



Europe

GSMA Response to the European Commission Consultation on the Pascal Lamy Report

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About the GSMA

The GSMA represents the interests of mobile operators worldwide, uniting nearly 800 operators with more than 250 companies in the broader mobile ecosystem, including handset and device makers, software companies, equipment providers and Internet companies, as well as organisations in adjacent industry sectors. The GSMA also produces industry-leading events such as Mobile World Congress, Mobile World Congress Shanghai and the Mobile 360 Series conferences.

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Executive Summary

The GSMA would like to thank the European Commission for allowing us the opportunity to provide input on the Pascal Lamy Report on the Ultra-High Frequency Band. The GSMA's overall view is that the draft opinion paper contains some positive elements; however, certain recommendations could harm innovation and risk the ability of Member States to deliver affordable and ubiquitous mobile broadband access.

In response to specific recommendations in the report, the GSMA's position is that:

- 1. Making the 700MHz band available for mobile broadband by 2020 is positive, but greater flexibility needs to be provided to meet Member States' requests for earlier release.**
- 2. Recommending an early review of the sub-700MHz band (470-694 MHz), no later than 2020, instead of 2025 is essential to ensure that Europe can respond to the rapidly evolving mobile and media markets.**
- 3. Supporting a co-primary mobile allocation in the sub-700MHz band at WRC-15, including two-way mobile broadband, giving Member States full flexibility for national decision.**

The GSMA's position is chiefly based on the following premises:

1. The trend in media consumption is moving gradually away from linear broadcasting and towards broadband-based, on-demand viewing. Member States should have the option to gradually shift their spectrum resources from broadcast to broadband.
2. Mobile data consumption is rapidly growing and research shows significantly more mobile spectrum will be required as a result.
3. Research shows that using the digital dividend for mobile broadband services provides significant economic benefits, which diminish the longer, that access to the spectrum is delayed.
4. UHF spectrum has unique benefits that cannot be provided by higher frequency bands. Its propagation qualities make it an essential means of providing rural and in-building coverage, thus it is central to achieving the Digital Agenda objective for universal and ubiquitous high-speed broadband access (i.e. 30Mbit/s for all EU citizens).
5. Reliance on terrestrial broadcast TV varies significantly throughout Europe so Member States should be given the flexibility to decide on the sub-700MHz. This implies the timely study, adoption and dissemination of an EU harmonized approach to co-existence between mobile and terrestrial broadcasting services, including but not limited to mobile supplemental downlink.

Introduction

The GSMA would like to highlight that the mobile industry is playing a central role in supporting economic activity and recovery in the region, contributing 3.1% to Europe's gross domestic product (GDP) in 2013, equivalent to €430 billion. This figure will increase to nearly €500 billion by 2020. In addition, mobile operators and the ecosystem jointly employed 1.8 million people.¹ These numbers capture the direct, indirect and productivity impact of the mobile industry as a whole, but do not include much of the substantial positive social impact of mobile services. These include the role of mobile services in helping to modernise access to public services such as the health system, and the development of new products in a range of markets including transport and energy.

In 2013, the economic value of mobile in the EU was €269 billion compared with €48 billion for

¹ GSMA Mobile Economy Report Europe (2014)

terrestrial TV and radio broadcast.² To put that in perspective, the amount the mobile industry paid in tax in 2012 (€53 billion) was greater than all terrestrial TV and radio broadcast revenues in 2013. Crucially the value of mobile is rapidly rising – it will be worth €477 billion in 2023 (up 77% from 2013) – whereas the value of terrestrial broadcast is falling – it will be worth €25 billion in 2023 (about half the size it was in 2013).

The significant economic value mobile services provide is reliant on timely access to sufficient spectrum – and specifically UHF ‘digital dividend’ spectrum. For example, the 800MHz digital dividend is expected to generate up to €119B of incremental GDP over the period 2012-2020, producing €23B of additional tax revenues and supporting up to 156,000 new jobs across the region.³ The indications are that the 700MHz band would also have a strong impact with the UK regulator Ofcom estimating its value, if made available for mobile broadband, to be worth €1.1bn-€1.7bn (or £900m-£1.3bn) in the UK alone⁴.

However, delays to making digital dividend spectrum available for mobile broadband can be significant. For example, the economic benefits of the 800MHz band are substantially smaller if a number of countries delay releasing it until 2017 - the overall GDP benefit in 2020 would be reduced by €16B and the number of new jobs would fall by 67,000.⁵

GSMA Response

1. Making the 700MHz band available for mobile broadband is positive, but greater flexibility needs to be provided to meet Member States’ requests for earlier release.

The GSMA welcomes the conclusion of the Lamy report to make the 700MHz band available for mobile broadband by 2020. Although the report does allow for some flexibility with plus or minus two years, more is needed especially given numerous Member States are considering much earlier use of the band for mobile services. Sweden and Finland have announced their intention to use the 700MHz band for mobile broadband by 2017, France recently expressed a desire to auction the band by 2015 and Germany will auction the band end of May 2015.

