

European Union 2006 telecoms review

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NordICT

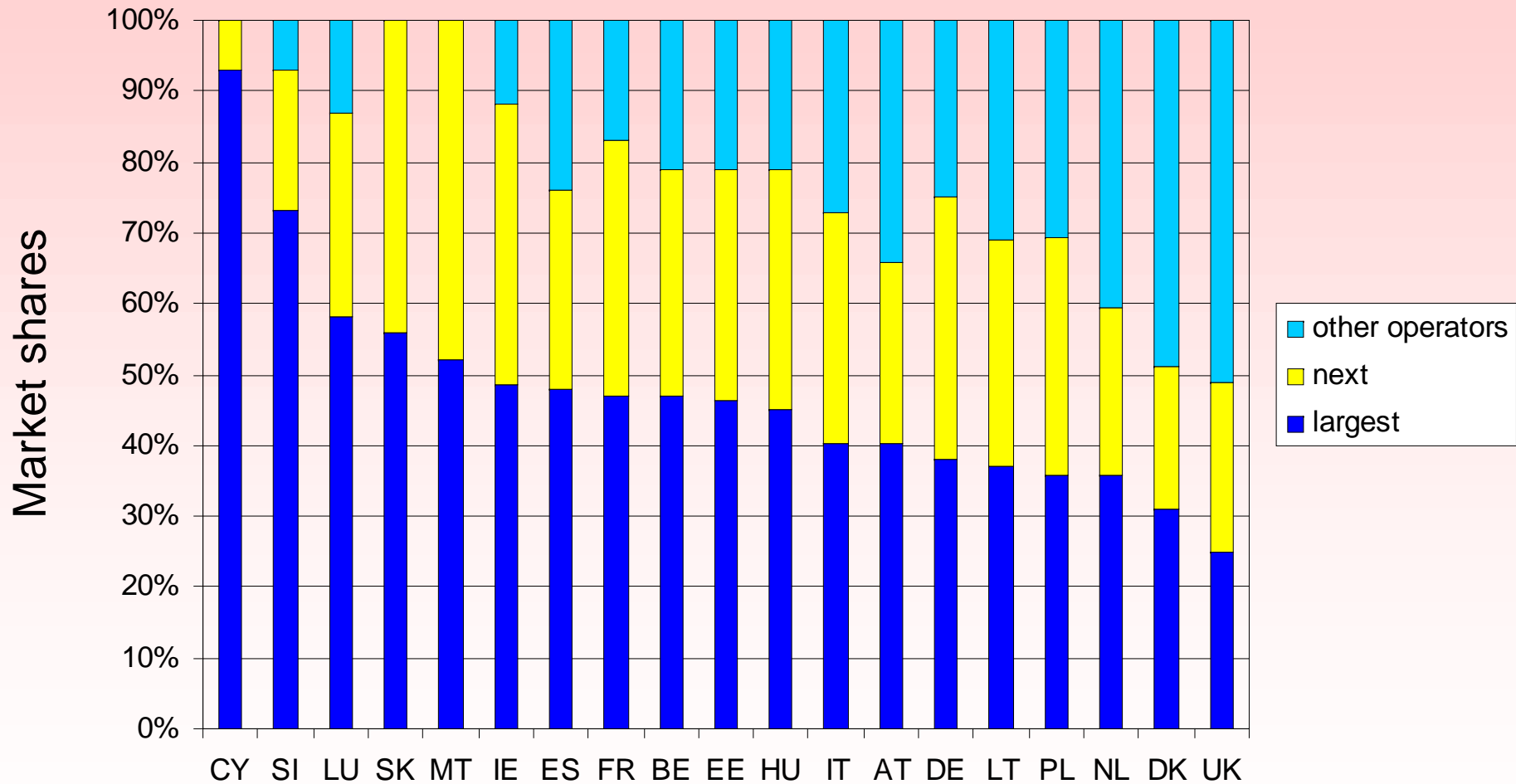
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The internal market

- An EU objective since Single European Act 1986
- Articles 2-4 and 14-16 of the EC Treaty
- Economic benefits of a market of 450 M people
- Yet, telecommunications markets:
 - remain firmly national
 - have limited cross-border market entry
 - have very few pan-European markets
- Consequently, the EU has lost the potential benefits for ***all*** other economic sectors

