



European Communications in Romania
Interconnection – Competition – Investment
in the European communications market
ANRC conference

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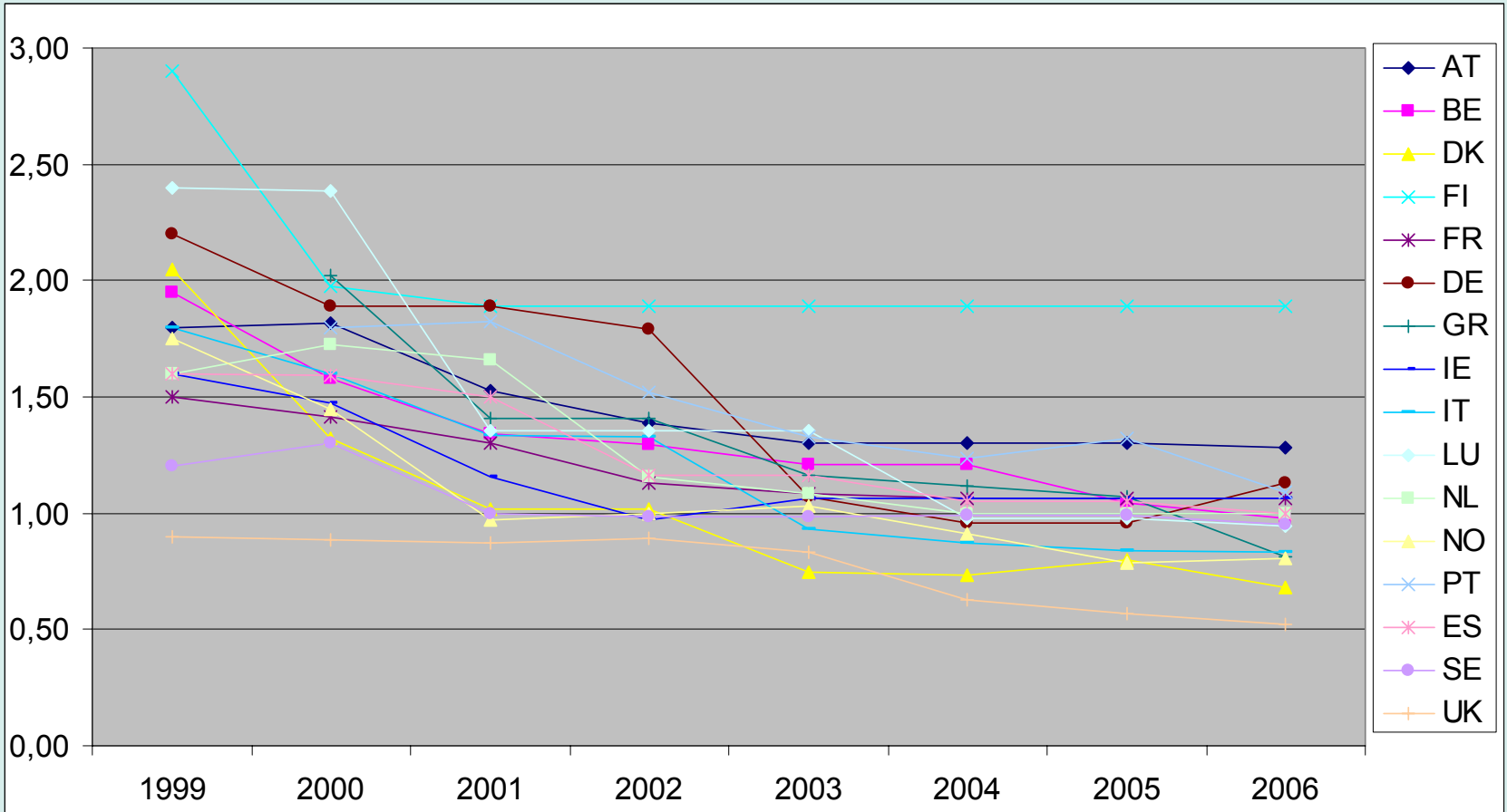
The investment ladder

What are NRAs'
vices and virtues?

