

WIK International Conference

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**„Broadband access and
(minimum) bandwidth for
everyone“**

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EU Instruments to Drive Broadband Roll-out

- EU 2020 Strategy/European Digital Agenda
- Guidance on the use of public funds
- Spectrum policy
- NGA Recommendation
- Universal service

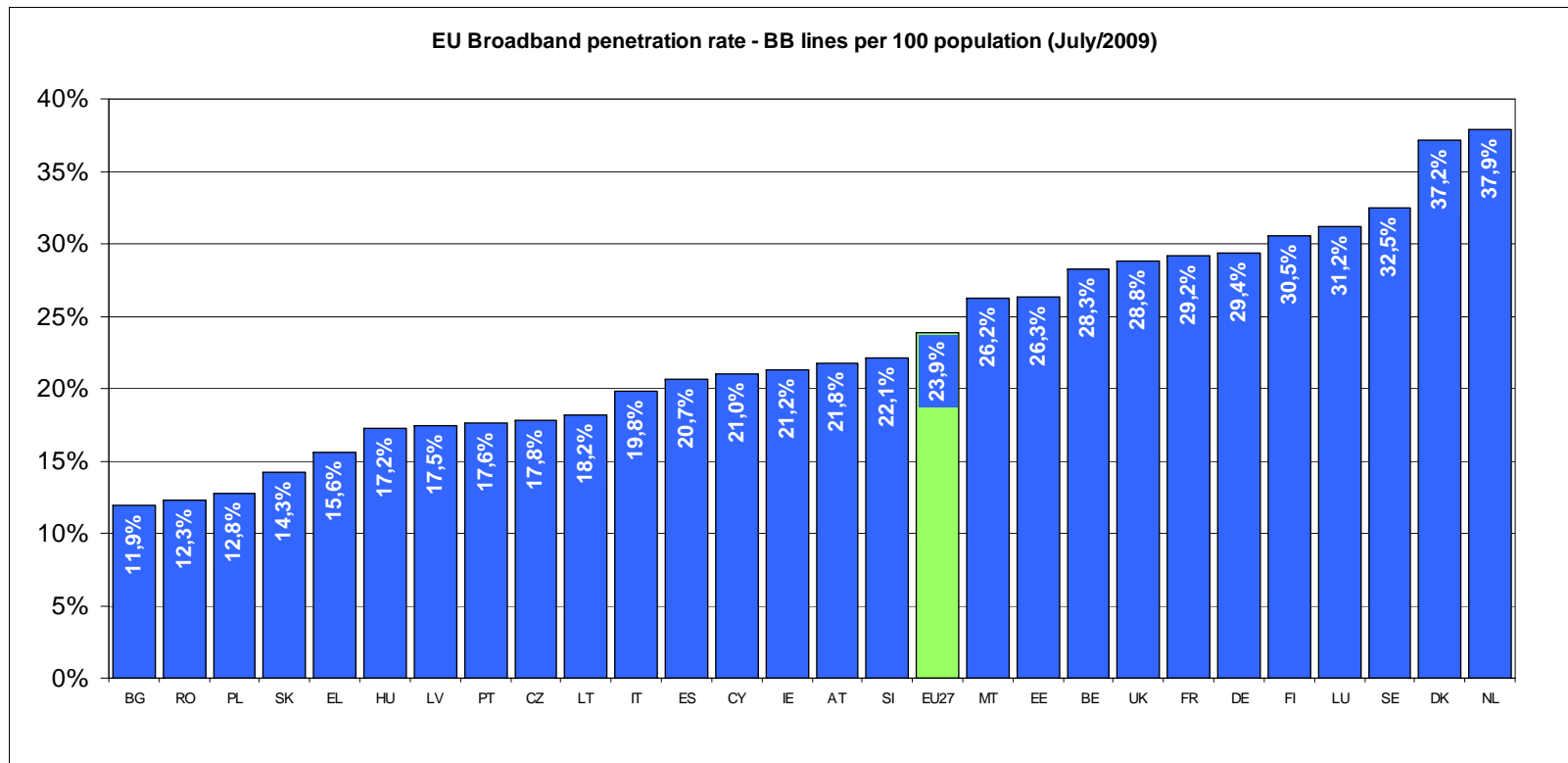


EU 2020 Strategy for smart, sustainable and inclusive growth

