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A EUROPE FIT FOR THE DIGITAL AGE

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EXECUTIVE VICE-PRESIDENT
AN ECONOMY THAT WORKS FOR PEOPLE

THIERRY BRETON
MEMBER OF THE EUROPEAN COMMISSION
INTERNAL MARKET

11. 12. 2020

Brussels,
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Dear Honourable Member,

I would like to thank you and your co-signatories for your letter of 14 October 2020 on 5G security in Europe and unfair competition between European and Chinese 5G vendors.

We share your opinion that the COVID-19 pandemic has confirmed the importance of connectivity, cybersecurity and independence in critical sectors. The Recovery and Resilience Facility offers an unprecedented opportunity to boost a wide digital transition and build a smarter and more resilient economy. The Commission has proposed that each recovery and resilience plan should include a minimum level of 20% of expenditure related to the digital transition.

We agree that 5G is a central element in Europe's digital strategy and that its secure deployment is essential. The EU has put in place a coordinated risk-based approach¹, which led to a common EU coordinated risk assessment for 5G networks in 2019². In January 2020, national authorities, with the help of the Commission and the EU Agency for Cybersecurity agreed to a set of measures (the Toolbox) aimed at mitigating identified risks, including risks arising from the 5G supply chain³. This was accompanied by a Commission Communication⁴ identifying areas of EU competence and/or EU added value. With regard to 'high-risk suppliers', the progress report on the Toolbox

¹ Commission Recommendation (EU) 2019/534 on cybersecurity of 5G networks of March 2019, C(2019)2335

² https://ec.europa.eu/commission/presscorner/detail/en/IP_19_6049

³ https://ec.europa.eu/commission/presscorner/detail/en/ip_20_123 and COM(2020) 50

⁴ COM(2020)50

implementation⁵ published in July 2020 notes that a large majority of Member States have already adopted or are in the process of implementing the measures recommended in the Toolbox.

The progress report also called on Member States to consider defining implementation plans and/or transition periods for those operators currently using equipment of high-risk suppliers or having already entered into contracts with high-risk suppliers before the adoption of the Toolbox.

The Commission has no position on individual companies. We have rules in place in the EU to mitigate security risks⁶ that must be complied with by those willing to access the European market. In line with those rules, EU Member States can decide whether to exclude companies from their markets if this is justified by national security reasons, based on the risk assessment provided for in the Toolbox, and proportionate.

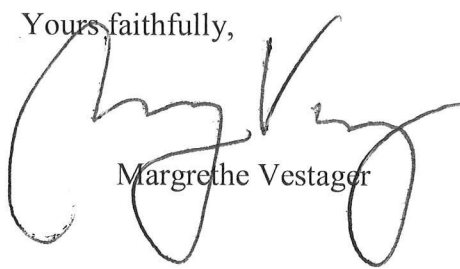
The International Procurement Instrument would be an important tool to open up public procurement markets in third countries and to ensure more reciprocity, including vis-à-vis China. The Commission has called several times on the Council to move towards its adoption. This was acknowledged in the European Council Conclusions of 1 and 2 October 2020.

Finally, the Commission is now working on a legislative proposal to address distortions that may be caused in the internal market by foreign subsidies. This would ensure a level playing field for all companies active in the EU to compete on equal terms. The Commission has also been a strong advocate for robust rules on industrial subsidies and forced technology transfer as part of the modernisation of the World Trade Organization.

The recent start of the full application of the Foreign Direct Investment Screening Regulation enables the Commission and the Member States to coordinate their actions on specific foreign investments that could affect the security or public order of the Union and its Member States. The Regulation is an important instrument for cases where foreign investors seek to acquire assets critical for our essential interests, including in the area of 5G. The Commission will scrutinise foreign investments in the 5G area in line with the guidelines provided in the Regulation, taking into account the EU coordinated risk assessment and the Toolbox.

We would like to assure you that we share a common objective of ensuring the secure development of our digital capacities and capabilities and fair competition on the European and global markets for our companies.

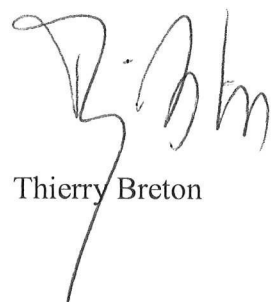
Yours faithfully,



Margrethe Vestager



Valdis Dombrovskis



Thierry Breton

⁵ <https://ec.europa.eu/digital-single-market/en/news/report-member-states-progress-implementing-eu-toolbox-5g-cybersecurity>

⁶ including under the Network and Information Security Directive, the Cybersecurity Act, and EU telecom rules