

ETNO Expert Contribution with respect to the "Study on conditions and options in introducing secondary trading of radio spectrum in the European Community"

Executive Summary:

Following the invitation from the European Commission, ETNO is pleased to provide some views on the study from Analysys, DotEcon, Hartson & Hogan related to spectrum trading presented during the Workshop on 15 July 2004.

Besides giving general remarks concerning the recommendations in the study and their appropriateness for Europe, ETNO comments on two particular aspects: interference management and bands/services suitable for spectrum trading.

Introduction

In the reply to RSPG's public consultation on secondary trading of rights to use radio spectrum, ETNO already gave its comprehensive view on possible benefits, e.g.

- Faster availability of spectrum resources
- Improved flexibility in spectrum resources management

and potential drawbacks, namely with regard to

- Harmful interference
- Spectrum harmonisation
- Competition

With this additional contribution ETNO would like to react on the Recommendations in the study of Analysys, DotEcon, Hartson & Hogan presented at the Workshop on Spectrum Trading on 15 July 2004.

General Remarks

The study is based on the assertion that the present administrative radio spectrum management is not appropriate, and in particular impedes innovation. It is stressed that significant benefits could be obtained from the introduction of secondary trading and in particular from "liberalisation" which is understood as the possibility to change the use of traded frequency bands. Main benefits expected from this liberalisation are related to enhanced innovation.

The study - based on general and questionable statements without sufficient justification - neglects specific aspects related to radio spectrum utilisation, for instance benefits gained from harmonisation and standardisation and possible interference problems. In particular the relation between innovations and the necessary standardisation and harmonisation associated therewith is not mentioned at all.

The proposed recommendations, starting with:

"The Commission should initiate action to oblige Member States to introduce spectrum trading and liberalisation through the use of appropriate binding measures ..."

are in total contradiction with the major views expressed in the responses to the RSPG questionnaire.

As expressed in its response to the RSPG questionnaire, ETNO advocates the way radio spectrum management has been developed over the years, based on collaboration between administrations and industry representatives within CEPT and ITU-R. The introduction of secondary spectrum trading could offer additional possibilities for operators to adapt spectrum resources according their needs, but the risk of interference and the benefits of harmonised frequency bands have to be taken into account appropriately. Consequently, ETNO is in favour of a pragmatic and progressive approach focussed on secondary trading of rights to use frequency bands without change of use right from the beginning. Any evolution should be envisaged only after exchange of views between actors in the domain and acquisition of a solid experience.

In conclusion, ETNO recommends that the Commission should analyse the Recommendations given by Analysys, DotEcon, Hartson & Hogan very carefully regarding their appropriateness for Europe before taking any action.

Interference Management

The study calls for less preservative approaches for "interference management". Taking into account the current conditions in licenses and frequency assignments, another approach than proving co-existence with existing radio services prior to the introduction of new services is not adequate from network operators' point of view. Therefore, ETNO is of the opinion that alternative approaches to manage compatibility between radio services would be an option only in the longer term.

Bands and Services suitable for Spectrum Trading

With regard to harmful interference and spectrum harmonisation, the simple trading of radio spectrum without change of use would not cause difficulties. Therefore, no restrictions on bands and services are considered necessary as long as the respective use remains unchanged. The secondary market could then develop according to the demands to buy or sell radio spectrum. Competition law needs to be respected.

Although flexibility/change of use could be seen as an incentive for spectrum trading itself, it would be introduced at a later stage since it needs to be studied carefully and be supported by a solid experience based regulatory framework.

Conclusion

ETNO notices that the views and recommendations expressed in the study from Analysys, DotEcon, Hartson & Hogan are based on a priori theoretical economical consideration and do not take sufficiently into consideration the specific and practical aspects of the radiocommunications domain. As such, it appears to be in total contradiction with the views expressed by radio spectrum users in the responses to the RSPG questionnaire and the evaluation thereof.

Considering the importance of the issues and interests at stake, ETNO is of the opinion that the spectrum trading debate should favour consultation of administrations and of representatives of the various actors of the sector in a transparent way. CEPT and RSPG appear to be the appropriate fora for developing such a debate and ETNO would welcome to participate and contribute.