

## Outline of ETNO intervention

### Implementation of the Electronic Communication Regulatory Framework

- Implementation of the regulatory framework: there are very encouraging trends which are highlighted by the Commission in its 12<sup>th</sup> implementation report: competition is thriving
- Three main lessons:
  1. The framework failed to achieve one of its main objectives: infrastructure competition.
    - Recent studies have shown that intense ex-ante regulatory intervention does not stimulate infrastructure based competition
    - Some alternative operators are relying too much on incumbents operators networks instead of rolling out their own network
    - There are many alternative ways for offering broadband access however; those alternative technologies allow bypassing remaining bottlenecks. (They present a high degree of substitutability)
    - According to the 12<sup>th</sup> implementation report, resale of wholesale broadband access products increased by more than 120%
    - Countries with the highest broadband penetration rate are those with the most developed facilities
  2. Despite increased investment rates, figures show that Europe is lagging behind other world regions when European growth needs to be boosted.
  3. Despite vivid competition, there is little progress in the deregulatory trend.
- Challenges:
  - Accelerate the emergence of a truly facilities based competition
  - Establish a mechanism that ensures that regulation is rolled back
  - Stimulate the roll out of next generation access networks
- The Review – How to address those challenges?
  - ➔ **The review of the regulatory framework should create a new investment dynamic**

**The Review should:**

- Confirm the transitory nature of the regulatory framework by including a mechanism to accelerate the transition towards competition law
  - Review the list of relevant markets, remove retail markets, limit regulation on wholesale markets, rethink the concept of emerging markets.
- Support a more flexible management of radio spectrum in Europe: OK with the Commission plan
  
- Define a clear policy to encourage investment in next generation access networks
  - The geographic approach: take different competitive realities in distinct areas into account
  - The Canadian deregulation is a source of inspiration
  - The geographic approach is already enforced in the EC state aid policies.
  
- Functional separation is no the right tool to address tomorrow's challenges
  
- Appears out of touch with the realities of today's increasingly competitive and multiplatform telecommunications markets: see list of arguments
  
- Conclusion: