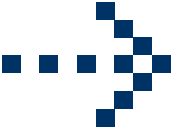


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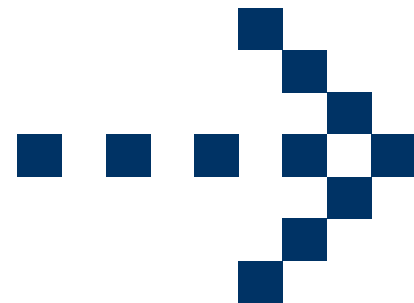
RTR/WIK
Vienna, Austria

Workshop on Subnational Markets

Conceptual Considerations



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Regulators get smarter!

- 1998 Interconnection Directive (regulators club incumbents for 25% share of incoherent and gigantic markets)
- 2003 Access and Interconnect Directive (SMP in anti-trust – but in practice national - markets)
- 2007 Geographic subnational markets start to emerge from the primeval swamp
- 2010? Transnational markets- the highest currently imaginable regulatory life form.

Evolution in action, or intelligent design!

Is it so difficult?

Competition authorities have always done it (global markets, isochrone travel markets to shops etc.)

In 2003 the New Zealand regulator introduced 'real time' geographical markets for business local access (the 100-metre rule)

Where incumbent operators have sub-national coverage (Finland, Colombia, Romania) the NRA has no choice.

Conceptual problems

Where are conditions of competition ‘sufficiently homogeneous’? Is there a ‘continuous chain of homogeneity’?

What evidence can be brought to bear to establish distinctions-

- number of competitors
- prices
- behaviour?

Where the problem bites – how many is enough for effective competition?

Example 1.

Wholesale broadband access in the UK: Ofcom concludes that 4 are enough

Example 2.

Wholesale broadband access in Malta: telco, cable and wireless

Regulator says collection dominance

Commission says 2+ constitutes effective competition.

Further questions:

Will it embroil NRAs in micro-geographies, such as individual buildings? No

Will it delay the process of deregulation? Possibly

Will NRAs cope? GOK

Will NRAs get even bigger? Probably.