cost-efficient solutions for different areas, especially for the less populated areas and raising awareness of the advantage of combining different technologies to solve the problem, including satellite solutions.

During the workshop COR rapporteur for Universal Service Bob Bright noted "We must make broadband universally available and Commissioner Kroes has asked the COR to help achieve this. This means looking in detail at all technologies and their adaptability to different topographical needs around Europe. We need to dispel misconceptions about satellite being an expensive, mysterious technology when in fact it is already at work immediately connecting thousands of citizens in the EU. I myself, have seen high-speed Internet via satellite at work 3000 feet above sea level in mountain huts in Piemonte. The same performance is available everywhere close to main cities in areas not reached by dsl or in the most remote areas."

Holla said "DG Regio and the COR are close to the regions and vital to raise awareness of the fact that satellite equipment is eligible for EU funding, a fact that many regions are still not aware of. In addition it's a solution available today that can contribute to fast commitment of structural funds noting that only around 18% have been committed for broadband so far. We hope that the 2011 guidance on broadband investment for local & regional authorities will also foster this user-oriented approach". Holla pointed out that the US had already allocated dedicated funding for creative satellite solutions, which by nature are an end-to-end solution encompassing backhaul and access in one go.

BACKGROUND

ERDF (structural funds) have been available for the period 2007-2013 with €2.3bn allocated to broadband infrastructure investments. Of that amount only 418m€, i.e. 18% had been committed by Sept 2009¹, while at least 80% of Europe's rural population is still not connected to any broadband network at all. With satellite infrastructure already in place & new satellite capacity being launched from 2010 through 2014, satellite can enable connectivity immediately, allowing member states to use EU funding while it is available within the established calendar. Member States are not always aware that satellite equipment is eligible for this funding, but this was clearly stated in the EAFRD Regulation of May 2009².

Note statements made by various independent consultants:

Analysys Mason report: 'FTTx roll-out and capex in developed economies: forecasts 2010–2015', 24 August 2010: "Many operators have started offering ultra broadband connectivity in many EU countries and the U.S., but adoption remains at very low levels" and "Strong investments in next generation broadband access could in fact be perceived as politically embarrassing or even inappropriate in markets where budgets for education, health or welfare are drastically cut".

Helios in its paper published June 2010 entitled 'Broadband Internet Access: What does Europe actually need?': "A download speed of 10 Mbps is more than sufficient for the majority of current and future domestic Internet users. In many cases, connection speeds significantly less than this will satiate the demand from most user types". Further they said: "Streaming of HD video is the thirstiest future application and is likely to become the prime driver of Internet traffic volumes" (See <http://www.askhelios.com/broadband-internet-access.html>)

About ESOA

ESOA is a Brussels-based trade association whose membership brings together all European satellite operators and supporting members including service providers, manufacturers and launch service providers. Set up in 2002, the association goals include raising awareness of commercial satellite technologies and ensuring that satellites benefit from the appropriate political, industrial and regulatory environment to fulfil their vital role in the delivery of global communications.

ESOA Members



ESOA supporting members



¹ A Strategic Report of March 2010- COM(2010) 110 - on the implementation of the programmes 2007-2013 includes an assessment of broadband implementation and a forthcoming Communication, *Regional Policy contributing to smart growth in Europe 2020*, will give recommendations to Managing Authorities.

² Council Regulation (EC) 473/2009 published 25 May 2009