

The absence of a European single market

Ewan Sutherland

Executive Director

International Telecommunications
Users Group

ewan@intug.net

INTUG content

- about INTUG
- harmonisation
- single market
- broadband
 - local loop unbundling
- conclusions



INTUG what is INTUG?

- members
 - national associations
 - corporations
 - individuals
- activities
 - ITU and WTO
 - OECD
 - APEC TEL, CITEL
and the European Union



INTUG our aims

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



INTUG priorities

1. open access to global mobile networks
2. regulatory best practice
3. liberalization
4. universal access
5. broadband
6. leased lines
7. IP telephony
8. numbering



INTUG european harmonisation

- a goal of the European Union
- specifically included in the “new” telecommunications legislation
- but alongside vast scope for divergence
 - national transpositions
 - national consultations
 - national market circumstances
- expect more divergence

National politico-regulatory games



INTUG formal mechanisms

- Independent Regulators Group (IRG)
- European Regulators Group (ERG)
- Communications Committee (COCOM)
- Radio Spectrum Committee (RSC)
- Article 7 procedure
- European Commission:
 - veto (but very limited)
 - recommendations
 - decisions



INTUG fragmentation of markets

- mobile telecommunications
 - international roaming charges
- powerline communications
 - precautionary principle on interference
 - or *ex post facto* problem resolution
- broadband:
 - national regulation
 - bundling of offers with:
 - national telephony
 - content



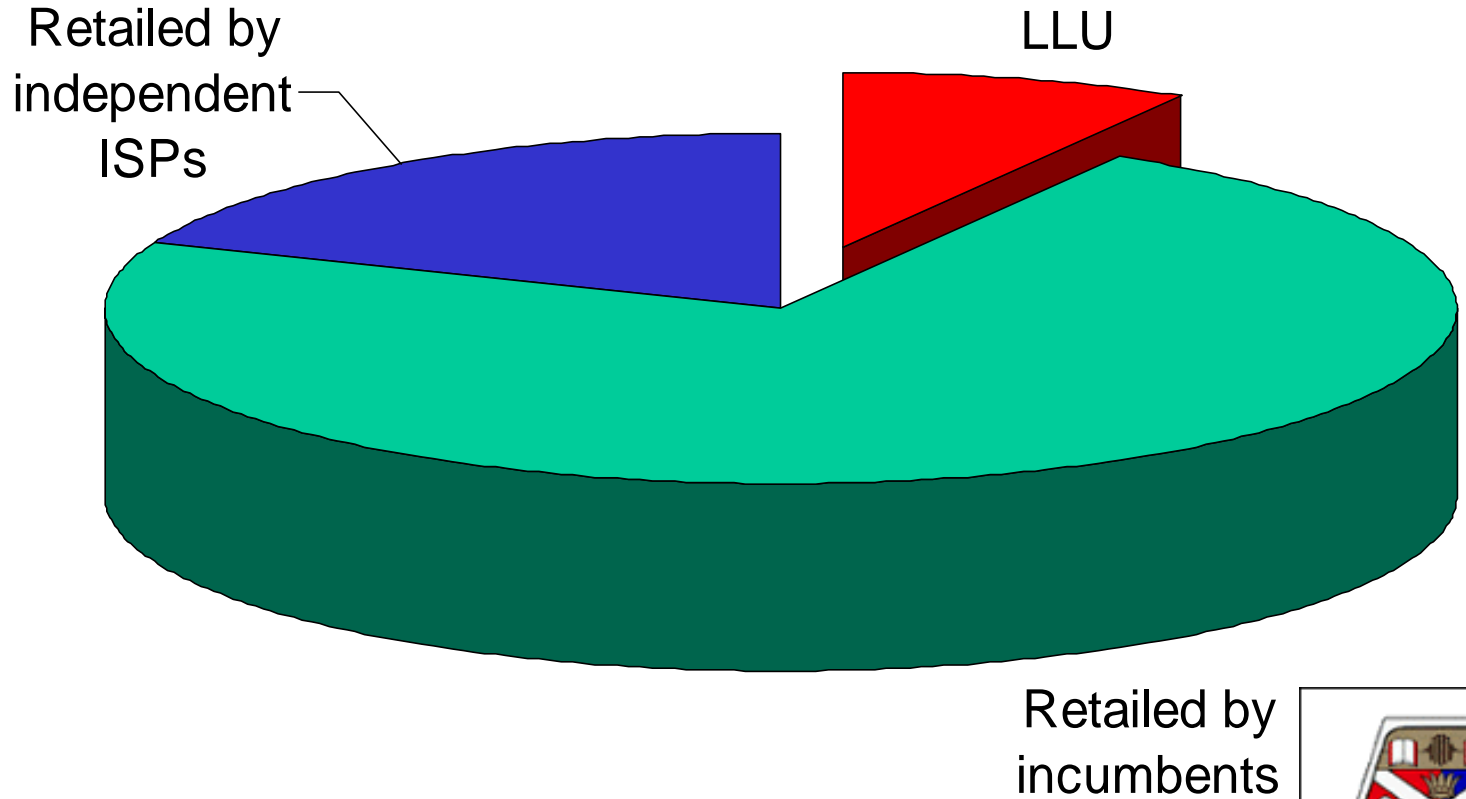
INTUG local loop unbundling

- a “single market” legal instrument with no need for transposition
- but a truly national result
- mediated by:
 - strong incumbent operators
 - weak regulators
- causing balkanisation of broadband



