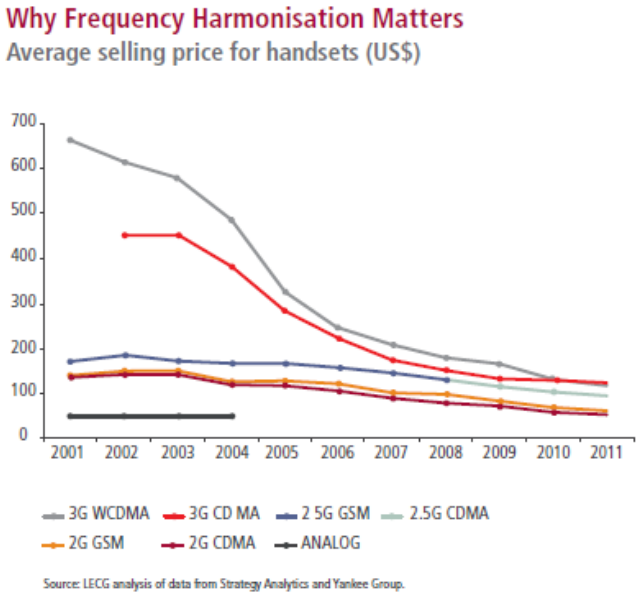
GSM Association response to the Ministry of Transport, Posts and Telecommunications of Slovakia's consultation on the digital dividend May 2010

Introduction

The GSMA welcomes the opportunity to respond to the consultation on the Digital Dividend issued by the Ministry of Transport, Posts and Telecommunications of Slovakia. The GSMA believes that the digital dividend spectrum which will be released by the digital switchover has the facility to enable new and innovative communications products and services for the benefit of Slovakian citizens, in particular enhanced mobile broadband services and Internet connectivity throughout the country.

The importance of harmonisation within Europe

Harmonisation of frequencies within Europe will reduce cross-border interference, enable people to use their devices when travelling outside their home country and, most importantly, enable equipment manufacturers to realise economies of scale. Maximising economies of scale will lower the cost of deploying mobile networks and lower the prices that consumers pay for mobile devices. GSMA studies have shown that spectrum fragmentation can significantly increase the costs of ownership to consumers.



The GSMA believes strongly in the merits of a coordinated approach to the digital dividend between EU Member States; the benefits of having a band available for mobile that is

compatible with the rest of Europe far outweigh the anticipated costs of migrating other services such as broadcasting out of the 790-862MHz band.

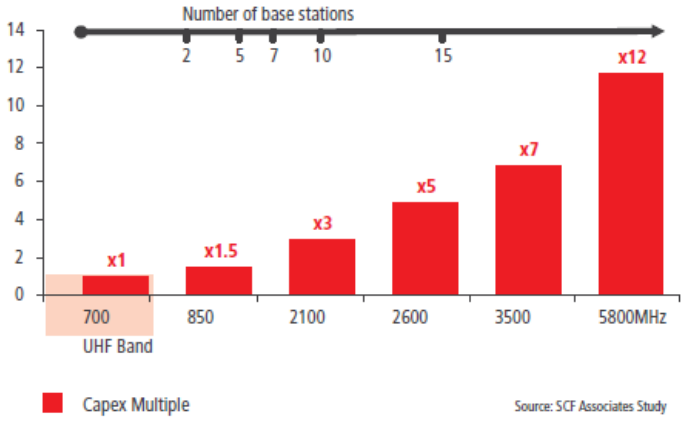
Due to its location within Europe and the proximity of its major conurbations to those of its neighbouring countries (for example, the proximity of Bratislava to Vienna) it is particularly important that Slovakia should adopt a harmonised approach, especially in light of Austria's recent decision to allocate 790-862MHz to mobile. By conforming to the CEPT band plan, Slovakia would not only minimise potential cross-border interference issues but prevent the need for valuable spectrum to be set aside for the non-productive purpose of guard bands.

Bridging the digital divide

In recent years, citizens in the wealthier urban parts of Slovakia have benefited from the rapid development of fixed and mobile broadband infrastructure. However, rural areas are still lagging far behind, and the current aggregated broadband penetration rate of approximately 14%[1] in Slovakia is well below the EU target rate for average broadband penetration in Member States of 30% during 2010.

Allocating digital dividend spectrum to mobile will allow mobile broadband to reach its full potential as a viable alternative to fixed broadband for many consumers, and to serve consumer needs in rural areas of the country. This is because, being in the UHF range, digital dividend spectrum has very good propagation characteristics (being less attenuated by obstacles such as buildings). It is approximately 70% cheaper to provide mobile broadband coverage over a given geographic area using UHF spectrum than with the 2100MHz spectrum widely used for mobile broadband today.

