

Report on the outcome of the public consultation of the draft BEREC Fact finding report on connectivity, competition and regulatory highlights in different jurisdictions

Europe's Telecom Reality Check



1 October 2026

Table of contents

1. Introduction	2
2. General view on the feedback received.....	3
3. Comments on the Chapter 1 - Introduction.....	6
4. Comments on Chapter 2 – Coverage of broadband networks and services penetration	6
5. Comments on Chapter 3 – Pricing and quality of broadband services provision	9
6. Comments on Chapter 4 – Perspectives related to the consumption of broadband services (urban/rural)	11
7. Comments on Chapter 5 – Comparative assessment of telecommunications access regulation.....	13
8. Comments on Chapter 6 – Consolidation trends and implications for telecoms	14
9. Comments on Chapter 7 – Overview of financial indicators.....	17
10. Comments on the Conclusions	25
11. Comments on the Annexes	26

1. Introduction

This report summarises the responses received from the stakeholders during the public consultation period of the Draft BEREC Fact finding report on connectivity, competition and regulatory highlights in different jurisdictions¹ (hereafter “the Draft Report”), as well as BEREC’s views on the issues raised by the respondents. The public consultation ran from 17 March to 8 May 2026.

Ten respondents contributed to the public consultation with eight distinct submissions, as follows:

1. AIIP - Association of Italian Internet Providers (Associazione Italiana Internet Provider) and Mynet Srl
2. Connect Europe and GSMA, further referred as CE/GSMA
3. ecta - European Competitive Telecommunications Association
4. FTTH Council Europe, further referred as FTTH CE
5. MVNO Europe
6. Stratus Novem Ltd
7. Two confidential contributions by private individuals, further referred as anonymous contributors

All non-confidential contributions are publicly available and accessible on the BEREC webpage².

This report is a summary and it does not explicitly elaborate on comments or observations that are not directly related to the Draft Report subject to this public consultation.

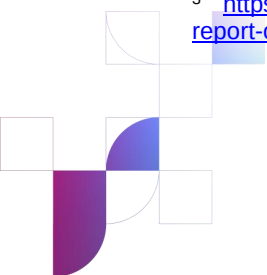
Comments, observations, requests and recommendations provided by the respondents are summarised and structured in different sections following the Draft Report’s structure, and BEREC’s views are presented in separate boxes that follow right after. Additionally, the document presents a separate section dedicated to the general observations that refer broadly to the whole BEREC document.

The Report on the outcome of the public consultation complements the final Europe’s Telecom Reality Check - BEREC Fact finding report on connectivity, competition and regulatory highlights in different jurisdictions³, and both reports are being published simultaneously.

¹ BoR (26) 36, Europe's Telecom Reality Check: Draft BEREC Fact finding report on connectivity, competition and regulatory highlights in different jurisdictions, <https://www.berec.europa.eu/en/all-documents/berec/reports/europes-telecom-reality-check-draft-berec-fact-finding-report-on-connectivity-competition-and-regulatory-highlights-in-different-jurisdictions>

² <https://www.berec.europa.eu/en/public-consultations-calls-for-inputs/public-consultation-on-europes-telecom-reality-check-draft-berec-fact-finding-report-on-connectivity-competition-and-regulatory-highlights-in-different-jurisdictions>

³ <https://www.berec.europa.eu/en/all-documents/berec/reports/europes-telecom-reality-check-berec-fact-finding-report-on-connectivity-competition-and-regulatory-highlights-in-different-jurisdictions>



2. General view on the feedback received

The majority of the contributors are highly supportive of BEREC's Draft Report, considering that an evidence-based comparison of the situation in different jurisdictions is particularly important, in the context in which the policy debate around the status of the telecoms sector in Europe may be biased in one direction or another. Furthermore, in the different discussion papers, reports etc. there may be a tendency to present only data that would support a given argument and not include a consistent international benchmark for the European telecommunications sector, which is something that the Draft BEREC report successfully achieves. Finally, the Draft Report clearly underscores the positive outcomes determined by the European regulatory approach when compared to its international peers.

AIIP, Mynet, Stratus Novem, FTTH CE, ecta, MVNO Europe commended the quality of BEREC's Draft Report. The stakeholders found the conclusions drawn through the comparisons sensible and the Report highly relevant to inform the situation of the electronic communications sector in Europe relative to other jurisdictions.

By contrast, **CE/GSMA**, while acknowledging the work done by BEREC, explain that the conclusions are not necessarily reflective of the full information available, particularly in that there is an understatement of the investment scale needed and the competitive challenges that operators face. **CE/GSMA** claim that "the overall narrative is incomplete" in that BEREC is too much focused on "short-term consumers price indicators" and assigns too low of a weight to investment capacity, network quality and long-term competitiveness. Furthermore, they suggest that BEREC has carefully chosen the information to be presented, "crafted in a manner to portray the performance of the EU telecoms sector as average".

A number of stakeholders provided comments regarding the selection of jurisdictions included in the report, particularly the relatively high representation of Asian countries. **ecta** and **CE/GSMA** noted that Asian jurisdictions may not be directly comparable to the United States, Canada, and European countries due to differences in socio-economic conditions, economic and financial structures, as well as geographical and topographical characteristics at a continental level. Also, **CE/GSMA** explained that the differences with other jurisdictions are exacerbated by the fact that, for the EU, sometimes the particular situation of the top-performers is shown separately, ignoring the fact that there are also very poor-performing EU countries, much below the average.

Finally, several stakeholders (**ecta, MVNO Europe**) propose some updates of the indicators presented by BEREC, in cases where more recent data is available. Particular reference is made to the OECD database as a source.

BEREC's response:

BEREC thanks the stakeholders for the appreciation of the work done and is committed to further provide evidence-based opinions, including in the context of the discussions related to the Digital Networks Act. Indeed, the work that BEREC has been doing, complemented by the

stakeholders' answers, and the additional sources that some of them put forward, show that Europe's performance in terms of investments, innovation and consumer benefits is overall good and the regulatory trajectory that was followed in the EU delivered.

At the same time, BEREC is mindful of **CE/GSMA's** standpoint and underlines that the information presented in the Draft Report does not reflect an oversight but rather an objective, evidence-based view, centred around the regulatory priorities and the mission that the organization and supporting NRAs need to fulfil. BEREC clearly refutes the statements claiming that it has "crafted" the section of benchmarks and data so as "to portray the performance of the EU telecoms sector" in a certain way. On the contrary, as conveyed by the rest of the actors in the market, the Draft Report presents a correct overview of relevant data compared across jurisdictions. BEREC has justified its choice of indicators and methodologies in the Draft Report itself, favouring frameworks that address both fixed and mobile broadband holistically, whereas CE/GSMA's conjectures seem strictly rooted in a mobile-only perspective—even though these infrastructures are deeply interlinked and regarded as substitutes in some countries. Further information in relation to the comments raised by the stakeholders is included in the current public consultation report as well.

BEREC also notes that while the data and sources underpinning its analysis are publicly available, transparent and capable of independent verification, several of the analyses and figures referenced by CE/GSMA rely on proprietary non publicly available datasets accompanied by limited methodological explanations. This significantly restricts the ability of third parties to independently validate their findings, especially since foremost of CE/GSMA's contribution is based on studies conducted by or for GSMA itself, making them susceptible to commercial bias.

Furthermore, BEREC identified other specific methodological shortcomings in the CE/GSMA submission. These include, inter alia, the biased selection and construction of comparator groups, the use of indicators that may not fully reflect the characteristics of the EU electronic communications sector⁴, and conclusions drawn from evidence that is not always presented or substantiated in the submission itself⁵.

Further details and counterarguments regarding specific issues raised by **CE/GSMA** are presented in section 9 below which expands on the comments received in relation to Chapter 7 of the Draft Report – Overview of financial indicators.

