



MCA Consultation Document

Analysis of the market for the provision of wholesale fixed access in Malta

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 (+356) 2133 6840  info@mca.org.mt  www.mca.org.mt/


 Valletta Waterfront, Pinto Wharf, Floriana FRN1913, Malta

TABLE OF CONTENTS

1	Executive Summary	3
1.1	The retail market.....	3
1.2	The wholesale market.....	4
1.3	Proposed regulatory approach.....	6
1.4	Supporting documents	7
1.5	Structure of the document.....	8
2	EU Policy and Regulatory Background	9
2.1	The European Electronic Communications Code	9
2.1.1	Transposition of the EECC into national legislation.....	9
2.1.2	The EECC and market review process	10
2.2	The 2020 Recommendation on relevant markets.....	11
2.2.1	Focus of the current analysis	12
2.2.2	Taking into account national circumstances.....	12
2.3	The SMP Guidelines	13
2.4	Previous market analysis and regulatory decisions.....	14
2.4.1	Enhancing market entry and service-based competition	14
2.4.2	An evolved competitive and investment landscape.....	16
2.5	Consultation with stakeholders and notification.....	24
3	The Relevant Retail Market.....	25
3.1	Methodology and Framework.....	25
3.2	Context to Malta’s retail fixed broadband provision	26
3.2.1	Market Scale and Density	27
3.2.2	Network topology and coverage.....	27
3.2.3	Competition in transition	30
3.2.4	The role of commercial wholesale arrangements.....	31
3.3	The relevant retail product market.....	31
3.3.1	Demand side substitution for services on fixed technologies	31
3.3.2	Substitutability of mobile broadband	36
3.3.3	Substitutability of high-quality connectivity	38
3.3.4	Conclusion on demand-side substitution.....	39
3.3.5	Supply-side substitution.....	39
3.3.6	Geographic definition.....	40
3.3.7	Proposed retail market.....	41

3.4	Retail competition dynamics	41
3.4.1	Market share developments.....	42
3.4.2	Payment terms and price	42
3.4.3	Quality of service	49
3.5	Conclusion on retail market manifestations	51
4	Wholesale Market Definition	52
4.1	Wholesale local access (2020 EC Recommendation)	52
4.2	The relevant wholesale market	53
4.2.1	Access capabilities of technologies in use	53
4.2.2	Substitutability analysis.....	56
4.2.3	Access via wireless technologies.....	63
4.2.4	Wholesale dedicated capacity	64
4.3	The relevant wholesale product market.....	65
4.4	The relevant geographic market.....	65
5	Wholesale Competition Assessment.....	66
5.1	Approach to the assessment of the 3CT	66
5.1.1	An assessment of barriers to entry	67
5.1.2	Tendency of market structure towards effective competition.....	69
5.1.3	Sufficiency of competition law	70
5.1.4	Conclusion regarding the 3CT	71
6	Regulatory Approach	72
6.1	Legal background	72
6.1.1	Existing obligations.....	72
6.1.2	Current findings and implications.....	73
6.1.3	Relevance of commercial agreements.....	74
6.2	Withdrawal of remedies and sunset period.....	75
7	Consultation Framework and Next Steps	77
Annex 1	- Fixed broadband prices for different users	78
Annex 2	- FTTH deployment in a demographic context	84

1 Executive Summary

The Malta Communications Authority (MCA) is hereby setting out its proposals on the definition, competition assessment and regulatory approach concerning the wholesale fixed access market in Malta. This review has been informed by market competition dynamics at both the retail and wholesale levels.

1.1 The retail market

The retail fixed broadband market in Malta is currently served by three operators: GO plc (hereafter “GO”), Melita Limited (hereafter “Melita”) and Epic Communications Limited (hereafter “Epic”). GO and Melita operate nationwide fixed broadband networks, with Melita offering hybrid fibre coax (hereafter “cable-based” services) and GO delivering services over its fibre network. Epic is also an active participant in the market through regulated virtual unbundled local access (hereafter “VULA”) to GO’s FTTH infrastructure, while having an own fibre-to-the-home (hereafter “FTTH”) network with a smaller footprint at around 7% coverage of all dwellings in Malta. These operators offer diverse services over their respective infrastructures.

The MCA defines the relevant retail market as encompassing the following:

- fixed broadband supplied over the copper VDSL network;
- fixed broadband supplied over FTTx / FTTH networks; and
- fixed broadband supplied over the cable DOCSIS 3.1 network.

The relevant product market consists of mass market broadband irrespective of the type of contract (two-year contract vs month-on-month / bundle vs stand-alone) and irrespective of the type of client (business vs residential).

Broadband supplied over fixed wireless access technologies and over mobile access technologies is not deemed part of the relevant product market. High-quality connectivity services are also excluded from the relevant market.

The retail broadband market is considered to have a national geographic scope due to the comprehensive coverage and national standardized offerings of GO and Melita. Both providers offer broadband services across Malta and Gozo without regional distinctions in pricing or service plans.

While Epic has deployed its own FTTH infrastructure in selected areas and offers tailored broadband plans in these localities, it otherwise relies on regulated VULA access to GO’s FTTH network to reach most of the areas serviced by GO. These localized differences, though present, are insufficient to justify a geographic segmentation of the retail market, considering also the nationwide pricing and the availability of services from GO and Melita.

As for retail competition dynamics, the MCA's assessment shows that the retail fixed broadband market in Malta has showing gradual improvements in service quality, prices and pricing flexibility, and the range of choices available to the end-user. From an investment standpoint, the presence of three operators, each investing in and expanding their infrastructure, helps to maintain retail competitive pressure. GO and Melita's significant investments in nationwide infrastructure, including their self-supplied wholesale access networks, are key factors contributing to the current level of competition in the retail market. Meanwhile, Epic's presence in some localities plays a role in enhancing the competitive landscape, potentially in a disruptive manner. From a price standpoint, positive developments are evident, such as outlined within the Gigabit broadband segment, with value for money improving to the benefit of the end-user.

1.2 The wholesale market

The MCA defines the relevant wholesale market based on a substitutability assessment, considering direct pricing pressures at wholesale level and indirect retail pricing pressures. Of note is that demand for wholesale fixed access services is derived from demand within the downstream retail fixed broadband market.

The wholesale product market

The relevant wholesale product market encompasses: (i) the provision of wholesale local loop unbundling (hereafter "LLU") and sub-loop unbundling (hereafter "SLU") over the copper VDSL network; (ii) the provision of FTTx VULA; (iii) wholesale IP-Bitstream access over fibre; and (iii) wholesale IP-Bitstream access over cable. Self-supply of wholesale access is considered to form part of the relevant market.

More specifically regarding the above:

- The inclusion of LLU and SLU largely reflects GO's migration of its existing retail copper VDSL clients to fibre, as part of its strategy to drive fibre adoption.
- As is the case with FTTx VULA, wholesale IP-bitstream access over fibre may also be accessed at an aggregated level (at exchange level) or at a disaggregated level (at the location of the Optical Line Terminal or OLT). In addition, fibre-based bitstream may also support multicast functionalities.
- Cable IP-bitstream wholesale access may not offer the same degree of flexibility and customisation as FTTx VULA or other Layer 2 solutions. However, both FTTx VULA (a Layer 2 access product) and cable IP-bitstream (a Layer 3 access product) can provide national coverage through a single point of interconnection, enabling access seekers to deliver retail broadband products that are substitutable for FTTH broadband. This capability is supported by Malta's small geographic size and the extensive nationwide backhaul infrastructure established by Melita and GO.

Further to the above, a small but significant and non-transitory increase in price (hereafter “SSNIP”) imposed by a hypothetical monopolist on FTTx VULA would likely lead to higher retail broadband prices for fibre-based services. Given that the cable network provides retail fixed broadband services that are available nationwide and are substitutable for those offered over fibre, such a price increase could prompt end-users to switch to cable-based broadband services.

The wholesale market is deemed national in scope due to the ubiquitous presence of GO’s and Melita’s infrastructure, covering almost all dwellings across Malta and Gozo. This universal coverage ensures that wholesale access services can reach any part of the national territory.

The application of the Three Criteria Test

The MCA applies the Three Criteria Test (hereafter “3CT”) as mandated by Article 67(1) of the European Electronic Communications Code (hereafter “EECC”). This necessity arises because the proposed wholesale fixed access market for Malta not only includes access elements based on copper LLU, SLU and FTTx VULA but also wholesale IP-Bitstream access over cable and fibre. The 3CT assessment underscores the following:

- An assessment of structural and regulatory conditions indicates that market entry materialised, with ongoing investment. Established operators continue to demonstrate nationwide availability and investment in very high capacity networks (hereafter “VHCNs”), while the Epic demonstrates an ability to deploy FTTH and compete on an infrastructural level in certain localities. Operators in Malta have also to an extent leveraged, but subject for example to limitations in terms of availability, the physical infrastructure of non-Electronic Communications Network providers to pursue deployment of new network infrastructure. A notable example is the use of Enemalta’s¹ aerial infrastructure for “last drop” connectivity.
- Melita and GO, the two leading nationwide operators, deliver retail broadband services via self-supplied wholesale fixed access on their respective networks. Also, new and existing access seekers have the option to leverage alternative wholesale inputs, such as Melita’s IP-Bitstream cable access and GO’s FTTx VULA, to offer retail fixed broadband services.
- Competitive conditions in the wholesale fixed access market could further improve during the review period, as the newer entrant, Epic, may also expand its fibre network footprint at least in those areas with the highest population density. Moreover, it is plausible that GO would continue providing wholesale fixed access inputs commercially to third parties, even absent regulation. A similar scenario emerged in the 2022

¹ Enemalta is the energy services provider in the Maltese Islands, entrusted with the distribution of electricity and the development of the national electricity distribution network.

withdrawal of regulation that was in place on GO for the wholesale dedicated capacity market. Also, during the consultation exercise concerning the preceding assessment on wholesale physical and virtual infrastructure access in Malta, GO has outlined its commitment to continue offering FTTx VULA commercially once existing wholesale *ex ante* regulation is rolled back.

Additional constraints on market behaviour may arise from external regulations or measures that, while not directly part of the relevant market, influence it or its associated retail markets. Examples include obligations under Articles 44, 60, and 61 of the EECC or requirements from the European Union (hereafter “EU”) Broadband Cost Reduction Directive² (hereafter “BCRD”) and the forthcoming EU Gigabit Infrastructure Act³ (hereafter “GIA”). These frameworks also serve to facilitate infrastructure development and competition, ensuring that market dynamics continue to evolve to the benefit of all stakeholders.

1.3 Proposed regulatory approach

The MCA proposes withdrawing the regulatory obligations imposed on GO under the 2013 decision titled “Market 4 – Wholesale Unbundled Infrastructure Access Market”. This includes removing the requirement for GO to provide FTTx VULA services under regulated terms, and removing the requirement on this operator to offer access to the LLU, SLU, and co-location. The recommendation follows an analysis by the MCA that shows a wholesale fixed access market that tends towards effective competition.

To ensure a smooth transition to a market with no wholesale *ex ante* regulation, the MCA proposes a twenty-four (24) month sunset period following the publication of the final decision. This transitional sunset phase is essential to maintain market stability and to provide operators sufficient time to establish alternative wholesale arrangements and/or negotiate commercial agreements.

The withdrawal of *ex ante* regulation is without prejudice to existing wholesale agreements. The MCA also considers that, in a competitive landscape, operators with the capability to supply wholesale access will pro-actively publish wholesale access reference offers that are transparent and comprehensive. The availability of reference offers setting the terms for commercial wholesale fixed access offers would sustain an environment that remains conducive to effective competition.

Furthermore, proactive publication by operators of commercial terms or wholesale fixed access offers would be indicative of full market readiness within the benchmarks for evaluating

² Directive (EU) 2014/61/EU

³ Regulation (EU) 2024/1309 of the European Parliament and of the Council of 29 April 2024 on measures to reduce the cost of deploying gigabit electronic communications networks, amending Regulation (EU) 2015/2120 and repealing Directive 2014/61/EU (Gigabit Infrastructure Act)

competitive practices in a future potential assessment of the physical infrastructure access market. The MCA remains committed to ensure that the market remains fair and conducive to innovation and investment while safeguarding the interests of end-users.

The MCA will monitor market developments closely and intervene if necessary. The MCA also reserves the right to reassess the competitive dynamics of the market in subsequent reviews, ensuring that the regulatory framework remains responsive to an evolving market.

1.4 Supporting documents

Throughout the current analysis, the MCA gives utmost regard to the 2020 EC Recommendation on Relevant Markets alongside the accompanying 'Commission Staff Working Document – Explanatory Note' and the 2018 EC Significant Market Power (hereafter "SMP") Guidelines. As set out in the Explanatory Note to the 2020 EC Recommendation on relevant product and service markets, the assessment is based on a "modified greenfield approach".

Reference is also made to pertinent publications that predate this consultation but remain relevant in the context of the considerations outlined in this document. The following is a list of such relevant publications:

- MCA Decision concerning the 'Market 4 – Wholesale Unbundled Infrastructure Access Market,' published in 2013, denoted henceforth as the 'MCA 2013 WUIA Decision.'
- MCA Decision concerning the 'Market 5 - Wholesale Broadband Access Market,' also published in 2013, and hereinafter referred to as the 'MCA 2013 WBA Decision.'
- MCA Consultation regarding 'The Provision of Wholesale Fixed Broadband Access in Malta,' which was issued in May 2020, and hereafter referred to as the 'MCA 2020 WFBA Consultation.'
- MCA consultation and related draft measure (i.e. draft decision submitted to the European Commission, hereafter "EC") regarding 'The Provision of wholesale physical and virtual infrastructure access in Malta'. The consultation was issued on the 28th of April 2023. The draft measure was notified on the 28th of December of the same year.
- EC decision of 27th March 2024 pursuant to Article 32(6) of Directive (EU) 2018/1972 (Withdrawal of notified draft measure) Case MT/2024/2484: Wholesale physical and virtual infrastructure access market. The MCA notes that the draft measure was also scrutinised by BEREC given that it was subject to a Phase II investigation based on the serious doubts raised by the EC. The BEREC Opinion on Phase II investigation pursuant to Article 32 of Directive (EU) 2018/1972 - Case MT/2024/2484 Wholesale physical and virtual infrastructure access market - was communicated on the 23rd of February 2024.

1.5 Structure of the document

The executive summary briefly outlines the MCA's proposals on market definition, competition assessment and regulatory approach. More details on the reasoning behind the MCA findings and proposals are found in the following sections:

- **Section 2** outlines the regulatory backdrop to this analysis, with a focus on the EU policy for carrying out an SMP assessment for electronic communications markets. This section also outlines the current *ex ante* regulatory regime underpinning the markets under investigation.
- **Section 3** provides an analysis of the provision of retail fixed broadband in Malta, starting with the definition of the relevant retail market. In this regard, the focus is on the capabilities of fixed and wireless technologies and implications for substitution in the provision of retail fixed broadband services in Malta. The latter part of this Section outlines the prospects for competition in the relevant retail market, based on an assessment of end-user choice, quality of service and price.
- **Section 4** outlines the definition of the relevant wholesale market. The MCA starts by identifying the focal product of the market and takes into account national circumstances when evaluating the substitutability between different forms of wholesale access that are currently supplied in Malta. The MCA then determines the geographic scope of the defined wholesale market.
- **Section 5** comprises an assessment of competition of the defined wholesale market based on the 3CT.
- **Section 6** outlines the MCA's proposed regulatory approach in view of findings on the competition assessment for the defined wholesale market.
- **Section 7** provides information on the submission of responses to the consultation.

2 EU Policy and Regulatory Background

The MCA is responsible for the regulation of the Maltese electronic communications sector and the supervision of compliance with the sector's regulations. This Section provides a general overview of the main legislative tools and regulatory principles followed by the MCA to carry out these tasks (see sections 2.1 to 2.3 below).

This Section also provides a summary of the current regulatory remedies that apply on the designated SMP operator (namely GO) in the 'Unbundled Infrastructure Access Market' (ex-Market 4 of the 2007 EC Recommendation) that was published on the 6th of March 2013 (see section 2.4 below).

2.1 The European Electronic Communications Code

The EECC underpins the regulation of the electronic communications sector in Malta. The Directive 2018/1972 of 11 December 2018 establishing the EECC entered into force on 20 December 2018.⁴ Malta transposed the EECC into national legislation in October 2021 after national consultation.

The overarching objective of the EECC is to promote investment through sustainable competition, encourage efficient and effective use of radio spectrum, maintain the security of networks and services, and provide a higher level of end-user protection.

The EECC effectively sets the regulatory framework for market reviews, such as the obligation to carry out periodic reviews of certain electronic communications markets. In this context, the MCA seeks to satisfy various economic and legal tests throughout the execution of its market analysis function and adopts a standard three-stage approach for its market analyses. Specifically, the MCA first defines the relevant market, then carries out an assessment of competition, and finally imposes remedies where SMP is determined.

2.1.1 Transposition of the EECC into national legislation

The EECC was transposed into national legislation in October 2021, with Malta adopting the provisions of the EECC through various laws and regulations⁵:

- The Malta Communications Authority Act (Chapter 418).
- The Electronic Communications (Regulation) Act (Chapter 399).

⁴ Link to EU Directive 2018/1972: <http://data.consilium.europa.eu/doc/document/PE-52-2018-INIT/en/pdf>

⁵ Link to all relevant legislation: <https://www.mca.org.mt/regulatory/legislation>

- The Utilities and Services (Regulation of Certain Works) Act (Chapter 81).
- The Electronic Communications Networks and Services (General) Regulations (hereafter "ECNSR") as per subsidiary legislation (hereafter "S.L.") 399.48.
- European Communications, the Single European Emergency Call Service ('112' number) and The European Harmonised Services of Social Value ('116' numbering range) Regulations (S.L. 399.47).

2.1.2 The EECC and market review process

The EECC is transposed in Maltese legislation and requires the MCA to carry out periodic reviews of electronic communications markets. The procedural aspects relating to market analysis and SMP are reflected in the ECNSR.

The market review process is carried out in three stages, with each stage elaborated by the ECNSR regulations as described below:

- Regulation 54 of the ECNSR stipulates that the MCA tailors its market definition (Stage 1 for the purposes of the current analysis) on national circumstances, taking utmost account of all applicable guidelines and in accordance with the procedure referred to in article 4A of the Malta Communications Authority Act and regulation 21 of the ECNSR.
- Regulation 51(2) of the ECNSR focuses on the SMP assessment (Stage 2 for the purposes of the current analysis) and states that:

'An undertaking shall be deemed to have SMP if, either individually or jointly with others, it enjoys a position equivalent to dominance, namely a position of economic strength affording it the power to behave to an appreciable extent independently of competitors, customers and ultimately end-users'.

- Regulation 51(3) of the ECNSR states that national regulatory authorities (hereafter "NRAs"):

'shall take into the utmost account the guidelines on market analysis and the assessment of SMP published by the EC pursuant to regulation 52.'

- Regulation 51(4) of the ECNSR states that:

'where an undertaking has SMP on a specific market, the Authority may also designate that undertaking as having SMP on a closely related market, where the links between the two markets allow the market power held on the specific market to be leveraged into the closely related market, there by strengthening the market power of the undertaking. In such instances the Authority may consider remedies aiming to prevent the application of such leverage in the closely related market pursuant to regulations 56, 57, 58 and 61'.

- Regulation 54(8) of the ECNSR focuses on the implementation of *ex ante* remedies (Stage 3 for the purposes of the current analysis) and underlines that:

‘Where the Authority determines that, in a relevant market the imposition of regulatory obligations in accordance with sub-regulations (1) to (5) is justified, it shall identify any undertakings which individually or jointly have SMP power on that relevant market in accordance with regulation 51. In doing so the Authority shall impose on such undertakings appropriate specific regulatory obligations in accordance with regulation 55 or maintain or amend such obligations where they already exist if it considers that the outcome for end-users would not be effectively competitive in the absence of those obligations.’

- Where regulatory obligations already exist in the market(s) under investigation, a new finding of SMP would lead the MCA to maintain or amend the existing regulatory conditions accordingly. If, on the other hand, the finding of SMP cannot be ascertained, the MCA would have to withdraw such regulation, in accordance with regulation 54(6) of the ECNSR, subject to an appropriate period of notice given to all parties affected by such withdrawal.
- Regulation 54(7) also foresees the possibility of regulatory obligations being withdrawn from an already regulated market and states that:

‘The Authority shall ensure that parties affected by a withdrawal of obligations done in accordance with this regulation, receive an appropriate notice period, defined by balancing the need to ensure a sustainable transition for the beneficiaries of those obligations and end-users, end-user choice, and that regulation does not continue for longer than necessary:

Provided that when setting such a notice period, the Authority may determine specific conditions and notice periods in relation to existing access agreements.’

Regulation 54(1) of the ECNSR also states that the MCA shall determine whether a relevant market defined in accordance with regulation 52 is such as to justify the imposition of the regulatory obligations. In doing so, the MCA may seek the advice of the competent authority responsible for competition (‘National Competition Authority’ or ‘the NCA’).

2.2 The 2020 Recommendation on relevant markets

The European Commission Recommendation on relevant product and service markets within the electronic communications sector susceptible to *ex ante* regulation (hereafter referred to as the “2020 EC Recommendation”) lists two markets in which *ex ante* regulation might be warranted:

- **Market 1:** Wholesale local access provided at a fixed location

- **Market 2:** Wholesale dedicated capacity

The latest version of the Recommendation was published in December 2020⁶, following earlier versions published in 2003, 2007 and 2014.

2.2.1 Focus of the current analysis

The current analysis focuses on Market 1 of the 2020 EC Recommendation, which pertains to the wholesale local access (hereafter “WLA”) provided at a fixed location.

The analysis will seek to determine the scope of the relevant market, with the market definition based on a substitutability assessment. The substitutability assessment and the geographic scope of the market will depend on an evaluation of local technological deployments. Other than the technical specifications, focus is also on market dynamics and hence the substitution patterns observed at wholesale and retail levels, via direct and indirect constraints.