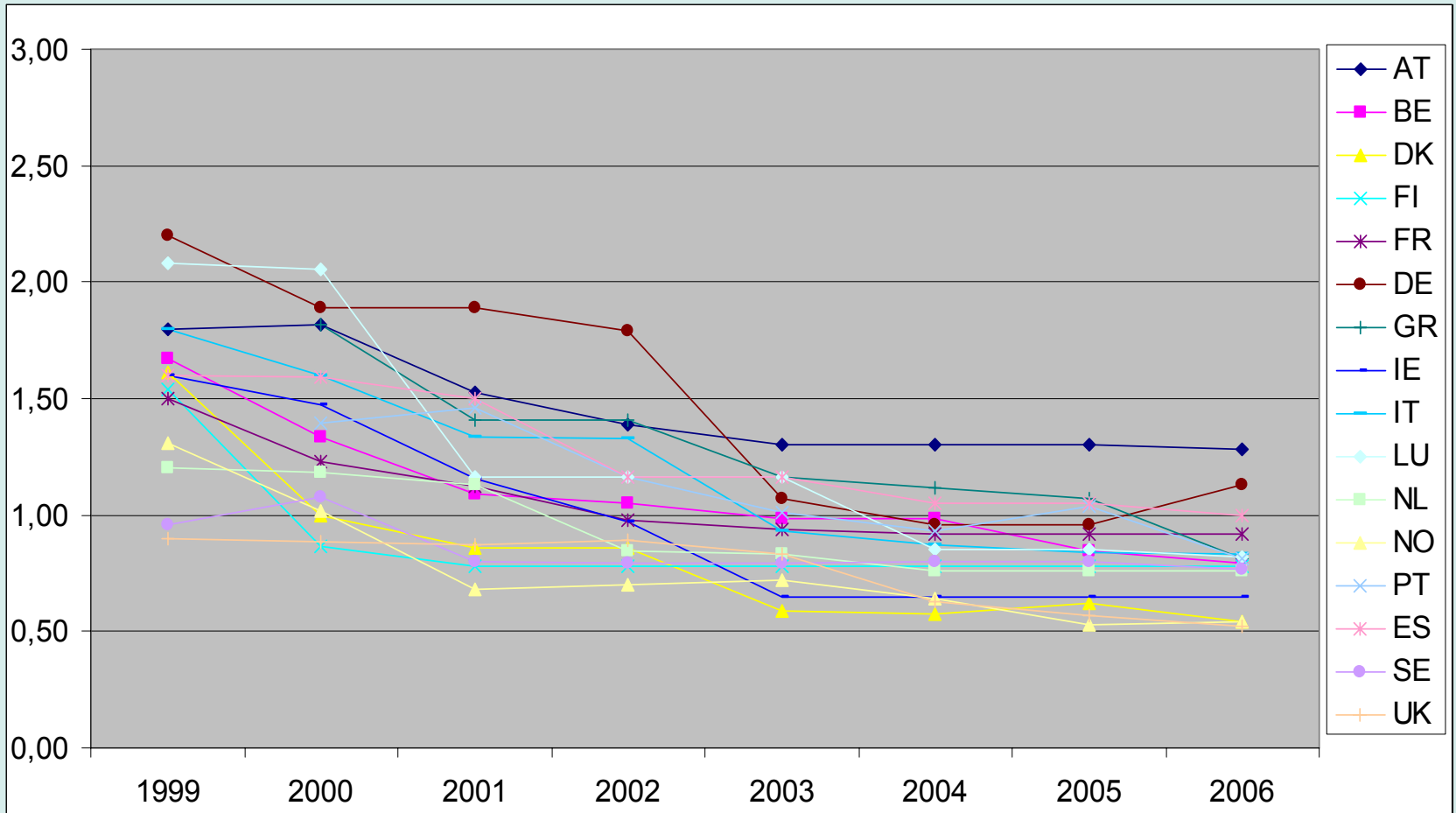


Ladder of Divine Ascent:
avoiding vice and practicing
virtue to reach salvation

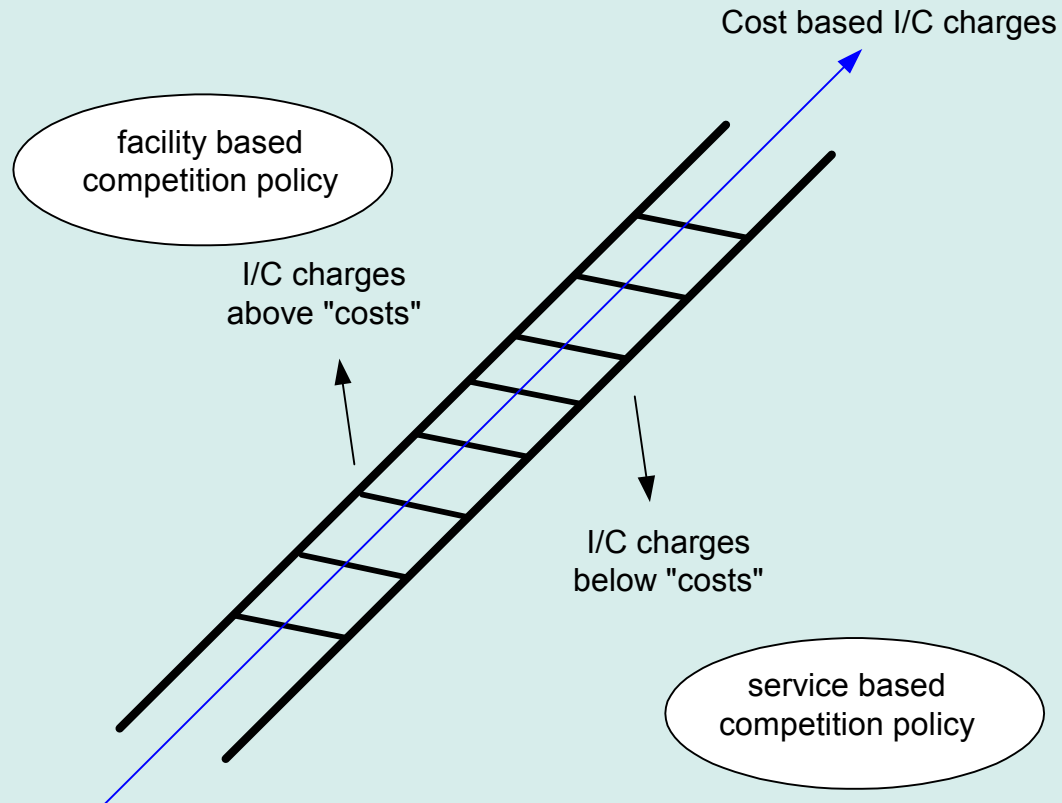
Incumbent's fixed termination charges – Transit level – 2 min call peak – 1999-2006



Incumbent's fixed termination charges – Transit level – 10 min call peak – 1999-2006