Concerning the choice of jurisdictions, BEREC acknowledges these observations and agrees that, depending on the specific indicators, such differences need to be taken into account when interpreting the results of the analysis. However, BEREC considers that the necessary

⁴ For example, CE/GSMA compares the performance of EU electronic communications operators against indices that include equipment manufacturers and other non-operator companies, while at the same time excluding certain major telecommunications operators from the comparator group. Such choices render the results and conclusions drawn from them incomparable.

⁵ For instance, definitive statements regarding specific economic outcomes—such as the exact efficiency gains of 4-to-3 mergers or how corporate CFOs will block future investments.

disclaimers have been included in the Draft Report and that particularly the comparisons with the Asian economies play their role in the debate, despite the inherent limitations – in consideration of the fact that, quite often, Europe’s performance is judged against the one of the US and China. BEREC would also like to remind again that the data presented in this report is largely based on publicly available information. Consequently, the selection of jurisdictions was guided, among others, by the availability of data from reliable and verifiable sources, with the objective of ensuring the robustness and consistency of the analysis.

At the same time, with regard to **CE/GSMA** doubts about the choice of comparing countries, BEREC selected the top three performing EU countries to illustrate the achievable outcomes under the current European framework and to avoid EU averages being skewed by underperforming markets, because the weak performance of some EU countries in cases brings down the total EU average. BEREC therefore does not agree with the view that this creates the impression that strong performance is uniform across the EU, as all coverage visuals clearly show the EU average alongside the higher-performing countries, a point that did not raise any concerns to the other stakeholders. At the same time, as highlighted in the report, differences in FTTP deployment and penetration across Member States are not driven by country size alone. As highlighted in the report, persistent disparities reflect a range of structural, geographic, and market-specific factors affecting both larger and smaller Member States. Nevertheless, BEREC underscores that the picture does not overstate EU’s performance when compared to other jurisdictions, **ecta’s** contribution for instance spelling out explicitly that US has a higher FTTP adoption only with respect to a few MS.

BEREC thanks **ecta** and **MVNO Europe** for the suggestions regarding data updates. The indicated sources have been checked and BEREC notes that the up-to-date information has no material impact on the conclusions of the Draft Report, those being robust even in a more recent context. Therefore, BEREC chooses not to update the indicators, but to reliably stress the conclusions in different parts of the document, as deemed appropriate. It also notes that updates are not available for all the indicators included in the Draft Report.



3. Comments on Chapter 1 - Introduction

AIIP and **Mynet** suggest that Chapter 1 needs to state more clearly that the European framework has delivered a distinctive balance between investment, affordability, service diversity and end-user protection when compared to other jurisdictions, being based on ex-ante regulation, wholesale access, competition among different categories of operators and a plural market structure. These features should be treated as core European assets, representing a strength for Europe. Particularly, the presence of many operators in Europe is seen as highly positive since medium-sized territorial operators are essential for local investment, business connectivity and the development of areas that would not be served with the same quality or speed by large national operators alone.

BEREC's response:

BEREC acknowledges **AIIP** and **Mynet's** view on being more outspoken on the advantages for the markets that the European model brought and, therefore, included a paragraph in the introduction of the Draft Report along the lines suggested by the respondents.

4. Comments on Chapter 2 – Coverage of broadband networks and services penetration

While recognizing the rightfulness of the information presented in this chapter, **AIIP** and **Mynet** suggest that BEREC should supplement the indicators presented with a few more, such as (i) indicators reflecting actual serviceability and operational availability⁶, (ii) coverage indicators disaggregated by the national or local/regional network footprint of operators, (iii) data on actual usable capacity and, finally, (iv) data related to other technologies than fibre, such as FWA.

CE/GSMA consider that the network quality should be assessed based on meaningful technologies, namely for fixed, they consider that cable should be included since it is capable of Gigabit speeds and, for mobile, the 5G standalone (SA) coverage would be relevant, which they regard as a prerequisite for advanced industrial use cases. More generally, **CE/GSMA** state that the assessment of mobile performance is overstated. Headline 5G coverage masks the EU's lag in 5G quality and, in particular, in 5G SA. Citing Ookla, they note that the share of 5G usage carried over SA networks is around 25% in the US versus 1% in Europe, and that EU median mobile download speeds fall behind many global markets.

The **FTTH CE** considers that the data presented in this chapter suggests that the policy available and proposed in Europe is appropriate, given that very good results that can be obtained and the issues that arise in certain Member States “would therefore appear to be a

⁶ **AIIP** and **Mynet** underline that this aspect is particularly important for alternative operators depending on wholesale inputs and for SMEs that need reliable connectivity, not only nominal availability.

question of how that policy is applied in specific national circumstances or other country specific factors". **FTTH CE** also suggests that the data for Germany could be included separately, since it is the largest single European country.

BEREC's response:

BEREC thanks **AIIP** and **Mynet** for these suggestions. While all the aforementioned indicators are considered highly relevant, the suggestion cannot be taken on board for practical reasons. Particularly, concerning (i) actual serviceability and operational availability of FTTP connections, BEREC has not identified any harmonised pan EU or international dataset systematically covering provisioning times, fault/repair rates or upgrade constraints across all countries. Such information exists in some cases on a national basis, but it is currently not fully comparable across jurisdictions due to differing definitions and reporting practices.

EU (ii) coverage indicators are based on DESI harmonised metrics, which provide aggregated national estimates of broadband availability and do not distinguish between operator types. As a result, the contribution of medium-sized and territorial operators is embedded within overall coverage figures but cannot be separately identified in the present analysis.

This would also raise issues of transparency with the other jurisdictions provided, since it proved difficult to extract high-level data for US and Japan as a country, so detailed data by type of operators would be significantly harder to confidently obtain and quote, if possible at all.

With regard to the recommendation by **AIIP** and **Mynet** for BEREC to draw a clearer line between nominal coverage and (iv) actually usable capacity, there is no "serviceability" indicator that could accurately capture the EU's performance vs other jurisdictions. Furthermore, all the elements mentioned – backhaul capacity, redundancy, concentration at local points of presence, peering and transport architecture – certainly affect the real quality of the service, but, in order to have a comparison across jurisdictions, a dedicated, composite index would need to be developed, where all these parameters would be accounted for, albeit with different weights. BEREC deems this approach not feasible for a variety of reasons and is not knowledgeable of any third party having tried to investigate that at the level of granularity implied. Furthermore, it is understood that such an analysis would need to be conducted case-by-case for each operator, as all the mix of technical parameters and the networks' architectures are provider-specific.

Finally, related to the **AIIP** and **Mynet** suggestion of integrating in the analysis fibre-backed fixed wireless access and other local connectivity solutions, which are particularly relevant in certain countries, BEREC acknowledges the importance that FWA connections play in Italy. At the same time, BEREC recognizes that specific territorial situations are present and agrees with the importance of cable and other wireless technologies in areas where FTTP deployment is not feasible, especially since some of these underlying technologies are capable of delivering gigabit speeds. That said, BEREC decided to focus on FTTP primarily due to the relevance for the EU economy. Additionally, the availability of comparable data across

jurisdictions, particularly in the context of non-EU countries, played a role as well. Moreover, the complementary-to-fibre technologies are not present uniformly and do not carry the same relative weight across member states or other jurisdictions of interest, which means that one would need to present a full technology comparison for completeness purposes, if such an approach was undertaken. In any event, following the feedback received, the text has been slightly revised to better acknowledge the relevance of alternative technologies in remote and underserved areas, while maintaining the chapter's primary focus on FTTP.

