Broadband growth and regulation
Experiences from the 13th Implementation Report

EETT International Conference

on Broadband Internet

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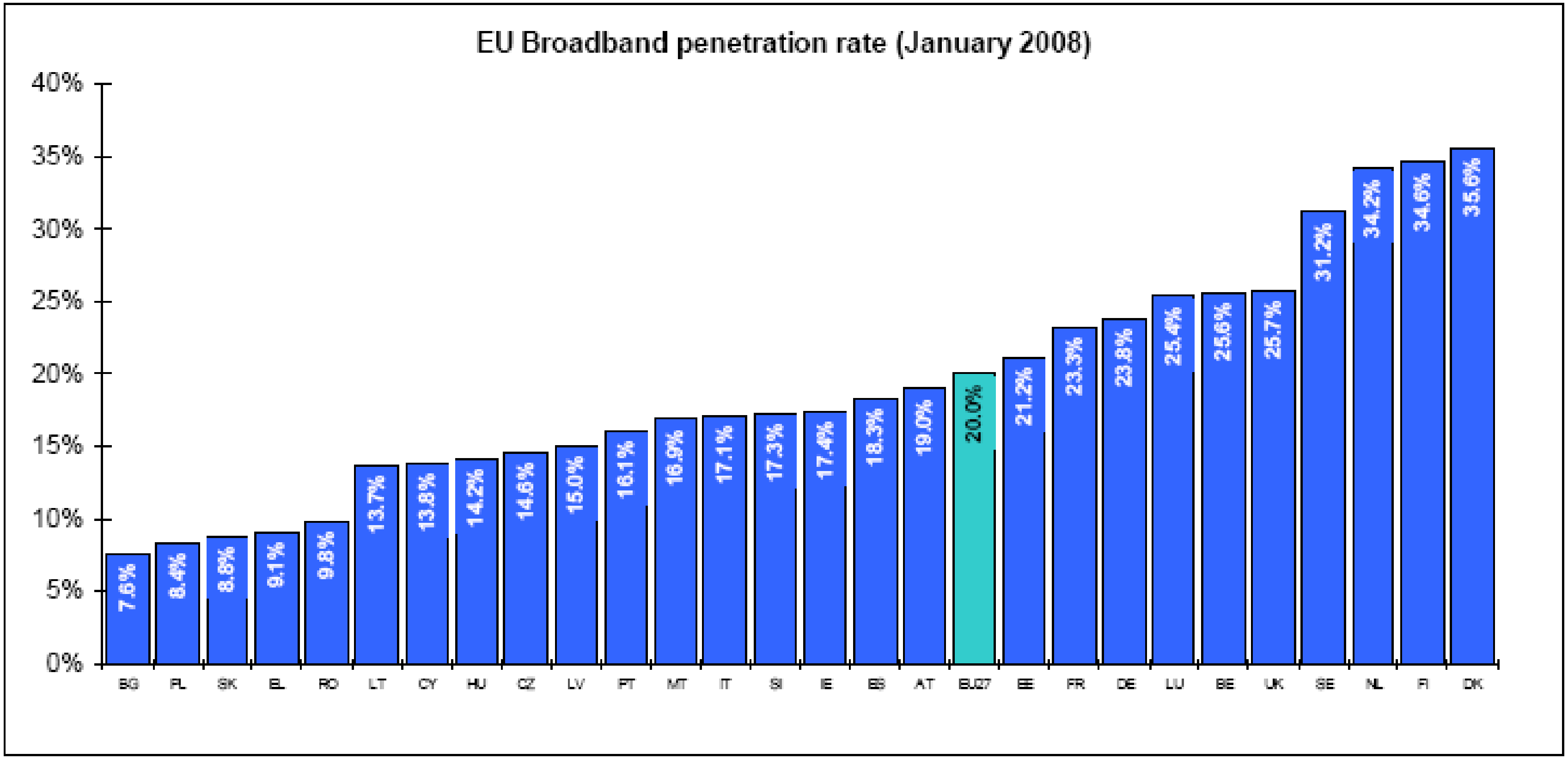
Outline

- The role of broadband
- EU broadband performance
- What kind of broadband
- Broadband regulation
- The ladder of investment-examples from Member States
- The new trends, new challenges for regulation
- Conclusions

From 15.7% in 2006 to 20% in January 2008



Data for Estonia, France, Lithuania, the Netherlands and Austria as of October 2007.

