



Full fibre for a digital and sustainable Europe

**Telecom Reality Check:
Draft BEREC Fact finding report on connectivity, competition and regulatory
highlights in different jurisdictions**

RESPONSE BY THE FTTH COUNCIL EUROPE

8 May 2026

Introduction

The FTTH Council Europe (FTTH CE) agrees with the fundamental conclusions of the draft BEREC report 'Telecom Reality Check: Draft BEREC Fact finding report on connectivity, competition and regulatory highlights in different jurisdictions'. The telecom sector in Europe has strong competitive dynamics and this is evidenced in affordable prices, good and improving coverage and solid financial conditions. While the data does indicate that on average European operators have enjoyed returns above their cost of capital, the FTTH CE notes that this data only covers larger, publicly quoted telecom operators rather than the whole operator community.

The FTTH Council wishes to see the pro-competitive ex-ante regulatory framework maintained. Although regulation cannot be complacent about how the market will evolve into the future, it is important that European policy makers do not throw the baby out with the bathwater and what is needed now is a modification to the existing framework rather than a radical overhaul (and to avoid imposing significant new costs on the industry).

The FTTH CE accepts the observation in the report that performance varies among Member States and between operators and that these variances can be considerable. This is particularly true in the financial context.

This is an important caveat, and certain realities can be lost in the overall averages. In addition to the fact that the financial indicators only refer to publicly quoted companies (and smaller companies will often have higher costs of capital), the reality in certain markets and for certain operators is that they struggle to cover their cost of capital. It is also true that the variations reflect an uncomfortable truth which is that in many Member States, operators are now deploying networks in some of the most difficult regions with the worst cost/return profile. Add to this the fact that the sector's investment profile requires large investments relative to revenues, while inflationary pressures build in the

economy generally, and a further deterioration of the investment profile can be anticipated.

While it is true that to date, the EU's pro investment regulatory framework, including coordinated ex ante rules and access obligations, has supported both competition and the effective attainment of the connectivity objectives – continuing to reach those targets in the future, and achieving the connectivity objectives will become much less certain as financial returns come under increasing pressure due to rising interest rates and inflationary pressures. Regulation and Policy cannot be complacent about how the market will evolve into the future.

However, it is also true that in order to maintain a good trajectory, Europe needs to either lower cost in the remaining areas to be covered or to allow for fair and reasonable returns on current and future investments. A clear strength in the EU is value for money. Consumers benefit from consistently lower fixed and mobile broadband prices than in the USA and South Korea, and broadly comparable to Japan. Low take-up rates are depressing necessary returns however and measures to promote take-up (demand vouchers, better or more targeted content etc.) must be prioritised.

The higher cost of harder to reach areas is reflected in the urban-rural gap in terms of service availability, while that gap is broadly comparable with the USA and China, it is too high in a European context. Measures which lower costs should be favoured (for instance accelerating permitting, lowering permit and rate charges etc.) in addition to measures which can drive up adoption and usage which will realise necessary returns on current and future investment.

On the other side of the equation, rather than measures to lower costs, the FTTH CE is concerned to see a number of measures in the proposed DNA Regulation (and indeed the CSA) which could increase costs quite significantly. For instance, Article 71 (1) states that *"The national regulatory authority shall impose on a provider deploying a fibre-to-the-home (FTTH) network in the area where the copper switch-off has been mandated the obligation to connect, upon user's request, households passed by its fibre network. Where more than one provider is present in the area, the national regulatory authority may impose such obligations on only one of the providers, based on transparent, proportionate and non-discriminatory criteria."*

The problem really arises from the definition of a "home passed" which is set out in Article 2 (4) "premises passed" means end users' premises for which an operator has deployed its access network up to serving point (i.e. the first concentration or distribution point intended to serve that premises), such that, from receipt of the request, the operator can make the access service available within four weeks with reasonable additional built out (i.e. by carrying out only the standard premises-specific final drop

connection and activation, without extending the access network beyond the serving point;"

The lack of cost limitation and the use of time, 4 weeks, as a proxy for the remaining technical effort is very problematic and could impose very high costs on operators for which there is no recompense – in such circumstances, operators will be incentivised to avoid finding themselves within reach of homes with expensive drop segments. The FTTH Council Definition would be much more appropriate rather than simply cutting and pasting from the State Aid Guidelines. That definition is *"Homes Passed" is the number of premises which an Operator has capability to connect to an FTTH/FTTB network in a service area, but the premises may or may not be connected to the network. Typically new service activation will require the installation and/or connection of a drop cable from the homes passed point (e.g. fiber-pedestal, manhole, chamber, utility-pole) to the premises, and the installation of subscriber premises equipment at the premises. This definition excludes premises that cannot be connected without further installation of substantial fiber plant such as feeder and distribution cables (fiber) to reach the property on which a potential new subscriber is located.*¹

The proposed reforms of the CSA also risks imposing enormous costs on certain operators and needs to be better scoped and justified before proceeding. FTTH CE sees a lack of assessment of the scale of the intervention needed to achieve the security and resilience goals. The proposal, unless significantly amended, will have negative consequences for the fixed sector's ability to finance investment and therefore the ability to reach its connectivity targets. The FTTH CE acknowledges that Europe is at an early stage of the discussion on the CSA regarding the management of potential high-risk suppliers in fixed networks. There is currently a lack of in-depth assessment regarding the risk and the impacts of the proposed measures. Such risks and impacts should be clarified before decisions that could heap further costs on the sector are taken.

