telenor group

Telenor's Position on the European Commission's Review of the EU Merger Guidelines

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Why Reform is Needed

The EU's merger policy framework has not been updated for over twenty years. In that time, markets have been transformed by digitalisation and global competition. Geopolitical shifts highlighted the urgent need for increased investment in secure and resilient connectivity infrastructure in Europe.

The Commission's current approach places primary emphasis on the risk that mergers may reduce competition, raise prices, or harm consumers in the short term. This does not adequately reflect the realities of investment-intensive sectors such as telecommunications, where sufficient scale is essential for growth, productivity, and long-term innovation.

As Mario Draghi and Enrico Letta have argued, scale in telecoms is needed to deliver higher rates of investment in connectivity and resilience. Without reform, Europe risks falling further behind global competitors who already benefit from scale.

Key Aspects of the Reform

Mergers in the telecom sector should not be seen only through the lens of short-term price effects, but as a way to build the capacity to invest, innovate, and deliver secure, resilient, high-quality networks. Scale reduces duplication and pools scarce assets such as spectrum, towers, and fiber, allowing more efficient capital allocation and faster rollout of advanced infrastructure including 5G Standalone, sovereign edge cloud, and ultimately 6G. It also enables broader and faster coverage, particularly in rural and hard-to-reach areas, ensuring that the benefits of connectivity extend to all consumers and businesses.

Consolidation also strengthens network security and resilience by making it economically viable to invest in redundancy, backup power, failover routing and cybersecurity capabilities. Such measures protect connectivity during cyberattacks, sabotage, energy blackouts or extreme weather events. These gains are not abstract but measurable, for example in terms of network uptime, recovery times, or the share of sites with backup power. Such investments are vital for Europe's security and competitiveness in an increasingly adversarial geopolitical environment.

In markets with high fixed costs and long investment cycles, such as telecoms, sufficient scale is not optional but a prerequisite for sustainable competition. It is also the only way operators can keep pace with rapidly growing capacity demands, driven by data-intensive applications, AI services, and the future evolution towards 6G. In practice, the most substantial benefits arise from in-market consolidation, where network integration and capital synergies can be fully realised. Cross-border mergers may bring some synergies, but fragmented national regulations and infrastructure dependencies mean they cannot deliver efficiencies of the same scale.

Innovation also depends on scale. Larger operators can combine technical expertise and data resources to deliver ecosystem-wide progress, from AI-driven optimisation and predictive maintenance to advanced cybersecurity. With this scale, the rollout of sovereign cloud and edge infrastructure can be accelerated, supporting digital sovereignty and enabling new applications in sectors such as health, energy, and transport.

These benefits cascade across Europe's economy, enabling both businesses and public services to build new applications on top of robust, future-proof connectivity. For consumers, this translates directly into faster services, higher quality, and greater reliability.

The environmental sustainability benefits of mergers must equally be recognised. Rationalised networks cut energy use, reduce e-waste, and avoid duplicative infrastructure. These "green efficiencies" are central to Europe's climate neutrality goals and should be explicitly included in merger assessments.

The Guidelines must also better reflect dynamic effects. Telecom investments have long payback periods. A narrow focus on the short term systematically underestimates the benefits of mergers. A longer-term perspective is needed to capture the full consumer gains from improvements in quality of service, coverage, resilience, and innovation.

Efficiency tests should become more realistic. At present, the evidentiary bar is so high that merger-specific, measurable benefits such as improved service quality or resilience would be dismissed as speculative. Companies should be able to rely on credible business evidence, past experience, and expert analysis, with a pragmatic test of whether efficiencies benefitting consumers are likely to materialise.

Finally, the framework must adapt to digitalisation. Telecoms compete and collaborate within a broader ecosystem shaped by global platforms, hyperscalers, and data-driven business models. The updated framework should reflect these dynamics, ensuring that European operators can achieve the scale needed to compete fairly and to negotiate on equal terms. Data aggregation enabled by mergers can also deliver concrete efficiencies such as energy optimisation, predictive maintenance, and enhanced cybersecurity.

Although remedies, regrettably, are not in the scope of the consultation, we note that, if designed well, they enable, not undermine, efficiencies. To be effective, remedies must support the long-term objectives of investment, innovation, and resilience. Overly rigid or heavy-handed remedies risk eroding the very efficiencies that make mergers pro-competitive. A more balanced and flexible approach is needed that safeguards competition while allowing merged entities to deliver the scale-related benefits. Well-designed behavioural remedies may offer a more proportionate way to address specific concerns without undermining the investment and innovation incentives that ultimately benefit consumers and Europe's wider economy.

What We Ask

Telenor calls on the European Commission to ensure that the revised Merger Guidelines:

- Integrate **dynamic analysis** of investment and innovation incentives, particularly in capital-intensive sectors.
- Give **structured weight to resilience and non-price benefits**, including service quality and security.
- Recognise **green efficiencies** as legitimate merger benefits.
- Apply **realistic evidentiary standards** that reflect the evidence businesses can credibly provide.
- Adapt to **digitalisation and platformisation**, recognising ecosystem dynamics and data-driven efficiencies.

With the right reforms, merger control can strike a better balance: protecting competition while empowering Europe to compete globally, deliver on its climate goals, and secure the connectivity future that citizens and businesses depend on. Read our full response to the consultation here: [Public policy - Telenor Group]