BEREC notes the comment by **CE/GSMA** on meaningful technologies. For both fixed and mobile, BEREC has explained its choices in the Draft Report. Concerning the fixed networks, while the inclusion of cable was initially considered in the early drafting phases, the decision was taken to focus on FTTP for the reasons explained already, but BEREC flagged that there are other technologies (particularly Cable DOCSIS) able to deliver gigabit speeds. Also, BEREC takes this occasion to remind that the Digital Decade targets refer to the reach of a full-fibre world and that this perspective has been clearly confirmed in the draft DNA. Therefore, for the purpose of this Report and also going forward with the evaluation of the progress in Europe, FTTP is considered the cornerstone.

The same goes for the overall 5G coverage indicator. As set out in Section 2.2.1 of the Draft Report, the analysis compares overall 5G coverage (standalone and non-standalone), consistent with the technology-neutral Digital Decade target. BEREC does not mean to dilute the importance of 5G SA in Europe, but considers that the use of 5G SA deployment alone as a proxy for overall 5G implementation or investment may provide an incomplete picture. While 5G SA is expected to play an increasingly important role in enabling certain advanced and industrial use cases, many of the consumer-facing benefits of 5G, including higher speeds, increased capacity and improved user experience, depend primarily on the deployment and quality of the radio access network and associated spectrum resources.

Furthermore, it is generally acknowledged that the radio access network constitutes the single most capital-intensive component of 5G deployment, with the remaining share attributable to transport and core-network deployment. In this context, 5G NSA networks, which combine a 4G core with 5G radio access infrastructure, represent a normal intermediate step in the migration towards full 5G SA deployment. Consequently, significant investment may already have been undertaken in jurisdictions with extensive 5G NSA deployment, given that a substantial share of the overall investment effort is associated with the rollout of the radio access network itself. BEREC therefore considers that an assessment of 5G progress should take account of both the extent of radio-network deployment and the transition towards standalone architectures, rather than relying on 5G SA deployment alone.

Additionally, regarding the figures mentioned by **CE/GSMA** in their response, the 25% and 1% figure (Ookla) is a usage share, not a coverage metric, and does not imply that standalone is unavailable in Europe: **ecta** reports EU 5G SA coverage (3.4–3.8 GHz proxy) at 68% by end-2024, for instance.



Finally, on **FTTH CE's** comment regarding Germany, while it is the largest EU country by population, singling it out would not necessarily provide additional analytical value in BEREC's view, as the Report already captures the broader variation across national markets. In this context, observed differences in performance should not be interpreted solely as a function of policy adequacy, but rather as the result of diverse national conditions and implementation environments.

5. Comments on Chapter 3 – Pricing and quality of broadband services provision

AIIP and **Mynet** suggest that quality assessment should extend beyond advertised download speeds and consumer-initiated speed tests, taking into account, for instance, upload capacity, latency, jitter, packet loss, repair times, service level agreements, routing quality, peering, redundancy, customer support and the actual level of network contention, all being extremely relevant foremost for SMEs and business customers⁷. The same idea is implied by one anonymous contributor, who underscores that the service analysis by Ookla is “purely informative”, while another anonymous contributor highlights that the values presented by BEREC are averages and some coordinated effects may be evened out. Moreover, this anonymous contributor points to including jitter and IPv6 adoption statistics.

In this line of thought, **AIIP** and **Mynet** consider that the market should therefore move toward greater transparency on the technical conditions underlying the service, recommending BEREC to encourage more transparent quality indicators for fixed broadband offers, including, where relevant, disclosure of the underlying access architecture, the dimensioning of backhauling and contention-related parameters in a form that users can understand and compare. Such an approach is also important for competition since operators that invest in better engineered networks, lower contention and stronger local support are not properly recognised by the market when the advertised speed alone is considered.

FTTH CE, while being supportive of the message that consumer and business outcomes are good in Europe, sees 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 welcome to use more consistent data points if available.

Regarding section 3.2., **MVNO Europe** has doubts as to whether data-only consumption baskets are a relevant metric, considering the fact that presumably only a very small proportion of users purchase data-only mobile subscriptions (travel eSIMs being a growing category presumably not addressed in the section).

⁷ Not all “fibre” offers are technically equivalent.

CE/GSMA also highlight that the mobile consumption baskets may not be representative, using averages about amount of data used.

BEREC's response:

BEREC notes that the majority of respondents support its conclusion that EU consumers benefit from affordable fixed and mobile broadband prices and that, overall, Member States offer good value for money when considering experienced download and upload speeds, as well as latency levels.

Several respondents suggested that additional indicators should be included, such as information on network architectures. However, BEREC recalls that its objective was to collect and present data that are comparable across jurisdictions. Certain types of information are either unavailable or very difficult to obtain in a consistent manner across countries. While this may result in some aspects not being covered, the inclusion of more detailed network characteristics or offer-specific features would have significantly reduced the comparability of the analysis and, in practice, would have been extremely difficult to implement. As mentioned, already, such elements are network specific and, even if they were available for all the networks, in all the jurisdictions (which is by far not the case), wouldn't have provided a comprehensive comparable basis for drawing the conclusions.

At the same time, BEREC acknowledges the importance of the impact of all the mentioned elements on the quality of services provision and the lack of transparency in the market. However, BEREC is of the view that this may partially be because operators consider, at least partly, the information requested by the stakeholders as strategically relevant, confidential in nature.

Furthermore, BEREC's work is more focused on the overall end-users perspective, or the mass-market products if you will, which typically features different characteristics than the business markets. Also, the relative importance attached to the capabilities of different elements in a network (redundancy, backhaul capacity etc.) varies depending on the market segment addressed. However, with the information at hand, BEREC strongly believes that the conclusions it reaches are robust despite the levelling-out effect of the averages. Worth noting, BEREC has also been looking at median values, the conclusions that could be drawn having been upheld.

Regarding the "disconnect" (as **FTTH CE** put it) between the several of the figures in the document, figures 3 and 4 show facets of the same underlying aspect, namely the take-up of high-speed networks. By choice, BEREC presented the situation of connections at speeds of at least 100 Mbps (this being still a key reference value, including for state aid purposes), which includes also the gigabit connections, and zoomed in on the gigabit connections in the next figure, in view of the digital targets. As regards the fixed internet access services considered relevant for pricing purposes in Chapter 3, as explained in the Draft Report, the choice was motivated by the relevance for Europe, but the results are robust even if the services with speeds of at least 100Mbps and below 200Mbps were considered. Data on

pricing for the whole speed interval of at least 100 Mbps are not available due to the fact that they reflect the relevant offers which are segmented by speed, while pricing data for gigabit connections and above are included, as for sure **FTTH CE** noticed.

MVNO Europe and **CE/GSMA** provided more specific comments regarding the mobile service baskets used in the report. BEREC notes that analyses based on alternative baskets, including those with lower data and/or voice allowances, lead to broadly similar results and trends. Furthermore, BEREC faced data availability constraints, as more granular information on certain types of offers, such as eSIM-based plans, was not consistently available across jurisdictions. Finally, BEREC recalls that observed data usage may not fully reflect consumer preferences or consumption patterns, as consumers often select data allowances that ensure they do not reach their monthly data limit during the year.

6. Comments on Chapter 4 – Perspectives related to the consumption of broadband services (urban/rural)

AIIP and **Mynet** highlight that national averages can conceal significant territorial differences, with the distinction between urban and rural areas being useful but not sufficient in all cases. The contributors explain that many critical connectivity needs arise in intermediate areas such as dispersed productive sites, logistics zones, tourism locations and alike, which would require a higher level of disaggregation in presenting the data. In this line, the suggestion for BEREC is to distinguish more clearly between residential rural coverage and productive territorial coverage, especially because the indicator based on households may not fully capture the needs of SMEs, farms, factories, industrial parks, etc.

