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Re Digital dividend public consultation

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Introduction

The Dutch Ministry of Economic Affairs welcomes this opportunity to comment on the Consultation document of the European Commission 'Transforming the digital dividend opportunity into social benefits and economic growth in Europe', dated 10 July 2009.

Cc

Encl.

We share the notion that a possible roadmap should have sufficient flexibility to cope with specific national conditions and that such a roadmap should not be more prescriptive than strictly necessary to achieve the main objectives. We also agree that it is necessary to involve the European Parliament and Council in the decisions to be taken. At the same time we have doubts whether the future multi-annual radio spectrum policy programme is the proper basis for the, often political, decisions that must be taken. It would not be correct to focus only on (supposedly merely technical) harmonisation measure of the 790-862 MHz band. The Netherlands strongly believes that the scope of such a decision goes beyond that of a "technical implementation measure". Such decisions should not be taken pursuant to the Radio Spectrum decision, but by a co-decision measure of European Parliament and Council.

Analogue switch-off

Section 5 deals with two 'urgent' actions to be undertaken without delay in order to secure consumer benefits and ensure that the digital dividend can contribute effectively and in a timely manner to the EU economic recovery efforts. The first proposed action is accelerating the analogue switch-off by 2012. For The Netherlands this is of no relevance, since the switchover has already been completed by the end of 2006. This switchover included the 800 MHz sub-band. Licences have been assigned to the national Public Broadcasters and KPN/Digitenne. The latter has been using the assigned spectrum for facilitating commercial digital broadcasting and since 2008 also for mobile broadcasting. The assigned licences expire in 2017. Substantial parts of the UHF spectrum, including the 800 MHz sub-band, are in use for digital broadcasting operating high power/high tower networks and using DVB-T and DVB-H technology.

Opening of the 800 MHz sub-band for electronic communications services

Thus, the second urgent action proposed by the Commission, taking steps toward the opening of the 800 MHz sub-band for electronic communication services by

adopting harmonised technical conditions of use in Europe, will have a fundamental impact for The Netherlands.

As has been explained above, parts of the 800 MHz sub-band are currently in use for broadcasting and these licenses expire in 2017. In case the 800 MHz sub-band is to be opened for electronic communication services before 2017, steps must be taken to empty this band from high power/high tower networks, including the modification of the assigned licenses. While the Netherlands at this stage in principle has a positive attitude towards using the 800 MHz sub-band for a broader range of services, including electronic telecommunication, we want to stress that utmost care is required with regard to the consequences of such a decision. A market consultation has been organised to enable market parties to express their views on this issue. The results of the consultation require us to address or research the issues described below.

Issues to be addressed in the Dutch situation

The outcome of the Dutch consultation shows that the broadcasting operators currently using the 800 MHz sub-band for digital broadcasting will have to modify their networks. The loss of DTT multiplexes in use has to be compensated by switching to the lower UHF sub-band. Moreover digital consumer receivers may have to be modified or even may be replaced, because receivers can be sensitive for interference in the range of the 800 MHz sub-band. A replacement of receivers possibly could be combined with the introduction of receivers which are able to handle the more efficient compression standard, but this renewal will take time and will have financial consequences. Such a decision should take into account the costs for consumers. This relevant issue is taken into account under the proposed element for a roadmap in section 4.1.. The advantage of more efficient compression standards for DTT receivers is evident, but it is at odds with technology neutrality, which is an important European policy goal.

Impact on broadcasting

The principle of technology en service neutrality technology which require harmonised technical conditions as is mentioned in section 4.3. of the consultation paper of the Commission is even more striking. All actions in the UHF band for emptying the 800 MHz sub-band are required because high power broadcasting networks can not cope with medium and low power WBB networks. In this sense it is not just a question of a harmonisation of technical standards (parameter), but also involves a political decision to empty the 800 MHz sub-band, which can than no longer be used for high power/high tower broadcasting. A question that needs to be answered is whether broadcasting can still develop economically by using medium power networks as well, or whether it needs its current high power/high tower networks to be technically and economically feasible. It seems appropriate to address that question, in accordance with the observation in section 4 that consumers have high expectations regarding future developments of broadcasting services, offering more programmes, increased quality such as HDTV, or mobile reception. To provide such high quality services operators require appropriate networks, which are also economically feasible in such a way that services can be offered at feasible consumer prices and conditions.

Impact on broadcast cable networks

Regarding this, additional attention should be given to the specific position of the broadcast cable networks in the Netherlands, which not only provide broadcast services to the home of about 90 percent of the Dutch population, but also offers a nation wide network for the use of broadband applications. A significant part of the Dutch population uses the infrastructure of the broadcast cable network also for telephony and broadband services. The broadcast cable network companies have expressed significant concerns about interference, because the cable systems use the same frequencies as DTT for broadcasting services within their networks. They expect that interference due to WBB on the same frequencies as the cable networks will occur. A possible consequence is that the cable networks are restricted in the use of 800 MHz spectrum in their cable system. More information and independent testing is required before a definitive position can be taken. A secondary question is whether the operational business case of broadcast cable networks will be affected and what the financial consequences to prevent harmful interference will be, for the operator as well as for consumers.

Impact on the sector of Programme Making and Special Events

One final aspect which needs more attention are the (financial) consequences for the sector of Programme Making and Special Events. Because it is expected that the use of 800 MHz sub-band for PMSE will be restricted, it could be that this sector needs to replace equipment before its economical life span has ended. This problem needs further investigation. A specific spectrum harmonisation measure (section 4.5) does not solve the problem of the costs of the "migration path" and can not be seen as a sufficient answer to ensuring the continuity of PMSE services. Ensuring sufficient possibilities of flexible spectrum use on a national level seems a more appropriate measure than spectrum harmonisation.

Remaining comments

The Netherlands is questioning if a harmonisation on a mandatory level is required to achieve the full positive effects of "economies of scale". Currently, as is shown by the presentation of Analysys Mason, DotEcon and Hogan& Hartson, a significant number of Member States are already moving towards adapting the 800 MHz sub-band. A key question to be answered is whether mandatory harmonisation is necessary to achieve full "economies of scale" or whether these economies of scale could also be achieved if member States are allowed to deal with specific national conditions. This questions is justified, where the costs of the consequences of a harmonisation are worn by the individual Member States.

While The Netherlands is considering to empty the 800 MHz sub-band from high power/ high tower broadcasting networks, a definitive (political) decision still has to be made, taking into account all the consequences of such a decision, especially the consequences for the Dutch consumers. In The Netherlands more than 90 percent of the Dutch population has fixed broadband access, which includes a significant part of the population living in rural areas. Key question is what the benefits for Dutch consumers will be in terms of increasing the potential of

wireless broadband in addition to the fixed broadband use. In view of The Netherlands the aspect of consequences for the consumer benefits should be viewed and taken into account on both the European level as well as on the level of the individual Member States. In such an assessment a non mandatory approach, to be discussed within the Council, is in our view still the most appropriate approach, as it have been mentioned before in the Council Conclusions (dated 6 June 2008, 10333/08).

As is mentioned before, in principle the Netherlands has a positive attitude towards using the 800 MHz sub-band for a broader range of services. However some fundamental issues, fundamental in the Dutch circumstances, have to be solved and questions have to be answered which requires sufficient time for a conscious position.

With kind regards,



Marjolijn Sonnema
Director Telecommarket