

COST IS605 Econ@Tel project
Plenary

10/06/2010 Gent Belgium

Regulation in broadband infocommunications

Zsuzsanna KOSA PhD

*Budapest University of Technology and Economics
Dep. Telecommunications and Mediainformatics*

Regulate or not broadband

Arguments for regulation

- Motivate innovation, and investments
- Avoid re-monopolization
- Avoid hidden risks for users and user groups
- Ensure universal access or services for the majority of the population

Arguments contra regulation

- Better to let spontaneous market processes
- In a networked industry it is normal to have only few market players
- Reliability and security can be a commercial issue of contractors
- This should be a market-based service industry in order to have development

Narrow-band versus broadband situations

Narrow-band

- It used to have unique technology
- Networks were build up in a monopolistic situation for incumbents (exemption CEEC countries)
- There were no strong complements industries
- Mobile GSM made a disruption on the fixed telephony

Broadband

- It has several technologies competing each others such as XDSL, FTTx, CATV, WiFi, satellite,...
- Networks are built in a competitive situation
- There are strong complements industries such as finances, transport,...

Regulation for Customers

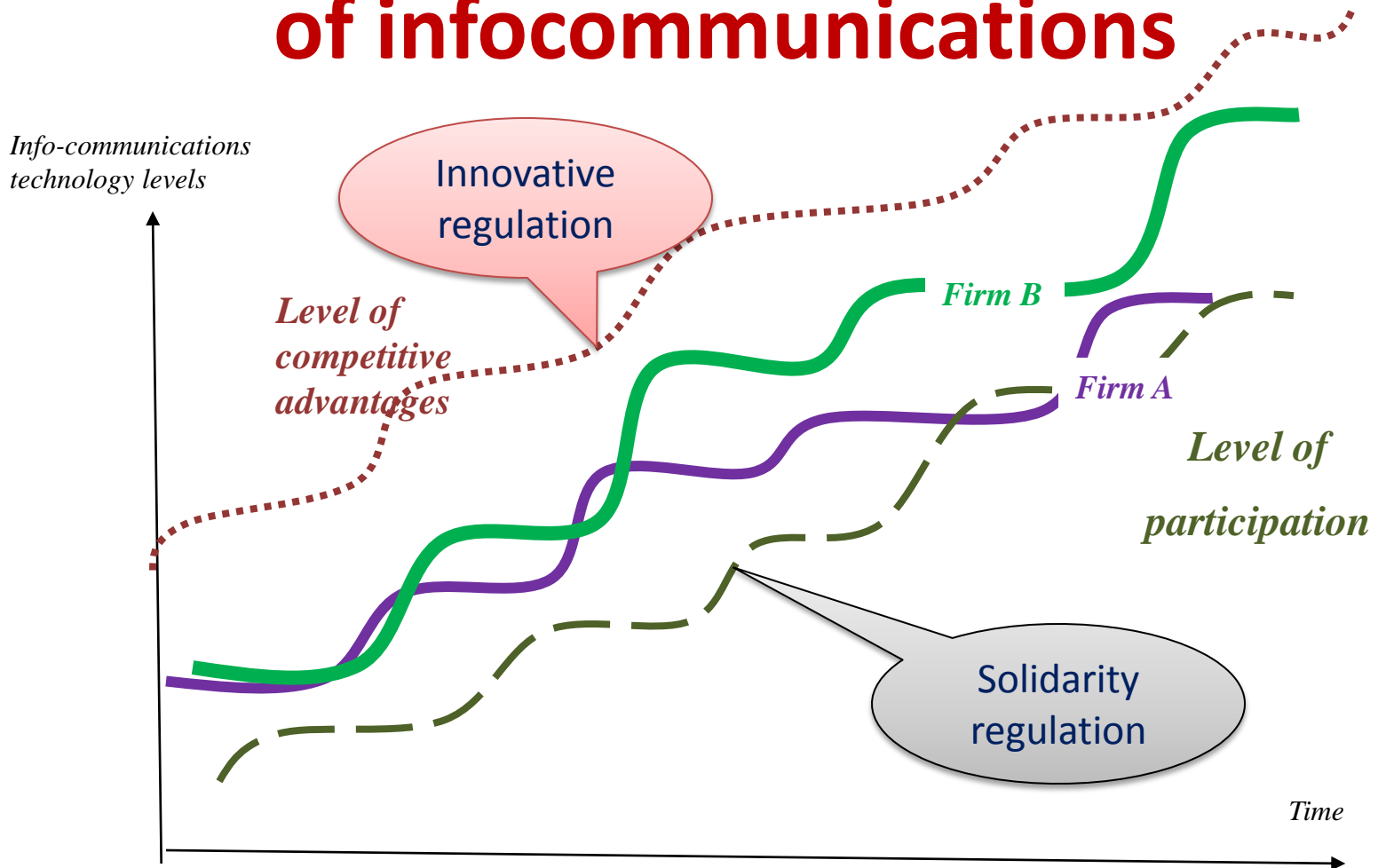
Handle customer dependency

- Declaration of QoS or Best effort approach
- Technical standards for interconnections
- Man-machine interface standards
- Trusted agent regulation (like postal operator was)

Avoid market failures

- Ladder of investment approach
- Facility based competition in a long run
- Interconnection regime
- Light price regulation
- Technology neutrality

