

# **ITAPA Congress/ OPIS Conference**

**25 – 26 October 2011, Bratislava**

## **Broadband and the Digital Agenda for Europe**

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*The views expressed in this presentation are purely those of the author and may not in any circumstances be regarded as stating an official position of the European Commission*



# Outline

- Digital Agenda for Europe
- Broadband strategy & regulatory approach
- Need for consistent NGA regulation
- Outlook



# Digital Agenda for Europe

## *(Context)*

- One of seven lead initiatives of the Europe 2020 strategy
- Aim:
  - overcoming the crisis
  - preparation for the challenges of the century
- Function:
  - work plan for the European Commission
  - cross-portfolio approach
- Close cooperation with European Parliament, Member States, national regulators, industry, civil society and other parties



# Digital Agenda for Europe

## *(Pillars)*

- A vibrant digital single market
- Interoperability and standards
- Trust and security
- **Fast and ultra-fast Internet access**
- Research and innovation
- Enhancing digital literacy, skills and inclusion
- ICT-enabled benefits for EU society



# Digital Agenda for Europe

## *(Targets & Actions)*

- EU2020 strategy:
  - Faster Internet as a basis for growth, productivity & social integration
- Targets:
  - 2013: Broadband for all Europeans
  - 2020: 30Mbps for all Europeans (50% of subscriber lines  $\geq$  100Mbps)
- Actions :
  - **European Broadband Strategy**
  - **Foster investment in fibre rollout**
  - (Measures in the area of spectrum policy)



# Digital Agenda for Europe

## *(Digital Agenda Scoreboard 2011)*

- Three complimentary measures adopted by the Commission
  - Recommendation on regulated access to NGA
  - Radio Spectrum Policy Programme
  - Communication on Broadband
  - *(Guidelines for state aid rules for broadband networks)*
- Electronic communications sector performance
  - Slightly better in 2010
  - Revenues +5.6% for fixed Internet access and +9.4% for mobile data services; revenues fell in traditional fixed voice and mobile voice
- 2013 target
  - Coverage of fixed broadband access 95%, 23.5 mio citizens still excluded
  - whole EU population expected to have access by 2013



# Digital Agenda for Europe

## *(Fast and ultra-fast Internet access pillar progress)*

| DAE Action   | DAE deadline | Progress  | Status | Completion date |
|--|--------------|-----------|--------|-----------------|
| Key Action 8a:<br>Broadband Communication common framework       | End 2010     | Completed | 👍      | 20.9.2010       |
| Key Action 8b:<br>Proposals on funding of high-speed broadband   | End 2014     | On track  | 👍      |                 |
| Key Action 8c:<br>European Spectrum Policy Programme             | End 2010     | Completed | 👍      | 20.9.2010       |
| Key Action 8d:<br>Recommendation on NGA networks                 | End 2010     | Completed | 👍      | 20.9.2010       |
| Member States:<br>Develop and make operational national plans    | End 2012     | On track  | 👍      |                 |
| Member States:<br>Measures to facilitate broadband investment    | End 2015     | On track  | 👍      |                 |
| Member States:<br>Use fully Structural & Rural Development Funds | End 2013     | On track  | 👍      |                 |
| Member States:<br>Implement the European Spectrum Policy Progr.  | End 2015     | On track  | 👍      |                 |

# Digital Agenda Going Local II

## *(Bratislava, 25 November 2011)*

- Main topics to be covered
  - Broadband deployment: Issues & progress
  - eGovernment and public services
  - Research and Innovation: opportunities and perspectives in Horizon 2020 and Connecting Europe facility (CEF)
- Website:  
[http://ec.europa.eu/information\\_society/events/cf/daelocal/item-display.cfm?id=6995](http://ec.europa.eu/information_society/events/cf/daelocal/item-display.cfm?id=6995)
- DAE Facebook: <http://www.facebook.com/DigitalAgenda>
- Twitter: #daelocal\_SK





# Broadband strategy & regulatory approach

*(DAE, competition and EU regulatory framework)*

- Focus of DAE moved to ensuring firm transition to a new generation of faster broadband networks
- Upgrade or replacement of (legacy) infrastructure with NGAs (FTTN/VDSL, FTTH/B -P2P or P2multipoint, DOCSIS 3.0 - CATV)
- Current regulatory framework brought benefits to citizens
  - Innovative services
  - Affordable prices