Based on a detailed evaluation of the evolving nature of the defined market and observed competition pressures, the analysis outlines whether or not SMP regulation is warranted. Such regulation would only be necessary when competition deficiencies characterise a market. If, on the other hand, competition at the retail and wholesale level is deemed sustainable without regulatory intervention, wholesale regulation should be lifted. This aligns with the "modified greenfield approach" emphasizing market-driven solutions.

The 2020 EC Recommendation and the Staff Working Document accompanying this Recommendation⁷ makes several statements that are relevant to the current investigation. These are taken into account throughout this analysis in the following sections.

2.2.2 Taking into account national circumstances

The 2020 EC Recommendation seeks to promote harmonisation across the EU by ensuring that the same product and service markets are subject to a market analysis in all Member States. However, this should not stop NRAs from defining markets that differ from those identified in the 2020 EC Recommendation, where this is justified by national circumstances.

⁶ Link to Commission Recommendation of 18.12.2020 on relevant product and service markets within the electronic communications sector susceptible to *ex ante* regulation in accordance with Directive (EU) 2018/1972 of the European Parliament and of the Council of 11 December 2018 establishing the EECC:

<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32020H2245>

⁷ Explanatory Note to the 2020 EC Recommendation:

<https://ec.europa.eu/newsroom/dae/redirection/document/72442>

The MCA takes utmost account of the 2020 EC Recommendation and the national circumstances when defining relevant market(s) for the wholesale provision of fixed access in Malta.

2.3 The SMP Guidelines

The EC issues guidelines on market definition and the SMP assessment:

- The first set of SMP guidelines was published in 2002 under the EU regulatory framework for electronic communications networks and services.
- In 2017, the EC initiated a review of these guidelines, in view of the adoption of the EECC. The new SMP guidelines applying to the telecoms sector were officially published on 26th April 2018⁸, alongside an Explanatory Note⁹.

The MCA takes into account these SMP Guidelines when carrying out the market analysis to determine whether an undertaking has SMP in the defined market(s) for the provision of wholesale fixed access in Malta. This in accordance with the procedure referred to in regulation 54(2) of the ECNSR, and pursuant to regulation 52 of the ECNSR.

Based on the SMP Guidelines, the current analysis encompasses three steps as per below:

- **Define the relevant market(s)**

Assess demand and supply-side substitution and apply the so-called ‘hypothetical monopolist’ or ‘SSNIP test’. This test determines whether or not it is profitable for a hypothetical monopolist of a focal product to impose a SSNIP above the competitive level (typically 5 to 10%). Ultimately the sustainability of a SSNIP on the focal product would depend on whether alternative products are sufficiently substitutable for the focal product itself. A similar framework of assessment is applied in the case of the geographic definition on the market, as a means to ultimately analysing competitive conditions for the purposes of determining whether ex-ante regulation is required or not. The focus with regard to the geographic market definition is on whether a common pricing constraint could be determined.

⁸ Communication from the Commission - Guidelines on market analysis and the assessment of SMP under the EU regulatory framework for electronic communications networks and services:

[https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52018XC0507\(01\)&from=EN](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52018XC0507(01)&from=EN)

⁹ Staff Working Document - Guidelines on market analysis and the assessment of SMP under the EU regulatory framework for electronic communications networks and services:

<https://digital-strategy.ec.europa.eu/en/library/staff-working-document-guidelines-market-analysis-and-assessment-smp-under-eu-regulatory-framework>

- **Assess competition and market power**

Assess several criteria to determine whether or not an undertaking can behave to an appreciable extent independently of its competitors, customers and end-users. These criteria include market shares, barriers to entry / expansion, control of infrastructure not easily duplicated, economies of scale / scope, vertical integration and potential competition amongst others. An undertaking shall be deemed to have SMP in the market(s) under investigation if, either individually or jointly with others, the MCA determines that it enjoys a position equivalent to dominance, namely a position of economic strength affording it the power to behave to an appreciable extent independently of competitors, customers and ultimately end-users.

- **Propose regulatory intervention**

Regulatory intervention would be necessary if SMP is identified in the market(s) under investigation. Conversely, if no SMP is found in a relevant market, regulatory intervention would not be required. This implies that if a market currently under regulation is found to lack SMP at the time of the current assessment, existing regulations would need to be withdrawn.

2.4 Previous market analysis and regulatory decisions

The MCA remains committed to monitoring and assessing Malta's wholesale fixed access markets as part of its regulatory mandate. This proactive oversight has led to the current review - marking the third assessment in five years - in response to dynamic market conditions that require re-evaluation.

2.4.1 Enhancing market entry and service-based competition

With regulatory oversight in place for several years, the MCA had already recognized the potential long-term risks of an oligopolistic market structure in Malta even before 2008. It consistently emphasized the importance of enabling wholesale fixed access to support prospective new entrants. While acknowledging emerging signs of increased retail competition, the MCA maintained that a degree of regulatory intervention remained essential to safeguard competitive market dynamics and ensure better outcomes for consumers.

These concerns were also addressed in 2012 - 2013, when the MCA successfully demonstrated to the EC that regulatory measures were necessary in the wholesale market for

unbundled infrastructure access (previously Market 4 in the 2007 Recommendation on relevant markets).¹⁰

Due to the lack of interest from market players on acquiring unbundled copper lines, and the potentially looming closure of local exchanges, the regulatory focus of the MCA market analysis also encompassed the imposition of regulated access via the fibre network based on FTTx VULA, as also reflected in the amendments proposed by the MCA in its notification submitted to the EC concerning this market.

The implementation of the VULA remedy came into force in February 2016, after a specific consultation exercise, as per the publication of the MCA decision entitled '*Virtual Unbundled Access to Fibre-to-the-Home, Response to Consultation and Decision*'.¹¹ This decision established the technical and economic specifications, as well as a methodology for setting wholesale charges for virtual unbundled access to the fibre network and effectively opened up access to GO's FTTH technology.

The year 2018 was a pivotal moment for competition in Malta's fixed broadband market, when in October of that year, Vodafone Malta Limited (hereafter "Vodafone", which was rebranded to Epic later in November 2020) informed the MCA that it had entered into an agreement with GO to utilise the VULA access offer.¹² This agreement marked a significant step forward in the practical implementation of regulated VULA access.¹³

Through this regulated wholesale arrangement, Vodafone was able to launch retail fixed broadband services over GO's fibre network, positioning itself as a potential disruptor in retail

¹⁰ For the wholesale unbundled infrastructure access market, the MCA defined the relevant product market as comprising wholesale unbundled access, including shared access to metallic loops and sub-loops made available for the purpose of providing broadband and voice services. The relevant geographic market was deemed to be national in scope.

GO was designated with SMP in this market, and regulatory remedies were imposed on this operator, including the obligation to offer a Layer 2 wholesale access product referred to as FTTx VULA, allowing an access seeker to virtually connect to subscribers over GO's fibre network.

The relevant MCA Decision on Market 4/2007 is available on the following link: <https://www.mca.org.mt/sites/default/files/decisions/final-decision-market-analysis-of-the-wholesale-infrastructure-access-market-market-4-060313.pdf>

¹¹ See link: <https://www.mca.org.mt/consultations-decisions/virtual-unbundled-access-fibre-home-response-consultation-and-decision>

¹² This agreement materialised a few months after Melita and Vodafone Malta called off their proposed merger, which was first announced in May 2017.

¹³ Of relevance in this respect is that the MCA constantly monitors the VULA wholesale charges, Key Performance Indicators (KPIs) and Service Level Agreements (SLAs) and Service Level Guarantees (SLGs) associated with the VULA offer.

market dynamics by leveraging wholesale access-based competition. Epic continues to rely on VULA for its service offerings, in those areas where it does not have FTTH coverage.

Alongside its Decision on wholesale unbundled access (Market 4), the MCA issued a separate decision concerning wholesale broadband access (formerly Market 5 under the 2007 Recommendation on relevant markets).¹⁴ In this decision, the MCA defined the relevant market as encompassing both self-supplied wholesale broadband products provided over copper, cable, and wireless networks, and wholesale access products offered via existing broadband networks to third-party internet service providers. The MCA concluded that this market was competitive due to the active presence of both Melita and GO, each of which could offer wholesale bitstream access for retail broadband services. This market was also assessed by the MCA in 2006, when an analysis of market dynamics initially led to a preliminary conclusion of joint dominance. However, the MCA was unable to substantiate this finding with the EC, given the high burden of proof required for a joint dominance conclusion and what it considers as the limitations of the regulatory framework in addressing market failures that may arise due to oligopolistic market structures, such as in the case of a duopoly.

2.4.2 An evolved competitive and investment landscape

After October 2018, the MCA's analytical focus had to adapt to Malta's evolving telecom landscape, which, while more competitive with three active players, continued to require *ex ante* regulatory intervention - primarily through the VULA measure mandated by the MCA's 2013 decision on wholesale unbundled access.

For several years prior to the regulated VULA agreement, competition in the retail and wholesale broadband markets had been defined mainly by two established players: GO, the incumbent, and Melita, its primary competitor. This explains why the MCA issued a consultation in 2020 presenting evidence of long-term market trends that in its views supported a finding of joint SMP between GO and Melita. The regulated wholesale agreement between GO and Epic was deemed to be at its infancy, with the market still largely characterised by GO and Melita. In the opinion of the MCA, the market still merited *ex ante* regulatory oversight, as not doing so would have raised potential risks to the evolving scenario for competition.

Following the conclusion of its consultation exercise, the MCA took note of Epic's July 2020 announcement regarding the launch of rollout of its own FTTH infrastructure in select areas across Malta. In response, the MCA sought additional details from Epic regarding its deployment strategy and the potential impact of this initiative on the competitive landscape,

¹⁴ Link to MCA Decision on Market 5/2007:

<https://www.mca.org.mt/sites/default/files/attachments/decisions/2013/final-decision-market-analysis-of-the-wholesale-broadband-access-market-market-5-060313.pdf>

particularly in driving a transition from service-based to infrastructure-based competition and what this meant in terms of the relevance of regulated wholesale access via Fttx VULA. Epic eventually launched its own commercial fixed broadband in April 2021, and a few weeks later the MCA withdrew its 2020 market assessment, after a notification to the market on why the MCA was taking such an action.¹⁵

The MCA recognized the potentially transformative impact of Epic's evolving role on market competition, particularly its influence on the investment incentives of established operators. Given this shift, the MCA considered it necessary to reassess its regulatory approach, focusing on the ability of both new and existing operators to sustain investment and how best to facilitate the continued evolution of competitive market dynamics to benefit end-users.

Over a number of months, GO made substantial progress in its FTTH rollout, Melita announced further network expansion, including a pilot fibre deployment project, and Epic remained committed to its own FTTH infrastructure investments. This gradual shift toward infrastructure-based competition was seen as the emerging market paradigm, one that needed to fully materialize to ensure long-term, sustainable competition. However, the MCA deemed it essential to create a market environment conducive to such a transition, ensuring that all operators - including new entrants - had the necessary incentives and ability to continue investing and expanding their networks.

Despite the clear trend toward infrastructure-based competition, the MCA acknowledged the significant challenges faced by new market entrants. These include the substantial costs associated with deploying and maintaining networks, barriers to accessing existing infrastructure, and difficulties in expanding service coverage.

These evolving market dynamics prompted the MCA's 2022 assessment, which identified a significantly altered competitive landscape characterized by both increased competitive pressures and new complexities. This shifting environment required a forward-looking regulatory approach that balanced investment incentives with the need to maintain effective competition at both the wholesale and retail levels.

¹⁵ The MCA notified the market on 21 June 2021 that it would be withdrawing its 2020 Consultation by way of a report titled '*Notification of reassessment by the MCA of the wholesale fixed broadband access market in Malta*'.

Link to MCA June 2021 Notification:

<https://www.mca.org.mt/sites/default/files/MCA%20VHC%20BB%20competition%20preliminary%20considerations.pdf>

The afore-mentioned document was followed by another MCA publication in December 2021, titled '*Market potential and regulatory aspects concerning VHC broadband competition in Malta*'.

Link to MCA December 2021 Notification:

<https://www.mca.org.mt/sites/default/files/MCA%20VHC%20BB%20competition%20preliminary%20considerations.pdf>

By 2023, with Epic's infrastructure plans more concretely defined, the MCA launched a new consultation, broadening the scope of its broadband market assessment. This consultation considered the use of Passive Infrastructure Access (PIA) as a subsequent measure to VULA, deemed as a tool that could enable operators to deploy their own infrastructure and to further expand competitive possibilities in the market.

The MCA's draft measure based on its 2023 consultation document was eventually notified to the EC by the end of the year. The EC, however, did not agree with the conclusions of the draft measure and issued a Decision outlining its position. In response, the MCA formally notified the Commission of its decision to withdraw the draft measure in May 2024. Ultimately, the 2020 and 2023 market analyses were withdrawn without final decisions by the MCA, reflecting the complexities and evolving dynamics of the market.

Further details on the MCA's 2020 and 2023 market analyses, as well as the proposed regulatory approach, are provided in the following sub-sections to offer a clearer understanding of the regulatory considerations in this changing landscape.

2.4.2.1 The November 2018 - June 2021 round of analysis

In 2020, the MCA undertook a comprehensive review of Malta's retail fixed broadband market, recognizing the market's entrenched structure dominated by two vertically integrated operators, GO and Melita. Each of these operators was at the time deemed to maintain its own extensive infrastructure, as is the case today, allowing them to supply a suite of retail electronic communications services. Given the financial and operational challenges involved for any new network deployment, including high sunk costs, the MCA considered it very unlikely that a third player could replicate GO and Melita's network coverage on a nationwide scale in the short term.

The market context prevailing at the time suggested that competition could, therefore, develop through access-based models in a proposed joint dominance scenario, whereby GO and Melita would provide access to third parties. The MCA took into account Malta's experience with service-based competition over two decades, with third-party access generally occurring only under regulatory pressure rather than on a commercial basis. The MCA also put into focus the sustained reliance on regulatory interventions, emphasizing the need to explore a "Greenfield scenario" - an analysis of how the market might function without regulatory oversight. This approach was intended to assess whether the market could maintain competition independently or alternatively if GO and Melita's established positions would inhibit competitive entry, limit end-user choice, and risk higher prices.

In its 2020 analysis, the MCA defined the retail fixed broadband market to include products supplied over GO's copper-DSL and fibre networks as well as Melita's HFC DOCSIS 3.1 network. The findings indicated no single-firm dominance, with GO and Melita maintaining similar competitive positions. The MCA determined that the two operators held joint SMP in the retail fixed broadband market, noting that neither had a marked advantage over the other.

Expanding this approach to the wholesale level, the MCA defined the wholesale fixed broadband access (WFBA) market to include:

- Unbundled access (including shared access) over GO's copper network;
- Virtual unbundled access to GO's copper network;
- Bitstream access over GO's copper network;
- VULA to GO's fibre network;
- Bitstream access over GO's fibre network; and
- Bitstream access over Melita's DOCSIS 3.1 network.

Similar to the retail analysis, the MCA found that neither GO nor Melita exercised individual SMP at the wholesale level. However, absent regulatory intervention, the MCA concluded that GO and Melita's joint SMP would likely enable them to exert control over the wholesale market, potentially restricting competition.

To prevent GO and Melita from using their dominant market positions to restrict access or distort pricing, the MCA proposed SMP remedies. These included mandating that GO continues to provide FTTx VULA on its fibre network and imposing a new requirement on Melita to offer bitstream access on its DOCSIS 3.1 network.

Following the announcement of Epic's FTTH rollout shortly after the MCA's 2020 consultation exercise, the MCA considered that this new infrastructure deployment could significantly reshape the competitive landscape, thus meriting a re-evaluation of its earlier findings. Consequently, the MCA notified the market of its decision to withdraw the 2020 assessment and to initiate a fresh analysis that would consider recent developments and take a more comprehensive view of network elements likely to impact market dynamics.

The new forward-looking analysis would take into account new market developments and the regulatory framework to foster sustainable competition in Malta's evolving fixed broadband sector.

Meanwhile, the MCA also encouraged longstanding players, Melita and GO, to proactively open their networks to third-party access on a commercial basis through VULA and/or bitstream access, thereby fostering service-based competition. The MCA's position was clearly articulated in June 2021, in its '*Notification of Re-Assessment by the MCA of the Wholesale Fixed Broadband Access Market in Malta*', whereby it was stated:

'commercial agreements - including agreements on wholesale access, co-investment agreements and/or reciprocal access agreements between operators - which comply with the principles of competition law and are entered on a lasting basis would serve to improve competitive dynamics and may ultimately address current and / or potential

competition concerns at the related retail market, as well as weigh on any regulatory remedies that the Authority may deem adequate for the purpose of maximizing consumer welfare. The new European Electronic Communications Code places significant weight to these kind of agreements and provides guidance to NRAs accordingly.'

2.4.2.2 The July 2021 - April 2024 round of analysis

In its 2023 consultation on market analysis findings, the MCA built upon its earlier 2020 analytical and consultative exercise while responding to the evolving dynamics in Malta's fixed broadband market. The MCA recognized that a full transition to infrastructure-based competition could only happen gradually, requiring sustained investment and innovation from market operators. Hence, the MCA underscored that while the ultimate goal is to achieve a competitive landscape driven by independent network infrastructures, the realities of Malta's fixed broadband market necessitate a balanced regulatory approach. The MCA's analysis, supported by a WIK study, indicated that while economic conditions may allow for the deployment of a third independent infrastructure across certain regions¹⁶ (with each region comprising several localities), this outcome remains uncertain in practice. This when taking into account the prevailing market dynamics, including the relatively small size of the Maltese market and the concentration of retail market share between GO and Melita and the significant challenges for the viability of end-to-end infrastructure duplication, especially for a new entrant.

The consultation emphasized the ideal outcome of a three-player market scenario, given past experience for Malta in other electronic communications markets, such as in the mobile telephony segment, wherein competition is sustained by all operators investing in their own infrastructure. Such a scenario, the MCA argued, would offer better prospects for stronger long-term competitive dynamics and long-lasting benefits for end-users, compared to a duopolistic market setting. However, the MCA also recognized that the transition to this three-player infrastructure-based model cannot occur uniformly or immediately across all the national territory. A complete reliance on infrastructure-based competition was in fact not deemed feasible in the short term, particularly given the high costs of network deployment and the geographic and economic constraints of Malta's small market.

More specifically, the analysis made the following considerations:

- **Epic's access to FTTx VULA:** Epic relies on regulated access to GO's FTTx VULA services to reach end-users in areas beyond its own FTTH footprint. This access enables Epic to serve customers it would otherwise be unable to reach, thus promoting

¹⁶ Malta comprises six regional districts each comprising several localities - Northern Region, Western Region, Northern Harbour Region, Southern Harbour Region and South Eastern Region, Gozo - with varying population densities (see **Annex 2**).

a competitive environment even in localities without widespread infrastructure duplication and / or with low take-up of Gigabit broadband.

- **Melita's historical access to GO's physical infrastructure:** Melita benefits from historical access agreements with GO, which allowed it to expand its own network coverage. Similarly, for Epic, the materialization of access to GO's physical infrastructure would be essential to effectively expand its FTTH network in regions that are not yet or would unlikely be economically viable for standalone network builds.

The MCA therefore underscored, based on market observations and developments, that without regulated access to GO's virtual and physical infrastructure, competitive service delivery or take-up would be underserved where service provision remains characterised by the two established operators.

The MCA consultation thus emphasized the critical role of regulation in ensuring the best competitive outcomes across all of Malta's national territory and thus identified the wholesale market for virtual and physical access as a focal point for regulatory intervention. A key factor for the analysis was GO's extensive ownership and control of over 93% of the country's available duct infrastructure and a 98.9% share of wholesale VULA-based services, including those used for self-supply. The MCA excluded from the market definition infrastructure that is owned by non-ECN providers, whilst it considered that access stemming from swap agreements between Melita and Epic did not exert significant competitive pressure on GO's entrenched position.

When assessing market susceptibility to *ex ante* regulation, the MCA applied the 3CT and concluded that the wholesale market defined as encompassing virtual and physical access warranted *ex ante* regulation due to (i) structural barriers in the form of substantial economies of scale and historical advantages accrued by GO when it was a state-owned entity, coupled with the high sunk costs of network deployment; (ii) limited scope for effective competition, in view of the high costs and market constraints that hindered end-to-end infrastructure-based competition, particularly in less densely populated areas and for new entrants; and (iii) the ineffectiveness of *ex-post* competition law alone at addressing the potential risks to competition posed by GO's entrenched dominance and Malta's unique market dynamics.

Hence, the MCA's assessment concluded that GO held SMP in the defined wholesale market, based on:

- GO's dominant control over physical infrastructure and wholesale FTTx VULA services. GO's ownership of critical duct infrastructure, with sufficient extent and capillarity, was deemed indispensable for competitors' operations and expansion.
- Significant barriers to entry for the newer entrant, Epic, particularly as this operator's small retail market share of just 1.5%. This fact was viewed as reflective of the difficulties any new entrant would encounter to build market share and generate returns on

investment, thus emphasizing the substantial financial and logistical challenges involved in establishing an independent FTTH network.

Therefore, to support the market's evolution, the MCA proposed a recalibrated framework for regulatory intervention, seeking to enable the gradual withdrawal of FTTx VULA obligations on a geographically segmented basis, contingent on the emergence of sustainable infrastructure-based competition. By selectively relaxing regulatory obligations in more competitive regions, the MCA aimed to incentivize further network investment while safeguarding competition and end-user interests in less-developed areas.

The proposed phased approach reflected the MCA's commitment to balancing immediate regulatory needs with a long-term vision for a robust, infrastructure-driven broadband market.

2.4.2.3 The EU Commission's Veto Decision and the current analysis

The current market analysis was prompted by the EC's Decision to veto the MCA's notified draft measure, which had been developed following consultations with local operators and stakeholders.

