

# The European *Single Market* and the Telecommunications Sector

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# Content

## 01 The European Single Market 30 years on: achievements and challenges

- a. The principles of the Single Market
- b. The importance of the Single Market for increasing competitiveness and social welfare
- c. Barriers to the functioning of the Single Market
- d. Harmonisation and the Single Market
- e. Regulation of market structures and the Single Market

## 02 The European Single Market and the telecommunications sector

- a. The strategic value of the sector for European competitiveness and innovation
- b. The state of competitiveness of the telecommunications sector
- c. The telecommunications sector, an intrinsically local sector
- d. Main barriers to the European Single Market for telecommunications

## 03 Recommendations

# Executive summary

## **The Single Market is an economic construct based on the free movement of goods, services, capital and people, the so-called “four freedoms”**

In essence, the Single Market aims to remove legal, administrative, or political barriers that restrict these freedoms. In this way, it promotes productive competition that drives innovation, efficiently mobilises resources in the Single Market and generates wealth and prosperity for European citizens.

## **Deepening the European Single Market is at the heart of the EU 2024-2029 cycle**

2024 is a crucial year for Europe's future competitiveness. The European institutions start a new cycle, with elections to the European Parliament and a new European Commission taking responsibility for implementing the strategic agenda for the period 2024-2029. Its strategy will focus on consolidating a resilient economy in a digital and sustainable European Single Market, as the engine that will put the European economy back on the path to long-term global competitiveness.

## **Advancing the Single Market requires adapting the European framework to new challenges**

The urgency of the moment is marked by an alarming loss of competitiveness of the European Union. As economic growth accelerates in the United States and China amid a battle for global technological leadership, Europe's competitiveness gap with them is widening. Thirty years after the creation of the Single Market in 1993, the EU must make it a priority to remove barriers to free movement.

## **The Digital Single Market needs a competitive telecoms sector**

The aim of the Digital Single Market is to make it easier for European industry and society to benefit from the new digital age. Connectivity is essential to ensure its smooth functioning: high quality connectivity together with digital solutions accelerates the digital transformation of economic sectors, enabling them to extend their boundaries, achieve scale and thus consolidate the benefits of digitalisation in the region. In this context, the telecommunications sector has a crucial role to play as enabler and part of the Digital Single Market. As a Single Market for telecommunications infrastructures and services deepens, it will facilitate the exercise of the four freedoms in the other sectors.



## **Understanding the characteristics of the telco sector and the regulatory environment is key for identifying barriers to the Digital Single Market**

Operators need a minimum level of local take up in the areas where they deploy their fixed and mobile networks in order to be viable. Market structures in each area therefore have a greater influence on geographic expansion decisions than possible cross-border economies of scale, which are not very significant in the sector. While virtualisation, cloudification and initiatives such as Open Gateway will facilitate cross-border digital services for businesses and citizens, their viability will depend critically on the local provision of high quality fixed and mobile infrastructure, which in turn depends on the financial health of operators at national level.

## **The goal of the Digital Single Market must be to remove the barriers that limit the four freedoms of the telecommunications sector**

Deepening the Digital Single Market can therefore only be achieved by removing legal, administrative, and political barriers to the free movement of resources in the telecommunications sector. This implies a review of regulations, competition policy, spectrum policy, and cost-benefit analyses of future regulations in the light of the Single Market. The Digital Networks Act (DNA) could be the key to restoring a Single Market for telecommunications and increasing investment for the deployment of state-of-the-art digital networks and services in the European Union, which in turn would allow European industry and society to take full advantage of the opportunities of the new digital era.



## 01

# The European Single Market 30 years on: achievements and challenges

The benefits of the European Single Market for all citizens and businesses are undeniable. After 30 years of operation, it is time to review the principles on which it is based in order to anticipate how its

construction can be further deepened, thus continuing and increasing its contribution to European society and economy.

## The principles of the Single Market

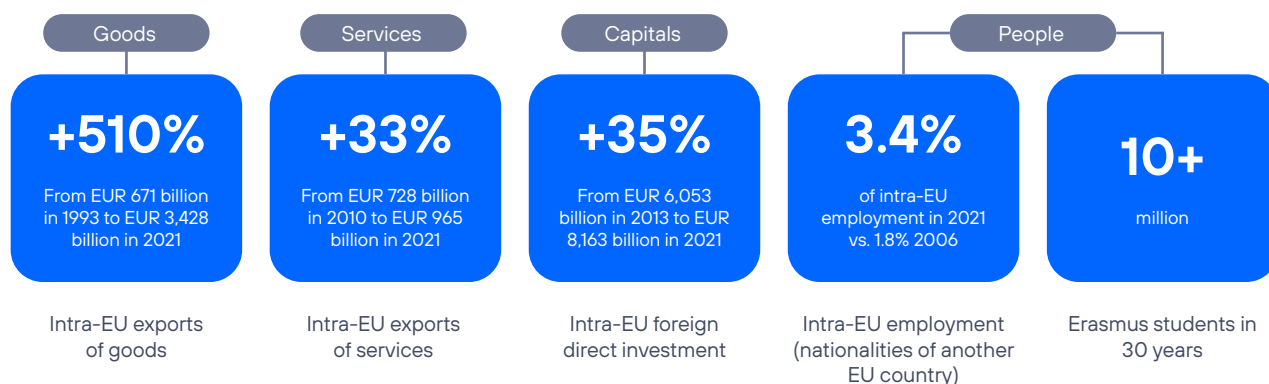
The Single Market is essentially an economic construct based on the free movement of goods, services, capital and people. These are the so-called "four freedoms". In essence, the Single Market aims to remove any legal, administrative or political barriers to these freedoms.

