

Challenges for broadband development: the Greek Perspective

by

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Ladies and gentlemen,

It is widely acknowledged today that broadband development is not any more only an opportunity for societies and nations but a necessity and a right of every citizen.

In order for a country to progress towards such a challenging and mission-critical target we believe that four elements are essential:

- a) A regulatory framework promoting competition, particularly infrastructure based competition.
- b) A national strategy for migrating to next generation networks and access, even through subsidization, whenever necessary, of the relevant projects.
- c) A national strategy for an effective mechanism to ensure that all people have access to broadband networks and services.
- d) A powerful and independent regulator, who will apply effectively the European Framework Directive and ensure that the development of next generation networks and access does not lead to new monopolies.

1) Infrastructure based competition drives broadband development

There is little doubt that competition, particularly infrastructure based, is a main driver for broadband development. Our experience in Greece over the past 3 years reinforces this point.

Until 2006 competition in Greece was primarily service based. OTE (the Greek telecom incumbent) enjoyed the absolute monopoly on directly connected subscribers and alternative operators who relied almost solely on bitstream for the provision of retail broadband services. When EETT (the Greek Telecoms Regulator) initiated, in 2006, a major effort for unbundling of the incumbent's local loop (LLU), the picture of the Greek broadband market changed radically:

- LLU penetration increased from 0.2% in mid 2006 to more than 10% today of the total telephone lines and represents about 42% of today's total broadband lines.
- Nominal download speeds have exhibited an explosive growth, now extended to up to 20 Mbps.
- Retail prices have been reduced by up to 60-80% (depending on speed) since early 2006.

- Broadband uptake (lines added per month) in 2007 increased by 5 times compared to that in 2005.
- Broadband development through LLU has now exceeded the one through the incumbent's ADSL lines.

2) Next Generation Access Networks (NGAs)

Today a new challenge lies ahead. Copper can hardly support the byte crunching requirements of new applications and services. More and more countries, with Asia-Pacific pioneering, focus on next generation access networks.

The Greek government, promptly recognizing this need, initiated a project -- which could bring a new revolution in the Greek broadband market -- to deploy an FTTH network that will (initially) reach 2.000.000 households, to be completed within seven years. The results of a first-stage study indicated that such a project is not economically viable in any other city except Athens. This meant that in a country with the geographic and demographic characteristics of Greece, country-wide FTTH deployment could not be left alone to market forces.

Thus, prerequisites for the success of this project include immediate State interventions, such as:

- a) The publication of a national law that governs all aspects relating to FTTH networks, seeking to encourage and facilitate FTTH deployment, without however compromising the "level playing field".
- b) A long term subsidization project that will eventually bring FTTH to a substantial proportion of Greek households in the urban centers throughout the country.

EETT closely monitors this project from the regulatory point of view.

3) Broadband everywhere and for all

One risk that we must avoid, is the development of an advanced market with high capacity networks and killer applications and services, addressed however to only a few privileged citizens. Access to broadband services is a public good from which no one should be left behind.

Of course, in a country like Greece, one cannot hope that FTTH will reach every household in any remote village. Still we must make sure that every citizen, no matter where he/she lives, has access to a minimum set of broadband services, at an affordable price.

The broadband revolution calls for reconsidering the notion of Universal Service. Flexible subsidization schemes are necessary, driven by the state and the regulator (for example by setting up a fund). Flexible spectrum and wireless networks schemes and policies must be established in order to

provide broadband access to remote areas where fiber or DSL solutions are not practical.

Local action is also necessary to promote the “broadband everywhere and for all” concept. Broadband development must be placed high in the agendas of local communities.

4) The role of the regulator

Last but not least, one should not underestimate the emerging regulatory challenges. The deployment of FTTH networks could possibly facilitate the development of new monopolies, by the same or new players. At the same time, shifting business paradigms generate new issues, network neutrality being a typical example.

The rapidly changing broadband environment needs a powerful regulator to address such challenges.

Two are the cornerstones in this direction:

- (a) Guaranteed independence, both administrative and financial
- (b) Armament with the necessary legal instruments.

The European Commission recognizes the importance of these two elements and in the current framework review asks for the formal and substantial reinforcement of the regulators’ independence, while adding new instruments in their regulatory armory. To the above, we would also add the importance of competition powers, which in our experience has proved to be an invaluable tool in EETT’s arsenal.

Ladies and gentlemen,

Over the past three and a half years I was fortunate enough to lead such an organization. I am fully convinced that the citizens, the market and the country have seen the benefits that a powerful and truly independent national regulatory authority can bring.

Thank you.

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