

# Challenges and pitfalls for a revised EU Telecoms Framework and Policy

Roland Mahler, Managing Director of T-Mobile Czech Republic

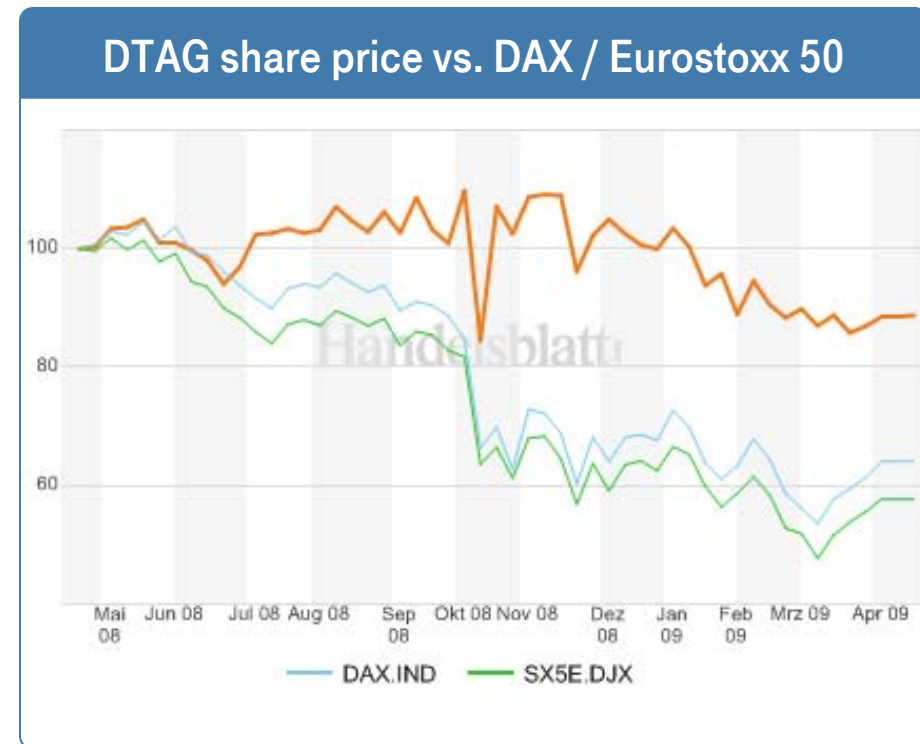
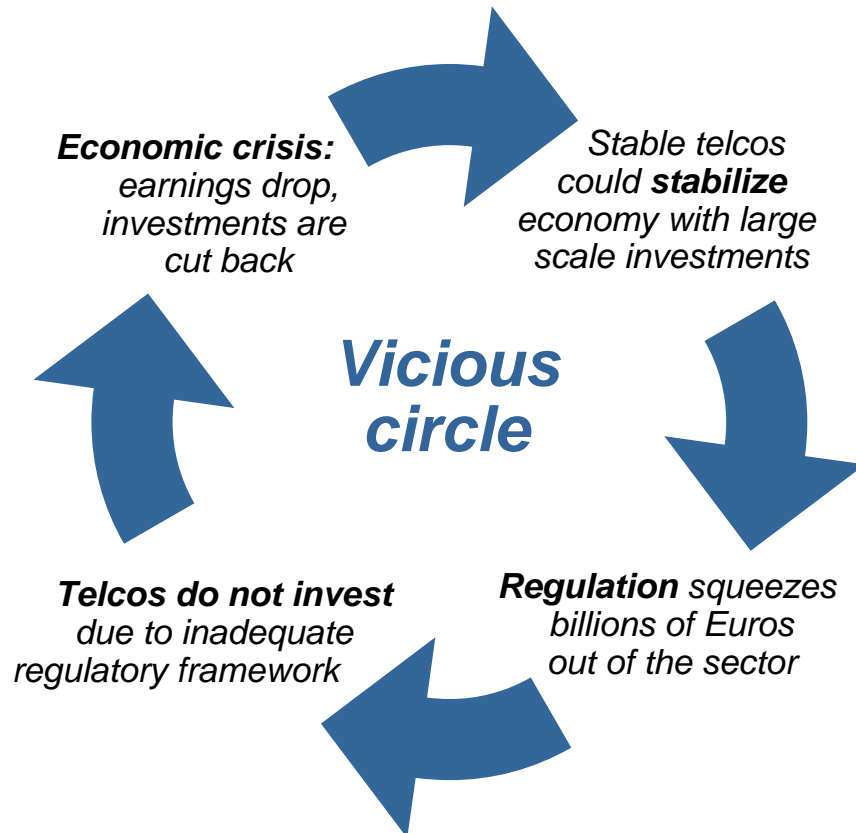
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# The still relatively stable telecoms industry could boost the fragile economy

