



## **GSMA comments to RSPG work programme for 2020 and beyond**

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## **About the GSMA**

The GSMA represents the interests of mobile operators worldwide, uniting more than 750 operators with over 350 companies in the broader mobile ecosystem, including handset and device makers, software companies, equipment providers and internet companies, as well as organisations in adjacent industry sectors. The GSMA also produces the industry-leading MWC events held annually in Barcelona, Los Angeles and Shanghai, as well as the Mobile 360 Series of regional conferences.

For more information, please visit the GSMA corporate website at [www.gsma.com](http://www.gsma.com).  
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GSMA is an association of telecommunications operators that rely on spectrum usage rights to continue enhancing their commercial offers in a competitive environment. As such, our requests to spectrum managers are the same that we would make to any other supplier:

- Provide an expectation that supply of spectrum will not be artificially constrained
- Provide an expectation that pricing of spectrum will be based on opportunity cost, rather than rent extraction

Those two basic requirements create the right incentives for GSMA members to invest in the development of new spectrum-intensive services and make them widely available to end users at a fair retail price. That is always relevant, but particularly so in the timeframe covered by this RSPG work programme. As the draft rightly points out, 5G is the most important evolution of wireless broadband in the near future. Its take-up by residential and business users will have a large impact on the quality of life of Europeans and the competitiveness of our companies. The concrete shape of 5G usage, and the road to get there, are still unclear for financially stressed European operators making returns close to and sometimes below their cost of capital. Spectrum policy should not add more uncertainty to an already challenging landscape.

In our view Europe has a mixed record in recent years: whilst some Regulators have held back supply and facilitated high spectrum prices, others acknowledge that monopolistic spectrum pricing damages downstream markets, make efforts to clear bands from outdated uses, foster sharing and strive to solve fragmentation. The RSPG agenda for 2020 and beyond is an opportunity to increase consistency and build the right expectations for tomorrow, thereby inducing spectrum users to be innovate and invest today.

In line with the comments above, GSMA suggests adding two possible additional workstreams to the draft work items proposed by the RSPG, drawing upon the work done by the RSPG Strategy Working Group:

- Economic Analysis. The objective is gather insights, from both theoretical and empirical perspectives, on the links between the spectrum market and the downstream markets, and how those links relate to the objectives of spectrum management in the EU. It is standard practice for Regulatory Agencies to have a Unit of Economic Analysis which ensures that relevant decisions are grounded on sound Economics and Data Analytics<sup>1</sup>. They generally take part in the definition of spectrum award rules and have a mandate to perform cost-benefit analysis of spectrum policy proposals. We believe the advisory and coordination role of the RSPG would also benefit from a stronger reliance on economic analysis. All the work items proposed have an economic component that should not be overlooked. Addressing it inside each working group would helpfully complement the technical profile that RSPG will naturally continue to have. Additionally, we would find value in an ad-hoc working group that promoted and disseminated economic studies of relevance to spectrum policy management in the EU<sup>2</sup>, and organised stakeholder workshops where academia, policymakers and interested parties could share views.

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<sup>1</sup> See for example <https://docs.fcc.gov/public/attachments/FCC-18-7A1.pdf>

<sup>2</sup> GSMA has recently commissioned or undertaken on its own such type of studies, see <https://www.gsma.com/spectrum/wp-content/uploads/2019/09/Impact-of-spectrum-prices-on-consumers-Technical-Report.pdf> and <https://www.gsma.com/spectrum/wp-content/uploads/2017/02/Effective-Spectrum-Pricing-Full-Web.pdf>

- Receiver Performance. In its recently published report, the RSPG Strategy Working Group acknowledges that poor incentives on the side of spectrum users to enhance receiver performance can be a barrier to innovation in adjacent bands. Recent experience in the 900 MHz, 3500 MHz and 26 GHz bands suggests this topic is not merely theoretical and can have important short-term impact. A number of welcome recommendations are made in the Strategy Working Group report, among them exploring the introduction of “listening masks” in Authorisation schemes and considering “state of the art” receiver performance in standards and coexistence studies. GSMA encourages RSPG to follow up and foster the adoption of those recommendations at EU and national level.

With respect to the work items proposed in the work programme submitted to public consultation, GSMA would like to comment as follows:

### Spectrum Sharing – pioneer initiatives and bands

We share the view that there is scope for more efficient spectrum sharing schemes and agree with the relevance given to this issue in the work programme.

