EUROPEAN WIRELESS INFRASTRUCTURE ASSOCIATION

EWIA response to the White Paper ''How to master Europe's digital infrastructure needs?"

June 2024

European Wireless Infrastructure Association - EWIA

EWIA – the European Wireless Infrastructure Association – welcomes the opportunity to share its views on the White Paper ''How to master Europe's digital infrastructure needs?" adopted by the European Commission on 21 February 2024.

As the European trade association of independent wholesale wireless infrastructure providers, EWIA advocates policies that facilitate and encourage network infrastructure investment and deployment with the goal of making advanced wireless broadband available everywhere – including in rural areas - for EU citizens, businesses and public services, to the benefit of the European economy and society.

Independent TowerCos are significant contributors to the massive investment needs highlighted by the White paper to reach the 2030 Digital Decade wireless connectivity targets

Contribution to the financing of the Digital Decade wireless connectivity targets by independent Towercos has been well above 32 billion euros as of end 2023[1]. In most national markets, MNOs have engaged in tower outsourcing either to TowerCos in which they retain a full or partial interest, or more commonly to independent TowerCos. For MNOs, outsourcing to independent TowerCos brings upfront capital (amounting to circa 26 billion euros by 2023), which they can reinvest in their networks to improve coverage and accelerate 5G rollouts. Amongst others, this reflects one important vehicle how independent TowerCos have enabled and stimulated connectivity roll-out in the EU.

Looking forward, there is room for the independent TowerCo model to develop in Europe. Europe counts 500,000 tower sites, a number still growing, out of which 39% are operated by independent TowerCos, showing significant growth from 13% in 2014. The EU would greatly benefit from an economic standpoint if that trend is pursued throughout the Digital Decade, catching up with the global level of circa 54%. Moreover, EWIA members have demonstrated strong organic investment capacity and commitment, which will help continuing the sector's growth journey by deploying towers and enabling mobile connectivity services.

[1] According to "The economic contribution of the European wireless infrastructure sector", a report by EY Parthenon for EWIA, May 2024, which is the source of other economic data provided in this paper.

The independent TowerCo model provides concrete answers to many challenges highlighted in the White Paper

In addition to the role taken by independent TowerCos in financing part of the necessary investment in the wireless connectivity infrastructure, outsourcing of wireless infrastructure to independent TowerCos provides a number of other benefits to MNOs, the wider wireless sector and, ultimately, the consumer.

- **More efficient Infrastructure sharing**. The average number of wireless network operators sharing an independent tower is 2.1, compared with 1.3 for MNO-controlled towers. Infrastructure can thus be delivered at a lower cost, reducing unnecessary duplication.

- **Economic savings**. A typical location of a wireless network operator ("point of presence") managed by a TowerCo is circa 40% more efficient than one managed by an MNO, resulting in projected economic savings of 31 billion euros across Europe between 2019 and 2029 on the assumption that 50% of towers will then be owned by independent TowerCos. Sharing towers with multiple tenants reduces overall cost for mobile operators, which as a consequence should contribute to lower prices for consumers.

- **Improved coverage**. Cheaper and faster rollout to rural areas helps to address the digital divide.

- **Improved service quality**. By lowering the costs of upgrading towers to provide more capacity infrastructure, outsourcing to independent TowerCos makes upgrades more cost-effective, improving service quality for consumers.

- **Improved competition and innovation**. Quicker and cheaper access for small and large wireless service providers shortens the Time to Market.

- **Environmental benefits**. Due to co-location, fewer towers are needed to meet demand, reducing the carbon emissions and visual impact of new towers. Thanks to the ability to host active equipment from multiple mobile operators, a scenario where independent TowerCos are responsible for the deployment of 50% of all towers by 2030 will result in 109,000 fewer towers being built. In addition, a TowerCo-led deployment by 2030 in Europe will result in the avoidance of almost 4 million tons of CO2 emissions, which is the equivalent of taking almost 200,000 cars off the road each year.[2]

As a consequence of the benefits of the TowerCo model, the share of independent TowerCos in Europe has increased in recent years (from 13% in 2014 and 17% in 2018 to 35% in 2021 and 39% in 2023), and is expected to continue to grow toward the global level of circa 54%.

[2] According to "The sustainability contribution of the European independent TowerCos sector", a report by EY Parthenon for EWIA, March 2023.

While Europe is on the right track, the EU regulatory framework should consider further the independent TowerCo model as a lever to reach the objectives of the White Paper

The current regulatory framework has supported long-term international investment in European wireless infrastructure. This has stimulated an active tower sales and M&A market with more than 51 billion euros in tower deals since 2019, resulting in significant injection of capital in the development of the wireless digital infrastructure.

Should a reform of the current EU regulatory framework take place in the future as envisaged in Pillar II under scenario 4 in the White Paper, EWIA calls for encouraging investment in infrastructure, while keeping the functioning market and the competitive dynamics of our sector intact as a primary objective of the new framework. Given the number of benefits it provides, the independent TowerCo model requires a tailor-made regulatory lens that incentivizes investment and preserves the functioning, neutral and sharing-driven nature without over-burdening it. Alongside scenario 4, we already identify some key drivers:

- The EECC, in particular article 80, recognizes the specificity and benefits of wholesale-only wireless infrastructure provision, while providing a clear mechanism to ex-ante address market inefficiencies in case of SMP. This recognition of the pro-competitive model must remain supported in the future.

- Discussions during the GIA adoption process have emphasized that the huge investment made in European wireless infrastructure must be protected from opportunistic and speculative behaviors.

- Long term regulatory certainty and contract security are also essential elements to maintain interest and attractiveness to investment.

- EWIA has emerged as a leading voice to represent the wireless infrastructure sector. At a time when more than 39% of infrastructure is outsourced to independent TowerCos, and 90% of tower infrastructure is no longer MNO captive, EWIA is enlarging its membership base and intends to participate proactively to the regulatory works. In particular, EWIA would welcome to contribute as observer to EU comitology (COCOM).

Conclusion

As a key contributor to and enabler of the deployment of Europe's digital infrastructure, EWIA will follow closely the relevant developments related to the White Paper and is available to engage with policy-makers on the best ways to master Europe's digital infrastructure needs. EWIA members remain committed to contributing to the achievement of the EU connectivity objectives and to the roll-out of the digital infrastructure it needs for the benefit of the EU society and competitiveness.

About EWIA

EWIA is the European trade association of independent wholesale wireless infrastructure providers. Our members invest in and operate wireless infrastructure essential to the delivery of mobile voice, wireless broadband and other wireless networks.

EWIA is a well-established association with nine members operating across sixteen European countries who develop, acquire and operate communication towers, together with investment in the fiber-connected small cell networks in buildings and on city streets needed for 5G. In total, our members operate over 195,000 wireless infrastructure assets in Europe, raising the share of independent wireless infrastructure in Europe to 39%.