

4iG GROUP'S RESPONSE TO DRAFT BEREC REPORT ON THE IP INTERCONNECTION ECOSYSTEM

4iG Plc (4iG) is a Hungarian majority-owned company seated in Budapest. 4iG is listed on the Budapest Stock Exchange and it fulfils the role of the parent company of a leading regional telecommunications group in Hungary and the Western Balkans (4iG Group), operating mobile networks in three, and fixed networks in two European markets.

4iG appreciates the opportunity to provide feedback on the draft BEREC Report on the IP Interconnection ecosystem.

4iG agrees with the assessment of BEREC considering that the IP-IC ecosystem is driven by well functioning market dynamics and mostly by the cooperative behaviour of market players. It seems legit that since its creation, the internet has managed to cope with both traffic growth and higher peaks of traffic, as well as with the trend of changing usage patterns.

Meanwhile the constant growth of data traffic transmitted over the internet is increasingly concentrated owing to the six largest content application providers (Amazon, Apple, Google, Facebook, Microsoft, Netflix) with almost half of the total global data traffic, and the competitive landscape is shifting in favour of the big global digital content providers. The big CAPs are in a position to act independently of their competitors in the internet ecosystem. Investments of the major content providers focus only on transport, interconnection, and on net CDNs, while the expensive development of access and delivery networks is financed only by telco companies. Big Tech companies exploit the imbalanced regulation on net neutrality to free ride on broadband networks as demonstrated by the case between Meta and Deutsche Telekom¹. In light of these market developments, it seems reasonable to suggest that a regular review of whether balanced competitive market mechanisms continue to apply may be beneficial. However, at this time, there does not appear to be sufficient justification for a need for a more proactive regulatory intervention in the current state of the market.

4iG believes that, at this time, regulation may not be the most appropriate course of action. In a well-functioning market, new regulation may not be sufficient. Instead, we suggest that there should be regular monitoring of trends, negotiating positions and the shifting competitive landscape.

¹ <https://strandconsult.dk/court-case-deutsche-telekom-vs-meta-should-big-tech-pay-for-the-massive-traffic-they-send-to-broadband-networks/>