



ERG Consultation documents on the update of Broadband market competition and Country case studies

Comments by BT Group plc

BT notes that the UK is not one of the countries chosen for a detailed country case study and therefore does not have any comments on the data.

BT does not wish to comment on the extent to which the Ladder of Investment hypothesis is, or is not, supported by the data presented, but would like to reinforce the ERG comments on page 34 concerning the need for NRAs to analyse and give particular attention to the adequacy of regulatory arrangements/remedies for B2B service suppliers faced with access providers possessing significant market power.

It is well known that Europe has fallen behind the USA in terms of productivity improvements over the last few years; and that much of this deficit is due to poor uptake of and investment in ICT by businesses. Competitive supply of B2B ICT services in the EU is a critical requirement if the Lisbon goals are to be met.

As the ERG paper notes, LLU is not likely to be a suitable remedy for B2B service suppliers. Even in densely populated areas, such suppliers are unlikely to have the number of customers needed to justify investment in LLU and associated DSLAMs/backhaul at any single location. Non-discriminatory, technologically neutral, wholesale bitstream and partial private circuit offers will remain important for B2B service suppliers in all geographies where a player has significant market power. And any assessment of market power should look at the needs of the business market separately from that of the residential market. It is notable that the tables of analysis in the paper either refer to households or to broadband users and include no information on the separate markets of B2B and B2C. The geographical dimension will need to be assessed on a suitably granular basis to ensure that competitive supply is available throughout any area proposed for deregulation.

BT also agrees that “fit for purpose” migration and other quality arrangements are essential for this market sector.

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