The theoretical basis for the benefits of such decisions is sound. To the extent that resources can flow freely, they will tend to better satisfy the needs of individuals. On the other hand, if legal barriers

are placed in the way of such movement, the satisfaction of needs will be less efficient and may not even occur.

Beyond the theoretical basis, empirical evidence clearly shows that the European Single Market has been a major advance for European citizens and businesses, both in terms of wealth creation and competition between firms, leading to greater capacity for innovation and greater competitiveness of firms at the global level (see Figure 1).

**Figure 1:** Four freedoms: goods, services, capital and people move freely in the EU

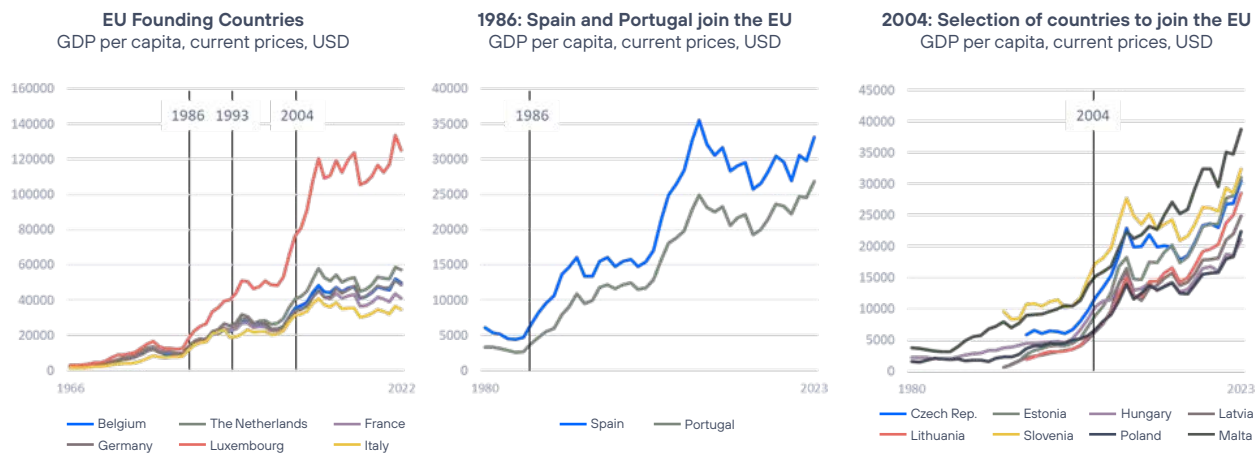


**Source:** Telefónica based on European Council, <https://www.consilium.europa.eu/en/infographics/30-years-of-the-eu-single-market/>

But perhaps the strongest proof of the success of the Single Market is the continuing interest of other countries in joining it. Originally, six countries (Germany, France, Italy, the Netherlands, Belgium and Luxembourg) decided to create this market with free movement for only two products, coal and steel.

In 1993, 12 countries joined the newly created European Single Market. Since then, 16 more have joined and three more are in negotiations. Many countries see joining an area where the “four freedoms” apply as a great opportunity for their development, as evidenced by the results achieved in the successive countries that have joined (see Figure 2).

**Figure 2:** Benefits for countries joining the EU in terms of GDP per capita



**Source:** Telefónica based on World Bank and International Monetary Fund (data extracted in January 2024)

## The importance of the Single Market for increasing competitiveness and social welfare

It is important to note that the improvement in the welfare of European society comes indirectly from the free movement of goods, services, capital and people, through entrepreneurial activity.

The direct effect of the removal of legal, administrative and political barriers to the four freedoms is the creation of a more competitive market, in which companies are forced to innovate in order to add value, which in turn makes them more competitive. In this process of constructive competi-

tion, the resources of all the countries participating in the Single Market are mobilised so that they end up where they are most productive, creating wealth and well-being for European citizens.

Wealth creation as a result of the Single Market does not happen automatically but is realised through the competitive activity of companies and entrepreneurs in the Single Market. The four freedoms of movement greatly facilitate this activity.

## Barriers to the functioning of the Single Market

Clearly, the removal of border barriers to the movement of goods, services, capital and people has been and continues to be an unprecedented success story. But border barriers are not the only obstacles to these freedoms.

