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Benchmarking ICT regulatory developments in EU and Latin America

Latin America-EU Symposium on ICT Regulation

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Outline

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Some points of divergence between EU & Latin America

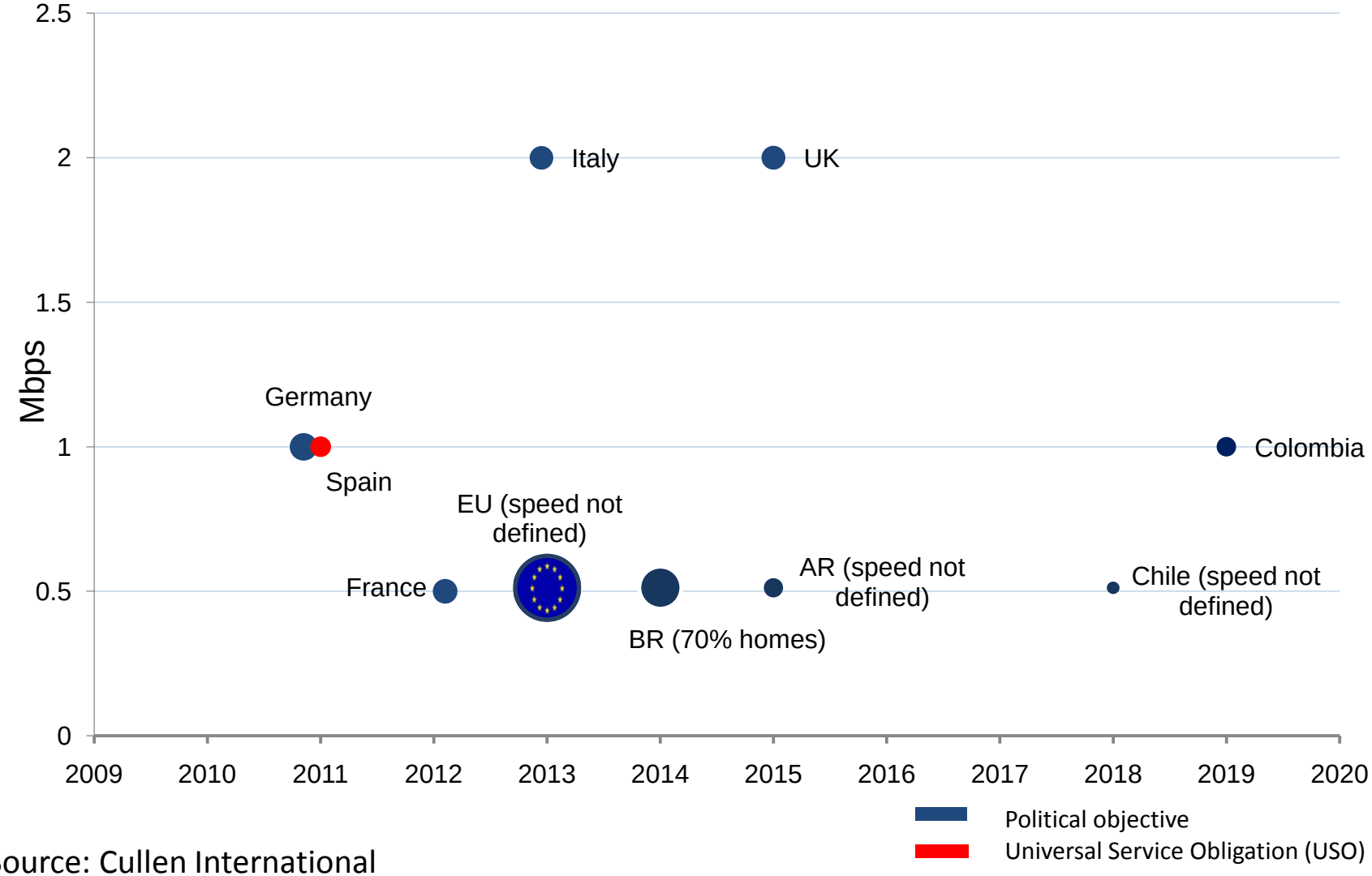
- Open market vs. government intervention
- Broadband policies
- Wholesale access regulation (bottlenecks)
- Spectrum allocation: caps or no caps?
- Authorisation regime: easy to do business?
- Special taxes: business as usual?

