

15 June, Brussels

Ladies and Gentlemen, good morning,

It's a great pleasure for me to be here, and a great pleasure to represent BEREC – the Body of European Regulators for Electronic Communications - on behalf of Fatima Barros, the BEREC Chair in 2015, who unfortunately couldn't join us today.

It is for the 10th time that all important stakeholders, are gathering for this conference, in Brussels, the heart of Europe, to discuss major challenges in spectrum management.

BEREC, as you know, brings together national regulators from 28 EU Member States and 9 countries with observer status, working together on the development and sharing regulatory best practices. BEREC is committed to ensuring independent, consistent, and high-quality application of the European regulatory framework for electronic communications for the benefit of Europe and its citizens. BEREC's strategic objectives are compatible with the policy objectives and regulatory principles defined in Article 8 of the Framework Directive, namely:

- Promoting competition
- Contributing to the development of the internal market, and
- Promoting the interests of EU citizens.

To make it clear from the beginning: **spectrum is not a core competence of BEREC** and the responsibilities of BEREC members in the spectrum area differ from Member State to Member State. Some of the members have full responsibility for all spectrum, others are only responsible for spectrum underlying electronic communications services, and some do not have this competence at all. In general,

many of the members in BEREC hold the competence on competition issues and awards of spectrum for electronic communications services.

The use of spectrum is however crucial to many of the networks and services which NRAs regulate. Access to radio spectrum is essential for the development of the market and innovative products and services.

We can observe growing demand for specific bands, as new services are developed and launched.

Because radio spectrum is a finite (although reusable) resource, **efficient management is a very important task of the regulators.** It is vital for proper **functioning of competition** and the achievement of the goals set out in the Digital Agenda 2020. Therefore radio spectrum **remains an important part of BEREC's** work and BEREC **maintains close relations** with relevant parties working on this subject matter.

In 2015, BEREC has a workstream regarding facilitation of access to radio spectrum and it will continue to work closely with the Radio Spectrum Policy Group in this area.

One of our major tasks is to **advise and assist the European Commission in the development of the internal market** as we have been doing recently in the areas like roaming or net neutrality discussed in the context of the connected continent regulation. We also serve as the body for reflection, debate and advise for the European Parliament, the Commission and the European Council in the field of electronic communications. So let's reflect together!

I believe you will all agree with me that in order to develop and succeed we need to innovate. Because it is innovation that makes the difference between leaders and followers.

Steve Jobs, one of the most charismatic figures in the IT world, always opposed the approach to give the clients everything they wanted. He was rather focused on finding out what the clients will want before they even realize it. To follow Job's path – our task is to predict the unpredictable. And our task as regulators in BEREC is to observe market trends and to look ahead.

What are some of those trends then?

We are all aware of the fact that network **traffic will significantly** grow over the next few years. The global traffic in fixed and mobile networks will reach **1.6 zettabytes in 2018**.

Digital revolution is changing people's life and has a tremendous impact on almost every sector of the economy. Those changes are intrinsically linked to the need for high speed Internet access.

This means not only fixed access, but also a growing demand for high-speed mobile Internet access.

We need to realize that effective spectrum management is crucial for the development of new services and information society.

Let me share with you one of BEREC's on-going projects which looks at the future of electronic communications during the next five years. This exercise, to be finalized soon, captures main technological, economic, societal and business trends that will have a visible impact, up to 2020, on the electronic communications markets. Such an overview of main challenges and trends for the next 5 years will serve as food for thought for BEREC. It will help us to assess the impact of these trends on the electronic communications market and, in particular, on the regulation of that market. We must try to understand how the world will change and what the role of regulators will be in the new ecosystem to be able to design together optimal measures.

BEREC agrees that Europe must continue to move forward and not fall behind. It must reform in order to adapt to changing times, ensuring the optimal conditions for its economy and ultimately for its citizens. **BEREC has been always supportive of the Commission's wider objectives** of improving the operation of the digital single market. **Universal access to connectivity** is crucial because Europe's economic growth largely depends on it.