# Broadband strategy & regulatory approach

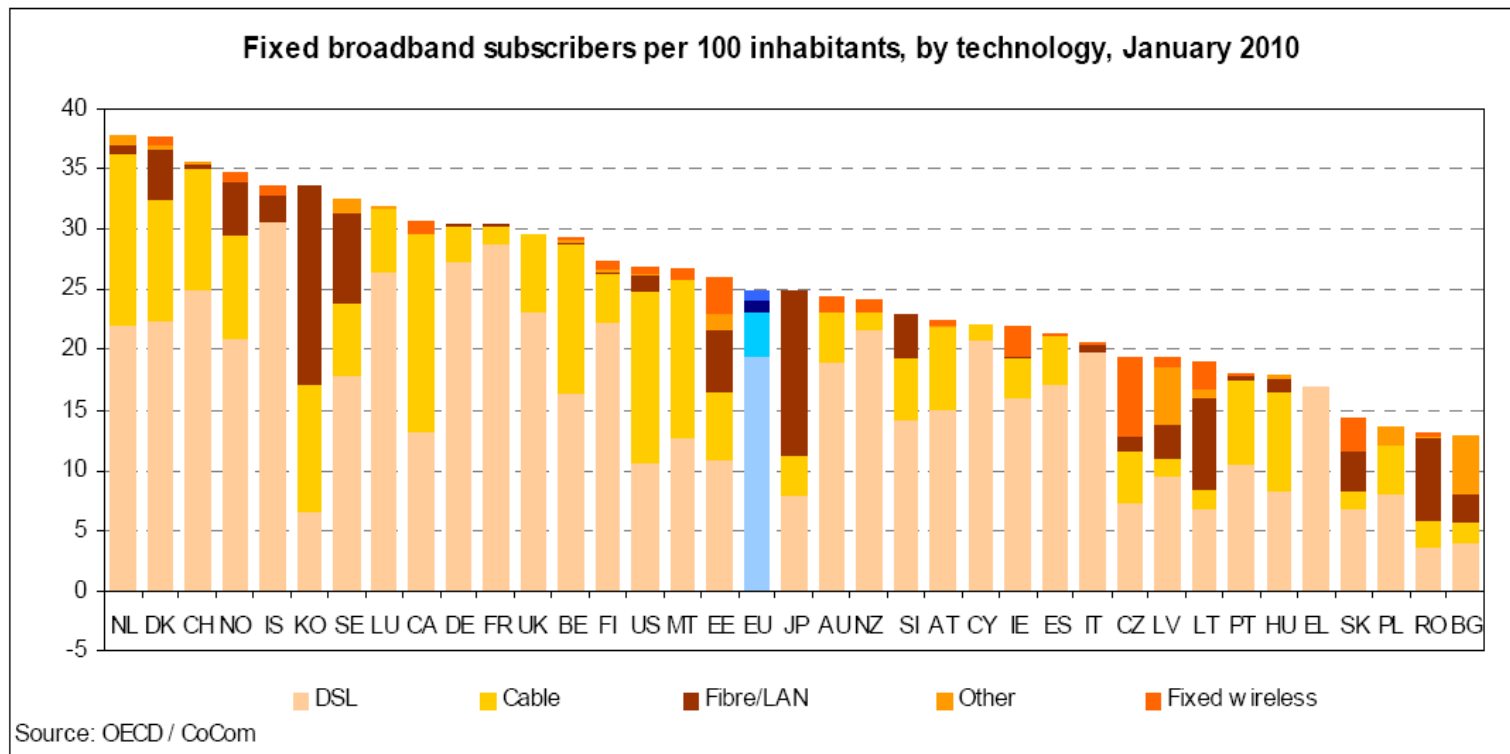
## *(Market-based regulation in the EU)*

- Technological neutrality: what counts?
  - Substitutability analysis (competition law principles)
  - Competitive situation in the market
- Sector-specific regulation: when & for how long?
  - In relevant markets which meet specific criteria (three criteria test)
  - In-built transition to “competition-law-only scenario”
- Interaction between national regulators and Commission
  - Market analyses by NRAs using Commission Recommendation on relevant markets
  - Oversight by Commission with intervention possibilities
  - BEREC



# Broadband strategy & regulatory approach

## *(Fixed broadband subscribers by technology)*



# Broadband strategy & regulatory approach

*(Commission and BEREC to ensure more consistency)*

- As from 25 May 2011, new EU telecoms rules in force
- More consistent regulation across the EU
  - More Commission oversight on regulatory remedies
  - Notifications only after national consultation has been concluded
  - Role for BEREC
  - Further Commission harmonisation measures



