



## **Telenor's position on the European Commission's draft Merger Guidelines**

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Telenor welcomes the European Commission's draft Merger Guidelines and supports the more forward-looking approach they represent in support of the competitiveness of the European Union.

The draft is a meaningful improvement on the existing framework. It recognises more clearly that mergers can strengthen competitive outcomes and benefit consumers and businesses. It gives greater prominence in merger assessments to dynamic benefits stemming from scale, investment, innovation, quality and resilience. These factors are particularly important in telecommunications, where competition depends on sustained investment in networks, security and new technology.

The final Guidelines should build on this positive foundation and make clear how these considerations will be applied in practice.

### **Merger assessment should reflect how competition develops over time**

Traditional merger analysis often places considerable weight on market shares and concentration, as well as potential short-term price effects. Market shares and concentration can help identify where closer scrutiny is warranted, but they should not determine the outcome. The assessment should examine how the merger is likely to affect rivalry, prices, investment and broader consumer outcomes.

Telecom operators compete not only on price, but also through network quality, capacity, coverage, reliability, cybersecurity and technological renewal. These dimensions depend on sustained investment and develop over longer periods.

The final Guidelines should therefore ensure that the balance between static and dynamic analysis reflects the characteristics of the market. In sectors with long investment cycles, the Commission should assess how a merger affects firms' ability and incentives to invest, adapt and compete over a time horizon consistent with the economic realities of the sector.

### **Scale and investment can strengthen competition**

Investment is a central dimension of competition in telecommunications. Operators compete by expanding capacity, improving coverage and quality, strengthening security and resilience, and deploying new technologies and services.

The draft Guidelines recognise that scale can generate benefits, but, when defining pro-competitive scale, focus narrowly on cross-border mergers, complementary activities and firms competing in global markets. In telecommunications, significant benefits can also arise from scale within a national market where the structure of competition does not provide a sustainable basis



for long-term investment. Networks involve high fixed costs, scarce spectrum and recurring investment requirements. In such circumstances, consolidation can allow more efficient use of spectrum and network infrastructure, strengthen firms' ability and incentives to invest, and make larger or earlier investments commercially viable.

The final Guidelines should therefore recognise that scale can be pro-competitive where it supports investment and enables firms to exert greater competitive pressure. The Commission should assess how a merger is likely to affect the timing, scale and effectiveness of investment, and how those changes translate into outcomes for consumers and businesses, including better coverage, capacity, reliability and technological development.

This assessment must reflect the long investment cycles of the sector. In telecommunications, some benefits may take five to eight years to fully materialise after a merger. They should not be dismissed for that reason alone because they materialise later than potential short-term effects.

### **Resilience as a competitive parameter**

Telenor welcomes the draft Guidelines' recognition that resilience can form part of the competitive assessment. Telecommunications networks are critical infrastructure. Consumers, businesses and public authorities depend on them for communications, payments, emergency services and public administration. Resilience is therefore not only a wider public-interest consideration. It can be a direct aspect of service quality and competition, particularly for business and public-sector customers that rely on robust networks for critical services. Customers benefit from networks that are more reliable, secure and able to recover quickly from disruption.

A merger may strengthen resilience by enabling investment in backup power, geographically diverse infrastructure, alternative routing, cybersecurity capabilities, spare capacity and faster recovery arrangements.

The final Guidelines should provide clearer guidance on how such benefits will be assessed and balanced against potential harm. Otherwise, resilience risks being recognised in principle but given limited weight in individual cases.

### **A consistent approach to positive and negative effects**

The draft states that theories of harm and theories of benefit should be assessed according to the same evidentiary principles. This is welcome. In practice, however, short-term price effects are often easier to quantify than longer-term benefits. This creates a risk that readily measurable risks receive greater weight than important but less quantifiable improvements in quality, investment or resilience.

The final Guidelines should ensure that the same approach to uncertainty is applied to both harm and benefit. Qualitative evidence should be accepted where precise quantification is not realistic, where the effect is plausible and supported by business plans, technical evidence, internal



documents or past experience. Neither potential harm nor potential benefit should be given less weight simply because it cannot be quantified with precision.

### **A realistic counterfactual and clearer balancing**

A merger should be compared with the conditions genuinely likely to prevail without it. The Commission should not automatically assume that the market will remain unchanged. Without the merger, investment may be delayed, quality may deteriorate or a firm's competitive position may weaken. Such developments should form part of the assessment where they are supported by credible evidence.

Potential alternatives, such as network sharing or commercial cooperation, should not be assumed to replicate the benefits of a merger. Network sharing can deliver efficiencies, but it typically involves joint decision-making, governance constraints and may, amongst others, reduce flexibility over future network upgrades. Its feasibility, timing, incentives, governance and execution risks should be assessed realistically.

Merger benefits should not be dismissed simply because they relate to regulatory requirements or compliance. Regulation is often framed broadly or sets minimum requirements, leaving room for firms to deliver higher quality, stronger security and resilience or better outcomes for customers.

The Guidelines should also explain more clearly how they will balance harm and benefit. The Commission should consider the probability, magnitude, timing and duration of each effect and explain transparently how short-term and long-term outcomes are compared.

### **Conclusion**

In Telenor's view, the draft Guidelines are a meaningful step forward. The final version now needs to make that approach workable. A sound merger framework should not start from the view that consolidation is harmful, nor assume that scale is always beneficial. It should look at the evidence and ask whether the merger is likely to produce better competitive outcomes for consumers and businesses over time.