

**TELECOM REFORM**  
**<http://ec.europa.eu/ecomm>**

European Commission  
Information Society and Media



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November 13, 2007

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# Why is the telecoms sector so important for Europe?

- 2% of the EU economy (GDP)
- Overall revenue growth of sector outpaces growth of the EU economy as a whole
- In 2006 the ICT sector was valued at €649 billion
- In 2006 investment in telecoms sector was €47 billion
- Value of radio spectrum-dependent services in the EU is €250 billion

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# Why is there an EU responsibility for the telecoms sector?

- **Jose Manuel Barroso:** “Airwaves know no borders. And the internet protocol has no nationality.”
- **UNICE,** for industry: “The current system has not delivered a true internal market”.
- **BEUC,** for consumers: “Because of the sluggish, sometimes incoherent implementation of the framework by national regulatory authorities, we would welcome any procedural reform that would speed up and improve implementation.”
- **A Voice over IP-provider:** “It is very difficult to implement pan-European strategies and commit to cross-border investment when national regulatory authorities rules vary so widely.”

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# Main Proposals for Change

- Significant deregulation of markets
  - 50% reduction in regulated markets
- More choice through more competition - reinforced tools for regulators
  - e.g. Functional Separation
- Promoting the wireless economy
  - better radio spectrum management
- A European Authority – working towards a single market in telecommunications
- Strengthening consumer choice

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# Regulate less, but more effectively

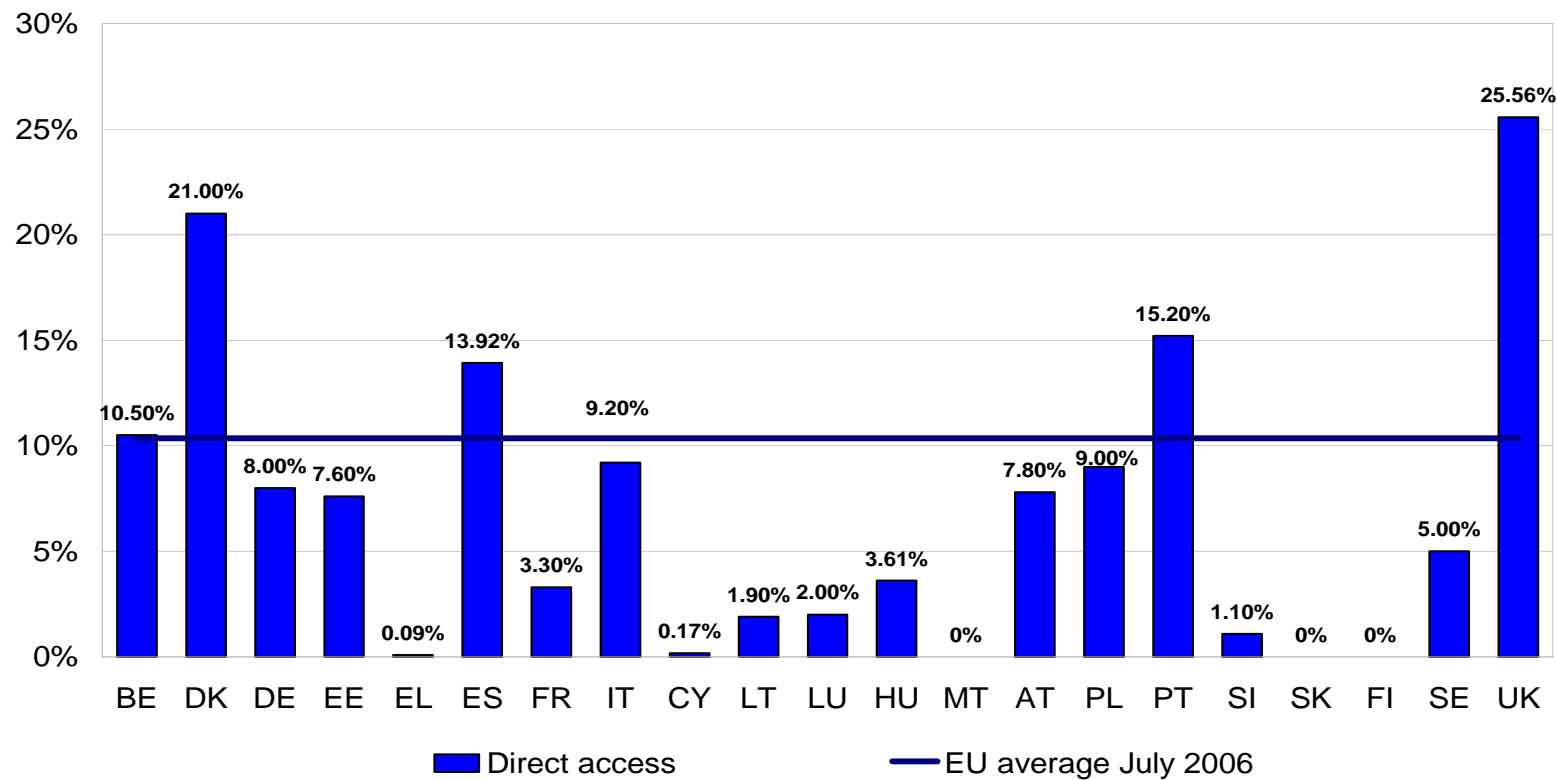
- 7 regulated markets instead of 18
- Focus on key bottlenecks
- Better and faster remedies
- Stronger and more independent national regulators