Broadband – growth driver

- Broadband - fastest revenue growth – from €58.5 billion in 2006 to €62 billion in 2007
- Member States world leaders Netherlands (34.2%), Finland (34.6%), Denmark (35.6%)
- EU average still lagging behind US (22.1%), Japan (21.3%), Canada (25%), Korea (29.9%)
- Large divergence in penetration rates

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What kind of broadband?

- What capacity?
- ADSL
- Cable
- The new paradigms (wireless, FTTH)
- The ladder of investment (resale, bitstream, shared and full LLU)

Factors for broadband rollout

- At EU level the incumbents' broadband market share has declined slightly to 46.3% in January 2008 from 46.8% in January 2007
- Platform competition key factor in Austria, Belgium, Czech Republic, Denmark, Finland, Hungary, Malta, Netherlands, Poland, Portugal, Sweden
- DSL competition in Austria, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Portugal, Slovenia, Sweden, United Kingdom
- Some special cases: Baltic countries, Czech Republic and Slovakia, Bulgaria, Romania, Cyprus, Luxembourg

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Regulation necessary where there is no sufficient competition

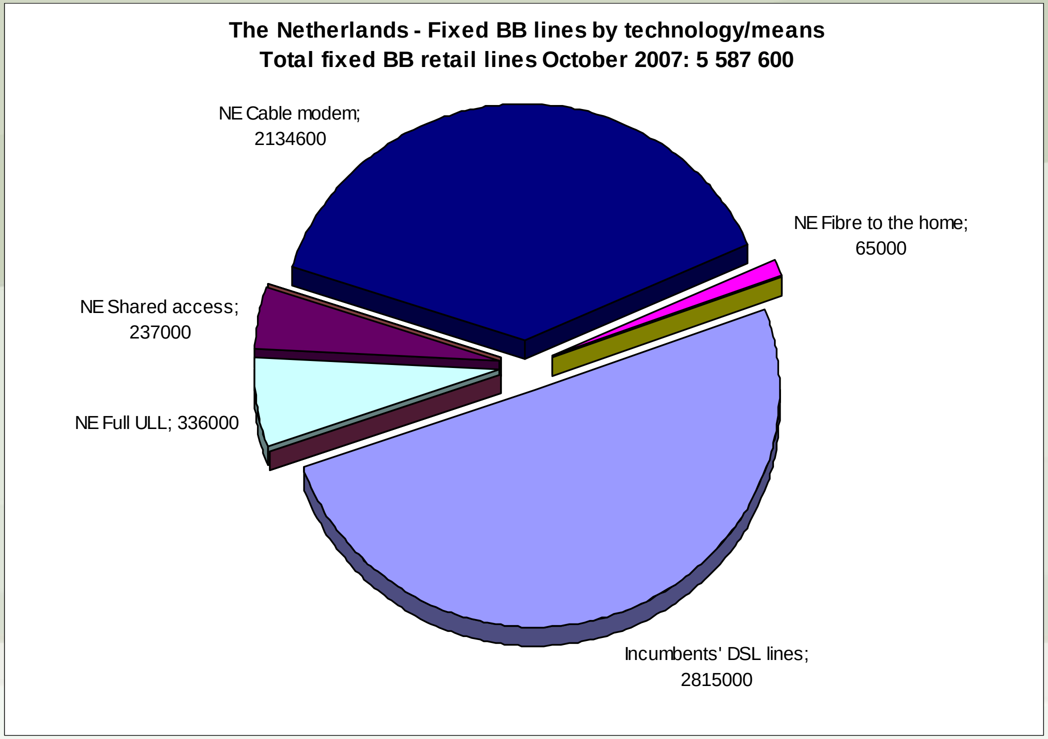
- Market 11: Local loop unbundling – no competitive market in any MS
- Market 12: Wholesale broadband access (bitstream)
- All NRAs have notified

Regulatory remedies

- Access/Interconnection
- Non-discrimination
- Transparency
- Price control/Cost accounting
- Accounting separation

Infrastructure competition – market pressure - effective regulation

- Netherlands (34.2%)



