



**EUROPEAN COMMISSION**

**"DIGITAL DIVIDEND PUBLIC CONSULTATION"**

*"Transforming the digital dividend opportunity into social benefits and economic growth in Europe"*

*Submissions by PORTUGAL TELECOM, S. A.*



## Who we are

**Portugal Telecom Group (PT)** is the leading telecommunications operator and services provider in Portugal.

We operate in the areas of fixed, mobile and multimedia communications, information systems, research and development and satellite communications.

An example of leadership and innovation, Portugal Telecom is today the company in Portugal with the largest national and international presence and investment. This is a clear result of a commitment to quality and innovation which has been guided by the need to satisfy the specific needs of each of its clients in each business area and to diversify its investment strategy in different areas of the world, especially Brazil and Africa.

Quoted at the Lisbon and New York Stock Exchange, PT has approximately 30 thousand employees who are at the service of more than 30 million national and international customers. As a telecommunications company, its portfolio of services includes local, long distance and international telephone services, leased lines services, mobile, data and internet communications, IPTV, information systems and contents, corporate solutions and entertainment, all areas in which Portugal Telecom has positioned itself as market leader.

Portugal Telecom has also the full set of wholesale reference offers, including access to ducts (since the end of 2004).

The company has been awarded with the licence to install and operate Digital Terrestrial Television network. The DTT emissions started last 29<sup>th</sup> of April and PT plans to finish the national coverage by the end of 2010.

Portugal Telecom has recently announced its investment plans in optical fibre access networks with the purpose of offering high speed and high quality multiple play services.



## **An Internationalisation Success**

Present in the European, American, Asian and African continents, PT has, at international level, competence in all info-communication business areas, namely mobile, fixed, data, satellite, multimedia, e-business and directory services.

In addition to a strong presence in China, Angola, Cape Verde, Morocco and Timor, PT also stands out in the Brazilian market where, it is currently Portugal's largest investor.

Similarly to Telefónica Móviles, Portugal Telecom holds 50% share of VIVO's shares, South America's largest mobile operator and among the 40 largest mobile telecommunication companies throughout the world. Within the Brazilian Market, PT is also present in Dedic and Mobitel, companies that work in the contact centre and message transmission sectors.

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### **Introduction**

**Portugal Telecom Group (PT)** welcomes European Commission's public consultation and its acknowledgment of the European dimension and importance of the *Digital Dividend* for the future of Electronic Communication Networks and Services.

It is generally accepted, and mentioned in several documents and studies, that the digital dividend is a limited resource with extraordinary social and economic value and, for this reason, it is of the public interest that it should be managed and used as efficiently and effectively as possible.

Portugal Telecom is of the view that, at EU level, an effort must be made by the Commission and all Member States in order to achieve a common and coordinated approach to the digital dividend management and usage as this is the way for reaping its full benefits. Specially, Member States must do their best effort to avoid national decisions that may negatively affect or influence the use of the digital dividend by their neighbours.

We believe in a balanced approach to the use of the digital dividend, allowing both broadcasters to upgrade and develop their offers and electronic communications operators and service providers to access and use this resource to deploy new and innovative services, bearing also in mind the need to overcome the digital divide.

Portugal Telecom is also of the opinion that, as long as the necessary harmonization and coordination measures are put in place at EU level, NRAs are better positioned and qualified, at national level, to provide efficient management and use of the digital dividend. We consider



that the European Commission must not adopt mandatory decisions regarding to any aspect of the management and use of digital dividend.

The new framework will include provisions to introduce greater flexibility in the access and use of spectrum and digital dividend is seen as an opportunity to the introduction and test of those provisions. We fully support the principle but we also consider that all decisions and measures regarding relaxation of the existing rules must be accompanied by CEPT and comply with its recommendations and technical opinions.



## THE COMISSION CONSULTATION DOCUMENT

### 3. A COMMON WAY FORWARD:TOWARDS AN EU ROADMAP

Portugal Telecom is of the view that appropriate European coordination would increase overall economic, social and cultural benefits. However, the European approach must allow implementation of individual national plans whenever desired and as long as European goals are not put at risk.

European coordination can, and must, be achieved trough the work of RSPG and ERG with the support of RSC.

For Portugal Telecom, a shared “EU roadmap” is an important tool that gives guidance for a timely adoption and implementation of national policies and measures in accordance with the general European policy.

We fully agree with the Commission in what concerns the flexibility and convergence of the roadmap. The “EU roadmap” must cope with national specificities, namely the degree of development of the Electronic Communications sector and each geographic location.

