

Fixed Mobile Convergence – Regulator's response

By Ursula Lochmann for Seminar on Network Evolution to NGN and Fixed Mobile Convergence For CEE, CIS and Baltic States

The unprecedented growth rate in mobile communication has most significantly changed the communications and telecommunications environment in recent years.

Broadly, three categories where mobile subscribers have overtaken fixed subscribers today can be distinguished:

- 1) Developed Western European Countries
- 2) Dynamic Central and Eastern European Countries and Baltic States
- 3) Developing countries

It is clear that regulator's response towards the phenomenon of growth in mobile communications requires different reactions depending on the socio-demographic and economic situation in a specific country. The workshop will assess the implications for policy, regulations and the operators involved in the three categories.

A common position is that mobile regulation will become more of a focus for regulators worldwide as opposed to the traditional regulatory policy of regulating an incumbent fixed operator. New challenges for regulators and policy lie in regulating joint dominance and preventing abuse of market power in oligopoly markets. For operators the challenge is to adequately react towards a fast changing regulatory environment.

In the group of developed Western European countries the regulatory environment is shaped by the implementation of a common EU regulatory framework. The new EU regulatory framework highlights the principle of technological neutrality and aims at incorporating a regulatory policy towards fixed mobile convergence. Consequently, market definitions in the new framework have been broadened. Mobile operators may be subject towards more regulatory obligations than in the past.

The group of dynamic central Eastern European countries follows closely the approach of the Western European countries and is driven by the goal of joining the European Union with variations in timing and details in the adoption of the EU framework. In such dynamic environments newly established regulatory authorities often lack experience in regulating fast moving markets which may often result in a tendency towards over-regulation. Operators have to react to such uncertainties.

In developing countries in Africa and Asia mobile communications has increased access to telecommunications services. Regulators in this group should seek policies to further encourage the take-up of telecommunications services. Successful telecommunications regulations differ in low teledensity areas from those of saturated markets. Good regulation policies include: Promoting a liberal and stable market entrance regime, providing a predictable tariff regulation that leaves sufficient scope for the introduction of new services and tariffs, prohibiting abuse of a dominant

market position by carefully regulating wholesale services and designing an appropriate scope for universal service funding.