After the MCA submitted its proposals for regulating wholesale broadband services in Malta, the EC raised serious doubts and initiated a series of requests for further information from the MCA. Upon concluding the notification procedure and considering feedback from stakeholders, including expert input from BEREC, the Commission issued a formal Decision vetoing the proposals in the MCA's notified draft measure (Case MT/2024/2484).¹⁷

In support of its Decision, the EC emphasized the following points:

- **Two operators are likely sufficient for effective competition**

The EC argued that Malta's market, characterized by two operators of comparable size and coverage - Melita and GO - has the potential to sustain effective competition. It stated: "*Wholesale regulation is not justified if effective retail competition is ensured. In recent years, the Commission has been indicating that the presence of three networks as one of the conditions for deregulation seems to be conservative... On this point, the Commission disagrees with BEREC's opinion which suggests that the presence of at least three networks is conducive to effective competition.*"

- **Market conditions tend toward effective competition**

The Commission highlighted that the Maltese market demonstrates characteristics conducive to competitive outcomes, noting: "*As a matter of fact, given the current degree of investments, retail prices, and already existing infrastructure-based competition, the*

¹⁷ Link to EC Decision on Case MT-2024-2484: <https://circabc.europa.eu/ui/group/2328c58f-1fed-4402-a6cc-0f0237699dc3/library/1a030215-dbfd-42fb-97fa-45b7101eec05/details>

market appears to tend towards effective competition.” This perspective contrasted with BEREC’s viewpoint, which emphasized that, “The MCA found that, following years of stagnation with similar offers from the incumbent and cable operators, since Epic’s market entry, the retail broadband market has begun to show some signs of dynamics... In BEREC’s view, an effectively competitive market may require the presence of more than two operators (supported, when appropriate, by ex ante regulation).”

- **Insufficient Evidence of Ineffective Competition and Market Power**

The EC also concluded that the MCA had not sufficiently demonstrated a lack of effective competition through the 3CT. Moreover, it suggested that the MCA had not adequately substantiated its designation of SMP for GO, particularly given its exclusion of the cable network from the defined wholesale market.

The EC’s Decision represented a notable divergence from the MCA’s interpretation of Malta’s market dynamics and the appropriate regulatory approach. The EC strongly favoured a market-driven model and expressed contrasting views about the need for further ex ante regulation in the Maltese context.¹⁸

The MCA acknowledges that the EU regulatory framework is designed to promote sustainable competition, and sectoral growth. However, the MCA maintains that in Malta’s unique market circumstances, such as those analysed in 2023, it becomes exceedingly challenging to conclusively justify the application of the prudence concept.

This new consultation therefore reflects the MCA’s ongoing commitment to adapting to evolving market conditions and regulatory thinking while ensuring that Malta’s regulatory framework for electronic communications remains relevant, proportionate, and effective. Through this approach, the MCA aims to balance the need for regulatory intervention with the broader goal of fostering sustainable competition and innovation in the sector.

¹⁸ On paragraph 88, the European Commission states that ‘*The assessment of market power in a wholesale market, which includes nation-wide cable infrastructures, could potentially lead to the following conclusions: (i) none of the operators has SMP; (ii) one of the two operators (GO or Melita) is dominant; (iii) both operators are jointly dominant or (iv) both operators are dominant in their separate wholesale markets. Such market power at wholesale level would also be reflected in market dynamics at the downstream retail level where the wholesale inputs provided are used to supply consumers.*

Nonetheless, on paragraph 85, the EC underlines that ‘*Wholesale regulation is not justified if effective retail competition is ensured. In the recent years, the Commission has been indicating that the presence of three networks as one of the conditions for deregulation seems to be conservative, while the criteria identified should be appropriate to reflect the competitive conditions in a given settlement with a sufficient forward-looking approach[47]. On this point, the Commission disagrees with BEREC’s opinion which suggests that the presence of at least three networks is conducive to effective competition. Such a high threshold for deregulation, in particular in the national circumstances of Malta, could lead to the continuing regulation instead of progressively reduce ex ante sector-specific rules, if justified by the level of effective competition in the market.*

2.5 Consultation with stakeholders and notification

The MCA is responsible for carrying out reviews of electronic communications markets in accordance with Article 9 of the Electronic Communications (Regulation) Act, Cap. 399.

The market review exercise includes the definition of relevant markets that are appropriate to national circumstances and an *ex-ante* market power (or dominance) assessment that is carried out in accordance with the principles of competition law. The MCA's goal is to ensure that regulation remains appropriate in the light of changing market conditions by assessing the adequacy of competition in the market. The MCA is taking into account the trends and technologies that are shaping the market, as well as the competitive dynamics, to determine whether existing regulations are adequate or whether new regulations are needed.

The MCA calls all interested parties to submit their feedback to the proposals set out in this consultation document by Friday 11th of April 2025. Please refer to Section 7 for further details about the submission of comments.

The MCA will consult on the main findings of this review with the National Competition Authority ('the NCA') namely the Office for Competition within the Malta Competition and Consumer Affairs Authority ('the MCCA'). The MCA will be publishing any comments forwarded by the aforesaid Office for Competition at a later stage in the response to this consultation document.

As required by Regulation 7 of the ECNSR, the MCA will notify the findings of this market review as a draft measure to the EC and to other NRAs following the closure of the national consultation phase. The EC will thereafter issue an opinion on the notified draft measure in view of its compatibility with Community law. The MCA will publish the relevant decision following the publication of the European Commission's notice.

3 The Relevant Retail Market

This market review focuses on wholesale local access (WLA) services, which serve as an upstream input for the provision of retail broadband services.

Retail service providers rely on WLA to deliver fixed broadband services in Malta¹⁹, either through their infrastructure or, if required, by purchasing wholesale inputs, such as WLA, from another operator. Therefore, the dynamics of the retail broadband market are closely linked to the provision of WLA. The first step in the current assessment is therefore to define the relevant retail market.

This process requires the MCA to evaluate both demand-side and supply-side substitution patterns, analysing how end-users and providers respond to changes in functionality, price, and availability across various technologies.

- The MCA examines evidence of demand-side substitution by assessing the extent to which customers view services offered via different technologies as interchangeable. This involves identifying whether breaks in substitution exist, particularly in terms of functionality and price, which could differentiate certain technologies.
- On the supply side, the MCA considers the ability of service providers to shift production or adapt services in response to changes in market conditions, thereby influencing market boundaries.

3.1 Methodology and Framework

The MCA's approach aligns with the 2020 EU Commission's Recommendation and revised SMP Guidelines, employing a forward-looking analysis to define the market in both product and geographic dimensions. A key component of this methodology is the application of the Hypothetical Monopolist Test (hereafter "HMT Test").

The HMT Test evaluates substitutability by simulating the response to a SSNIP of 5–10% for the focal product. This test examines how competitive pressures, through demand-side or supply-side substitution, might constrain a hypothetical monopolist from profitably implementing such a price increase.

By assessing end-user reactions and the capacity of suppliers to adapt, the HMT Test determines whether specific products and services belong to the same market. This analysis ensures that the MCA accurately identifies the retail fixed broadband products under

¹⁹ Other services such as fixed telephony and television are also dependent on such access and are typically offered in a bundle with fixed broadband.

investigation, forming the basis for a thorough competition assessment. Within the context of the HMT Test:

- Demand-side substitutability encompasses the assessment of end-users' ability or willingness to switch to alternative products in response to price changes of the product under investigation, determining the range of products considered mutually substitutable by retail end-users and wholesale customers.
- Supply-side substitutability encompasses an evaluation of whether suppliers would respond to a SSNIP by changing or expanding their production lines to offer the relevant products or services without incurring significant additional costs.

For the purposes of the current assessment, the MCA is considering retail fixed broadband supplied over an FTTx network (including fixed broadband over FTTH) as the most appropriate focal product against which an assessment of substitute products should be carried out. This when considering the emphasis of the Recommendation on the deployment of full fibre networks to homes and businesses and the statement in the EC Explanatory Note to the 2020 EC Recommendation that: *'fibre networks are not only the most advanced technology but also the most cost efficient and carbon efficient solution currently available on the market. All these factors cause a shift in strategy towards fibre installation, with at least regional FttH deployment even in countries in which the incumbent's initial focus was on Fibre to the Cabinet (FttC), very high speed digital subscriber line technology (VDSL), vectoring or G.fast.'* Where alternatives are found to act as an effective substitute for the focal FTTx product, they will be included in the relevant retail product market.

Another consideration in the market definition exercise relates to the geographic dimension of the relevant market, which involves analysing the extent to which the degree of similarity of competitive conditions across the national territory. The geographic dimension of the relevant market helps to define the area where a hypothetical monopolist may be able to exercise market power, influencing the prices and availability of the relevant products and services.

3.2 Context to Malta's retail fixed broadband provision

The retail fixed broadband market in Malta is characterized by the presence of three network operators: GO, Melita, and Epic. This three-player scenario has been a feature of the market since 2018, when Epic entered the fixed broadband market (Monaco Telecom took over by acquisition Vodafone Malta in April 2020 and rebranded to Epic in November 2020)²⁰, leveraging regulated VULA access imposed on GO through the MCA's 2013 Decision on Wholesale Unbundled Infrastructure Access. Epic also operates a fibre network with a limited footprint in select localities. By contrast, GO and Melita have traditionally been the only

²⁰ Link: <https://www.epic.com.mt/press-kit/>

operators offering broadband services on a nationwide basis, supported by their fixed access network infrastructure.

3.2.1 Market Scale and Density

Malta, with a land area of just 316 km² and an estimated population of 563,443 as of the end of 2023, presents unique market dynamics. While the small population size naturally limits economies of scale, the high population density offers a compensatory factor, enabling telecom operators to achieve extensive network coverage without the geographical challenges faced in larger countries.

However, despite these advantages, the sustainability of a third operator like Epic in such a concentrated market remains a critical consideration. A study conducted by WIK-Consult on behalf of the MCA in 2021 examined the viability of deploying FTTH infrastructure across Malta, assessing whether end-to-end infrastructure competition could emerge between GO, Melita, and Epic. The study concluded that, even under a best-case scenario, full duplication of very high-capacity (VHC) networks would only be feasible in regions covering approximately half of the population. This indicates that in the remaining regions, supporting three VHCN networks may not be economically viable.²¹

These findings highlight the structural challenges of sustaining three players in Malta's telecommunications market, particularly in achieving nationwide infrastructure competition. This remains a central consideration in the ongoing review, especially as the market transitions toward a more infrastructure-based competitive model.

3.2.2 Network topology and coverage

GO has made significant progress in its FTTH deployment, with less than 10% of the national territory that remains to be covered by this operator. Meanwhile, Melita continues to rely on its extensive DOCSIS 3.1 Gigabit-capable network for nationwide service but has recently initiated its own FTTH investments, achieving coverage that now surpasses Epic's footprint, at 7.7% of all dwellings across Malta.

Some additional detail is provided hereunder:

- GO is using a combination of Fibre to the Cabinet (FTTC) and Fibre to the Home (FTTH) technologies to connect customers to its network. This network is based on point-to-

²¹ A more detailed overview of population density across Malta's regions is provided in **Annex 2** to this document.

MultiPoint (PtMP) fibre topology²², with the fibre link ending at each home.²³ GO's FTTH products support download speeds of up to 1Gbps.

- GO's fibre network is available alongside its legacy copper DSL network. The latter network utilizes legacy copper infrastructure between the street cabinet and customer's premises. Given developments over the past years, GO's focus is evidently on the continued expansion and upgrade of its FTTH network, as well as increasing FTTH coverage, whilst migrating its clients away from its copper DSL platform. Additionally, GO supplies fixed telephony and internet services over fixed wireless access (FWA) technology using 4G cellular networks.
- GO stands out as the only operator in Malta with extensive and widely available physical infrastructure. The ubiquity and depth of this infrastructure are critical to the telecoms sector at large, serving as a cornerstone for GO's FTTH deployment and supporting Melita's nationwide coverage, even as the latter embarks on its own FTTH rollout.
- The MCA observes that GO's position in this regard is rooted in its history as a state-owned entity during the construction of significant portions of its duct network. As a state-owned monopoly, GO (then known as Maltacom) benefited from unique conditions that allowed it to overcome barriers typically faced during the early phases of such infrastructure development. These advantages, which played a crucial role in establishing GO's infrastructure dominance, cannot be easily replicated by other established operators or new market entrants.
- Melita uses a combination of coaxial and fibre-optic cable to deliver internet and TV services to homes and businesses. The coaxial cable is used to transmit the signal from the street-level cabinet to the customer's home, while the fibre-optic cable connects the cabinet to the main network hub. This infrastructure allows for high-speed internet and

²² FTTH PtMP GPON connects many fibres (typically 32 – 128) at an intermediate point to a splitter, which allows the aggregation of all the different optical signals onto one fibre in the upstream direction from the splitter to the ODF (feeder fibre) and to distribute the downstream optical signal in an equal manner to all fibre links from the splitter to the end-users connected (drop fibres). This architecture requires additional electronic control systems to separate the signals. The OLT at the central sites (Local Exchanges) communicate with the ONU (Optical Network Unit) in the customer premise to manage and control the traffic and signal flows on the shared feeder fibre. Both elements of active equipment should support the same GPON family protocol. Splitters can be cascaded at different locations up to a maximum splitting factor somewhere in the field, which could start within the buildings, but they can also be located behind the ODF in the local exchanges.

²³ There could be instances where GO/Epic deploy fibre links to reach the customer premises (i.e. FTTB). In this case, existing copper wire infrastructure would typically be used to connect the individual homes (flats, apartments, business locations). Such deployment would create some limits on the transmission bandwidth due to copper specific constraints. The MCA is not aware of the extent that GO / Epic are / would be implementing FTTB.

TV services, and the use of DOCSIS 3.1 technology allows for even faster speeds and greater capacity.²⁴ Currently, Melita offers connection speeds of up to 1.2Gbps nationwide and up to 2.5Gbps in areas covering circa 40% of dwellings in Malta.²⁵

Melita's HFC network may evolve in multiple ways in the near future. Melita has not to date announced any plans to upgrade its existing DOCSIS 3.1 network to DOCSIS 4.0.²⁶ Melita may also be evaluating the feasibility of transiting to an FTTH network, either in parallel to the cable network or to replace the cable network gradually over a number of years.²⁷ To this effect, the operator has recently introduced FTTH in a number of localities. However, to-date, all options remain open. Technically, both DOCSIS 4.0 and FTTH will satisfy end-user demand. Therefore, Melita's way forward will be mostly determined by cost. The cost of DOCSIS 4.0 end-user equipment is still not widely available.

- Epic provides fixed internet and telephony services using primarily fibre technology. Since 2018, Epic (then Vodafone Malta) has been accessing GO's FTTH infrastructure via regulated FTTx VULA to supply fixed internet and telephony services to end-users. This operator also started rolling out its own PtMP FTTH infrastructure in April 2021. Epic's FTTH products support download speeds of up to 2Gbps.

²⁴ DOCSIS (Data over cable service interface specification) only specifies the bi-directional data (and Voice) communication on a cable-TV network. It does not cover the TV-signal transmission. The cable-TV infrastructure originally was based on pure coaxial cables, which allow for the transmission of high frequency signals up to 2,5 GHz, thus offering high capacity. Not all of the capacity was required for TV-signal broadcasting, thus data channels have been added, typically framing the TV-channel frequency space. While the TV-signal broadcasting and the downstream of data requires a unidirectional transmission from a central to end-user sites the upstream channel requires a transmission vice versa.

All transmission on the coax-cables requires amplification/regeneration of the electrical signals at regular intervals (appr. 400m). DOCSIS typically is a hybrid technology with coaxial copper cables in the network end-segment from a so called fibre node to the end customer's TV-outlets, while fibre links connect towards the central sites with their TV-signal Headend and the Cable Modem Terminations System (CMTS). Both infrastructures (fibre and coax-cable) are used in a shared manner, and its access by the end-users is managed by the CMTS and its counterpart – the cable modem at the TV-outlets in the customer premises.

²⁵ Source : <https://www.melita.com/melita-launches-fastest-home-internet-speeds-in-malta/>

²⁶ DOCSIS 4.0 will enable full bidirectional transmission of 10 Gbps in a shared transmission area, thus superseding limitations related to significant asymmetry between upstream and downstream channels for DOCSIS 3.1. DOCSIS 4.0 will enable full bidirectional transmission of 10 Gbps in a shared transmission area. DOCSIS 4.0 will require further reductions in the fibre node size to around 50 end-users, bringing this solution close to a FTTdp or FTTB solution (for apartment buildings). DOCSIS 4.0 is not foreseen to be deployed in Malta within the timeframe of this review.

²⁷ Melita's territorial coverage and provision of downstream broadband services also rely on a legacy wholesale access agreement with GO for the use of GO's physical infrastructure. This legacy agreement between GO and Melita originated at a time when GO was still a government-owned entity. The agreement still stands, which means that the agreement subsisted after GO's privatization in 2006. There are currently no *ex ante* regulatory obligations on GO to supply access to its ubiquitous duct infrastructure.

Epic's FTTH infrastructure reaches a number of localities in Malta, namely Attard, Balzan, Birkirkara, Kalkara, Mosta, Qormi and San Giljan. For Epic to attain full national coverage, it will likely need a combination of continued self-deployment and reliance on access to other operators' infrastructure. These dynamics underscore the importance of the existing regulatory framework, as it shapes the interplay between infrastructure-based competition and wholesale access, which remains pivotal to maintaining a competitive broadband market in Malta. Epic also uses FWA technology to provide internet and telephony services, thus allowing for the delivery of broadband services.

- Vanilla Telecoms is a fringe competitor in the market that offers fixed wireless broadband services through wireless network infrastructure on the unlicensed spectrum band. However, the market presence of this operator is limited to only a few locations across the Maltese islands, and several technical constraints hinder the widespread availability of the service. This operator only accounts for a very small share of the local fixed subscriber base.

3.2.3 Competition in transition

The telecommunications market in Malta is undergoing a period of transition, with competition increasingly driven by the duplication and expansion of network infrastructure. This evolution holds the potential to further transform the sector, unlocking opportunities for innovative services and elevating the end-user experience as fibre-based technologies become more widespread. In this dynamic environment, end-users are poised to benefit from greater choice, improved service quality and possibly more competitive pricing. Moreover, infrastructure-based competition continues to accelerate advancements in faster internet speeds, enhanced reliability, and cutting-edge features such as 5G and full-fibre connectivity, fostering a more robust and dynamic market.

However, the path towards greater infrastructure-based competition is not without its complexities. Building and maintaining network infrastructure requires substantial investment, and challenges such as securing access to existing infrastructure and expanding service coverage, which remain significant. Operators must also continue to invest heavily in technology and, possibly, content, to meet evolving end-user expectations.

The experience of Epic, the newest entrant to the fixed broadband market, illustrates these dynamics. Since entering the market post-2018 (initially as Vodafone Malta) with a regulated FTTx VULA agreement, Epic has faced the dual challenge of negotiating regulated access while gradually rolling out its own FTTH infrastructure. Its network deployment, which began in 2021, represents a significant step towards a reduced reliance on regulated wholesale access. Yet, the transition from service-based to infrastructure-based competition is a gradual process that demands time and sustained investment.

This transition carries considerable implications for Malta's competitive landscape in fixed broadband services. The ability of a third operator to successfully navigate the hurdles of

infrastructure deployment will further play a role in shaping the evolution of competition dynamics in the market.

3.2.4 The role of commercial wholesale arrangements

Malta's unique context as a small market with three players, including Epic, presents nuances. While Epic may not achieve nationwide infrastructure, its role as a competitive force in specific market segments cannot be overlooked. In this regard, however, Malta's small size underscores the importance of maximizing the efficient use of existing infrastructure and minimizing economically unviable duplication of networks.

In a market with limited scale and high population density, deploying multiple overlapping networks may not be sustainable, as also indicated by a report carried out by WIK Consult for the MCA in 2021. Hence, fostering infrastructure sharing and collaborative investment is critical to ensure widespread coverage, better resource utilization, and sustainable competition, especially in areas where full network duplication would be economically impractical.

A key question therefore arises as to whether commercially negotiated agreements could materialise on a long-lasting basis. Experience in markets like Spain and Portugal have proven that commercial access arrangements have been effective in sustaining competition, leading to deregulation of wholesale local access in areas covered by such agreements.

The possibility of sustaining competition through alternative, market-driven solutions remain an opportunity worth exploring to ensure continued competition in a small but distinct market context.

3.3 The relevant retail product market

3.3.1 Demand side substitution for services on fixed technologies

The relevant retail product market is determined on the basis of a demand and supply-side substitutability assessment among products and services that could potentially form part of the market under investigation. Such an assessment also adopts a forward-looking perspective on potential market developments within the timeframe of this review.

As outlined in Section 3.2, retail fixed broadband services in Malta are delivered through copper VDSL, FTTH, and cable DOCSIS 3.1, as well as fixed wireless technologies. Local operators provide standard broadband solutions over these platforms to a large portion of their customer base. Additionally, operators cater to clients with specialized connectivity needs, such as business users, by offering tailored solutions like Ethernet-based leased lines and WDM connections.

The key factors relevant to assessing demand and supply-side substitutability among the aforementioned products are outlined below:

- Speed, coverage, and reliability of services;
- Service terms and payment conditions; and
- Price (specifically in terms of monthly access fees).

3.3.1.1 Speed, coverage and reliability

The functionality of broadband services over VDSL, FTTH, cable, and fixed wireless primarily depends on speed, coverage, and reliability:

- FTTH enables Gigabit download speeds, with Epic offering up to 2 Gbps in locations where its network is deployed. GO provides widely available Gigabit plans with speeds up to 1 Gbps. Meanwhile, Melita's DOCSIS 3.1 cable network already offers speeds of up to 1.2 Gbps nationwide and up to 2.5 Gbps for around 40% of households.
- GO also offers VDSL broadband with speeds of up to 75 Mbps, but only to clients where fibre has not yet been deployed.²⁸ Gigabit speeds are not achievable on this platform as GO does not use vectoring in Malta, a technology that helps to increase the capacity and speed of copper-based broadband services. Of note is that this technology is primarily used only by GO clients in less than 8% of dwellings not yet reached by this operator's FTTH network. The steady decline in VDSL subscriptions reflects GO's ongoing FTTH rollout and efforts to migrate VDSL users to fibre-based plans.
- All operators provide fixed wireless broadband, but download speeds on fixed wireless plans are significantly lower compared to what can be offered over fixed technologies like FTTH and cable DOCSIS 3.1.²⁹ Fixed wireless reliability is impacted by user congestion, backhaul capacity, and weather, while VDSL, FTTH, and cable offer more stable and consistent connectivity. Additionally, fixed wireless broadband is subject to data download caps due to the inherent nature of the wireless access channel (limited spectrum bandwidth). No data download caps apply in the case of broadband products based on VDSL, FTTH and cable.

