



GSM Europe

The European interest group of the GSM Association

<http://gsmeurope.gsmworld.com>

“Conditions for success of 3G”

GSM Europe suggestions to the EU Summit in Barcelona

Summary / suggested actions

GSM Europe welcomes the EU spring summit and especially the discussions on the eEurope action plan as these together provide an excellent opportunity for the Commission and Council to show its support for the successful migration from 2G to 3G services in Europe. However, the combination of downturn of financial markets and other mobile industry specific factors –such as the high costs of 3G licences in some Member states– have placed the rapid deployment of 3G at risk. In order to improve the investment climate National governments and the European Commission should consider the following actions;

- Giving a strong political commitment from the Commission and the Member States to **keep regulation to a minimum**, in particular avoiding ex-ante regulatory measures on newly emerging 3G products and services. Continuing success of 2G is of paramount importance for the successful migration to 3G;
- Encouraging the continued **review of existing license conditions** in light of the current situation (delivery of UMTS equipment and handsets, financial downturn etc.) such as the extension of UMTS license duration across the EU. This will boost the necessary confidence in 3G to enable operators to bring the foreseen mobile broadband services to the European citizens. The EU as such could regain its competitive advantage in the field of mobile communications;
- **Enhancing applicable health and environmental policy** in order to secure timely deployment of 3G networks and services by:
 - o supporting UMTS facility sharing when technically appropriate and in accordance with license terms and competition law;
 - o ensuring co-operation of local authorities on the construction and deployment of antennas in order to secure timely roll-out of 3G networks; Planning policy should not be further restricted with further regulation, delaying 3G roll-out;
 - o reaffirming Council Recommendation 1999/519/EC on radiowave emissions;
 - o developing a common and coherent approach on site/antenna licensing.
- Encouraging member states to launch early discussions on the most appropriate conditions under which **spectrum trading** could be implemented.

We welcome the Commission's willingness to take action on 3G following the position taken in its *Communication on the Introduction of Third Generation Mobile Communication*. The support for UMTS in the Stockholm conclusions and the adoption of the telecom Package represent encouraging steps in the right direction. However, GSM Europe believes that these need to be translated into appropriate action in order to help restore the confidence necessary for the high risk investments required for the developments of 3G services. EU and national institutions will need to go forward with a series of actions in particular focusing on the following areas:

Intervention by NRA's

Contrary to the deregulatory approach in the newly adopted telecom package NRAs in many member states are even now increasing regulatory intervention. GSM Europe believes that regulatory intervention should be focused only on markets where a durable lack of effective competition leads to abuse of dominance.

However many NRAs intervene even in competitive markets. Furthermore, NRA intervention lacks in many cases a thorough analysis of the relevant market, a cost-benefit analysis of regulatory intervention and an analysis of possible less intrusive measures.

In other words this increase of regulatory intervention is not appropriate and endangers Europe's mobile sector. The future success of mobile development from 2G services to 3G needs a favourable regulatory environment, avoiding ex-ante regulatory attention, affecting the deployment of new emerging 3G markets.

Licensing procedures and conditions

Un-harmonised license award procedures (auctions and competitive bidding) together with different license conditions/obligations across the Community give serious rise to concern in relation to the development of a single European telecommunications market.

While it is too late to address all the differences that have occurred in the 3G licensing procedures, Member States should acknowledge that for future licensing procedures more co-ordination is of the utmost importance.

Uneven licence conditions across Europe may lead to varying investment incentives in national markets and may eventually give rise to some discrepancy with respect to the levels of mobile service developments, disadvantaging investors in new mobile services and consumers.

The delay in deployment of UMTS caused by the non-availability of handsets and network elements due to the difficulties in affording relevant 3G investments requires a supportive approach of Member States regarding the duration of the license conditions. As a general rule the license duration across the EU should, according to GSM Europe, be extended and harmonised. The Barcelona summit should encourage Member States to extend the duration of UMTS licenses in the EU and arrange for the possibility of renewal. This would help 3G operators to secure investments with long term prospects.

Furthermore, delays in the provision of 3G equipment should allow for a grace period for date of launch obligations contained in many licenses.

Spectrum trading

Member States do not have in place a market for secondary trading of spectrum. Following the agreement on provisions in favour of spectrum trading in the new regulatory framework, Member States should launch early reflection on the conditions for the introduction of secondary trading of spectrum between licensed operators, in order to improve efficient use of this resource.

Health and environment policy

Mobile operators are facing increasing difficulties in the installation of the antennas necessary for the deployment of 2G and now 3G networks due to public concern about the alleged health impact of radio signals and other environmental concerns.

GSM Europe recognizes that public fears need to be addressed as a matter of principle and, accordingly, announced in November 2001 a set of 'good practice' recommendations to better address public concerns about base stations. GSM Europe has taken this initiative to ensure the right balance is struck between enabling development and access to mobile services in Europe and enable operators to voluntarily address the community issues presented by the implementation of additional network infrastructure for 2G and 3G services.

These public fears, however unsubstantiated, have led the national and local authorities of some Member States to apply, as a "precautionary" measure, restrictions on site licensing.

GSM Europe notes that these 'precautionary' actions are generally not consistent with the European Commission *Communication on the Precautionary Principle* (February 2000). In this context, it would be helpful if the Community were to reaffirm Council Recommendation 1999/519/EC, which specified the exposure guidelines, developed by the ICNIRP, a WHO expert advisory group.

Conclusion

Recent developments, both economic and regulatory, have cast doubts over the EU mobile industry as set against the enormous financial commitments made by operators in the purchase of 3G licenses and network roll-out.

In order to address the negative perceptions setting in across the European mobile sector and in order to maintain the leadership that Europe has over its global competitors GSM Europe urges the heads of state and the Commission to include the above mentioned actions in their conclusions of the Barcelona summit.

GSM Europe would like to invite the Commissioner for Information Society to co-host with us a CEO Roundtable discussion on the range of policy issues affecting Europe's prospects in mobile communications as outlined above. The Roundtable should examine and make recommendations on these issues. The Roundtable should also examine the role of mobile communications in achieving the European Union 'eEurope' objectives, in support of the Vitoria conclusions.

GSM Europe, 26 February 2002