The investment ladder



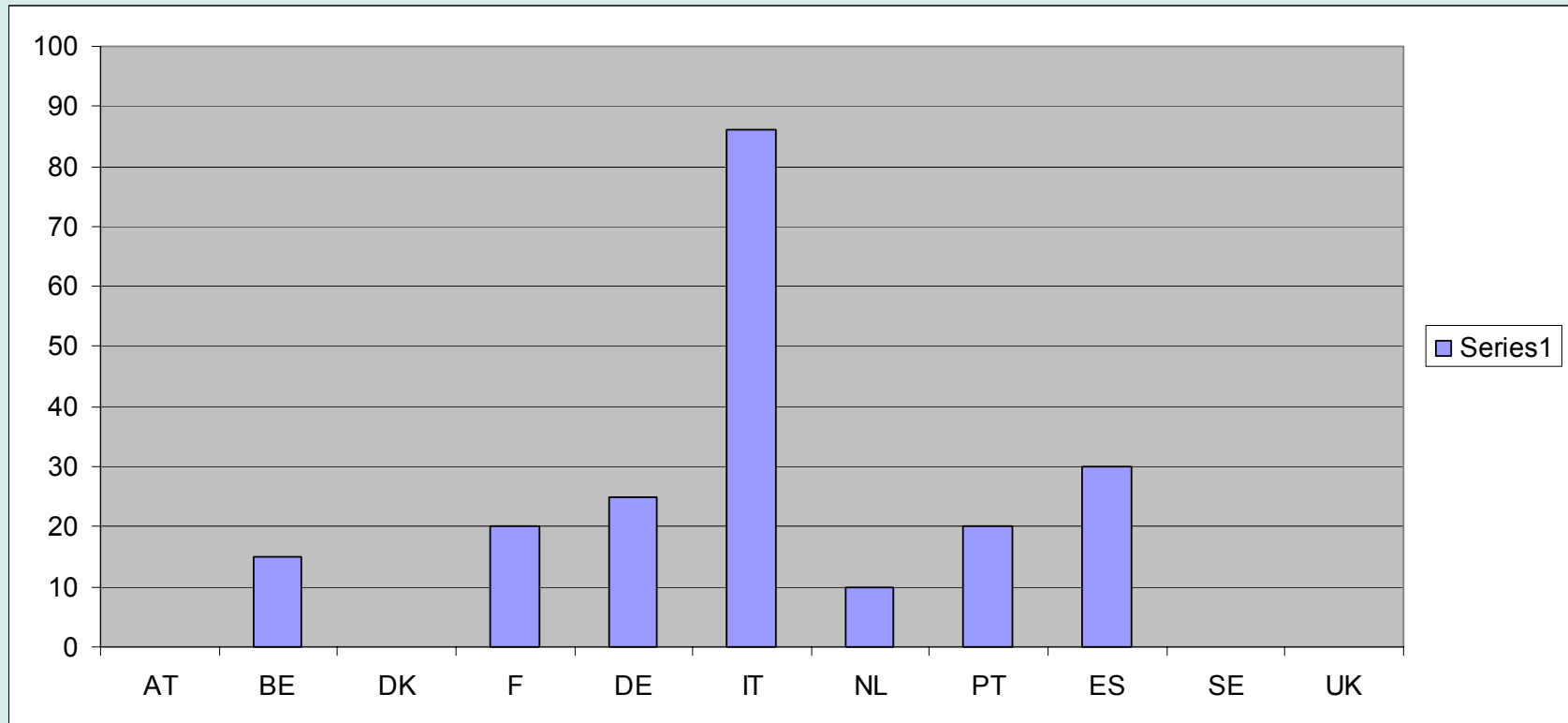
Virtue 1: cost orientation

Deviations from strict cost orientation

- Equally efficient operator
vs. Reasonably efficient operators
 - economies of scale and scope
 - cost of capital

- French policy to set France Telecom's transit level charges slightly above costs to provide incentives for ALTs to build to FT's local plants

