Comparative Perspectives on Broadband Regulation and Access

Oct 18, 2023

Three Decades of Broadband Access Regulation
From competitive dynamics to post-modern hybrid markets

with Gérard POGOREL

Professor of Economics-Emeritus

Telecom Paris-Institut Polytechnique de Paris

CNRS Interdisciplinary Innovation Institute I3

1/ The Acess/infrastructure building paradigm

EU Member States approaches to NGA/ FTTx

- **France, Portugal and Spain: stimulating FTTH infrastructure-based competition (duct access as the main remedy under the significant market power (SMP) regime.**
- **Refrained from extensive access regulation of the incumbents' NGA networks.**
- **In France, the incumbent now faces strong competition from three major nationwide alternative operators investing in own FTTH networks**

- **Opposite: Germany and the Netherlands focus on promoting service-based competition through regulated access to the incumbent NGA networks.**

2/ The Market Failure fallacy and the elephant in the China shop: State Aid

- **Public funding of Infrastructure building:**

« Since 2010, there has also been a growing tendency by both the European Commission and European Union Member States to use public funds to extend or accelerate the deployment of broadband infrastructure, in particular through State Aid. »

- *Marc Bourreau, Richard Feasey, Ambre Nicolle. Assessing fifteen years of State Aid for broadband in the European Union: A quantitative analysis. Telecommunications Policy, 2020, 44, pp.101974 -10.1016/j.telpol.2020.101974 . hal-03492280*

The Joe Biden/Jake Sullivan Doctrine: the US join the fray

- *Remarks by National Security Advisor Jake Sullivan on Renewing American Economic Leadership at the Brookings Institution*

https://www.whitehouse.gov/briefing-room/speeches-remarks/2023/04/27/remarks-by-national-security-advisor-jake-sullivan-on-renewing-american-economic-leadership-at-the-brookings-institution

EU v US Market/Regulation models

- Average monthly cost internet service in Europe $ 44.71
compared to $68.38 in the United States
(New America's Open Technology Institute, 2020)

EU focus on:
- price to consumers
- competition in narrowly defined relevant markets

U.S: focus on investment funding in high-capacity networks and rural broadband (…higher tariffs)

- EU unsustainable vicious circle imposed on operators:
    - low rates/Low investments
    - high connectivity targets

3/ The technology complementarity issue

EU GIGABIT INFRASTRUCTURE ACT

- **Proposal for a**

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on measures to reduce the cost of deploying gigabit electronic communications networks, *amending Regulation (EU) 2015/2120* and repealing Directive 2014/61/EU (Gigabit Infrastructure Act)

Working document September 2023

- ***(3a) Blending space and terrestrial infrastructure is important for the connectivity roll-out***
- ***Recent technical progress has allowed satellite based communications constellations to emerge and gradually offer high-speed and low latency connectivity services, enable connectivity across the Union and around the globe, for citizens and business, including, but not limited to, providing access to affordable high-speed broadband that can help remove communication dead zones and increase cohesion across the Union, including its outermost regions, rural, remote and scarcely populated areas.***
- **(9) Measures aiming to make using public and private existing infrastructures more efficient and reduce costs and obstacles in carrying out new civil engineering works should contribute substantially to ensuring a fast and extensive deployment of very high capacity networks, *in particular in rural, remote or scarcely populated areas or in transport corridors.***

Technology neutralit/complementarity mix

Rome, September 26 2023

The research by The European House - Ambrosetti and EOLO

- [Fixed Wireless Access (FWA) technology as a driver for economic, digital and social inclusion]
-
- **The research by The European House - Ambrosetti and EOLO**
- **In Italy Combining FTTH and FWA for 15% of households (5.8 m)**
- **3 Bil € total savings on investments: 515€/household**

Fair Share?

- ETNO, EU telecom companies have invested more than €500 billion to allow this transformation, with ETNO companies having deployed almost 71% of network investment by 2019.
- Still, bigtech companies also report their investments in infrastructure. Over the last decade, big techs have collectively invested over US$880 billion in global digital infrastructure, including approximately US$120 billion a year from 2018 to 2021.

The new world of connectivity

Post-Modern Hybrid market structures

An expert system for wholesale access?

« decision tree » putting together the historical and international experience in a structured « expert system » way, allowing a heuristic application to country cases. Certainly imperfect, but 80% accurate would help a lot!

Thank you!

Gerard.pogorel@telecom-paris.fr©