



## Ministerial Programme 2012

### GOVERNMENT MOBILE FORUM 2012:

#### Harnessing mobile broadband for the greater good

*9.00 – 13.15, Tuesday 28 February 2012*

#### PANEL SESSION: DELIVERING THE RIGHT SPECTRUM FOR FUTURE CUSTOMER NEEDS

**Mrs Omobola Johnson, Minister of Communication Technology, Nigeria**

**Diego Molano Vega, Minister of Information and Communications, Colombia**

**Dr Roberto Viola, Chairman, European Commission Radio Spectrum Policy Group**

**Erik Ekudden, Vice President, Head of Technology Strategies, Ericsson**

**Jon Fredrik Baksaas, President and CEO, Telenor Group**

**Moderator: Dr Chantale LaCasse, Senior Vice President, NERA Economic Consulting**

Mrs Omobola Johnson commented that: **Adequate spectrum key for inclusive development.**

Availability of adequate spectrum is a key driver for inclusive development. Nigeria has huge challenges – 160m people 70% of them rural and is the 3<sup>rd</sup> largest economy in Africa. More people have a mobile than a bank account. Fixed infrastructure is non-existent currently but Nigeria has aspirations for fibre roll out long term. In the short to medium term the digital dividend is critical and the relevant spectrum will be fully migrated by July 2015.

Mr Molano commented that: **Mobile can move people out of poverty.** WRC pulled the world together but now administrations must move faster to assign clean spectrum. Licenses need to be assigned efficiently to give MNOs the opportunity to roll out mobile broadband quickly. For Colombia MBB is a top priority; Colombia will be holding auctions this year the proceeds of which will be used by MNOs to smart phones for new customers for those at the bottom of the economic pyramid. It is key that those in this category have access to pre-paid wireless technology. Colombia is also looking at a public private partnership to put fibre in to rural areas. Key to stimulating demand at the bottom of the pyramid is the creation of relevant apps otherwise the internet is worthless to this segment. Apps that make their lives more productive such as educational apps are also key.

Mr Ekudden spoke about how can the network cope? He said that by 2020 there will be 50 billion connected things with mobile broadband connections reaching 5 bn. Global average traffic doubles every year and will be 20 times in 5 years and this growth is expected to continue. The question remains can the network cope. Core technology will evolve from base station architecture upwards to cope with the increased demand. Only a quarter of new demand will come from increased spectrum allocations. We currently have 350 Mhz today but will need 4-5 times this amount in the next 10 years – both low and high frequency. There are 3 parts to the spectrum equation

1. Mass market smart devices must be harmonised
2. Pricing strategies need to offer service differentiation
3. Network quality must be maintained

Dr Viola spoke about: **Sharing between different technologies.** He said that the harmonised roll out of the 800MHz digital dividend will be completed by 2013 in all member states of the EU. We need

now to smooth the transition to move terrestrial TV out of the band, audit the use of spectrum going forwards and manage interference issues on an ongoing basis. Many competing demands could be managed through methods such as generic broadband allocation.

Mr Baksaas spoke about how spectrum equals fuel. He said that mobile expansion happened when handset costs fell. A confluence of market conditions, technology and regulation made this happen. Spectrum is the equivalent of fuel for cars; standardisation and scale has kept the industry moving. Voice and SMS drove people in to a networked way of living and the question now is what services will drive the development of mobile broadband. Governments must offer incentives for investment for growth and should develop a telecoms policy in line with this ambition. Auction proceeds should be balanced against this growth agenda to enable an affordable service for the whole of the pyramid. Market based mechanism should be used to achieve this goal.

Questions from the audience included:

*Interest in re-cycling auction proceeds for the re-distribution to the bottom of the pyramid. How does it work?*

Panel answered that there is a need to look at the break-even point for customers using the internet- to do that you must understand the value they get from accessing the web and then facilitate that process by for example eliminating taxes on handsets and laptops. But this will not be sufficient and that is why Colombia decided to use auction money to subsidise terminal costs, letting the operator use it to subsidise the handset in the best way. This way we work with industry to support the bottom of the pyramid.

*What is needed - fixed or mobile in African market to speed take up of broadband services? Which band plan 700 or 800 MHz?*

The panel discussed how historically fixed has subsidised mobile. Mobile has the advantage of speed, reach and distribution. But African markets must harmonise to take advantage of economies of scale offered by the digital dividend in the 800 MHz band. Some countries such as Nigeria are following both fixed and mobile strategies. The more harmonisation there is the greater the economies of scale in terms of handset costs.

## **Panel 2: The impact of regulation on investment**

**Daniel Johansson, State Secretary, Ministry for Enterprise, Energy and Communications, Sweden**  
**Jiri Choteborsky, Director of Telecoms & Media, Standard Bank**  
**François Comet, Deputy to the Chief Regulatory Officer, France Telecom Group**  
**Ghassan Hasbani, Chief Executive Officer - International, STC Group**

**Moderator: Richard Wilson @richardwi1son**

Deputy to the Chief Regulatory Officer, France Telecom Group, Francois Comet commented that he completely understands the need for competitive markets, however; does not understand the needs for introduction of new players into existing competitive markets. He commented that within different regions and environments means operators have different investment strategies.

Dr Hamadoun Touré, Secretary General, ITU, responded from the audience:

He commented that light touch regulation is necessary to spur growth. With the current and ongoing growth in data traffic, infrastructure investment needs to grow and the rules and regulations association need to be attractive to encourage this investment.

Dr Badawi, NTRA, said from the audience that infrastructure sharing is good for a country, and is not anti-competitive.

Other questions from the audience included:

*What are the key insights to make infrastructure sharing work?*

Francois Comet responded that some regulators believe MNOs share network and spectrum does not encourage competition, however he does not think this is a problem.

*Regarding regulatory challenges, what is the Saudi Arabian position on investment?*

Ghassan Hasbani, Chief Executive Officer - International, STC Group, responded that Saudi Arabian regulations are transparent. He said that Gulf countries “execute vision into reality”, with the investment of billions of dollars in the region. He said that broadband is growing at double digit figures and he anticipates to see this growth continue for next two to three years.

*Do you see any changes in spectrum allocation? What is national? Can we move to a single market for spectrum, to enable a single market for telecommunications?*

Daniel Johansson, State Secretary, Swedish Ministry for Enterprise, Energy and Communications, commented that politicians have a problem collaborating and that he hopes the EU can take steps forward, but that this won't be quick.

*What are the most effective tools? Demand side or supply side?*

The panel discussed which market incentives and regulation encourages investment. The panel discussed topics including:

- 1) Stability
- 2) Transparency
- 3) Regulators to give cost incentives to MNOs, while competing

The panel commented that policymakers should look to provide sustainability (and not just short term goals).

*Cyber-security is a global issue. If one maintains the ITRs in a traditional sense (i.e. minimum), how is investment to be encouraged?*

Commissioner Robert McDowell, FCC, said that ITRs do need revising, but questioned whether its scope would increase. Security needs to see what the best approach is and have a dialogue.

*Can proceeds of investment be shared?*

Jiri Choteborsky, Director of Telecoms & Media, Standard Bank, said that Google, Facebook are using operator networks and while MNOs are investing, the ecosystem players are getting a free ride. This is a developed world problem and this is likely to also occur in the developing world. This is a problem for industry to resolved. Mr Johansson commented that any solution should not be discriminatory.

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