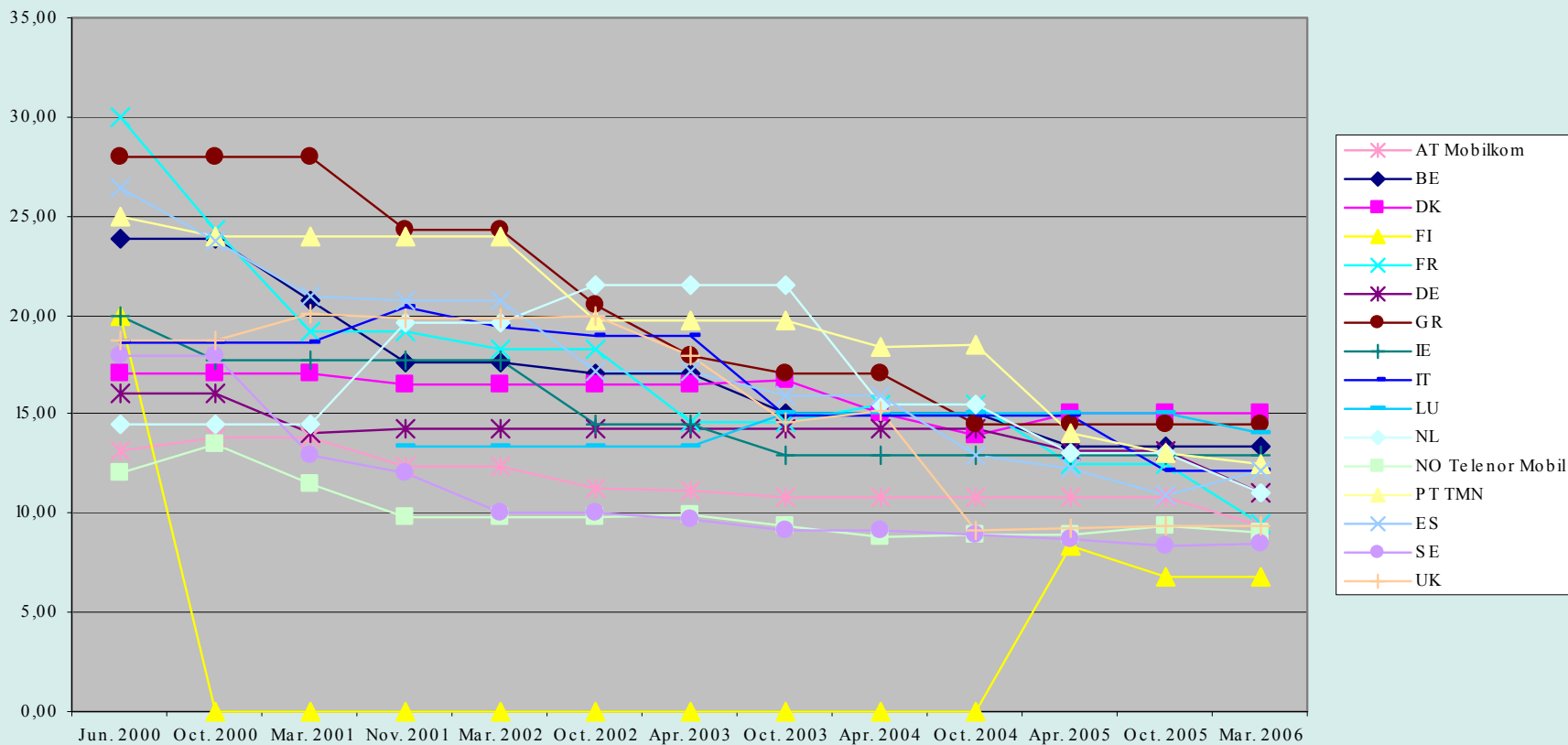
Differential between incumbents' and ALTs' call termination charges (post M9 analysis!) Orders of magnitude only



Which point of reference for setting ALT's maximum call termination charges

- ➔ A weighted average between the incumbent's transit level CT charges
- ➔ The incumbent's transit level CT charges

MTRs: 2000 - 2006



Mark ups for network externalities

→ Who is in favour?

- Belgium
- Greece
- Italy
- Sweden
- UK

→ Who is against?

- Austria
- France
- Netherlands
- Norway
- Portugal

Differential between MNOs' MTRs

- First entrants vs. late entrants
- 900 vs. 1800
- 2G vs 3G

MTRs and 3G auction

- OFCOM draft decision (Art 7 notif. in Sept 2006)
 - an additional cost of around 1.1ppm (1.7 eurocents) in 2010/11 for the 2G/3G operators
 - 1.9ppm (2.9 eurocents) in 2010/11 for the 3G-only operator