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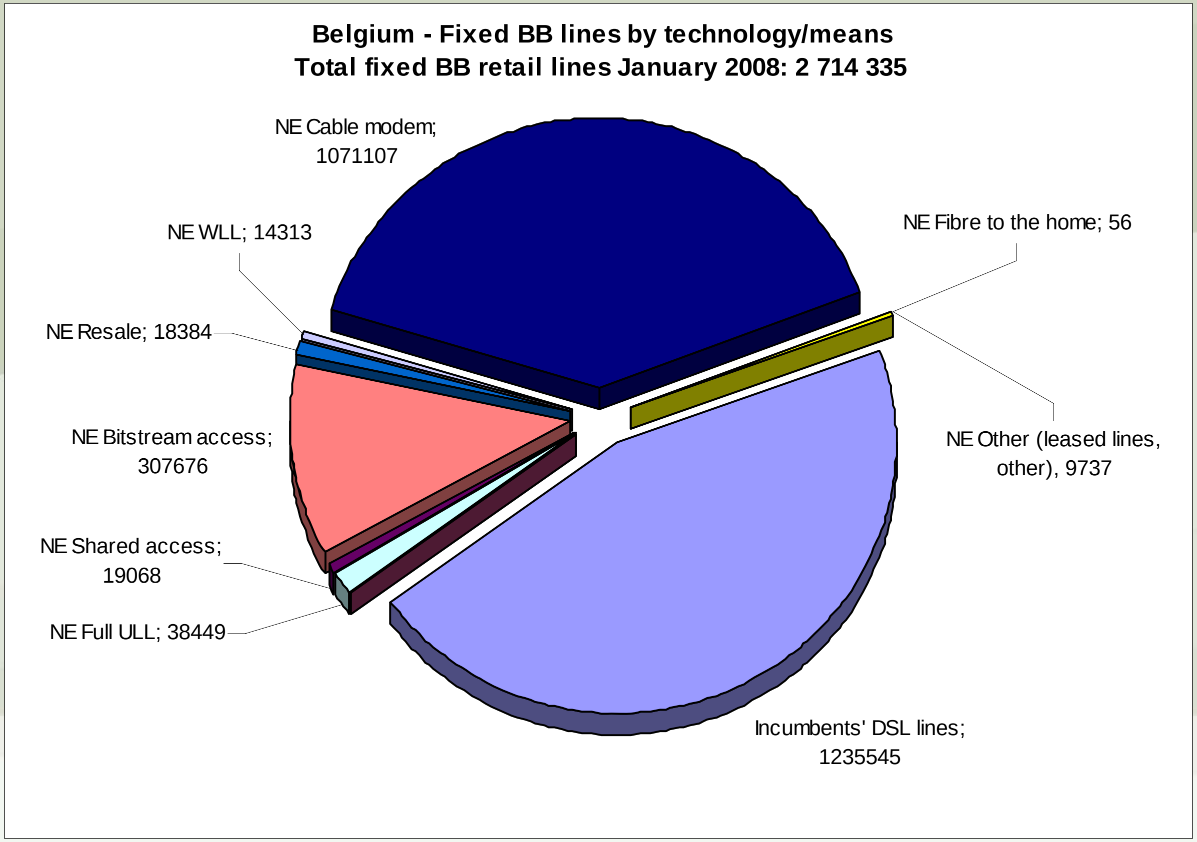
Infrastructure competition - serious regulatory delays

- Belgium (25.64%)