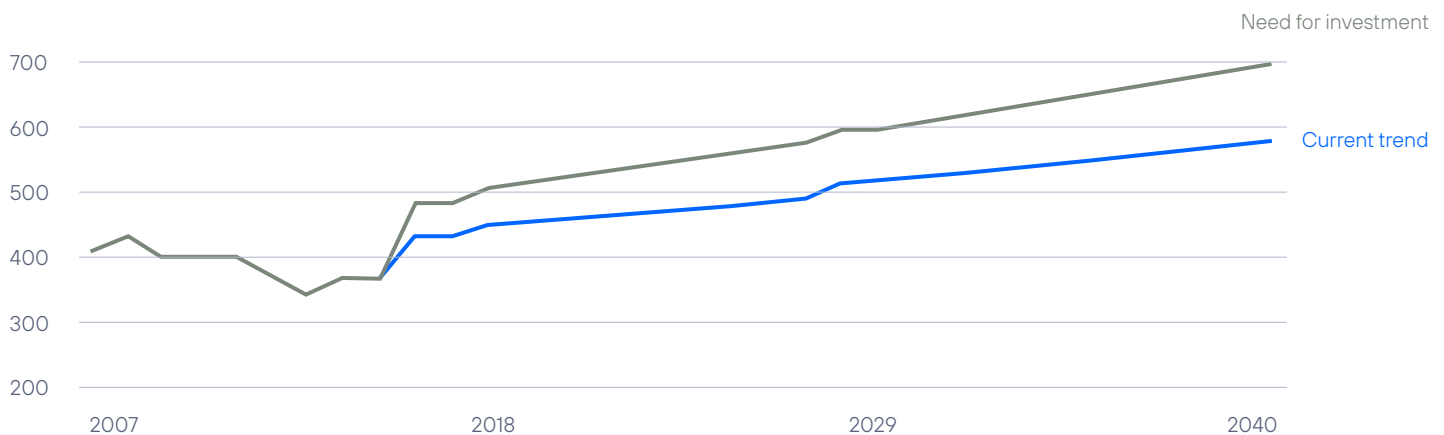
For some time now, other types of regulatory or legal barriers have been appearing, which impede such movement, thereby undermining the “four freedoms”, and damaging European society to the same extent as the original border barriers.

In many cases, these barriers arise when trying to deepen the Single Market. The focus that has been so successful for Europeans seems to have shifted. The concept of a Single Market based on the free movement of goods, services, capital and people is being replaced by an apparently similar concept, that of a “harmonised market”, in which it is important that the same rules apply throughout the European area, regardless of whether the harmonised regulation or its uneven implementation<sup>1</sup> creates obstacles to the four basic freedoms that make up the Single Market.

Empirical evidence is beginning to show that the positive effect of the removal of border barriers could be undermined by the negative effect of an excessive proliferation of rules that has created regulatory barriers. This is the view of the European Round Table (ERT) which in a recent survey found that 86% of its members believe that regulation is hampering Europe’s competitiveness.<sup>2</sup>

This can be seen in the slowdown in macroeconomic indicators<sup>3</sup>, but above all in the loss of competitiveness of European companies and their capacity to invest (see figure 3) and innovate, which is particularly pronounced in the new technology sectors. Between 2015 to 2022, European companies spent half as much on R&D as their US counterparts, invested less, grew at two-thirds the pace of US companies and had a return on capital four percentage points lower. In 2022, total market capitalisation in the US was 2.5 times higher than in Europe, with US companies almost twice as large (by revenue).<sup>4</sup>

**Figure 3:** Europe’s infrastructure investment gap is widening (investments in USD billions)



**Source:** Telefónica based on *Global Infrastructure Outlook*. <https://outlook.gihub.org/region/Europe>

In terms of new technologies, taking generative AI as an example, in 2023, Europe invested USD 1.7 billion in this emerging technology, compared to

USD 23 billion in venture capital and private equity in the US.<sup>5</sup>

## Harmonisation and the Single Market

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In certain areas, however, there is a need for regulatory harmonisation and, more importantly, a harmonised implementation of European rules. This would avoid unnecessary administrative complexity for those actors who choose to provide services in more than one Member State.

An example of this is the General Data Protection Regulation (GDPR): although the objective of this regulation, the right to privacy of European citizens, has been considered an achievement for Europe by positioning itself as a regulatory benchmark, it has created barriers in the European Single Market due to the different ways in which it has been implemented in the different Member States. This has hampered the ability to innovate in areas such as healthcare, e-government and AI, and may have caused Europe to fall behind China and the US in the latter area.<sup>6</sup>

As mentioned above, regulatory harmonisation can be beneficial, and even indispensable, for Eu-

ropean society in certain cases. At the same time, however, excessive harmonisation rules must be avoided, as they risk creating barriers to the four freedoms advocated by the Single Market. This excess could be avoided by means of a cost-benefit analysis that explicitly considers the possible barriers to the Single Market could be created as a result of the harmonised rule.

In this context it is worth recalling that it is the success of the Single Market as an economic concept that has made the integration and cohesion of the European Union possible. Empirical evidence seems to show that over-regulation has eroded the foundations on which the Single Market is based. Therefore, regulatory harmonisation cannot be the means to achieve a Single Market: the only way is to remove barriers, border and non-border, state-level and European-level, to the free movement of goods, services, capital and people.

## Regulation of market structures and Single Market

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Particular attention should be paid to regulation aimed at influencing market structures. It is this regulation that could harm economic growth and the competitiveness of European businesses.

The freedoms of the Single Market should allow the free movement of resources, not only across geographical borders, but also between all economic sectors. However, certain regulations, privilege some actors over others, hindering the movement

of capital to disadvantaged economic sectors, thus creating barriers to the free movement of capital advocated by the Single Market.

