

Email message from Mr. Sundal dated 12 March 2004.

Please find the response from Norway on the "Spectrum implications of switchover to digital broadcasting".

Best regards

Geir Jan Sundal

(1) How can co-ordination between Member States on spectrum management, at bilateral and EU level, contribute to a quick and efficient switchover?

An important condition for a quick switchover is, as in the situation of all shifts of technology, that the buyers/consumers/public consider there to be clear advantages in choosing the new digital technology in preference to the present analogue offer. This can be pursued by the market players offering new services like more channels, better picture quality, interactivity, mobility etc. The role of the authorities might be to not disturb and possibly to encourage the market players approach regarding offering of new and/or further developed (innovative) services.

In order to be able to present this kind of offer, that makes the viewers see sufficient advantages in the transition to digital broadcasting, the market players must have access to sufficient transmission capacity. In so far spectrum is an input in the production of transmission capacity, access to spectrum is important to market players. Access to spectrum often involves the authorities. We believe enforcement of the rules of article 9 and 8 of the framework directive regarding requirement of effective management of spectrum combined with enforcement of the rules of article 5 and 7 of the authorisation directive regarding the maximum timeframes of case handling (until 6 weeks, until 8 months if comparative selection procedures are to be used) might be a key. A co-ordination, both at bilateral and EU-level, that can contribute to secure such access may consequently contribute to a quicker and more efficient switchover.

However, the switchover to digital distribution must primarily take place through market based decisions. In Norway, the potential market player Norges Televisjon (NTV) who is the single applicant for the DTT concession and associated spectrum rights, have made their offer in the beauty contest dependent on the Government/the Parliament/the authorities acceptance of a analogue switch off by 2007/2008. The Government/the Parliament/Ministry of Cultural and Church Affairs have indicated that it is a condition for switching off the analogue signals that certain criteria is met, i.e. that the transition represent added value for the viewers and that the purchase of the receivers is affordable.

(2) In particular, what would be the added value from EU co-ordination ahead of the Regional Radio Conference starting in 2004 and other international negotiations?

Given that a market based approach to analogue – digital switchover, and a market based approach to spectrum management, is the preferred solution to obtain policy objectives such as effective use of resources in general terms, effective use of spectrum, promotion of competitive (and innovative) markets in the electronic communications sector and technology neutral approach, the regulatory framework should be as flexible as possible.

The agreements on coordination of frequencies does not prevent any Member States from technology flexible utilization of spectrum. The agreements basically regulates the level of interference which is acceptable on the borders between States without bilateral coordination required. To promote technology neutral approach, and to make it possible to attain other policy objectives mentioned above, we believe the proposal to use spectrum masks as a coordination parameter is the key.

(3) Are greater transparency and technological neutrality of spectrum assignment, notably through valuation and market tools, instrumental to switchover?

Yes. The satellite technology based producers of transmission capacity in Norway (and Scandinavia?) might be an example. They have carried out the digital switchover without any regulatory (or other authority based) interventions. They need access to spectrum too (uplink and downlink). For those market players a simple regulatory regime regarding access to spectrum in Norway seems to have contributed to digitalisation (and possibly also fulfillment of other policy objectives).

(4) What will be the “spectrum dividend” from switch-off, and how should this be allocated to specific services?

What might be “spectrum dividend” is possibly not the important question. We believe it is more important to underline that a technology neutral and market based approach is the key. To let technologies compete for spectrum is probably the approach which will promote efficiency (in the Pareto optimal meaning of the expression). Furthermore, quick procedures (inline with the timeframes of the authorisation directive as mentioned above) to accomplish international coordination and to allocate spectrum rights is important (spectrum which is not allocated might be assessed as waste of resources).

(5) Does convergence require more flexible allocation mechanisms than traditional ones, which tightly link frequency bands and individual communication services according to ex ante decisions?

Given that promotion of the policy objectives set out in article 9 and 8 of the Framework directive (in particular technology neutral approach and promotion of competition) should be the guidelines the answer to the question is yes.