INTUG EU-15 ADSL

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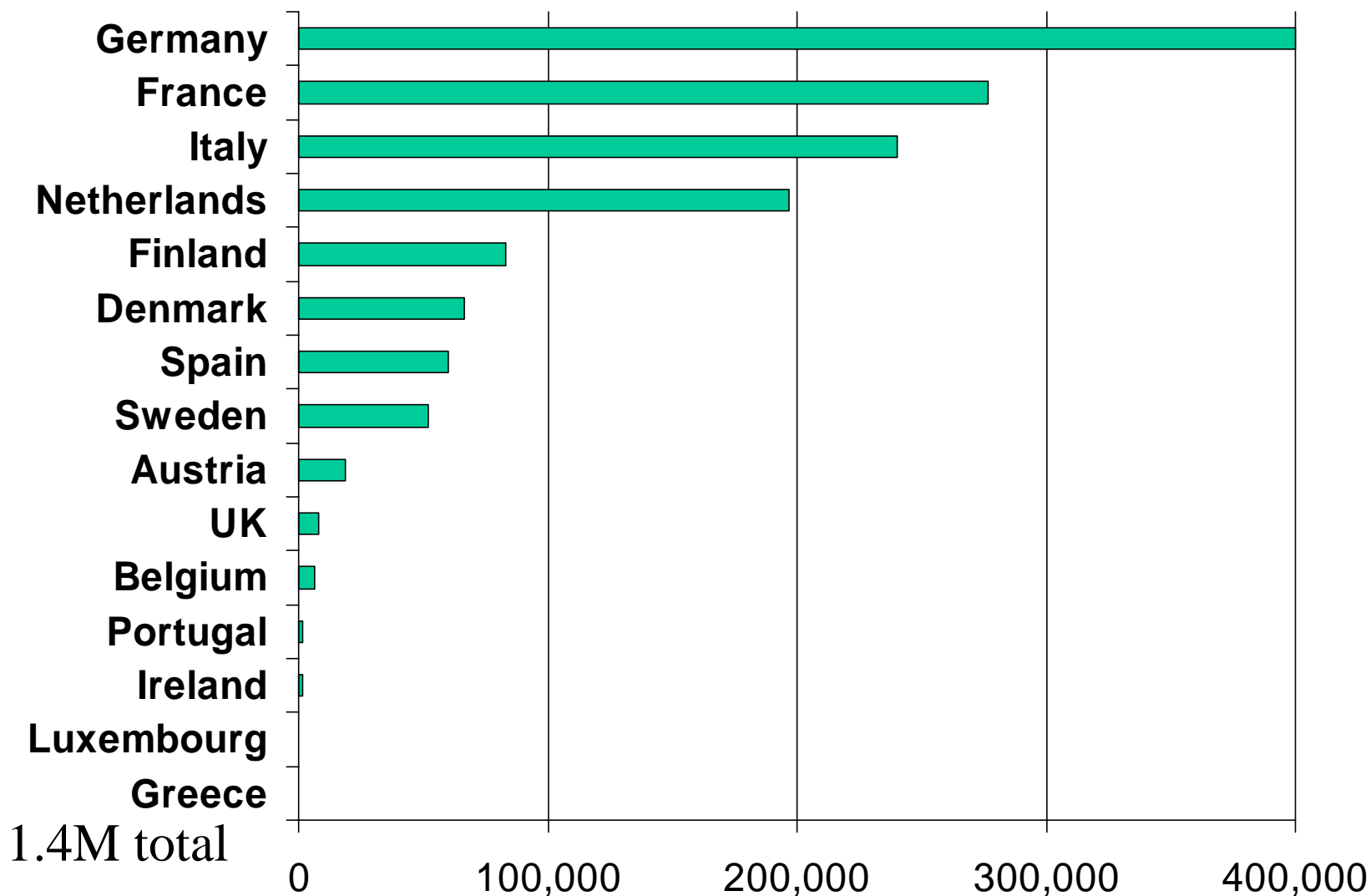
Source: ECTA.