Some of the barriers in the telecommunications sector are explained below. Suffice it to mention here to the exit barriers that the European Commission's approach to competition policy has created in several cases, especially where it has imposed conditions or even prohibited certain consolida-



tions of companies present in the market. Such conditions are political barriers to the movement of goods, services and capital.

It is time to return to the path of prosperity and

competitiveness, which started 30 years ago. Now, it is time to identify and remove the regulatory barriers that are holding back competitiveness and the completion of the Single Market.



## 02

## The European Single Market and the telecommunications sector

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As mentioned above, the Digital Single Market aims to make it easier for European industry and society to reap the full benefits of the new digital age. In this sense, the further development of a Single Market for telecommunications infrastructure and services will facilitate the exercise of the four freedoms in

other sectors of the economy. Moving in this direction requires an understanding of the strategic value of the telecommunications sector, its specificities, the state of its competitiveness and the current regulatory approach under which it operates.

### The strategic value of telecommunications for European competitiveness and innovation

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#### A. Telecommunications is a strategic sector

Telecommunications infrastructures are essential to enhance the technological capabilities of the European Union and to reduce possible asymmetries in technological and digital dependencies with third countries, by promoting strategic decision-making guided by the preferences of European citizens.

Next-generation networks, based on *fi-bre-to-the-home* (FTTH) and 5G technologies, offer enhanced capabilities such as lower latency, higher speeds, the ability to connect more devices, and a lower environmental impact<sup>7</sup>. These networks are the underlying platform for accelerating the development of state-of-the-art technologies, such as *edge-cloud* computing, IoT solutions, artificial intelligence, and others, as well as for the development of the digital services of the future.

In addition, the adoption of high-quality connectivity, which enables other digital technologies, is driving the digital and green transition for businesses, increasing their competitiveness and sustainability. This is because enhanced network capabilities enable the development of innovative use cases in all sectors, optimising, for example, urban management, mobility, healthcare, education, public services, or the performance of agriculture and industry.

They also facilitate the development of new digital services and more personalised solutions, which, together with improved access to services in areas such as health, education or work, promote advanced digital experiences. In this way, they contribute to the well-being of citizens by promoting digital skills, digital inclusion, social cohesion and an environmentally sustainable future.<sup>8</sup>



Finally, high-quality connectivity across the EU, starting from the Member States, enables the development of the digital ecosystem and allows digital services to scale. This relevant role has been recognised by the European Commission (EC)<sup>9</sup> on

## B. Telecommunications is an innovative sector

The strategic value of the telecommunications sector for European competitiveness is underpinned by its continuous commitment to innovation. Recent developments in the sector reflect a remarkable capacity for transformation and constant innovation to anticipate and meet society's new digital demands.

The sector has completely reinvented itself: from operating in differentiated networks, such as fixed, mobile, cable or satellite; to converging in networks and services and expanding its offerings, even into other markets, such as TV, in a continuous search for improvements and differentiation in its products and services. Similarly, it has also been able to transform itself to embrace global competitors and emerging technologies, such as artificial intelligence or IoT.

This development has only been possible thanks to a profound and continuous innovation in its pro-

cesses, systems, commercial strategies and, above all, to the technological evolution of the networks that provide connectivity, both fixed and mobile, the central axis on which the competitiveness of the digital economy is based.

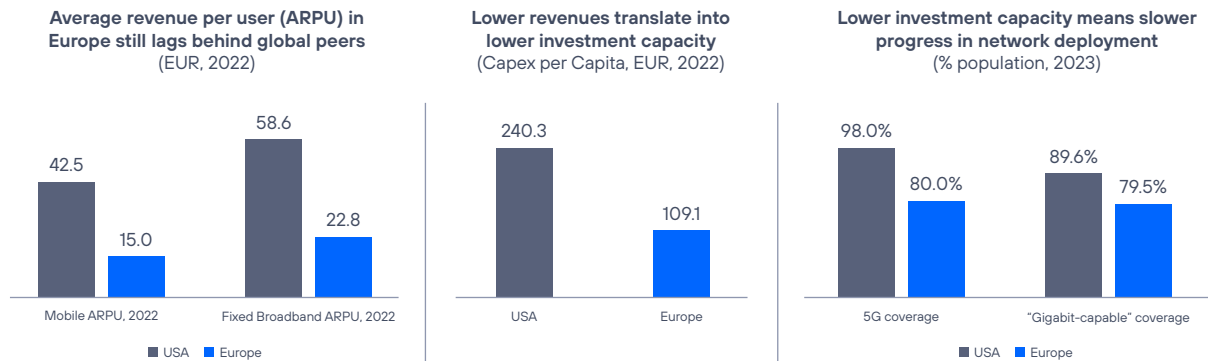
The transformative power of the telecommunications sector and its impact on innovation<sup>11</sup> and competitiveness in the region makes it a de facto strategic ally of the European Union. As proof of the sector's capacity to innovate, it has invested around 50 billion euros per year over the last decade<sup>12</sup>. This investment has enabled networks to evolve towards cutting-edge technologies such as Fibre-to-the-Home (FTTH) and 5G. As a result, European citizens and businesses can now benefit from advanced digital experiences and technological innovation across all sectors.

