



Regulation at the Crossroad: the Commission's view

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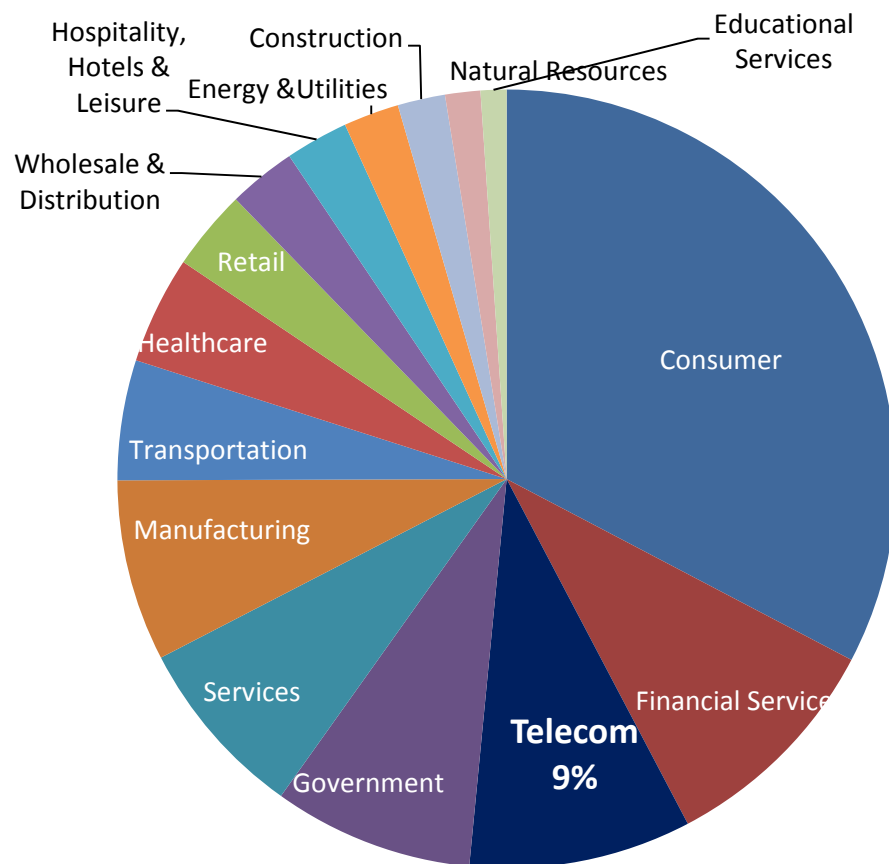


Telecoms: a network industry with unique features...

- Rapid pace of technological and market change
- Several **major disruptions** in less than 25 years: mobile voice and data, Internet, ultra-high-speed broadband, social networks, digital platforms
- **Around the corner:** cloud computing, machine-to-machine, Internet of Things...
- **Convergence** with IT and media sectors
- Value chain permanently expanding



... and a wide impact



ICT spending by industry segment, 2012

Effective connectivity and internet innovations are essential for **productivity growth in all economic sectors**



EU regulation

A set of top regulatory principles and objectives to ensure predictability and consistency...

- ✓ Promotion of competition and investment
- ✓ Development of the Single Market
- ✓ Promotion of citizens' interests





... but

As **markets become more competitive**, European and global, the **regulatory framework needs to evolve** as well

A **strong European ICT sector (especially telecoms)** and **good broadband coverage** are key for the competitiveness of the European economy

Completing the **single telecommunications market** becomes an imperative





Barriers to a Single Telecoms Market

Fragmentation along national borders;

- **Most operators with a national footprint; those operating cross-border subject to separate rules**
- **Difficult if not impossible for consumers to take up offers from other MS operators**

Little regulatory consistency/predictability in the EU

- **Differences in timing, conditions and costs for acquiring spectrum hamper integrated wireless networks**
- **Divergent regulation often means overregulation or uncertainty hindering investment**

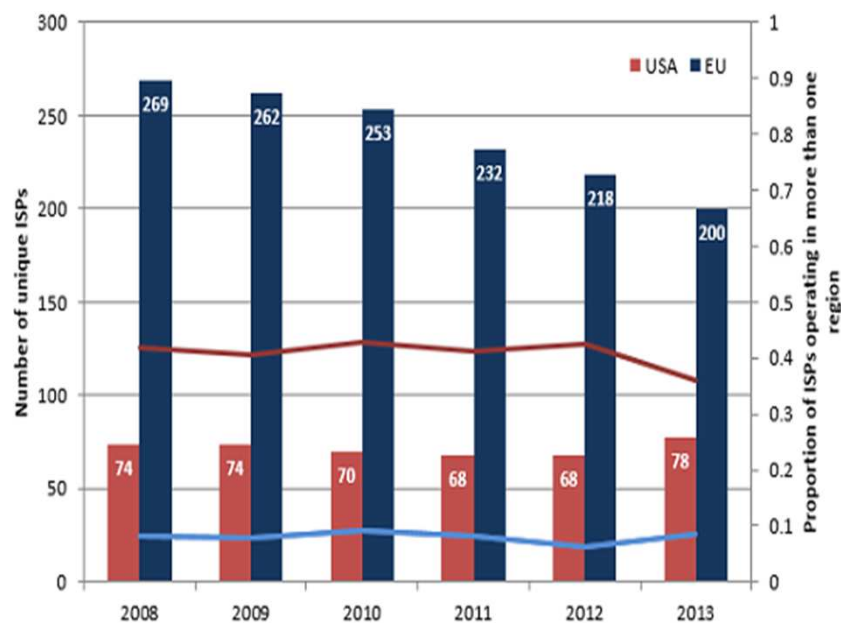
Unfairly high prices for cross-border communications



