

Response to public consultation on State Aid for Broadband Networks

European Wireless Infrastructure Association – EWIA

About us

We are the **European Wireless Infrastructure Association**, the European trade association of 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 presence in Europe with **ten members operating across sixteen European countries** who develop, acquire and operate communication towers together with investment in the fibre-connected small cell networks in buildings and on city streets needed for 5G. Together, our members have invested and operate over €100bn of wireless infrastructure assets globally and operate a portfolio of over 150,000 assets in Europe, raising the share of independent wireless infrastructure in Europe to 35%.

EWIA advocates policies that **encourage the network infrastructure investment and deployment**: this is necessary to make advanced wireless broadband available everywhere for consumers, businesses, health care, public safety and the countless other sectors that rely on always-on wireless connections. This includes ensuring better and faster connectivity in rural areas.

Revision of Guidelines on State Aid for Broadband Networks

EWIA welcomes the review of the Guidelines on State aid for broadband networks in particular as such review reflects the ongoing technological and market developments and will make it possible to unlock necessary investments for 5G rollout and the recovery from the pandemic. In our views, the

revised Guidelines can support the digital transition, contribute to the achievement of the European Gigabit Society objectives, and implement the Digital Compass.

We strongly believe that there is a need for as many tools as possible to provide 5G coverage everywhere in the EU. EWIA members could play a role to support such effort, as independent neutral host infrastructure is twice as productive as vertically integrated infrastructure, leading to better connectivity. Independent wholesale only infrastructure operators can deliver a more efficient form of infrastructure. With a very different business model to the vertically integrated operators, they are incentivised to maximise utilisation of the assets, leading to higher productivity and ultimately better connectivity. Studies by EY for EWIA have shown that independent neutral host infrastructure delivers a collocation ratio almost two times higher than vertically integrated assets.

We also believe that it is important to allocate public funds, wherever there is a verified market failure, as soon as possible for the new market to work. EWIA members could also play a role in unlocking investments that will be critical to 5G. An opportunity exists to tap into the investment from long term infrastructure focused investors; infrastructure funds alone have an estimated \$160bn available for investment in long term infrastructure assets. Globally, this is the preferred model with nearly two thirds of wireless infrastructure outsourced to neutral host players, as wireless operators take advantage of the long-term, low-cost capital in this sector; yet Europe still falls behind with only 35% of such infrastructure held independently.

In this context, it is important to recall that State aid intervention should be also open to infrastructure providers such as independent towercos. There have been many cases, in the past, where public funding was available, by the rules, only to operators that were providing services directly to final users (most of the time consumers) and so has gone mostly to mobile operators. We think there should be no discrimination against tower operators in the infrastructure provision market, so that tower operators should be able to benefit from state aid in the same way operators have done in the past. In order to encourage Member States not to exclude TowerCos from being a potential recipient of the state aid, it would be worth to have some further clarifications in the text.

In Paragraphs (27) to (30) – Definition of service of a general economic interest ('SGEI') for which state aids are likely to be granted – the European Commission only provides certain criteria to the Member States who ultimately will decide which services qualify as SGEI in their jurisdiction. Independent

TowerCos do meet all the requirements set forth in paragraph (29) of the Communication, specifically as to the fact that the “SGEI provider must offer all possible forms of open wholesale access on a non-discriminatory basis, fostering the provision of competitive and affordable services to end-users”.

On the other hand, although it seems that there is no specific provision in the Communication that exclude TowerCos from the scope of the state aids, certain references might lead to certain confusion as to whether TowerCos should be held as a potential beneficiary of those aids. For instance:

- paragraph (119) specifically refers to “providers of electronic communications networks and services”
- paragraphs (131-132) refer to “operators”, which is the wording used by the European Electronic Communications Code (EECC) and also includes TowerCos. While such wording is clear for experts, it is not always understood by national authorities or other institutions dealing with funding projects.

We would therefore suggest clarifying that the wording of the Communications is aligned with the EECC, in order to make sure that the term ‘operator’ is understood as including independent TowerCos. This would encourage Member States not to exclude TowerCos from being a potential recipient of the state aid.