# Broadband strategy & regulatory approach

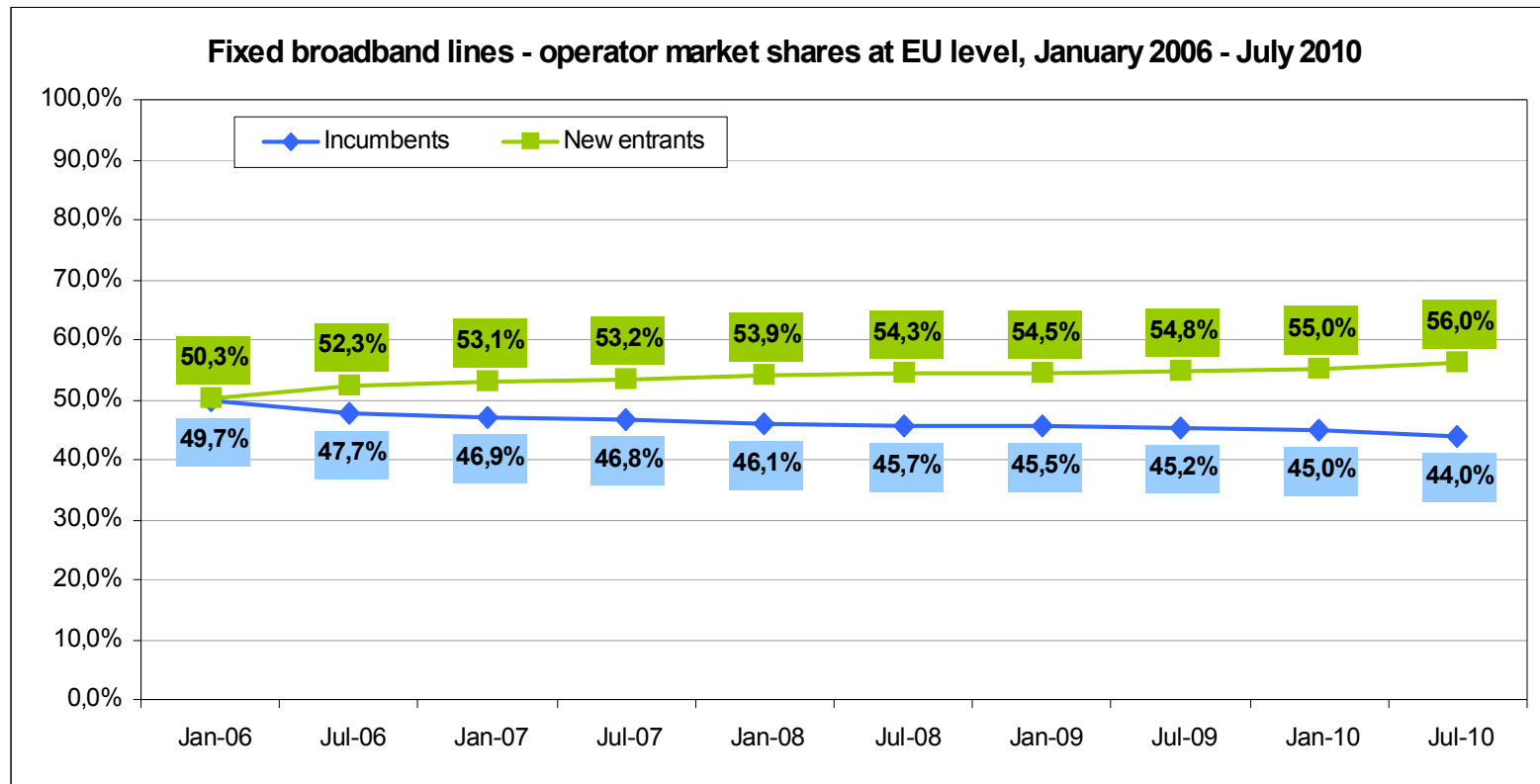
*(What has been achieved so far?)*

- Remarkable level of competition in most markets
  - Due to competition law based access regulation
  - Functioning market-based regulation
- A great deal of retail markets deregulated
  - Access remedies allowed competitors to overcome barriers to entry & expansion
  - Decreasing role of voice – increasing role of data
- Only bottleneck wholesale (access) markets regulated
  - Backbone networks competing (effects on transit and trunk lines)
  - Focus on local networks (“last mile”) and termination



# Broadband strategy & regulatory approach

## *(Fixed broadband lines by type of operator)*



# (In-)consistent NGA regulation

*(Reconciling the twin objectives: competition & investment)*

- Promoting efficient investment and innovation
- Maintain effective ↗ competition
- Regulatory clarity →
- Take due account → of investment risks
- **Competition**
  - No *per se* regulatory holidays
  - Access-based competition to continue as long as necessary to ensure effective competition at retail level
- **Investment**
  - Risk premium & pricing schemes
  - Lift regulation in case of co-investment



# **(In-)consistent NGA regulation**

*(Main Art.7 cases subsequent to NGA Recommendation)*

Market definition – who is competing on the basis of which technology?

Which access obligation?

Which type of access price regulation?

Migration obligations!





# Outlook

- Implementation of NGA Recommendation
- Enlarged supervision of Commission over remedies
- Guidance on access prices – cost methodology
- Guidance on non-discrimination obligations
  - Legal clarity, monitoring mechanism and enforcement
  - Functional separation



**Thank you for your attention !**

