

Check Against Delivery

ETNO Chairman Speech at the ETNO-MLex Regulatory Summit 2015

23 June 2015 – Brussels

Dear Speakers and Guests,

- It is a pleasure to welcome you to the 2015 ETNO-Mlex Regulatory summit on behalf of the whole ETNO community.
- We are today in the 4th year of this important appointment for the EU telecoms community.
- Every year - we introduce this Summit by saying that it is a special year.
- Well... let me tell you why we think - this is *really* a special one!

Setting the scene: the age of connectivity-enabled opportunities

- As we speak, the European Commission is working to follow up on the Digital Single Market Strategy.
- Priorities are streamlined around 3 main objectives – and one of them is all about digital networks and services
- As our CEOs recently wrote in a joint letter to the heads of State and Government: prioritizing investments in networks is indeed vital for Europe.
- Especially at a time in which other areas of the world are gearing up to deploy massive investment in new infrastructures.
 - Here, I think of the newly established Asian Infrastructure Investment Bank, or the Islamic Infrastructure Investment Bank, for example.

- Trillion euros are about to be poured into information-related projects in other regions of the world.
- A study from Arthur D Little – earlier this year – done for the Belgian telecom Industry - shows that the whole digital ecosystem has grown strongly over the last decade in North American, Asian and South American markets while Europe’s has shrunk... by 16% in fact.
- The race is not about investment in itself. It is about what we can do with it: superfast mobile and fixed networks are the platform on which Europe can build a new renaissance.
 - This renaissance is about creating that strong platform where the European Industry can realize its digital transformation.
 - It is about growth and job creation
 - It is about supporting the education needs of Europeans, empowering their daily lives.
 - It is about public administration working more efficiently for citizens and businesses.
- This is how we define investment: it’s the response to Europe’s new connectivity needs and the door to Europe’s growth opportunities.
- Commissioner Oettinger recently said: *“Our investment decisions of today will determine the quality of networks well beyond 2020 (...). [For this reason] we need extra and quick investment efforts”*
- We would like to tell *him* - and to tell *all* his colleagues at the Commission: we hear you.
- ETNO will work hard so that the whole telco community can be a partner in delivering broadband deployment, and deliver it fast.
- Our CEOs, in last week’s letter, made this support explicit. They also set out their views on why regulation should change fast to allow that to happen fast.

The analysis of the situation: it’s not about being good enough, it’s about being better

- Last week, in Riga, the Commission published the Digital Agenda Scoreboard 2015.
- I think it offers important insights on how Europe’s telecom infrastructure and markets have been performing in the past years.

- Such insights constitute the basis for discussion, within the Institutions and among stakeholders, in view of bringing reform forward.
- Some Scoreboard-facts that struck us:
 - **First**, the Scoreboard confirms that telecom markets have changed structurally.
 - Mobile data revenues growth has taken over growth of voice and fixed revenues. Our companies are embracing the data and mobile world. Overall, though, the telecom sector in Europe is not growing.
 - **Second**, markets are very competitive. New entrants are gaining market share – and let me recall that many of our companies are new entrants, outside their historic market.
 - At the same time, retail prices for high-speed broadband decrease over time
 - So recent alarms on re-monopolization are a bit of an overplay in our view.
 - **Third**, we have good availability of standard fixed broadband, which has now reached virtually all Europeans.
 - However only 6% of European homes had a subscription of above 100 Mbps at the end of last year.
 - Our summary of this - is that Europe enjoys very competitive markets and good availability of broadband, at affordable prices.
 - However, it is impossible to ignore that more needs to be done on creating incentives to build super-fast networks.
 - So I think we all need to fully understand the challenge that we confronted with. An evolution of our policies will not be enough. We need a revolution.
- At ETNO, we think that this clearly depicts ***the strategic challenge ahead: it is not about being good enough. It is about being willing to be the best in the World, and not missing out on the industrial internet opportunity.*** It is not an evolution we need, but a revolution.

What can be done, fast and slow

- Robert Madelin said last week in Riga: it's not the task of the Commission to innovate, but much can be done to create the conditions for that to happen.
- That is right and I would add, it won't be governments delivering the magnitude of investment we need.

- But indeed much can be done to remove regulatory barriers to private investments and innovation.
- *“The [current telecoms] framework was not conceived to lead generalised roll-out of new networks. Former incumbents appear often to lack incentives to overbuild their own largely depreciated copper network assets”.*
 - These are the words of the Commission Working Document accompanying the DSM Strategy.
- Now, how should we concretely do this?
- Let me remind you again of what Mr. Oettinger said: *“we need extra and quick investment efforts”*
- So on the one hand, we need to get the big reform right:
 - Reviewing our Telecoms Framework is a huge task. A fascinating one, that will usher Europe’s telecom markets into a future where communication services are something much more pervasive and advanced than what they used to be 10 years ago.
- But on the other hand, there is a set of fast-track actions that – in ETNO’s view – that should be urgently initiated.
- *“Speed is the key determinant of what we do. Investors and markets don't wait for us to take decisions”*, said our guest Fatima Barros at last week’s Digital Assembly: We share her view.
- In this context, let me look at 3 areas in which we can be concrete and take immediate action:
 - First, in the field of ***infrastructure regulation and policies***. We should make the most out of the opportunities offered by the current set of rules and assess additional ad-hoc guidance from the European Commission, ensuring that they are applied in a pro-investment way.

- Also, in wholesale access markets, we are witnessing more and more commercial agreements: they should be encouraged and not hampered by the ex-ante regulation reflex.
- Second, we should ensure that the **700 Mhz spectrum** band is released in a timely way for mobile applications across Europe.
- Third, in the field of the **regulatory asymmetries** between traditional electronic communication providers and internet players. The current definition of electronic communication services, for example, should be re-interpreted and applied to all actors providing similar services.
 - The e-privacy directive should be addressed at the same time when we adopt the horizontal General Data Protection Regulation
 - This is an important topic, because it is not only about the competitiveness of traditional industries, but also about consistency with respect to consumers.
- Fourth, in the field of **competition policy**. Merger control focuses today on an assessment of prices. In our view, it should also include a much deeper assessment of fundamental variables such as technological progress, investment, innovation, quality and efficiency.
- Similarly, market definition should take into account supply substitution effects and take a wider view of demand substitution, especially in light of today's super-dynamic value chain – where consumers can choose among many different communication services offered by different players.
- We think that our goals can be achieved through a smart mix of fast-track measures and longer-term reform.
 - We can take action where the tools are already there, and do not need a fundamental overhaul to start delivering more: we just need to make sure they are streamlined towards the objectives stated in the Digital Single Market strategy.
- The telecom sector, big and small players alike, is not part of the problem. We are part of the solution. More than that: we are the enabler of a much bigger promise of prosperity and growth.