In this context, **AIIP** and **Mynet** believe that Europe should also encourage a more open approach to private 5G and local wireless networks, including in their contributions some proposals on how the required openness could be achieved.

FTTH CE questions the purpose of sections 4 and 5. It reads the section 4 in a way that there is a higher degree of variation between urban and rural coverage across the EU and further adds that (a) the observation might be that the EU overall compares well but certain Member States perform poorly and that (b) having such a divergence in availability between geographic regions within a Member State could be considered less acceptable than in other jurisdictions and in need to do more to reduce costs or drive take-up and revenues.

BEREC's response:

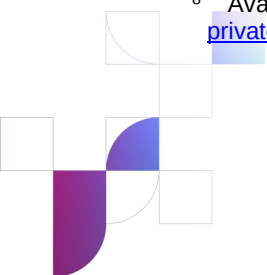
BEREC thanks **AIIP** and **Mynet** for the comments relating to industrial districts and other intermediate areas. However, given that the objective of the Draft Report was to compare various jurisdictions using consistent datasets, it was necessary to use commonly available datasets which make an urban/rural distinction, this being the 'measure' for the digital divide widely accepted and used. While socio-economic inductors are undoubtedly important to

trigger and motivate the need for connectivity, different views have been expressed in the various jurisdictions, considering, among others, the geography, population density, governmental development policy and similar. Such differences cannot be showcased appropriately through informed comparisons.

Concerning the importance of private 5G networks and their openness for the market, while recognizing private 5G networks as an important use case for mobile networks, BEREC reminds the fact that such networks are outside the scope of the Draft Report and may well face relevant different regulatory scrutiny in the EU compared with other parts of the world. Also, definition, registration and regulation of private mobile networks may vary between EU MS (a lack of clarity regarding private networks in the sector-specific regulation has been claimed). The stakeholders could find an interesting read in a report on the topic that BEREC has published last year – document BoR(25)33 BEREC Report on the Evolution of Private 5G Networks and interrelation with public networks in Europe⁸.

BEREC notes that **FTTH CE** questions the purpose of Chapter 4. However, BEREC reiterates that the objective of the report is to compare the outcomes in telecoms markets in a number of jurisdictions and the urban/rural divide is a commonly applied statistical method to assess the ubiquity of telecoms access for end-users. As such, it is valid to compare the results between jurisdictions to assess the impact of the regulatory framework and conclude that the European telecoms framework does not exacerbate the urban/rural divide because some EU national markets exhibit world leading outcomes.

⁸ Available at <https://www.berec.europa.eu/en/all-documents/berec/reports/berec-report-on-the-evolution-of-private-5g-networks-and-interrelation-with-public-networks-in-europe>.



7. Comments on Chapter 5 – Comparative assessment of telecommunications access regulation

AIIP and **Mynet** suggest that BEREC emphasises the distinction between formal wholesale access and effective wholesale access, since what is of actual interest to the market is the operability of the wholesale access in terms of actual possibilities of use in a non-discriminatory way, supported by reliable information systems, subject to measurable provisioning and repair times, and protected by effective remedies against strategic delays, margin squeeze and discriminatory treatment. They underscore that all these quality assurance processes and parameters that effective use of wholesale-access services are especially relevant for medium-sized operators.

At the same time, **AIIP** and **Mynet** recommend that BEREC assess wholesale-only and separated models (i.e. vertically integrated operators) with operational realism, since a wholesale-only provider cannot be deemed efficient or pro-competitive by default, this being to be proved by the actual performance⁹.

BEREC's response:

BEREC notes that **AIIP** and **Mynet** make the point that there is a difference between formal wholesale access and effective wholesale access, which can be highly relevant in certain instances. However, BEREC underlines that the stakeholders are requesting a quantitative judgment that BEREC has no basis to do. Such information is not readily available, not even uniformly across Europe, and the monitoring of SMP obligations is a full-time job in itself, requiring important resources, and conducted on a national basis under the supervision of the NRAs. Having said that, wholesale access is also available in other jurisdictions, but the legal basis for imposition is significantly different. Therefore, a thorough analysis of the wholesale access services effectiveness would need to be conducted in conjunction with the legal provisions and possibilities to intervene in case of non-compliance. Considering the above, BEREC cannot commit to further explore this topic in the current Draft Report. Nevertheless, BEREC includes a footnote in the final Report underlying the potential difference between regulated wholesale access and effective wholesale access.

AIIP and **Mynet** also suggest BEREC to assess wholesale-only and vertically integrated models from an operational perspective. While BEREC is knowledgeable about the recent developments in the Italian market, including FiberCop's designation as a wholesale-only operator, this chapter of the Draft Report is only meant as a high-level overview of the regulatory frameworks in the different jurisdictions studied in this paper, in order to rightly set the frame for the achievements in connectivity that have been presented in the chapters 1-4.

⁹ Provisioning, assurance, transparency, non-discrimination, availability of technical information, escalation procedures, and the ability of retail operators to serve final users without being trapped in inefficient processes

Going into details about the structural differences in the supply chain of the electronic communications providers in different jurisdictions lays outside the scope of this Report.

8. Comments on Chapter 6 – Consolidation trends and implications for telecoms

While **AIIP** and **Mynet** fully endorse BEREC's conclusions in this chapter, they ask BEREC to explicitly state the fact that medium-sized and local operators represent one of the European strengths, since their investments are typically complementary with the ones of large players - in places and for customer segments that may not be priorities for large groups -, they provide competitive pressure, and preserve the economic plurality that has made European telecommunications affordable and dynamic.

FTTH CE observes that there is a lot of literature on the effects of in-country mergers on outcomes but, in general, the conclusions suggest that fewer competitors lead to higher prices. Furthermore, **FTTH CE** considers that the impact on investment at best uncertain, pointing to the potential gaming with investments before and after the merger¹⁰.

With regard the role of scale, **CE/GSMA** hold that consolidation plays a decisive role in shaping the investment outcomes, sourced in a recent GSMA report¹¹. Furthermore, **CE/GSMA** consider that Section 6.1 of the Draft Report "*gets into a state of confusion between in-market and cross-market scale*". They explain that the largest cost efficiencies generated by scale are the ones that arise locally, where spectrum, sites, radio access networks and customers are combined. While cross-country scale "*can support procurement, branding and some corporate efficiencies*", they are not considered decisive. **CE/GSMA** continue by explaining, by way of example of large mobile network operators, that the (re)focus on core markets by large telecom groups proves the case for in-country consolidation. All in all, their conclusions would be that (i) cross-border mergers are possible, but indeed the incentives are not there due to lack of synergies; (ii) cross-border mergers that result in lack of scale at national level are not stable; and (iii) achieving scale in national markets is the key to remain commercially viable and sustain investment. The latter objective is becoming increasingly difficult to achieve in a highly fragmented market.

¹⁰ For example, John Vickers noted 'Should competition monopolise merger policy?' ACE Keynote Lecture (Milan) 16 November 2024: *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 place* in "Should competition monopolise merger policy?", AEC Keynote Lecture (Milan), November 2024.

¹¹ **CE/GSMA** point to a GSMA report which "shows a clear link between operator scale and investment levels" and add that larger operators consistently invest more per operator, delivering stronger network outcomes. By contrast, in highly fragmented markets, investment is diluted across multiple players, reducing efficiency and limiting the ability to finance large-scale infrastructure upgrades.

CE/GSMA consider that the currently ongoing debate related to the review of the Merger Guidelines shows that merger appraisal needs to be done in a holistic manner, “*weighing both pro-competitive and anti-competitive effects rather than focusing too narrowly on short term static effects*”. At the same time, consumer welfare needs to be judged against other parameters such as quality, choice and innovation, long term investment incentives.

