INTUG

Competition & access

a user perspective

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INTUG contents

- what is INTUG?
- competition and choice
- business demands
- leased lines
- local loop unbundling
- wireless local loop
  - licence allocation
  - lessons from around the world
- conclusions

INTUG what is INTUG?

- members
  - national associations
  - corporations
  - individuals
- activities
  - ITU and WTO
  - OECD
  - APEC, CITEL and EU

INTUG our aims

- real and effective competition
- genuine choice for users
- lower prices
- higher quality
- constructive co-operation with
  - international bodies
  - governments
  - regulators

INTUG competition and choice

- infrastructure and service-based competition are **both** necessary
- need competitive provision of unbundled elements
  - CPE/handsets
  - networks
  - services and content
- continuing need for independent regulatory intervention

INTUG business demand

- Intranet
- Access networks
- Extranet

each company buying from only a very few suppliers

- city centre offices
- branch plants
- call centres
- remote workers
- mobile workers
- suppliers
- customers
- banks
- governments

INTUG operators' choices

- fibre to premises
- leased line
- unbundled local loop
- wireless local loop
- xDSL
- ISDN

Driven by availability, quality and cost

INTUG leased lines

- market failures
  – pricing
  – non-pricing
- Europe lags USA
  – prices and discounts
  – geography of availability
  – especially at higher speeds
- DG Competition inquiry
- OECD and EC reports

INTUG market failures

- pricing
- discounting
- availability
- quality of service
- coverage

The Last Mile - cannot obtain adequate service in order to link to core network of the competitive carrier.

INTUG geography of competition

- competitive
  - financial districts of largest cities
- non-competitive
  - smaller cities
  - outer suburbs
  - homes
  - farms
- southern Europe
- can vary from street to street

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INTUG activities

- survey comparing international *versus* national prices
- instigated the DG Competition inquiry
- persuaded ONP Committee to report QoS from 2 to 155 M bit/s
- new legislative package
- national association activities
  - Denmark
  - United Kingdom

DG Competition

- telecommunications investigation (07/99)
  - international roaming (working document 12/00)
  - leased lines (public hearing 09/00 and working document 08/00)
  - local access (no report to date)

INTUG Regulation on LLU

- a *Communication* in March 2000
- political impetus given by the Lisbon Summit in March 2000
- presented to Parliament and Council as a *Regulation* in July 2000
- came into effect 2 January 2001
- supporting document from Independent Regulators Group (IRG)

INTUG monitoring progress

- report to and *tour de table* of the ONP Committee in early February
- report to and *tour de table* of the Telecommunications Council on 5th April
- closely followed by member states, NRAs, new entrants and users

INTUG problems

- historic operators
  - resistance and delay
  - saturation of the market with their own services
- uncertainty of the efficacy of the Regulation
- need for additional measures by NRAs and governments

INTUG WLL allocation in Europe

- Licensing Directive (97/13)
- successes and failures
- knock-on effects of:
  - 3G spectrum allocation
  - dot.com crash
- only a few historic operators have been allowed into WLL market

INTUG major WLL players

- Broadnet
- Chorus
- FirstMark
- Formus
- Jazztel
- Star One
- UPC

INTUG allocations - EU

- Austria
- Belgium
- Denmark
- Finland
- France
- Gemany
- Greece
- Ireland
- Italy
- Luxembourg
- Netherlands
- Portugal
- Spain
- Sweden
- UK

Incumbents allocated WLL in Belgium, Spain & Sweden.

INTUG allocations - OECD

- Australia
- Canada
- Czech Republic
- Hungary
- Iceland
- Japan
- New Zealand
- South Korea
- Norway
- Poland
- Switzerland
- Turkey
- USA

Incumbent allocated WLL in South Korea.

INTUG lessons from the USA

- the 1996 Telecommunications Act
- pressure from market entrants
- retreat forced by financial markets
- licences issued by FCC
- Frost & Sullivan predict revenue od US$842.3 million in 2000
- desire to deploy new technologies (UWB, WLAN 802.11, Bluetooth ...)

INTUG Lessons from Sri Lanka

- extremely low teledensity
- WLL introduced
  - to stimulate SLT
  - to open new markets
- doubled the market
- improved quality

INTUG new legislative package

- the 1999 Review
- five directives presented to Council and Parliament in July 2000
- to be completed by end of 2001?
- national transposition in 2002?
- ECJ rulings in 2006-8?

INTUG new legislative package

- Common regulatory framework
- Access and interconnection
- Authorisations
- Universal service & users’ rights
- Telecommunications data protection

INTUG new process

- define the market
- is the market competitive?
- if not, does any operator have SMP?
- decide on obligations to impose on the SMP operators in that market

INTUG summary

- persistent market failures in leased lines
- competition law is poor tool to tackle these issues
- local loop unbundling is important but slow
- WLL is a very serious alternative

INTUG summary (2)

- pressing need for new entrants to create and increase competition
- other technologies will appear (some unlicensed, e.g., 802.11 and UWB)
- the new legislative package will change the pattern