The MCA considers broadband over FTTH, and cable DOCSIS 3.1 as functionally equivalent from a demand-side perspective, given the achievable Gigabit connectivity, reliability and quality of the services. The MCA therefore considers that fixed wireless broadband, due to its

²⁸ This solution relies on copper, which is susceptible to interference, the achievable bandwidth depends on the transmission protocols used as well as on the length of the copper line. The longer the copper line the lower the bandwidth. The traffic is typically asymmetric i.e. the downstream capacity (from network to end-user) is higher than the upstream. In Malta, the maximum speeds available via GO's VDSL infrastructure are up to 75Mbit/s. With the latest available vectoring technologies, the bandwidth to the end-user could reach up to 200 Mbps downstream. However, vectoring is not in use in Malta.

²⁹ There are currently no services offered in Malta on fixed wireless access over 5G technology. Hence such products are not considered relevant for the current assessment.

lower speeds, data caps, and susceptibility to external factors, does not meet the functional requirements of high-bandwidth users and is therefore not substitutable for FTTH and cable DOCSIS 3.1, which offer superior speed, reliability, and quality. Meanwhile, substitution from VDSL to FTTH is one-directional, with VDSL clients consistently migrated by GO to FTTH. Just 6.2% of retail fixed broadband clients in Malta at the end of September 2024 were on copper VDSL and these are expected to be fully migrated completely well within the timeframe of this review.

3.3.1.2 Service and contractual terms

The fixed broadband product portfolios offered via VDSL, FTTH, and cable technologies cater to both residential and business users, providing comparable service features and contractual terms.

In terms of service characteristics, download and upload speeds for residential and business users are generally similar, with additional optional features, such as multiple email addresses or web hosting, available to business users on request.

Contractual terms are also largely consistent across user groups on plans supplied over the different technologies. For instance, monthly access fees are discounted for subscribers opting for two-year contracts and settling payments via direct debit. Other common service and contractual conditions include:

- Fixed broadband services, whether stand-alone or bundled, are available on flexible payment terms, including 24-month contract agreements or month-to-month arrangements. Monthly access fees are generally lower for contracted plans.
- Prices (or monthly access fees) for copper VDSL, fibre, and cable broadband products vary by download speed, with higher-speed plans commanding higher monthly fees. This pricing structure applies whether the broadband is purchased as a stand-alone product (though such options are not mainstream since plans often include fixed telephony) or as part of a bundle.
- One-time fees such as connection, installation, and modem charges are often waived for broadband plans purchased under contract or as part of a bundle.
- Contractual terms for wireless fixed broadband products align with those for wired options, offering discounts for contracted agreements. However, wireless broadband is subject to data caps, resulting in a two-tiered pricing model. Once the data cap is reached, service suspension or additional charges may apply. In contrast, copper VDSL, fibre, and cable broadband products are not subject to data caps.

As such, the MCA considers payment and service terms for copper VDSL, FTTH, and cable broadband products to be similar, making these products substitutable based on these criteria.

However, fixed wireless broadband products differ significantly due to data caps and associated terms, and thus are not substitutable on this basis.

3.3.1.3 Payment terms

Another key factor to determine substitutability is price, which in the case of fixed broadband services offered in Malta is represented by the monthly access fee. Products offered via fixed wireless technologies are excluded from this analysis due to two-tiered pricing structure.

Monthly access fees for fixed broadband products vary incrementally, with higher fees corresponding to products offering faster download speeds. As shown in the table below, most prices are sufficiently close to consider that a 5-10% increase in the fee for one product could plausibly prompt end-users to switch to an alternative fixed broadband product. This substitution could occur either between competing operators or within the same operator's offerings, across the different products supporting a range of download speeds.

Residential Download / Upload	Technology	GO	Melita	Epic
75Mbps / 15Mbps + Fixed telephony + TV	Copper VDSL (legacy)	€25.99	-	-
100Mbps / 15Mbps + Fixed telephony	Fibre	-	-	€26.99 (-)
100Mbps / 10Mbps	Cable DOCSIS 3.1	-	€19.99 (€24.99)	-
250Mbps / 15Mbps + Fixed Telephony + TV	Cable DOCSIS 3.1	-	€25.99 (€30.99)	-
300Mbps / 30Mbps + Fixed Telephony + optional TV	Fibre	€27.99 (€32.99)	-	-
500Mbps / 50Mbps + Fixed Telephony + optional TV	Fibre	€30.99 (€36.00)	-	€31.99 (-)
750Mbps / 50Mbps + Fixed Telephony + TV	Cable DOCSIS 3.1	-	€33.99 (€38.99)	-
1000Mbps / 60Mbps	Cable DOCSIS 3.1	-	€36.99 (€41.99)	-
1000Mbps / 60Mbps + Fixed Telephony + TV	Cable DOCSIS 3.1 / Fibre	€40.99 (-)	€40.99 (€45.99)	€41.99 (-)
2500Mbps / 200Mbps + Fixed Telephony + TV	Cable DOCSIS 3.1	-	€45.99 (€50.99)	-
2000Mbps / 100Mbps + Fixed Telephony	Fibre	-	-	€26.99 (-)

Table 1: *Monthly access fees for residential fixed broadband products, as at the end of January 2025³⁰. Quoted prices are without the discounts applicable including for direct debit payments. Figures in brackets refer to monthly access fees for plans on month-on-month, placed under the fees applicable for 2-year contracts.*

The monthly access fees presented in Table 1 demonstrate a clear chain-of-substitution dynamic across retail broadband products, whether offered as stand-alone plans or as part of a bundle. This pricing structure enables end-users to switch between providers or products in response to a SSNIP. Notably, this dynamic holds even for month-on-month subscriptions, where monthly access fees are higher than those listed in the table.

This chain-of-substitution effect is also evident in the fixed broadband product offerings for business users. Starting prices for business broadband plans are in the region of €41 per month, which aligns with the price range for residential plans. In this regard, it appears that operators do not offer broadband plans to business users on a month-on-month basis (i.e. without a specific term contract). Moreover, in some cases, business broadband plans are priced lower than equivalent residential plans purchased on a month-on-month basis, including for bundle offerings. This indicates a consistent and overlapping pricing dynamic between residential and business fixed broadband services.³¹

³⁰ The quoted monthly access fees do not take into account discounts. It is also of note that operators allow end-users to opt for several add-ons on an opt-in basis, such as enhanced TV, alongside fixed broadband. In such case, the monthly access fee may increase accordingly.

Most of the plans listed in the table are also available on month-on-month basis (i.e. with no agreed contract term), but monthly access fees would be higher in that case. Operators also offer minor discounts on all fixed broadband plans where the end-user chooses to pay via Direct Debit Mandate (DDM). In the case of GO, a €1.00 DDM discount applies, whilst in the case of Melita and Epic a DDM discount of €0.50 and €2.00 applies respectively. These discounts also apply for business users.

³¹ The only outliers to the overall trend are the Gigabit plans offered to business users, which appear to fall outside the chain of substitution dynamic. Nonetheless, in some localities where Epic is already available via its own fibre network, the price for the 2GB download plan falls within the chain of substitution.

Business Download / Upload	Technology	GO	Melita	Epic
100Mbps / 15Mbps + Fixed Telephony	Fibre	€41.30	-	€43.06
250Mbps / 15Mbps + Fixed telephony	Cable DOCSIS 3.1	-	€41.29	-
300Mbps / 30Mbps + Fixed Telephony + TV	Fibre	€47.20	-	-
500Mbps / 50Mbps + Fixed Telephony + TV	Fibre	€59.00	-	€60.76
500Mbps / 20Mbps + Fixed Telephony + TV	Cable DOCSIS 3.1	-	€53.09	-
1000Mbps / 50Mbps + Fixed Telephony + TV	Cable DOCSIS 3.1	-	€82.59	-
1000Mbps / 100Mbps + Fixed Telephony + TV	Cable DOCSIS 3.1 / Fibre	€147.50	€147.49	€149.26
2000Mbps / 200Mbps + Fixed Telephony	Fibre	-	-	€37.15

Table 2: Monthly access fees for business fixed broadband products on a 24-month subscription, as at the end of January 2025³²

Given the above, the MCA considers that fixed broadband products supplied over copper VDSL, FTTH and cable are substitutable to each other on the basis of price, with the relevant prices for these products falling within the same chain of substitution dynamic. This substitution dynamic holds irrespective of the contract terms of the fixed broadband product on offer (i.e. stand-alone or in a bundle; in a contract or month-on-month) and irrespective of the type of client (residential or business). On the other hand, the two-tiered price mechanism applicable in the case of fixed broadband products supplied over fixed wireless technology limits the substitutability of such products to those supplied over copper VDSL, fibre and cable.

3.3.2 Substitutability of mobile broadband

The MCA hereunder examines the substitutability of broadband offered over mobile technologies to broadband supplied over fixed technologies.

³² The quoted monthly access fees relate to the introductory plan. Some plans are available on a month-on-month basis (i.e. with no contract), but monthly access fees would be higher in that case. Operators also offer minor discounts on all fixed broadband plans where the end-user chooses to pay via Direct Debit Mandate (DDM).

It is relevant to underline that 4G and 4G+ coverage is nationwide in Malta. Download speeds are around the 200Mbps mark in the case of 4G+. Mobile 5G is also available on a nationwide scale.³³ Irrespective of the technology, certain factors may limit the actual speeds attained / achieved by the end-user:

- Mobile networks are characterised by the use of antennas which serve customers within a radius around them. Customers within this circle all share the antennas' transmission capacity. Such antenna locations may host antennas for several frequency ranges, technologies and even different operators. In general, the size of the area covered by an antenna is determined by the frequency used and its propagation and wall penetration characteristics. The longer the wavelength and the lower the frequency the longer the propagation range and the wall penetration, but the poorer the transmission capacity. All end customers in an area covered by the same antenna compete for the capacity provided by this antenna. In this regard, the antenna's capacity is a shared medium, with a controller which grants the access rights³⁴.
- The main advantage of the mobile radio network is its support of mobility and its potential to reach sparsely populated areas, possibly not viably served by fixed access connections. However, radio transmission is by its nature affected not only by dense materials like walls, hills or mountains, or even trees, but also by sources of electromagnetic interference, such as lightning, and by rain, all of which can disrupt the line-of-sight contact between receiver and antenna. As it has especially weak propagation characteristics, frequency use in the > 3 GHz range will require increased cell numbers, as well as outdoor antennas and repeaters to ensure good and reliable indoor coverage.

Malta's high building density can impact mobile broadband performance, particularly when many users access the same tower simultaneously. This increased demand places pressure on network capacity, leading to potentially lower speeds. In order to make up for this, operators have intensified the number of base stations in the most densely populated areas. Also, they have deployed technologies like 5G TDD which allows for greater speeds. Additionally, the Gigabit fixed broadband plans, as noted earlier, are generally offered as part of bundles that include TV and fixed telephony services. This bundling further differentiates fixed broadband from mobile broadband, making the latter less likely to be viewed as a direct substitute. Moreover, Malta's high mobile penetration rate of 130%, alongside fixed broadband adoption

³³ Malta is served by three 5G mobile networks. All three 5G mobile operators offer the service on a nationwide scale. In addition, they also provide fixed wireless broadband access services over their 4G (LTE) network.

³⁴ Parallel deployment and MIMO antenna arrays (the use of multiple antennas at the transmitter and receiver) can increase this capacity, but the peak capacity of a mobile radio cell must still be shared among the users who intend to communicate at the same time. High capacity antennas such as those used for 4G and 5G require high capacity feeder networks, typically provided by fibre links. Modern antenna control solutions such as C-RAN and edge cloud solutions require even more fibre links between controllers and antenna locations.

in 95% of households, underscores the distinct roles these technologies play in addressing different connectivity needs.

It is reasonable to assume that virtually all residents in Malta have access to fixed broadband and use mobile broadband services. Meanwhile, trends in take-up for both fixed and mobile broadband show no evidence of cord-cutting. It is considered that fixed broadband remains the preferred choice for bandwidth-intensive applications, while 5G mobile broadband adoption remains modest, suggesting that end-users continue to rely on their fixed connections for such needs.

In densely populated countries like Malta, high-capacity infrastructure is essential to support mobile broadband. To ensure optimal performance and indoor coverage, particularly in a 5G context, small cells operating at higher frequencies require substantial fibre backhaul. Since all three mobile operators are also fixed broadband operators, these operators have reverted to utilising their fibre network, most of them up to the base station, to transfer data. This reliance reinforces the conclusion that fixed and mobile broadband technologies are not substitutes from a supply-side perspective nor are envisaged to be so within the timeframe of this review to a significant extent.

When it comes to broadband services delivered over mobile technologies per se, including 5G, the MCA considers that these are technically and functionally distinct from those provided over fixed VDSL, FTTH, and cable DOCSIS 3.1. Mobile broadband depends on Very High-Capacity (VHC) fixed infrastructure to achieve enhanced speeds and quality. The shared nature of mobile network infrastructure, coupled with inherent capacity and reliability constraints, limits its ability to fully substitute fixed broadband.

End-user purchasing patterns highlight the complementary relationship between fixed and mobile broadband services. While these services are generally not bundled together, households often subscribe to both, using each to meet distinct needs. Notably, personal requirements tend to play a more significant role in shaping decisions regarding mobile broadband subscriptions.

The MCA therefore concludes that mobile broadband services, including those based on 5G, do not serve as a substitute for fixed broadband technologies.

3.3.3 Substitutability of high-quality connectivity

The MCA notes that not all businesses use standard fixed broadband. Many medium and large businesses, both private and government-owned, prefer customized packages with higher bandwidth (including symmetric bandwidth) and better service quality, backed by Service Level Agreements (SLAs). These high-quality services include leased lines, Ethernet-based connections, Wavelength Division Multiplexing (WDM), and Business-to-Business connectivity with features like symmetric data rates and low contention.

These services are also priced higher than standard broadband. Therefore, the MCA concludes that high-quality business connectivity is not substitutable with mass-market broadband offered over VDSL, FTTH, or DOCSIS 3.1 networks.³⁵

3.3.4 Conclusion on demand-side substitution

The MCA concludes that, from a demand-side perspective, retail fixed broadband services provided over copper VDSL, cable DOCSIS 3.1, and FTTx are substitutable in terms of functionality and price. Service and contractual characteristics are comparable, and end-users can switch between these products if a SSNIP is implemented by a hypothetical monopolist, as evidenced by the observed price substitution dynamic. Specifically, substitution for copper VDSL is expected to occur predominantly in one direction, from copper VDSL to FTTH and cable, in line with efforts by the owning operator to migrate clients to FTTH and the growing demand for high-speed broadband.

Services offered over cable DOCSIS 3.1 and FTTx are deemed to be substitutable, as both deliver high-bandwidth broadband with similar functionalities. However, VDSL services offered over copper exhibit lower bandwidth capabilities. GO has announced its plans to phase out / switch-off its copper VDSL³⁶ and the number of end-users on this platform have gradually declined by way of migration to fibre. The current analysis shows that retail broadband services over cable and FTTx largely characterise the market and are now driving end-user demand, especially for connections supporting download speeds of 100Mbps or more.³⁷

Additionally, broadband services over fixed wireless and mobile technologies do not directly constrain those supplied over copper VDSL, FTTH, and cable networks. Similarly, high-quality business connectivity is not directly substitutable with standard fixed broadband services offered over VDSL, FTTH, and DOCSIS 3.1.

3.3.5 Supply-side substitution

The MCA considers the potential for new entry if a hypothetical monopolist implements a SSNIP for its fixed broadband FTTH product. Under this analysis of supply-side substitution,

³⁵ This conclusion is backed by a 2022 analysis conducted by the MCA, which identified a distinct market for high-end connectivity products. Since then, market conditions have remained largely relevant, with product characteristics and the price gap for these products still evident. Link to MCA 2022 Decision:

<https://www.mca.org.mt/consultations-decisions/mca-decision-concerning-wholesale-market-provision-dedicated-capacity-malta>

³⁶ GO has in 2023 launched a pilot project for switching off its copper access network in specific areas. This announcement was stated in GO's Annual Report 2023 (<https://la.bcms.go.com.mt/wp-content/uploads/2024/05/GO-FS-AR-2023-signed.pdf>) and further information was given in the Draft BEREC Progress Report on managing copper network switch-off (https://www.berec.europa.eu/system/files/2024-12/BoR%20%2824%29%20181_Draft%20BEREC%20Report%20on%20copper%20switch-off_0.pdf)

³⁷ As at end September 2024, 82.5% of all fixed broadband subscriptions supported headline download speeds of at least 100Mbps.

the MCA has examined whether an undertaking may consider the possibility to be active in the retail market for the provision of FTTH, thus supplying the focal product in the short term, without incurring significant sunk costs. In order for supply-side substitution to be effective, new market entry should render a hypothetical price increase unprofitable for the hypothetical monopolist. The MCA notes that market entry based on the deployment of own network infrastructure would however entail significant sunk costs and would take a long time to materialize. This is evidenced by the fact that new entry in the provision of FTTH has to date materialized on a limited scale and is not expected to expand significantly in the short to medium term. The potential for supply-side substitution is therefore not a relevant consideration in the current assessment.

3.3.6 Geographic definition

The geographic definition should identify areas where competition conditions are similar and distinguish them from neighbouring localities/regions where conditions are different. This should be done with consideration as to whether a potential operator with SMP acts uniformly across its network area or if it faces different conditions of competition that constrain its activities in some areas but not others.

Taking into account the above, the 2020 EC Recommendation states that NRAs need to: *'base their assessment of the geographic scope of a relevant market on a consistent set of parameters' and that 'the tools for geographic analysis are based on the principles of competition law...include analyses of demand and supply-side substitutability'*. The 2020 EC Recommendation adds that NRAs should define relevant geographic markets within their territory by taking into account, inter alia: *'(a) the number of competing networks, (b) their distribution of market shares, (c) a preliminary analysis of pricing and price differences at regional level and (d) behavioural patterns'*. The extent of geographic analysis at the wholesale level would also depend on the extent of competitive differences found at retail level (based on the number of competing operators, prices and marketing strategies amongst others depending on the circumstances).

GO offers nationwide retail fixed broadband services through its copper and fibre networks, with FTTH coverage at 93% of all dwellings. Melita provides cable DOCSIS 3.1 broadband services across a wide area, while Epic's coverage is limited to certain FTTH areas in a few localities, with a national reach 6.9% of all dwellings.

The MCA anticipates that the boundaries of the two-player nationwide competition zones will not change during the review period, as GO and Melita already cover the entire country. Meanwhile, Epic's potential to expand its competitive presence is also expected to remain limited, as Epic has announced plans to stop further FTTH deployment in 2024 and reportedly even beyond (albeit never officially confirmed to date). Additionally, the MCA notes that national pricing remains in effect, with all three operators charging uniform prices across the country, including in localities where Epic has deployed its FTTH infrastructure. Without regulation, and assuming a greenfield scenario without VULA regulation, the competition level is expected to remain constrained by national pricing.

As such, the MCA concludes that the competition conditions in the retail market for fixed broadband (copper VDSL, FTTH, and cable) are geographically homogeneous and are likely to remain so throughout this review period. The MCA considers the relevant market to be subject to a national pricing constraint, as prices are applied uniformly by all operators regardless of the customer's location.

3.3.7 Proposed retail market

The MCA concludes that the retail product market under investigation encompasses the following:

- fixed broadband supplied over the copper VDSL network;
- fixed broadband supplied over FTTH networks; and
- fixed broadband supplied over the cable DOCSIS 3.1 network.

The relevant product market consists of mass market broadband irrespective of the type of contract (two-year contract vs month-on-month / bundle vs stand-alone) and irrespective of the type of client (business vs residential).

Broadband supplied over fixed wireless access technologies and over mobile access technologies is not deemed part of the relevant product market. High-quality connectivity services are also excluded from the relevant market. The relevant retail market is national in scope.

3.4 Retail competition dynamics

The current assessment draws on data regularly collected by the MCA from authorized operators, alongside publicly available information from operators' websites and other relevant sources. It focuses on key indicators such as market structure, pricing, quality of service, and consumer choice. With a forward-looking perspective, the assessment evaluates whether recent trends signal a maturing market capable of delivering benefits to end-users without reliance on regulatory intervention.

This analysis also builds upon the findings of the MCA's 2023 consultation and notification, which highlighted areas in the retail fixed broadband market requiring careful consideration. At that time, the MCA proposed maintaining regulatory oversight, citing the evolving dynamics of a market primarily characterized by the nationwide presence of GO and Melita and the prominent position of GO in the physical infrastructure segment. The entry of Epic as a nascent infrastructure-based competitor introduced a potentially transformative factor, with significant implications for competition, market structure, and outcomes for end-users.

The MCA's approach balances its earlier findings with the ongoing evolution of the market. This measured stance recognizes the importance of adapting regulatory oversight as market

conditions evolve and potentially progress toward a state where competition can thrive independently, ensuring long-term benefits for end-users.

3.4.1 Market share developments

Between the end of 2013 and September 2024, the retail fixed broadband market in Malta grew substantially, with approximately 81,500 new subscriptions, representing a 58% increase. This growth, however, slowed after 2019, reflecting the natural maturity of the market. Over this period, the market shares of the two established operators, GO and Melita, remained relatively close, though both saw a decline following the entry of Epic (then Vodafone Malta) in the fixed broadband segment. By September 2024, GO and Melita recorded their lowest-ever market share levels since 2018, highlighting Epic’s role as a disruptor. Despite this, Melita maintained a lead, bolstered by its early adoption of nationwide Gigabit offerings. GO, meanwhile, demonstrated resilience, sustaining a substantial share through its extensive roll-out of fibre.

