

ETNO – KTOA Joint Statement

August 31st, 2023

Europe and the Republic of Korea: Call for policies to promote the healthy growth of the Internet ecosystem

With the advancement of network infrastructure in the digital age, our lives are changing in many ways. The Internet is no longer just a tool for finding information, but also a platform for various services that overcome geographical barriers. These include Smart Network and Services (SNS), video streaming, games, remote education, video conferencing, e-healthcare, AI-generated content, AR and VR in the metaverse, and cloud computing. Through networks, more people can interact and enjoy a better quality of life.

We are proud that telecommunications companies worldwide are heavily investing in our digital society: more and more resources are required to cope with ever-increasing demand, in terms of network coverage, roll-out, but also capacity and innovation. One mile at a time and one phone mast at a time, telecom operators are building Internet infrastructure across the globe, reaching already today more than 5 billion active internet users worldwide. More efforts are ahead of us, as we strive to connect the unconnected.

Today, on the other hand, we believe that many of the large big tech companies that account for more than half of the world's internet traffic ([Sandvine, 2023](#)) should step up and contribute their fair and proportionate share to maintaining and evolving those networks that make our public Internet.

In this context, the European Parliament [adopted](#), in June, a resolution that calls for policy measures to ensure a fair contribution from Large Traffic Generators (LTGs). The resolution recognizes the need for continued investment in the EU's "digital transformation and connectivity" and suggests that big tech companies that generate large amounts of traffic should share the responsibility, in full respect of the net neutrality principles. This comes on top of the 2030 policy [programme](#) 'Path to the Digital Decade' – proposed by the European Commission and adopted by the Council – which includes a call to ensure that all actors make a "fair contribution" to digital infrastructure investment.

Similarly, in Korea, which has built a world-class, sophisticated network through continuous investment, there is a fresh debate in the National Assembly about the "fair share" of big tech companies that generate large traffic.

Even in the United States, home to many big tech companies, [Congress](#), Commissioners at the [FCC](#) and several [stakeholders](#) make a clear case for big tech to "pay their fair share" to support network expansion. Similarly, policy debates in other major countries like India and Brazil revolve around the "fair contribution" of big tech. This is the key to the "sustainable digital transformation" we seek.

In the context of this legitimate policy debate, some have distorted facts and made unreasonable claims about the Korean internet market. We respect diverse opinions, but we also want to highlight the facts about what has always been considered the global success of Korean networks and internet markets.

ETNO and KTOA share a vision of a healthy and growing Internet ecosystem, where users can enjoy ever better connectivity, in full respect of the net neutrality principles. Our organizations will work

together to address the sustainability of the Internet ecosystem. To ensure that all users benefit from digital innovation and prevent the tragedy of the commons, we believe that large traffic generators should make a fair contribution to the sustainability and development of the connectivity networks that empower the Internet. Policymakers should make effective policies to achieve the goal.

Internet connectivity

While Europe provides a good internet experience, Korea excels in internet access and speed due to its edge on advanced technologies like 5G and fiber-to-the-home (FTTH). Most Koreans enjoy fast and reliable connectivity on both mobile and fixed devices. This is the result of significant investments by telecom operators to upgrade and extend network infrastructure.

| | Europe | Korea |
|---|----------|----------|
| 5G coverage of population | 73% | 95% |
| NGA* coverage of population | 88.4% | 97% |
| Average fixed download speed | 169 MBPS | 226 MBPS |
| Average mobile download speed | 92 MBPS | 244 MBPS |
| 5G uptake (5G as share of all connections) | 6.4% | 37.9% |
| Telecom investment per capita | €104,4 | €117,4 |

*NGA: Next Generation Access networks are networks delivering services reliably at a very high speed through optical or equivalent technology

Sources: own elaboration, [European Commission](#) (2022); [State of Digital Communications](#) (2023)