Why the UHF band is so important for mobile



Current use of spectrum below 1GHz for mobile services in Slovakia (including the Flash-OFMD network, operating at 450MHz) illustrates that mobile broadband can operate successfully at low frequencies, but for such services to deliver their full potential for consumers it is important that enough spectrum is made available. To provide sufficient capacity in low frequency bands such as the 800MHz sub-band, 2x30MHz of (FDD) spectrum would be beneficial. This represents less than 25% of the spectrum currently used for terrestrial broadcasting, leaving ample spectrum for the Slovakian broadcast industry to roll

[1] Source: "Slovakia Telecommunications Report 2010", Business Monitor International, Jan 2010

out digital television services, as digital television is much more spectrally efficient than analogue.

The GSMA recommends the adoption of the CEPT FDD preferred solution as described in ECC and EC Decisions for this band – "Alternative 1" in the public consultation paper released by the Ministry - for two reasons:

1. FDD will deliver far greater economies of scale, as the majority of European countries will follow this route.
2. We believe that technically FDD may provide more benefits for rural coverage than TDD.

Economic and social benefits of allocating the 790-862MHz band to mobile

There are substantial economic and social benefits to be derived from harmonised spectrum assignments for mass market mobile services.

The economic benefits of broadband are clear[2] and have been demonstrated by numerous economic studies. Allocating some of the Digital Dividend spectrum to mobile operators would have a significant positive economic impact, driving innovation, job creation, productivity and competitiveness. Mobile delivers greater added value per megahertz of spectrum than any other industry[3]. Across Europe, allocating up to 100MHz of UHF spectrum to mobile would generate between €63bn and €165bn in extra economic value[4].

In terms of social benefits, policy makers globally have identified widespread internet access as a critical tool in social development; it has an essential role to play in improving health, wealth, education and social mobility and bridging the digital divide between rural and urban areas. More widespread roll-out of mobile broadband will continue to bridge the digital divide between rural and urban areas and allow more Slovakian citizens to fully engage with services such as e-government, as well as enhancing inclusion, quality of life, community ethos, cultural understanding, education of citizens and informed democracy. Environmental benefits will also ensue from deploying mobile broadband in the UHF band as significantly fewer base stations will be required.

Timeliness of decision-making

To ensure efficient availability of mobile broadband services for its citizens, the GSMA believes that the Slovakian government should act now to provide a clear roadmap for the future availability of spectrum for mobile communications. Although analogue switchover in Slovakia is not scheduled for completion until the end of 2012, the sooner mobile operators have certainty on the issue, the sooner they can confirm their network investment plans. This will ensure that Slovakian consumers can benefit from new services more quickly.

[2] See http://www.analysysmason.com/PageFiles/11730/GSMA.pdf
[3] See, for example "The economic impact of the use of radio spectrum in the UK", Europe Economics (2006)
[4] Source: Spectrum Value Partners, Getting the most out of the Digital Dividend, 2008

Conclusion

Clear and timely decisions on the allocation of digital dividend spectrum will enable stakeholders such as mobile operators to invest early and with confidence in the future of mobile broadband and the services it will deliver. This kind of future-proofing is essential if the mobile industry is to continue to deliver social and economic benefits in Slovakia and other European countries. Given its location at the centre of Europe, Slovakia has much to gain from aligning with other EU Member States, and ensuring its citizens can benefit rapidly from the roll-out of new mobile technologies and future pan-EU broadband networks.

For questions regarding this response please contact:

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About the GSMA

Founded in 1987, the GSMA is the global trade association of the mobile industry, representing more than 750 GSM and 3G mobile phone operators across 218 countries and territories of the world. In addition, more than 180 manufacturers and suppliers support the Association's initiatives as associate members.

The primary goals of the GSMA are to ensure that mobile phones and wireless services work globally and are easily accessible, enhancing their value to individual customers and national economies, while creating new business opportunities for operators and their suppliers. The Association's members represent more than 3.7 billion GSM and 3G connections – nearly 90% of the world's mobile phone connections.

The GSMA plays a pivotal role in the development of the GSM platform and the global wireless industry. Much of the GSMA's work is focused on two areas: Emerging Services and Developing Markets. The GSMA helps its members develop and launch new services, ranging from mobile instant messaging to video sharing to mobile Internet access, which will work across networks and across national boundaries. At the same time, the GSMA is heavily engaged in the industry's push to extend basic voice, text and broadband access services to more people and assisting Administrations in developing communications infrastructure in their countries.

More information about the digital dividend is available on our website at:
www.gsmworld.com/digitaldividend