Market shares as at end of period	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Sep-24
GO	49.7%	49.3%	49.5%	51.3%	50.4%	49.0%	48.1%	47.6%	47.1%	46.7%	46.6%	46.5%
Melita	50.2%	50.6%	50.5%	48.7%	49.6%	51.0%	51.8%	51.8%	51.8%	51.8%	51.2%	50.0%
Epic	-	-	-	-	-	-	0.1%	0.6%	1.1%	1.5%	2.2%	3.5%

Table 3: Retail market shares as at end of period

Epic’s market entry marked a turning point. Initially fully reliant on GO’s regulated VULA, Epic capitalized on competitive pricing and innovative packages to attract customers. This intensified competition and catalysed slight declines in Melita’s and GO’s shares from June 2021 onwards. These trends underscore Epic’s influence in reshaping market dynamics, whilst also highlighting the inherent challenges new entrants face in a mature market dominated by well-established players with entrenched infrastructure and customer bases. In any case, Melita’s market lead over GO is not substantial, and the disruptor’s presence puts additional pressure on both established operators when it comes to market share.

3.4.2 Payment terms and price

Local fixed broadband plans in Malta are offered with two primary contract options: a 24-month agreement or a month-to-month plan. Monthly access fees are generally cheaper for customers who commit to a longer contract or bundle purchase. Pricing varies based on download speed, with a few lower-speed broadband plans available as a standalone option (i.e. without any additional service included in the plan), while high-speed broadband connections are typically bundled with additional services. Contract or bundle agreements often include other discounts such as the waiving of one-time fees for installation. Additionally, clients who opt for direct debit payments benefit from a discounted monthly access fee, but this is more of a widespread practice irrespective of the type of purchase.

This promotional flexibility represents a significant positive feature in the retail broadband market in Malta, which ultimately is of benefit to end-users. There is however the limited variety of standalone lower-speed broadband plans that may be required by a segment of fixed broadband clients. The MCA, in its 2023 analysis, had noted this limitation but also acknowledged the faster shift towards Gigabit connectivity.

The ongoing expansion and diversification of Gigabit broadband offerings represent a significant positive development in Malta's retail fixed broadband market. In 2017, Melita was the sole operator capable of offering Gigabit broadband widely. GO joined the Gigabit segment in 2019, albeit with limited reach at the time, as its FTTH coverage extended to just 23% of dwellings in Malta. However, GO's Gigabit services have since become far more accessible, with FTTH coverage reaching 93% of local dwellings by the end of December 2024.

This expansion has coincided with a growing trend of promotional flexibility in the Gigabit segment. Operators have continued to respond to competitive pressures by extending discount periods, making premium broadband plans more accessible to end-users. Introductory discounts for Gigabit plans, which until a few years ago typically lasted three months, now generally extend to six months and, in some cases, up to one year. Moreover, the market has seen the introduction of new offerings, such as Melita's 2.5 Gigabit plan launched earlier this year. This innovation is likely to spur competitive responses from other operators, particularly GO, which is well-positioned to leverage its extensive infrastructure investments to introduce comparable or superior plans.³⁸

These developments underscore the intensifying competition within the Gigabit broadband segment and emphasize the growing value and diversity of choices available to end-users in Malta's broadband market, particularly across various download speed packages. Notably, price comparisons demonstrate the improvements in value for money now accessible to end-users. Epic's own 2000Mbps dual-play package (including fixed telephony) is priced at €26.99 per month (at €24.99 with the direct debit mandate discount), thus aligning closely with GO's 300Mbps dual-play plan and Melita's 250Mbps dual-play package (with packages for GO and Melita actually including a free opt-in for TV streaming). Furthermore, high-speed triple-play plans continue to see substantial promotional pricing, such as observed in December 2024. For instance, Melita's 1000Mbps triple-play offer, which includes telephony and TV, has been reduced from €42.49 to €25.49 for the first six months, while GO's equivalent package has

³⁸ Overall, monthly access fees for Gigabit plans for residential users have gone down over the last few years as shown in the table presented in **Annex 1** to this document. This even when not taking into account discounts and promotional offers. For example, in February 2025, GO's 24-month Gigabit plan - bundled with fixed telephony and TV - was being offered to new clients for free for the first 6 months and at €40.99 for the remaining months of the contract. Melita was discounting the monthly access fee of its 1Gigabit plan in a bundle with TV and fixed telephony at €25.99 for the first six months of subscription. Melita was the only operator offering 1 Gigabit on a stand-alone basis and also for free for the first six months of a 24-month agreement.

been discounted from €40.99 to €26 over the same period. Epic also extended the discount period for 12 months throughout the Christmas period.³⁹

Meanwhile, promotional practices targeting new customers, which have long been a staple of Melita and GO's strategies, have intensified with Epic's market entry, as Epic initially sought to compete via the regulated VULA framework and more recently with its FTTH deployment. Interestingly, in February 2025, Melita was offering the 1000Mbps triple-play bundle for free for the first six months of subscription (€40.99 thereafter), whilst GO was also implementing a similar strategy with a 6-month free subscription period for new clients (€40.99 thereafter). Meanwhile, Epic was offering its own-FTTH based 2000Mbps plan at €13.49 for the first 12 months of subscription (thereafter at €26.99 for the remaining twelve months of the two-year contract). New clients are also availing from other discounts. For example, over the past 18 to 30 months, established operators have upgraded their plans to include a free basic TV streaming service as part of their offering. GO pioneered this initiative in 2022, followed by Melita in 2023. Epic, not to be left behind, has also expanded its portfolio with the launch of its own TV service, which has now been commercially available for several months.

These developments collectively illustrate a maturing competitive dynamic, with operators actively enhancing value propositions for end-users, particularly in the premium broadband segment. This suggests a higher likelihood that the market further evolves in a direction that increasingly benefits end-users, driven by both direct competition and strategic promotional initiatives.

³⁹ While this section focuses on comparisons within the residential segment, similar trends can be observed in the business segment. **Annex 1** presents additional tables outlining the different plans available across categories of users.

24-month entry-level bundle plan for residential users						
Operator	GO		Melita		Epic	
Plans	100Mbps download / 15Mbps upload	300Mbps download / 30Mbps upload	250Mbps download / 15Mbps upload		2000Mbps download / 100Mbps upload	
Reporting period	Dec 2023	Feb 2025	Dec 2023	Feb 2025	Dec 2023	Feb 2025
Monthly access fee – DDM excl.	€25.99	€27.99	Not applicable	€25.99	€26.99	€26.99
Monthly access fee – DDM incl.	€24.99	€26.99	Not applicable	€25.49	€24.99	€24.99
Discount	Not applicable	Not applicable	Not applicable	Free - first six months	Free – first six months	€13.49 per month - first 12 months
Fixed telephony	Unlimited calls to local numbers for the first 3 months Otherwise, service included but no free minutes	Unlimited calls to local numbers for the first 3 months Otherwise, service included but no free minutes	Not applicable	Included but no free minutes	Included with free on-net minutes	Included with free on-net minutes
TV	Free TV stream (opt-in)	Free TV stream (opt-in)	Not applicable	Free TV Starter App	Opt-in at an additional monthly fee - free for the first 6 months	Opt-in at an additional monthly fee - free for the first 6 months
Installation	Free	Free	Not applicable	One-time fee @ €15 e	€24.99	€24.99

Table 4: Monthly access fees for entry-level residential bundle plans on a 2-year contract (end of period)

The engagement of established operators and the newer entrant in direct price competition, largely by way of discounts to new clients, is evident.

Some additional considerations relating to the price strategies and the evolution of prices are highlighted hereunder:

- The continued investment and upgrading of network infrastructure across Malta reflects the operators' shared commitment to advancing broadband services and sustaining vibrant competition in the market. GO has significantly accelerated its FTTH deployment in recent years, and along the way migrating customers from legacy plans to fibre-based options. This transition is envisaged to happen by improvements in entry-level plans, particularly with enhanced download speeds that are expected to be implemented without imposing excessive additional financial burdens on end-users.

Melita has also launched a pilot project in 2024 for fibre deployment and earlier in 2023 announced its investment in infrastructure to support 10Gbps internet speeds. By October 2024, Melita introduced 2,500 Mbps home internet speeds, which reportedly reached over 40% of households in Malta.⁴⁰

Epic's recent media statements highlight its investments in 10G fibre technology, with claims of serving nearly half of Malta's businesses. This upgrade, whilst not being envisaged to happen on a nationwide scale, represents a strategic step to cater to the growing needs of the business sector, enhancing operational efficiency and reinforcing Epic's standing as a pivotal player in the broadband ecosystem.⁴¹

Additional momentum to competitive dynamics could arise from broader market developments. For instance, in November 2024, Goldman Sachs Alternatives signed an agreement to acquire Melita Limited from EQT Infrastructure IV fund.⁴² This acquisition signifies a vote of confidence in Malta's telecommunications sector and suggests a continued focus on innovation and competitiveness by the market's key stakeholders. Such strategic investments and partnerships are likely to foster further market dynamism, benefiting end-users through enhanced choice, value, and technological advancements.

- The role of the third player - Epic - as a disruptor represents a key piece in the local competitive landscape. Epic's deployment via own infrastructure is a significant step toward enhancing competition and fostering price reductions in the fixed broadband market. While this development contributes positively to market dynamics, competing solely on price could present challenges for Epic. Established operators like GO and

⁴⁰ Link: <https://www.melita.com/melita-launches-fastest-home-internet-speeds-in-malta/>

⁴¹ Link: <https://timesofmalta.com/article/epic-supports-growth-10g-fibre-technology-digital-solutions-a2.1101371>

⁴² Link: <https://www.melita.com/melita-welcomes-goldman-sachs-alternatives-as-new-shareholder/>

Melita, with extensive infrastructures and resources, may employ short-term pricing strategies to counteract Epic's market entry and potentially dissuade further investments by Epic.

- However, the MCA recognizes that Epic is well-positioned to diversify its competitive strategy. Leveraging its strong presence in the mobile market and established role in the business connectivity segment, Epic can further differentiate itself through innovation and targeted offerings. ARPU levels in a competitive market do not necessarily need to be low but rather reflect broader market dynamics that underscore the trajectory of competition. The MCA observes that the data submitted by fixed broadband operators - specifically Melita and GO - shows that these two operators have managed to consistently sustain increases in their fixed broadband ARPU over time, even after the entry of Epic into the market. This trend is likely to have been driven by factors such as increased consumer uptake of value-added services, bundled offerings, and premium plans (i.e. plans with higher broadband speeds), all of which enhance the utility for end-users.

Epic's lower ARPU, driven by its aggressive promotional strategies and introductory pricing for plans offered via its own network, underscores the role of a new entrant in diversifying the market and challenging established operators in its bid to build market share. While Epic has yet to achieve significant scale, its presence has nonetheless added variety to the competitive landscape. This has indirectly prompted established players to enhance their service offerings, adopt more flexible pricing models, and optimize customer retention strategies.

In such an environment, ARPU levels may naturally adjust downward as competition deepens, particularly with continued investment in infrastructure. The ongoing rollout of Gigabit connectivity exemplifies this trend, likely to further expand choices for the end-user and improve affordability over time. Such developments emphasize the evolving balance between competition, innovation, and consumer benefits in Malta's broadband market.

The MCA recognizes that ARPU trends are influenced by various factors beyond just pricing strategies. Technological advancements, market evolution, and changing consumer preferences all contribute to shaping these trends. For example, the expanding deployment of Gigabit broadband and the introduction of bundled services with free TV streaming alongside broadband, suggest that the observed ARPU growth may not be a sign of restrictive market practices. Rather, it may reflect positive shifts toward more diversified and competitive offerings that benefit end-users. These trends could incentivize operators to prioritize innovation and customer-focused strategies, delivering greater value and enhancing customer loyalty, rather than solely relying on price competition.

ARPU per bundle user	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022
GO	€ 107.24	€ 108.52	€ 109.29	€ 108.91	€ 110.62	€ 112.93	€ 112.74	€ 114.17
Melita	€ 105.53	€ 105.84	€ 105.76	€ 105.62	€ 105.60	€ 103.36	€ 106.08	€ 105.66
Epic	€ -	€ 27.78	€ 14.96	€ 21.34	€ 17.46	€ 7.57	€ 7.01	€ 13.53
ARPU per bundle user	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	
GO	€ 113.89	€ 114.31	€ 114.60	€ 115.18	€ 114.50	€ 114.30	€ 112.93	
Melita	€ 106.02	€ 106.29	€ 107.77	€ 106.96	€ 106.93	€ 107.25	€ 107.69	
Epic	€ 16.13	€ 28.77	€ 30.15	€ 29.05	€ 31.25	€ 35.74	€ 40.78	

Table 5: Average revenue per bundle user, excluding revenues related to fixed wireless subscriptions⁴³

In this context, it appears that market dynamics in Malta balance investment incentives for established players with opportunities for new entrants to challenge incumbents through innovation and targeted offerings. This interplay fosters a more robust and consumer-focused market, where competition drives better value for money to the end-user.

- International benchmarking is a useful tool for evaluating price competition, as it offers a comparative analysis of broadband pricing strategies across different countries. By comparing Malta’s broadband prices to those in other EU markets, one can gauge whether local operators, including Epic, are maintaining competitive pricing or if there is room for improvement. However, it is essential to consider that benchmarking data should be interpreted with nuance, as it is often subject to various contextual factors.

A comprehensive study published in 2024, titled "Mobile and Fixed Broadband Prices in Europe 2022"⁴⁴ conducted for the European Commission's Directorate-General for Communications Networks, Content & Technology, provides a nuanced analysis of broadband pricing trends in Malta. The report indicates that, in 2022, Malta had a relatively high proportion of offers within the more expensive price clusters compared to other EU countries. Specifically, Malta's fixed broadband prices were above the EU average.

⁴³ GO's ARPU figures take into account revenues and subscriptions for both the copper VDSL and FTTH platforms. Figures for Epic refer to ARPUs recorded by this operator on its own network.

⁴⁴ Link to EC 2024 report: <https://digital-strategy.ec.europa.eu/en/library/mobile-and-fixed-broadband-prices-europe-2022>

The preceding EC study is also available on the following link: <https://digital-strategy.ec.europa.eu/en/library/mobile-and-fixed-broadband-prices-europe-2021>

The MCA acknowledges that bringing Malta's fixed broadband prices below the EU27 benchmark is a desirable outcome. Encouragingly, recent market developments indicate that this is attainable, particularly following Epic's market entry with its own FTTH infrastructure. This entry has introduced a new competitive dynamic, accelerating the longstanding trend of discounts to new clients while simultaneously offering enhanced speeds. Additionally, GO continues to expand its FTTH deployment and recently upgraded its product line-up, further consolidating the chances for stronger competition. Melita has also demonstrated renewed competitive intent by investing in 10Gbps capable infrastructure and launching 2,500 Mbps home internet speeds, which currently cover over 40% of Maltese households.

Furthermore, the majority of Malta's fixed broadband customers subscribe to triple-play offers. The EC report for 2022 highlights that "*Prices for Triple Play offers in all speed brackets are below the EU average.*" This, combined with the increasingly competitive landscape, suggests that Malta is well-positioned to achieve more affordable broadband prices within the timeframe of this review, benefiting end-users with improved service options and better value for money. While the EC's study on fixed broadband prices provides valuable insights, its findings should be interpreted within the appropriate context. First, the report reflects pricing dynamics as of 2022, a period when the market had not yet fully adjusted to the onset of a more consolidated three-player landscape. Second, while it is acknowledged that prices can increase over time, such as through adjustments in monthly access fees, it is equally important to recognize the growing opportunities for both new and existing customers to benefit from promotional discounts and enhanced service offerings.

This evolving competitive environment complicates direct price comparisons between Malta and other EU countries, given the unique market dynamics and varying infrastructure coverage. In this context, pricing trends in Malta should be viewed as part of a broader narrative of market evolution. While there remains room for improvement, current prices are already competitive in certain segments when benchmarked against EU standards. Additionally, with all operators actively future-proofing their infrastructures by investing in very high-capacity network upgrades and refining their pricing strategies, the competitive landscape is expected to continue evolving. This ongoing market development will significantly influence how Malta's broadband prices compare to the rest of the EU in the coming years.

3.4.3 Quality of service

The MCA has observed significant improvements in the quality of service offered by operators over recent years, particularly in terms of more flexible bundle options and faster data speeds. Notably, these enhancements began before Epic launched its FTTH commercial services but were further accelerated by Epic's entry into the market. These advancements have improved the user experience, enabling applications such as high-definition video streaming, online gaming, and teleconferencing, all of which benefit from faster download and upload speeds.

Additionally, as higher speeds become more widely available, the price per Mbps has generally decreased, offering end-users greater value.

According to the latest Consumer Perceptions Survey for fixed broadband services conducted by the MCA in 2022⁴⁵, the primary factor influencing end-user choices remains "download speed," followed by "price," "upload speed," and "availability in a bundle." These preferences align with the competitive landscape, where infrastructure competition has driven improvements in download speeds. Before Epic's market entry, GO and Melita already competed directly on this metric. Melita was the first to offer Gigabit connectivity nationwide, and GO followed suit as its fibre network expanded. Currently, Melita provides speeds of up to 1.2 Gbps nationwide and has introduced speeds of up to 2.5 Gbps, covering approximately half of Malta's dwellings. By comparison, GO offers speeds of up to 1 Gbps almost nationwide, while Epic provides 2 Gbps in select localities.

The MCA concludes that significant competition in terms of quality of service is evident. However, areas requiring attention remain, as highlighted by the latest Consumer Perceptions Survey. For instance, 56% of respondents who conducted speed tests reported that actual speeds were lower than advertised, up from 52% in 2019. Additionally, 40% of respondents aware of their broadband costs consider their monthly costs to be expensive or very expensive.

These findings suggest that some end-users consider that the service does not always align with advertised speeds or cost expectations. However, recent developments, such as GO's continued fibre rollout, Melita's launch of a new 2.5 Gigabit product and own investment in FTTH, alongside the continued presence of disruptor operator Epic, indicate potential for increased competition, more choice and improved service quality. The MCA is optimistic that the evolving market landscape will benefit end-users through more competitive choices, enhanced service offerings, and a customer-centric approach emphasizing transparent pricing, flexible plans, and improved customer support.

It is pertinent to note that on the 5th February 2025 the MCA has issued a consultation exercise on setting Quality of Service (QoS) Parameters to be Measured by Providers of Internet Access Services (IAS) and Publicly Available Interpersonal Communications Services (PA-ICS). The consultation addresses a number of parameters that are of interest from a quality-of-service point of view, without precluding that other parameters are consulted upon in the future.⁴⁶ Besides benefitting end-users, this information would allow the MCA to monitor more accurately trends in the sector. It would also enable service providers to benchmark the quality

⁴⁵ Link to the MCA 2022 Consumer Perceptions Survey for Fixed Broadband:

<https://www.mca.org.mt/articles/consumer-perceptions-survey-fixed-broadband-2022>

⁴⁶ Link to MCA Consultation: <https://www.mca.org.mt/index.php/consultation-qos-parameters-telecom-providers-2025>

of their services with that of other service providers, thereby fostering greater competition in the market.

3.5 Conclusion on retail market manifestations

The retail fixed broadband market in Malta is evolving to display stronger signs of competition, underpinned by the presence of three operators - GO, Melita and Epic - significant infrastructure investments, and ongoing service innovation. Competitive market dynamics are evident in the continued improvement of service quality, increased pricing flexibility and discounts, and expanded end-user choice. Operators like GO and Melita have achieved universal coverage and introduced Gigabit-level services, while Epic has positioned itself as a disruptive player, adding range of choice to the market landscape and driving further competition.

While these developments reflect encouraging progress with respect to competition outcomes, maintaining competition long-term requires ongoing attention to specific structural and operational factors. This vigilance is essential to ensure a continued evolution of competition dynamics that is beneficial of end-users. Some market features are of particular interest in this regard:

- While three providers compete in the market, the availability of certain product options, such as stand-alone Gigabit offers, remains limited. Increasing the diversity of service offerings, particularly for end-users seeking unbundled products, could further enhance competition.
- The ability of all market participants to maintain viable competitive offerings is contingent on fair access to wholesale infrastructure. Ensuring a transparent and equitable approach to such access is critical to fostering sustainable competition.
- The rate of switching has not changed over the past years and likely remains below potential. Measures under Articles 105 and 106 of the EECC could be explored to identify potential barriers to switching related to contract duration and early termination charges. The bundling of premium content may also influence competitive dynamics in the broadband market. Exploring the effects of such practices can provide a clearer picture of their impact on consumer choice and competition.

Notwithstanding, ongoing monitoring remains crucial to address any emerging challenges and to uphold a trajectory that benefits end-users. Ensuring infrastructure accessibility, expanding service diversity, and promoting end-user mobility will be essential in sustaining and enhancing competition in Malta's retail broadband market.

4 Wholesale Market Definition

This Section aims to define the relevant wholesale market associated with the provision of retail fixed broadband services in Malta. The process involves identifying a focal product and applying a HMT to assess whether alternative products could serve as substitutes and therefore be included within the same market as the focal product.

4.1 Wholesale local access (2020 EC Recommendation)

According to the 2020 EC Recommendation on Relevant Markets, Wholesale Local Access (WLA) remains identified as a market susceptible to *ex ante* regulation at the EU level. This creates a presumption in favour of continued regulation of WLA, considering that the market was also listed in the preceding 2014 EC Recommendation on relevant markets.

The Recommendation defines the WLA market as including access products – both physical and virtual - that facilitate the transmission of internet and related data services. The potential impact of access to alternative platforms, such as cable networks, is considered relevant for competition in the retail broadband market and it is therefore recommended that it is taken into account.