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# Remaining competition bottlenecks in the telecoms sector (I)

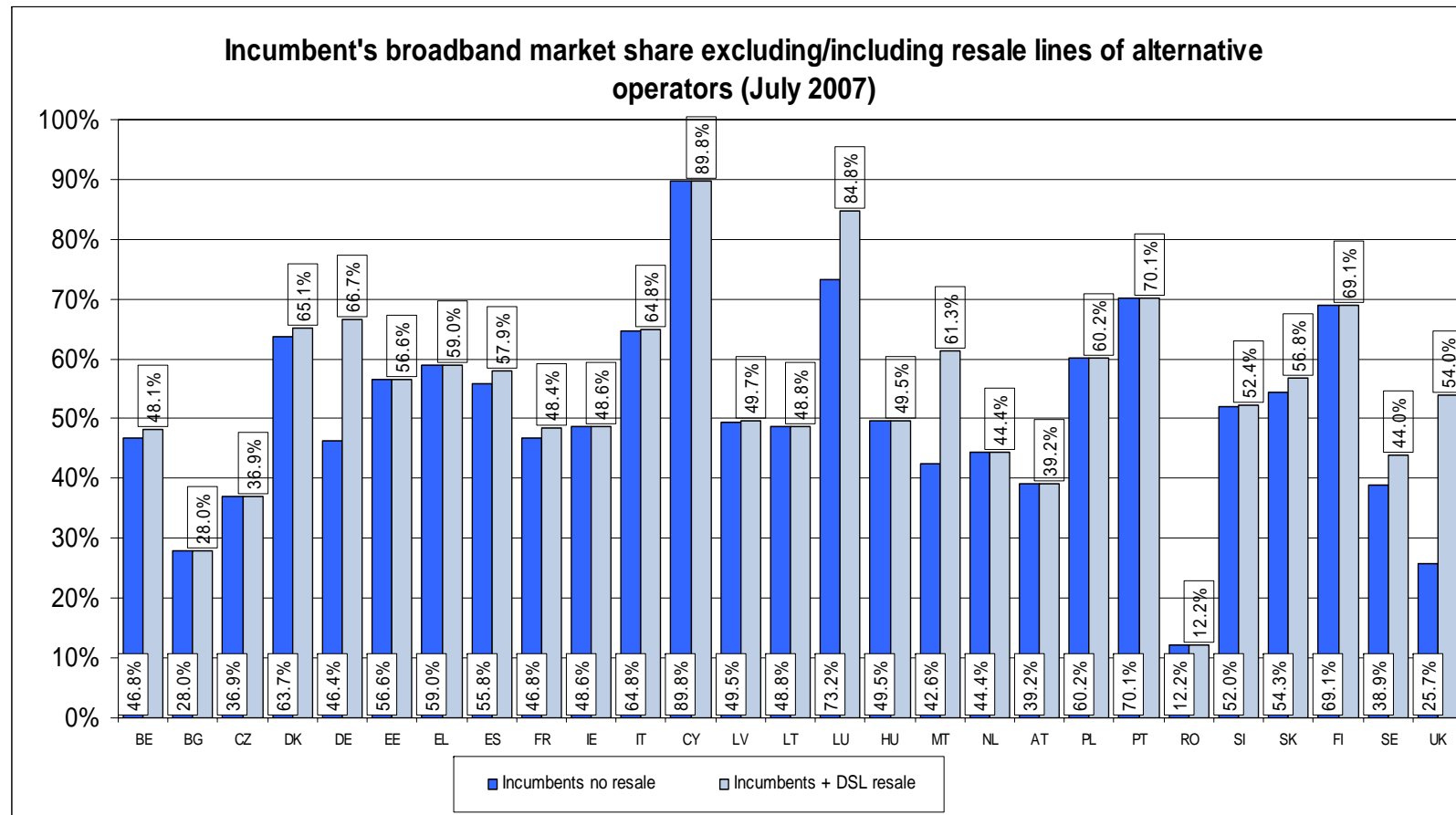
Subscribers using an alternative provider for direct access, July 2006



