



## Consultation on BEREC Strategy 2015-2017

### Response from the International Telecommunications Users Group (INTUG)

#### Introduction

INTUG is pleased to respond to the public consultation on BEREC's Strategy 2015-2017, following the excellent Stakeholder Forum in Brussels, in which INTUG was privileged to participate. This response was developed at an INTUG meeting in Copenhagen this week, and is structured around BEREC's three strategic priorities. INTUG believes this focuses attention on the most important issues, but makes some general points initially.

INTUG suggests the Strategy period might be extended to cover the five-year Commission period, to force the flexibility to accommodate radical change - the unknown unknowns.

The current Regulatory Framework was designed for use of communications services by people. The Framework Review should therefore take into account the increasing impact of significant use of communications services by objects and devices. These "things" have different capability, different needs, different resilience and different usage characteristics.

The strategy is naturally focused on the EU, and the work of the European Commission, BEREC itself and Member State NRAs, plus observer countries. It is essential, however, that active and effective co-operation and partnership is resourced and maintained with relevant international bodies, including ITU, OECD and similar organisations. The scope of NRA responsibility should also be reviewed, to consider if content should be included.

The current Regulatory Framework operates through transposition at national level by Member States, which assumes an industry structure of national service providers, albeit that many belong to multinational groups. Many business customers are not structured in this way, and would prefer to deal with truly pan-EU suppliers seamlessly. The strategy should consider how ex-ante regulation could address an industry structured in this way.

#### **1 PROMOTING COMPETITION AND INVESTMENT**

INTUG agrees that these objectives are complementary and not alternatives in conflict. Competition drives innovation, which drives demand, which drives investment, which enhances competition, thus creating a virtuous circle. Innovation is encouraged by ensuring service providers have open access to infrastructure, and are not constrained by exclusive deals or bottleneck resources. The strategy should seek promotion of service competition, whilst avoiding inefficient duplicated infrastructure investment. It is essential that there is effective transposition of last mile access regulation, leading to low pricing. Regulation therefore also needs to be extended to cover situations of joint dominance.

Whilst enabling innovation and investment in infrastructure supply is important, BEREC should also plan activities which focus on driving up demand via content and applications.

Business users need convergence of fixed and mobile communications services, ideally from integrated transport suppliers. Whilst vertical integration benefits are considerable, and should not be excluded, care must be taken to ensure such offers do not imply lock-in or limitation of choice for content, application or device. Convergence of services comes most effectively from converged suppliers, and fixed and mobile operators should be encouraged to extend their scope, whilst maintaining flexibility for independent supply.

Since ICT is an input to economic growth, it should not be the subject of taxation, which would create friction in the virtuous circle of investment. Frequency spectrum licence fees and “benefit in kind” taxes on technology supplied to employees are two examples of this.

## **2 PROMOTING THE INTERNAL MARKET**

The strategy is right to focus on enabling the development of the EU Single Market as a whole, and should do this by recognising that communications services are, to a large extent, a means to an end. ICT is responsible for half EU productivity growth and a quarter of GDP growth - roughly ten times that of the communications/ICT sector alone. Analysis of markets and the design of regulation should therefore be geared towards an impact analysis on the EU economy as a whole, not simply the communications market. Some industries, such as finance, are almost entirely dependent on the ICT ecosystem.

Removal of national barriers to on-line business processes is vital, including elimination of roaming charges (which should not be diluted or delayed beyond end 2015), consistency and reduction of mobile termination charges, similar actions on cross border leased lines and telephony, and consistency of spectrum allocation methods and charging for licensing. Long-term action is also needed to align data protection and privacy directives.

## **3 EMPOWERING AND PROTECTING END USERS**

INTUG welcomes the establishment of the new Relevant Market 4 for business services. Whilst the business market may be considered smaller than the mass consumer market for communications services, it represents a significant majority of the Digital Market.

The differentiating characteristics of the business market include

- special factors arising from multi site and cross border connectivity needs
- lack of regulatory protection arising from sub-national geographic deregulation
- dysfunctionality and lack of competition in international mobile services
- potential loopholes in the interpretation of the NGA Recommendation
- oversimplification of broadband definition using just headline downstream speed
- risks of anti-competitive service quality issues arising from traffic management

Promoting end user choice requires ease of switching suppliers of any component of the ecosystem without functional or financial penalty for the remainder. This is true for all such situations, whether fixed networks, mobile operators, or content or application suppliers. INTUG believes the strategy needs to consider what regulation is necessary to protect users of cloud services from potential loss of historical or current content or application.



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### **About INTUG**

The International Telecommunications Users Group (INTUG) represents the interests of business users of telecommunications globally. These include some of the world's largest financial institutions, car manufacturers, pharmaceutical companies, fast moving consumer goods enterprises, and retail and distribution companies. They also include small and medium enterprises, who are increasingly dependent on telecommunications services.

The INTUG community includes user groups in many large European countries, including Belgium, Denmark, France, Germany, Spain, Netherlands, Norway, Sweden, Switzerland and the UK. These represent public and private business customers of communications service providers. INTUG is established in Belgium, governed by an elected Board.

INTUG was established in 1974, and has links throughout the world, in countries as diverse as Algeria, Australia, New Zealand, Hong Kong, India, Indonesia, Mexico and South Africa. INTUG has a Memorandum of Understanding with the Commonwealth Telecommunications Organisation (CTO).

INTUG has permanent observer status at the ITU, guest status in APECTel and CITELE, and is an expert group within the OECD/CISP.

INTUG engages actively with the European Commission and Members of the European Parliament, and has made submissions to many EU regulatory consultations and events.

### **Confidentiality**

Nothing in this document is confidential. The contents may be considered as in the public domain, and available for distribution. They are based on regular consultation by INTUG with its member associations, and their members, on draft documents prior to submission.

### **Contact**

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