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18/12/2015

RESPONSE

to the

Brussels, 21 October 2015

Public Consultation

On RSPG15-619

RSPG Report on Efficient Awards and Efficient Use of Spectrum

The RSPG Report for public consultation offers a state-of-art, comprehensive and elegant presentation of all major aspects of Radio Spectrum Policy in Europe. It is indeed a welcome and candid reference document for all those involved in spectrum policy as well as the general public.

Our comments would be brief, and focus on three issues related to European Commission viewpoints as expressed by the Commissioners in charge of this area:

- The relatively modest ambitions of the harmonisation efforts as described in the report;
- The excessive reliance on auctions as the instrument of frequency assignment;
- The lack of analytical framework regarding the fate of the low UHF spectrum.

1/ The benefits of harmonisation have long been established:

- Scale economies for network equipment, transmitters and receivers;
- More say at international level on standards;
- Equal footing with continent-wide harmonised areas like the US, Japan and China;

Resulting in benefits to consumers, the digital economy, the industry, and the European economy in general.

So it comes as no surprise that if we list the 10 or even 50 main spectrum-based services, most of the top listed are already harmonised. How much worth is it to go further? What is stopping greater harmonisation? What are the barriers?

Evidently, legacy services and policy issues are at stake, which are not technically intrinsic to spectrum. It seems to us more efforts and in particular structural funding could be devoted to cope with legacy situations in order to converge towards a more optimal, harmonised area in Europe. The long-term benefits of a single, harmonised, area, as demonstrated in

numerous studies, would by far exceed the initial costs.

2/ The excessive reliance on auctions

The Report devotes a lot of space to auction methodologies and little to the very rationale of auctions. The competitive nature of auctions as they are currently being conducted is denied by the fact that the same usual suspects repeatedly “win” the successive auctions, and have now established solid oligopolies. The auction processes have become part of the tax system, not part of dynamic competitive industry policies and strategies. It is absolutely true that most Member States are facing excruciatingly delicate budgetary situations which call for emergency measures. It follows, and it is to be recognised, however, as noted by the Commission, that the spectrum award mechanisms are in the hands of the Ministries of Finance. It would work differently if it were in the hands of the Ministries of Industry. We are in a situation where short-term urgency considerations play against long-term economic objectives: the tax burden placed on wireless operators is detrimental to their overall investment capability, and to the development of the digital economy. Moreover, the differences in fees paid across Member States create discrepancies between markets and operators, and contribute to the fragmentation of the European telecoms market. We attach in Annex an article, which covers extensively the issue of assignment mechanisms in the case of LSA, but the arguments are fully applicable to spectrum awards in general.

3/ The lack of analytical framework regarding the fate of the low UHF spectrum.

Just a few weeks after WRC 15, it might seem preposterous to call for a re-consideration of future low UHF transitions. It seems to us, however, that the approach to the trade-off between broadcasting and wireless e-communications has been partial. To make it short, some countries rely on terrestrial broadcasting, others do not. The cost of switching from terrestrial to satellite or cable where needed would be by far lower than the benefits to the whole economy. The real issue is one of governance. Broadcasters who rely on terrestrial broadcasting legitimately fear a loss of control. It is however possible to remedy that through regulation, in order to provide the same level of control on sat/cable as on DTT. There are also issues of sovereignty, as only 2 major broadcast satellite operators are based in Europe (together with a number of minor operators). There are competition issues as well: more or less 40 channels are available on DTT, easily 200 on satellite, but who would say competition is not good. The question of disasters is often quoted. But is DTT better than sat or radio in these situations? None of these problems are insoluble. The bottom line is the future of the low UHF should be comprehensively re-considered as soon as possible, to include more economic, industry, regulatory and institutional elements.

In conclusion, we call for the Report to emphasise more strongly that UHF (as well as PMR), as often indicated by the Commission, would benefit from greater harmonisation. In the end the real question is: Could Europe speak as one, and envisage a future as a continent-wide spectrum policy area??

It is true there can be conflicts between harmonisation and efficiency of use: forcing

harmonisation on all frequencies can induce inefficiencies. There should be a balance between harmonisation and non-harmonisation, taking into account local conditions. But that does not mean that, in the collective interest of the Union, we shouldn't aim to regulate spectrum at EU level. An EU policy is needed also for non-harmonised spectrum. This will in particular simplify changes over time, as those situations are not static, but dynamic. In addition, the EC - comprising directorates with competences beyond traditional spectrum users - is in the best position to identify future services which will demand spectrum, such as energy, transport, education, etc. The EC is also in the best position to deal with the governance issues surrounding transitions between services, one clamorous example being broadcasting to mobile. The EC competence does not preclude a phasing over time of the transitions to take into account the situations in different countries, regions, availability of budgets. It might however be more efficient overall to do it concurrently across the EU.