The GSMA believes it is essential that Member States have flexibility to move sooner – preferably between 2018 and 2020 and potentially earlier – to respond to the sustained growth in mobile data traffic and the dramatic change in the way citizens across Europe are watching news and entertainment content, relying more and more on the Internet to access programming. Such an effort is especially important to meet the Digital Agenda objective of universal and ubiquitous high-speed broadband access (i.e. 30Mbit/s for all EU citizens). Moreover, the delays that occurred in the release of the 800MHz band can be avoided if there is a clear roadmap detailing the different actions required to minimise the transition time for the change of use, as well as clear conditions and obligations related to the use of this new band by mobile operators by the time the auction is held. The European commission, alongside the Member States, should be able to play a role in harmonising the date for the release of the 700MHz band across Europe.

Europe has been hampered by slow 4G rollouts, largely due to the delayed release of the 800MHz band, while 4G markets in Asia and North America have flourished. If Europe is to regain its place at the forefront of leading broadband regions, delays in allowing access to vital coverage spectrum must not be repeated.

2. Recommending an early review of the sub-700MHz band, no later than 2020, instead of 2025 is essential to ensure that Europe can respond to the rapidly evolving mobile and media markets.

² Plum Consulting: ‘Valuing the use of spectrum in the EU’ (2013)

³ GSMA Mobile Economy Report Europe (2013)

⁴ Ofcom ‘Consultation on future use of the 700 MHz band’ (May, 2014)

⁵ GSMA Mobile Economy Report (2013)

The GSMA believes that the “flexibility option” proposed by Mr. Lamy, which would potentially allow some mobile downlink connectivity in traditional broadcast spectrum, merits additional analysis. We therefore support the call for timely study of an EU harmonized approach to co-existence between mobile supplemental downlink and terrestrial broadcasting below 694 MHz, acknowledging that supplemental downlink could reduce the risk of interference and facilitate coexistence in countries and border regions where DTT continues to make use of spectrum below 694 MHz. However, in our opinion the EU should not close the door to the option of using two-way mobile broadband in this band, either limited geographically to some countries or regions, or introduced across the EU in a harmonized way. The US is planning to combine supplemental downlink and FDD in the lower UHF band, with the exact details to be known after the incentive auction scheduled for 2016. It should not be excluded that a global ecosystem emerges which incorporates two-way broadband use in the 600 MHz band.

We urge the European Commission to monitor closely global and EU-wide developments both on the supply and demand side, and change the date of the review process for the sub-700MHz band to no later than 2020. An earlier review would allow the EU to take stock of global developments, and would grant some Member States the ability to meet the needs of their own rapidly evolving media and mobile communications markets, closing the gap with North America and Asia.

3. Supporting a co-primary mobile allocation in the sub-700MHz band at WRC-15 including, two-way mobile broadband to give Member States full flexibility for national decision.

At a time when the media and broadband markets are undergoing such rapid change as a result of the internet revolution, it is essential that the European regulatory environment has greater flexibility to react. Such flexibility will be essential in the sub-700MHz band given the differing levels of reliance on terrestrial broadcast, satellite, cable and IPTV around Europe. This variation means there is unlikely to be a single ‘one-size-fits-all’ solution. The GSMA believes that by ensuring that terrestrial broadcasting and the mobile service share a co-primary allocation in the sub-700MHz band at WRC-15, Europe will have the flexibility needed to support the right regulatory balance, rather than being constrained by the current situation.

The report’s recommendation that Member States should have the flexibility to use the sub-700MHz band for mobile broadband – albeit for downlink only – is a step in the right direction. However, the report dismisses a combined uplink/downlink use case. Doubtless the situation in the sub-700MHz band is more complex than the 800MHz band, but such a challenge is one that the GSMA believes the European Commission should engage in rather than avoid. The goal of delivering maximum flexibility for Member States so they can find the best solution for supporting the internet revolution as well as broadcasting is too important to the European economy to be sidestepped.

As such, we encourage the European Commission to take a positive approach to this challenge by supporting this option and urging dialogue and cooperation rather than closing the door to such developments and risk re-opening this topic when new solutions emerge. The GSMA proposes that some analysis on convergence between mobile broadband and broadcast in the sub-700MHz band be conducted under the remit of the existing EU research projects on 5G. The resulting roadmap should give certainty to broadcasters, mobile operators, and consumers, as well as maintain access to high quality mobile broadband services and nurture an innovative mobile environment. The absence of a mobile allocation at WRC-15 will hold back the evolution, and reach, of broadband services, especially in rural areas, as well as restrain economic growth and technology innovation.

Key reasons to support greater flexibility in sub-700MHz

The GSMA would like to take this opportunity to re-iterate three key reasons why greater flexibility is required to allow regulators to support mobile broadband and broadcast services in the band. These key factors have not been fully considered in the report.