Detailed comments

FTTH Council Europe agrees with the general conclusions and direction of the report. Overall, the report is good quality and the positions are justified with data, but it appears that the report may have been written in another language and then translated – this gives a bad impression as the introductory section contains some sentences which are not complete or which are confusing, for example *"Despite the notable difficulties in finding comparable data for the different jurisdictions, due to diverse reporting*

¹ Available here: <https://www.ftthcouncil.eu/Portals/1/FTTH-Terms%20and%20definitions.pdf>

standards, political and economic focus (e.g. connectivity targets, type of networks, technology choice, etc. not necessarily align), varying levels of transparency as regards publishing metrics, to mention a few."

The FTTH CE agrees that competitive markets deliver the best outcomes for consumers, for businesses and for the sector overall, in the short, medium and long term. What is striking in section 2.1 is that the selected European countries have better or comparable metrics compared to those considered to be global leaders. While it is not actually observed in the BEREC report, this surely suggests that the policy available and proposed in Europe is fine (since world beating results can be obtained), any issues that arise in certain Member States would therefore appear to be a question of how either how that policy is applied in specific national circumstances or other country specific factors. The same observations can be made in respect to section 2.2. Since Germany is the largest single European country, it might be useful to show their data separately.

In section 3 of the report, there seems to be a disconnect between observations regarding gigabit availability (figure 4), 100Mbps subscriptions (figure 3) and pricing (section 3.1) for products of 200Mbps and above. It would be better to use consistent data points if possible.

Overall, section 3 does a good job of demonstrating that consumer and business outcomes are good in Europe.

It is not clear what the purpose of sections 4 and 5 are. For section 4 there is a higher degree of variation between urban and rural coverage across the EU, perhaps the observation might be that the EU overall compares well but certain Member States perform poorly, maybe the observation should be that for Europe, having such a divergence in availability between geographic regions within a Member State is less acceptable than in other jurisdictions and more needs to be done to reduce costs or drive take-up and revenues.

Section 6 dealing with the trends in consolidation looks to be light in terms of substance. There is a lot of literature on the effects of in-country mergers on outcomes but, in general they suggest that fewer competitors lead to higher prices. The impact on investment is at best uncertain. While the much-heralded merger in the UK mobile market champions the case that it was driven by increased investment, others have a more jaundiced view. For example, John Vickers noted :

If promising extra investment increases the chance of getting my anti-competitive merger cleared, then my incentive might be to hold back investment ex ante in order to have more incremental investment to offer ex post. Incentive effects of that kind could be detrimental to the non-competition objectives that willingness to make trade-offs is intended to advance in the first place².

² John Vickers 'Should competition monopolise merger policy?' ACE Keynote Lecture (Milan) 16 November 2024.

Section 7 dealing with financial indicators relies too much on averages which apply to the European market. This is an important issue and certain market realities can be lost in those averages. The reality in certain markets and for certain operators is that they struggle to cover their cost of capital - especially with the rapid increase post 2022. Those variations reflect an uncomfortable truth which is that in many Member States, operators are now deploying networks in some of the most difficult regions with the worst cost/return profile. In figure 16, it is clear that it is challenger operators that are making the majority of investments. As investment conditions decline, the burden and the negative impact on future rollout falls disproportionality on entrant operators. There is insufficient attention paid to the question of take-up and the impact of low take up on overall returns.

BEREC's own data show that where fibre is deployed at scale in a pro-competitive framework, households adopt it and gigabit subscriptions can rise quickly; the FTTH Council would therefore push BEREC to translate these empirical findings into more explicit pro-FTTH policy recommendations.

Persistently low FTTP take-up in high-coverage markets may signal a competitive constraint and/or the need for an intervention (e.g. that there is lack of effective wholesale demand from SMP operators).

Conclusions

Overall, the Report is mostly balanced and justifies its conclusions. There are some important areas where the report could use additional commentary and supporting data. In particular, if Europe is to maintain momentum in network deployment, Europe needs to either lower cost or allow for increased returns. Reasonable returns can be achieved through measures to increase take-up

Consideration should be given to measures that lower current deployment and financing costs. FTTH CE notes that there are a number of measures in the proposed DNA Regulation (and indeed the CSA) which could increase costs quite significantly. For instance, Article 71 (1) states that *"The national regulatory authority shall impose on a provider deploying a fibre-to-the-home (FTTH) network in the area where the copper switch-off has been mandated the obligation to connect, upon user's request, households passed by its fibre network. Where more than one provider is present in the area, the national regulatory authority may impose such obligations on only one of the providers, based on transparent, proportionate and non-discriminatory criteria."*

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About the FTTH Council Europe

The FTTH Council Europe is an industry organisation with a mission to advance ubiquitous full fibre-based connectivity to the whole of Europe. Our vision is that fibre connectivity will transform and enhance the way we live, do business and interact, connecting everyone and everything, everywhere.

Fibre is the future-proof, climate- friendly infrastructure which is a crucial prerequisite for safeguarding Europe's global competitiveness while playing a leading global role in sustainability.

The FTTH Council Europe consists of more than 180 member companies.

Learn more at www.ftthcouncil.eu