

Telecom Sector: The Digital Network Act Must Be a Game Changer

The telecom sector is eagerly awaiting the European Commission's proposal to reform the telecom regulatory framework, known as the "Digital Network Act" (DNA), scheduled for the end of January 2026. This proposal is part of a broader approach that demands the adoption of an ambitious legislative act.

In the current geopolitical context, the European Union (EU) has no choice but to strengthen its overall competitiveness and develop its sovereignty. These objectives cannot be achieved without a robust and innovative telecom sector: network connectivity is at the heart of our digital transition, growth, and daily lives.

As the telecom sector undergoes profound transformation, **the regulatory framework cannot remain anchored in principles from a bygone era. The credibility of Europe depends on it.** The DNA must enable the sector to meet the challenges of the 21st century, which requires several essential reforms.

1. A Rapidly Evolving European Telecom Sector

Today's telecom sector is vastly different from the one that led to the creation of the current regulatory framework, namely the European Electronic Communications Code (EECC). Published in 2018, this Code amended directives from 2002 and no longer reflects the realities of the market.

Some of the key transformations include:



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- **The shift from copper networks to fibre and the move from initial 4G deployments to widespread 5G and beyond.**
- **Deep technological transformation of connectivity networks** becoming platforms with increased use of software and cloud solutions.
- **Massive investments**¹ by the sector, reaching €64.5 billion in 2023, with approximately 46% dedicated to FTTH (Fibre to the Home) and around 30% to mobile networks.
- **Transition from a fixed internet market based solely on the existing copper network to a fibre market** where multiple private and public actors invest and compete.
- **Significant development of satellite networks**; their growth will continue with the launch of services such as "Direct to Device."
- **Integration of artificial intelligence**: with great opportunities to make networks more agile and intelligent, as well as enhancing services—developing digital twins for network maintenance or customer activities, interactive chatbots for customer relations, etc.
- **Continuous growth in data traffic**; this trend will persist with the development of AI and with applications related to augmented and virtual reality².
- **Low retail prices for European consumers**; in Europe, telecom retail prices remain low. In France, they have decreased in real terms since 2013, unlike other sectors such as electricity, energy, or postal services³. The downward trend in retail prices, combined with colossal investments by operators, weighs heavily on revenues. European telecom revenues declined⁴ by 4.4% in real terms in 2023, while the consumer price index increased by 6.4%. The average mobile revenue per user (ARPU) in Europe decreased by 5.9% compared to the previous year (in real terms).
- **Insufficient return on investment**; the Return on Capital Employed (ROCE), the key indicator for assessing ROI, fell from 9.1% in 2017 to 6.8% in 2023, illustrating the difficulty European telecom operators face in generating adequate returns.
- **Ever rising cyberattacks**; operators must invest to anticipate, detect, and counter increasingly frequent cyber-attacks, in a geopolitically complex environment.

The sector is therefore continuously evolving, facing numerous challenges to overcome, with a regulatory framework from the 1990s that has now shown its limits.

2. An Outdated and Inadequate Regulatory Framework

The EECC has become largely disconnected from these evolutions and new market realities, which is a widely shared observation.

Enrico Letta, in his April 2024 report on the Single Market, "Much More than a Market"⁵, states that the telecom sector, along with energy and finance, has been left outside European integration and must be addressed urgently. Mario Draghi, in his September 2024 report "The Future of European Competitiveness"⁶, warns about the telecom sector's financial situation, emphasizing declining profitability and market fragmentation—challenging circumstances at a time when Europe's economy and society must digitalise to stay competitive globally.

Both call for substantial reforms. Mr. Letta highlights the importance of economies of scale and consolidation, and the need to revise rules concerning spectrum (e.g., 40-year licenses), net neutrality, and governance.

Mr. Draghi advocates for a new regulatory framework—a new EU Telecom Act—which should include:

- Fewer *ex ante* rules at the national level, with more emphasis on ex-post competition enforcement;
- Measures to improve relations between operators and large platforms;
- Longer spectrum licenses (doubling current durations) and greater harmonization.

European leaders have shared these concerns, as reflected in the conclusions of the European Council of April 17-18, 2024⁷. The European Ministers of Telecommunications' conclusions of June 6, 2025⁸ also underline the need to deepen the Single Telecom Market and enhance digital competitiveness and sovereignty.