Finally, **CE/GSMA** continue with underscoring either perceived flaws in the documents that BEREC made reference to in the Draft Report or other sources of evidence that would point to contrary evidence than the ones cited by BEREC. The thesis is essentially that scale is a prerequisite for maximizing investments and a more judicious use of resources.

BEREC’s response:

BEREC notes the input by **AIIP** and **Mynet** which support the conclusions of Chapter 6. This chapter provides illustrative examples of the European merger framework, but does not discuss whether small, medium or large competitors are preferable to one another. However, the importance of smaller local and/or regional players has been duly recognized by BEREC in several documents that it had developed recently, especially BEREC’s input to the EC public consultation on the White Paper¹² and BEREC’s input to the EC’s Call for Evidence on the Digital Networks Act¹³.

BEREC thanks **FTTH CE** for the comments and acknowledges their point of view, which is fully aligned with BEREC’s. On the vast amount of literature, BEREC has provided just a snapshot with a choice of reliable pieces to present in order to support the points it raises. Clearly enough, the evidence included could be supplemented by many other pieces, but the intention was not to produce a comprehensive literature review on the topic.

BEREC notes the contribution from **CE/GSMA**. However, BEREC will not include the reference to the GSMA report because Chapter 6 uses factual case studies to highlight the consolidation possibilities for telecoms operators under the current merger framework in Europe when compared to the merger framework in other jurisdictions. The question of the ideal scale, and the size of a given telecoms operator, is a matter decided by commercial decisions made by the telecoms operators and is outside the scope of this Report.

BEREC also notes **CE/GSMA**’s contributions in relation to in-market and cross-market scale. However, BEREC does not consider that the examples provided establish a general causal relationship between market concentration, operator scale and investment outcomes. While larger operators may benefit from certain economies of scale, the evidence reviewed by BEREC throughout the preparation of the Draft Report does not support the conclusion that

¹² Document BoR(24)100 - https://www.berec.europa.eu/en/all-documents/berec/opinions/berecs-input-to-the-ec-public-consultation-on-the-white-paper-how-to-master-europes-digital-infrastructure-needs?language_content_entity=en

¹³ Document BoR(25)101 - <https://www.berec.europa.eu/en/all-documents/berec/opinions/berec-input-to-the-european-commissions-call-for-evidence-on-the-digital-networks-act>

increased concentration systematically leads to higher levels of investment, better consumer outcomes or greater innovation.

In particular, BEREC observes that a number of EU markets have achieved very strong outcomes in terms of FTTP deployment, network quality, consumer take-up and affordability under market structures characterised by the presence of several competing operators, including smaller, regional and challenger providers. This suggests that investment performance cannot be explained by operator scale alone. On the contrary, the strong fibre deployment outcomes achieved in many European markets indicate that effective competition and investment can be mutually reinforcing, particularly where challenger, regional and alternative operators exert competitive pressure on established players.

BEREC further notes that many of the efficiencies referenced by CE/GSMA may also be achieved through commercial arrangements such as network-sharing agreements, infrastructure cooperation, wholesale access models or joint ventures, without necessarily reducing the number of independent competitors in a market. Consequently, the existence of potential scale efficiencies does not, in itself, demonstrate that consolidation is required to achieve investment objectives.

Moreover, BEREC recalls that the current European merger framework already provides for the assessment of efficiencies and longer-term effects where appropriately substantiated. Therefore, the relevant question is not whether efficiencies may theoretically arise from consolidation, but whether they are merger-specific, verifiable and likely to outweigh any potential reduction in competition on a case-by-case basis.

BEREC similarly notes that the academic studies cited by **CE/GSMA** predominantly relate to the relationship between market concentration, operator scale, profitability and investment incentives in national markets, rather than the question examined in this chapter, namely the operation of the European merger framework and the possibilities for consolidation under that framework. Furthermore, the wider academic literature does not provide a clear consensus that increased concentration produces superior investment outcomes. The evidence remains mixed and often context-dependent, with numerous studies identifying adverse effects on competition and prices while finding uncertain or heterogeneous effects on investment. For this reason, BEREC relied primarily on independent, evidence-based and peer-reviewed sources selected following a comprehensive review of the available literature.

BEREC also notes that several of the studies and analyses referenced by CE/GSMA originate from organisations representing a particular set of market interests and rely on non-public datasets that cannot be independently verified. While such material forms part of the policy debate, BEREC has given greater weight to independent academic research and publicly verifiable evidence.



9. Comments on Chapter 7 – Overview of financial indicators

AIIP and **Mynet** upheld the findings of this chapter, but suggest, however, that the financial indicators are disaggregated by operator category, such as large-listed incumbents, integrated mobile groups, wholesale-only network operators, cable operators, alternative fibre investors, regional operators and medium-sized ISPs. The suggestion is since the various categories of indicators feature different financing structures, cost bases, investment horizons and risk profiles, the financial position of large groups couldn't be considered as a proxy for the whole sector. Along the same lines, **FTTH CE** also notes the limitation because this chapter only focuses on larger, publicly traded telecom operators rather than the providers in the whole sector.

Further on, **AIIP** and **Mynet** explain that the financial difficulties of some large operators should not automatically be attributed to excessive competition or regulation because they may actually reflect debt levels, past acquisitions, dividend policies, spectrum costs, inefficient structures, legacy assets, strategic errors or expectations from financial markets. Thus, a sound financial analysis should distinguish between investment that is for the market, and expands useful network capacity, and financial operations mainly designed to support consolidation or shareholder returns.

AIIP and **Mynet** also recommend that BEREC give greater weight to the investment made by challengers and territorial operators.

Stratus Novem underscores that, with the investments in technological advances past their peak (fibre, 5G), the capital intensity for operators is likely to fall going forward.

FTTH CE is of the opinion that Chapter 7 relies too much on averages which apply to the European market. It adds that certain market realities can be lost in those averages and that in certain markets certain operators struggle to cover their cost of capital, especially with the rapid increase post 2022. Additionally, in many Member States, operators are now deploying networks in some of the most difficult regions with the worst cost/return profiles.

With reference to the figure 16, both **FTTH CE** and **ecta** stress that challenger operators are making the majority of investments, while **CE/GSMA** are of the opinion that larger operators consistently invest more per operator and delivering stronger network outcomes. At the same time, as investment conditions become more cumbersome (with increased interest rates, rising inflationary pressures), **FTTH CE** underlines that the burden of future rollout will fall disproportionately on entrant operators. Because of this, **FTTH CE** asks for measures to incentivize services take-up, to increase returns. It considers that Europe needs to either lower costs in the remaining areas to be covered or to allow for fair and reasonable returns on current and future investments, in order to maintain the good trajectory thus far.

Particularly regarding the chapter on financial indicators, **ecta** highly supports the information provided and underscores the similarity of BEREC's conclusions with their own, as expressed



in several contributions and studies. Furthermore, **ecta** suggests the inclusion of several other supporting documents in the final report, which would further strengthen BEREC's statements.

CE/GSMA have as central element of their submission the need for a significant increase in investments to meet the established policy objectives and restore Europe's global competitiveness, which cannot be attained, in their view, in the currently applicable setting. They highlight that revenues in the sector have remained broadly flat in real terms, while investment requirements have increased significantly. For this reason, **CE/GSMA** consider that the Draft Report is focused too much on the low end-user prices and question the sustainability of those low prices going forward because network upgrades to meet future needs cannot be upheld at the same time.

Related particularly to the financial and profitability information presented by BEREC in the Draft Report, **CE/GSMA** underscore the bearish sentiment that the telecoms sector conveys to the shareholders, which is showcased by the evolution of the corresponding market capitalization. The market capitalisation of European telecom companies fell by 41% between 2015 and 2023, in contrast with the relative performance of global telecom companies. **CE/GSMA** include a graph which shows the evolution of the Stoxx Europe 600 Telecom index vs. Nasdaq Telecom, between 2015 and 2025.