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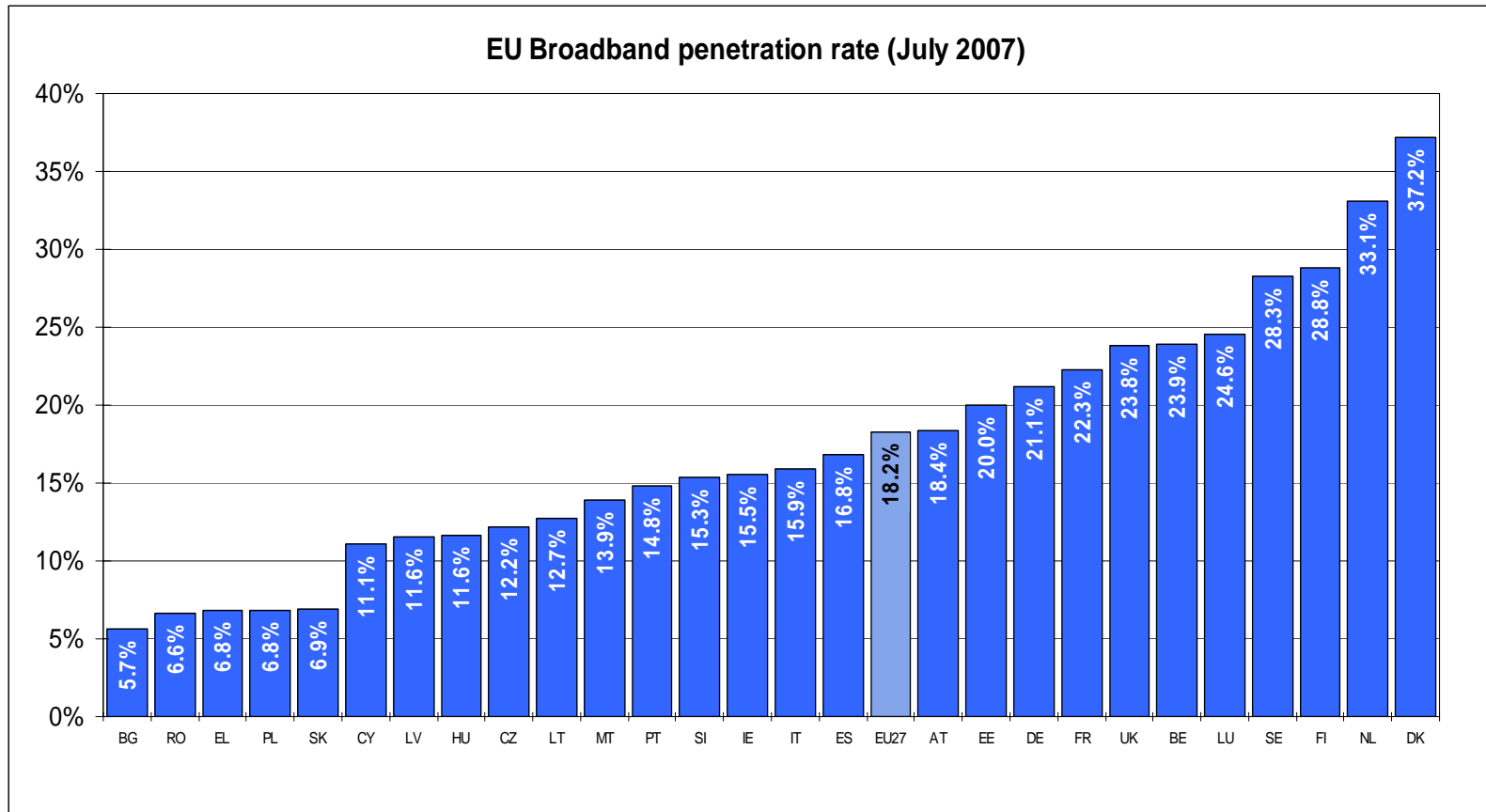
# Remaining competition bottlenecks in the telecoms sector (II)



