



Regulatory Reform Better Regulation EU-Regulatory Review

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The old questions are still the new questions

- How do we find the appropriate balance between flexibility and harmonisation in Europe?
- How similar and how different are the market structures in the Member States ?
- Where and when do we have national or European telecommunication markets ?
- How can we limit the amount of bureaucracy in regulation and prevent the danger of regulatory micro-management ?
- How can we guaranty planning security and a predictable investment climate for all market participants ?



Do we need absolutely new answers ? Revolution or evolution ?

- The results of cooperation between the NRA's and the Commission are better than you would guess (Remedy Handbook, best practise rules, benchmarks)
- The example of differences in mobile termination rates, does not prove failure but success of cooperation (fees are going in similar direction in Europe with similar glide paths)
- If we have different penetration rates in Europe for broadband, there is no single mono-causal reason but a complex different historical background (role of cable and DSL networks)



Spectrum Policy is crucial

- With the growth of Mobile Services (GSM, 3G, HSDPA) spectrum availability has a key role
- To ensure interoperability and economy of scale in Europe new mobile services (like Mobile TV) should be implemented in a harmonised approach
- Flexibility in spectrum use (by technology-neutral licensing) and the goal of Pan European Services needs coordination
- EU, CEPT and ITU should Focus their spectrum policies on these policy goals
- RSPG delivered some substantial opinions (WAPECS, Multimedia-Services, Digital dividend)



Harmonisation

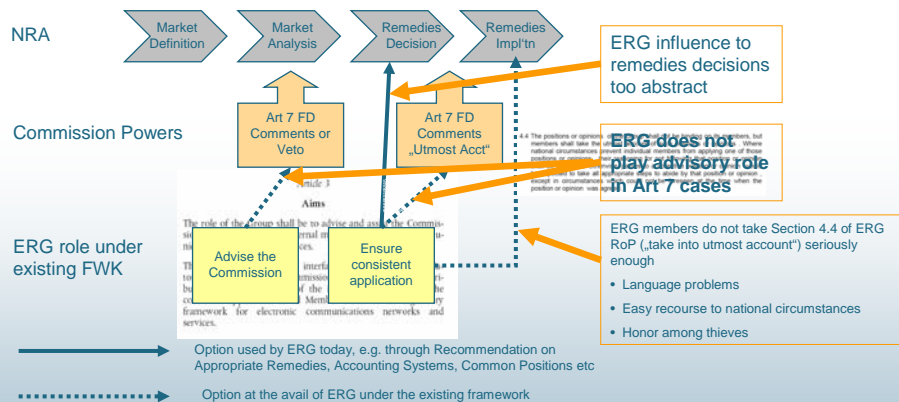
What does it mean?

- Same regulatory obligations on SMP players throughout Europe?
- Appropriate regulation of SMP players to achieve similar market conditions throughout Europe?
- Appropriate regulation of SMP players to achieve similar end-user experience throughout Europe?
- Similar regulation throughout Europe of cross-border services?
- Exchange of best practice amongst regulators?
- Or something entirely different?

How much do we need and why and who is best placed to deliver this?



Harmonisation – the problem as perceived by IEN





Ways in which harmonisation might arise

- Harmonisation can arise from:
 - *Un-coordinated market processes*
 - *Un-coordinated policy decisions – just converge on good policy*
 - *Coordinated market based initiatives*
 - *Coordinated policy decisions (treaties etc)*
 - *Government mediated market based initiatives*

⇒ Regulate to promote harmonisation only when the benefits of intervention outweigh the costs relative to alternative mechanisms, including doing nothing



Potential costs of harmonisation

- Policies that do not reflect local circumstances
- Lose ability to learn from cross sectional variation
- Eliminate regulatory competition that would otherwise reduce information asymmetries
- Rigid harmonisation could reduce trade in goods and services between Europe and rest of world
- Slow to adapt, lock in inferior policy or standard



Harmonisation - summary

- Understand stakeholder concerns that more needs to be done
- National differences in market circumstances must be reflected in remedies – but recognise that need for balance against requirement for consistent application
- Committed to address priority areas for harmonisation quickly
 - VOIP
 - SMP remedies in broadband access markets
 - SMP remedies in termination markets
- Committed to adopting consistent methodology for selection of SMP remedies and provision of transparency on reasons for choice



Conclusions

- The discussion about streamlining the European Regulatory framework should be structured as a rational dialogue about lessons that could be learned out of experience
- It's too easy to expect ideal solutions just by switching more decision power to Brussels
- The deepening of cooperation between the European Regulators (ERG/IRG) and the Commission is the appropriate answer and a better option
- The discussion should rather be more focussed on how the transition to Next Generation Networks in backbone and access could be guided by the new framework, rather than fighting old battles on poisoned grounds with miss-leading expressions (like “regulatory holidays”)