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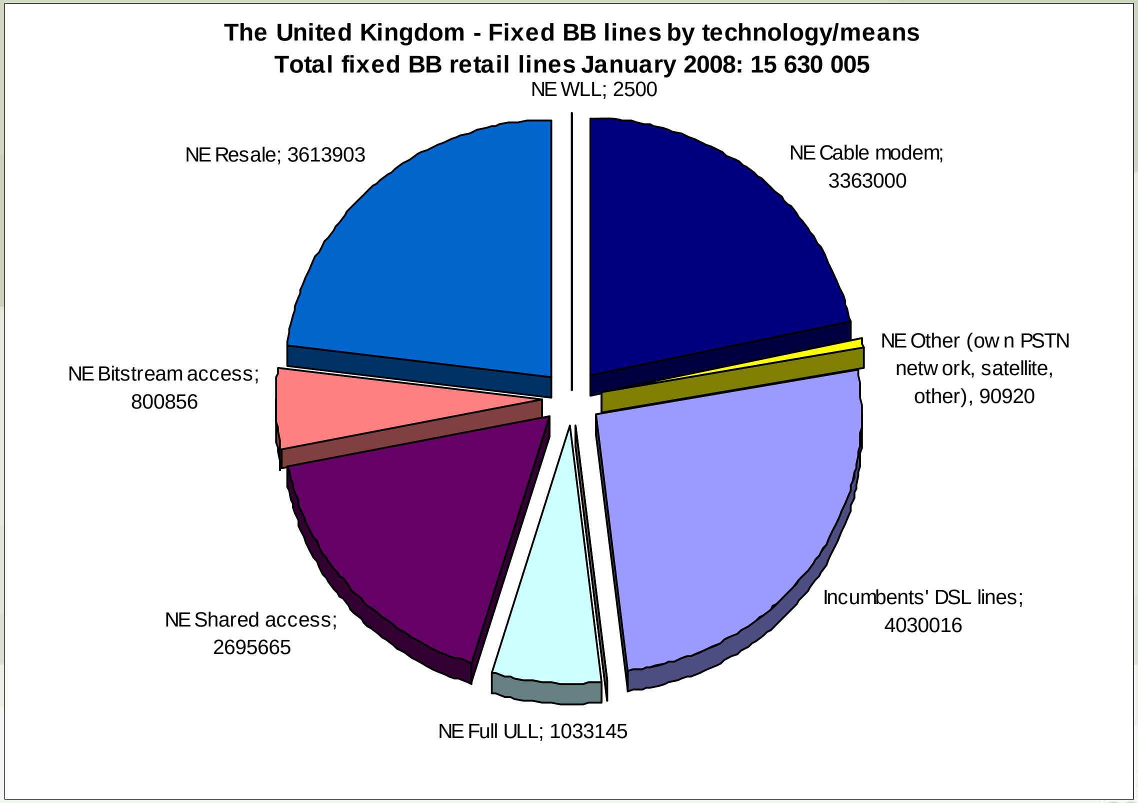
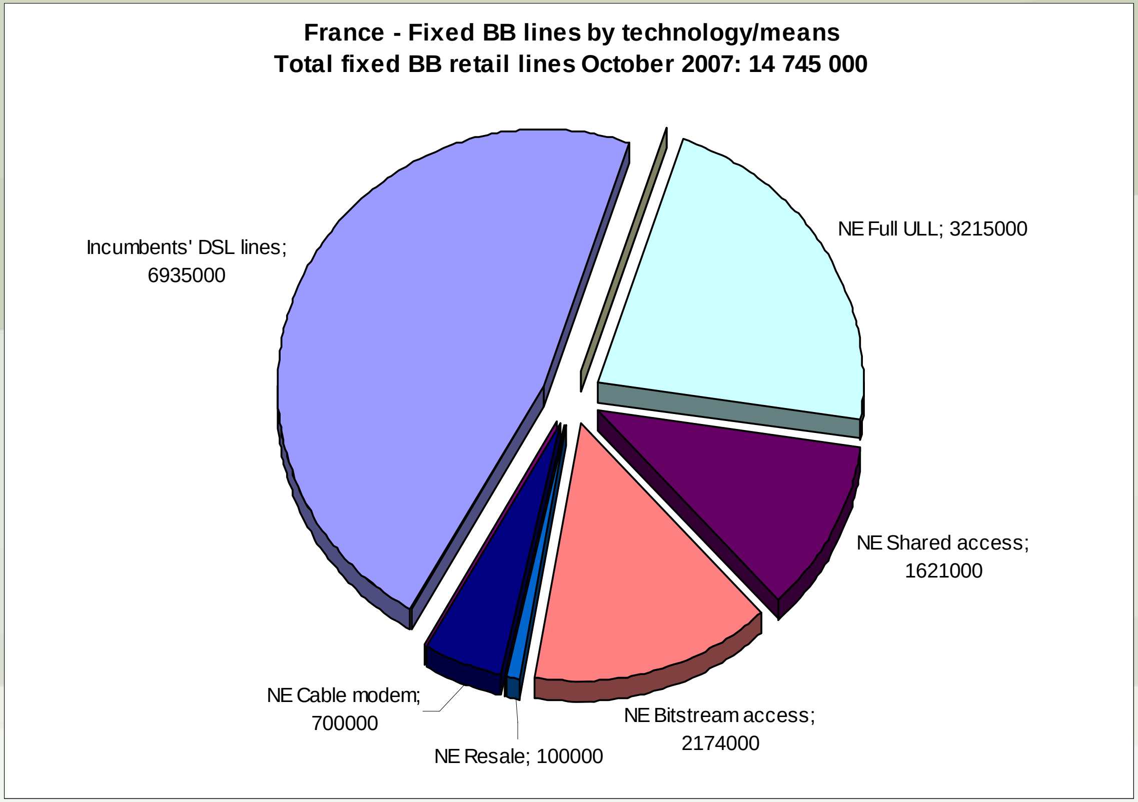
Infrastructure competition – forward looking NRA and SMP operators

