GSMA

GSMA response to the Call for Evidence for the Report on the review of the Digital Decade Policy Programme

Introduction

The GSMA welcomes the opportunity to submit feedback to the European Commission's call for evidence for the Report on the review of the Digital Decade Policy Programme (DDPP).

European telecoms are the backbone of Europe's digital competitiveness. Widespread availability of state-of-the-art, secure and resilient connectivity infrastructure is equally crucial for the EU's overall competitiveness vis-à-vis other world regions and the fundamental ambition of the Digital Decade 2030 to *"[promote] a human-centred, fundamental-rights-based, inclusive, transparent and open digital environment"*. Competitiveness should be at the core of EU's strategic thinking, and can only be achieved with a strengthened and financially sustainable EU telecommunications sector, that and enables the necessary investments into connectivity infrastructure, cybersecurity, and advanced digital services for the overall benefit of European citizens, industry, and the public sector. Financially healthy telecom operators will enable European companies to compete globally. A financially strong telecommunications sector capable of undertaking the required investments should be added to the Digital Decade 2030 general objectives in Article 3, which already contains a reference to a 'competitive data cloud infrastructure' (article 3, paragraph 1(e)).

Given the long timelines of major digital investments, particularly large-scale, capital-intensive digital infrastructure, a more long-term and predictable policy framework, could greatly enhance planning certainty.

Today, all together, building full gigabit coverage for Europe is estimated to require significant investment. The GSMAi 5G index shows Europe lagging, on average, significantly behind other regions on 5G coverage and speeds[1][2], While public funding can be useful, it is unlikely to bridge that gap on its own. It is also important to ensure that it does not crowd out private investments and that it is used only in cases of market failure.

Yet another challenge of EU digital infrastructure markets is its fragmentation compared to other regions of the world. This prevents reaching the necessary economies of scale, which in turn limit our possibilities to invest in more resilient networks and innovative services for our customers, end-users and industries alike. Fragmentation of policies has also taken a toll on our industry's global competitiveness, via numerous national

[1] Spectrum Pricing and Renewals in Europe
[2] Mobile Connectivity Index

divergences and gold-plating in areas where EU harmonisation makes perfect sense, such as pro-investment spectrum licencing and usage rules.

Efforts to address this fragmentation should focus on harmonization and enabling scale, while ensuring that any measures taken are risk-based, proportionate, and do not unnecessarily restrict access to innovative, best-in-class global technologies. The objective is to strengthen Europe's competitiveness and resilience through open, fair, and non-discriminatory policies.

For the DDPP, the priority at this stage is not to define new targets or KPIs. Instead, what is needed is, first, a genuinely ambitious reform of the telecom regulatory framework with the DNA — one that enables the EU to meet the targets already in place. Second, we urge a reform of EU competition policy to foster investment and enable scale. Finally, stakeholders' involvement in the DDPP process could be further enhanced.

Below, we highlight some key areas to improve telecom operators' investment capacity in best-in-class connectivity networks and services.

1. The financial sustainability of the sector

Achieving the DDPP's ambitious targets requires a consistent investment policy.

The objectives are mostly relevant but jeopardized by a structural investment gap, This investment gap entails both the cost of completing FTTP deployment and of providing a "full 5G service coverage" with "additional base stations and small cells", notably for the mid or high range 5G frequency bands. European operators have already invested nearly ~€200bn since the launch of 5G networks in 2019.

The current European regulatory framework, still focused on static price competition in a context of market fragmentation, prevents European operators from reaching the scale needed to deploy 5G Stand Alone (SA) and Edge Cloud according to the targets set by the Commission[3].

Achieving these ambitious targets requires a paradigm shift towards an **'Investment-First' policy**: facilitating in-market consolidation, supporting a spectrum policy that provides long

[3] At Q3/ 2025, as a result of those investments, 5G coverage had reached 93% of the European population. However, the coverage of 5G standalone (SA) had only reached 40% in Europe while it was already of 91% in North America. At the moment, the state of Edge node deployment in Europe (1100 Edge nodes overall) is still far from approaching the 2030 European ambition of, namely 10, 000 nodes. (State of Digital Communications, 2025, Analysys Mason)

term investment certainty and establishing a level playing field with Large Traffic Generators (LTG), who currently have a free-ride on European networks.

In parallel of the difficulties to derive adequate returns, European operators have increasing pressure on their capacity to finance their investments, as in 2023 the ratio of Net Debt to EBITDA peaked at 2.57, the highest level in years[4]. This constraint adds to the high capital intensity these operators are maintaining, with a 21.4% capex to revenue ratio[5]. These industrial and financial constraints make it even more difficult for EU operators to continue delivering the necessary investment to deploy VHCNs in yet uncovered areas.

2. Unlocking Europe's digital potential: the DNA that rises to the challenge

To address this loss of competitiveness, a fundamental reset of the stringent regulatory framework for the digital communications sector is required. For that, competitiveness of EU telecommunications sector should be added to the general objectives of the Digital Decade Policy Programme.