For mobile operators, nationally licensed spectrum will continue to be key in order to provide seamless service to our users in an efficient way across regions. We see however a role for us as potential suppliers in the secondary market, sharing our national usage rights where and when they are not used, through leasing, LSA or other means. Low transaction costs and the introduction of mechanisms that grant the usage right will be recovered if there is a need for it are key ingredients to gain scale. To that end, we recognise Spectrum authorities can play a role by intermediating and aggregating demand, especially in the initial stages, but we also believe that the ultimate goal should be a properly functioning secondary market of spectrum rights. The agenda of the work item should address how that can be achieved.

From the perspective of mobile services and technologies accessing new spectrum through sharing, we perceive strong potential for value creation in some bands where an ecosystem is likely to develop, and current use is low or complementary to possible 5G or 4G deployments. We encourage in particular RSPG to evaluate the options for more efficient use across Europe of the 2300 MHz band, the 3.8-4.2 GHz band and the new mmwave bands identified for 5G by the WRC-19 (e.g. the 66 GHz bands).

### Additional spectrum needs and guidance on the fast rollout of future wireless broadband networks

The three RSPG opinions on 5G have been instrumental in creating a roadmap of spectrum availability for 5G in Europe. Looking forward, that activity should continue, and we are keen to work with Member States and the European Commission in finding the most efficient way to identify and harmonise new spectrum for broadband.

We acknowledge the value of this RSPG activity, although we have experienced some shortcomings that we hope can be addressed in the future.

- Fragmentation in the 3400-3800 MHz band is still a relevant issue, despite the commitment from RSPG to solve it. Contrary to RSPG guidance, that encouraged Member States to use new assignments to defragment the band, awards of available spectrum have in some markets, like Italy or Germany, actually aggravated the problem. We encourage RSPG to monitor progress and continue to provide guidance as needed.
- Access to spectrum by verticals is a controversial topic that warrants balancing the views of alternative spectrum demands. The 3<sup>rd</sup> RSPG opinion included an informative annex on “Enabling connectivity for vertical industries”, that had not been submitted to public consultation. In it, RSPG highlighted the need to strategically consider spectrum solutions to respond to demands of verticals that claim their needs may not be adequately addressed by mobile operators. Along the same lines, the new Work Programme envisages high level workshops “in particular with verticals”. RSPG should be mindful that granting preferential access to highly coveted spectrum to some verticals reduces the spectrum available for the deployment of shared 5G networks that can meet the requirements of nearly all verticals. We therefore encourage RSPG to first of all carefully evaluate whether the need for spectrum alleged by a few verticals is effective, then to assess the pros and cons of a separate identification of spectrum and to try and consider the impact of its work on all parties, including the verticals that wish to outsource their connectivity needs and do not require spectrum usage rights.<sup>3</sup>

Finally, GSMA particularly welcomes the inclusion in the work item of questions related to the measurement of EMF limits, where we see potential for harmonisation that should result in beneficial streamlining of licensing procedures.

## Role of Radio Spectrum Policy to help combat Climate Change

GSMA members are committed to combating climate change, and GSMA as an organization is channeling their efforts by promoting several shared initiatives<sup>4</sup>. We suggest RSPG to see this new work item as a complement to what the different spectrum users are already doing. Efforts to disseminate best practices would be particularly valuable.

RSPG should be careful however not to distort economic incentives by imposing very stringent demands on users of a particular input (spectrum) simply because it is controlled by the State, and Public intervention is easier than in other input markets potentially more directly related to climate change. That could result in inefficient use of spectrum, and also impact negatively the efficient use of natural resources more broadly. As a positive example we may mention the incentives granted by the Italian government to “green” operators using higher spectral efficiency and less power consumption equipment with PiB/GWh ratio.

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<sup>3</sup> See <https://www.gsma.com/spectrum/wp-content/uploads/2019/11/Business-connectivity-and-digitisation.pdf>

<sup>4</sup> See <https://www.gsma.com/newsroom/press-release/worlds-leading-mobile-operators-to-disclose-climate-impacts-as-part-of-new-gsma-led-climate-action-roadmap/>

## Peer review and Member States cooperation on authorisations and awards

GSMA welcomes increased cooperation and sharing of experiences among members of RSPG, as well as the proposed organization of stakeholder workshops where broader views on authorisations and awards could be introduced.

Since this work item was established in 2017, several relevant spectrum assignments have taken place. In our view, the peer review process has worked well as a tool to share information but has not prevented awards in which artificial supply restrictions or inflexible lot definitions have resulted in disproportionately high spectrum prices. We encourage RSPG to ensure that the peer review processes address the trade-offs between mutually exclusive Public objectives (ie maximizing revenues for the State, fostering investments in capacity and coverage, and shaping the market through caps or reservations), and serve as a tool to promote a consistent prioritization of objectives across the EU aligned with the provisions of the EECC.