

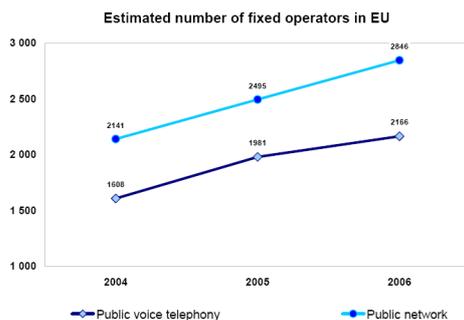
2007 EU Telecoms Reform #2

More competition for a stronger Europe

Thanks to the EU Telecoms Rules of 2002, markets have opened up to greater competition and in some telecoms markets former state-owned monopolies are no longer the dominant players. But in some crucial markets – such as broadband access – this is still not the case. Structural obstacles continue to impede the development of competition in several Member States. Under the EU Telecoms Reform, future regulation will carefully focus on such market impediments. The independence of national regulators will be strengthened. More competition will drive further strong investment and ensure that consumers reap the benefits of competitive markets – leading to more innovation, more choice and lower prices.

A GOOD START, BUT EUROPE NEEDS MORE COMPETITION

Competition has brought **more choice** to the markets. In 2006, the number of operators offering fixed voice services in the EU has grown.



Driven by greater choice **prices for telecommunications services have been falling** – on average by 27% since 1996. The EU average charge of a 10-minute fixed call has fallen during the last 7 years by 74%. Mobile phone charges are still dropping fast, by nearly 14% from 2005 to 2006 – all thanks to more competition.

Competition is also a crucial driver of European **investment** in telecoms industries. More competition in telecoms markets leads to more investment, greater innovation and lower prices. In 2006 European investment in absolute terms was at least as high in Europe as in the US and Japan. The annual level of investment has risen to €47 billion in 2006,

with a growth of 5% compared to 2005 - the fourth consecutive year of growth since 2003.

MAKING THE MOST OF EUROPE'S AIRWAVES

The rapid development of wireless technology, in particular for mobile use, has drastically raised the need for more flexible access to radio spectrum. In the EU the total value of telecoms services that depend on radio spectrum amounts already today to about €250 billion, roughly 2.2% of Europe's annual GDP.

However, the **current spectrum management system**, where decisions are predominantly taken by national administrations, often bureaucratically and not oriented towards efficiency and market needs, **leads to increased costs**, lost market opportunities, and slows the take-up of innovative applications such as wireless broadband.

The EU Telecoms Reform will make the administration of spectrum more efficient by:

- strengthening technological neutrality (free use of any technology in a spectrum band) and service neutrality (free use of spectrum for any telecoms service);
- allowing more unlicensed use of spectrum;
- making usage rights tradable (secondary trading);