The Commission intents to rely on future multi-annual spectrum policy programs to achieve the endorsement by the European Parliament and Council of the most strategic elements of the roadmap for the digital dividend. Again, PT agrees with the Commission but recalls its attention to the importance of the participation of NRAs in the process of decision making and to the fact that Members States must respect ITU compromises.

### 4. PROPOSED ELEMENTS FOR A ROADMAP

#### ***4.1. Improving consumers' experience by ensuring high quality standards for terrestrial digital television receivers in Europe.***

Portugal Telecom considers that broadcasting services in Europe must develop and evolve based on quality and effective and efficient use of spectrum resources. A coordinated migration to more efficient standards, such as DVBT-2 and MPEG-4, should be a major



concern and a key element of the “EU roadmap”. A timely and coordinated adoption of such standards may lead to significant cost savings and it will also allow more programmes to be broadcasted in HDTV format, for the benefit of consumers.

In what concerns the availability of a compression standard on all DTT receivers sold after January 2012, we consider that no mandatory decisions should be taken. The degree of development of DTT is considerably different across Europe. Consumers and operators investments must be taken into consideration.

We agree with the Commission in what concerns setting standards for the ability of digital TV receivers to resist interference and we are also of the view that a minimum of requirements should be set at EU level.

#### ***4.2. Increasing the size of the digital dividend through further spectrum efficiency gains.***

Portugal Telecom also considers that cooperation and collaboration between Member States is important for the development of network deployment plans. The Commission, in close cooperation with ERG and RSPG, can act as facilitator and guidelines producer.

We consider that the type of network to be deployed (SFNs/MFNs) is an issue that must be left to Member States to decide, taking into consideration the EU policy as well as national specificities and regional constrains.

In what concerns “frequency agile” systems, our view is that more technical studies are needed and it is not an issue to be addressed in the near future.

#### ***4.3. Making the 800 MHz band available for low/medium power electronic communications networks, under harmonised technical conditions, following the principle of technology and service neutrality.***

Portugal Telecom agrees, in general, with the approach proposed by the Commission.

Our view is that the 790-862 MHz band should be open to Electronic Communications Services other than broadcast. We also agree that harmonisation, at EU level, may allow additional benefits and avoid spectrum fragmentation and, as proposed by RSPG, we believe



that it would be of great advantage if the Commission could make its final proposal before the end of 2009.

Regarding implementation dates, we consider that sufficient flexibility should be allowed to Member States so that NRAs could take in due consideration each national situation.

***4.4. Adopting a common position on the potential use of the “white spaces” as part of a possible extension of the digital dividend***

The use of the so called “white spaces” is directly related to the use of cognitive radio systems which, in turn, requires a family of common standards that will not be completed until 2015/2018.

Portugal Telecom considers that, for the near future, there will be no technical or commercial conditions to open up the use of “white spaces” between broadcast coverage areas. Nevertheless, it is a subject to be considered and we support the proposal of the Commission.

***4.5. Ensuring the continuity and further development of wireless microphones applications and other secondary uses of the UHF spectrum***

Portugal Telecom agrees with the European Commission. We do support the adoption of harmonisation measures for this type of applications and uses and we fully support a mandate to the CEPT on these matters.

***4.6. More effective cross-border coordination with non-EU countries***

In what concerns cross-border coordination, the ITU Radio Regulations provide all necessary mechanisms for cross-border coordination which all ITU Administrations must follow and comply with.

We are of the opinion that the Commission and RSPG should examine if, how and in which conditions the European Commission could, at request, act as a facilitator and provide extra assistance to Member States in cross-border coordination with non-EU countries.



#### ***4.7. Addressing future challenges***

Portugal Telecom supports the Commission proposal to establish a mechanism to monitor external developments affecting the roadmap and would like to suggest the opening of Commission reports to all stakeholders and not only to the European Parliament and Council.

### **5. URGENT ACTIONS**

#### ***5.1. Accelerating analogue switch-off by 2012***

Portugal Telecom has no comments on this proposal of the European Commission.

#### ***5.2. Taking steps toward the opening of the 800 MHz band for electronic communications services by adopting harmonised technical conditions of use in Europe***

As stated before, Portugal Telecom is of the view that, at EU level, an effort must be made by the Commission and all Member States in order to achieve a common and coordinated approach to the digital dividend management and usage, as this is the only way of reaping its full benefits.

Please refer to our comments to paragraph 4.3 of the consultation document.