

Competition and the Open Internet in Europe

- Initial Observations

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Commission Open Internet and Net Neutrality consultation

- Summary of ETNO position

Economic context

- The EU ICT sector faces major investments in fixed and mobile broadband NGA
- Investments depend upon network operators' freedom to innovate and develop new economic models in the market in line with EU competition and consumer protection rules

Openness & Transparency

- ETNO shares the Commission's objective an open internet where end users are able to access all content and services of their choice in line with their individual preferences
- Openness is best served by competition, transparency and consumer choice
- ETNO Members will engage in an effective application of the transparency rules of the framework.
- ETNO Members do not and will not exercise control over the content transmitted over their network

Level playing field

- Internet openness as regards the network layer is ensured by the revised EU telecoms framework
- Internet openness requires similar standards of competition, consumer and data protection and transparency for all players in the internet value chain

Network management

- Network management is essential to maintain service availability and quality during periods of peak internet usage and allows new offers with specified quality in line with user demand
- Commercial quality differentiation is a reality in the internet today and should not be limited *ex ante*

Managed services

- The ability of network operators to offer managed services is key to preserve broadband as a platform for innovation
- Services provided alongside internet access do not affect users' internet freedoms

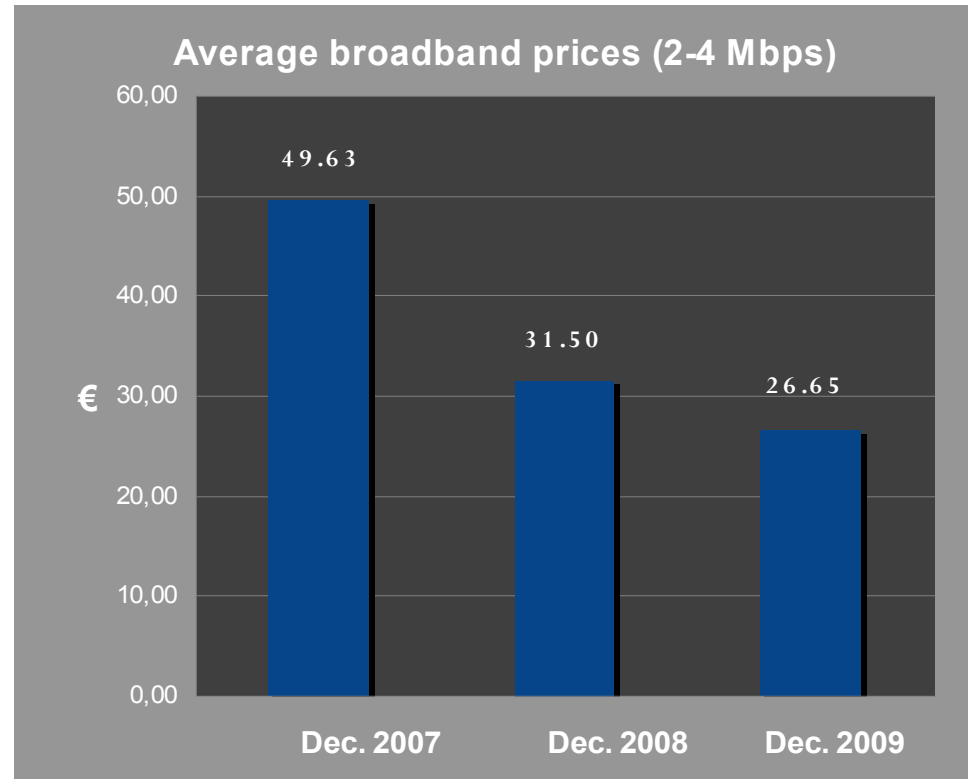
Minimum QoS

- Minimum QoS requirements are a potentially distortive tool in a dynamic internet environment
- Transparency over quality of service, competition and the evolution of efficient business models best protect end users against any degradation of best effort internet quality



EU broadband markets are fiercely competitive

- Broadband retail prices in the EU have decreased drastically, driven by competition
- The average price paid for a fixed broadband service bundle (e.g. triple-play) declined by about 5 euro in the first half of 2010 while access speeds continue to increase
- Strong competitive forces acting on next generation fibre include cable and future mobile internet (EU Commission, MEMO/10/424 Brussels, 20 September 2010)