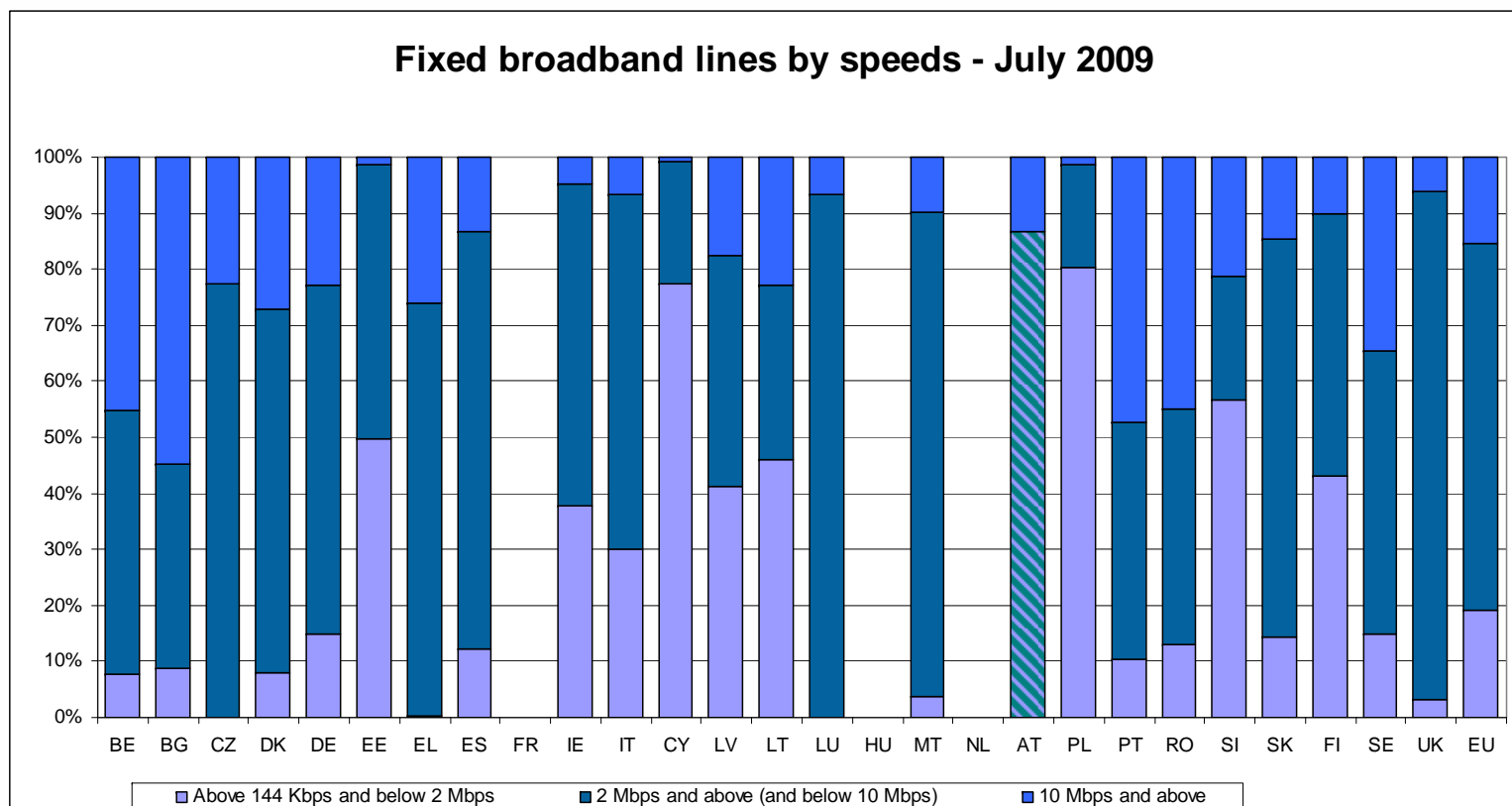
- Announces a Digital Agenda for Europe
- Underlines the need to move to high-speed internet
- Broadband for all by 2013 – 30Mbit/s for all by 2020 (of which 50% more than 100 Mbit/s)
- Increased R&D spending – use of EU structural funds (€ 2.3 bn for telecoms in present programme)
- Efficient spectrum policy
- Stable legal framework to promote investment while maintaining competition



