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Editors: Sławomir Dębski ● Bartosz Wiśniewski ● Rafał Tarnogórski
Anna Maria Dyner ● Sebastian Płóciennik ● Patrycja Sasnal
Justyna Szczudlik ● Jolanta Szymańska ● Marcin Terlikowski ● Tomasz Żornaczuk

The Digital Dimension of the Three Seas Initiative

Bartosz Wiśniewski

Expansion of digital infrastructure is one of the three pillars of the Three Seas Initiative (TSI). So far, the TSI's digital dimension has been less elaborate than the goal of enhancing energy and transport infrastructure. Yet, without closing the digital development gaps, the TSI will struggle to make the most of the EU's emerging digital single market. Placing greater emphasis on the enhancement of digital infrastructure could convince those TSI countries that have thus far seemed to stand on the sidelines to become more involved the project in the future.

One of the deliverables of the TSI summit in Bucharest (17–18 September) was the adoption of a list of TSI priority projects, including strengthening energy, transport and digital interconnectivity between members and eliminating the differences in this respect in comparison with the rest of the EU. Ultimately, the goal is to boost the cohesion of the EU's internal market. It was up to TSI members to decide which projects to pursue, which resulted in a list of 48 items selected on the basis of compatibility with the EU's long-term goals as well as environmental and public procurement regulations. The list is an indication of the level of ambition set for the TSI and the current relative importance of each of its dimensions.

Priorities of the TSI. Transport projects account for half of all items on the list. They foresee the construction or modernisation of road and rail hubs, investments in greater accessibility of inland waterways, etc. Energy-related projects (14 in total) feature, among others, a smart power grid between Slovenia and Croatia, and gas interconnectors such as the one constructed by Poland and Lithuania.

In the transport and energy dimensions, almost all TSI projects are featured among the European Commission's Projects of Common Interest (PCI) or are part of the Trans-European Transport Networks (TEN-T). Thus, they are either already underway or well advanced as far as planning is concerned, with technical parameters, project milestones, estimated costs, financing sources and players responsible for implementation all in place.

The digital projects that made it onto the list are not as numerous or elaborate. Only two, organisation of a Three Seas "smart cities" forum and a testing facility for autonomous vehicles, are in the implementation phase. Both were launched earlier this year. The remaining six projects are all in the early planning phase. They include the creation of a "digital highway" that would connect the TSI via secure fibre networks and use fifth-generation (5G) mobile technology for data transfers and the launch of a real-time system to monitor the level of inland waterways. However, these concepts are not accompanied by detailed implementation schedules or estimated budgets.

TSI's Digital Needs. Based on data collected by the EC, the level of digitisation among TSI members is a mixed bag. On the one hand, Bulgaria and Hungary are among EU and global leaders when it comes to the speed of data transmission onto mobile devices, whereas Romania excels in the availability of fixed ultrafast (exceeding 100 Mbps) broadband connection for households. In Estonia and Poland (as well as Denmark, Finland and Sweden), the number of subscriptions for mobile broadband exceeds the number of

actual individual users. Except for Austria, the percentage of small and medium enterprises (SMEs) across the TSI which found the quality of their Internet connection inadequate is lower than the EU average.

On the other hand, after taking into account all relevant criteria—quality and availability of both fast and ultrafast broadband connections, fixed and mobile alike—only the Baltic States, Austria and the Czech Republic rank higher than the EU average. Still, even in their case the gap that separates them from the frontrunners—the Nordic and Benelux Union countries—is quite significant. Once factors such as basic skills and the frequency of Internet use, utilisation of on-line services (banking and shopping) and the level of digitisation of SMEs and public services have been included, only Austria, Estonia and Lithuania score higher than the EU average.

Infrastructure shortcomings are the root of this gap. In half of EU Member States, 99% of the population has access to fixed broadband Internet. Exceptions apply to rural areas in scarcely populated countries. Four TSI members—Estonia, Poland, Romania and Slovakia—have the lowest score, not exceeding 90%. The Three Seas area is thus best described as having pockets of digital advancement compared with the majority of other EU Member States. In their case, digital progress is much more evenly spread.

The EU Context. In 2010, as part of the European Digital Agenda, the European Commission pointed out that the universal availability of fast broadband Internet (at least 30 Mbps) by 2020 would be the prerequisite for ensuring EU "territorial cohesion." After the adoption of the Strategy for the Digital Single Market in 2016, these goals were revised. By 2025, all households in the EU—both rural and urban—are to have access to ultrafast broadband, while public utility buildings should have 1 Gbps connections. In addition, all urban areas are to be covered by 5G networks. In order to meet these goals, the EC announced that it wants to triple funding for the development of digital infrastructure in the 2021–2027 framework compared with the current multiannual financial framework (2014–2020), up to €3 billion. Together with necessary regulatory adjustments, these resources are expected to create adequate technological and infrastructure conditions for EU Member States to take advantage of the digital single market. At stake are savings for individual consumers (up to €11.7 billion) and the public sector (up to €5 billion), as well as up to €415 billion worth of additional economic output across the EU. The EC estimates that achieving these goals would require investment in excess of €150 billion, both public and private, on top of already earmarked funding. The extent to which members of the TSI will be able to take advantage of these opportunities will depend on their ability to bridge the gaps in their digital development compared with most of the EU.

The Road Ahead. Digital projects approved in Bucharest as TSI priorities, such as the proposal to make 5G technology the standard for data transmission within the TSI area, are compatible with what the EC envisages for the EU as a whole. Thus, the Three Seas Initiative could help to avoid the risk of a digital two-speed Europe and make the most of what is called the fourth industrial revolution. First, however, the priority projects from Bucharest will need to become more concrete. Then the roster should be expanded to include further initiatives, such as putting in place the infrastructure necessary to provide the TSI with modern, advanced satellite broadband. Boosting the digital dimension of the Three Seas Initiative could become the priority of the next Forum of the Regions of the TSI.

Securing funding for projects is where the TSI could make a difference. Between 2014 and 2017, a mere 28% of resources earmarked for supporting telecom projects—digital included—under the ECs Connecting Europe Facility went to 12 members of the TSI. The future Three Seas Fund (TSF) could help secure a greater share of EU financing, as well as grants from the European Investment Bank. The TSF's purpose would also be to seek synergies between its own assets and those of private investment institutions. Adding more substance to the digital dimension of the TSI and agreeing on a quota of TSF financing that would be dedicated to support digitisation could make the TSI more attractive for regional digitisation leaders—Austria, Estonia, Lithuania, and Hungary. These countries could be more inclined to join the TSF. This, in the long term, would have a positive impact on the performance of the Three Seas Initiative in general.