Fragmented EU

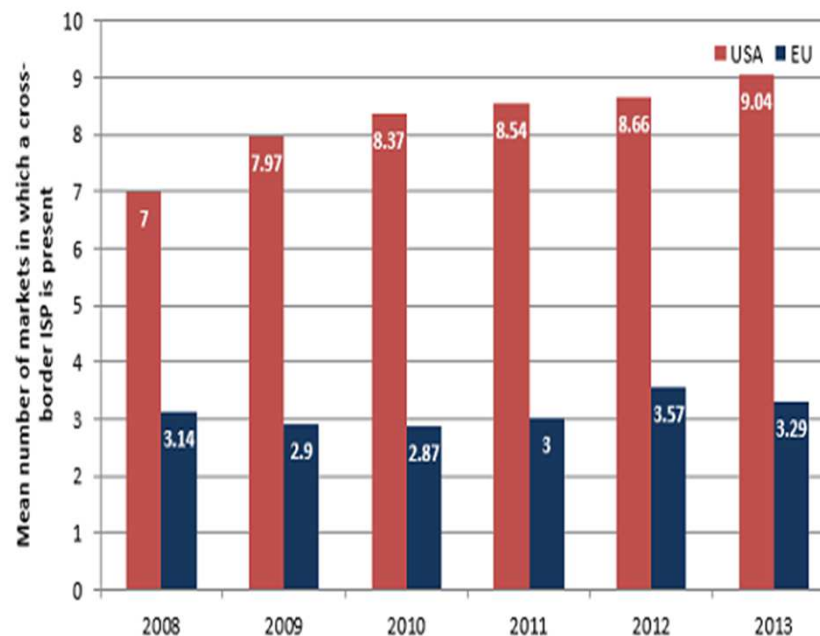
EU market has double the number of unique big ISPs compared to US

Figure 1. Comparing unique ISPs Source: Bruegel calculations based on NetIndex data



US cross-border entry has increased robustly in 5 years, not in the EU

Figure 2. Comparing the depth of cross-border ISPs Source: Bruegel calculations based on NetIndex data





A Single Telecoms Market essential for Europe's return on the growth path...

If the internal market for electronic communications were completed, the EU's gross domestic product (GDP) could grow by up to 110 billion euros a year ...

Ecorys, TU Delft et al., Steps Towards a Truly Internal Market for e-Communications, 2013.

- Economies of scale
- Higher productivity in other economic sectors through more efficient cross-border electronic communications services
- Affordable cross-border prices for consumers
- More diversified products and services available to consumers
- Innovation





Towards the Connected Continent

- **Connected Continent Package:**
 - ✓ The **Communication**: Commission's vision for a Single Telecoms Market
 - ✓ The **Costing and Non-discrimination** Recommendation
 - ✓ Proposal for a Regulation concerning the EU Telecoms Single Market (**TSM Proposal**)
- Measures to reduce the cost of deploying high-speed electronic communications networks (**Cost reduction**)
- Review of the **Relevant Markets** Recommendation





TSM: key measures

- **Single consumer space**
 - Harmonised **end-user rights** and easier switching
 - Open Internet: **net neutrality**
 - Phasing out **roaming**
- **European inputs for high-speed broadband**
 - Wireless: **spectrum** coordination; facilitating small cells
 - Fixed: European **virtual access** products
- **Single EU authorisation**
 - Simplified and more convergent regulation




Cost Reduction Directive

Better use of existing infrastructure and more transparency, incl. cross-utility

Improved coordination of civil engineering

Simplify permit granting process

Buildings ready for access to high-speed internet



Reduce costs of broadband rollout by 20 to 30% and make it easier



Review of Recommendation on relevant markets

More competition as Europe moves further towards a real single market should lead, over time, to:

- a reduction in sector-specific regulation based on market analysis
- an evolution of the geographical scope of markets, for both sector-specific regulation and competition law

Revised Recommendation will ensure that the ex-ante regulatory burden on operators is reduced appropriately





A few steps closer to the Digital Single Market

- Adoption of **broadband cost reduction** Directive on 3 April 2014; transposition 1 January 2016
- **TSM:** EP vote in first reading on 3 April, agreement expected in 2014
- Revised Recommendation on **Relevant Markets:** adoption foreseen in autumn 2014





Looking beyond... what next?

- Technological and economic developments will increasingly **challenge the adequacy of EU regulatory framework**
- EP and existing legal obligations will require the Commission to **review and/or renew some of the existing legal instruments** (the framework as such, Universal Service, RSPP, ePrivacy)
- The imminent review **announced in the Communication** accompanying the TSM proposal





Setting out the path: Commission Communication

- A greater **coordination of regulatory remedies**
- Utility of a **single EU telecoms regulator**
- **Level playing field** between the rules that apply to OTT services compared to telecoms services
- **Convergence** between audiovisual and telecommunication services and markets





Taking it forward... issues at stake

- How to ensure regulatory **consistency** in a Single Market? (a greater coordination of regulatory remedies, utility of a **single EU regulator**?)
- How **convergence** and **platformisation** affects our policy and regulation? **Level playing field** between OTT and telecoms services? -> forthcoming study
- How to better take into account **dynamic efficiency** in regulation in order to promote **innovation** and **investment**?





Commission President-Elect on Telecoms Policy (15 July 2014)

*"...focus of additional [public and private] **investment** should be in infrastructure, notably broadband [and energy] networks..."*

*"...we will need the courage to **break national silos in telecom regulation**..."*

*"...I intend to take, within the first six months of my mandate, **ambitious legislative steps towards a connected digital single market**, notably by [...] adding more ambition to the ongoing reform of our telecoms rules..."*





Thank you for your attention!