Policy approaches for broadband - Latin America vs. EU

Region	Characteristic regulatory approach	Competition	State aid rules	Radio spectrum	International roaming
EU	Strongly encouraging market competition (e.g. asymmetric regulation)	• Infrastructure based • Regulated access to NGAs built by incumbent telcos	Rules on where public authorities can invest in broadband networks	Making new spectrum available for 3G and 4G mobile broadband	Reducing the cost of mobile broadband when travelling inside the EU
Latin America	• More intrusive regulation • Government intervention	• Service based • Retail price regulation • Public intervention (e.g. public company or PPP for fibre backhaul)	Not applicable	Same, but: • Using spectrum caps and auction conditions (excl. existing players)	Initiatives to reduce double taxation issue

Source: Cullen International

EU and Latin America - National targets for basic broadband covering 70-100% of population



Source: Cullen International

Wholesale access active and passive bottlenecks - Latin America vs. EU

Country	Bitstream access		Wholesale line rental		Infrastructure sharing		Local loop unbundling	
	Mandated	*In practice*	*Mandated*	*In practice*	*Mandated*	*In practice*	*Mandated*	*In practice*
Argentina	✘	✘	✘	✘	✔	✔	✔ (SMP)	✘
Brazil	✘	✘	✘	✘	✔ Co-location	✔ Commercial agreements	✔ (shared only - local incumbents)	✘ No demand – high prices
Chile	✔	✘	✔	✘ High prices	✔ Duct access and y co-location	✘	✔	✘ Not used
Colombia	✘ (planned)	✘	✘	No public data	✔	✘	✘ (planned)	✘
Mexico	✘	✘	✘	✘	✔ Co-location only Other access under non-discriminatory terms	✘	✔ Generally, within the scope of intercon-nection	✘
EU-Big Five	✔ (SMP)	✔	✔ (SMP)	✔	✔ (SMP - from May 2011, non-SMP)	✔	✔ (SMP)	✔

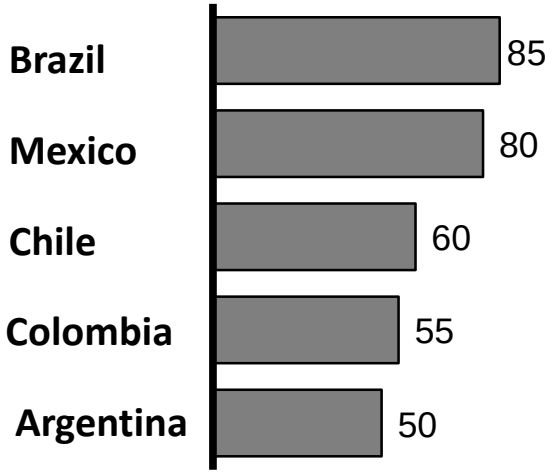
Source: Cullen International

Radio spectrum policy

- Spectrum availability is a key issue for the development of mobile services.
- In some Latin American countries, spectrum availability is still limited in relation to the size of their markets.

Latin America Big Five
Spectrum per operator with ***spectrum cap***

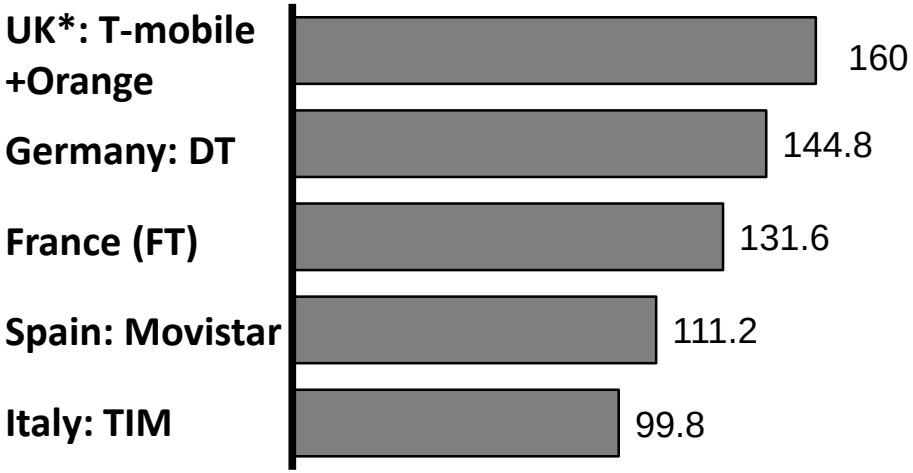
MHz



*Brazil and Argentina: per operator and service area
Mexico: set per auction
Chile: per operator
Colombia: increased from 40 MHz in 2009

