



Speech by

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Introduction

Good morning. I would like to thank the conference organisers for inviting me to this event, and I am delighted to be addressing such a distinguished gathering of telecom officials and experts. There is a certain symmetry in ETNO's presence here today since ETNO can trace its origins directly back to CEPT.

As I'm sure many of you here today already know, ETNO is the leading policy voice in Brussels for Europe's telecoms industry and has been at the forefront of public affairs in e-communications since its creation in 1992.

ETNO's policy effectiveness lies in its close contacts with EU decision-makers *and* in its careful coordination of company viewpoints to produce common positions on the most important issues that affect our industry.

These views are circulated to EU institutions and regulators groups, pan-European technical bodies, the specialised trade press and to global fora such as the ITU and the WTO.

Our common positions are defined by ETNO's working groups. Currently, we have 16 working groups composed of experts from our member companies. Their work covers the gamut of Europe's telecom policy debate: from numbering and frequency management to e-commerce and external trade issues to network security and fraud, just to name a few. One of our more challenging tasks, for example, is how to structure industry's dialogue with EU regulatory bodies. But I will come back to this in a moment.

Broadly speaking, we promote:

- * the creation of a level playing field for all telecoms stakeholders via the transparent and consistent application of EU policy and regulations;

- * the development of Europe's Information Society and the removal of regulatory obstacles to e-commerce;
- * a progressive replacement of sector-specific regulation with general competition law;
- * reciprocal access for its members to markets beyond Europe via more binding international agreements;
- * non-discriminatory regulation for the fair allocation of scarce resources such as radio frequencies, numbers, names and addresses.

So much for the principles. But what do they mean in concrete terms?

First, let me say that our membership—39 of Europe's most established companies in the EU and its accession countries—forms the core of the sector and is a strong supporter of open markets for business and consumers. Our member companies firmly believe in the vast benefits that broadband will bring to Europe's society and economy.

But there has to be give and take between those who regulate and those who are regulated. Broadband is not a one-way policy street where regulators have a *carte-blanche* right to impose endless obligations on Europe's operators.

Just as national and EU authorities have their own vision about the shape of Europe's telecom landscape, so do we in industry. Ideally, the two should complement one another. In reality, they diverge. We all know this. The challenge is to reconcile these differences as much as feasible.

Let me outline ETNO's main policy goals for the foreseeable future.

Our current policy focus and objectives

ETNO has identified a number of crucial objectives that have concrete business implications for our member companies and, ultimately, for the sector's economic health. Let me go through them briefly.

* GOAL ONE: *We want a rapid and consistent implementation of EU telecoms laws.*
The Union's new package of telecom liberalisation laws is now being transposed at national level across the 15 member states. We suspect there will be problems and delays.

One of our main concerns is to ensure that these laws are implemented, interpreted and applied consistently across the European Union. A stable and--above all--a *predictable* regulatory landscape is essential for reinvigorating investor confidence in our sector.

Incoherent application of these laws will militate against the creation of a level playing field in Europe for the telecommunications industry. So will unpredictable policy decisions by EU and national telecom authorities.

The new package should not enlarge the scope of regulation to new networks and services by manipulating market definitions, segmentation or SMP analyses. To do otherwise will discourage investment and retard the Information Society's rapid evolution. Full stop.

* GOAL TWO: *Promotion of Broadband.* ETNO and its member companies are at the forefront of efforts to develop broadband. Aside from our members' considerable efforts and capital investment, ETNO companies will continue to push hard for public policies in support of this goal.

What is the support we want? Namely: no imposition of short-term regulatory measures on broadband, particularly regarding access-regulation, and a formal EU recognition that network upgrades--and here I mean the gamut of upgrades from ADSL to optical fibre--should not be regulated.

In the same vein, we also want iron-clad recognition that the way ahead for promoting broadband lies indisputably in inter-platform competition.

Our annual conference in November 2002 focused on this very subject. And our next one in December of this year will explore the important broadband theme of cooperation between telecom operators and broadband content-providers. It is critical to stimulate demand for broadband services and applications.

* GOAL THREE: *Clarification of regulatory remedies*. We are still waiting for the EU to clarify how national regulatory authorities (NRAs) should apply regulation to our industry. We do not know which remedies the EU will reserve for which markets.

We are worried about the possible leeway NRAs will have to pick and choose among remedies. Different remedies could be applied to similar problems. This would distort the marketplace and frustrate completion of the telecoms single market. Again, this would create uncertainty. No economic player in any industrial sector likes regulatory uncertainty. It undermines investor confidence.