While in other regions, such as the US, the value of the sector and its operators is growing, the European sector has lost a third of its revenues over the last decade. This has left operators with reduced investment capacity, lower returns, reduced attractiveness to investors and high levels of debt. As a result, Europe is falling behind in building key infrastructure for the connectivity of the future, such as 5G (see Figure 4).<sup>14</sup>

## The state of competitiveness of the telecommunications sector

The European Commission's exploratory consultation on the future of connectivity<sup>13</sup> underlines the importance of gigabit and 5G connectivity for a more competitive, sustainable and cohesive Europe. However, it also reflects the EU's concern about the declining competitiveness and global leadership of the European telecoms sector in recent years.

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**Figure 4:** The European telecommunications sector in Europe is losing competitiveness

**Source:** Telefónica based on "The State of Digital Communications, 2024", ETNO; <https://etno.eu/library/reports/117-state-of-digital-2024.html>

This context is exacerbated in an environment of inflation and high interest rates, where Europe estimates an investment gap of 200 billion euros for all Europeans to enjoy gigabit and 5G connectivity by 2030.<sup>15</sup>

In its 2023 State of the Digital Decade report<sup>16</sup>, the EC highlights the need for reforms to incentivize investment, ensure the success of the digital transition and move towards a competitive Single Market. Current data suggest that European coverage could reach 90% by 2030, putting the EU's "Gigabit for All" target at risk.<sup>17</sup>

In this context, it is crucial to understand the economic and technical characteristics of the telecommunications sector, as well as the current regulatory approach in the EU. This knowledge will help to build on its strengths, but also to identify and remove the specific barriers that limit the investment and innovation capacity of companies in the sector, their competitiveness and the benefits they bring to European society.

This is the only way to consolidate of a Digital Single Market, facilitating the free movement of capitals and the development of European digital services.

## The telecommunications sector, an intrinsically local sector

Operators may currently expand their footprint within the EU, without appreciable legal barriers, as there are no border obstacles to the free movement of goods, services, people, or capital.

However, the business models and production structures required by telecommunications today, due to the necessarily local physical component inherent to fixed and mobile networks, make indiscriminate international expansion unattractive,

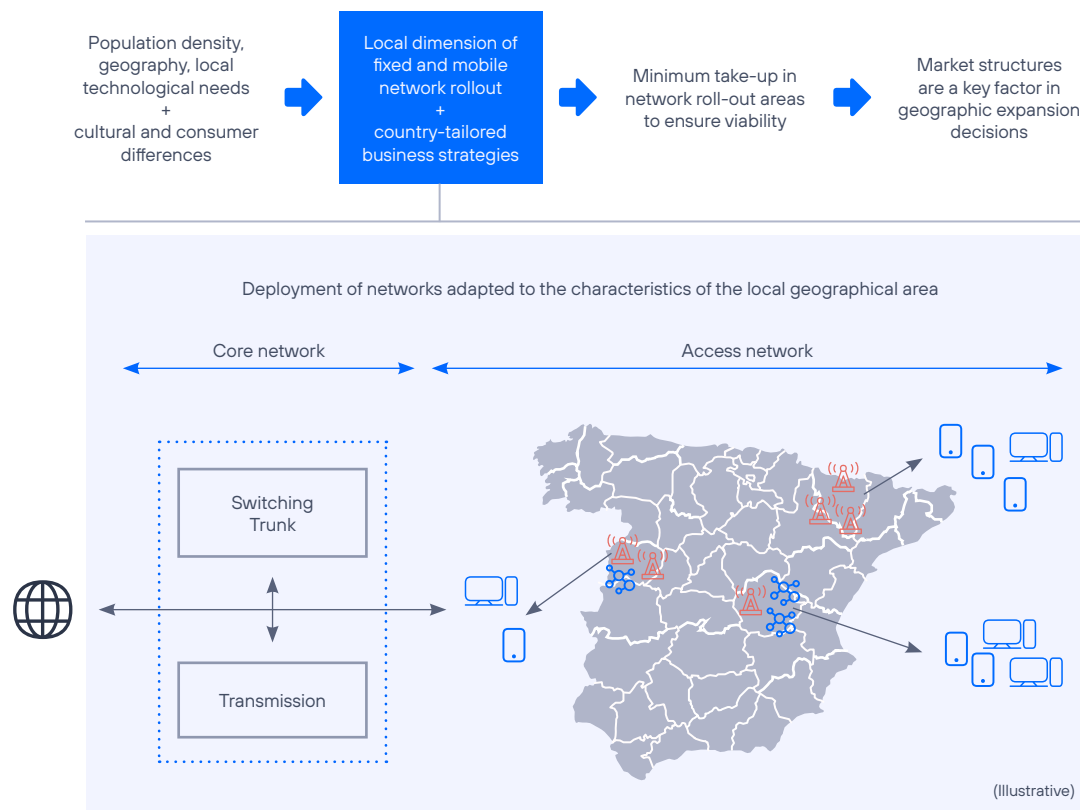
as operators require for their business viability<sup>18</sup> a minimum *take-up* in the areas where they have deployed their networks.