- UK (25.68%)



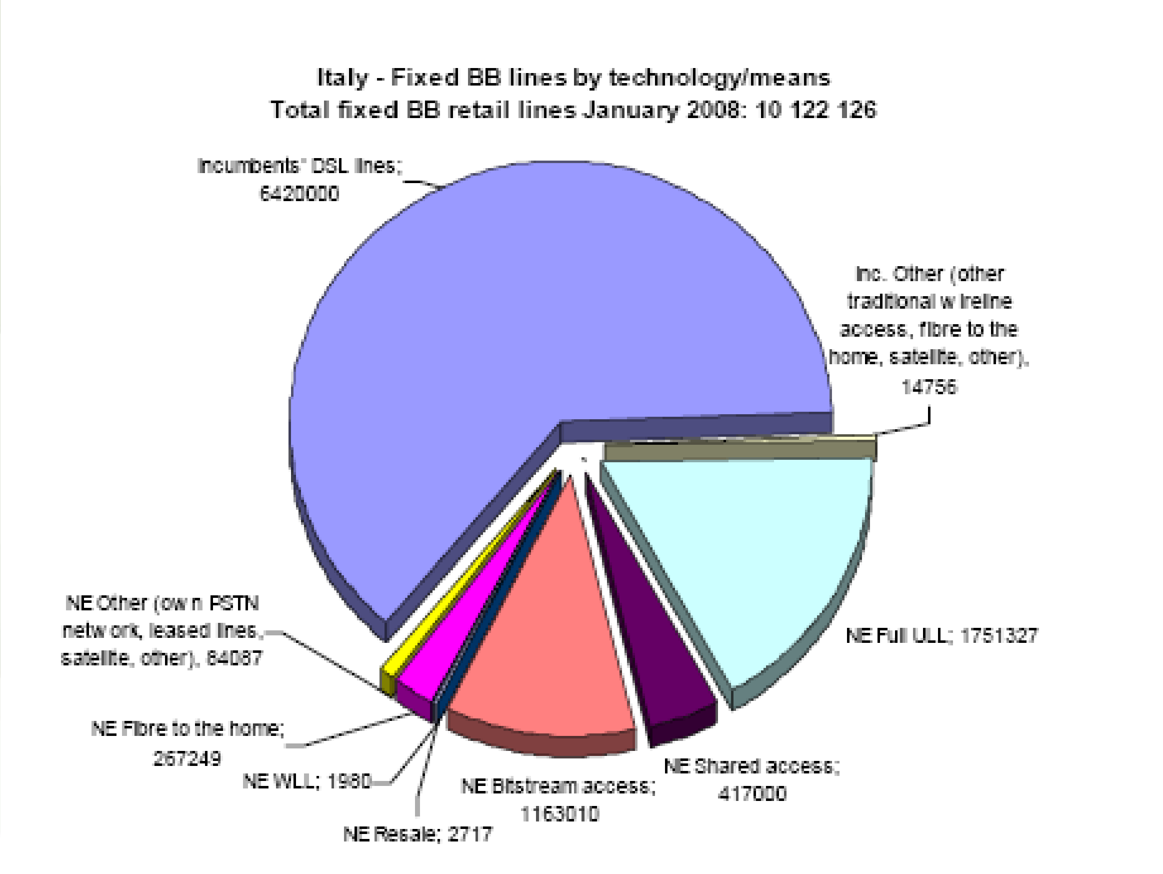
No infrastructure competition - effective regulation

- France (23.26%)