The Staff Working Document accompanying the Recommendation on Relevant Markets (hereafter also referred to as the ‘2020 Explanatory Note’) provides detailed guidance on the types of access products that may be included in the Wholesale Local Access (WLA) market. The 2020 Explanatory Note specifies that the market encompasses both ‘*physical access products as well as those virtual access products that mimic the capabilities of physical access (VULA), enabling the transmission of internet and related data services.*’ Physical access is considered as a direct physical connection between the end-user and the network provider, typically facilitated through mediums such as copper wires, fibre-optic cables, or coaxial cables. Virtual access, in contrast, enables a connection without requiring the end-user to be directly linked to the operator’s physical infrastructure.

The 2020 Explanatory Note adds that ‘*virtual access products may be designed in a way that they display similar or equal product features, regardless of the location of the handover point for access. Therefore, it could be technically possible to provide wholesale broadband access at central or local level with comparable quality of service from both the access seeker and the end-user perspectives. In particular, the characteristics of high-quality virtual access products provided at central level could be made equivalent to those of VULA, allowing access seekers to provide similar retail services based on either product.*’

The Explanatory Note further reflects the ongoing technological shift from traditional copper-based access methods, such as LLU and SLU, to fibre-based technologies, including FTTH, FTTB, and FTTC/VDSL. These fibre-based solutions are increasingly viewed as effective substitutes for legacy systems. However, the 2020 Explanatory Note also acknowledges that

the transition to fibre is not yet complete in all areas. The readiness of different markets for full fibre adoption is therefore deemed a relevant consideration.

4.2 The relevant wholesale market

This Section aims to define the relevant Wholesale Local Access (WLA) product market within the Maltese context. The first step is to identify the focal product that underpins this market. This process involves assessing both demand-side and supply-side substitutability among various products and services that may be included in the market's scope.

The substitutability assessment is carried out using the HMT approach, which adheres to the principles set forth in the EC SMP Guidelines. Furthermore, the analysis incorporates an examination of indirect retail constraints arising from downstream markets to assess their influence on the WLA market and ensure a comprehensive understanding of market dynamics.

For the substitutability analysis, the MCA will focus on the wholesale fixed access elements currently utilized in Malta to deliver retail fixed broadband services. This is because demand for wholesale fixed access services is intrinsically tied to the demand for retail fixed broadband services in the downstream market.

4.2.1 Access capabilities of technologies in use

Malta's primary fixed broadband technologies include GO's FTTC (fibre to the cabinet) network encompassing the copper access line element, extensive FTTH/B (fibre to the home/building) deployments by GO, smaller-scale FTTH deployments by Epic and Melita, and Melita's DOCSIS 3.1 cable infrastructure. This Section aims to outline the wholesale access capabilities available over these technologies, which underpin the provision of retail fixed broadband services in Malta.

4.2.1.1 The copper network

GO's copper network can theoretically allow for wholesale unbundled access to the local loop and sub-loop. LLU entails providing access to the copper wire pair link that connects the Local Exchange (hereafter "LE") to the customer premises, with the handover occurring at the Main Distribution Frame (hereafter "MDF") located within the LE. Alternatively, sub-loop unbundling involves unbundling the copper line at the cabinet level (as in the case of FTTC), offering a shorter loop length that can facilitate higher speeds for end users.

GO's FTTC infrastructure is based in part on legacy copper wire pairs, but the bandwidth is enhanced (compared with basic broadband offers based on ADSL) through deploying VDSL (very high-speed digital subscriber line) active equipment and, in most cases, by shortening the copper access line, so that it is used only between the end-customer and street cabinet. DSLAMs are then installed in the street cabinets and are connected by fibre links to the Local Exchange locations, thus giving this network topology its name.

GO's copper network has not been upgraded with the latest available vectoring technologies, which means that the service does not meet the requirements of end-users in a Gigabit environment.

4.2.1.2 The fibre networks

Three operators currently operate a fibre network, namely GO, Melita and Epic.

GO's fibre network covers 93% of dwellings in Malta, while the fibre networks deployed by Melita and Epic reach 6.9% of local dwellings. These deployments, categorized as Fibre to the Home (FTTH), involve fibre optic cables extending directly to residences.

GO, Melita and Epic utilize a Point-to-MultiPoint (PtMP) FTTH network design. It is based on GPON (Gigabit Passive Optical Network) technology. In this configuration, multiple fibres - typically between 32 and 128 - converge at an intermediate splitter. This splitter aggregates upstream optical signals onto a single feeder fibre connected to the optical distribution frame (ODF) and evenly distributes downstream signals to the drop fibres leading to individual end-users. Unlike a Point-to-Point (P2P) fibre topology, PtMP does not facilitate unrestricted or "transparent" fibre access.

Physical unbundling can also be theoretically applied to fibre networks. However, this requires specific architectural solutions "designed in" at the outset of the deployment of an FTTH network (possibly as a result of regulation or commercial decisions). Since all Maltese fibre networks use the PtMP GPON architecture, then it is not technically feasible nor economically viable to enable physical unbundling over Malta's FTTH networks.⁴⁷

On the other hand, FTTH networks deployed in Malta support the provision of FTTx VULA. VULA operates as a Layer 2 access solution that leverages advanced virtualization technologies, such as Network Functions Virtualization (NFV) and Software-Defined Networking (SDN). Its technical conditions and characteristics are designed to replicate the

⁴⁷ Similar to many other European countries, Point-to-Point (PtP) architectures are not utilized for mass-market broadband services in Malta. Instead, local operators have adopted FTTH PtMP GPON-based architectures. According to a study conducted by WIK Consult in 2021 on behalf of the MCA, physical unbundling in an FTTH PtMP PON network could theoretically be achieved by implementing specific network modifications. This would involve deploying a sufficient number of feeder fibres from the MDF to splitter locations, collocating splitters for each access seeker, and connecting end-user fibres to the designated splitters, resembling the approach used for sub-loop unbundling.

Such a reconfiguration of the network topology would allow access seekers to replicate the split network. Additionally, feeder fibres could facilitate dedicated Point-to-Point (PtP) connections for business customers, enabling significantly higher capacities (up to 100 Gbps) than those currently provided by GPON technologies. Since Malta's FTTH networks exhibit PtMP topological characteristics, then they do not permit local ODF access by wholesale customers. This is due to the limited space at the appropriate local network access point to allow for collocation of equipment by customers.

functionalities of physical access, ensuring comparable capabilities for operators. VULA enables wholesale customers to exercise the same level of control over end-user services as Optical Distribution Frame (ODF) access, particularly regarding internet speeds and other product features. This capability allows VULA to effectively meet the growing demand for Gigabit-speed broadband services. In Malta, GO is the only operator that provides FTTx VULA to third-party operators. This VULA service is currently offered as a regulated product to Epic, rather than being based on a commercially negotiated agreement. All operators utilize FTTx VULA for self-supply to deliver retail broadband FTTH services to their customers.

Bitstream access is another form of wholesale access that may be offered over fibre, either at Layer 2 or Layer 3 of the OSI (Open Systems Interconnection) model.⁴⁸ The layer at which Bitstream is offered affects the degree of flexibility for the access seeker. Layer 2 is a link layer protocol according to the Ethernet standards (IEEE 802.3). It involves communication from network node to network node, addressing concrete network components through so called MAC-Addresses, hard or soft coded in the hardware. Layer 3 Internet Protocol (IP) is a network protocol which addresses the communication partners directly end-to-end at both edges of a network. It thus establishes communication relations over the connected network nodes end-to-end, by means of IP-Addresses. These addresses are allocated to the network nodes on a logical (software) level. It is considered that Layer 2 (Ethernet) Bitstream access has a greater potential since it addresses the physical layer and controls its transmission characteristics.

4.2.1.3 The cable network

Melita has deployed a cable broadband network using the latest DOCSIS 3.1 technology. This hybrid network provides nearly full coverage of Maltese households. It combines fibre links connecting central sites (including the TV-signal Headend and Cable Modem Termination System, or CMTS) with coaxial copper cables extending from local fibre nodes to customers' premises. Both the fibre and coaxial components are shared among end-users, with access managed by the CMTS and customer-side cable modems.

DOCSIS 3.1, like earlier DOCSIS standards, exhibits significant asymmetry between downstream and upstream channels. Typically, upstream capacity is around 10% of downstream capacity.

Currently, the wholesale access that may be provided by Melita's cable network is limited to IP-Bitstream access with handover at the CMTS or higher network levels. Therefore, this network does not natively support Layer 2 (Ethernet) protocols, which are a step below the IP layer. While it might be theoretically possible to emulate Layer 2 VULA over DOCSIS 3.1, these methods are untested and would likely compromise end-user capacity. This would

⁴⁸ According to the study carried out by WIK Consult in 2021 on behalf of the MCA, 'As defined in the context of the 2014 EC Relevant Market Recommendation, bitstream is handed over at regional or central level. Its quality is best effort, and thus no specific level of Quality of Service (QoS) is defined.'

further limit their practicality. DOCSIS 4.0 could address this limitation by enabling full-duplex capabilities and unconstrained upstream capacity. However, its deployment in Malta within the timeframe of this market analysis remains uncertain. The MCA therefore considers that IP-Bitstream access over cable in Malta does not meet the definitions of VULA or "Light VULA" as outlined in the BEREC or the EC's 2014 Recommendation on Relevant Markets. Instead, this wholesale service remains a "best effort" service.

Furthermore, the physical unbundling of the coaxial cable segment is not feasible due to its single-wire design shared by multiple users. While unbundling might theoretically be considered in the segment between the fibre node and CMTS, significant technical and practical challenges hinder such an implementation.

4.2.2 Substitutability analysis

Given the considerations in sub-section 4.2.1, the MCA's analysis to define the relevant wholesale market will consider LLU and SLU, wholesale FTTx VULA and wholesale bitstream access over fibre and cable DOCSIS.

As explained in the staff working document accompanying the Recommendation on Relevant Markets: *'virtual access products may be designed in a way that they display similar or equal product features, regardless of the location of the handover point for access. Therefore, it could be technically possible to provide wholesale broadband access at central or local level with comparable quality of service from both the access seeker and the end-user perspectives. In particular, the characteristics of high-quality virtual access products provided at central level could be made equivalent to those of VULA, allowing access seekers to provide similar retail services based on either product.'*

The MCA considers that one of the key advantages of FTTx VULA is that it enables access seekers to gain a high level of control and greater flexibility over their network traffic compared to traditional "best effort" bitstream offerings. This is because FTTx VULA provides access seekers with their own virtual Local Area Network (LAN), which therefore enables them to prioritize and route their network traffic as they see fit.

Moreover, FTTx VULA offers access seekers the ability to leverage a range of advanced network services such as Quality of Service (QoS), multicast, and multicast VPNs, which can be customized to suit their unique business needs. This allows access seekers to offer advanced services to their end-users, such as high-quality video streaming and Voice over IP (VoIP) services.

In light of the above, the MCA considers that the wholesale focal product comprises FTTx VULA.

The next step is therefore to assess the substitutability of wholesale unbundled access and cable IP-Bitstream access with FTTx VULA.

4.2.2.1 Wholesale unbundled access to the sub-loop and local loop

GO provides wholesale unbundled access to the local loop for retail fixed broadband services over its copper network. However, this form of access is becoming less relevant as GO transitions its legacy copper customers to its fibre network and as other operators expand their own fibre infrastructure.

Fibre networks represent an evolution from SLU, with FTTx VULA emerging as a more future-proof alternative. FTTx VULA offers access seekers, such as Epic, a flexible and customizable solution that leverages advanced virtualization technologies. It mimics the capabilities of physical access while enabling the provision of high-quality broadband services, essential for meeting the demands of a Gigabit-enabled environment.

In contrast, wholesale unbundled access to the local loop does not match the service quality, scalability, or flexibility of VULA, rendering it inadequate for meeting the demands of Gigabit connectivity. Regarding the potential implementation of a SSNIP by a hypothetical monopolist and the implications for substitutability, the MCA notes the following:

- In the event of a SSNIP by a hypothetical monopolist supplying SLU, a new entrant could feasibly switch to using LLU. However, the reverse substitution would not be viable due to the substantial investment required to implement SLU. Consequently, LLU and SLU are theoretically substitutable from a demand-side perspective, but only in one direction.⁴⁹
- Also, in practice, LLU is not economically viable or practically feasible to adopt. As a result, substitutability for wholesale unbundled access in the event of a SSNIP for this kind of access is deemed effectively limited to a one-way shift toward FTTx VULA, particularly when considering developments in the retail market from the point of view of GO.

While the current limited dependence on pure copper services suggests that their inclusion or exclusion would have minimal impact on competitive analysis, the MCA deems it reasonable to include wholesale unbundled access within the relevant wholesale market. This inclusion largely reflects GO's use of its existing ADSL customer base as part of its strategy to drive fibre adoption.⁵⁰

As is the case with FTTx VULA, wholesale IP-bitstream access over fibre may also be accessed at an aggregated level (at exchange level) or at a disaggregated level (at the location of the OLT). In addition, fibre-based bitstream may also support multicast functionalities.

⁴⁹ Unbundled access to the sub-loop is a technological evolution of unbundled access to the local loop and network elements are similar. Therefore, an operator offering unbundled access to the local loop could also offer unbundled access to the sub-loop.

⁵⁰ Just 6.2% of retail fixed broadband clients as at end of September 2024 are accounted for by this technology.

Hence, it is considered that wholesale bitstream access would be deemed equivalent to FTTx VULA from a demand-side perspective. This is because in a hypothetical scenario where the two products coexist a SSNIP implemented by a hypothetical monopolist would also be reflected at retail level and would in principle lead to switching such as to make the SSNIP for FTTx VULA unprofitable.

From a supply-side perspective, a wholesale provider with a fibre network would be in a position to switch between the two wholesale services sufficiently quickly such as to render a SSNIP implemented by a hypothetical monopolist unprofitable.

4.2.2.2 Wholesale access over cable

This section assesses whether Melita's IP-Bitstream access, with handover at the CMTS or higher network levels,⁵¹ meets the service functionality criteria of FTTx VULA and whether the two wholesale access services can be considered sufficiently interchangeable or substitutable.

This analysis takes into account the fact that Melita's cable network has nationwide coverage. It is, therefore, a potential wholesale input capable of supporting retail broadband services across Malta. However, it should be noted that Melita has never voluntarily offered wholesale access to its cable network.

In this regard, the Recommendation on Relevant Markets (p. 18) suggests that: *'where there is no merchant market and where there is consumer harm at retail level, it is justifiable to construct a national market when potential demand exists. Here the implicit self-supply of this input by the incumbent should be taken into account ... Alternative operators' self-supply should, in particular, be assessed when alternative operators' networks are included in the relevant market due to the strong direct pricing constraints they exert on the incumbent operator in the relevant market due to the strong direct pricing constraints they exert on the incumbent operator'*.

More specifically, the Commission Staff Working Document and Explanatory Note to the Recommendation on Relevant Markets (p. 46), whereby it states that: *'Traditionally, while cable would be part of a broader market, it would likely not be part of a local broadband access market. Furthermore, in the absence of existing or potential cable-based wholesale access, provided at local level (e.g. VULA), NRAs could nevertheless assess indirect constraints stemming from cable retail offers and wholesale central offers (potential or actual) and include cable in the local access market based on indirect constraints.'*

⁵¹ It is not possible to implement physical unbundling of cable in Malta, given the shared nature of cable access. This is because unbundling a single line would imply unbundling a whole cluster of lines on the same optical node or coaxial amplifier. Indeed, whereas each customer line is dedicated between the central exchange and the end-user in the case of copper networks, all users on the same optical node / coaxial amplifier use the same physical cable.

In view of the above, the focus to determine the potential for substitution between cable-based IP-Bitstream access and FTTx VULA will be premised on three main parameters, namely: (i) the functional replicability in terms of the technical characteristics supported by each product; (ii) the possibility of the access seeker to migrate / switch between wholesale access services; and hence (iii) the extent of indirect constraints that self-supplied cable IP-Bitstream poses on the provision of FTTx VULA.

Functional replicability

DOCSIS 3.1 cable technology is primarily designed to support services over a Layer 3 protocol. In terms of access, Layer 3 is inherently less flexible than Layer 2, as defined in FTTx VULA. This reduced flexibility restricts the ability of wholesale access seekers to differentiate retail products in the same manner as they can with FTTx VULA.

Furthermore, wholesale cable IP-bitstream access supports retail broadband services characterized by a significant asymmetry between upstream and downstream capacities. Upstream capacity is typically around 10% of the downstream capacity, potentially limiting its ability to support applications requiring greater symmetry. While DOCSIS 4.0 could address these limitations by enabling full-duplex operation and maximizing the use of the coaxial cable spectrum - thus creating a VULA-equivalent solution - it remains uncertain whether such advancements will be implemented within the timeframe of this review, especially given that the cable operator has already deployed FTTH in some areas.

From a demand-side perspective, the MCA finds that cable IP-bitstream access does not offer the same degree of flexibility and customization as FTTx VULA or other Layer 2 solutions. However, both FTTx VULA (a Layer 2 access product) and cable IP-bitstream (a Layer 3 access product) can provide national coverage through a single point of interconnection, enabling access seekers to deliver retail broadband products that are substitutable for FTTH broadband. This capability is supported by Malta's small geographic size and the extensive nationwide backhaul infrastructure established by Melita and by GO.⁵²

On the supply side, the feasibility of Melita offering wholesale IP-bitstream access to third parties and/or upgrading its cable network to support VULA-like functionality depends on several factors. Chief among these is whether the wholesale price would cover the incremental costs of providing such access. For these offerings to be profitable, the costs of enabling wholesale IP-bitstream access would need to remain low, and the risk of significant acquisition of the access provider's retail customer base would need to be minimal. These considerations are critical in determining whether such upgrades or wholesale offerings would be incentivized in the absence of regulatory obligations.

⁵² This appears to be different from larger markets, where locally provided access requires significant network investments compared to upstream centrally provided access.

Switching considerations by access seekers

The MCA notes that current wholesale access demand in Malta is predominantly satisfied through the regulated FTTx VULA agreement. Transitioning to cable IP-bitstream access would entail financial and operational investments, including for reconfiguring networks, replacing equipment, and upgrading backhaul infrastructure, thus making a full migration economically challenging.

The existence of switching costs reduce the likelihood of an access seeker completely transitioning from one wholesale platform to another, such as moving entirely from FTTx VULA to cable IP-bitstream access. Given that both access products require a single national point of interconnection, existent access seekers would likely adopt a hybrid approach connecting new customers via the cable platform or partially migrating their customer base to it in order to minimize additional costs for equipment and parallel operations.

In contrast, a new entrant would not face these switching costs, and a hypothetical SSNIP for one form of access would influence the entrant's choice of wholesale platform. For such new entrants, wholesale cable IP-bitstream access could represent a feasible option.

Indirect constraints

A SSNIP imposed by a hypothetical monopolist on FTTx VULA would likely lead to higher retail broadband prices for fibre-based services. Given that the cable network provides retail fixed broadband services that are substitutable for those offered over fibre, such a price increase could prompt end-users to switch to cable-based broadband services. As a result, the indirect competitive pressure from cable IP-Bitstream access is considered strong enough to render the SSNIP on FTTx VULA unprofitable. This reasoning is based on the following considerations:

- While cable IP-Bitstream access is not currently available as a wholesale product, the cable operator - Melita - supplies its own retail fixed broadband services via self-supply on its cable IP-Bitstream platform. Melita operates on the same geographical scale as the main FTTH provider - GO - and has sufficient spare capacity to accommodate additional customers on its network.
- A market share assessment shows that no operator holds a dominant position capable of exercising market power at the retail level. As of September 2024, Melita maintained a leading market share of 50.0%, while GO held 46.5%. Both operators – namely Melita and GO - have consistently lost market share since 2021, with a third entrant - Epic - gaining ground. Before 2021, the market leadership alternated periodically between Melita and GO.
- Market share trends indicate that end-users perceive cable-based broadband as a substitute for FTTH broadband. All retail broadband offerings provided over FTTH - whether standalone or bundled with fixed telephony and TV - are similarly available over

the cable network. Melita's offerings include an even broader range of speeds, particularly within the Gigabit segment, targeting the same customer base as its competitors. The retail market analysis also reveals that prices are comparable, creating a chain of substitution. Furthermore, operators market their products in a similar fashion, emphasizing download speeds and bundled discounts, particularly for triple-play packages.

- Findings from MCA Consumer Perception Surveys show that the willingness of end-users to switch providers following a 10% price increase has risen significantly, from 22% in 2017 to 49% in 2022.⁵³ This demonstrates that switching to cable broadband or to FTTH is a tangible option. As such, retail products based on FTTx VULA face competitive pressure from cable IP-Bitstream-based offerings and vice-versa. Therefore, a SSNIP on FTTx VULA would likely be constrained by the increasing potential for substitution at the retail level. This suggests that a hypothetical monopolist of FTTx VULA would struggle to profitably impose a price increase above competitive levels, as end-users may switch to cable-based retail packages.
- Over the past three years, a significant migration trend has been observed, with users shifting from lower to higher download speeds. This trend is expected to continue in the coming years. Retail market data already show Melita leading in subscriptions for Gigabit download speeds, with this operator also introducing new plans offering even higher speeds not yet matched by competitors.

A SSNIP on FTTx VULA is therefore likely to provoke a strong response from end-users. Prospective customers would actively seek to avoid higher prices, resulting in a competitive price gap favouring Melita's more competitively priced offerings in the higher speed segment. Additionally, price-sensitive existing customers are likely to migrate, particularly as price disparities influence migration decisions. Given that GO has a substantial portion of its customer base subscribed to lower download speed plans, a SSNIP on FTTx VULA would also disproportionately impact the retail prices of these products. This, in turn, could incentivize a material number of lower-speed users to upgrade to cable-based DOCSIS broadband services during the review period.

Findings from the MCA Consumer Perceptions Survey for fixed broadband further reinforce the view on the increasing role of price in switching decisions. Over time, end-users have shown greater price sensitivity, with the intention to switch becoming more pronounced. Further to this, most broadband users are subscribed through bundled offers and bound by two-year contracts. While a 10% price increase may not have an immediate effect for a certain segment of clients, it is likely to gain momentum gradually, leading to a significant impact within the review period. Furthermore, the prevalent practice of discounted access fees for the

⁵³ Link to MCA survey findings:

<https://www.mca.org.mt/articles/consumer-perceptions-survey-fixed-broadband-2022>

initial months of subscription, particularly for new customers, are expected to remain a key competitive tool in this context for competitors to the hypothetical monopolist.