Building and maintaining infrastructure, such as towers or fibre optic networks, requires investment adapted to geography, population density and local technology needs. This diversity requires customised deployments for each geographical area. Fixed and mobile access networks, which re-

present the largest network investment in a given country, cannot be used to serve users in another country. Because of that no local scale is attained and therefore no significant savings accrue from international expansion. In addition, cultural

differences and consumer preferences require nationally or locally adapted commercial strategies, whether in terms of pricing, offers, contracts or customer services.

**Figure 5:** The telecoms sector is inherently local in scale



From this perspective, the expected returns on investment in different geographic markets vary depending on the existing market structures, competitive conditions, and dynamics. These factors have larger impact on geographic expansion decisions than possible economies of scale (see Figure 5). This is because, in order to make investments

profitable, it is necessary to increase the customer base in the area where the infrastructure is deployed, be it local or national.

Understanding this local nature of the sector is fundamental to identifying the barriers that most affect the Single Market of telecommunications.

## Main barriers to the European Single Market for telecommunications

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As mentioned above, no relevant border barriers to free movement in the telecommunications market have been identified. However, other barriers linked to the regulatory and competition policy approach are limiting the sector's competitive capacity. This is also stated in the latest report of the European Round Table (ERT), which highlights that policy and regulatory barriers affect telecom-

munications investment.<sup>19</sup> According to the report, industry sees a need to address non-border market barriers and to evolve the policy approach to prioritise investment and innovation. This is crucial to ensure connectivity that meets the needs of Europeans and stimulates the development of digital services in the EU, which is an unfinished business in Europe.

### A. Connectivity

As noted above, the competitiveness of the sector is declining. Investors attribute the deteriorating financial and investment capacity to an outdated regulatory and competition policy approach focused on short-term pricing.

This approach, adopted during the liberalisation of the sector in the 1990s to promote competition, (wrongly understood as the number of operators), through regulatory privileges, has resulted in a high degree of fragmentation of each national geographic market, preventing the achievement of the minimum take

up necessary to generate adequate returns on investment. At a key moment for Europe's competitiveness, this situation jeopardises investment in the sector.

Moving towards a Single Telecoms Market therefore requires an approach that prioritise the sustainability of investment, where the market, instead of regulation or competition policy, drives competition. As explained above, achieving scale in the domestic market is the first step and the steppingstone to subsequent new deployments, intra- or cross-border.

### B. Spectrum management to facilitate connectivity

Spectrum policy is one of the key factors influencing investment in mobile networks. A divergent approach to spectrum allocation for mobile broadband, including award processes and licensing conditions, carries a significant risk that some countries will follow best practice and encourage investment, while others will not. The lack of consis-

tent quality of connectivity across the EU limits the scale available to developers and digital service providers, putting the EU at a disadvantage compared to other regions.

In addition, the expectation of an additional supply of harmonised spectrum suitable for mobile broadband deploy-



ment is key to increasing the future capacity of mobile networks. This does not imply that new rights of use should be European-wide. As noted above, the scale that makes telecommunications networks viable is local, not international. However, supranational harmonisation of bands does facilitate the development of an ecosystem of terminals and network equipment, from which all customers benefit regardless of whether the operator with which they contract for connectivity has

### C. European Digital Services

European digital services are virtually non-existent today. Europe needs to foster a favourable environment for digital innovation, reduce dependence on digital services from third countries and ensure that they are better adapted to the preferences of European citizens.

High quality connectivity is essential to support the development of “made in the EU” digital services. Technologies such as 5G, IoT, web3, edge-cloud computing or artificial intelligence will create entirely new economic opportunities. Of course, the deployment of these technologies relies on networks, which will provide new capabilities such as increased computing power or different latency levels.

There are currently three key areas where operators believe investment is needed to consolidate the networks of the future: edge-cloud computing for efficient processing close to users; low latency technologies such as 5G and fibre; and programmable networks through global, standardised APIs. In this way, future telecoms networks will be more efficient and flexible to meet the changing needs of citizens and industry in the EU and will facilitate the development of pan-European ser-

a local or transnational dimension.

It is important to note that for operators, spectrum usage rights represent a very important part of their cash outflows. On average, EU operators spend 7% of their annual revenues on spectrum rights of use, which represents 35-40% of their annual CAPEX<sup>20</sup>. A good spectrum policy could free up much of these resources and redirect them towards increased network investment.

