Rewheel
PRO-COMPETITIVE TELECOM STRATEGY

DIGITAL FUEL MONITOR
MONITORING MOBILE CONNECTIVITY COMPETITIVENESS
By Rewheel

SESSION 2B - Spectrum harmonisation: the key to 5G?

What needs to be harmonised? What is "nice to have" but not essential? Does Europe being first to 5G matter? How does harmonisation help achieve this aim?

Chair: J.Scott Marcus, Senior Fellow, Bruegel

Gunnar Hökmark MEP, European People's Party, European Parliament

Carlota Reyners Fontana, Deputy Head of the Radio Spectrum Policy unit, DG CONNECT, European Commission

Philip Marnick, Group Director, Spectrum, Ofcom and Chairperson, Radio Spectrum Policy Group

Jacek Niewglowski, Chief Strategy Officer, PLAY

Antonios Drossos, Managing Partner, Rewheel

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Spectrum harmonisation: the key to 5G?

Is spectrum *usage* harmonised across the EU28 national mobile markets?

ECTA regulatory conference November 2016

Brussels, 10 November 2016.

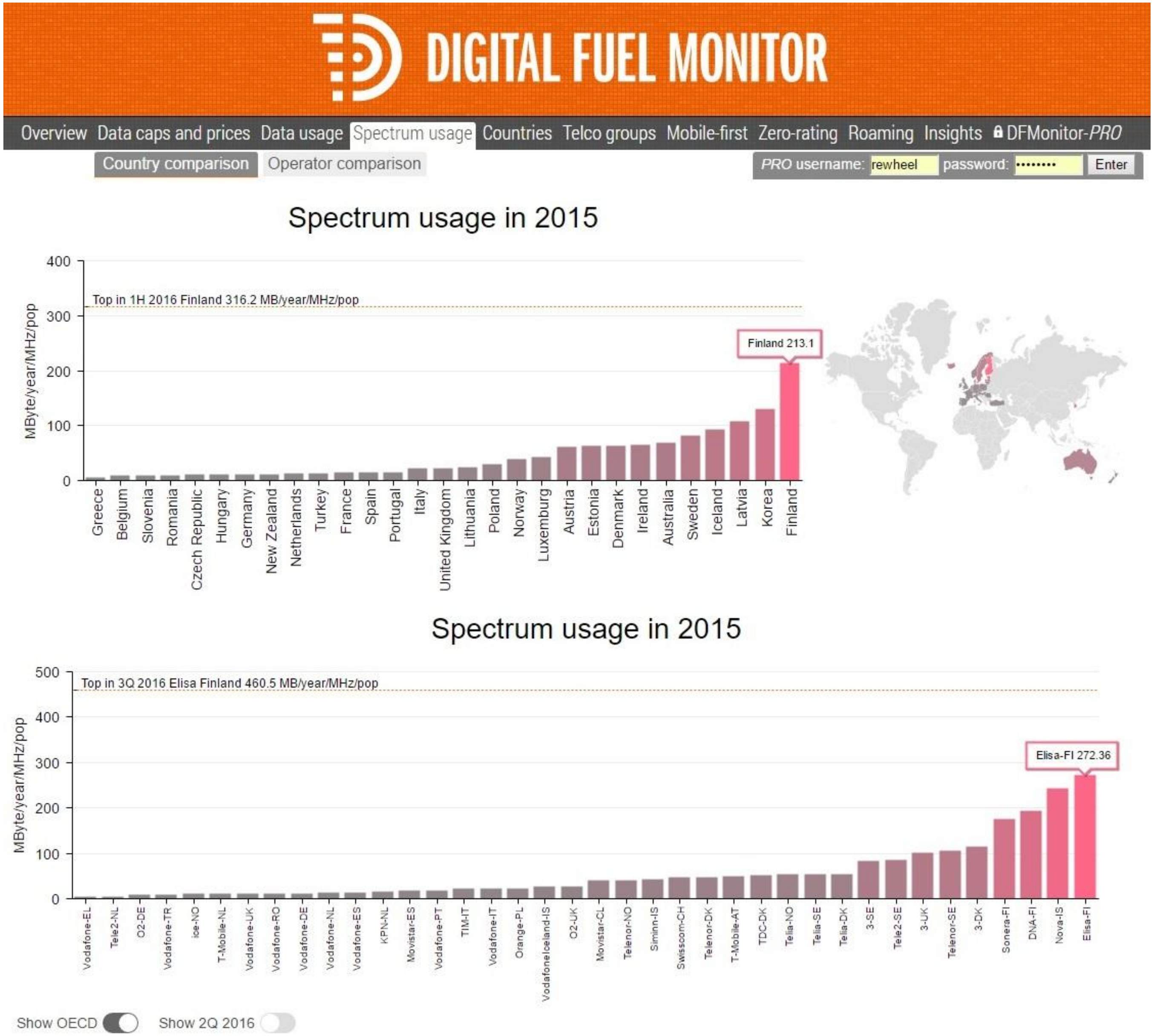
Spectrum usage – The elephant in EU’s digital single market yard

