

The Industrial Policy of Telecoms Regulators

Alexandre de Streel (UNamur and CRIDS)

Philippe Defraigne (Cullen International)

I would rather define industrial policy as one which frames the structural conditions necessary to ensure economic success in a globalising economy.

And I therefore have no qualms in saying that competition policy forms – or should form – a central plank in any industrial policy.

Commissioner N. Kroes, 14 September 2006

Conceptions of industrial policy

Vertical (by sectors)

From State interventionism to market-driven approaches:

- Pick Firms
- Impose Technologies or standards
- Set market performances
- Set market structure
- Ensure competitive process

Horizontal (across sectors)

R&D&I, education and lifelong learning, entrepreneurship, efficient network infrastructures, risk capital, removing unnecessary regulation, competition

Our claims

- Commission and NRAs have **implicit market structures** when making regulatory choices
 - Hidden behind the regulatory principles and SMP analysis
- Those implicit market structures **evolve over time** (according to changes in technology, financial markets, political preferences) and **vary across Member States**
- Those market structures **should be more explicit** and benchmarked
- Market performances may be set up

Industrial Policy in the Fixed segment

Timing	Regulatory choices			<i>Implicit market structure</i>
	Entry	One-way access	Two-way access FTR	
Liberalisation 1990-1998	Remove legal entry barriers	Open Network Provision No structural or functional separation		<i>Infrastructure-based competition</i>
The Great Competition Paradigm 1999-2009	Lower legal entry barriers	<ul style="list-style-type: none"> - Copper: unbundling then bitstream, extensive price squeeze test - Cable: no regulation 	Asymmetric termination rates	<i>Entry support for alternative copper and cable to nudge the market towards infrastructures building</i>
The Great Disillusion 2009		<ul style="list-style-type: none"> - Possibility of functional separation - Copper: increase for access prices - Cable: Progressive regulation - NGA: risk premium 	Symmetric termination rates	<i>Service-based competition Less entry support</i>

Industrial Policy in the Mobile segment

Timing	Regulatory choices			<i>Implicit market structure</i>
	Entry: Spectrum allocation	One-way access	Two-way access: MTR	
Nascent Industry 1990-2000	Few licences (from 1 or 2 to 3 or 4)	No imposition or stimulation of MVNOs	<ul style="list-style-type: none"> - No regulation of MTR - Cross-subsidisation from FTR 	<i>Support an nascent industry (and European industrial success)</i>
The Great Competition Paradigm 1999-2009	More licences (up to 6) and for higher fees	<ul style="list-style-type: none"> - National roaming for new MNOs - Stimulation of MVNOs 	Asymmetric MTR with glide path	<i>Stimulate infrastructure – based competition with more spectrum and entry support</i>
Consolidate 2009	3 or 4 licences	Allow Network sharing between MNOs	Progressive Symmetric MTR	<i>Less entry support</i>