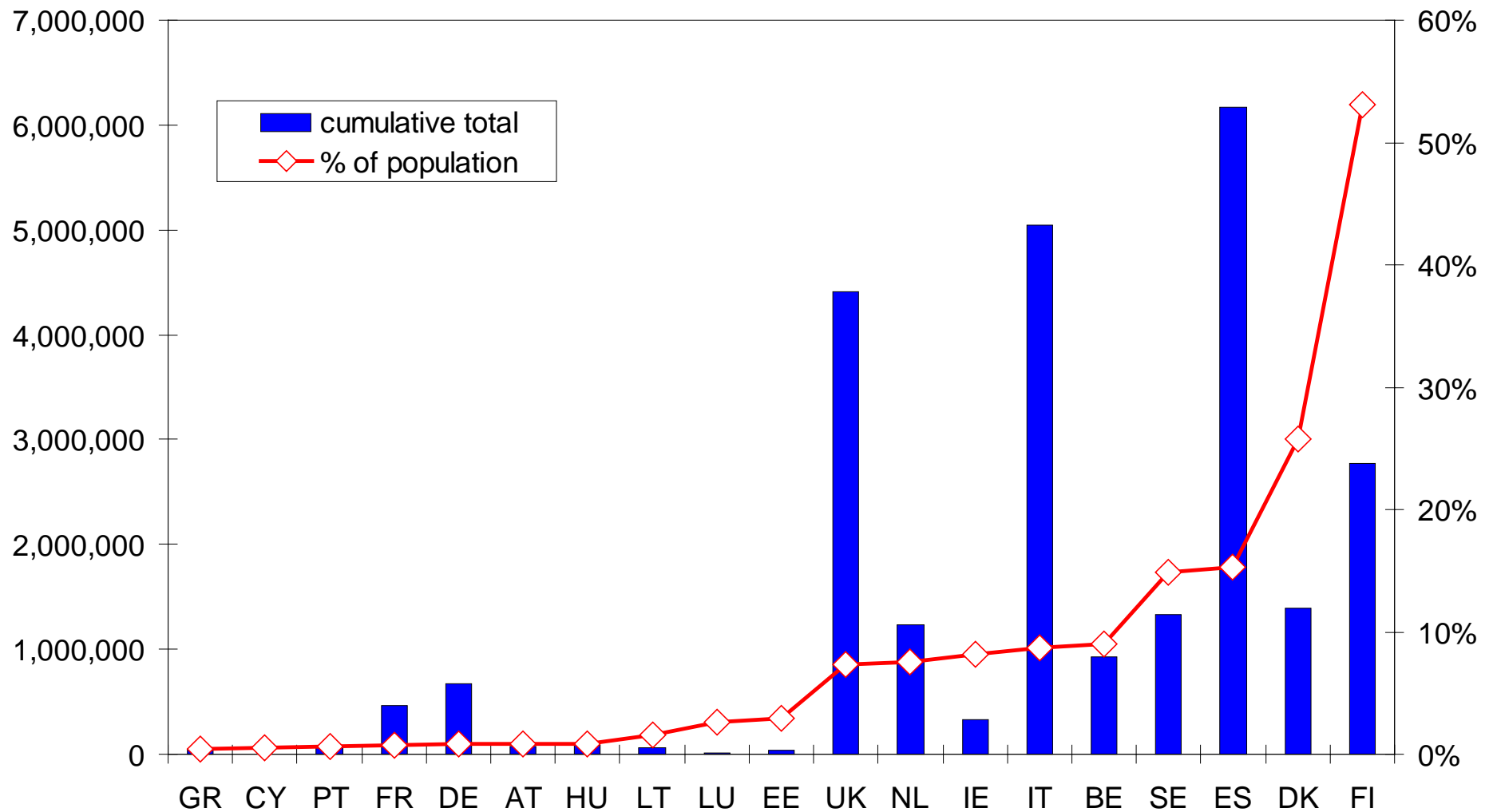
Mobile markets



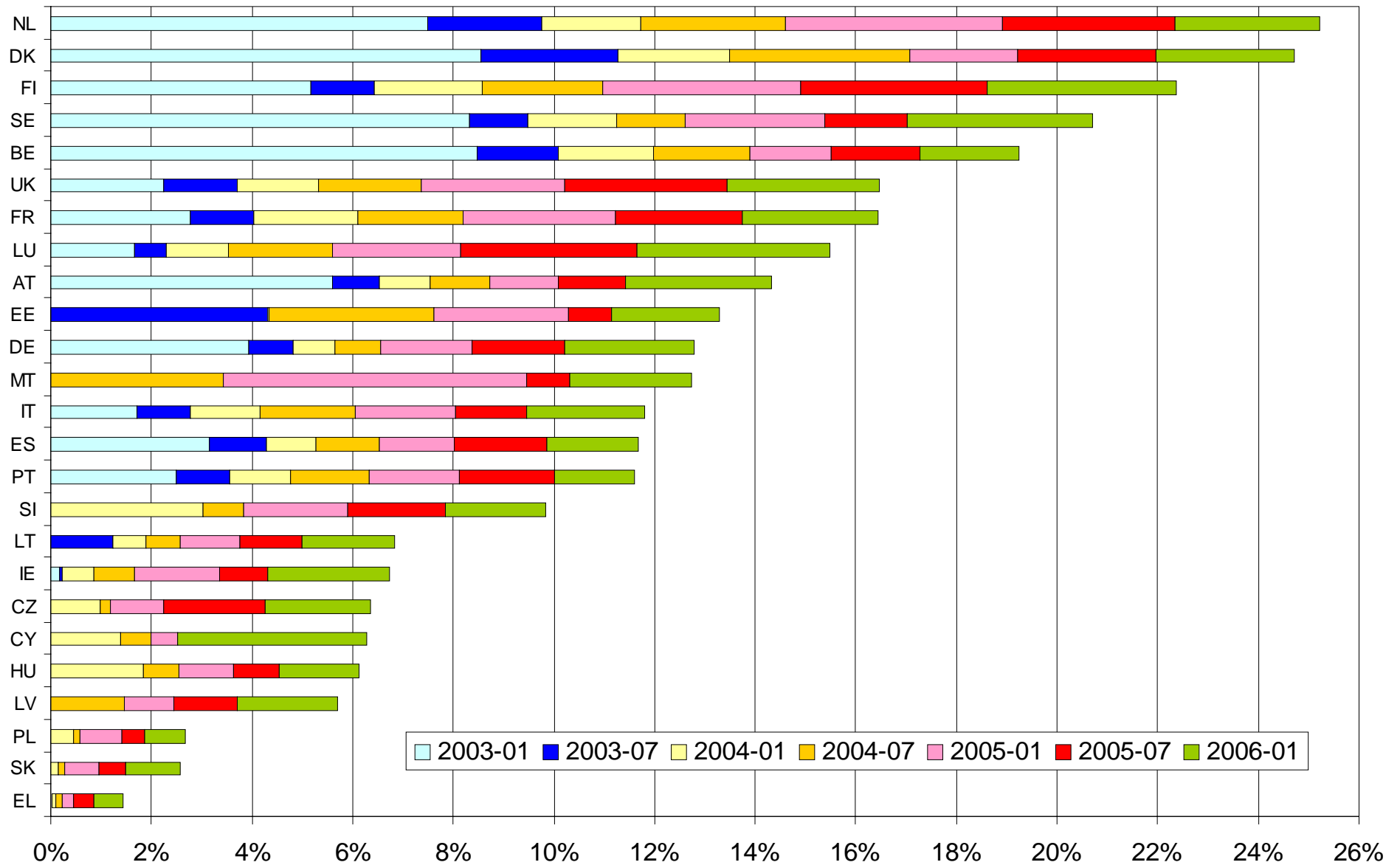
A fragmented mobile market

	DE	UK	FR	IT	ES	NL	PL	SE	IE	BE	CH	DK	AT	PT	NO
Vodafone	Red								Red	?				Red	
Orange		Orange			Orange					Orange					
T-Mobile	Magenta					Magenta							Magenta		
Telefonica	Green				Green				Green						
Hutchison		Orange		Orange					Orange			Orange			
TeliaSonera								Purple				Purple			
KPN	Green					Green				Green					
Telecom Italia				Brown				Brown							
Telenor								Cyan				Cyan			Cyan