The inclusion of wholesale cable IP-Bitstream Access in the relevant market

The MCA concludes that there is justification to include cable IP-Bitstream access within the relevant wholesale market alongside FTTx VULA. This conclusion is based on an analysis of both direct and indirect demand substitution, which demonstrates that cable-based access can serve as a viable alternative.

4.2.2.3 Physical infrastructure access (PIA)

The MCA conducted a comprehensive assessment of access to physical infrastructure (PIA) in 2023, specifically focusing on telecom-related ducts and pole infrastructure and their role in facilitating competition in the deployment of Very High-Capacity Networks (VHCN). The analysis considered whether PIA could directly constrain FTTx VULA, particularly in densely populated areas, by enabling access seekers to deploy their own infrastructure for downstream retail broadband and other services. However, several factors indicate that PIA does not currently merit inclusion in the relevant wholesale market.

- PIA serves as an upstream input that can support the delivery of downstream products such as Wholesale Local Access (WLA), Wholesale Central Access (WCA), and retail broadband services. This means that PIA is not a wholesale product directly substitutable with FTTx VULA but rather a foundational input that facilitates network deployment.
- The limited scale of current telecom PIA usage by third-party operators is another factor to consider. Melita remains the only operator utilizing GO's PIA product at any meaningful scale.⁵⁴ At the same time, the newer market entrant Epic has over the past few months registered an increasing number of retail clients on FTTx VULA. The accessibility and efficiency of FTTx VULA have allowed this operator to reach a wider footprint and build its client base at a faster pace, thereby diminishing the immediate

⁵⁴ GO is the sole electronic communication service provider with access to a ubiquitous duct network. Notably, a significant portion of this duct network was established during a time when GO held a state-owned monopoly, which is a context no longer applicable today, although the MCA acknowledges that GO kept investing in the duct network over the years. GO provides Melita access to its duct network through a long-standing agreement. Furthermore, GO heavily relies on its own duct infrastructure, given its capillarity, even before employing Enemalta's poles and brackets for deployment to the end-users' premises.

While Melita and Epic have developed their own duct networks, these networks cover only a small fraction of the ubiquity of GO's duct infrastructure. Melita and Epic possess their own duct network and have an arrangement to use each other's ducts through a swap agreement.

All operators also access physical infrastructure owned by non-telecom or non-ECN entities for delivering electronic communications services, but mainly such access focuses on the installation of cables for last-drop connectivity on Enemalta's poles and brackets.

demand for PIA as an alternative wholesale input. Meanwhile, Epic's infrastructure coverage remains geographically limited to a number of localities. The extent of Epic's future plans for own FTTH network deployment using PIA is unclear. The lack of clarity on future demand for PIA further weakens its case as part of the relevant market.

- The increasing reliance on FTTx VULA, coupled with its ability to quickly enable retail broadband delivery, highlights its competitive effectiveness. In contrast, deploying infrastructure via PIA involves substantial sunk costs and a longer implementation timeline, making it less attractive as a short-term alternative for access seekers.
- The absence of a history of SMP regulation for PIA in Malta, combined with the limited reliance on this product by access seekers, raises doubts about its necessity as a wholesale input for effective competition at the retail level.

The MCA concludes that PIA cannot be considered to form part of the relevant wholesale market at this time due to its limited substitutability with FTTx VULA and significant uncertainties regarding its current and future usage. While PIA remains an important tool for enabling infrastructure-based competition, its role in Malta is still evolving. The MCA will continue to monitor its development, and PIA may be reassessed in future market reviews as additional evidence on its adoption and impact becomes available.

4.2.3 Access via wireless technologies

The MCA has determined that fixed broadband delivered via fixed wireless technologies is not substitutable for fixed broadband provided over wired technologies, such as copper VDSL, cable, and FTTH. This conclusion is based on key differences in performance and service characteristics between the two.

Broadband services delivered through fixed wireless technologies operating in unlicensed spectrum bands or over 4G platforms typically offer considerably lower download speeds compared to wired alternatives like VDSL, cable, and fibre. This discrepancy arises from inherent limitations of wireless transmission, including physical obstructions (e.g. buildings and walls), weather conditions (e.g. rain and electromagnetic interference), and the inherent capacity constraints of wireless technologies. Additionally, fixed wireless broadband services often include data usage limits due to spectrum bandwidth constraints, whereas wired broadband technologies - such as FTTH and VDSL - do not impose such restrictions.

Also, while all three major operators in Malta - GO, Melita, and Epic - provide 4G/5G mobile broadband services, the MCA has observed significant differences in end-user usage patterns between fixed and mobile broadband services. Despite advancements in mobile technology, mobile broadband continues to face limitations in delivering consistent high-speed and high-capacity performance, especially in indoor environments where physical barriers and interference affect signal quality.

In a 5G context, high-frequency spectrum (above 3 GHz) requires denser networks of small cells, outdoor antennas, and repeaters to provide adequate indoor coverage, particularly in densely populated areas such as Malta. This increased reliance on fibre-based backhaul infrastructure implies a greater demand for fibre – a wider fibre spread very often reaching out to the base station.

Given these factors, fixed and mobile broadband technologies are better viewed as complementary rather than substitutable solutions. Mobile broadband, particularly in a 5G context, plays an important role in offloading traffic but does not match the performance, reliability, or capacity of fixed broadband primarily for household and / or business use.

Consequently, the MCA concludes that wholesale access delivered via fixed wireless and mobile technologies, including 5G, is not substitutable for wholesale FTTx VULA.

4.2.4 Wholesale dedicated capacity

The provision of dedicated capacity does not fall within the retail broadband market that is relevant for the current analysis. Hence, the MCA considers it unlikely that the provision of dedicated capacity services could act as a supply-side substitute for FTTx VULA and the other wholesale products that have been determined to fall within the same relevant wholesale market.

Typically, such products are earmarked for large corporate end-users, to supply a spectrum of services that are not required by the mass market, such as connectivity that goes beyond the standard fixed broadband connection. These high-quality options are more expensive than regular fixed broadband plans and don't fit into the normal pricing dynamic for standard fixed broadband. Thus, the MCA believes that wholesale access to these specialized dedicated capacity products is not part of the wholesale market that includes WLA and PIA.

Given the observed differences in functionality and price emanating at the retail level, the MCA considers that there would also be a break in substitution at the wholesale level and that, in response to a SSNIP of the FTTx VULA, there would not be sufficient retail switching to dedicated capacity products such as to render that wholesale SSNIP unprofitable for the hypothetical monopolist. The MCA therefore concludes that, within the short to medium term, the provision of wholesale dedicated capacity will not pose an effective direct competitive constraint on the provision of FTTx VULA⁵⁵ and therefore does not form part of the relevant wholesale market under investigation.

⁵⁵ The MCA has published a decision on the market concerning the wholesale provision of dedicated capacity in Malta on the 23rd of December 2022:

4.3 The relevant wholesale product market

The MCA concludes that the scope of the wholesale product market under investigation encompasses: (i) the provision of LLU and SLU over the copper network;⁵⁶ (ii) the provision of FTTx VULA; (iii) wholesale IP-Bitstream access over fibre; and (iv) wholesale IP-Bitstream access over cable. The market could thus be described as the provision of wholesale fixed access.

4.4 The relevant geographic market

The relevant geographic market comprises an area in which the undertakings concerned are involved in the supply and demand of the relevant products or services under sufficiently homogeneous competitive conditions. This area can be distinguished from others where competition conditions are significantly different. Markets with heterogeneous competitive conditions do not form a single, uniform market.

GO and Melita compete nationwide using their respective networks - GO through FTTH and Melita through cable DOCSIS technology. Epic, the third provider, also deployed FTTH infrastructure but only in select localities. Additionally, Melita has rolled out its fibre network in certain areas.

At the retail level, all three broadband providers offer services on a nationwide scale. There are no identifiable geographic variations in the intensity of competition significant enough to justify a segmented market definition. The MCA's retail fixed broadband access analysis already concluded that the relevant market is national.

The demand for wholesale fixed access is derived from the demand for retail broadband services. End-users choose their retail provider based on nationwide availability, indirectly selecting the underlying wholesale fixed access service that supports their chosen product. Both GO and Melita self-supply wholesale fixed access on a nationwide scale without differentiating wholesale fees by location. Similarly, Epic applies uniform wholesale pricing in the limited areas where its network is deployed. In the absence of regulation, wholesale fixed access is expected to materialize primarily as self-supply, on a nationwide scale in view of GO's and Melita's national footprint.

Given these observations, the competitive conditions across Malta are sufficiently homogenous to support a national definition of the wholesale market. Therefore, the geographic scope of the relevant wholesale market is deemed to be national.

<https://www.mca.org.mt/consultations-decisions/mca-decision-concerning-wholesale-market-provision-dedicated-capacity-malta>

⁵⁶ Copper unbundling is included in the market, but is not used.

5 Wholesale Competition Assessment

The MCA defines relevant markets based on national circumstances while adhering to competition law principles. The 2020 Recommendation on relevant markets highlights the Wholesale Local Access (WLA) market as susceptible to *ex ante* regulation. The accompanying Explanatory Note specifies that this market encompasses physical access products, as well as virtual access products like VULA, which replicate the functionalities of physical access. Notably, copper LLU and SLU, which although declining in use, remain access products within this market throughout the EU.

In its analysis of the wholesale access market, as defined in Section 4, the MCA considers it necessary to apply the 3CT as mandated by Article 67(1) of the EECR.⁵⁷ This necessity arises because the defined wholesale fixed access market for Malta includes not only includes access elements based on copper LLU, SLU and FTTx VULA, but also wholesale IP-Bitstream access over cable and fibre. Since this market is not presumed to require regulation by the 2020 Recommendation, a 3CT analysis is essential to determine whether continued *ex ante* regulation is justified under Malta's specific market conditions.⁵⁸

5.1 Approach to the assessment of the 3CT

The 3CT framework allows National Regulatory Authorities (NRAs) to identify and regulate markets not explicitly listed in the 2020 Recommendation, provided all three criteria are cumulatively fulfilled.

These criteria are as follows:

- high and non-transitory structural, legal or regulatory barriers to entry are present;
- there is a market structure which does not tend towards effective competition within the relevant time horizon, having regard to the state of infrastructure-based competition and other sources of competition behind the barriers to entry; and
- competition law alone is insufficient to adequately address the identified market failure(s).

⁵⁷ The MCA carried out a competition assessment of the relevant retail fixed broadband market and determined that the market is evolving to display stronger signs of competition, underpinned by the presence of three operators, significant infrastructure investments, and ongoing service innovation. Competitive market dynamics are evident in the continued improvement of service quality, increased pricing flexibility, and expanded end-user choice. Also, the Recommendation does not list the retail fixed broadband market as susceptible to *ex ante* regulation.

⁵⁸ Effectively, this is because market 3b/2014 which concerned the provision of wholesale central access (WCA) is not listed in the 2020 version of the Commission recommendation on relevant markets. Also, in view that FTTx VULA is currently regulated in Malta, the MCA is carrying out a 3CT to assess whether the continued regulation of this wholesale access product is still justified in Malta.

However, passing the 3CT does not automatically result in regulation. A subsequent assessment is necessary to establish whether SMP exists within the defined market. This additional step ensures that regulation is both targeted and proportionate to the identified competition issues.

On the other hand, if at least one of the 3CT conditions is not met, *ex ante* regulation is deemed unnecessary. In such cases, any obligations imposed due to a SMP designation must be withdrawn, though a transition period may be granted where appropriate to ensure stability. Conversely, if all three criteria are satisfied, this may justify implementing or maintaining *ex ante* regulation, or revising existing obligations.

In the following sections, the MCA assesses each of the three criteria outlined under the 3CT to determine whether the defined wholesale fixed access market satisfies these conditions cumulatively. This analysis will consider the competitive dynamics at the retail level, recognizing that the demand for wholesale fixed access services is inherently derived from retail broadband services. The assessment will evaluate the availability of wholesale inputs necessary to enable access seekers to establish a presence in the retail market for broadband services.

The 3CT evaluation is conducted under a Modified Greenfield scenario, which assumes the absence of any regulatory intervention in the relevant wholesale market. This approach allows the MCA to determine whether, without regulation, the market conditions would justify *ex ante* regulatory obligations. Central to this assessment is the consideration of the number of networks capable of supporting retail fixed broadband services and the extent to which these networks can facilitate competition at the wholesale and retail levels.

5.1.1 An assessment of barriers to entry

According to the EC's 2020 Recommendation, structural barriers to entry occur when technological conditions, network characteristics, associated cost structures, or demand levels create unequal conditions that hinder competitors from entering or expanding within the market.

In the context of the MCA's market analysis, the Authority concludes that over the upcoming five-year review period, barriers to entry in the retail fixed broadband market are likely to remain low even in the absence of regulation. GO's fibre and copper DSL networks, alongside Melita's DOCSIS 3.1 network, would continue to ensure widespread retail broadband availability on a self-supply basis. Additionally, Epic's FTTH deployment allows it to provide retail broadband in localities / areas where its network is already present.

In a hypothetical scenario where the current regulated FTTx VULA offer is not commercially replicated, Epic and other potential access seekers could seek wholesale access from Melita, whose cable-based network has nationwide coverage. However, the MCA sees no barriers preventing GO from continuing to offer FTTx VULA on a commercial basis, even in the absence of regulation. In fact, GO would likely have commercial incentives to maintain such

an offering, given the direct and indirect constraints posed by Melita's competing infrastructure.

As of September 2024, approximately 5,362 broadband users were subscribed to Epic's services via the regulated FTTx VULA, representing 69% of Epic's retail fixed broadband subscriber base and around 2% of all retail broadband subscriptions within the scope of this review. From GO's perspective, discontinuing FTTx VULA could risk not only its wholesale revenues but also its broader market position at the retail level. Moreover, such a move could accelerate competition, as Epic may consider expanding its FTTH network, particularly in densely populated areas surrounding Valletta and the harbour region - an opportunity identified in an internal study commissioned by the MCA to WIK Consult in 2021.

The MCA notes that continued investments in FTTH by established operators, coupled with dynamic initiatives such as Melita's envisaged transition to new foreign ownership - albeit still subject to conditions including regulatory approvals - and the increased focus by both Melita and Epic on delivering higher broadband speeds, strongly indicate a trend toward a diminishing influence of structural barriers. GO remains active in this evolving landscape, as demonstrated by its continued investment in FTTH deployment and its recent upgrade to its product line-up.

The impact of barriers to entry on competition dynamics has lessened, as demonstrated by the accelerated pace of infrastructure upgrades, operators' strategic efforts to enhance their market position, and the rollout of advanced technologies like 10Gbps services. These developments not only sustain but also reinforce the availability of retail broadband services, whether through self-supply or merchant market inputs.

Regarding legal or regulatory barriers, the EC emphasizes that such barriers arise from legislative or administrative measures that directly affect market conditions. The MCA finds no evidence of such barriers in Malta. All operators, including new entrants, are subject to the same conditions pertaining to the *ex ante* regulatory framework. There are no market asymmetries emanating from state measures thus ensuring a level playing field for all providers.

Overall, the MCA concludes that structural and competitive conditions in the Maltese retail broadband market and the availability of associated wholesale inputs suggest that barriers to entry pose a low risk to evolving competition dynamics. Established operators continue to demonstrate nationwide availability and investment in next-generation networks, while the newer entrant Epic demonstrates an ability to compete and grow. While the construction of wholesale fixed access infrastructure traditionally requires significant investment to extend networks to end-user premises, there are ways to reduce these barriers. Key factors in mitigating deployment challenges are the continued availability of wholesale local access on commercial terms and the consolidation and expansion of agreements between operators for duct and other physical infrastructure sharing. These can significantly reduce high sunk costs and facilitate network expansion in a more viable and cost-effective manner, particularly in the case of new entrants. For example, while the use of Enemalta's aerial infrastructure for "last

drop" connectivity has played a role in deployment for all operators in Malta, the broader impact of infrastructure-sharing agreements is deemed more critical in supporting sustained investment in VHCN networks.

5.1.2 Tendency of market structure towards effective competition

As established in Section 3, the MCA anticipates that, in the absence of regulation, the retail broadband market would likely continue progressing toward effective competition during the review period. This conclusion is supported by evidence of an increasingly competitive landscape characterized by the presence of three active operators, significant investments in infrastructure, and ongoing service innovations. Competitive dynamics are reflected in improved service quality, enhanced pricing flexibility, and greater end-user choice.

Melita and GO, the two leading operators, deliver retail broadband services exclusively via self-supplied wholesale fixed access on their respective networks, collectively accounting for 96.8% of retail broadband subscriptions in Malta. However, assuming hypothetically that the current regulated VULA wholesale offer is no longer supplied on the merchant market absent regulation, the current access seeker (Epic) or other potential access seekers would likely have the option to leverage alternative wholesale inputs, such as Melita's IP-Bitstream cable access, to offer retail broadband services.

At the retail level, VULA-based end-users would still retain the ability to switch to Melita for broadband services, as Melita's network coverage spans the entire national territory. Additionally, Epic could partially meet its current VULA-based retail broadband demand through self-supplied wholesale fixed access via its FTTH network. In this context, and consistent with the MCA's earlier observation that there are no barriers preventing GO from continuing to commercially offer FTTx VULA absent regulation, it is reasonable to consider that GO would maintain such offerings to address competitive pressures. Moreover, in the hypothetical scenario where GO ceases regulated or commercial offerings, Epic may consider expanding its footprint beyond its current coverage and/or seek IP-Bitstream access from Melita, thereby introducing additional constraints in the market. Ultimately, wholesale market shares are unlikely to deviate significantly from retail market shares, given the observed trends in infrastructure availability and competition. The broadband options available to retail end-users across Malta are largely uniform, as both Melita and GO have deployed wholesale access infrastructure nationwide.

Looking ahead, the current provision of wholesale fixed access services is expected to persist, both in terms of self-supply to meet own requirements emanating from retail demand and for third party access, when such access is requested. In the hypothetical scenario of no wholesale fixed access regulation i.e. absent the current VULA remedy, GO is not expected to stop offering this wholesale service but rather to keep offering it on commercial terms. This for reasons already explained concerning direct and indirect constraints.

For the purposes of this assessment, it is relevant underlining operators' market shares for the wholesale market under investigation. Based on the assumption of a wholly self-supply

scenario, GO's market share as at the end of September 2024 stood below the 50% threshold (as per Table 7 hereunder).

Wholesale market shares as at end of period	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Sep-24
GO	49.7%	49.3%	49.5%	51.3%	50.4%	49.0%	48.2%	48.2%	48.1%	47.7%	47.9%	48.9%
Melita	50.2%	50.6%	50.5%	48.7%	49.6%	51.0%	51.8%	51.8%	51.8%	51.8%	51.2%	50.0%
Epic	-	-	-	-	-	-	-	-	0.1%	0.5%	0.9%	1.1%

Table 7: Wholesale market shares as at end of period.

Hence, considering the earlier discussion as to why the current provision of wholesale fixed access services is expected to persist, the MCA considers that no operator holds a dominant position in the wholesale fixed access market. This assessment is supported by the presence of Melita, a rival operator of comparable scale and with similar nationwide coverage to GO. Both GO and Melita engage in self-supply of wholesale fixed access, enabling them to deliver a range of retail services - most notably broadband - over their respective access networks. This arrangement allows both operators to exploit significant economies of scale/scope in the provision of mass-market broadband services.

Competitive conditions in the wholesale fixed access market are largely uniform across the country and could further improve during the review period, even as the newer entrant, Epic, may even re-explore the possibility of expanding its fibre network footprint. There is also the possibility for Epic to resort to IP-Bitstream access over the cable network owned by Melita.

Additional constraints on market behaviour may arise from external regulations or measures that, while not directly part of the relevant market, influence it or its associated retail markets. Examples include obligations under Articles 44, 60, and 61 of the EECC or requirements from the BCRD and the forthcoming GIA.⁵⁹ These frameworks may serve to enhance infrastructure development and competition, ensuring that market dynamics continue to evolve to the benefit of all stakeholders.

5.1.3 Sufficiency of competition law

The Recommendation states that: *'The decision to define a market as susceptible to ex ante regulation should also depend on an assessment of the sufficiency of competition law to address adequately the market failures identified'*.

The Recommendation further adds that *'This third criterion aims to assess the adequacy of competition law to tackle identified persistent market failure(s), in particular given that ex ante regulatory obligations may effectively prevent competition law infringements'*.

⁵⁹ The GIA entered into force in May 2024 and most of the provisions will come into effect from November 2025.

Further to the above the 2020 EC Recommendation states that: '*Competition law based interventions are likely to be insufficient where frequent and/or timely intervention is indispensable to redress persistent market failure(s)*' and that '*In such circumstances, ex ante regulation should be considered an appropriate complement to competition law*'.

The MCA's experience in mandating and implementing the FTTx VULA remedy demonstrates that *ex ante* rules, coupled with consistent monitoring and enforcement, have effectively fostered stronger competitive conditions in the market. Considering the observed retail market dynamics in the provision of fixed broadband services in Malta, the MCA anticipates that, over the review period, the wholesale fixed access market will tend further towards effective competition.

Given the MCA's conclusion that Criterion 1 and Criterion 2 are not satisfied due to reduced barriers to entry and a trend toward effective competition, assessing Criterion 3 (whether competition law alone can adequately address market failures) is unnecessary. This is because the outcome of the Criterion 3 assessment would not alter the overall findings of the 3CT to Malta's wholesale fixed access market.

5.1.4 Conclusion regarding the 3CT

In light of the analysis set out above, the MCA concludes that at least two of the three criteria (Criterion 1 and Criterion 2) have not been met. The imposition of *ex ante* regulatory obligations can only be justified in markets where the three criteria are cumulatively met.

