

# GERMANY DESIGNATES €3B TO UNINTENTIONALLY SLOW INTERNET ACCESS

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While offering €3 billion to the cause of internet access for every household in Germany would seem excellent support, private industry warns that such

## lavish public funding may be counterproductive.

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Germany announced modifications to its mechanism for expanding fibre-optic coverage in the country, and the changes are facing deep criticism from the private sector.

The 'Gigabit Funding 2.0' plan presented by the Digital and Transport Ministry on April 3rd provides €3 billion to ensure that every household in Germany has access to a fibre-optic internet connection and the latest mobile network technology.

However, the expectation for fast internet access in the country could result in considerable embarrassment.

According to [OECD statistics](#) from 2022, Germany ranks 35th among 38 countries in terms of the number of fibre-optic connections versus fixed broadband ones installed in the country. Only Austria, Belgium, and Greece ranked worse, while Spain has ten times as many fibre-optic connections.

Increasing fibre-optic access is also intended to comply with recent legislation that recognises a legal right to internet access and requires a minimum level of internet coverage for everyone in accordance with the EU Digital Decade plan.

Digital and Transport Minister Volker Wissing touted the measures as ways to better direct incentives to where the internet is least accessible, often rural areas, without interfering in private-sector expansion. Wissing [explained](#),

*Our new gigabit funding specifically directs funds to the regions where the need is greatest. The dynamics in the market are great, the industry's willingness to invest is high. And we are supplementing precisely where there is no private sector expansion.*

Under the old funding regime, in areas where private-sector expansion was difficult, municipalities could collaborate with private fibre-optic companies to bring service to the area. In a kind of rent-to-own agreement, the companies paid years of leases to the small cities before they were able to take full ownership of the network and fully integrate it into the private sector.

Under the new plan, private companies are not allowed to ever gain full ownership if they get support from public entities. The new rules, in fact, could end up inhibiting private-sector engagement.

Jürgen Grützner, CEO of VATM, a German telecommunications association, [told Euractiv](#),

*It will not be possible to find investors for Germany who would be willing to organise the operation of these small, very regional grids not only for the foreseeable future, but permanently, and to pay high rents on a permanent basis.*

The new funding concept also channels the incentives to so-called 'fast lane' areas, places designated by the government as most in need.

Critics fear that areas outside of the 'priority lanes' will be left out, sometimes leaving low-hanging fruit uncollected in achieving the connectivity goal.

“It would have been at least as important, however, to be able to connect the few houses in need of support immediately in one go in places where the majority of the expansion is self-supported,” Grützner also explained.

And while offering €3 billion to the cause of internet access for every household in Germany would seem excellent support, private industry warns that such lavish public funding can also bog down the dynamism usually related to private enterprise and effectively push the private sector away.

Nick Kriegeskotte from the digital association Bitkom, told *Euractiv*,

*If too much state funding competes with private funding, this leads to already scarce construction and planning capacities being tied up in subsidised projects and thus no longer being available for faster self-supported expansion.*

Germans may be wondering why their government is spending so much money to ruin a good thing.

Perhaps it's just run-of-the-mill bureaucratic-political stupidity. Perhaps the weak coalition government thought the measures would make the public expenditure more sellable. Perhaps the new plan is meant to strengthen security concerns such as those related to China building 5G networks in Europe. Perhaps there is a desire for more state control of the modern utility coming from a part of the current coalition government.

Whatever the reason, something motivated the change, and we will be keeping a close watch.