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# Good regulation drives competition and investment





# Functional Separation

- An additional remedy for national regulators to use where justified, to ensure equal treatment for operators
- Separate management of an operator's infrastructure and retail operations; does not imply 'ownership unbundling'
- Stimulates competition by ensuring fair and equal access to bottleneck network assets

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# Promoting the wireless economy

- Ease access to spectrum
- Strengthen principles of technology and service neutrality
- Designate bands where EU wide spectrum trading would apply
- Encourage licence-free spectrum use
- Harmonisation where appropriate to create a level-playing field
  - harmonisation of authorisation conditions and common selection for pan-European services

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# Digital Dividend: Reaping its full benefits at EU level

- Transition from analogue to digital TV before 2012 will make fresh spectrum available
- Unique opportunity to boost broadcasting and wireless sectors, e.g. HDTV, wireless broadband to help bridge the digital divide
- Dividend to offer substantially more benefits if coordinated at EU level - “Common bands” for a wide variety of networks and to stimulate innovation

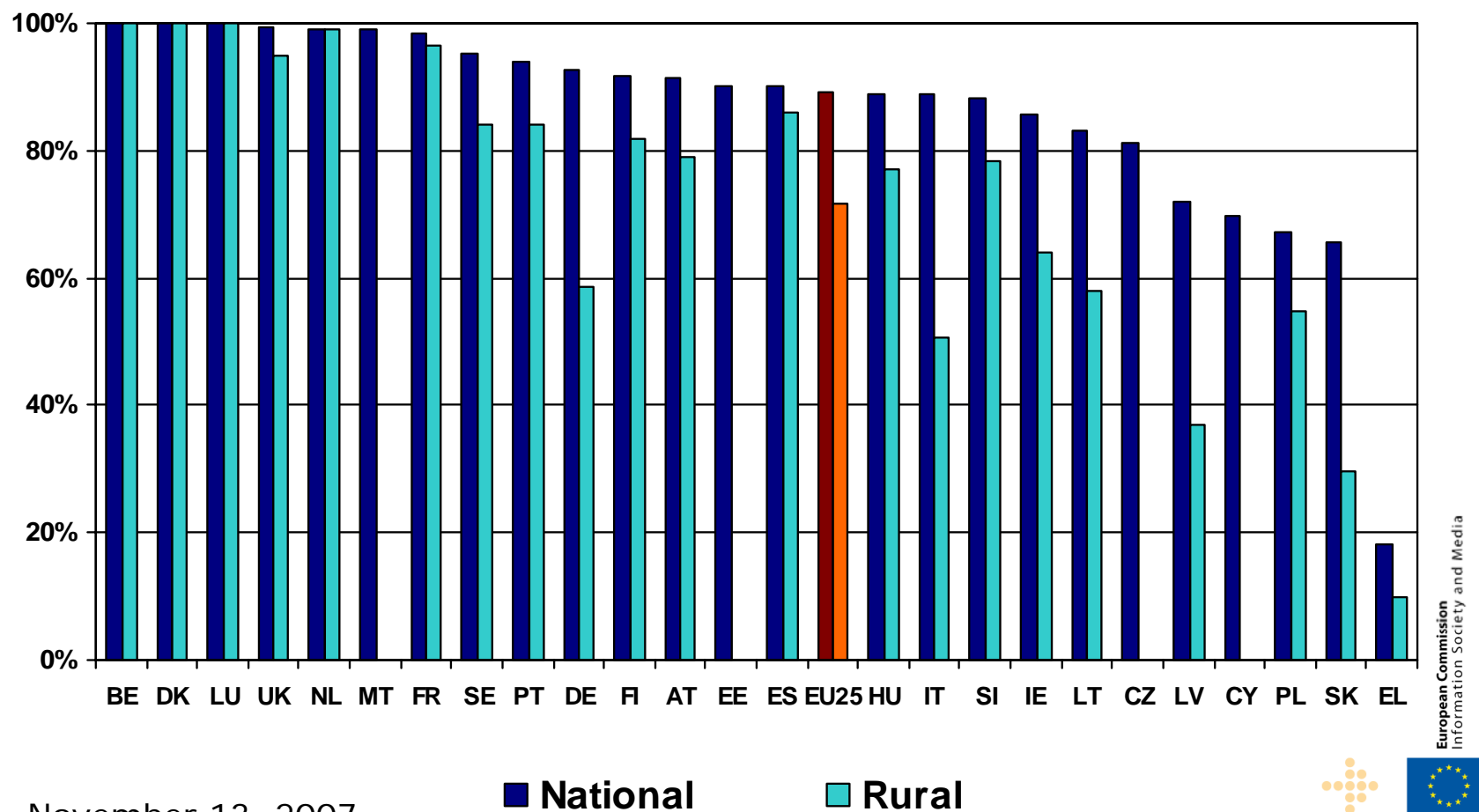
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# Too many white spots on Europe's broadband map

## Coverage of DSL networks as % of population



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■ National

■ Rural



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# A single market for telecoms

- 2 single market issues:
  - **Making trans-national and pan-European telecoms services possible** e.g. mobile communications on board aircrafts
  - **Overcoming inconsistency of telecoms regulation**, e.g. mobile termination rates differ substantially starting from 2.25 eurocents per minute in Cyprus and rising to 16.49 eurocents in Poland

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# A European Telecom Market Authority

- Working with national regulators to achieve consistent European best practice
- Facilitating roll-out of pan-European services
- Incorporating the tasks of the existing European Network and Information Security Agency (ENISA)



**helping to unleash the  
potential of future Web  
economy in Europe**

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# Structure of the European Telecom Market Authority

European Parliament



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# What's in for the consumer?

- Improved price transparency
- Number portability: max 1 working day
- Enhanced emergency access via «112»
- Easier access for users with special needs and disabilities

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# In conclusion: the Reform will ...