However, the current regulatory regime in Europe prevents investments

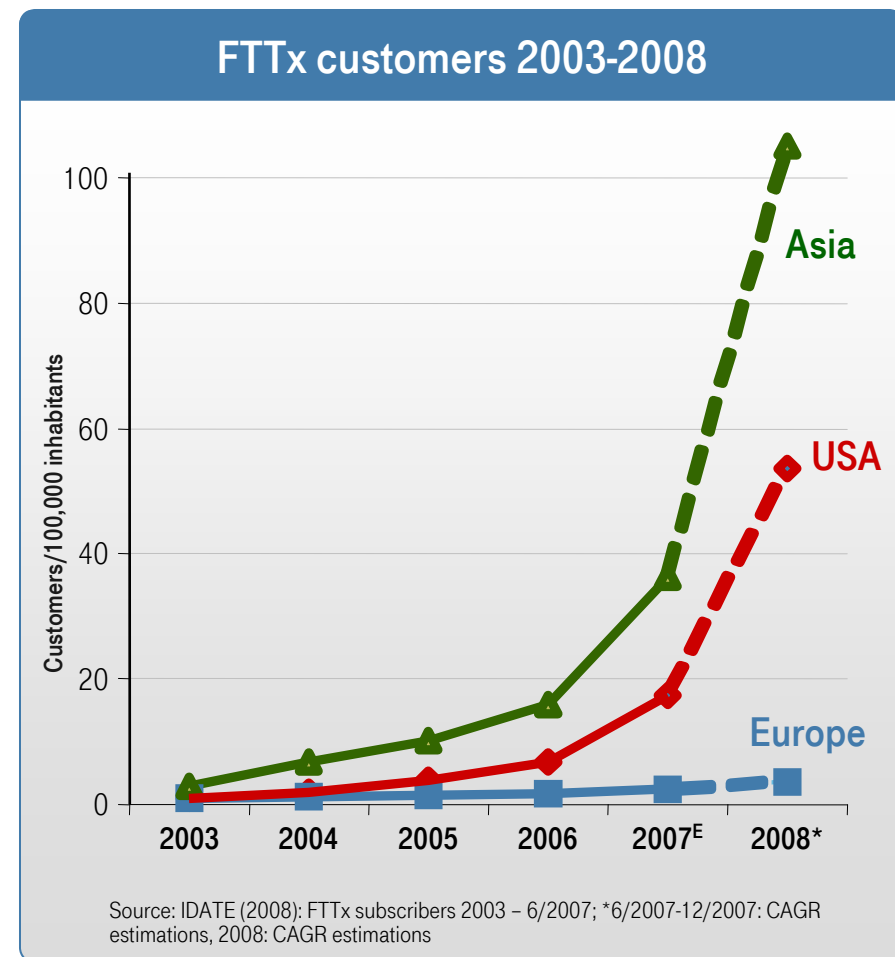


# European telecommunications investment lags behind those in USA and Asia and the gap remains...

- Europe has fallen behind fibre optic leaders in Asia and North America
- And still investment per capita is much lower in the EU-15 than in the USA\*
  - USA: 247 USD per capita
  - EU-15: 178 USD per capita
- Europe needs to catch up: €300 billion are needed to build high-speed fibre-optic networks across Europe\*\*

