



Ursula von der Leyen

President of the European Commission
European Commission
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Dear President,

Connectivity networks are the nuts and bolts that make global exchange and cooperation possible. This makes them crucial for business competitiveness and for meeting the sustainable development and climate goals.

However, there is still a major connectivity investment deficit both within and outside of the EU, which has been exacerbated by the COVID-19 pandemic. European companies are globally recognised for their sustainable, resource-efficient, long-term solutions and can make a major contribution to addressing this connectivity gap. While the EU has so far not fully managed to leverage this potential in a sufficiently coordinated fashion, other countries have stepped up their efforts in recent years. These third country initiatives have also led to increasing influence and promotion of their geopolitical interests in detriment of the EU. Moreover, some of these initiatives have led to market distortions, non-sustainable financing conditions and non-compliance with international standards. This puts increasing pressure on European companies, both within the EU and in third countries. Against this background, it is key that the EU steps up its efforts to foster connectivity within the EU and between the EU and the rest of the world.

The G7 pledge to develop a new partnership to build back better, as well as the Council Conclusions on a globally connected Europe from 12 July are very welcome in this regard. Now, the political momentum they have created must be maintained and translated into concrete steps. As connectivity projects are often driven through public procurement, government action can have a major impact on the final outcomes. Therefore, the EU must work with like-minded partners to promote connectivity based on market rules, transparency, open procurement, fair competition, sustainability, and the promotion of international standards.

BusinessEurope has a number of recommendations to ensure that the EU connectivity strategy works for business:

- **Prioritisation:** The EU connectivity strategy needs to prioritise and focus on what is most essential, instead of trying to do everything at the same time.



- **Business involvement:** The business advisory group announced in the 2018 EU connectivity strategy should finally be created. Companies understand the realities on the ground and will thus be able to put meat on the bones of the strategy. Such a stakeholder platform should be easily accessible and serve to discuss the implementation of the strategy, receive input from business and share knowledge to maximise the strategy's impact and effectiveness.
- **Budget:** The EU needs a dedicated budget to implement its Connectivity Strategy. In line with its Team Europe approach, the EU needs to involve Member States, European development financing institutions and the private sector to ensure that sufficient funding is put on the table and maximise impact. Innovative financing mechanisms and blending should be used more widely to leverage additional private investment, but it must be kept in mind that grants remain key for certain types of non-commercially viable infrastructure.
- **Sustainability of investments:** The EU Connectivity Strategy, and its dedicated budget, should ensure the sustainability of investments, i.e. the financial and economic viability of the projects, as well as high environmental standards. This should be translated into overarching procurement rules ensuring the best price-quality ratio, and the integration of award criteria other than the mere purchase price (e.g. life-cycle costs).
- **Reciprocity:** EU-funded connectivity projects should not be open to companies and entities from countries that do not grant reciprocal access to their connectivity-related projects to EU operators. Moreover, the EU and its implementing partners need to have measures in place to address abnormally low bids that may result from foreign subsidies. At the same time, the EU should keep advocating for improved access for European companies to third country connectivity projects, particularly under the BRI.
- **Standards:** EU-funded Digital connectivity projects should be made accessible on conditions that ensure, where relevant, adherence to global standards (such as 5G), while broadly promoting reliance on international standards that are developed in a transparent manner, according to consensus-based processes. This will ensure open and non-discriminatory participation of all interested stakeholders, following the WTO TBT Principles for the Development of International Standards.¹
- **Communication:** Connectivity is not a well understood term and although the EU is a major donor, there remains a lack of awareness of EU-funded projects in partner countries. The EU should better showcase and communicate the benefits of EU-funded projects and rebrand its connectivity strategy with a more attractive name. This could also make European companies more aware of existing opportunities.

¹ https://www.wto.org/english/tratop_e/tbt_e/principles_standards_tbt_e.htm



- Coherence: The EU and Member States need to coordinate their relevant policies more closely to ensure a true Team Europe approach to connectivity. In this way, the connectivity strategy should be flanked by a more coherent foreign economic diplomacy on EU and Member State level.
- International Context: Building on the Carbis Bay G7 Summit Communiqué, the EU and its Member States should coordinate the new Connectivity Strategy with the G7 'Build Back Better World' initiative (B3W) and engage pro-actively in the OECD 'Blue Dot Network' which aims to attract investment into sustainable quality infrastructure through the establishment of a certification scheme for infrastructure projects.
- Intra-EU connectivity: EU connectivity starts at home. Remaining regulatory, administrative, and technical barriers within the EU need to be addressed to boost investment in infrastructure and to promote interconnections and interoperability. Moreover, the EU should consider the BRI in its TEN-T corridor studies and cooperate with China to determine priority corridors to prevent possible bottlenecks and transport constraints.

If these key actions are taken, we are sure the EU approach to connectivity can be a major success. After all, the EU itself is a connectivity project, and with the experience European companies and governments have acquired over many decades, we are ideally placed to promote connectivity globally. The European business community stands ready to play its role in this process, and we will be happy to provide more details on our views as we move along.

Yours sincerely,

Pierre Gattaz
President

Markus J. Beyrer
Director General