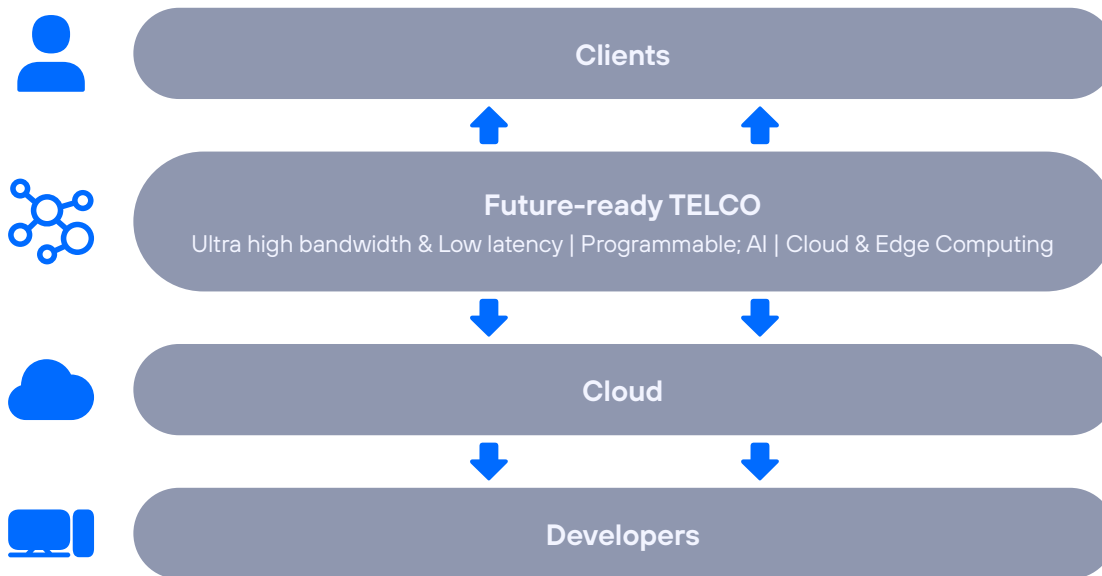
vices thanks to the virtualisation that these technologies enable, always supported by suitable access infrastructures.

#### Open Gateway

Of particular note in this context is Open Gateway<sup>21</sup>, the industry initiative that is transforming networks into programmable platforms through global, standardised APIs. As can be seen from these initiatives, standardisation is a key element. On the one hand, it allows the compatibility of a single digital development to be compatible with the networks of all adherent telecommunications operators. On the other hand, it allows the sector and services to have a global scope and to compete in the digital sphere, thus increasing competitiveness.

This transformation therefore allows each innovative idea to multiply its possibilities and reach. In turn, it allows telecommunications network resources and investments to be efficiently directed towards the needs of European businesses and citizens, thus generating greater benefits for society.

**Figure 6:** Open Gateway: towards programmable networks that promote the global reach of digital services



Further development in networks to provide Europe with the innovation platform for the future digital services requires the existence of a true Single Market for telecommunications, recovering and delving into the principles of freedom of movement that made it successful in the first place. Having achieved cross-border freedom of movement, the focus is

now on the many barriers created by sectoral regulation and competition policy.

In turn, a true Single Market for telecommunications will lead to greater efficiency in the functioning of the Single Market in other sectors of the economy, whether or not through operators with a pan-European footprint.



## 03

## Recommendations

As we move towards a Digital Single Market, it is key to take into account the technical and commercial complexity of the telecoms sector, which is characterised by a strong local dimension. Operators require a minimum take up in the areas of deployment of their fixed and mobile networks to ensure viability. Therefore, the features of market structures influence geographic expansion decisions more than possible economies of scale, difficult to attain through geographical diversification in the telecommunications sector.

While virtualisation, *cloudification* and initiatives such as Open Gateway will facilitate cross-border digital services for businesses and citizens, their viability depends critically on the local deployment of high quality fixed and mobile infrastructure, which in turn depends on the financial health of operators at national level.

The deepening the Digital Single Market can therefore only be pursued by removing legal, administrative and political barriers to the free movement of resources in the telecommunications sector. This will increase their investment capacity at national level to promote the deployment of state-of-the-art digital networks and services throughout the European Union, making it easier for European industry and society to seize the opportunities of the new digital era.

To do this, it is necessary to:

**1.** Undertake a review of existing EU regulation and, where regulations are identified that hamper investment in net-

works and basic infrastructure, promote their removal. These actions will help to facilitate the flow of resources towards the Digital Single Market by fostering a more dynamic environment for the deployment of digital infrastructure.

- Preventing Member States from fragmenting the Single Market through sector-specific regulation. To this end, the EU must ensure that sectoral regulations at Member State level do not become a barrier to the Single Market and promote their removal.

**2.** A competition policy that contributes to the strengthening of the telecommunications sector as a key enabler of the European Single Market is essential. This will facilitate adaptation to the new environment and promote competitiveness. To this end, it is recommended to:

- ensure that competition decisions by European competition authorities do not create exit barriers for market players caused by imposing remedies that create artificial competition.
- facilitate in-market consolidation in the telecommunications sector to enable players to compete and achieve the local scale necessary for their viability.
- review policies and regulatory initiatives to promote sustainable market structures.

**3.** The Digital Single Market needs a regulatory framework that frees up resources to accelerate the deployment of digital infrastructure and services. This



will encourage the expansion and innovation of services, to the benefit of end-users. To this end, it is recommended to:

- simplify regulation to reduce the administrative burdens and associated costs.
- review the fiscal framework to identify adjustments for the creation of tax incentives and the removal of specific tax burdens that may discourage investment.
- take measures to reduce the costs of digital infrastructure deployment, such as simplifying bureaucratic procedures, enabling infrastructure sharing and removing unnecessary barriers.
- include digital infrastructure in the EU taxonomy to recognise the enabling effect of networks in the fight against climate change and the efforts of operators to reduce their environmental footprint, and to create greater certainty and attractiveness for investors in line with sustainable objectives.

**4.** Radio Spectrum Policy is a key element in the Digital Single Market as it can facilitate connectivity, digital inclusion and innovation and economic growth in the European Union. It is therefore recommended to:

- provide certainty for the renewal of licences on reasonable terms. This is a prerequisite for operators to be able to invest with confidence in new network assets and could be achieved by accelerating the provisions already present in the European Electronic Communications Code.