Western Europe Big Five
Spectrum per operator ***without spectrum cap***

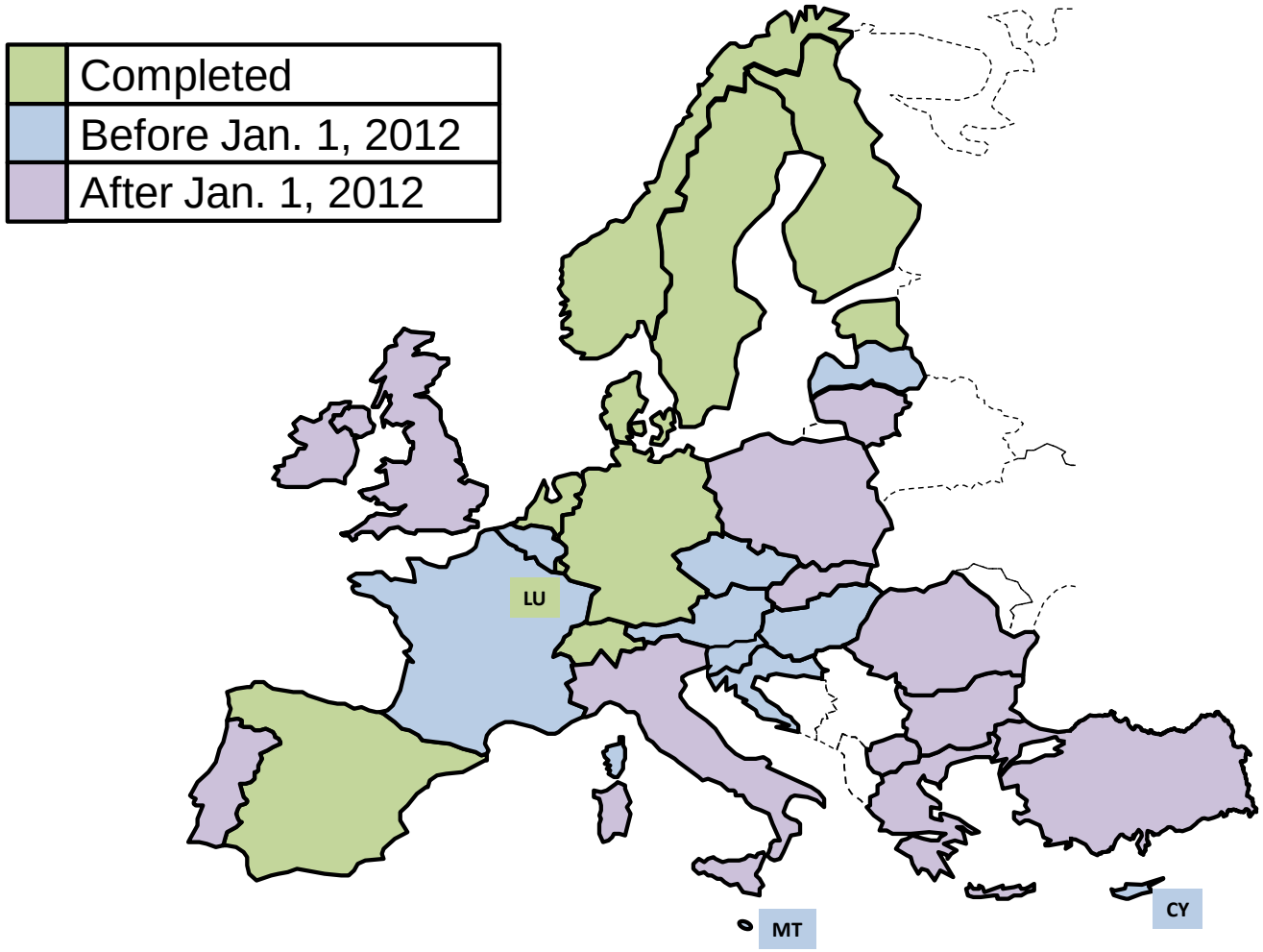
MHz (excl. TDD spectrum)



*UK: Following merger T-Mobile and Orange (Everything Everywhere) must sell a total of 2x15 MHz in 1800 MHz band by end 2011