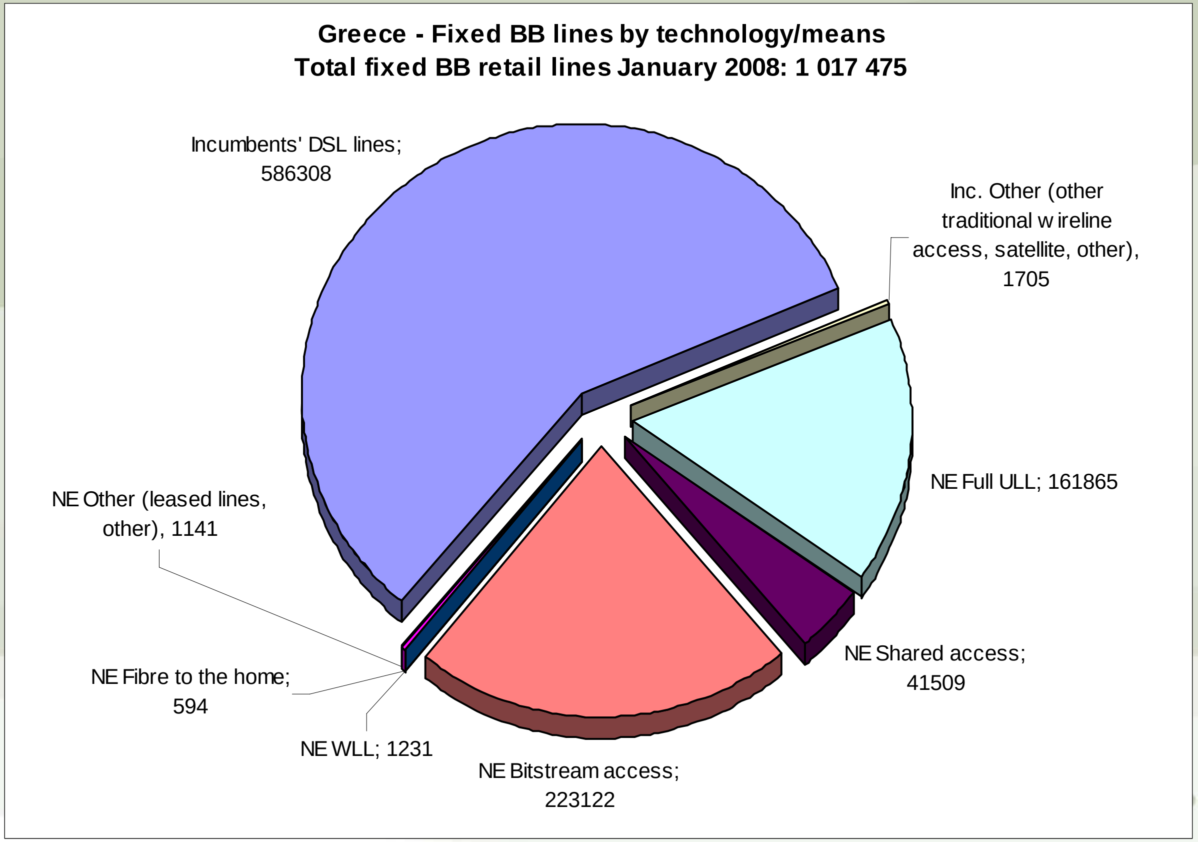
No infrastructure competition - Good progress in LLU and bitstream - disappointing penetration

- Italy (17.1%)