INTUG unbundled lines in EU15

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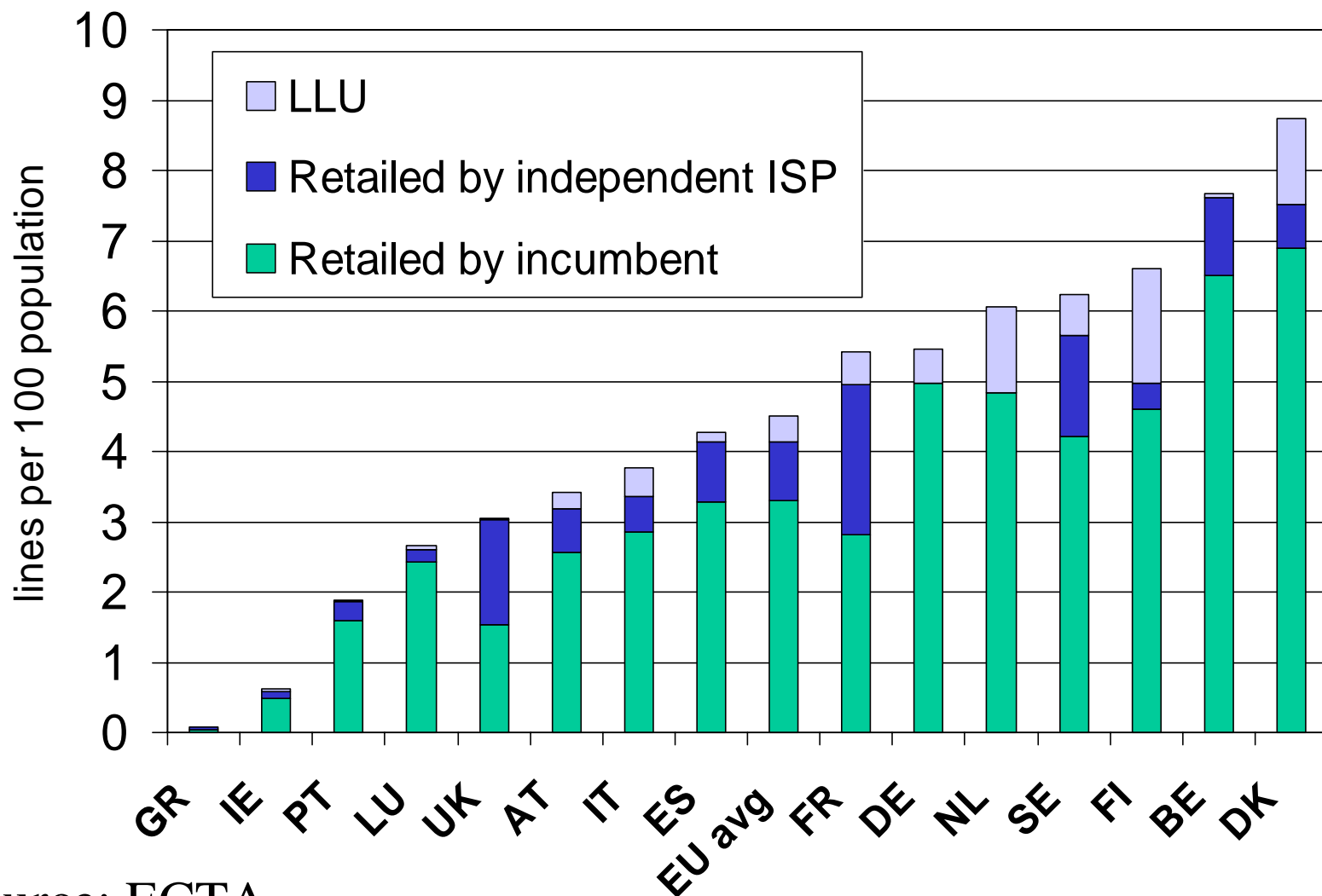
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INTUG EU-15 ADSL by country