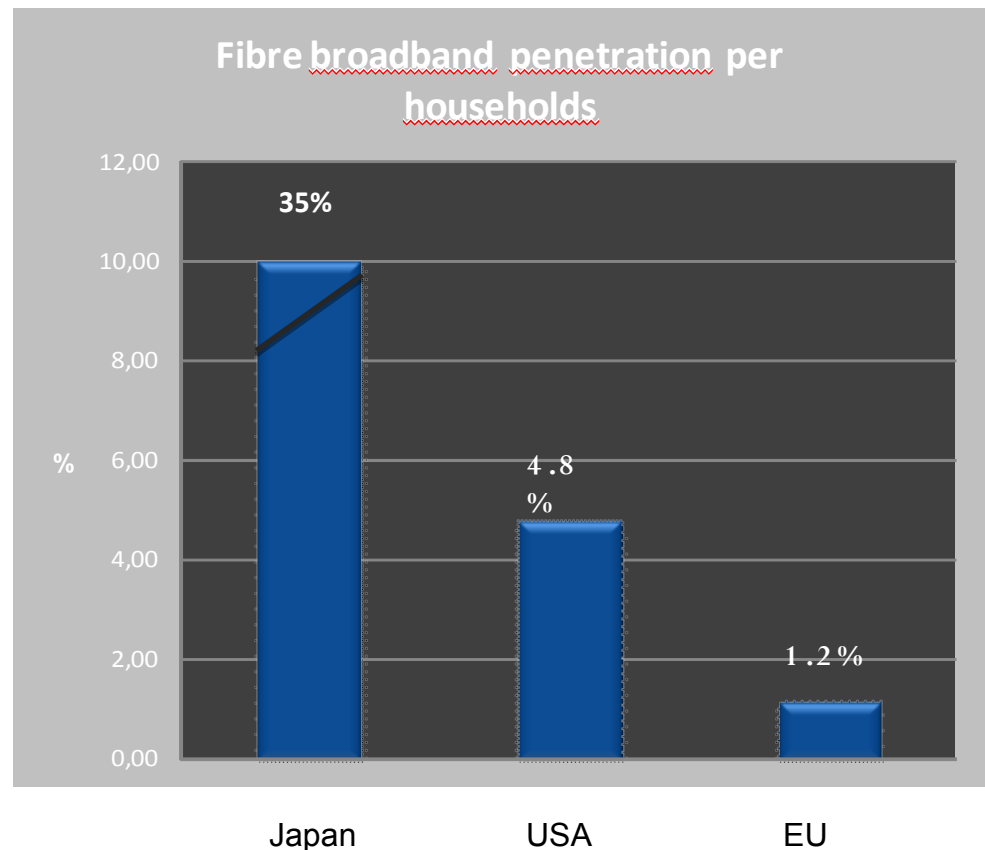


Source: European Commission (2010)



Investment in high-speed next generation networks – Europe needs to catch up to achieve broadband targets

- EU ICT sector requires major investment in next generation fixed and mobile high-speed networks in the coming years
- European Commission's Digital Agenda sets ambitious targets for high-speed broadband availability by 2020
- Investment in smart NGNs depends upon network operators' freedom to innovate and develop new business models in line with EU competition and consumer protection rules




Source IDATE/ 2009



Competitive dynamics in the internet value chain – need for a level playing field

- Established network operators face service competition from alternative ISPs, alternative infrastructure providers, ‘over-the-top’ (OTT) -players
- OTT players holding strong market positions in other areas of the internet offer a wide range of e-communications services
- Openness and quality of internet-based services in many cases depend on both network providers and actors on other layers of the internet value chain
- Different regulatory regimes apply to network operators on the one hand and internet content and application providers on the other (ex-ante economic regulation, consumer protection, data protection)

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- An analysis of internet openness should address the internet economy as a whole
 - Rules governing different actors in the internet should be as far as possible aligned



EU regulatory framework and competition law well-suited to ensure internet openness at the network provider level

- Fixed and mobile broadband markets in the EU are highly competitive, providing effective choice for end users.
- Transparency underpins user choice: the revised EU framework provides for transparent, meaningful information on limitations of internet access services.
- Competition is underpinned by EU competition rules and - in some aspects overly rigid - *ex ante* regulation, providing for access and non-discrimination obligations for network providers with significant market power
- Any anti-competitive practices by market dominant players can and should be addressed competent authorities, whether at the level of network providers or other layers of the internet value chain

Commissioner Kroes' approach to the open internet so far is facts-based and rightly puts transparency and consumer choice at the centre



Service differentiation and innovation in the network support internet openness

- An open internet implies that users should be able to benefit from differentiated offers for access in line with their individual preferences
- Operators should in principle be free to develop such offers, similar to undertakings in any other area of the internet
- The absence of pricing signals on the two sides of the 'two-sided' internet market encourages inefficient use of bandwidth. Strong increase in traffic volumes call the sustainability of the current model into question
- Innovative services which require managed QoS-environment - distant healthcare applications, cloud computing, 3DTV etc. - will have a positive impact on offers to end users, including internet access services

Innovation in technology and business models will help to promote an open and sustainable Internet in Europe