- Reinforce Europe's position as a world leader in telecoms
- Increase competition, leading to more innovation and investment
- Help the European citizen to get the most out of modern communications systems

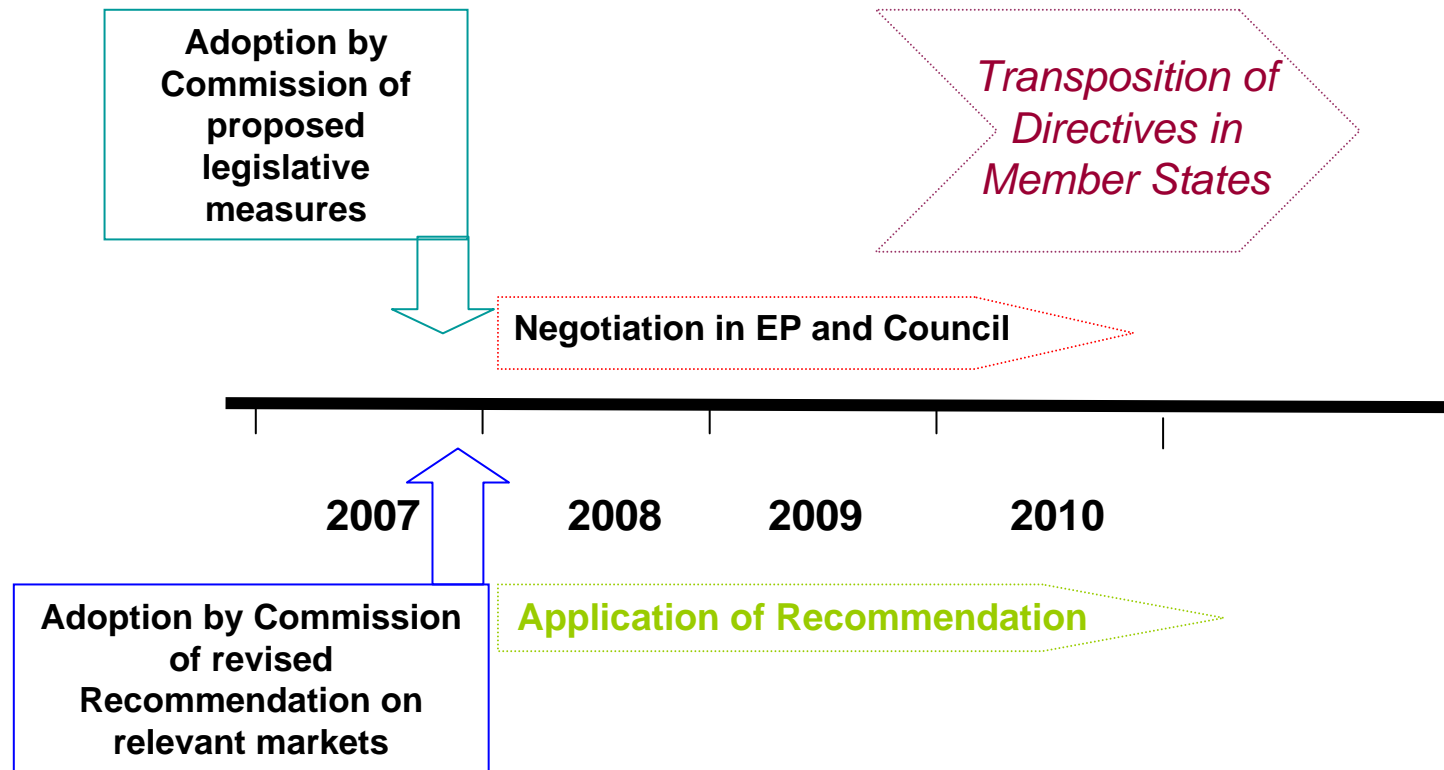
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# Timeline for implementation



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