

VATM-Position on Future of telecommunications ahead of the next European Election



VATM, The Association of the German Alternative Providers of Telecommunications- and Value-Added Services¹, **calls for an open dialogue between the European Commission, Member States and operators** focusing on the future of the telecommunication regulatory framework's evolution within the European telecom Single Market discussion and the European Election in June 2024.

VATM is of the firm opinion that the digitalisation of society and the economy can only succeed with an efficient telecommunications infrastructure. This requires long-term and stable framework conditions with fair competition to promote both user welfare and innovation.

Laying the path towards the Digital Decade by 2030, the European Commission has identified private investments **as the main driver for achieving 100% FTTP infrastructure coverage in Europe**. This is particularly true for Germany, where the FTTH roll-out is mainly driven by alternative providers. Despite issues such as lack of access to incumbent legacy infrastructure, and a preference for underground deployment of civil engineering infrastructure rather than aerial installation, which significantly raise deployment costs in comparison to other EU countries, substantial sums are being invested.²

Most recently, Commissioner Breton highlighted the need for additional investments in **the European telecommunications sector in order to go beyond the Digital Decade goals**, – e.g. to increase “*transmission speeds, storage capacity, edge/computing and to enhance interoperability*”³. However, VATM opposes consolidation as a policy response to investment requirements, given that the structure of the European telecommunications sector and the size of the players are not a matter of public policy. What the European telecommunications sector needs is a regulatory framework that ensures fair competition and investments in the future.

Some market observers expect a wave of consolidation on European telecommunications markets in the coming years. **To the extent such consolidation holds economic potential for market players, it will happen organically.** VATM does not currently see obstacles in telecommunications regulation that structurally prevent such consolidation from happening.

The notification mechanism requiring approvals from the European Commission's or national antitrust authorities based on the market power of the parties involved, is an integral part of EU competition law. If there is a need to address a shifting economic landscape, VATM believes that the European Commission should ensure that, in cases where consolidation is market-driven, it can be examined and implemented in efficient manners. VATM maintains that the European Commission's priority must be to safeguard competition, and that any consolidation should be carefully assessed to ensure it does not compromise market dynamics while **upholding the principles of fair competition.**

¹ [VATM - Verband für Telekommunikation und Mehrwertdienste e.V. | Starker Verband - starke Mitglieder](#) (last accessed 25.01.2024).

² FTTH COUNCIL EUROPE (2023): *Investment Tracker - October 2023 Update* (<https://www.ftthcouncil.eu/download.aspx?id=67>, last accessed 25.01.2024).

³ THIERRY BRETON (10.10.2023): *A 'Digital Networks Act' to redefine the DNA of our telecoms regulation (A 'Digital Networks Act' to redefine the DNA of our telecoms regulation (linkedin.com))*, last accessed 25.01.2024).

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From our point of view, **competition continues to be the cornerstone of the EU's economic legal order** and has consistently benefited hundreds of millions of consumers and businesses in the EU. In fact, competition without distortions by market power – on infrastructure and service level - is a prerequisite for economic growth, delivering significant societal advantages and acting as a powerful driver of innovation and efficiency. **VATM is committed to fair access conditions and agreements with SMP (Significant Market Power) companies on the fixed market, as well as establishing the best possible framework conditions for high-performance networks and their fair usage, enabling new innovative services on these networks.** Complementary to this, safeguarding a regulatory framework based on SMP or market failure providing competitive wholesale offers will remain key for competition and infrastructure investments.

A different matter is the continued fragmentation of national markets. The EU's regulatory framework has brought national markets closer together, but substantial hurdles remain on EU level⁴ along with **national particularities**, for example, **in the realm of consumer and data protection**. VATM strongly advocates for increased harmonization in these areas to support market players operating across Europe, providing services to consumers and businesses.

Therefore, **we** urge the Commission to focus on competition in all coming policy initiatives, such as the announced White Paper on the future development of telecommunications infrastructure. This **White Paper should ensure that Member States share a common understanding of how to improve the conditions for necessary private investments into telecommunications infrastructure without undermining competition.** The current framework for creating and safeguarding competition should not be discarded, but further developed for markets that have already reached an advanced stage of liberalisation.

The Commission should focus on **an integrated policy approach ensuring that goals for security, resilience and sustainability do not stifle investment incentives, especially now**, as we are at a point where an avalanche of reporting obligations on an EU and national level are being introduced. VATM underlines that the telecommunications industry is already heavily regulated. Therefore, additional obligations not pertaining to the core role of the sector (operation of networks and provision of services under a framework of fair competition) must be carefully evaluated and aligned with the policy goals and the prevalent economic conditions.

⁴ Most recent example is the discussion of reducing the price caps for intra-EU Calls in the framework of the GIA-Draft and the ongoing update of the price caps for termination rates and international roaming. Such measures reduce the operators' ability to invest and generate huge implementation costs and there is no evidence for the consumer benefit.