- increase the harmonised supply of spectrum in the low and medium bands for terrestrial mobile networks and ensure that the assignment of such frequencies is done under reasonable conditions and with a view to maximising the value of the spectrum for the end users, instead of using assignment process to maximise the revenues of the State.
- foster cooperation with industry stakeholders, such as telecommunications operators, to understand and address spectrum assignment challenges.

**5.** The preservation of a Single Market requires coordinated action to prevent and remove new unjustified or disproportionate barriers that negatively impact on the “four freedoms” on which it is based. To this end, it is recommended that a cost-benefit analysis of future regulations be carried out in relation to the Single Market. In this way, the EU will strengthen the Single Market by enabling sustained economic and employment growth, on which to build the welfare of European citizens.

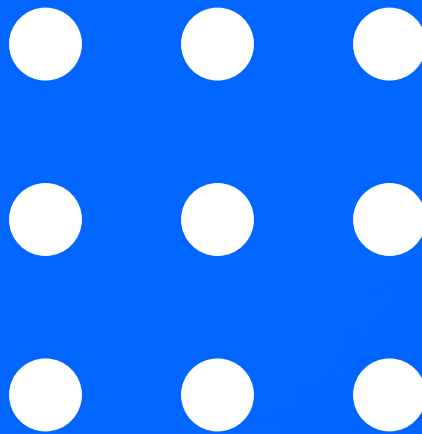
**6.** This is a defining moment for Europe’s competitiveness. The Digital Networks Act (DNA) can be the key tool to deliver a Single Market for telecoms and is therefore a key opportunity to put Europe on the path to long-term prosperity. Given the urgency of the moment, it should be one of the legislative priorities of the next new EU Parliament.<sup>9</sup>



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- <sup>8</sup> According to Ericsson, the ICT sector's carbon footprint is around 1.4% of global emissions, but its potential to reduce global greenhouse gas emissions by more than 15% by 2030.
- <sup>9</sup> This strategic role has been recognised by the European Commission. The sector contributes to the achievement of Europe's objectives for its digital transformation defined around four pillars in the Digital Decade 2030: developing the digital skills of the population, fostering the deployment of high-capacity digital infrastructures, promoting the digital transformation of companies and fostering the digitisation of public services.
- <sup>10</sup> European Commission. [https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/europe-fit-digital-age/europes-digital-decade-digital-targets-2030\\_en](https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/europe-fit-digital-age/europes-digital-decade-digital-targets-2030_en)
- <sup>11</sup> Telefónica, December 2023. <https://www.telefonica.com/en/communication-room/blog/the-impact-of-telecommunications-transformation-on-innovation/>
- <sup>12</sup> ETNO, 2023. <https://etno.eu/downloads/reports/etno-state%20of%20digital%20communications%202023.pdf>
- <sup>13</sup> European Commission. <https://digital-strategy.ec.europa.eu/en/library/results-exploratory-consultation-future-electronic-communications-sector-and-its-infrastructure>
- <sup>14</sup> Recent trends show that the European telecommunications sector is losing size and global competitiveness. The declining path of the revenue market over the last decade (-33% vs. +18% in the US) is substantially reducing the availability of financial resources for investment. This translates into lower investment capacity in Europe (€109.1/per capita vs. €240/per capita in the US) and the consequent slower pace of network rollout, as well as higher financial leverage in an environment of uncertain inflation and interest rates. In relation to 5G, according to Analysys Mason in 2023, 23% of mobile connections in the European Union are 5G (24% if the UK is included), while in the US this figure reaches 55.6%, Japan 39%, South Korea 57% or China 79.9% (Analysys Mason, data consulted in January 2024). Source: Omdia, Communications Provider Revenue and Capex Tracker 3Q2023; The State of Digital Communications, 2024, ETNO. <https://etno.eu/library/reports/117-state-of-digital-2024.html>
- <sup>15</sup> European Commission, 2023. <https://digital-strategy.ec.europa.eu/en/library/investment-and-funding-needs-digital-decade-connectivity-targets>
- <sup>16</sup> European Commission. <https://digital-strategy.ec.europa.eu/en/library/2023-report-state-digital-decade>
- <sup>17</sup> Etno, 2023. <https://etno.eu/library/reports/112-the-state-of-digital-communications-2023.html>
- <sup>18</sup> <https://www.competitionpolicyinternational.com/the-indivisibility-of-telecommunications-networks-a-possible-explanation-for-past-and-present-trends-in-telco-mergers/>
- <sup>19</sup> ERT, November 2023. <https://ert.eu/wp-content/uploads/2023/11/ERT-Expert-Paper-on-Connectivity-November-2023.pdf>
- <sup>20</sup> Ericsson / Aetha Consulting, 2022. <https://aethaconsulting.com/wp-content/uploads/2022/12/aetha-consulting-european-spectrum-renewals-report.pdf>
- <sup>21</sup> Telefónica, 2023. <https://opengateway.telefonica.com/>; <https://www.telefonica.com/en/communication-room/blog/how-open-gateway-increases-market-efficiency-and-social-welfare/>

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