\* OECD (2009)

\*\* McKinsey / EU Commission Memo/08/572 September 18th 2008

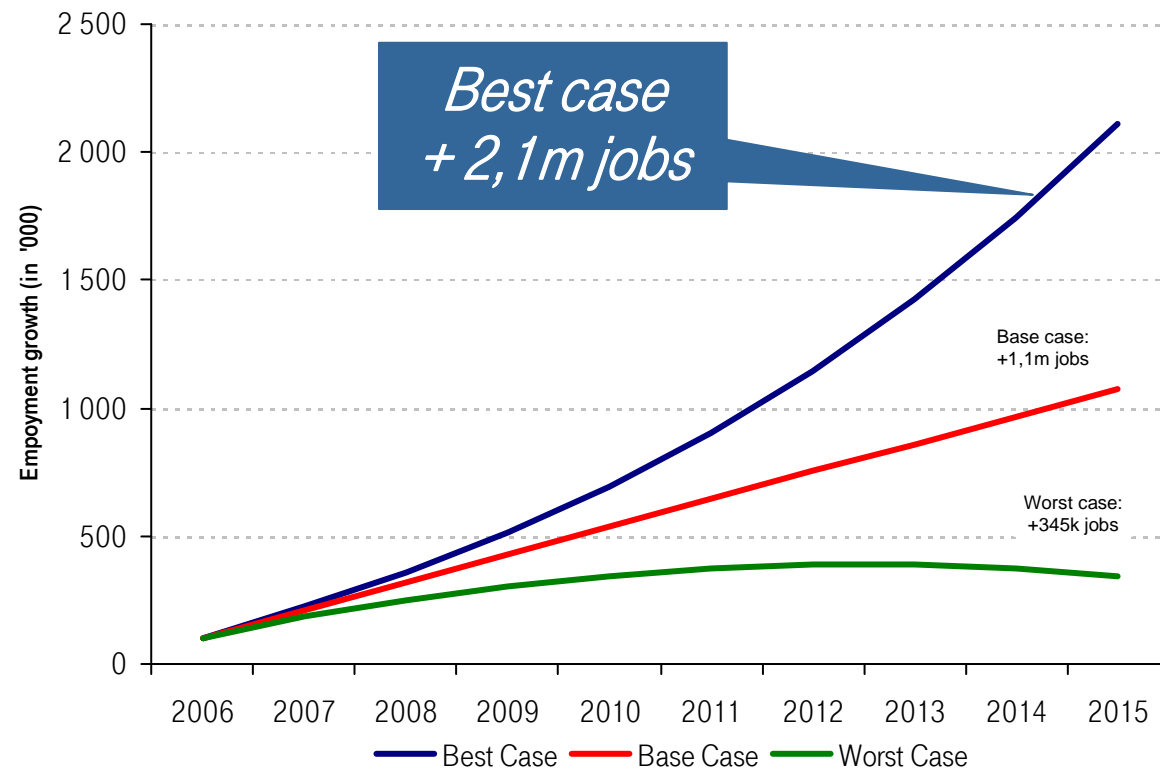


# Broadband development could yield the creation of more than 2 million jobs in Europe until 2015



- **MICUS study** (on behalf of the EC): BB could contribute to the creation of 2.1 m jobs (and €108bn of economic activity)
- **Digital Dividend** for mobile broadband use is an example for a positive trend
- **Prerequisite:** Accelerated infrastructure roll-out and fast adoption of new Internet-based services
- **Job creation** → mostly due to innovation → compensates for the loss of jobs due to optimization and structural displacements