In relation to the capex-to-revenue ratio, one of the metrics used by BEREC in its Draft Report, **CE/GSMA** explain that it is biased in that low-revenue markets "appear investment-intensive even where absolute investment levels are insufficient". As alternative relevant metrics, they propose the capex per capita and capex per connection.

CE/GSMA question the presentation of five-year shareholder returns across a number of telecoms operators, including figures from a 2023 McKinsey report. Additionally, **CE/GSMA** note that figure 17 in the Draft Report should illustrate separately the gains are from stock dividends, as high shareholder dividends point to a sector that is not investing or thriving.

Finally, with regard to ROCE/WACC, **CE/GSMA** are of the opinion that the case made in the Draft Report is a mischaracterisation. According to them, the industry's ROCE is below its cost of capital, referencing the Barclays' figure included in the Draghi Report. **CE/GSMA** make two points, namely (i) that "average ROCE masks the heterogeneity of ROCE across operators and the data shows that scale is a key determinant of ROCE" and (ii) that "ROCE is a backward-looking metric and is therefore useful for assessing the financial health of the industry, but only informative for future investment if the future returns resemble past returns".

BEREC's response:

AIIP and **Mynet** raised that approximating the financial performance of the sector based on large operators may not be representative of the entire sector's performance, and instead suggests more disaggregation should be undertaken. As **AIIP** and **Mynet** further note, the financial challenges of some large operators should not be automatically attributed to excessive competition or regulation. Similarly, **FTTH CE** underlines that the variations in

financial performance can be quite significant in certain markets and for certain operators, some struggling to cover their cost of capital.

BEREC is aware of the important role that entrants/challengers play in the market and the significant investments they have made, as covered in section 7.3. The same point is reiterated in the conclusions of the Draft Report. However, including more granular data remains a challenge acknowledged by the drafters throughout the preparation of the report. Finding available, comparable and reliable data was a challenge across a number of the indicators in this Draft Report as noted on several occasions.

Specifically in relation to the finance section, the dataset and reports referenced were generally limited to publicly traded companies given the lack of available financial information on entities other than the publicly traded ones. This was and remains the case as following the research phase no other comparable or consistent options were apparent, including for non-European operators. However, the points raised in this regard are fair. BEREC will seek to make use of such information if it becomes available which could enhance future reports if this exercise is repeated.

With respect to **FTTH CE**'s contribution and proposals, BEREC fully endorses the standpoint that "regulation cannot be complacent about how the market will evolve into the future" and it is planning to contribute actively, together with the NRAs and the EC to uphold the same ascending trajectory of the sector. Regarding the proposal on costs reduction and increased take-up, while BEREC fully agrees on the matter, it is outside the scope and aim of this Report to advise, devise, or recommend initiatives as it is a factual cross-jurisdictional report on a number of indicators.

BEREC thanks **ecta** for its suggestions. BEREC was aware of both papers suggested in paragraph 14 a) and b) of **ecta**'s response. BEREC made use of the Netherlands Ministry one by referring to the original paper itself, and with regards to the PTS Report, BEREC considered this at the time, but chose to make use of similar more up-to-date reports instead that covered much the same ground, but which included more recent years and more jurisdictions, which BEREC was essentially seeking.

Turning to **CE/GSMA**'s comments, they noted the importance of the sector to drive growth and help to restore the EU's competitiveness and linked this with the attractiveness of the sector for investors, who focus their funds on investments where they expect the required level of return. **CE/GSMA** indicated that the market capitalisation of European telecoms companies fell by 41% between 2015 and 2023, and shared figure 1 comparing two indices in this regard. BEREC does not dispute the figure presented, nor the fact that investors allocate capital to seek returns.

Nevertheless, BEREC does not agree that the financial and profitability indicators presented in BEREC's report are misleading. The metrics reported in the section are based on data, or reports of financial performance compiled by experts in their field. BEREC's aim in collating this information in its Draft Report was to bring together the various research and reports,

neutrally assess them and then set out its own assessment of the financial performance of the sector across jurisdictions from a regulatory perspective.

As part of its response, **CE/GSMA** compared the market capitalisation of two indices purportedly demonstrative of telecom companies in the EU and the USA and argued that the decline in the market capitalisation of European telecommunications operators, as reflected by those indices, demonstrates a “bearish sentiment” towards a sector characterised by “flat/declining” ARPU. BEREC rejects the use of these indices in the context of this paper. These indices while including some telecom operators also include equipment manufacturers (i.e. Cisco, Ericsson, Nokia, etc.), but in the case of the USA excludes major telecommunications groups, such as the US telco AT&T (listed on the NYSE). Such a misleading comparison is what BEREC was, and is, seeking to avoid. The erroneous ‘comparison’ of facts distorts informed discussions of the financial performance of telecom operators and undermines comparison across jurisdictions. BEREC researched a number of options and after careful and diligent analysis presented what it considered the most appropriate evidence to advance understanding and informed discussions.

With regards to the financial indicator metric “Capex-to-revenue” that BEREC chose to include, **CE/GSMA** considered it “misleading” and instead suggested that Capex-per-capita or Capex-per-connection could provide a more meaningful perspective. It should be noted, however, that much of the **CE/GSMA** submission relies on external reports that are themselves informed by or cross-referencing GSMA and Connect Europe’s own content. BEREC included Capex-to-revenue as the indicator as it ties investment to operators’ financial capacity and is widely used in financial analysis to indicate reinvestment level for telcos which is aligned with the intent of this section on financial indicators. Furthermore, Capex-to-revenue provides a useful measure of investment intensity, enabling comparisons to be made across regions irrespective of differences in absolute revenue levels illustrating the proportion of revenues that operators allocate to network investment. While **CE/GSMA** advocates for alternative metrics, the way they apply Capex-per-capita or Capex-per-connection introduces significant methodological flaws. On the one hand, these metrics are not easily applicable to operators or member states and frequently blur market boundaries by blending high-investment EU member states with non-EU nations into a broader “European” average, artificially diluting the EU’s performance. On the other hand, presenting historical capital expenditure in unadjusted USD without accounting for currency exchange fluctuations and local Purchasing Power Parity (PPP) severely distorts the reality of local infrastructure investment.

Additionally, with regard to the specific graphic provided by the CE/GSMA to assess investment in the sector, BEREC notes that Figure 2 focuses solely on a mobile “per connection” metric, which introduces a structural bias, as it fails to account for capital-intensive fixed-line network rollouts, such as FTTH¹⁴. European telcos have heavily invested in fibre during the period covered by the **CE/GSMA** analysis. BEREC welcomes **CE/GSMA** and other

¹⁴ The potential complementarity of the two broad types of infrastructures has been underscored already in Section 4 above.

stakeholders providing such data, if available, to gain a better understanding of Europe's telcos operators, including those investing in both mobile and fixed connectivity.

That said, Capex-per-connection would also be a useful complementary metric, as it directly relates capital expenditure to the number of active connections, provided the data is strictly bounded to the EU, segmented accurately between fixed and mobile, and properly adjusted for PPP and currency. The addition of a methodologically sound version of this metric could enhance insights for BEREC and thus stakeholders as advocated by **CE/GSMA**. BEREC notes these suggestions and will, if possible, seek to include them in future iterations of this work. Capex-per-capita, on the other hand, is more of a macro-economic indicator, unrelated to connectivity, which goes beyond the scope of the current Report.

CE/GSMA also comment on the five-year shareholder returns which BEREC included in its Draft Report. **CE/GSMA** refer to a 2023 McKinsey report showing that the market capitalisation of European telcos has declined compared to North American ones between 2014 and 2022.

