



**TELE
INDUSTRIEN**
teleselskabernes
branchesamarbejde



7 March 2025

Response from:

The Telecom Industry Association Denmark (TI)

Danish Chamber of Commerce

Consultation on questionnaire for study on finance /demand /USO

The Telecom Industry Association Denmark (TI) and The Danish Chamber of Commerce appreciate the opportunity to contribute to the Commission's coming work on the Digital Networks Act (DNA).

TI is a Danish industry organization representing the vast majority of Danish private entities related to and within the Danish telco sector. Currently, TI has 30 members ranging from MNOs, MVNOs, fibre, cable and copper operators, towercos to internet and TV-service providers.

Danish Chamber of Commerce is the network for companies within Retail, Service, IT, Transport, Tourism and Health industries in Denmark. We are one of the largest business organizations in Denmark with more than 400 employees and offices in Copenhagen, Aarhus, Brussels and New York – and representing 18.000 companies.

State of play

- 85bn DKK has been invested in Denmark's digital infrastructure over the last 10 years.
- The Danish telco sector expects a need of 60bn DKK investments in 2024-2030 to futureproof and secure digital infrastructure and the functioning of society.
- However, Danish telcos face significant financial pressure, that weaken their ability and incentive to invest.
- The telco sector is increasingly challenged due to high interest rates, a vendor market influenced by geopolitical tension, increased security threats and limited economies of scale.
- In the past five years, the ROCE by the largest operators in Denmark has been lower than the WACC in the EU proposed by Draghi (2024).
- In the past five years, industry profit margin has fallen more than 7% and is now down to 6.4%.
- Also, from 2021 to 2023 the investments in new digital infrastructure dropped by 11% in Denmark.

Source: The Value & Benefits of Future-Proof Digital Infrastructure for Denmark (Copenhagen Economics 2024)

cestudy_valueofdigitalinfrastructure_final_16dec_clean.pdf

Need for investments

Need for investments

- We share the view proclaimed in the Commission's white paper on 'How to master Europe's digital infrastructure need?' that supporting Europe's connectivity ecosystem requires a step change in investment levels, which must be enabled by a reform of EU rules and policies – hence, Europe's telecom and competition policy needs a paradigm shift.
- We urge the Commission and Member States to ensure framework conditions that enhance incentives to invest in future-proof and secure digital infrastructure.
- We believe that in-market consolidation related to digital infrastructure is essential for unlocking economies of scale and generating efficiencies.
- However, a highly restrictive interpretation of the merger control rules related to in-market consolidations, has resulted in a narrow focus on the impact on consumer prices alone leaving out other key parameters such as future levels of investments, innovation, as well as sustainability initiatives and increased security needs.
- By merging resources and operational streamlining, the telco sector can unlock resources that are vital for much-needed investments.
- In-market consolidation should be seen as a catalyst to higher investment levels, rather than a deterrent to competition.
- Potential synergies related to cross-border mergers will most likely be less significant compared to the benefits of in-market consolidation.
- Due to geopolitical tension telco markets need to be sustainable at a national level. We need strong national operators with the capacity to invest.

Again, we thank you for the opportunity to contribute to the Commission's work, and we are, of course, available for further clarification if needed.

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