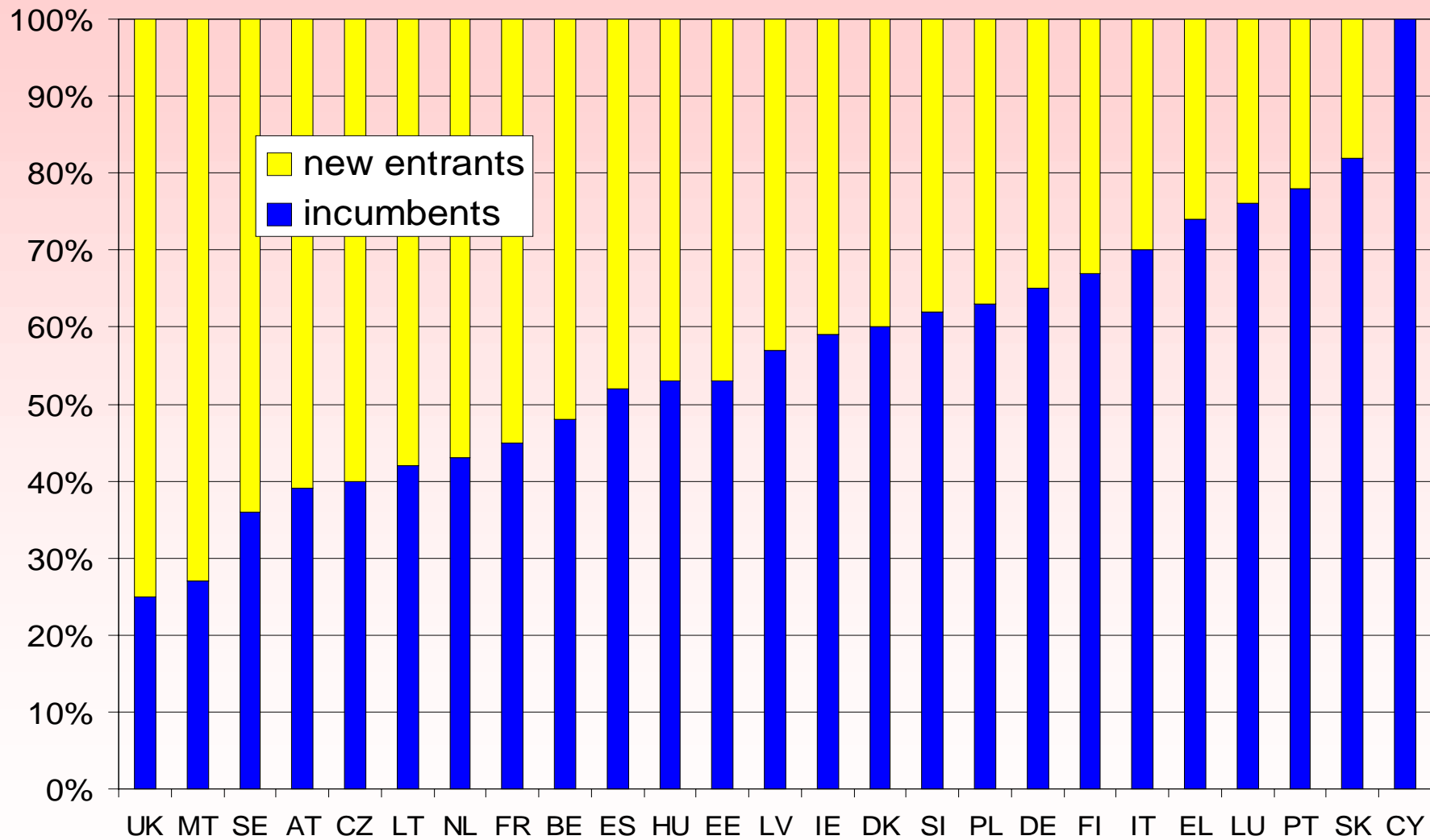
Mobile number portability



Broadband teledensity



Broadband and the incumbents



The Lisbon goals

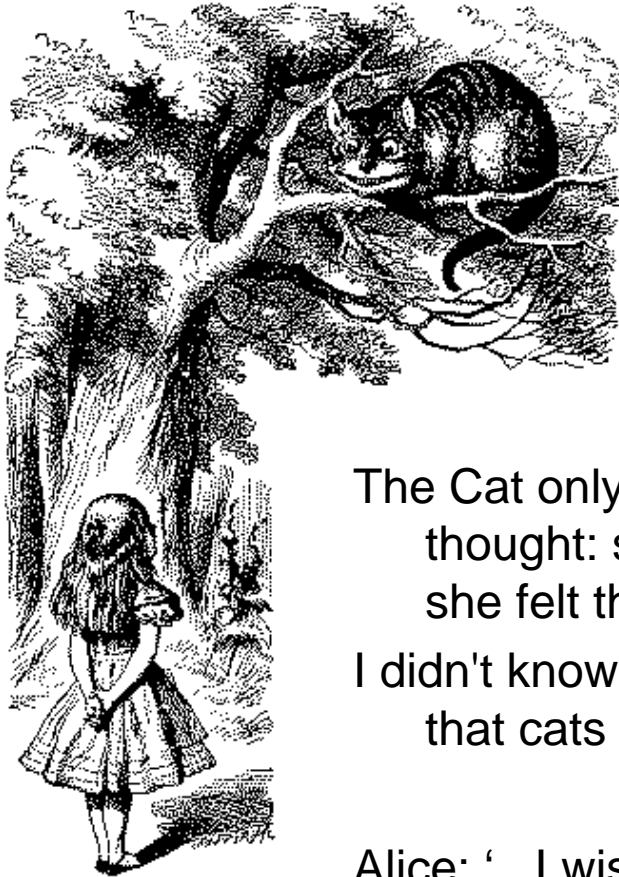
- Targets set in 2000 for 2010
 - “most dynamic knowledge-based economy” Erkki Liikanen
- Reviewed by the Kok Group which downgraded ICTs
- Re-launched with the focus on:
 - growth and jobs
- Still falling well short of targets
- Too late for a significant ICT contribution

Lisbon and ICTs

- Weak linkage at the political level
- No easy way to deliver benefits
- i2010 programme
- Single information space
- Little interest in:
 - the internal market for telecommunications
 - pushing for stronger competition to drive economic growth
- Incremental improvements are considered sufficient

Full liberalisation

- An end to sector regulation
- Full application of the EC Treaty:
 - especially competition law
- The 1999 Review created sunset clauses for regulation:
 - a list of specified markets
 - to be analysed
 - remedies to be imposed on dominant operators



The Cheshire Cat

The Cat only grinned when it saw Alice. It looked good-natured, she thought: still it had VERY long claws and a great many teeth, so she felt that it ought to be treated with respect.

I didn't know that Cheshire cats always grinned; in fact, I didn't know that cats COULD grin.'

Alice; '...I wish you wouldn't keep appearing and vanishing so suddenly: you make me quite giddy.'

'All right,' said the Cat; and this time it vanished quite slowly, beginning with the end of the tail, and ending with the grin, which remained some time after the rest of it had gone.

