

# Policy recommendations for promoting and safeguarding: **Competitive open mobile internet access in Europe**

**Note:** This paper is a follow-up on the in-depth analysis of the current state of open mobile internet access in Europe, commissioned by Viestintävirasto, the Finnish Communications Regulatory Authority.

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The core issue

# Competitive, open mobile internet access



Is this important  
for Europe?

Rewheel/Digital Fuel Monitor was the first consultancy to detect and report<sup>i)</sup> an alarming market development that threatens the future of open mobile internet access in Europe. Big EU telcos, eager to take full control of the online media and cloud markets, are forcing consumers to their own media and cloud applications by severely restricting open mobile internet access volume allowances while at the same time not counting the volume generated by their own media and cloud apps in the end-users' usage allowances.



Will Europe turn a blind eye to this?

<sup>i)</sup> <http://www.ft.com/cms/s/0/3ba4a3ea-b128-11e3-9548-00144feab7de.html> (Financial Times, 23 March 2014)

<http://online.wsj.com/news/articles/SB10001424052702303978304579475220392710580> (Wall Street Journal, 1 April 2014)

<http://gigaom.com/2014/04/26/forget-fast-lanes-the-real-threat-for-net-neutrality-is-zero-rated-mobile-traffic/> (GigaOm, 26 April 2014)

# Competitive open mobile internet access should be Europe's top priority!

- **Growth and innovation:** the internet economy is growing at over seven times the rate of the rest of the economy, the main source of internet innovation is mobility
- **Entrepreneurship and start-ups:** innovative internet economy start-ups and SMEs needs to be able to compete on a level playing field with potential internet economy gate keepers: both with dominant incumbent internet companies (like Google and Apple) and with telecom operators
- **Digital divide:** competitive open mobile internet access has all the potential to make access to online media, digital resources & knowledge, cloud storage & computing affordable for all (via cheap smartphones, tablets, laptops)

Open mobile internet access is becoming the prime **fuel** of Europe's digital economy and information society. Competitive open mobile internet access is as essential to the competitiveness of Europe's internet economy and information society as competitively priced energy is for the traditional economy and society.

# Policy recommendations – EU Single Market for open internet access

## Problem

1

### Relevant market

Open internet access, anytime, anywhere and on any device

Consumers want to buy **open internet access**  
Operators want to sell fixed + mobile broadband access + specialized services + telco apps.

2

### Open internet

Volume discrimination  
Specialized services  
Fast lanes

Telcos favour own applications with discriminatory prices & network management policies. Competition law too slow and too narrow to prevent abuses.

3

### EU Single Market

Connected Continent  
Roaming  
Pan-European operators

Differences (100x) of **open mobile internet access** prices across EU28 is the real Single Market barrier. Pan-EU spectrum assignments & cross-border consolidation will not create pan-EU operators because like roads networks are inherently local.

4

### Framework review

European electronic communications framework review

Today communications services are much more than voice & SMS provision. Licenses are out of synch with consumer needs & markets realities.

5

### Infra ownership

Infrastructure based competition  
BUT who ones what?

Conflict of interest from ownership of competing infrastructure platforms DSL/fibre/cable/LTE. Need to protect legacy investments and revenue streams.

6

### Consolidation

3, 4 or 5 player markets  
Higher consumer open mobile internet access prices

Declining revenues put pressure on infrastructure investments. In-market consolidation will concentrate control of all parallel fixed & mobile networks in the hands of few friendly operators. Higher **open mobile internet access** prices will harm consumers and slow down the growth of digital economy.

7

### Infra investments

Competition drives network investments

Merkel, Juncker, Montebourg bought telco arguments that less competition will help them grow bigger, secure jobs and invest more. Consumers pay more!

## Recommended policy action

Define **open internet access** as relevant market. Separate application and services layer/market from access layer. Track price and competitiveness of **open mobile internet access** in EU28.

Ban ex-ante blocking, throttling, paid prioritization and all other types of price (**volume**, speed, priority, QoS) or network discriminations that favour telco own or their partner's applications.

Crack down on "cartel-like" operator wholesale roaming agreements. Promote pan-EU retailers that buy wholesale access from hundreds of local mobile networks in EU28 at a price that is proportional to the local production cost and offer it on retail to any consumer irrespective of location of residence or location of use.

Issue licences for **open internet access** provision. Consider functional separation or frame the max capacity of public spectrum MNOs can reserve/use for their own OTT apps/services.

Incorporate provisions in antitrust, merger and relevant market regulations that prevent abuses. Prevent mobile operators hoarding spectrum or limiting supply with **use-it-or-lose-it** GB/MHz targets.

If no credible operator entry materializes consolidation should be blocked in sizable markets. In small markets, if allowed, the merged operators must hand back LF&HF spectrum, commit to remain fully independent, commit to use most of their spectrum for **open internet access**, commit **not to discriminate** their own or their partners apps and commit to spectrum **use-it-or-lose-it** targets.

Member States could promote infrastructure investment by trading a share of their spectrum revenues for concrete investment pledges on coverage, capacity and spectrum use (GB/MHz).

For the in-depth review of the current state of open mobile internet access in Europe, download the 44-page Digital Fuel Monitor analysis (commissioned by Viestintävirasto, the Finnish Communications Regulatory Authority) at

[dfmonitor.eu/insights](https://dfmonitor.eu/insights)