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ERG Statement on the development of NGN Access

The ERG in its plenary meeting held in Budapest on the 4th and 5th of December 2008 has discussed the progress of the deployment of Next Generation Networks Access networks in Europe.

The ERG notes that the rapid deployment of ultra wide band infrastructures represents a key enabler for a sustainable economic and social growth. Investments in NGN infrastructure show positive externalities, high-speed Internet connections support innovation in products and services and allow European citizens to participate in the knowledge-based information society.

The ERG notes that the recent European Commission Communication “A European Economic Recovery Plan” COM(2008)800 has identified in the investments in the development of a high speed broadband infrastructure one of the key elements of the recovery plan to the current financial and economic crisis.

The ERG shares the Commission view that the long term aim is to have a broadband connection reaching each European home. To upgrade the existing European networks to next generation fiber based networks, a multibillion euro investment will be needed. In addition to fiber deployment wireless broadband access is key to accelerate the deployment.

The ERG recognises that in some specific cases in order to finance the roll-out of next generation networks private investments may be complemented by public financing. The ERG is however of the opinion that market forces and private investments should remain the main driving force of the deployment of broadband networks. Public support might be required to extend the coverage in areas where adequate return on investment cannot be guaranteed in a reasonable time. In all other areas public policies should concentrate on how to create a favourable environment for attracting private investments.

In the current difficult economic circumstances, the ERG still believes that the European regulatory framework remains fit for purpose. In applying the framework National Regulators can recognise a premium for high risk investments. In ERG view National Regulators can stimulate infrastructure-based competition by applying the ladder of investment concept and in setting a consistent access policy.

Opening bottleneck facilities and sharing cost of civil infrastructures is an essential element to lower entry costs and facilitate investment decisions by alternative operators. Built-and-cost sharing agreements under the conditions of fair and non-discriminatory third party access conditions should be incentivised. Planning investments in NGN access requires stability and predictability of the regulatory environment.

The ERG welcomes all policy initiatives by National and local governments deemed at simplifying the authorisation regime and lowering the costs of civil works necessary to roll out fiber networks. The ERG welcomes as well the plans to free additional spectrum for wireless broadband networks.

In spite of proactive regulatory policies, ERG is well aware that outside high populated areas there might still be insufficient return from capital invested in NGN networks. National and local governments might be willing to invest in basic broadband infrastructure or to support the demand for innovative services. In low density areas NGN development could benefit from risk sharing agreements and private public partnerships. National Regulatory Authorities, within the limits of their remit, should exercise competencies in contributing to make sure that public investment is utilised to maximum benefit of citizens and no distortion to competition arises from public intervention.

The ERG's view is that Next Generation Networks should be open, standardized and interoperable. Where public finance is involved this must be a prerequisite.

The members of the ERG have agreed to continue to exchange information on national NGN projects and to intensify the discussion to improve the mutual understanding on market dynamics and the scope for regulatory intervention. The ERG also agreed to contribute to the debate on the interrelation between public policies in support of NGN roll out while maintaining a competitive open market.