

State aid: Commission endorses new €101 million Croatian national broadband scheme for 2017-2023

Commissioner Margrethe **Vestager**, in charge of competition policy, said: *“Croatia’s broadband scheme will bring faster internet to consumers and businesses that currently do not have it. It will help Croatia to put in place the necessary infrastructure for an information society and contribute to creating a Digital Single Market within the EU.”*

Croatia’s current broadband market is characterised by high prices and low take-up rates compared to the EU average. This scheme aims to significantly improve the situation and help Croatia increase its connectivity and meet the targets set out by the Commission in the context of the Digital Single Market.

Backhaul networks, such as the Next Generation Network (NGN) in Croatia, provide the backbone of internet networks and can be thought of as information highways. Next Generation Access (NGA) networks, which can be thought of as more local roads, connect into the NGN.

The previous Croatian broadband scheme, the National Broadband Plan, was [approved by the Commission](#) in January 2016 and supported the roll-out of NGA networks in unserved or underserved areas. The purpose of the new measure is to provide sufficient upstream capacity to sustain the previously approved scheme in rural areas.

Croatia’s NGN will be rolled out partly in areas where either no NGN backhaul network exists, or areas where the backhaul infrastructure is insufficient to meet projected needs. No operator has shown any interest to invest commercially in the scheme’s target areas, which were identified by Croatia through a detailed mapping exercise and two public consultations.

The scheme aims to increase the coverage of high speed broadband and provide speeds of 100 Mbit/s symmetrical (i.e. upload and download). It will run until 31 December 2023. The new infrastructure will be financed mainly through the [European Regional Development Fund](#) and partly by national funds, and the network will remain in public ownership.

The management of the scheme is attributed to a public undertaking, OiV, which will offer long term leasing agreements on the infrastructure to all interested operators. These operators will subsequently be able to offer connection services to local access providers, which in turn serve end consumers. In this way, the new NGN backhaul network will support the NGA networks previously approved under EU state aid rules.

The Commission assessed the measure under EU state aid rules, in particular its [2013 Broadband Guidelines](#). These guidelines aim to ensure, amongst other

things, that public funding does not take the place of private investment. They also ensure that other service providers can use the publicly funded infrastructure on a non-discriminatory basis. This protects effective competition, which is a key driver for investment and better prices and quality for consumers and businesses.

The Commission concluded that the positive effects on competition in the Croatian broadband market outweigh possible distortive effects on already established operators. It therefore found the Croatian NGN scheme to be in line with EU state aid rules.

Background

In its Communication on [Connectivity for a Competitive Digital Single Market – Towards a Gigabit Society 2025](#), the Commission set a target of internet connections with download/upload speeds of 1 Gigabit of data per second by 2025 for all schools, transport hubs and main providers of public services, as well as digitally intensive enterprises. In addition, all European households should have access to networks offering a download speed of at least 100 Mbps, which can be upgraded to 1 Gigabit already by 2020.

As part of its [Digital Single Market strategy](#), the Commission aims to encourage broadband roll-out, especially in underserved areas, and to ensure a high level of connectivity in the EU. As regards connectivity, Croatia ranks last of the 28 EU Member States. NGA networks are available to 60% of the Croatian households, compared to an average of 76% in the EU, according to the Commission's [Digital Economy and Society Index](#). On average, only 10% of Croatian households subscribe to it, compared to an EU average of 37%.

The [2013 Broadband Guidelines](#), which entered into force on 26 January 2013, offer stability and legal certainty for broadband investment. In particular, they reconcile the aims of, on the one hand, encouraging the rapid roll-out of broadband infrastructure with public funds and, on the other hand, minimising the risk of crowding out private investment and creating monopolies. They therefore complement other existing EU and Member States policies in this regard.

The non-confidential version of the current decision will be published under the case number [SA.41065](#) in the [State Aid Register](#) on the Commission's [competition website](#) once any confidentiality issues have been resolved. The [State Aid Weekly e-News](#) lists new publications of state aid decisions on the internet and in the EU Official Journal.