- Member States may attach coverage (i.e. deployment) obligations when assigning spectrum rights of use according to the EU electronic communication framework

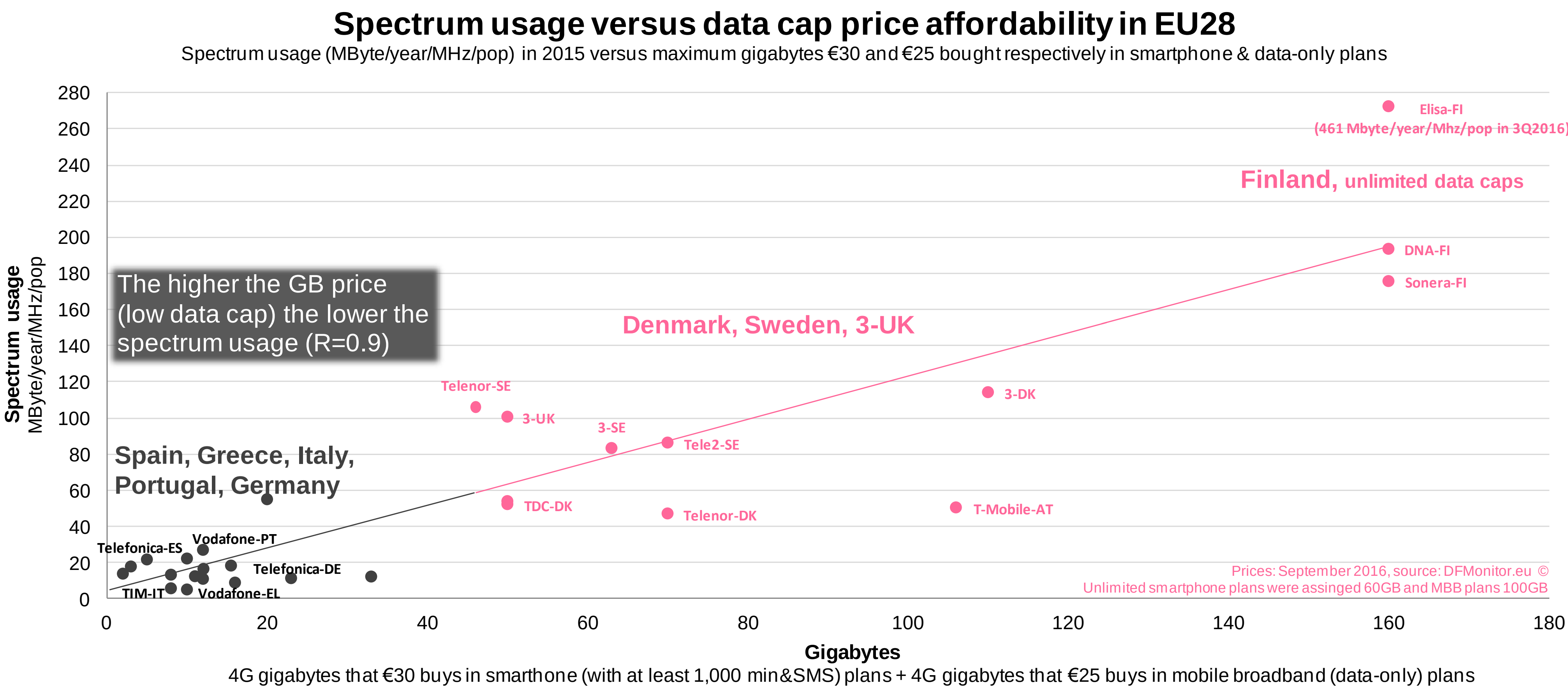
Spectrum deployment ≠ efficient spectrum usage
The oil rig analogy

- Consider a country that assigns rights of use for exploitation of its natural oil resources to 3 multinational operators
- While the rights of use come with a deployment obligation (e.g. 10,000 oil rigs) there is no usage (e.g. volume of oil extracted per annum) obligation
- Undoubtedly, the 3 operators will try to maximize their profits by commanding high oil (access) prices through tightly controlled supply volume (data cap) restrictions
- OPEC cartel supply restrictions lead to higher oil prices suppressing economic activity
- Overly restrictive mobile data caps lead to high digital fuel prices suppressing activity in the digital economy

