Comparative Perspectives on Broadband Regulation and Access

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

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1/ The Access/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.
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. »

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

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


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

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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
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!

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