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***ECIPE researchers: "Commissioner Kroes is paving the way for re-monopolising the broadband market"***

**A [new ECIPE policy brief](#) examines Commissioner Kroes' plan to artificially raise the wholesale prices on the broadband market, by forcing the competitors of former monopolists to pay a higher price for using the copper-based phone networks that connect the majority of households.**

The wholesale prices "could rise up to 36% on a market where profit margins are often counted in single digits" says the ECIPE report. The incumbents will not only be immune to these price hikes – they are even allowed to pocket the money.

The objective of the price hikes is to support the deployment of ultra-fast, fibre based "Next Generation Access" (NGAs) networks in the EU. Under the plan, former monopolists would be allowed to continue to charge higher wholesale prices to its competitors in the coming ten years to compensate for the necessary investments in FTTC.

However, Commissioner Kroes' policy is based on a series of erroneous assumptions. To begin, there is no evidence for broadband capacity shortages ahead. In fact, the EU Digital Agenda is being pushed due to political considerations, rather than out of economic merits, and will lead to an overcapacity of 4900% above projected future demand.

The market is shifting towards a gradual (and much cheaper) deployment of fibre (FTTC) that will reach the same speeds as copper, but render any compensation for additional investments unnecessary and counterproductive.

The report concludes that the proposal limits competition, while empiric studies consistently show how the presence of competitors is the key driver for new investments in fibre technology.

Instead, the Commissioner's proposal picks winners on the telecom market, and removes their incentives to invest. No additional investments would be created, as funds are simply moved from one operator to another.

The report also concludes that the former Competition Commissioner's plan is an anticompetitive margin squeeze that is inconsistent with Single Market rules.

[Download the policy brief here](#)

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