



24 June 2009

High speed broadband:
A strategy to stimulate private investment urgently needed in Europe

BRUSSELS – According to the latest data on high speed broadband development, Europe still severely lags behind the United States and Asia, with only about two million high speed broadband subscribers¹, putting at risk Europe's recovery from the current economic crisis.

“For NGA to fully play their role in Europe's economic recovery, a bold strategy is urgently needed to stimulate private players to invest. Imposing costly and disproportionate obligations on new networks, in a context of already vibrant competition, will on the contrary further slow down NGA roll out in Europe”, says Michael Bartholomew, ETNO Director.

Latest reports on high speed broadband roll out in Europe demonstrate that 58% of fibre networks in Europe are deployed by municipalities and power utility companies while well established operators still refrain from large scale NGA investment. Data also show that consumer take up of new high speed connections remains slow, adding uncertainty for investors.

“Given the already high uncertainty linked to investment in new networks, access regulation should allow for a fair risk sharing between investing operators and access seekers. Operators also need flexibility to choose the technology and network solution that meets market demands”, adds Bartholomew.

Any regulatory approach for NGA should target intervention to real competition bottlenecks in a given geographical area. Risk sharing arrangements also have the potential to reduce investment risk while at the same time guaranteeing competition, leading to more advantageous access conditions and better choice for consumers. Also, pricing flexibility is essential for operators to be able to respond to consumers' demand for new services and various levels of speeds at different tariffs. Strictly cost-based access pricing is not adapted to new networks built in a competitive environment and risks undermining NGA business case.

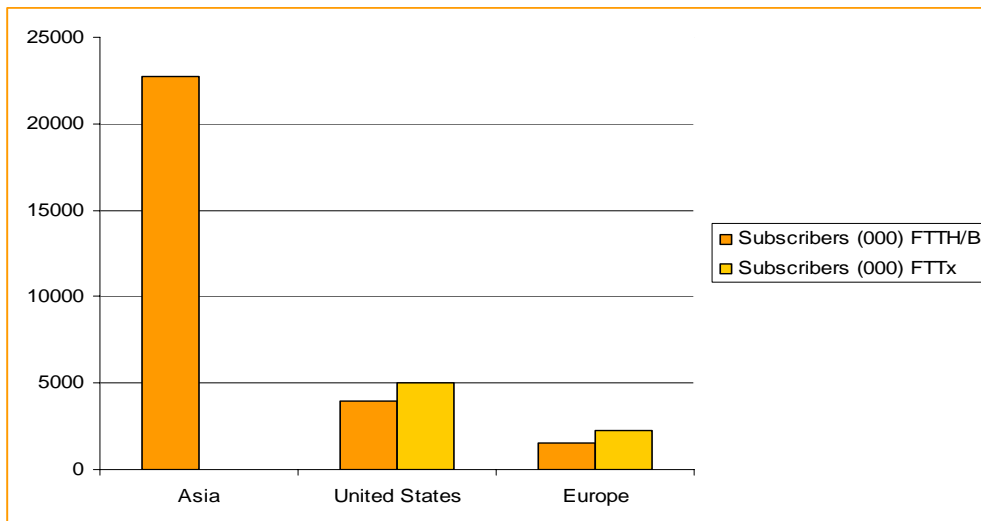
ETNO strongly regrets that the EC draft recommendation on NGA, recently published for consultation, does not exploit the mechanisms included by the European Parliament and Council in the revised directives to improve investment incentives and instead extends current cost-based access rules to new networks, except for very specific scenarios. Competition can be achieved through different NGA architecture models and cooperation agreements.

For more information, please contact: Thierry Dieu, ETNO Communications Manager Tel: (32-2) 219 32 42 Fax: (32-2) 219 64 12 E-mail: dieu@etno.be

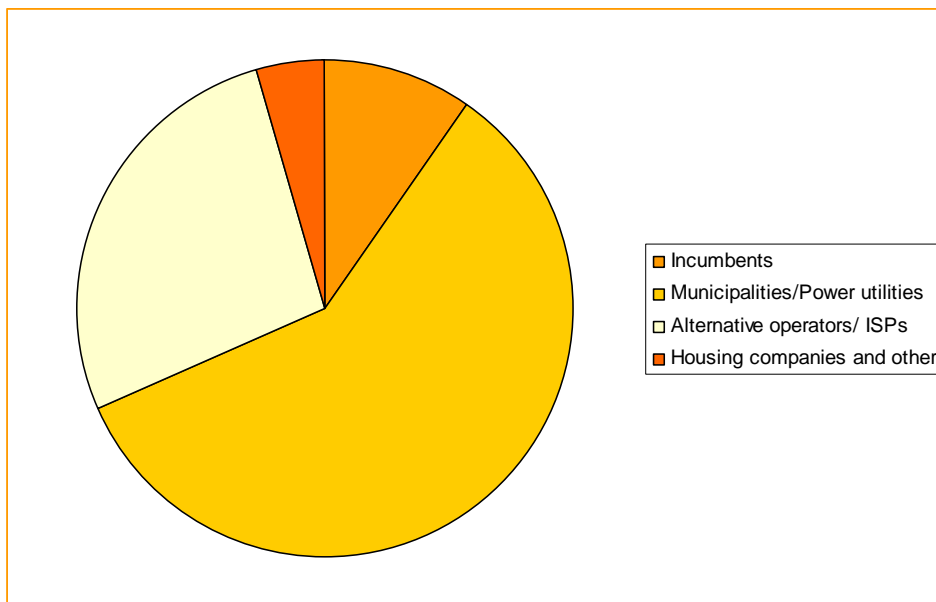
¹ IDATE June 2009 (additional data in annex)

NGA deployment update (IDATE, June 2009)

FTTx²: Europe still trailing United States and Asia



FTTH/B roll out in Europe: Networks mostly deployed by municipalities while well-established operators still refraining from large-scale investment



² FTTx : includes Fibre to the Home, Fibre to the Building (FTTH/B) and VDSL subscribers

ETNO's 42 member companies from 36 European countries represent a significant part of total ICT activity in Europe. They account for an aggregate annual turnover of more than 250 billion Euros and employ over one million people across Europe. ETNO companies are the main drivers of broadband and are committed to its continual growth in Europe.



European Telecommunications Network Operators' Association