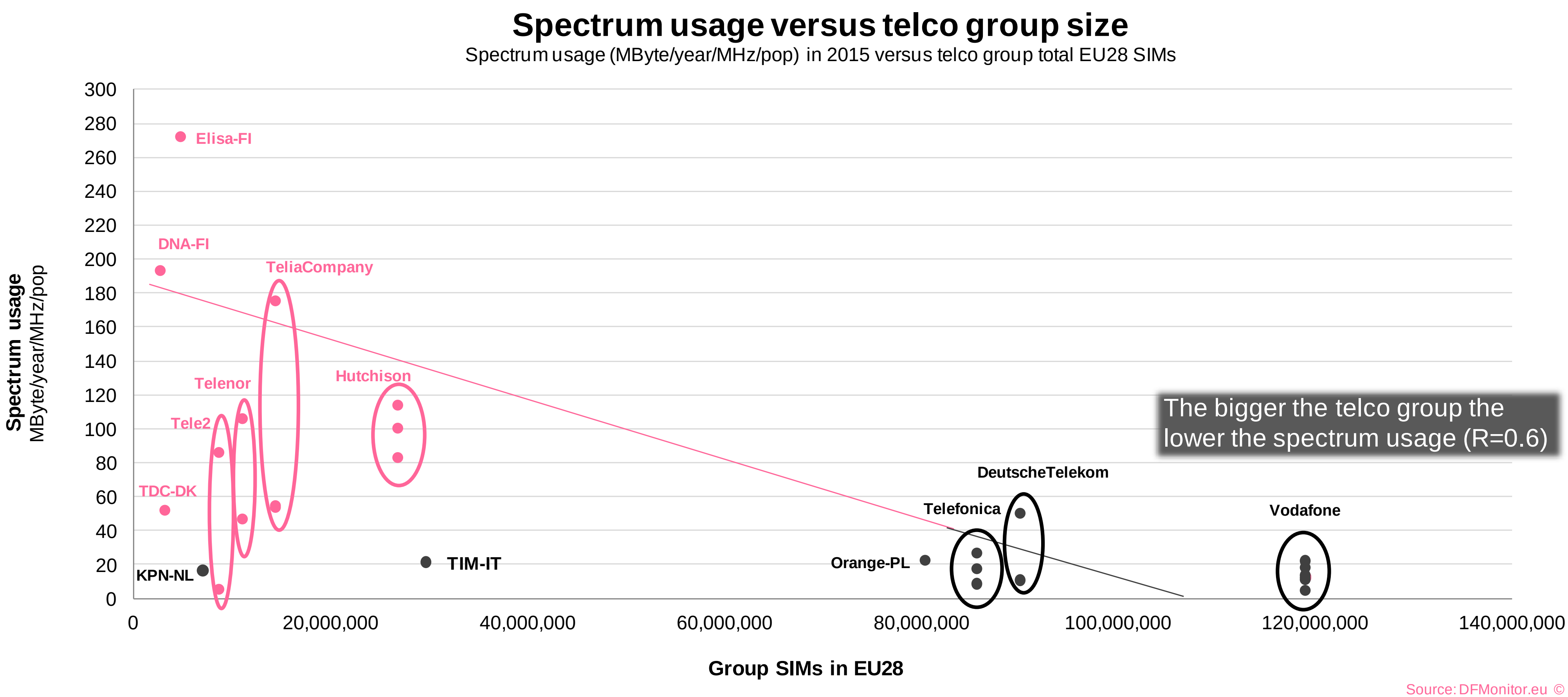
Finland had 37 times higher spectrum than Greece!
Elisa Finland had 55 times higher spectrum than Vodafone Greece!



For the answer do not look far: High GB prices (i.e. tiny data caps) are suppressing demand as Commission VP Ansip stated



Smaller operator groups use spectrum much more efficiently than big telco groups which are present in many EU national markets



So what should regulatory and competition authorities do?

Ex-ante

- National regulatory authorities should actively facilitate network competition by setting aside significant amount of spectrum for new entrants and challenger MNOs
  - Challenger (typically no.4) MNOs have much higher spectrum usage than incumbent MNOs. Challenger MNOs control significantly lower spectrum and have several times higher data usage due to lower (affordable) prices
- National regulatory authorities should actively and timely enforce BEREC net neutrality guidelines by prohibiting the wide-spread harmful zero-rating practices
  - The 23 EU28 operators that zero-rated video sold for €30 during September 2016 **eight times less gigabytes** in 4G smartphone plans than the 69 operators that did not zero-rate video and had two times lower spectrum usage[1].

Merger control

- The European Commission should no longer wave through potentially harmful mergers (Vodafone/Liberty Global Netherlands) between mobile and fixed operators
  - The 32 mobile-centric operators in EU28 sold for €30 during September 2016 **eight time more gigabytes** in 4G smartphone plans than the 60 fixed-centric operators and had four times higher spectrum usage[2].

[1] DFMonitor 6th release 2H2016 http://www.dfmonitor.eu/zero-rating/

[2] DFMonitor 6th release 2H2016 http://www.dfmonitor.eu/mobile-first/

Thank you

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