

# MOUNTING PRESSURE ON EUROPEAN COMMISSION AHEAD OF DECISION ON TECHNOLOGY STANDARDS FOR CONNECTED CARS

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Legal Briefings - By **David Coulling, Lode Van Den Hende and James Allsop**

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The European Commission is soon set to decide on a key issue regarding the future of connected and autonomous vehicles (CAVs): whether 5G or Wi-Fi should be the preferred communications technology for CAVs. The Commission was expected to issue draft legislation by way of a delegated act this year (known as the Delegated Act on Intelligent Transport Systems). However, there is significant pressure on the Commission from Member States to delay publishing the draft legislation, against the backdrop of extensive industry discussion and lobbying.

## THE NEED FOR STANDARDISATION

The successful deployment and operation of CAVs requires proven interoperable communication solutions for connectivity between vehicles (V2V), between vehicles and infrastructure (V2I) and vehicles and any other technology (V2X). It is for this reason that the Commission, which has always considered the issues of connected and driverless cars together, intends to introduce legislation to ensure such interoperability.

The problem is that there is no consensus amongst stakeholders in the development of CAV technology on the technical standards that these communications should be based on. Indeed, two competing technologies have emerged: satellite V2V communication based on short range Wi-Fi and long range cellular based V2X (C-V2X), utilising fifth-generation wireless broadband technology (5G).

## **TIMEFRAMES REMAIN UNCLEAR**

The Commission indicated earlier this year an unofficial deadline of the end of 2018 for the publication of the draft legislation. At the time of writing, however, the draft has still not been published. The Commission has consistently expressed a desire to remain 'technology neutral'. However, commentators that have had sight of the legislation in early draft form note that the current proposals appear to favour the V2V short-range Wi-Fi model over the 5G C-V2X model. As discussion between Member States and different industry players continues, some countries such as Spain, Sweden, Finland and Norway have called for a postponement of the legislation until some of the discussions can be resolved.

## **DELEGATED ACT**

Some parties are concerned that the legislation is drafted as a "delegated act - a fast-track route procedure where the Commission legislates with a panel of experts from Member States. Notably, the European Parliament does not have the power to amend the text of the proposed legislation - it can only choose to approve or reject it. The delegated act process has been criticised as being opaque, secretive and subject to less scrutiny and debate than traditional EU legislation, which requires negotiation with MEPs and national governments.

## **PREFERRED TECHNOLOGY VS NEUTRALITY**

Key differences of opinion exist amongst automotive manufacturers, telecoms companies, and governments as to which technology is best for CAVs. The automotive sector is divided on the issue, with Volkswagen understood to favour V2V Wi-Fi whereas Audi, BMW and Daimler favour C-V2X 5G. Trade groups GSMA, 5GAA and ETNO are understood to have lobbied all Member States in favour of 5G technology. Wi-Fi's proponents argue that it is readily available across Europe, is tried and tested and can be readily incorporated into supply chains. Proponents of 5G say that it should be favoured in order to future-proof CAVs (taking advantage of the evolution path of mobile communication standards). Both sides claim there are safety advantages to their preferred enabling technology.

Beyond the merits of either technology, many commentators are concerned about the possibility of the Commission legislating in a manner which favours a particular technology rather than remaining technology neutral. Spain and Finland, for example, would like to see fewer regulatory restrictions than the draft proposal suggests will be put in place. Madrid is particularly concerned that the legislation, as it stands, would favour Wi-Fi technology. MEPs from other nations have expressed concern regarding the limitations the Commission will place on the market if it decides to favour one technology over the other or if it decides to impose interoperability, which could enforce a costly barrier to market entry.

## **IMPACT ON 5G ROLLOUT**

Although the European Union has publicly committed to the adoption of 5G services by 2025, the economic argument for telecoms companies to build the new infrastructure required for 5G networks would be given a further weight should the Commission give 5G technology regulatory backing for its use in CAVs. Telecoms companies and infrastructure investors see CAVs as a key use case for 5G technology, with there being significant synergies between the roll-out of CAV technology and public 5G networks. Any perceived preference of the Commission for V2V Wi-Fi could have a dampening effect on investment plans to build the expensive infrastructure necessary for 5G (the cost of which the Commission itself has estimated at EUR 500 billion).

## **CHINA'S INFLUENCE**

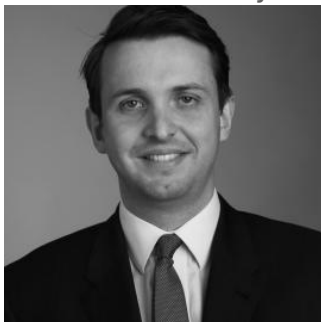
It remains to be seen whether the Commission will be influenced by China's decisive move earlier this year to favour C-V2X technology for CAV communications (see our previous update here). In particular, the possibility that China's decision, as the largest vehicles market in the world, may result in C-V2X becoming the de-facto technology standard for CAV. In any event, China's decision and the Commission's upcoming decision will prove helpful to automotive manufacturers looking to secure their technology supply chains for the coming years.

## **CONCLUSION**

When the Commission announced its intended legislation and policy roadmap for CAVs earlier this year (see our previous update here), it reinforced the EU's ambition to be at the forefront of CAV technology. However, recent industry discussions show that reaching a workable consensus on the fundamentals of CAV technology is far from straightforward when balancing so many stakeholders and viewpoints.

## **KEY CONTACTS**

If you have any questions, or would like to know how this might affect your business, phone, or email these key contacts.



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