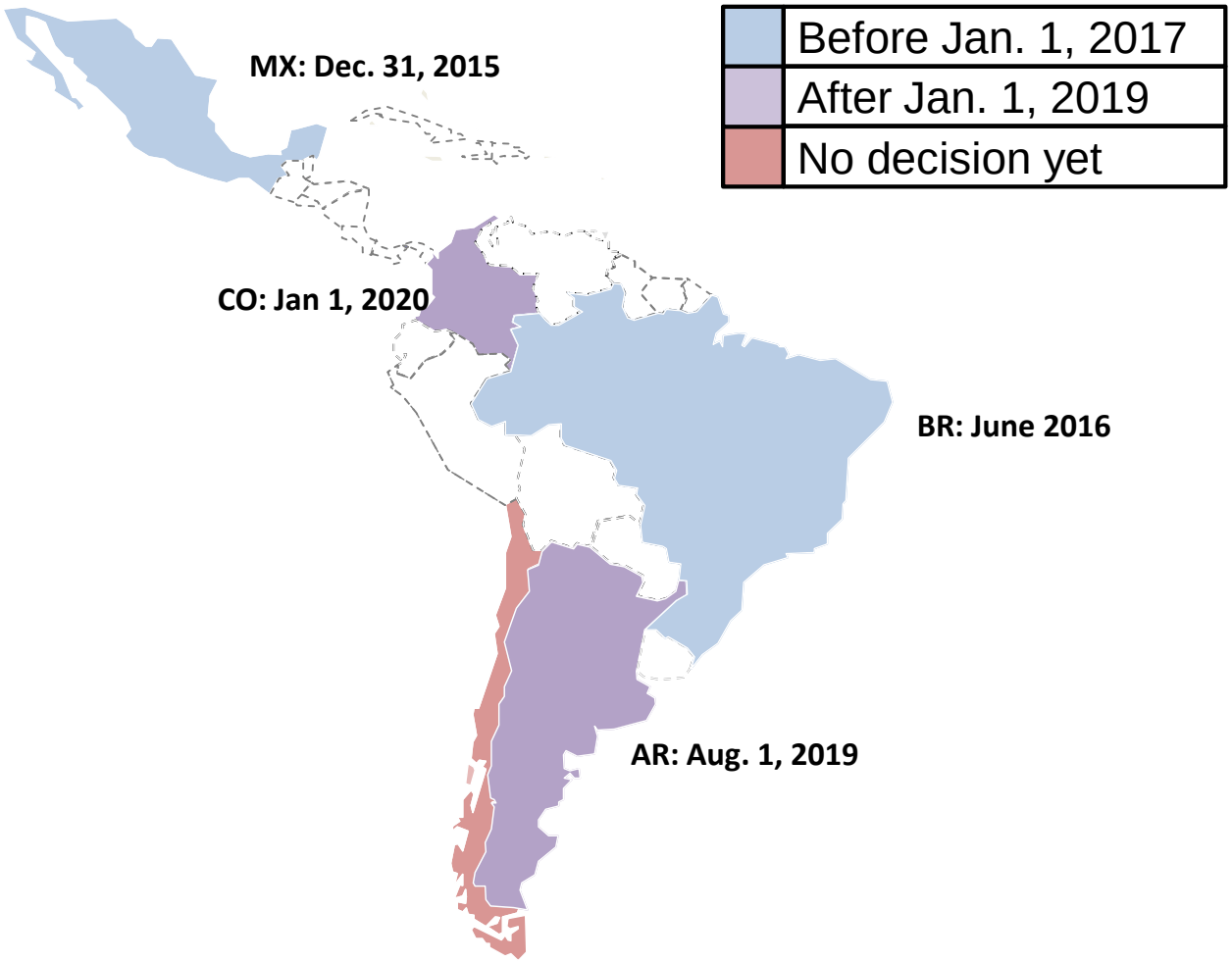
Source: Cullen International

Digital terrestrial television switchover Europe



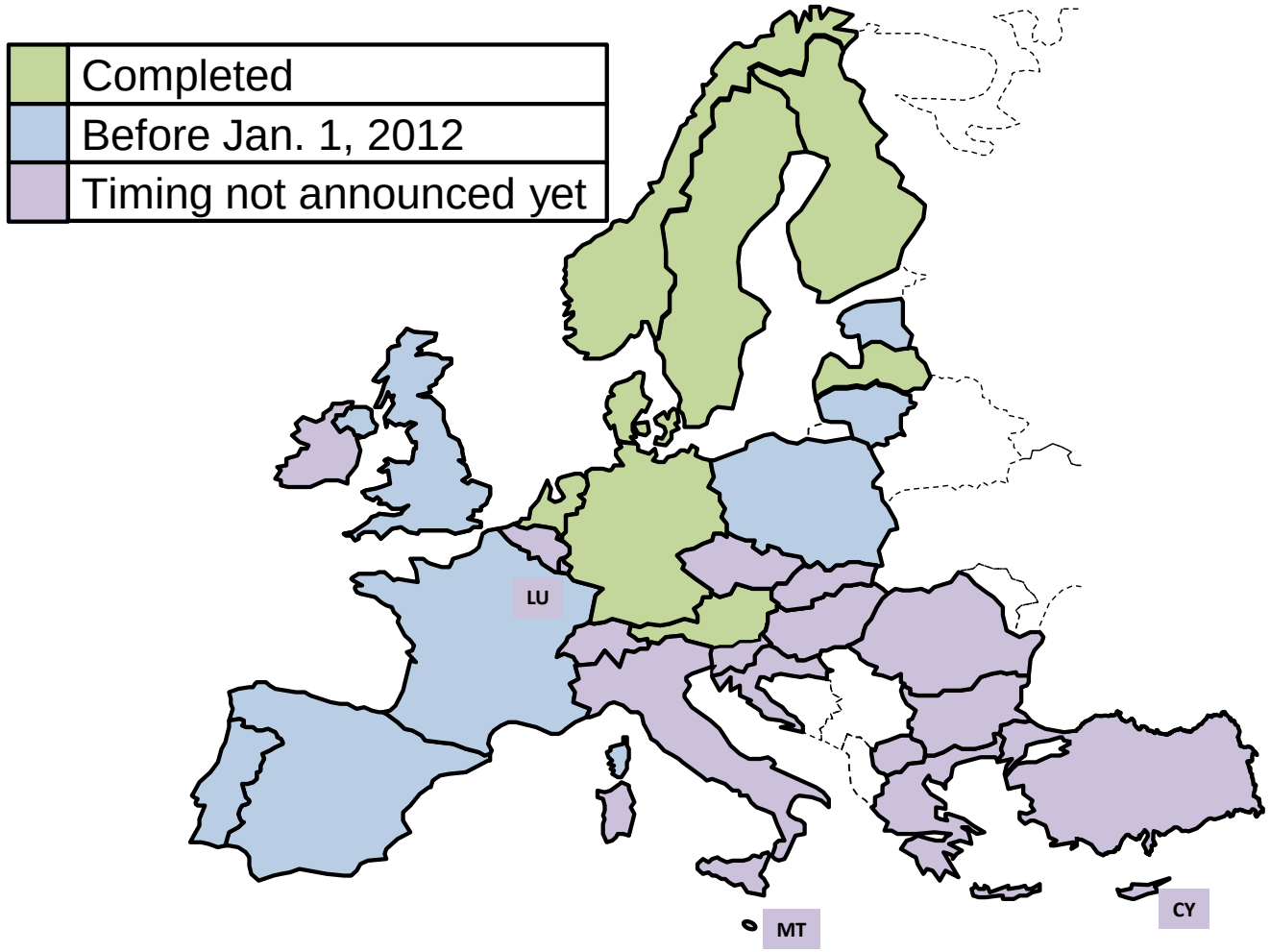
Source: Cullen International

Digital terrestrial television switchover
Latin America's Big Five



Source: Cullen International

Award of 2.6 GHz band for mobile broadband Europe



Source: Cullen International

Award of 2.6 GHz band for mobile broadband Latin America's Big Five

Source: Cullen International

Authorisation regime

Authorisation type	Key description	Country
Concession agreement	• Individual licence with special status (e.g. for publicly available services) • contract negotiation involved between parties	• **Argentina** • **Brazil** • **Mexico**
Individual licence	• explicit decision by the granting authority • issued to single provider at a time • contains detailed conditions (rights and obligations) • competitive selection process or eligibility criteria	• **Argentina** • **Brazil** • **Chile** • **Mexico**
General authorisation (notification of activity, no explicit decision including individual rights)	• general framework laying down basic rights and obligations • no selection procedure • does not need a explicit or formal decision of the granting authority, only a notification or registration including minimal information before starting to provide the service	• **Colombia** • **EU**

Source: Cullen International

Special taxes

Purpose of tax	Tax payer			
	End-users		Telecom operators	
	Latin America Big5	EU Big5	Latin America Big5	EU Big5
Public deficit reduction/no specific purpose	Argentina	Italy, France (triple play – VAT raise)	Mexico	UK (fibre tax)
Finance sports and other non telecom related activities	Argentina, Colombia (sports)	-	-	France, Spain (broadcasting)
Universal service/infrastructure development	-	UK (proposal abandoned ahead of general elections)	Argentina, Brazil, Colombia	-

Source: Cullen International

THANK YOU!