Internet markets

Both Europe and Korea are witnessing a continuous rise in the use of internet services across different aspects of their economic, social, and cultural lives, accompanied by a growing number of internet-based industries. Figures disprove claims suggesting that Koreans have limited access to content and online services or a lack of innovative online businesses. In fact, e-commerce sales and other core indicators show that Korea has a thriving online marketplace and online consumer engagement.

| | Europe | Korea |
|--|-----------|---------|
| Internet adoption | 93,8% | 98% |
| Data usage per capita | 1,43 GB | 1,75 GB |
| % of population using social media | 75.5% | 93% |
| Youtube Advertising reach rate | 89% | 94% |
| % online users purchasing online, weekly | 48% | 73.7% |
| eCommerce ARPU, consumer goods | \$1.592,5 | \$2.995 |
| % online users streaming internet content | 89% | 96.1% |
| % online users playing videogames | 81% | 78.1% |
| % users owning cryptocurrency | 9.1% | 13.4% |

Sources: own elaboration, [Datareportal](#) (2023); [State of Digital Communications](#) (2023), [MSIT](#) (2023)

“Fair Contribution” vs. “Preventing Network Free-riding”

In this paragraph we clarify the similarities and differences between the European and Korean debate on ensuring an adequate contribution by tech companies to network investment and costs related to data traffic.

Fair Contribution debate in the EU

In 2022, the EU Declaration on Digital Rights and Principles stated the following general principle: “We commit to developing adequate frameworks so that all market actors benefiting from the digital transformation assume their social responsibilities and make a fair and proportionate contribution to the costs of public goods, services and infrastructures for the benefit of all people living in the EU.”

In 2023, the European Commission published a consultation on the future of connectivity, exploring whether such a principle should be implemented through a “fair contribution” of tech companies to network investment. Such contribution could take the form of a direct payment or be channeled via a public fund. The policy debate is still ongoing: a summary of the consultation responses and corresponding policy initiatives are expected in the fall of 2023.

The concept of fair contribution is still being developed in an open policy debate in Europe and it is different from the one of “Sending-Party-Network-Pays”. A fair contribution, if established, would be limited to a set of players falling within a pre-determined scope. Such scope would be limited to “Large Traffic Generators”, based on a specific threshold, which – if set at 5% of the yearly busy hour traffic – would be limited to 6-8 major tech companies.

As confirmed publicly by the European Commission, any regulation of fair contribution will have to be in full respect of the EU Open Internet regulation, which establishes clear net neutrality rules and is enforced since 2015 across the 27 Member States of the EU. Such rules clearly stipulate that blocking, throttling and traffic prioritization are and will remain prohibited in the EU.

Preventing Network Free-riding in Korea

In 2023, Korea presents a globally exemplary internet ecosystem, distinguished by its wide range of innovative and diverse content, as well as the substantial presence of companies active in the value chain. This accomplishment is attributable to the nation’s world-class infrastructure and the provision of high-quality internet services. A key factor behind this success is the equitable sharing of financial resources for infrastructure investment by end users as well as by content providers (CPs).

Korea applies a mutual settlement system to ISPs that exchange traffic on equal terms since 2016. It does not directly affect users, including CPs. CPs are considered end-users and they pay the usual internet usage fee to their telecom providers. The mutual settlement system does not change this, nor add any extra fees for CPs.

However, the integrity of Korea’s healthy internet ecosystem has recently been threatened due to the unjust act of a few big tech companies. These companies have taken advantage of their dominant market position to exploit the internet networks provided by Korean ISPs, all while neglecting their fair obligations to pay network fees. Acknowledging the importance of addressing this issue, the Korean National Assembly has discussed bills aiming at preventing free-riding by those big-tech companies. As of now, 7 bills are on the table.

Europe and Korea show two different cases in which the evolution of the global Internet ecosystem has put pressure on local telecom operators. While every market has its own environment, the need for policy solutions to promote the healthy growth of the global Internet ecosystem is mounting and it needs to be addressed urgently. ETNO and KTOA, the voices of the European and Korean telecom operators respectively, call on policymakers to make this issue a top priority for the benefit of all citizens, in Europe and Korea.

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