And here is where spectrum comes with its vital importance for connectivity.

As you all know radio spectrum is a finite and reusable resource in high demand, and the devices that use it can easily cross borders. **This is why there are calls for more harmonisation in this area.** According to the Commission's assessment in the DSM proposal national spectrum management results in widely varying conditions, e.g. different licence durations or coverage requirements, creating barriers to entry and reducing competition and predictability for investors across Europe.

Significant changes in European spectrum management were proposed by the Commission in the TSM package - now the proposal that radio spectrum should be managed under a more harmonised framework in Europe is to be explored again in the forthcoming review of the telecoms rules.

BEREC has a wealth of experience on how the Commission harmonisation measures and supervision processes work in practice, and, as mentioned before, many of its members are also spectrum authorities. On this basis, **BEREC took the opportunity to comment** on some of the earlier proposals within the TSM package.

First, BEREC shared the Commission's concerns with the (low) speed at which 4G frequencies have been made available in Europe. But it

also noted the Commission's reluctance to use powers to enforce the (binding) RSPD decision (which required those frequencies to be released by end 2012).

Second, BEREC was sceptical about the proposed "Article 7 for spectrum" procedure. While understanding the Commission's desire for better quality auction design this bureaucratic and complex procedure in the opinion of BEREC would delay, rather than accelerate, the release of spectrum. In addition, the article 7 procedure was conceived to assess market analyses, i.e. technical regulatory decisions. In contrast, spectrum auction plans are of a political nature (as they lead to the sale of rights of use of national assets) and cannot properly be assessed by such a technical procedure.

Third, the proposal to synchronise spectrum assignment procedures, to enable operators to bid for spectrum in all/many Member States at once, was assessed as potentially ineffective. It could actually make it harder for operators to participate in several spectrum auctions at once, given the capital and resource commitment involved. And it could also have the effect of giving large operators a competitive advantage.

Instead, BEREC expressed the view that the proposed harmonisation objectives could be more effectively achieved by less intrusive, more focused and proportionate means within the current institutional set-up. **Consideration should be given to the possibility of developing best practices around auction design** (including around terms such as licence duration and conditions for spectrum sharing), within the existing framework. BEREC has extensive experience of developing best practices and would be available to provide any support or assistance in this regard.

I want to mention in this context a highly successful workshop on auction lessons learnt from 20 years of spectrum awards and challenges ahead that was held jointly by BEREC and RSPG last year. The workshop was a much appreciated event and was a response to a demand for more European harmonization in spectrum awards processes. This is a great way to learn from each other and draw from other NRA's experiences when it comes to awards.

BEREC appreciates the Commission's efforts to pave the way for effective development of networks and services based on scarce spectrum resources. Many countries in Europe have already assigned or are finalising the assignment process of frequencies available under the first digital dividend in the 800 MHz band (790-862 MHz).

The next frequency band which is currently subject to intense regulatory and technical work, is the UHF band (470-790 MHz).

Some European countries have already taken a decision to allocate the 700 MHz band for LTE systems, with Finland, the UK, France and Germany among them. However, most members on the EU eastern border will have to coordinate the usage of the 700 MHz band for LTE with their neighbours: Russia, Belarus and Ukraine who use it for aeronautical radio navigation systems. In brief, the same story as earlier with the 800 MHz band.

Ladies and gentlemen,
our future is universal mobile access to high-speed broadband. Our economy depends on connectivity and connectivity depends on spectrum. If we want to boost the European digital economy, if we want e-health, e-education and cloud computing services, if we dream about smart cities and interactivity, if we want rich audiovisual services and so on, we need to focus on the deployment and take-up of fast and ultra-fast broadband. We must be visionaries, correctly read market trends and anticipate the consumers' needs. But first,

we should focus on preparing and shaping appropriate environment for that. **BEREC is committed and open to this process.**

Thank you so much!

Check against delivery