EU Average fixed Broadband Penetration Rate



Fixed Broadband Lines by Speeds



The Reform of EU Telecoms Rules

- New Article 8(5) FWD directs National Regulators to apply sound regulatory principles, inter alia by:
 - Ensuring that access obligations for new and enhanced infrastructures take due account of the risk incurred by the investor
 - Permitting cooperative agreements to diversify the investment risk
 - But, at the same time, ensuring competition in the market and respect of the principle of non-discrimination
- New Article 12(2a) FWD gives NRAs the power to impose sharing of in-building wiring (any cost ruling to be adjusted for risk where appropriate).



The draft Commission Recommendation on Next Generation Access Networks

- Central problem: How to promote timely and efficient investment into NGAs while maintaining effective competition
- Builds on work done by the ERG and the Commission in Article 7 procedures
- First draft Recommendation published in Autumn 2008 – main emphasis on access to ducts
- Second draft Recommendation published in June 2009 – emphasis on multifibre, risk sharing and pricing flexibility



Take due account of investment risk

- New EU telecommunications package calls for access prices to be adjusted for investment risk
- NRAs should be able to grant a risk premium when setting regulated *ex ante* access prices – risk may vary according to roll-out modalities
- For access to the unbundled loop in a FTTH setting, additional pricing mechanism resulting in more flexibility may be considered (long-term commitment contracts; volume pricing)



Drive infrastructure-based competition where possible and efficient

- Owing to large deployment costs, infrastructure-based competition may only emerge in densely populated areas
- Possible importance of access to physical engineering facilities such as ducts (Problem: Economic feasibility)
- Cost-based remedies on LLU should in principle be available – what about bitstream?



Main criticism received during second public consultation

- Competitors insist on keeping the “ladder of investment”
- Incumbents request more guidance on sub-national markets and variation of remedies - more emphasis on the virtues of symmetric regulatory approaches
- Regulators are critical of exemptions from cost-orientation and SMP guidance contained in Annex III
- Distinction in terms of investment risk between FTTH and FTTN criticised by incumbents and some Member States



State Aid Guidelines

- Private investment needs to be supplemented by public funds, especially in less densely populated areas
- Guidelines promote predictability and legal certainty – facilitate assessment
- More than 50 decisions so far concerning public funding of over € 2bn
- Total investment generated € 3-4bn
- Simplified procedure for broadband roll-out in rural areas



Universal Service

- Should it be an instrument to ensure broadband for all and to drive broadband roll-out?
- Review of the universal approach by the Commission
- Recital 5 of the „Citizens’ Rights“ Directive refers to the possibility of Member States to define the scope of universal service



Member States' obligations

- Member States must ensure that all citizens in their territory, regardless of geographical location, can avail themselves of the defined set of services, upon reasonable request
- Finding the most efficient means of guaranteeing universal service obligations (USO), including giving all undertakings an opportunity to fulfil them
- If the market fails to deliver, NRAs may impose USOs on designated undertakings to provide services at specified conditions



Background to the present debate

- The 2nd periodic review on the scope of universal service, COM(2008) 572 in September 2008: put forward a number of question on future universal service, in particular regarding broadband
- Commission Declaration on universal service to the European Parliament in November 2009, in the context of the 'Telecom Package'



Scope of the present consultation

- Basic concept of universal service
- The role of universal service with regard to broadband
- National flexibility vs. harmonised approach
- Financing
- Public consultation runs until 7 May 2010
- Commission will report on the outcome of the public consultation by end 2010



Citizens' Rights Directive

Recital 5

« ...it is not appropriate to mandate a specific data or bit rate at Community level. Flexibility is required to allow Member States to take measures, where necessary, to ensure that a data connection is capable of supporting satisfactory data rates which are sufficient to permit functional Internet access, **as defined by the Member States, taking due account of specific circumstances in national markets, for instance the prevailing bandwidth used by the majority of subscribers in that Member State**, and technological feasibility, provided that these measures seek to minimise market distortion. »





