Alice in Wonderland by Lewis Carroll, illustration by Sir John Tenniel

The Colasanti Grid

Red - no competition
 Amber - some competition
 Green - effective competition

	AT	BE	CY	CZ	DK	EE	ES	FI	FR	DE	EL	HU	IE	IT	LT	LU	LV	MT	NL	PL	PT	SE	SI	SK	UK
1	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red
2	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red
3	Red	Amber	Red	Red	Red	Red	Red	Amber (v)	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Green	Red	Red	Red
4	Green	Red	Red	Red	Red	Red	Red	Green	Red	Green	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Green	Red	Red	Amber
5	Red	Red	Red	Red	Green	Red	Red	Amber (v)	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Green	Red	Red	Red
6	Red	Red	Red	Red	Green	Red	Red	Green	Red	Green	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Green	Red	Red	Amber
7	Red	Red	Red	Red	Red	Red	Red	Red	White	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	White	Red
8	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red
9	Red	Red	Red	Red	Red	Red	Red	Red	Amber (v)	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red
10	Green (v)	Red	Red	Red	Red	Red	Red	Red	Amber	Red	Green	Red	Red	Red	Red	Red	Red	Red	Red	Red	White	Green	Red	Red	Red
11	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	White	Red
12	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Amber
13	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red
14	Green	Red	Red	Red	Red	Red	Red	Green	Red	Red	Red	Green	Red	Red	Red	Red	Red	Red	Red	Red	Red	Green	Green	White	Red
15	Green	Red	Red	Green	Green	Red	Red	Amber (v)	Red	Red	Red	Green	Green	Green	Green	Green	Green	Red	Red	Red	Red	Green	Red	Red	Green
16	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red
17	Red	Red	Red	Red	Red	Red	Red	Green	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red
18	Amber	Red	Red	Red	Red	Red	Red	Amber	Amber	Amber	Red	Amber	Red	Amber	Red	Red	Red	Red	Amber	Red	Red	Amber	Red	Red	Amber

http://europa.eu.int/information_society/policy/ecom/doc/article_7/competition-regulation%20first%20round%202001-08-2006_nonewmarkets.pdf

How clear is our foresight?

- Nobody expected implementation would take so very long
- In 1999 a lot of operators said there would be plenty of competition
- Can we foresee the end of telecommunications regulation?
- Should we try to improve telecommunications regulation or just reduce it?
- Asking NRAs to look ahead for two years seems to work

How much competition?

- Are regulators too enthusiastic in seeking out problems?
- Is regulation “artificially” creating or sustaining competitors?
- Is the process circular?
- Would less regulation help or hinder competition?

Commissioner Reding

- The model of the European Central Bank:
 - general regulation
 - spectrum management
- Structural separation:
 - a response to the Germans
- Reding Roaming Regulation (3R)

Is competition law sufficient?

- Are the instruments of competition law sufficient?
- Is it fast enough?
- Do competition authorities have the necessary resources?
 - people
 - expertise
- Are markets sufficiently competitive?

Harmonisation

- The Article 7 procedure requires NRAs to submit draft decisions to the EC
- The process has worked well
- Other NRAs have the right to comment, but never do in public:
 - they also meet in European Regulators Group (ERG)
 - and as Independent Regulators Group, without the presence of the Commission

A holiday in Germany

- Now overtaken on broadband by Estonia
- DTAG persuaded the coalition to give it a holiday from access regulation
- Threat of an investment strike
- Bundesnetzagentur went along
- The EC stood its ground:
 - incorrect consultation
 - not technology neutral
 - market incorrectly defined
- Competition and the EC won

Appeals

- Systematically used by network operators to delay outcomes and create uncertainty
- National decisions are undoing the work of harmonisation
- Would be possible to create a single European appeals tribunal
- EC proposes to raise the threshold for suspension of an NRA decision
- Training judges

Pro-competitive policies

- Historical success of the EC
- Push member states
- Could open up spectrum to new operators:
 - technology neutrality
 - 2.0 GHz, 2.6 GHz, etc. etc.
 - trans-national licences
 - city and regional licences

Other reviews

- A constant EC process of review and reflection on experience
- Better Regulation
- Merger Regulation
- Television without Frontiers Directive
- E-Commerce Directive
- Traffic Data Retention Directive
- It is necessary to consider the interactions

Conclusions

- No enthusiasm for great change, except from the Commissioner
- No radical ideas or new visions
- Instead, incrementalism and streamlining
- Lots of high-power lobbying and strong defence to protect existing positions
- Nobody is pushing for an injection of more competition

Issues

- How long will the elimination of sector specific regulation take?
- Is it really a good idea?
- Will NRAs be an insurmountable obstacle?
- What really went wrong with roaming?
- Are NGNs a problem or an irrelevance?
- What lessons might we learn from the USA and from Japan-Korea?

Thank you

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