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The European Single Market for Electronic Communications

Disclaimer: These are my personal views only.

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Starting Points

- Europe has invested less in NGA networks than some other countries (including US and several Asian countries)
- The financial crisis adds constraints on the borrowing possibilities of telco companies
- Many important content providers are from outside Europe

- Possible reasons for an underperforming sector:
 - Regulatory fragmentation
 - Market fragmentation (only partly due to regulatory fragmentation)
 - Wrong regulation
 - Demand and supply-side reasons (some of which country and not EU-specific)

New from the European Commission

- **New approach to regulation of electronic communications: A “Regulation”**
- **Addresses regulatory and market fragmentation**
- **Aim: Harmonization across Europe:**
 1. **Coordinated use of radio spectrum**
 2. **Harmonized wholesale access products to NGA**
 3. **“Roam Like At Home”; support for roaming alliances**
 4. **Quality of service and harmonized approach with respect to net neutrality**
- **How do these measure relate to internal market issues?**

Internal Market Issues

- **Telco provider from A wants to establish itself in country B**
 - Has happened in mobile, to a lesser extent in fixed
 - What are the economic benefits from more cross-border activities?
 - What are the benefits from coordinated use of radio spectrum?
 - What are the benefits from harmonized wholesale access products?
 - Not clear (perhaps quicker diffusion of best practice; scale economies in procurement)
 - General issue: barriers to entry (but do not confuse causes and consequences)
- **Customer in A purchases services while in B**
 - Already prior to the proposal Commission has intervened in the roaming market
 - Good arguments for intervention in the wholesale market
 - Are there convincing arguments for intervention at the retail level?
 - Problematic new proposal to support roaming alliances

Internal Market Issues (cont'd)

- **Customer in A purchases services from provider in B**
 - Applies to some corporate customers
 - But of little relevance for private customers
- **Customer in A purchases content from content provider in country B**
 - Has content provider in B easy access to customer in A?
 - Language barriers (exogenous in the short and medium term)
 - Consumer protection rules (harmonization helps)
 - harmonized products for content delivery (quality of service)
 - **Key issue: scalability of content**
 - **Arguably one of the most important issues for the telecommunications sector as an engine for innovation and growth**

Net Neutrality

- **ISPs as platforms between CAPs and users**
- **Pricing and quality issues:**
 - traffic management policies
 - price to be paid by CAPs to users' ISPs
 - tiered service levels
- **advantages of two-sided pricing structure and internalizing congestion externalities**
- **Proposal by the Commission allows for Quality of Service**
- **better than initiatives by several member states which want to enforce stricter net neutrality rules**
- **Harmonized offers may stimulate innovation at the content level (scalability of content services)**
- **Should policy encourage tiering and pricing on both sides?**
- **Payments from CAPS to users' ISPs additional revenue source**
- **May stimulate investments in NGA**

New Services

- **Future demand for e-health, e-mobility, and smart metering/smart grid (incomplete list of potentially important new services) difficult to predict.**
- **high potential in and potentially a substantial societal need for the take-up of each of those.**
- **What should be the role of public policy with regard to those new services' development?**
 - how to simplify the deployment of new services?**
 - How to harmonize quality of service?**



On CERRE: Towards robust and consistent regulation through studies, training and dissemination activities

Network industries

Policy / strategy development

Multi-disciplinary



Cross-sector

Independent + impartial

EU + national perspectives