The European Commission's 2024 consultation on its White Paper, "How to master Europe's digital infrastructure needs?"⁹, aligned with this momentum. The White Paper recognizes that the financial situation of the telecom sector is problematic and that current investment levels will not suffice to meet the EU's Digital Decade objectives, emphasizing that the internal telecom market remains incomplete. The Commission has proposed several avenues for reform, including:

- Adapting regulation for fixed networks to the new fibre environment, clarifying that *ex ante* regulation should no

longer be automatic (reversing the burden of proof and removing the Relevant Markets Recommendation), while maintaining a safety net for intervention if needed;

- Further harmonizing spectrum allocation methods and license durations, emphasizing that allocation conditions should support network investments.

The sector welcomed President von der Leyen's ambition, which, in her mission letter to Executive Vice-President (EVP) Virkkunen, set the goal of initiating *"a new Digital Networks Act to help boost secure high-speed broadband, both fixed and wireless."* Ms Virkkunen confirmed at the December 2024 Telecom Council that status quo is not an option, and that ambition is necessary if Europe is to remain competitive globally. This ambition was reiterated by President von der Leyen during her September 2025 State of the Union address, where she announced the development of a roadmap toward a single telecom market by 2028.

However, **alarmingly, by the end of 2025, the concrete implementation of Draghi's recommendations is significantly delayed**. According to the EPIC think tank's September 2025 Observatory¹⁰, the digital sector is far behind other sectors. Their latest report¹¹ on the future DNA states that *"only 35% of Draghi's telecom recommendations have a realistic path to delivery, with security and technological sovereignty emerging as the only pillars with consistent political momentum"*.

This concern about Europe's level of ambition for regulatory reform was echoed last October by several Members of the European Parliament in a letter to EVP Virkkunen.

3. Essential Measures for the Future DNA

From Orange's perspective, several measures are vital to enable the EU to improve the sector's financial health and support the investments needed for a digitized and competitive Europe. These measures include:

- **Access regulation for fixed networks to support investment:** Deregulation of networks with a safety net and strengthened harmonisation; Civil engineering infrastructure management via the Gigabit Infrastructure Act; Removal of the Relevant Markets Recommendation, which no longer fits market evolution's cycles.
- **Spectrum allocation modalities by Member States to support investment:** Extended license durations (40 years) with automatic renewal; Harmonized criteria under the

oversight of the European Commission; Integration of satellite services within the regulatory framework.

- **Fairer competition within the value chain:** Applying net neutrality principles to key actors of the value chain such as operating systems; Obligation for large content platforms to negotiate with operators, with a mechanism for dispute resolution.
- **Modernised consumer protection:** Abrogation of obsolete or redundant obligations under horizontal EU law (e.g., ePrivacy) and harmonisation of residual sectoral rules; Abolition of universal service rules, replaced by state support systems for citizens in need (e.g., vouchers).

To conclude, Mr. Draghi's message remains highly relevant: *"The alternative to action is a slow agony of decline."*

Modernising the telecom regulatory framework is not an option but an urgent necessity. Europe's competitiveness and digital sovereignty depend on it. **We call on the European Commission, Member States, and the European Parliament to demonstrate strong and concrete ambition in shaping the future Digital Network Act**—so that the EU can successfully complete its digital transition and secure its rightful place on the global stage

Footnotes

¹ See Connect Europe - [State of Digital Communications 2025](#).

² See [Ericsson](#), "Total mobile data traffic is forecast to grow 20–30 percent yearly for the next few years, with growth rate slowing to under 20 percent in the latter forecast years. XR's contribution to mobile data traffic growth is yet to be fully quantified – if adoption accelerates, growth could exceed current estimates."

³ See the [Report](#) by the French Federation of Telecommunications – December 2024.

⁴ See Connect Europe - [State of Digital Communications 2025](#).

⁵ Enrico Letta, [Much More than a Market](#).

⁶ Mario Draghi, [The Draghi report on EU competitiveness](#).

⁷ European Council – [conclusions](#) 17-18 April 2024: "The European Council welcomes Enrico Letta's presentation of his 'Much More Than A Market' High-Level Report, and invites the current and future Council Presidencies to take work forward on the recommendations therein by the end of the year. The European Council looks forward to the presentation of the upcoming report on Europe's competitiveness."

⁸ See Telecom Council [Conclusions](#) 6 June 2025: "UNDERLINES that the Single Market for electronic communications should be deepened through further harmonisation where necessary, [...] . EMPHASISES that the improvements of the Single Market for electronic communications will reinforce the Union's competitiveness and digital sovereignty in an open manner, as well as contribute to ubiquitous coverage by reliable and resilient networks, for the benefit of EU citizens and businesses."

⁹ [White Paper - How to master Europe's digital infrastructure needs?](#)

¹⁰ See EPIC, [Draghi Observatory & Implementation Index: Only 1 in 10 Measures Implemented](#).

¹¹ See EPIC, [From Draghi to DNA: Building Europe's Competitiveness Through Connectivity](#).