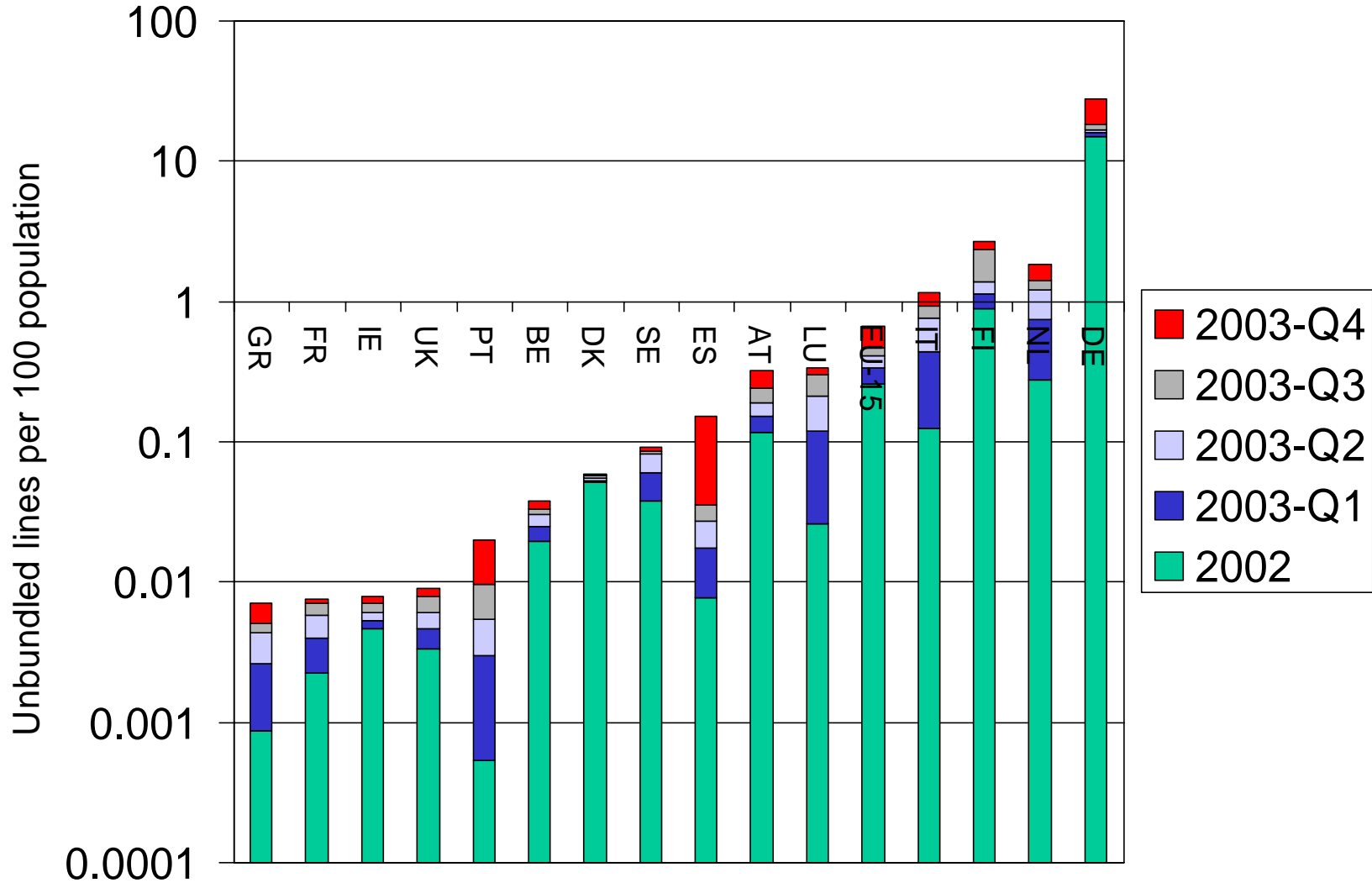
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Source: ECTA

INTUG growth of LLU in EU-15



INTUG what went wrong?

- the ladder of investment changed from voice telephony to broadband
 - different business model
 - different economies of scale
- incremental national competition was seen as adequate
 - but many smaller entrants failed
- willingness and capacity of incumbents to obstruct was grossly underestimated
- consequently they had no incentive to move into foreign markets



INTUG Asian broadband giants

- South Korea
 - 11M lines at end 2002
 - converting 100,000 lines per month to VDSL
- Japan
 - 13M lines at end 2003
 - adding 400,000 per month
- China
 - 13M lines at end 2003
 - adding 1M per month
- India
 - new broadband policy
 - 1M, 10M then 20M lines



INTUG single market

- a major European Union goal
- to exploit economies of scale on a market of 400 million people
- tearing down centuries of national borders and local practices
- not happened in telecommunications

Commissioner Monti recently spoke against the reassertion of the value of national champions.



INTUG user needs

- to be able to buy services on a sensible “footprint” not country by country by country...
- broadband for teleworkers
- mobile voice and data
- telephony
- Virtual Private Networks (VPNs)



INTUG how to create the internal market?

- tougher national regulation:
 - drive incumbents abroad
 - encourage neighbours in
- encourage trans-national mergers
- create trans-national opportunities:
 - satellite for rural
 - numbering for VoIP
 - FWA? 4G? BCN?
- willingness?
- capital?



INTUG conclusions

- EU has fallen behind NE Asia:
 - ADSL, VDSL and FTTH
 - 3G
- too fragmented
- too many small markets
- too slow in adoption of ICTs
 - causes slower economic growth
- no political willingness to act



INTUG thank you

Ewan Sutherland
International Telecommunications Users Group
Reyerslaan 80
B-1030 Brussels
Belgium

+32.2.706.8255

ewan@intug.net

<http://www.intug.net/ewan.html>