No infrastructure competition - improvements thanks to regulation

Greece (9.11%) from 3.3% a year before



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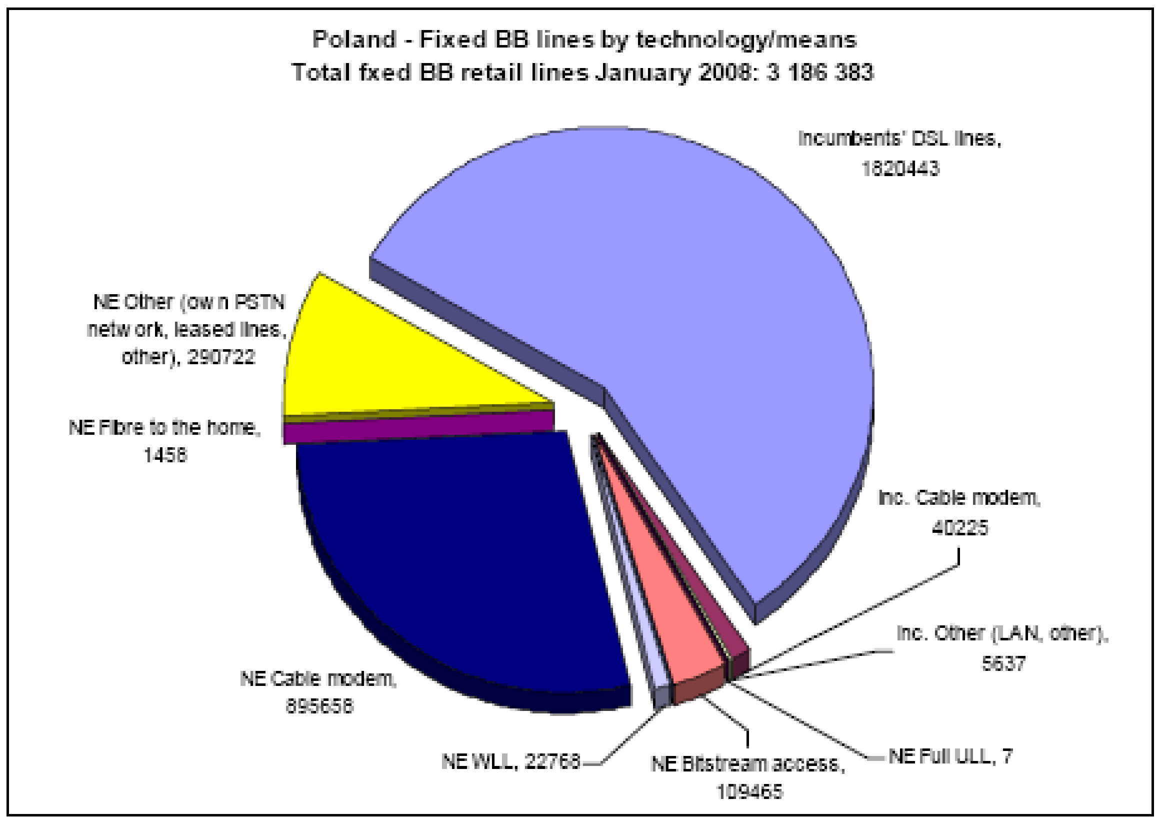
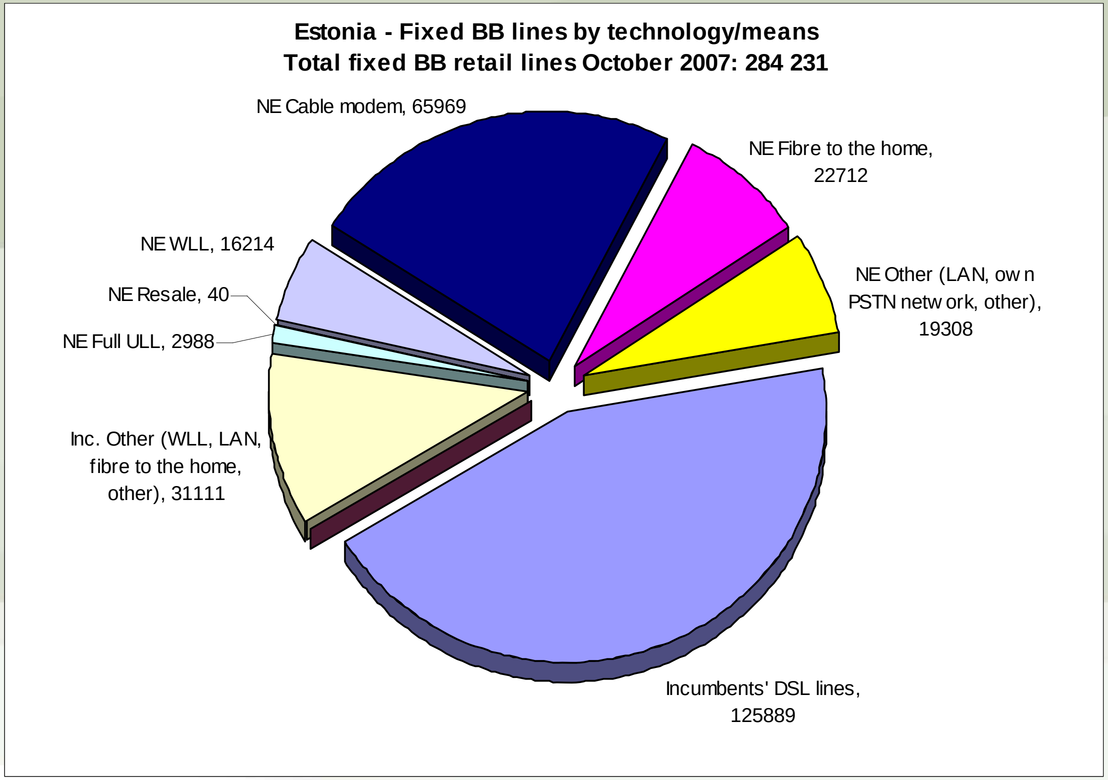
Very limited competition – need for effective regulation