The key milestone to achieve that objective will be the DNA. It should restore the European telecom sector's incentives to invest and innovate, in order to ensure that Europe meets its objectives on connectivity, digitalisation, and competitiveness. Simplifying the framework, enhancing harmonisation, streamlining and simplifying regulation and overall reduction in the regulatory burden whenever possible, and ensuring a more balanced and fair digital ecosystem should be at the top of the Commission's DNA priorities. The DNA should prioritise and incentivise network investment and infrastructure-based competition, and it should be based around the following core principles:

1) Promoting competitiveness

2) Simplifying and streamlining regulation

3) Harmonisation / Completion of the single market

The upcoming reform must have the underlying aim of improving long-term investment capacity to enable the sector to deliver on important public policy objectives such as providing reliable, super-fast and future-ready connectivity for consumers and businesses.

[4] State of Digital Communications, 2025, Analysys Mason
[5] State of Digital Communications, 2025, Analysys Mason

One of the areas where regulation is impeding telecom operators capacity to investment in next generation networks is spectrum policy. Investment per subscriber in Europe has been consistently lower than in other high-income countries over the past 15 years, and many European markets are lagging behind in terms of network quality and the deployment of 5G SA[6]. Effective spectrum licensing is vital to the future expansion of mobile services. Current approaches to spectrum licensing of new and existing bands continue to lead to substantial costs for the EU industry due to flawed auction design and artificial set-asides meaning less resources for investment, fragmentation, and delayed spectrum availability,. All this causes slower deployment of advanced networks and limits the development of nascent B2B digital ecosystems and consumer benefits. This, in turn, is undermining the EU's 2030 digital targets and overall global competitiveness in digital. If this issue is not addressed in the DNA, investment incentives will continue to be weakened by overregulation, regulatory uncertainty and inconsistent approaches to spectrum awards and pricing, diverting capital from network deployment to excessive spectrum costs in some markets[7].

There are also further limitations caused by a lack of harmonization in areas such as markets regulation, consumer protection or lawful interception that take possible cross-border efficiencies away.

The aim of a new DNA must therefore be to modernise the framework to promote investment, sustainable competition and ultimately competitiveness. This will ultimately support the continued efforts of telecommunications operators in contributing to meeting the digital decade targets.

3. Enabling scale

Today, fragmented telecom markets in Europe do not allow sufficient synergies to unfold. In 2024, Europe had 41 large mobile operating groups with more than 500 000 customers, compared with 5 in the USA 4 in both China and Japan and only 3 in South Korea[8]. As of the end of 2024, 63% of Europe's connections were 4G, with 5G representing 30%, leaving Europe behind other advanced markets, such as North America, East Asia, and the GCC states, where 5G adoption has been higher to date. The situation is even worse when we look at 5G standalone take-up, where 77 % of Chinese customers and 25 % of North American customers already enjoy the benefits of this service while only 2% of European connections are on 5G SA. Even if cross-border

[6] Spectrum Pricing and Renewals in Europe

[7] According to the GSMA, 500 licences will be up for renewal over the next 10 years, which calls for a substantial change to current rules to make them smarter and more pro-investment. Spectrum Pricing and Renewals in Europe, GSMA, 2025

[8] State of Digital Communications, 2025, Analysys Mason

expansion could occur, this can only be at a later stage when the single market is achieved, and operators have gained scale including in domestic markets. Today, the fragmented and complex regulatory framework within the EU and competition law policies are obstacles for creating a sufficient scale which in turn constrains the innovation we are able to offer to our customers

Currently, there is no objective economic incentive for telecom operators to consolidate across borders beyond centralizing business functions, such as common procurement. The priority should be to reform competition laws and merger policies to foster investment in national markets via allowing more intra-market consolidation, as a crucial stepping stone to creating a unified EU Single Market.

4. **Ensuring more fairness in the digital ecosystem**

EU digital policies, first of all the upcoming DNA, should focus on levelling the regulatory playing field and ensuring a fair and balanced relationship between traditional telecommunication providers and other players of the digital ecosystem. This will help to support innovation and investment into networks, ensuring the adoption of high-capacity networks, maintaining sustainable competition, and delivering benefits to consumers, businesses and the public sector.

In today's digital network ecosystem, several large technology players are offering equivalent and competing (i.e., so-called "over-the-top") communications services or complementary services. But despite their rapidly increasing role in the telecoms value chain, these players are not regulated in the same way as telcos are which leads to distortions of competition. Hence, we believe that the principle of "same services, same rules" should be implemented, throughout the DNA. This means also that key principles ensuring openness and interoperability of traditional telecom networks should be extended to a broader group of players in the internet ecosystem.

5. **Enhance stakeholders' involvement and the importance of consistency of 5G coverage reporting**

Key performance indicators (KPIs) track progress towards the Digital Decade targets and are published annually by the European Commission in the "State of the Digital Decade" report. Stakeholders are only indirectly involved in that process. Looking forward, we believe, it should incorporate a structured stakeholder engagement phase ahead of the report's publication, to allow telecom operators to review the Commission's findings and highlight any inconsistencies in the reports before final publication. We explicitly caution against introducing duplicative methodologies for measuring 5G coverage in different ways in each market, potentially raising inconsistencies and increasing reporting overload for operators.