First, BEREC notes that market capitalisation should be interpreted with caution. From a consumer welfare perspective, a higher market valuation may simply reflect a larger share of the economic value generated by the sector accruing to operators rather than to end-users. Conversely, lower market valuations do not necessarily indicate weaker market outcomes if operators – even through debt - continue to earn sustainable returns while consumers benefit from affordable prices, good service quality and effective competition.

Moreover, the evidence reviewed in this report suggests that the European framework has enabled operators to achieve sustainable risk-adjusted returns, as reflected by returns above the cost of capital on average, stable margins, improving cash-flow prospects, investment-grade credit ratings and positive shareholder returns. These indicators provide a more direct assessment of investor outcomes and financial sustainability than market capitalisation alone, while also showing that strong consumer outcomes can coexist with healthy operator performance. This relatively solid credit profile is consistent with evidence from regulatory WACC assessments. In its most recent WACC parameters Report¹⁵, BEREC shows a marked decline in equity beta for EU telecom operators over recent years, with the weighted average falling significantly, pointing to a reduction in the perceived systematic risk within the sector. Moreover, debt premiums have remained broadly stable or slightly decreasing over time, suggesting that lenders do not perceive a material deterioration in credit risk. Taken together, these elements indicate that financial markets view the European telecom sector as valuable assets in a well-diversified portfolio, exhibiting comparatively stable and moderate risk, consistent with its profile as a mature, regulated infrastructure industry with predictable cash flows.

Second, BEREC notes that the evidence on shareholder returns included in the Draft Report is more recent than that referenced by **CE/GSMA**. BEREC further observes that, as acknowledged by **CE/GSMA**, investors seek returns on their investment. In this regard,

¹⁵ BoR (26) 72, p. 41-50.

dividend distributions constitute a direct and tangible return to shareholders, whereas capital gains can only be realised upon disposal of shares. Consequently, assessments based solely on market capitalisation may not fully capture the returns delivered to shareholders, particularly where operators follow different dividend payout policies. A detailed assessment of dividend policies and their impact on market capitalisation is, however, beyond the scope of this report.

Overall, BEREC considers that the evidence available at the time of the consultation remains appropriate and supports the conclusions set out in the Draft Report. BEREC also does not consider it appropriate to place undue emphasis on comparisons of market capitalisation between telecommunications operators and other categories of firms, including hyperscalers and equipment manufacturers, given the significant differences in their business models, risk profiles, capital intensity and market dynamics.

BEREC further notes that the decline in market capitalisation cited by stakeholders cannot, by itself, be interpreted as evidence that the European telecommunications sector lacks investment attractiveness or is unable to remunerate capital. Market valuations reflect a broad range of factors extending beyond the regulatory environment, including macroeconomic conditions, interest rates, investor sentiment and growth expectations. For this reason, BEREC considers that market capitalisation should be interpreted alongside other indicators of financial performance and sustainability, which overall do not support a conclusion of structural financial weakness in the sector.

In relation to ROCE/WACC, **CE/GSMA** consider that BEREC position mischaracterises the case. **CE/GSMA** refer to Barclay's Equity Research¹⁶ which shows an unverifiable flat WACC rate of 7.7% between 2014 and 2023, with ROCE presumably for European telcos below that unchanged WACC rate. **CE/GSMA** considers that the CEPR blog post as having errors and linked to its paper on that. Further, they consider that BEREC overlooked two aspects.

The first being that average ROCE masks heterogeneity of operators, and that scale is a key determinant of ROCE. Figure 5 in their contribution compared the pre-tax ROCE for 15 operator groups to their mobile market share. On this topic, BEREC observes that the trendline in the chart indicates simply that the higher market share an operator has then the higher ROCE it'll likely have, however no mention is made of the higher ROCE in the chart for certain groups with market shares in the 30 – 40% range, compared to those with more "scale" in the 50 – 60% range. The point being proffered by **GSMA/CE/GSMA** based on Figure 5 is unclear to BEREC. If the underlying idea is to support the fact that scale is the primary driver of ROCE,

¹⁶ The Draghi statement "In recent years, return on capital has been lower than the weighted average cost of capital, making the financing of future investments problematic" is backed by a slide with ROCE<WACC (both at page 71 of the Draghi report, with a footnote reference to Deloitte, 'Decision time for Europe's telcos', 2023). The specific figure (n.3) in the Draghi Report mentions for ROCE: "Source: Barclays Equity Research, Network Operators of the Future, 23 April 2024. Note: the estimation refers to ROCE Adj. EBIT.". Since Barclays report seems not to be public, it is very difficult to comment on ROCE data, starting from the composition of the sample of operators. With reference to the 7,7% WACC reported in the chart, the value has no source, thus, no methodological explanation, no indication of the reference year.

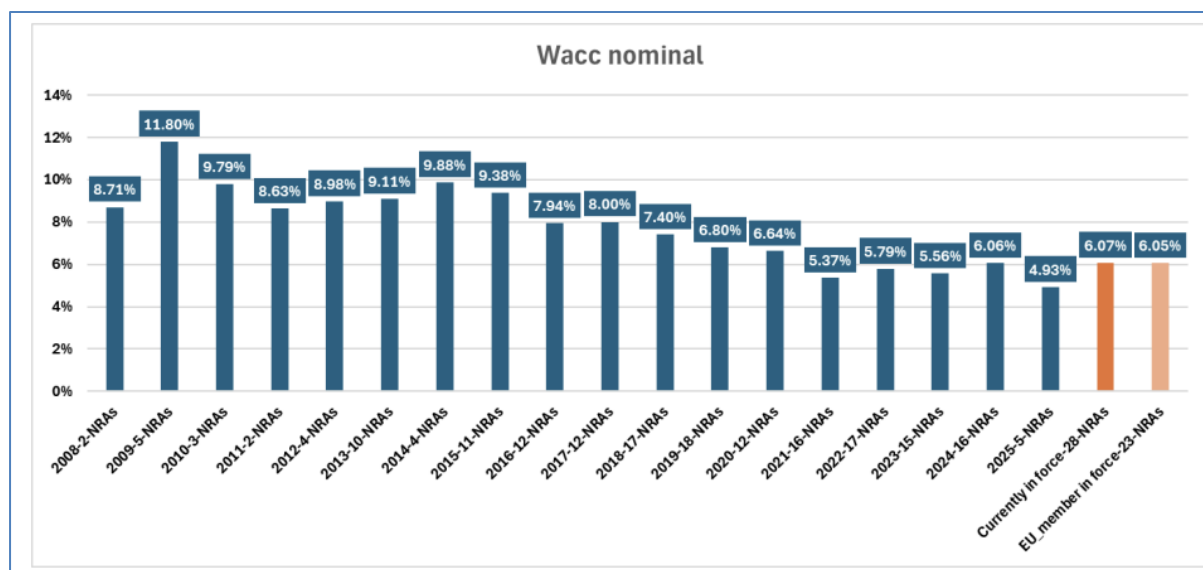
then the figure does not appear to suffice as the observed variation suggests that other factors may play an equally or more important role. If **CE/GSMA** want to indicate that ROCE is higher in more concentrated markets, this is well known. However, according to the regulatory framework, NRAs have to promote competition for the benefit of users and thus cannot take as desirable benchmarks measures in the opposite direction towards more concentrated markets. Moreover, BEREC considers that effective competition is the best driver of efficient investment. Therefore, BEREC disagrees with the CE/GSMA conclusion that BEREC is considering that a declining capex intensity is a positive outcome.