**Broadband related employment growth (EU27)  
2006-2015 (cumulative)**

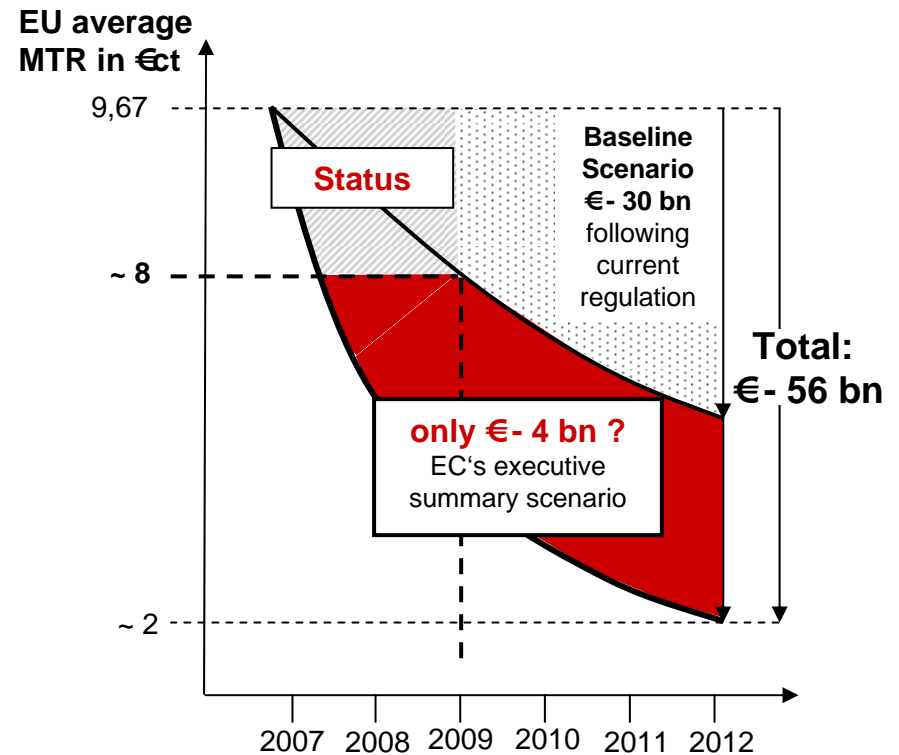


# MTR Recommendation: European Commission policy reduces telcos' investment incentives

According to the European Commission (EC) scenario € 56 bn should be taken away from the mobile industry via intensified MTR regulation and would thus miss for investment

Most of the MTR reduction yet to come, EC now however claims an impact of only € 4bn

- Willingness to invest depends on the amortization of investments and the reliability of regulatory policy
- Current EC policy makes both unachievable
  - Intended MTR-cuts in EC's draft recommendation in addition to the EU roaming regulation make sufficient amortization impossible
  - Confusing announcements, non-transparent figures and dramatic cuts destabilise the expectations of companies and reduce their willingness to invest



# Network Management needed for new and innovative services

## Network Management – Myths vs. Opportunities

### Network Management: The Myths

- The Internet has always been “neutral”. With network management, it would simply grind to a halt.
- Network management is about anti-competitive behaviour and discrimination against other content/service providers.
- Network management will lead to policing the internet.

### Network Management: The Opportunities

- Network management ensures efficient and reliable performance of individual services.
- Network management is key for developing new and innovative applications.
- Network management will allow the internet to evolve and thus drives investments in NGN/NGMN.

- Recent proposals by the European Parliament (EP) would severely limit Network Management and put the development of the internet and of new services at risk and impact service quality.
- We trust in the Council and the Czech presidency to fend off the misleading, harmful, and excessive EP proposals.



- Telecommunication companies, so far less hit by the crisis, are **ready to invest in Europe ...**
- ... but this requires a **reliable regulatory regime** which effectively **fosters** medium/long term sustainable investment and quality of services.



Thank you for your attention!