Therefore, the MCA considers that maintaining the current of *ex ante* regulation imposed on GO for the provision of regulated FTTx VULA is no longer justified. Details regarding the conditions for this withdrawal will be provided in Section 6 of this consultation document.

Nevertheless, given the inherent uncertainties surrounding future market developments, the MCA emphasizes the importance of continued vigilance to mitigate potential risks. To address any adverse market dynamics, the MCA retains the authority to intervene promptly by carrying out a new market analysis procedure at any time if it considers it necessary to reassess the competitive landscape of the wholesale market in question.

6 Regulatory Approach

6.1 Legal background

In accordance with regulation 55(1) of the ECNSR, where an operator is designated as having SMP on a relevant market, either individually or jointly with others, the MCA is obliged to impose on such operator appropriate regulatory obligations, referred to in regulations 56 to 61, and 63 to 67 of the ECNSR, or to maintain or amend such obligations where they already exist.

Also, in accordance with regulation 54(6) of the ECNSR, where the MCA concludes that a finding of dominance can no longer be ascertained in an already regulated market and that such market no longer justifies the imposition of regulatory obligations, then the MCA is to withdraw such obligations placed on undertakings. The withdrawal notice is subject to an appropriate period of notice to be given to all parties affected by such withdrawal.

The MCA considers that given the findings for the 3CT Test, the market is tending towards effective competition and therefore the current *ex ante* remedies imposed on GO by way of the 2013 MCA Decision concerning the wholesale unbundled access market should be withdrawn, subject to a sunset period.

6.1.1 Existing obligations

In 2012, the MCA carried out a market review with respect to the wholesale market concerning the provision of unbundled infrastructure access. The market review was issued for consultation on the 15th of June 2012 and subsequently a decision was published on the 6th of March 2013.

Under that review and the relevant Decision, the MCA established that GO held SMP in the provision of wholesale unbundled infrastructure access. To this effect, the MCA had therefore concluded that the relevant wholesale market was not effectively competitive. Given the position of dominance held by GO, the MCA imposed on this operator an obligation to grant access whenever required, subject to non-discrimination, transparency, price control, cost accounting and accounting separation.

The type of wholesale access to be provided by GO subject to the afore-mentioned conditions included:

- LLU and SLU (including shared access) and associated facilities, and reasonable requests for access to service variants;
- access to specified network elements and/or associated facilities, where such access is required for the purpose of the provision of LLU and SLU;

- co-location or other forms of facility and site sharing, where applicable for the purpose of LLU and SLU;
- access to backhaul services for the purpose of LLU and SLU, including Ethernet services, dark fibre and duct access.
- access for VULA-based services, where the fibre network has been deployed.⁶⁰

6.1.2 Current findings and implications

The MCA considers that the wholesale fixed access market exhibits characteristics of prospective competition, supporting the assessment that no operator holds SMP in this market. Consequently, the implementation of remedies stipulated in the MCA 2013 Decision on the wholesale unbundled access market, including a regulated FTTx VULA agreement is no longer required. Instead, commercial negotiations are expected to sustain competitive outcomes for end-users, particularly given the evolving market dynamics and the constraints posed by two main competing operators.

Based on the wholesale competition analysis in Section 5, the MCA identifies multiple viable pathways for operators to enter and compete in the retail fixed broadband market, absent regulation:

- **Vertically Integrated Self-Supply:** Operators such as GO and Melita continue to leverage their fibre-based or cable-based networks (the latter only in the case of Melita) to deliver retail services nationwide, while Epic provides services on a more limited scale.
- **Wholesale Purchase:** Access seekers can procure wholesale services from GO or Melita, including by way of a commercially negotiated FTTx VULA agreement.

The MCA's forward-looking assessment emphasizes that these competitive dynamics are driven by several key factors. The presence of Melita's cable-based wholesale broadband network allows for the provision of wholesale IP-Bitstream access and serves as a direct constraint on fibre-based services such as FTTx VULA. Additionally, downstream competition in retail broadband services reinforces these constraints and supports the likelihood of sustained competitive pressure in the wholesale market.

Given these considerations, the MCA concludes that the wholesale fixed access market is sufficiently competitive on a prospective basis, negating the need for continued *ex ante*

⁶⁰ As already stated, FTTx VULA has been mandated since 26 February 2016 (MCA/D/16-2513) and has been in use since August 2019, based on a wholesale access agreement that was signed by Epic (formerly Vodafone Malta Limited) in October 2018. Demand for FTTx VULA is fully attributable to Epic.

regulatory remedies. The MCA will continue to monitor market developments to ensure that the competitive environment evolves in a manner that benefits end-users.

6.1.3 Relevance of commercial agreements

The EECC provides that when considering mandating SMP obligations, NRAs should take into account commercial agreements and co-operative arrangements that can contribute to VHCN deployment.⁶¹ This should include (but is not limited to) co-investment arrangements that meet the conditions of Article 76 of the EECC as well as any commitments made under Article 79 of the EECC which the MCA may make binding.

The MCA observes that the current FTTx VULA agreement, in place since October 2018, has been effectively maintained under the regulatory oversight of the MCA. However, the forward-looking analysis suggests that market dynamics increasingly incentivize GO to continue offering FTTx VULA on a commercial basis even without regulation. This conclusion is primarily driven by the competitive pressure exerted by Melita, which constrains GO's market behaviour at both the wholesale and retail levels.

In a letter dated September 15, 2023, the MCA requested GO to provide long-term commitments concerning conditions for access. GO's response, dated October 5, 2023, affirmed its willingness to negotiate a commercial agreement with Epic. GO explicitly stated:

“if the Authority conducts a thorough evaluation of the market and declares it competitive, GO commits to maintaining its provision of services to Epic under the current VULA agreement in the interim. This commitment stands as long as negotiations are conducted in a fair and constructive manner.”

This statement underscores GO's commitment to maintaining cooperative arrangements with market participants on commercially negotiated terms, reflecting a market-oriented approach to fostering competition. The MCA also recognizes the potential for Melita to begin offering wholesale cable IP-Bitstream access, which could further enhance competitive dynamics in the wholesale access market.

The proposed withdrawal of existing regulation from the wholesale access market is framed without prejudice to current agreements. In a competitive environment, it is expected that operators capable of supplying wholesale access would proactively publish reference offers that are transparent and sufficiently detailed. This transparency is crucial not only to sustaining existing competition but also to enabling new market entry, ensuring a dynamic and evolving market landscape.

Such practices would not only demonstrate market readiness but also serve as a benchmark for assessing competitive behaviour in future reviews of the physical infrastructure access

⁶¹ Article 68 of the EECC.

market. This forward-looking approach ensures that the market remains adaptive, fair, and conducive to innovation and investment while safeguarding the interests of end-users.

6.2 Withdrawal of remedies and sunset period

The analysis concludes that the relevant market does not warrant the continuation of regulatory obligations. Consequently, the MCA will neither impose new regulatory measures nor maintain existing ones. In light of this conclusion, and considering that sector-specific obligations were imposed on GO pursuant to the 2013 MCA Decision titled “*Market 4 – Wholesale Unbundled Infrastructure Access Market*,”⁶² the MCA will withdraw these obligations. This decision reflects the evolved market dynamics and aligns with the findings that the defined market no longer justifies such regulatory interventions.

The MCA must also ensure that parties (including end-users) affected by such a withdrawal of obligations receive an appropriate notice period, balancing the need to ensure a sustainable transition for the beneficiaries of those obligations and end-users, end-user choice, and that regulation does not continue for longer than necessary.⁶³

Hence, to ensure a smooth transition to a regulatory environment without *ex ante* remedies for wholesale fixed access, the MCA proposes a twenty-four (24)-month sunset period beginning on the effective date of the final decision following this consultation. During this transitional period, access to existing FTTx VULA will remain available at prices no higher than the prevailing rates. At the conclusion of the 24-month period, these obligations will be formally withdrawn.

While GO will not be required to accommodate requests for new lines based on the regulated FTTx VULA during the sunset period, the MCA anticipates that such access - or equivalent solutions - will be made available on a commercial basis. This expectation aligns with the competitive dynamics observed in the market and encourages ongoing collaboration among operators.

The MCA considers this sunset period essential for enabling an orderly adjustment to the removal of *ex ante* remedies, enabling operators to be able to identify and put in place an alternative solution, if required. It provides access seekers the necessary time to secure backhaul arrangements and, if the case, interconnect with new aggregation nodes on GO’s network, facilitating continued access to wholesale fixed services, including FTTx VULA, at newly established network points. This approach aims to maintain stability in the market and support sustained competition during the transition.

⁶² Including the 2016 MCA Decision titled ‘Virtual Unbundled Access to Fibre-to-the-Home - Response to Consultation and Decision’ and the 2018 MCA Decision titled “Virtual Unbundled Access to Fibre-To-The-Home: Enhancing the Non-Discrimination Obligation”.

⁶³ Article 67(3) (Market Analysis Procedure) of the EECC.

In this respect, the MCA proposes that existing obligations, other than as set out above, would be withdrawn on the date at which MCA's final decision comes into effect, subject to the 24-month sunset period.

The MCA will continue to monitor, including during the proposed transitional period, the evolution of competitive conditions in this market. The findings and proposals in this consultation document are without prejudice to future market analyses that the MCA may need to carry out.

7 Consultation Framework and Next Steps

The consultation period will run to 17.00hrs on **Friday, April 11, 2025**. The MCA encourages all interested parties to comment on the issues set out in this consultation document.

For the sake of clarity and ease of understanding, the MCA requests respondents to structure their comments in order and in line with the section and sub-section numbers used throughout this document.

The Authority appreciates that respondents may provide confidential information in their feedback to this consultation document. This information is to be included in a separate annex and should be clearly marked as confidential. Respondents are encouraged to avoid confidential markings wherever possible. Respondents are also requested to state the reasons why the information should be treated as **confidential**.

The Authority will take the necessary steps to protect the confidentiality of all such material as soon as it is received at the MCA offices in accordance with the MCA's confidentiality guidelines and procedures.

Having analysed and considered comments received, the MCA will maintain or amend its proposals, as appropriate. In doing so, the MCA will consult with the Office for Competition within the MCCA and notify the final draft measures to the EC, other NRAs and BEREC, pursuant to Article 32 of the EECC. Taking utmost account of any comments received from the EC as well as from other aforementioned parties, the MCA will then adopt and publish the final decision.

For the sake of openness and transparency, the MCA will publish a list of respondents to this consultation.

All responses should be submitted to the Authority and addressed as per below:

Damian Gatt, Chief of Policy & Planning
Malta Communications Authority
Valletta Waterfront,
Pinto Wharf
Floriana, FRN 1913 Malta

Contact details: Tel: +356 21 336 840 Fax: +356 21 336 846
Email: damian.gatt@mca.org.mt

Annex 1 - Fixed broadband prices for different users

There exist various broadband plans targeting different users, including residential and business (or non-residential) users and plans for users seeking month-on-month payment terms or 24-month contract term agreements. The entry-level plans for the different user categories are highlighted in the tables below. Quoted rates are for December 2024.

Month-to-month entry-level bundle plan for residential users						
Operator	GO		Melita		Epic	
Speeds	100Mbps download / 15Mbps upload	300Mbps download / 30Mbps upload	250Mbps download / 15Mbps upload		2000Mbps download / 100Mbps upload	
	Dec 2023	Feb 2025	Dec 2023	Feb 2025	Dec 2023	Feb 2025
Monthly access fee – DDM excl.	€30.99	€32.99	Not applicable	€30.99	Not applicable	Not applicable
Monthly access fee – DDM incl.	€29.99	€31.99	Not applicable	€30.49	Not applicable	Not applicable
Discount	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Fixed telephony	Calls at €0.05c for local fixed calls and €0.22c for local mobile calls	Calls at €0.05c for local fixed calls and €0.22c for local mobile calls	Not applicable	Included but no free minutes	Not applicable	Not applicable
TV	Not applicable	Not applicable	Not applicable	Free TV Starter App	Not applicable	Not applicable
Installation	€75.00	€75.00	Not applicable	Not applicable	Not applicable	Not applicable

Table 8 – month-on-month entry-level bundle plan for residential users (incl. VAT)

24-month entry-level stand-alone plan for residential users						
Operator	GO ⁶⁴		Melita		Epic ⁶⁵	
Speeds	100Mbps download / 15Mbps upload	300Mbps download / 30Mbps upload	100Mbps download / 10Mbps upload		2000Mbps download / 100Mbps upload	
	Dec 2023	Dec 2024	Dec 2023	Dec 2024	Dec 2023	Dec 2024
Monthly access fee – DDM excl.	Not applicable	Not applicable	€19.99	€19.99	Not applicable	Not applicable
Monthly access fee – DDM incl.	Not applicable	Not applicable	€19.49	€19.49	Not applicable	Not applicable
Discount	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Installation	Not applicable	Not applicable	Free	Free	Not applicable	Not applicable

Table 9 – 24-month entry-level stand-alone plan for residential users (incl. VAT)

⁶⁴ GO plans are available but with fixed telephony. Hence it is assumed that part of the access fee charged by GO for such plans would be attributed to the fixed line telephony service, even though the end-user does not make use of such a service. The situation is the same for month-on-month entry-level plans as reported in Table 10.

⁶⁵ Epic also includes fixed telephony in the plan and hence is adopting the same strategy used by GO. The situation is the same as reported for month-on-month entry-level plans as reported in Table 10.

Month-on-month entry-level stand-alone plan for residential users						
Operator	GO		Melita		Epic	
Speeds	100Mbps download / 15Mbps upload		100Mbps download / 10Mbps upload		2000Mbps download / 100Mbps upload	
	Dec 2023	Dec 2024	Dec 2023	Dec 2024	Dec 2023	Dec 2024
Monthly access fee – DDM excl.	Not applicable	Not applicable	€24.99	€24.99	Not applicable	Not applicable
Monthly access fee – DDM incl.	Not applicable	Not applicable	€24.49	€24.49	Not applicable	Not applicable
Discount	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Installation	Not applicable	Not applicable	€75	€75	Not applicable	Not applicable

Table 10 – month-on-month entry-level stand-alone plan for residential users (incl. VAT)

24-month entry-level bundle plan for business users (incl. VAT)						
Operator	GO		Melita		Epic ⁶⁶	
Speeds	100Mbps download / 15Mbps upload	300Mbps download / 30Mbps upload	250Mbps download / 15Mbps upload		2000Mbps download / 200Mbps upload	
	Dec 2023	Feb 2025	Dec 2023	Feb 2025	Dec 2023	Feb 2025
Monthly access fee – DDM excl.	€41.30	€47.20	Not applicable	€41.29	Not applicable	€37.15
Monthly access fee – DDM incl.	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	€35.38
Discount	€10 discount in case download speed is less than 45 Mbps	No access fee for the first 3 months of subscription	Not applicable	Not applicable	Not applicable	Not applicable
Fixed telephony	Included with unlimited minutes to fixed lines	Included with unlimited minutes to fixed lines	Not applicable	Included with unlimited minutes to all local numbers	Not applicable	Included with unlimited minutes to all local numbers
Installation	Free	Free	Not applicable	Free	Not applicable	€24.99

Table 11 – 24-month entry-level bundle plan for business users (incl. VAT)

⁶⁶ Epic's entry-level 'up to 500Mbps' plan is offered at a monthly fee of €60.75 (or €59.26 with DDM applied). However, this plan is based on the regulated VULA service provided by GO. Therefore, the focus of this table is on plans supplied directly by each operator. The same approach is applied in Table 12.

Month-on-month entry-level bundle plan for business users (incl. VAT)						
Operator	GO		Melita		Epic	
Speeds	100Mbps download / 15Mbps upload	300Mbps download / 30Mbps upload	250Mbps download / 15Mbps upload		2000Mbps download / 100Mbps upload	
	Dec 2023	Feb 2025	Dec 2023	Feb 2025	Dec 2023	Feb 2025
Monthly access fee – DDM excl.	Not applicable (minimum term of 24 months)	Not applicable (minimum term of 24 months)	Not applicable	€53.08	Not applicable (minimum term of 24 months)	Not applicable (minimum term of 24 months)
Monthly access fee – DDM incl.	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Discount	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Fixed telephony	Not applicable	Not applicable	Not applicable	Included but no free minutes	Not applicable	Not applicable
TV	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Installation	Not applicable	Not applicable	Not applicable	€75	Not applicable	Not applicable

Table 12 – Month-on-month entry-level bundle plan for business users (incl. VAT)

Gigabit plans - 2 year contract (incl. VAT)	Jun-18	Jun-19	Jun-20	Jun-21	Jun-22	Jun-23	Jul-24	Sep-24	Nov-24	Dec-24	Feb-25
GO - 1000Mbps + fixed telephony + TV		€ 55.99	€ 50.99	€ 40.99	€ 40.99	€ 40.99	€ 40.99	€ 40.99	€ 40.99	€ 40.99	€ 40.99
Melita - 1000Mbps - stand-alone										€ 36.99	€ 36.99
Melita - 1000Mbps + fixed telephony + TV	€ 58.00	€ 50.49	€ 50.49	€ 50.49	€ 40.49	€ 40.49	€ 40.49	€ 40.99	€ 40.99	€ 40.99	€ 40.99
Melita - 1200Mbps + fixed telephony + TV					€ 50.49	€ 50.49	€ 50.49				
Melita - 2500Mbps + fixed telephony + TV								€ 45.99	€ 45.99	€ 45.99	€ 45.99
Epic - 1000Mbps		€ 51.49	€ 51.49	€ 51.49	€ 41.99	€ 41.99	€ 41.99	€ 41.99	€ 41.99	€ 41.99	€ 41.99
Epic - 2000Mbps (own FTTH)					€ 26.99	€ 26.99	€ 26.99	€ 26.99	€ 26.99	€ 26.99	€ 26.99

Table 13 – Monthly access fees for Gigabit plans to residential users (incl. VAT)⁶⁷

⁶⁷ Quoted fees do not take into account of applicable discounts, such as no monthly or discounted fees for the first months of subscription. In case of Melita, no monthly access fees apply for the first six month of subscription, which is also the case for GO. Epic charges half the standard access fee for the first 12 months of subscription, for both the 1000Mbps and the 2000Mbps plans.

Annex 2 - FTTH deployment in a demographic context

With an area of only 315km², Malta is the smallest country within the EU, which makes it the most densely populated EU Member State with 1,721 persons per square kilometre. Malta comprises six regional districts, including the island of Gozo, with varying densities.⁶⁸

Population, household and dwelling statistics	Gozo	Northern Region (N)	Western Region (W)	Northern Harbour Region (NH)	Southern Harbour Region (SH)	South Eastern Region (SE)	Total
Square km (km ²)	69 km ²	74 km ²	72 km ²	24 km ²	26 km ²	50 km ²	315 km ²
Population (2022)	40,191	99,295	66,993	168,636	87,438	79,498	542,051
Population density (/km ²)	582	1,342	930	7,027	3,363	1,590	1,721
Number of households (2022) ⁶⁹	14,162	37,530	23,221	73,729	33,132	29,560	211,334
Household density (/km ²)	205.24	507.16	322.51	3,072.04	1,274.31	591.20	670.90
Number of dwellings – end of November 2024 ⁷⁰	42,450	72,256	41,785	117,573	56,943	58,611	389,618
Note 1	The largest three localities are San Pawl il-Baħar (Region: N; Pop: 35,419), Birkirkara (Region: NH; Pop: 27,555) and Il-Mosta (Region: N; Pop: 24,290) – accounting for 16.1% of the total population.						
Note 2	Tas-Sliema is the most densely populated locality with 16,287 persons per square kilometre (Region: NH; Pop: 21,108).						

Table 14: Population and population density in Malta, by geographic region and other relevant data

⁶⁸ These regions are identified based on the local administrative units (LAUs), which are used to divide up the economic territory of the EU for statistical purposes at the local level. The LAUs have been established by Eurostat and are compatible with NUTS. This classification system is equivalent to the six districts in which all Maltese localities are classified, as designated by the Malta Geographic Codes (MGC). For more information, please refer to the following link:

https://msdi.data.gov.mt/geonetwork/j_spring_security_logout/api/records/3609662c-41ef-4795-8394-7ff560563faa

⁶⁹ Figures are sourced from a publication by the National Statistics Office in Malta entitled 'Regional Statistics MALTA 2024 Edition'. Link:

https://nso.gov.mt/themes_publications/regional-statistics-malta-2024-edition/

⁷⁰ Based on information supplied by GO.

The northern harbour region exhibits the highest population density, at almost twice the levels of the southern harbour region, which is the second densest region in Malta. The western region and the northern harbour region also exhibit a significant concentration of businesses, such as financial and gaming businesses. The National Statistics Office (NSO) reports that *'Enterprises with a registered address in Ħal Luqa, Marsa, Birkirkara, San Ġiljan and Tas-Sliema generated the largest aggregated amounts of GOS in the Maltese non-financial economy in 2019.'*⁷¹



Figure 1: Malta’s main geographic regions (Source: NSO)

Melita and GO provide nearly universal coverage of fixed access infrastructure across Malta and Gozo. GO’s FTTH network reaches 93% of dwellings, while Melita’s cable DOCSIS network covers almost all households. Additionally, Melita is piloting the deployment of fibre in certain localities, achieving coverage of 7.7% of dwellings as of the end of December 2024. Epic has also rolled out its own FTTH infrastructure in specific localities, covering circa 7% of dwellings.

⁷¹ Link to NSO report: https://nso.gov.mt/en/News_Releases/Documents/2021/07/News2021_120.pdf. Relevant to underline that, according to the NSO, *'non-financial' businesses incorporate 'Industry, Construction, Wholesale and retail trade and Services activities'*. Also, the NSO states interprets the term 'Gross Operating Surplus (GOS)' as equivalent to the term *'profits'*. The localities of Birkirkara, San Giljan and Tas-Sliema are found in the Northern Harbour Region.



MALTA COMMUNICATIONS AUTHORITY

- 📞 (+356) 2133 6840
- @ info@mca.org.mt
- 🌐 www.mca.org.mt
- 🏠 Valletta Waterfront, Pinto Wharf,
Floriana FRN1913, Malta