The second point from **CE/GSMA** is that ROCE is backward looking, and only relevant if future returns resemble past returns. BEREC does not dispute this, but nevertheless considers the metric relevant for assessing historical capital efficiency and understanding recent sector trends. While BEREC does not itself provide forecasts of future financial performance, it notes that it has done extensive research on bond ratings agencies, which specialise in forward looking assessments of investment conditions. BEREC considers that estimating the equity risk premium following the CAPM and based on long time series of historic data is the 'state of the art' methodology for an objective outcome providing predictability to investors and smoothing short term volatility. BEREC also notes that **CE/GSMA** does not comment on the cashflow expectations included in the consultation.

Furthermore, BEREC notes a degree of inconsistency in CE/GSMA's reasoning. While CE/GSMA argue that average ROCE figures are not meaningful because they mask significant heterogeneity across operators, they nevertheless compare those heterogeneous returns against a single flat WACC estimate of 7.7% for the entire sector and period under consideration. If operator heterogeneity materially limits the usefulness of aggregate ROCE measures, the same consideration would appear to apply to the use of a single sector-wide WACC value.

In relation to a constant WACC rate of 7.7% BEREC does not recognise such a rate. In line with the WACC Notice NRAs based on the BEREC WACC parameters Report set the regulatory WACC (which by definition is not a spot one) at an efficient level adequately reflecting the investment risk and financial market conditions as well as ensuring predictability for investors. BEREC's data¹⁷ from its own WACC calculations indicates a lower WACC over most of the period considered. **CE/GSMA** contend that the "industry's ROCE is below its cost of capital". This is contradicted by BEREC's WACC numbers, the work of noted economists, and appears outdated with the **CE/GSMA** evidence stopping in 2023.

¹⁷ BEREC Regulatory Accounting in Practice Report 2025 ([RA Report Chapter 5 - WACC](#))

Regulatory accounts in practice 2025:

With respect to the treatment of goodwill, this is not just “technocratic” consideration, but rather a fundamental aspect of sound research into comparing ROCE to WACC. Goodwill being included or not in the calculation of ROCE alters the results. BEREC considers that such an adjustment should be done, since ROCE evaluation, in case of mergers, is affected by goodwill: the merging company paid for the goodwill of the merged one (this reduces the return, because the goodwill is in the books, and it increases the denominator of ROCE). In this regard BEREC agrees with the CEPR blog “An analysis of the EU telecom sector’s ability to remunerate its cost of capital” by *Tarantino et al.*¹⁸

¹⁸ CEPR, <https://cepr.org/voxeu/columns/analysis-eu-telecom-sectors-ability-remunerate-its-cost-capital>, 29 Jan. 2026.

10. Comments on the Conclusions

AIIP and **Mynet** support the main conclusion of the Draft Report and encourage BEREC to express them even more clearly. They consider that the policy debate should move away from the narrative that Europe suffers from too much competition. Furthermore, **AIIP** and **Mynet** believe that the correct policy priorities for Europe are related to: (i) effective and enforceable access regulation, (ii) transparent quality indicators, (iii) access to passive infrastructure, (iv) removal of practical deployment barriers, (v) support for local and regional network investment, and (v) recognition of the role of fixed operators, integrators and end users in private wireless networks.

Stratus Novem strongly endorses the report's final conclusions and underscores the upcoming challenge, namely to boost take-up of high-speed services and bring about the innovative services and applications that would require the higher bandwidth connectivity.

FTTH CE considers that the Draft Report is mostly balanced and justifies its conclusions, having raised a series of possibilities for improvement, among which the necessity to boost demand and adopt demand-centred measures, similar to **Stratus Novem**.

In the same vein as **AIIP** and **Mynet**, **MVNO Europe** asks BEREC to amend the conclusions of the Draft Report, by clearly underscoring that “many EU Member States are objectively world leaders on all relevant metrics for fixed and mobile markets, whilst delivering superior levels of competition, innovation, wholesale access, end-user benefits, and take-up-friendly retail pricing, which results in positive outcomes for both consumers and business users, including European business competing at the global level”. Additionally, the provision of seamless connectivity services worldwide should be underscored.

BEREC's response:

BEREC thanks **AIIP**, **Mynet**, **Stratus Novem**, **FTTH CE**, **MVNO Europe** for the endorsement of the conclusions resulting from the evidence-based assessment.

Considering **AIIP** and **Mynet's** proposal to strengthen the conclusions, BEREC has slightly amended the text in the final Report to express the outcomes even more clearly. BEREC has also amended the text to include **MVNO Europe's** proposals.



11. Comments on Annex I – Service diversity

AIIP and **Mynet** stress that the information provided in Annex I conveys the fact that service diversity is one of the clearest outcomes of the European regulatory model. As potential ways to improve the data presented by BEREC, **AIIP** and **Mynet** suggest that service diversity could be disaggregated more by the size of the operators concerned, as the contribution of the regional and medium-sized operators to the competitive landscape may be underestimated if the analysis focuses mainly on large national operators.

In the same vein, **AIIP** and **Mynet** consider that the report should distinguish more clearly between different provider categories¹⁹. Furthermore, they also suggest the inclusion of qualitative indicators of diversity - for example, the existence of multiple brands/resellers does not necessarily mean strong competition if they all depend on the same bottleneck infrastructure under weak operational conditions. Thus, in their view, service diversity should be understood as infrastructure, operational and commercial plurality.

ecta appreciates the overview provided in Annex I, which clearly illustrates how the different regulatory and institutional approaches provide different market outcomes in terms of operator and service diversity. Competition and operator diversity are, in **ecta**'s opinion, fundamental for Europe's competitiveness in the world.

From a different perspective, **MVNO Europe** focus on the situation regarding the data on MVNO market shares ranges presented in the Annex. The main point on which they reflect is that fact that the data which is assigned to MVNOs (5-20% market shares) does not concern only independent of MNOs MVNOs. In other words, in **MVNO Europe**'s view, it would have been better to account only for genuine MVNO/Service Provider access by companies which are independent of MNOs, and have offers which are not strategic/branding by MNOs, in order not to overstate the actual outreach of independent MVNOs. Along these lines, **MVNO Europe** estimates the 'adjusted' market share at 10% on average, with notable differences among MS.

In addition, **MVNO Europe** draws BEREC's attention to the fact that the data related to MVNOs is more volatile than other type of information, providing several examples of developments with potential impact on the competitive outcomes in the market.

Finally, **MVNO Europe** raises competitive concerns around the anticompetitive practice of "targeted selective offers" and asks BEREC to acknowledge this practice in the final Report.

BEREC's response:

All the comments have been duly noted by BEREC. BEREC will not reiterate here the explanations provided already related to the extremely high level of detail needed for the

¹⁹ Pure resellers, infrastructure-based regional operators, fixed wireless operators, business connectivity providers, wholesale buyers investing in their own network elements, wholesale-only operators, mobile operators and integrated fixed-mobile groups.

information to be presented in the manner requested by **AIIP** and **Mynet**, but, at least for Europe, it will reflect on the possibility to do a more granular assessment along the lines suggested in other documents of reference, in the future.

As regards **ecta's** comment, it is fully aligned with BEREC's views.

Regarding **MVNO Europe's** comments, BEREC acknowledges the contribution and clarifies in the final report that the data regarding MVNOs that it presents include all service providers/resellers of mobile data plans that do not operate specific network infrastructure, irrespective of whether they are fully independent of the MNOs or they represent a MNO brand spinoff, for instance. Had disaggregated data been available, BEREC would have used it as the status quo of fully independent MVNOs could be regarded as more informative. However, BEREC notes that the 10% market share for fully independent MVNOs that **MVNO Europe** estimates falls within BEREC's estimated range of 5-20%. Related to the market share volatility, BEREC included a disclaimer in the final version of the Report.

With regard to **MVNO Europe's** suggestion on selective price discrimination with exclusionary effects, BEREC highlights that the proposal cannot be taken on board as it exceeds the scope of the current Report. However, shall BEREC develop related reflections in the future, the topic will be retained.