1. Reliance on terrestrial broadcast TV varies significantly throughout Europe so Member States should be given the freedom to make decisions based on their national circumstances.

Terrestrial broadcasting plays a vital role in Europe and represents the most common way for EU citizens to watch broadcast television services. However, this reality disguises a more complex situation that is often overlooked, resulting in some Member States finding themselves in a position where their spectrum options are being dictated by others.

The use of terrestrial TV services varies enormously between Member States with some countries having a DTT penetration of 4% and others reaching almost 90%⁶. As a result, some Member States understandably place enormous importance on the economic and social importance of terrestrial TV spectrum, while others should justifiably be allowed the flexibility to explore other options.

Even in those countries where terrestrial TV viewing is high, the bulk of the 'public value' comes from a small number of channels that require a relatively small amount of spectrum. For example, in the UK and Spain, only seven channels in each market have a viewer share above 5% and beyond the 20th TV channel, market share drops below 1%. In the same vein, in France, out of 28 DTT channels, only 8 have a market share above 3%, and 14 have a market share below 1%⁷.

Given, most people do not use terrestrial TV in Europe, and there are only five EU countries where the majority of people use DTT (accounting for ~25% of EU TV households). Therefore, Member States should have the option to use some, or all, of the sub-700MHz band for other services. This argument is especially strong given demand for terrestrial broadcast TV is falling in Europe (10% since 2011).⁸

2. The trend in audio-visual consumption is moving gradually away from linear broadcast and towards broadband-based, on-demand viewing. Member States should have the option to gradually shift their spectrum resources from broadcast to broadband.

While terrestrial broadcast services are expected to play an important role in future, it is undeniable that a dramatic change is taking place regarding how people consume media content. Earlier this year, Ericsson Media Vision released research predicting that by 2020 half of all media consumption will be on-demand in Western Europe.⁹ This being driven by a generational change in viewing habits with Ofcom revealing that the younger generation is watching only half the amount of TV as adults.¹⁰

It is also notable that future mobile broadband networks could potentially support broadcast services through convergence. The GSMA would encourage nurturing a regulatory environment which, at the very minimum, avoids constraining the possibility of these developments.

In parallel, Member States should encourage an efficient use of this valuable spectrum by generating the appropriate incentives for broadcasters to voluntarily migrate to more efficient technologies and standards that require less spectrum, and potentially share with other services at least part of the efficiency gains.

3. Mobile data consumption is rapidly growing and research shows significantly more mobile spectrum will be required as a result – this must include sub-1GHz coverage spectrum.

⁶ Eurobarometer 414. March 2014

⁷ Consultation publique sur le transfert, en métropole, des fréquences de la bande 700 MHz à d'autres services que celui de la radiodiffusion et les évolutions du paysage télévisuel hertzien terrestre métropolitain
Conseil Supérieur de l'Audiovisuel. p.23-24

⁸ According to the EC Special Eurobarometer: e-Communications Household Survey March 2014 (p59) terrestrial broadcast made up 53% of EU TV owning households in Feb/Mar 2011 (ie. 23% analogue + 30% DTT) and fell to 43% in Jan 2014 (ie. 6% analogue + 37% DTT)

⁹ [Ericsson Media Vision 2020 report \(2014\)](#)

¹⁰ [Ofcom Digital Day 2014 Survey](#)

The fact that global mobile data traffic grew 45-fold from 2007-2013¹¹ has defied all expectations. This is perhaps unsurprising given the rate of mobile data growth has continually been underappreciated. In 2010, mobile data traffic was five times greater than some of the estimates made in an ITU report from 2005, and had already exceeded some estimates made for 2020.¹² Numerous reports, from the ITU, the GSMA, and others, provide overwhelming evidence that significant additional mobile spectrum will be required by 2020.

It is essential that the new mobile spectrum comprises a mixture of coverage (i.e. below 1GHz) and capacity (i.e. above 1GHz) bands. If mobile operators are restricted to capacity spectrum then the cost of mobile networks would increase and could still fail to provide good in-building and rural coverage. As such, the bands below 1GHz are an essential means of delivering good value, high quality mobile services and therefore meeting the Digital Agenda objective for universal high-speed broadband access.

It is also important to consider that mobile operators invest significantly in using their spectrum as efficiently as possible. This includes constantly breaking the barriers of spectrum efficiency through new radio technologies (e.g. in 15 years operator have gone from 2G to 4G and research has begun on 5G) and new network architectures (e.g. small cells). Furthermore, where permitted mobile operators refarm frequency bands so they can support the latest technologies (e.g. the 1800MHz band that was used for 2G is now the world's most popular 4G band).

¹¹ Based on Cisco's proven historic traffic statistics – not tentative future traffic predictions – in its VNI reports

¹² See ITU report 'ITU-R M.2243'