- Poland (8.4%)



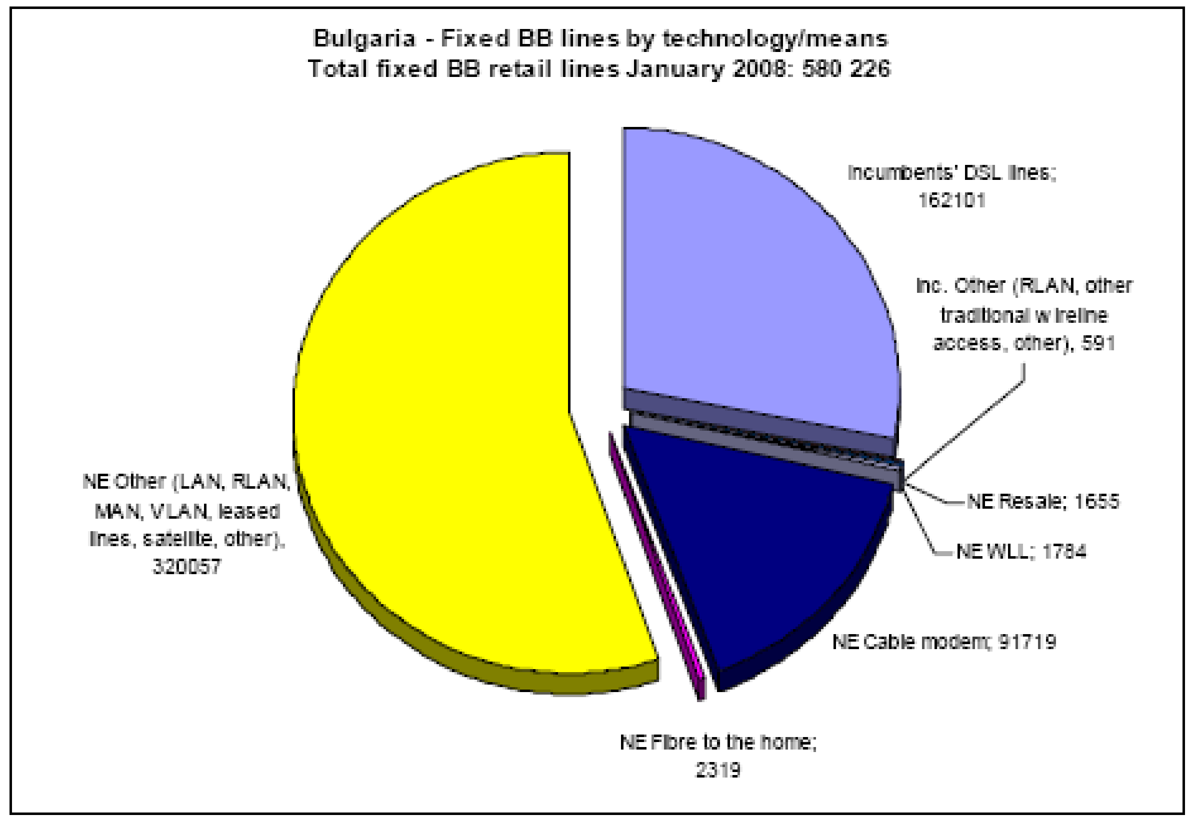
Special case 1 Multiplicity of infrastructure competition - not yet effective regulation

- Estonia (21.17%)



Special case 2 – Competition, no regulation

- Bulgaria (7.6%)



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Conclusions

- Infrastructure competition critical factor in broadband growth
- Regulation important especially where no infrastructure competition
- Some interesting special cases

The future

- NGNs
- State aids for WLANs and FTTH
- Functional separation
- The Internet (net neutrality)

THANK YOU

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