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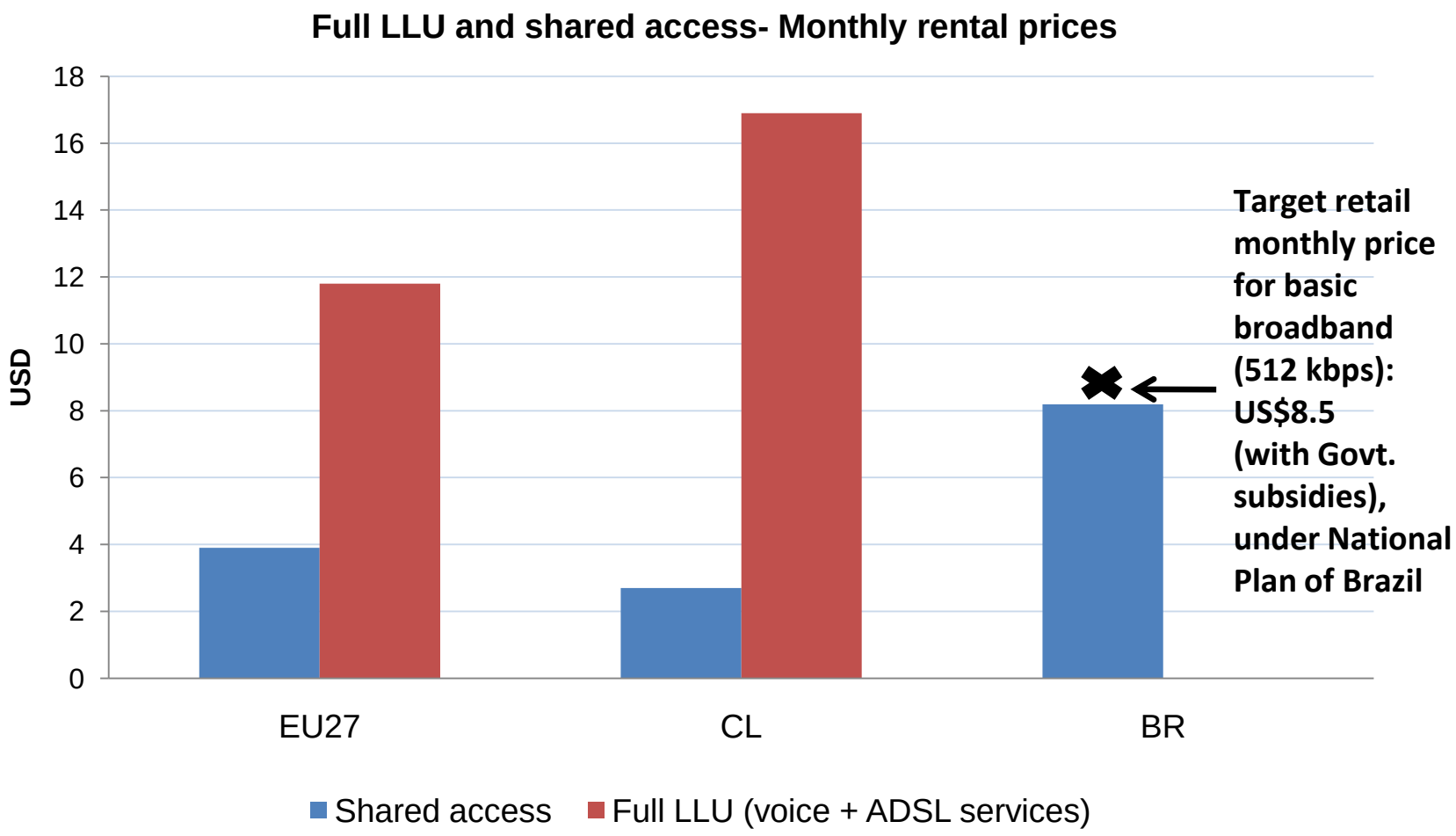
Back-up: Wholesale access



Source: Cullen International 'Wholesale Tariff Dataset', September 2010