



Some Questions to introduce Session 3

Michel Huet
Senior Vice-President
International Public Affairs

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Session 3: International Regulatory
Climate

The EU NRF: deregulation or more regulation?



The intent is no more regulation when the market is showing that competition is working but:

- Is the high number of relevant market, the list of remedies, the process at NRA level going to really deliver that?
- Are NRAs really going to roll back regulation?
- Is the decentralised process going to really deliver enough harmonisation throughout Europe?

The EU NRF: a good thing for new services?



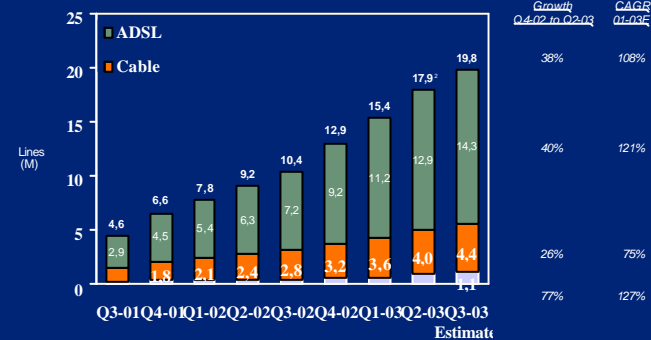
The intent is no regulation for new services but:

- Are NRA's going to micro-manage wholesale and retail broadband services (*full LLU, shared LLU, Bitstream access, IP wholesale access, IP retail access*) ?
- What about 3G voice services or voice over IP?
- What incentives for innovation and risk taking?
- Is service based competition sustainable or infrastructure based competition more beneficial for consumers and the overall economy?
- Is a NRF a tool to regulate old services based on old technologies and by process always 3 years

Broadband growth in the EU



Evolution of Total Broadband Lines¹ by Platform, EU, Q3-2001 – Q3 2003



¹ Includes leased lines in UK market. ² As opposed to 17.6 M broadband lines referred to by the Commission; difference of ~360,000 lines results from ~250,000 additional ADSL lines in Germany and 91,000 additional wholesale ADSL lines in Italy, according to RT participants' latest figures

Promoting innovative business models



- By the same token the regulation should not hinder the promotion/ valorisation of services and applications
 - Innovative bundles should be authorised
 - Markets and technologies are blurring regulatory categories: see long distance in the US or VOIP
 - Forbearance should prevail for new networks
- Neither should regulation prevent the creation of new viable business models: Yahoo Japan is on the verge of breaking even
- Nor encourage unsustainable business models based on regulatory arbitrage or subsidised access: i.e. any form of "business stealing"

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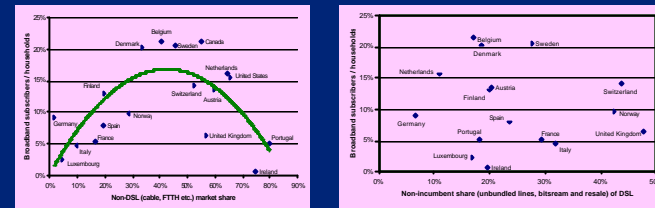
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Promoting innovative business models



As penetration driven by

...platform competition... ...but not bitstream access/resale



According to Dan Maldoom and Gregory Sidak,

Criterion Economics & Dot.econ study for the Brussels Round Table

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The EU NRF: a worldwide model?



- Is-it stable compared to actual US regulatory situation?
- Is-it creating an environment that will benefit a fast roll out of Broadband with really high speed connectivity as we can see in Korea and Japan?
- Is-it the right regulatory framework for
 - ✓ New accessing countries?
 - ✓ Developing countries?

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