The evolutionary model of infocommunications



„Innovative” and „solidarity” regulatory actions

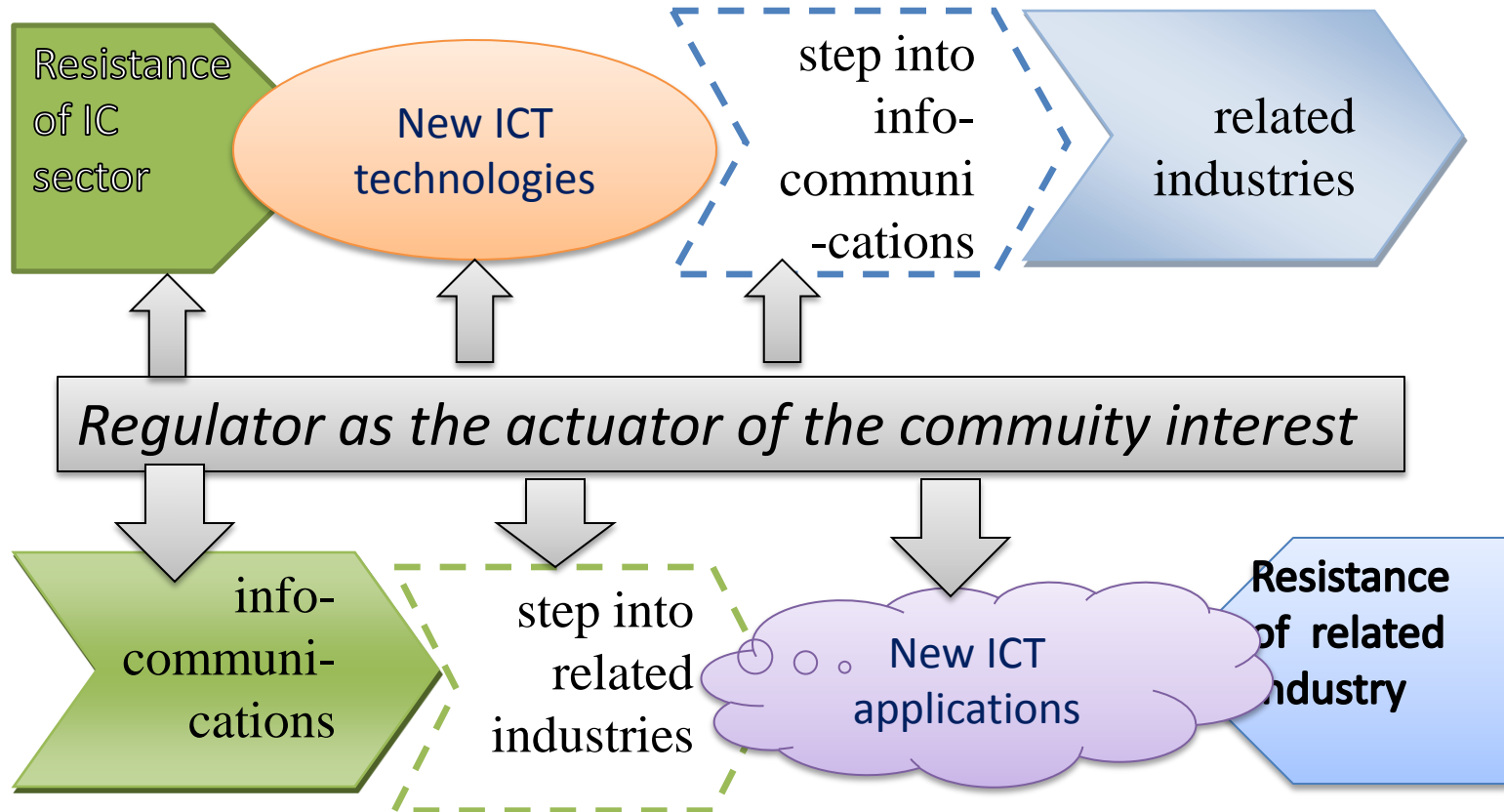
Innovative actions

- Let a new technology to enter into the market
- Ensure scarce resources (spectrum or identifier) for the new technology
- Ensure service based competition for innovative applications
- Participate in standardization process

Solidarity actions

- Make a price regulation
- Universal access and universal service regulation
- Enhance facility based competitions or ladder of investment
- Ensure local physical networks in a non profit basis

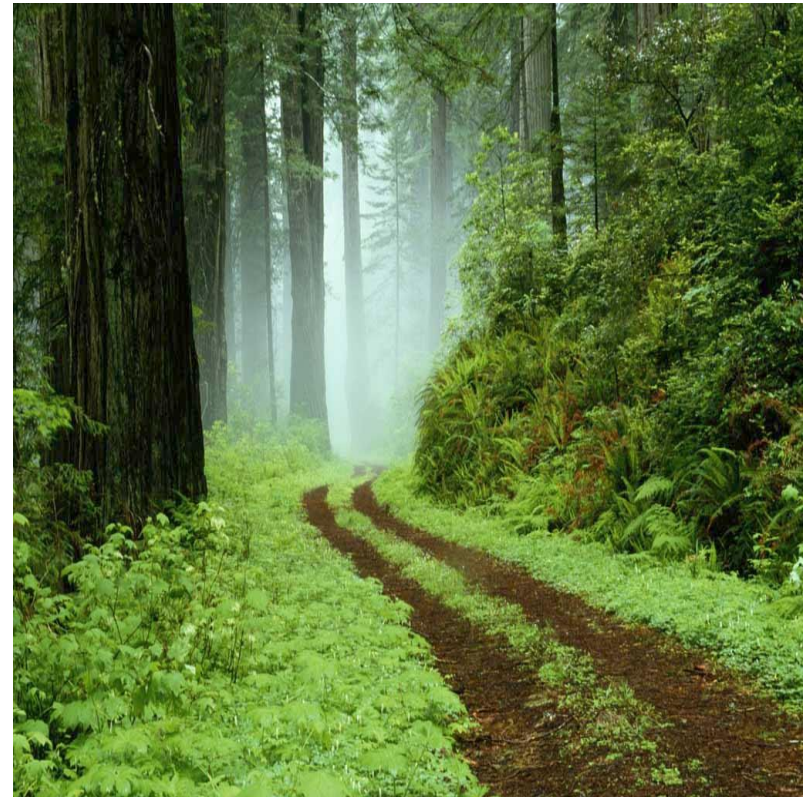
Backward and forward integration



Broadband regulation suggestions

It is a regulation cycle:

- Handle customer dependency
- Enhance innovation and network development
- Handle the forward and backward integration
- Some solidarity steps should be done



References

- Nick Carr: <http://www.nicholasgcarr.com/>
- OFCOM, UK <http://www.ofcom.org.uk/consult/condocs/rwlam/bbr/>
- ITU, Int. <http://www.itu.int/osg/spu/ni/broadband/regulation.html>
- FCC, US: <http://www.infoworld.com/d/the-industry-standard/fcc-chairman-defends-broadband-regulation-move-945>
- <http://www.reuters.com/article/idUSTRE64466J20100505>
- Internet service providers
<http://www.internetnews.com/government/article.php/3879746/ISPs-Urge-FCC-to-Resist-Broadband-Regulation.htm>
- Carlotta Perez: www.carlottaperez.org