* GOAL FOUR: *Dialogue with EU and national regulatory bodies*. I referred earlier to industry's need for a full and structured exchange of views with the new EU regulatory bodies created by the package.

We consider that dialogue with industry is an important way to help minimise regulatory inconsistency. This calls for a strong and open voice for industry vis-à-vis these new EU bodies.

Why? Because a uniform and transparent application of the package in our fast-moving sector cannot take place without consultations with the sector involved.

We think this is an obvious truth but, unfortunately, that message still has not gotten through to all EU decision-makers involved in our industry's new regulatory landscape.

There has been some progress in this regard, but there is still a lot of work to be done here.

Two of these new bodies are of particular interest to our industry: the EU's Radio Spectrum Committee and its Radio Spectrum Policy Group. This brings me to our next strategic goal.

* GOAL FIVE: *Spectrum management*. ETNO's positions on spectrum issues are developed within our Frequency Management working group. Most of the group's positions and contacts are directed toward CEPT's Electronic Communications Committee (ECC) and the European Commission.

ETNO is closely following these topics because our members are major users of radio spectrum. They operate a wide range of networks that cut across the radio spectrum: mobile, radio relay, satellite and even broadcasting networks.

ETNO thus has a keen interest in getting as close as possible to the decision-making process affecting radio spectrum issues in Europe. Our association has official observer status in the ECC and its working group on frequency management. Unfortunately, no such status seems to be on the table regarding the Radio Spectrum Committee or the Radio Spectrum Policy Group.

This is something we hope will change because there are pressing challenges in spectrum policy that await resolution. The eventual rights and rules for secondary radio-spectrum trading is one good example. Spectrum allocation for mobile broadband applications is another. So is the potential conflict between established telecom spectrum users on one side, and Short Range Radar and power line communications users on the other.

* GOAL SIX: *The EU's enlargement*. We all want a smooth extension of the EU's telecom market into next year's accession countries.

But national and EU regulatory authorities must understand the difficulties that the newcomer countries face. First, they must simultaneously absorb the *acquis communautaire* and the new telecom package. Second, they are grappling with market profiles that are very different from those of current EU member states.

Unless EU authorities take a flexible attitude toward these countries, newcomer operators fear that the digital divide that already exists between their cyber-economies and those of the EU could grow worse.

ETNO very recently brought together the CEOs of its accession-country operators for a day of meetings in Brussels with EU telecom policymakers. This gave them an opportunity to convey their concerns about these sharp market differences and the challenges of implementing the telecom package.

For its part, ETNO will advocate a regulatory approach in the accession countries that is friendly to inter-platform competition and that encourages consultation of market players by their NRAs.

* OUR FINAL GOAL: *Reform of the ITU*.

In ETNO's view, there are three lines of action required.

First is to improve decision-making by giving a voice to industry, particularly in matters of telecom standards. Currently, the ITU is a strictly inter-governmental arrangement whose decisions are susceptible to politics and bureaucratic inertia.

Second is to inject better financial accountability and stakeholder control into the ITU's technical work.

The third and final line of action is to raise public awareness of the ITU. For all its shortcomings, the ITU has done—and continues to do—valuable work. Yet much of the outside world is either unaware or insufficiently informed about the breadth of the ITU's activities and accomplishments.

Such changes would go a long way toward modernising the ITU's managerial structure and help maintain its position as the world's pre-eminent telecommunications forum.

ETNO intends to promote these ITU reforms and our other policy messages in Geneva during the World Summit on the Information Society (WSIS) in December. We look forward to hearing the comments from operators from OECD and developing economies during the summit.

Conclusion

Indeed, WSIS-Geneva will be the ideal platform for getting all telecom stakeholders--telecom operators, politicians and regulators, consumers and businesses--to support common principles for expanding the Information Society on a worldwide basis.

It's an exciting prospect, and we at ETNO look forward, as always, to working closely with Europe's policymakers and regulators to reach that goal.

But like any fruitful partnership, there must be a flexible dialogue. And that means a willingness to hear the other's point of view.

e-Europe and the Information Society will not be achieved by ever-more stringent regulation. Such things cannot be legislated into existence; it is wishful thinking to argue otherwise.

Indeed, there may be several driving seats in front of the telecom steering wheel, but those seats belonging to industry and the private sector are the most important.

We call on legislators and policymakers to bear that in mind as we all strive to bring the benefits of broadband and e-Europe to business and society as quickly as possible.

Thank you.

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