



ARCEP

The French regulator of the electronic communications and postal sectors

Prepare and assist the opening to competition

The Authority for regulation of the electronic communications and postal sectors (ARCEP) was created by the law of July 26, 1996 **to prepare and assist the sector's opening to competition** and insure the provision and financing of universal telecommunications services. The May 20, 2005 law on the regulation of postal services extended the ARCEP's authority to the postal sector. In 2009, these markets represented around 60 billion euros.

Opening initially monopolistic sectors to competition **requires regulation**, specifically when there are significant barriers to entering the market; and measures to create a durable market must be implemented, while **ensuring a balance between consumer satisfaction**, particularly through rate decreases, and **long-term development of production and jobs**, via investment and innovation.

ARCEP is an independent administrative authority and an integral part of the State

ARCEP ensures regulation of the electronic communications and postal sectors on behalf of the State and under the supervision of Parliament and the judge. **Its independence vis-à-vis the Government** results from EU texts and the need to distinguish, within the State, between Government shareholding and tutelage over companies that are partially or entirely public (France Telecom, La Poste) and the role of **neutral regulator vis-à-vis the various operators**.

In **adhering to the principles of neutrality, impartiality, continuity, and efficiency**, ARCEP ensures the implementation of the universal service, imposes requirements upon operators that exert a significant influence in the context of market analyses, participates in defining the regulatory framework, allocates finite resources (radio frequencies and numbers), sanctions, resolves disputes, and delivers authorizations for postal activities.

As any regulatory authority, ARCEP is at once the "police" and catalyst for the markets it oversees

The Executive Board

First row, left to right:

Joëlle Toledano, Jean-Ludovic Silicani, Chairman, Edouard Bridoux, Denis Rapone, Nicolas Curien, Daniel-Georges Courtois et Patrick Raude.

The ARCEP's decisions are rendered by a seven-member Executive Board, chaired by Jean-Ludovic Silicani. The Chairman also has authority over the ARCEP departments (with 160 employees) managed by Director-General Philippe Distler.



ARCEP, the French regulator of the

MAIN OBJECTIVES

To provide ultra high-speed fixed and mobile services to everyone

The deployment of fixed and mobile ultra high-speed electronic communications networks will **facilitate the development of new innovative services** and **constitute an essential lever for company competitiveness and appeal of the territories in question**. In application of the law for the modernization of the economy and the fight against the digital divide, ARCEP defines the conditions for the deployment of optical fiber over the entire territory and prepares the allocation of frequencies, specifically those which result from the digital dividend destined for the fourth generation of ultra-high speed mobile telephony.



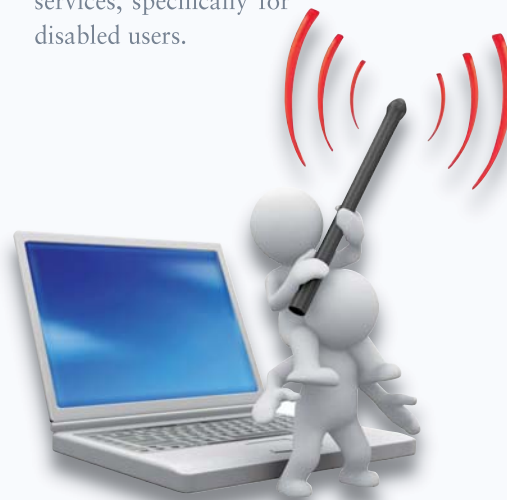
To provide the consumer with transparent, high-quality services at reasonable rates

In collaboration with other administrations, specifically those overseeing consumer protection, ARCEP ensures that **the end user**— individuals and corporate entities— **has access to quality electronic communications and postal services that are transparent in terms of both content provided and rates charged**. In this regard, ARCEP implements actions, in particular, on number conservation, price regulation of added-value telephone services, and the publication of price and quality-of-service indicators.



To ensure general access to electronic communications and postal services

ARCEP ensures that individuals and companies have **general access to electronic communications and postal services**. Their objective is to ensure the proper coverage of the various territories, the implementation of social objectives, via social rates, and ensure access to services, specifically for disabled users.



To prepare the opening to competition of the postal sector

The February 9, 2009 law regarding the public company La Poste and postal activities stipulates that the postal market will be fully opened to competition on January 1, 2011. **ARCEP is preparing this opening and is attentive to the conditions for providing universal service** in a context of decrease in standard postal activity. In addition to its regulatory prerogatives, Parliament has commissioned ARCEP to annually assess the net cost of La Poste's required territorial planning.



To actively participate in defining and implementing the European Community framework

In collaboration with the Government, ARCEP participates in defining and implementing the European Community framework. This was specifically the case for the adoption, in December 2009, of the texts that redefined the legal framework of electronic communications. **ARCEP** actively participates in this transposition. **ARCEP also participates in the creation of the new Body of European Regulators for Electronic Communications (BEREC)**, which held its first meeting in Paris on February 25 and 26, 2010.



ARCEP'S ACTION PROCEDURES

To listen and explain

ARCEP has ongoing in-depth discussions with the various players in the sectors in question (operators, equipment manufacturers, other State administrations, territorial communities, and consumer groups), via public consultations (25 in 2009) and consulting bodies implemented by ARCEP (Consumer Committee, Interconnection and Access Committee, exchange groups between ARCEP, territorial communities, operators). ARCEP implements hearings via the Executive Committee and bilateral or

multilateral technical meetings. The chairman and the members of ARCEP are regularly heard by Parliament. Finally, ARCEP frequently meets and initiates experiments with players on the field. In addition to its annual report, **ARCEP is also regularly asked to prepare reports for Parliament or the Government** (for example, in 2009, on the results of second- and third-generation mobile coverage, and on the electronic communications sector in French overseas departments).

ARCEP allows the players to express their views in the main articles in the **“the ARCEP quarterly reviews”**, whose recent issues were dedicated to digital territorial planning, solidarity, and the new challenges of the Internet. **ARCEP can also implement a formal or informal mediation before elected representatives or consumers who request it. The Authority created a website dedicated entirely to consumers** (www.telecominfoconso.fr).



Discuss and anticipate

ARCEP is at the center of new discussions on the sectors under its authority and **conducts forward planning analyses** on their evolution, specifically through the Forward Planning Committee created in fall 2009. In 2010, ARCEP will conduct studies on network neutrality in order to publish guidelines on this issue.



Decide

Finally, ARCEP renders decisions and opinions that are adopted in the Executive Board's bimonthly meetings. In 2009, 1,119 decisions and opinions were thus rendered: for example, a decision specifying the procedures for sharing mobile telephony installations, a decision defining the regulatory framework for the deployment of optical fiber, and a decision for attributing a fourth 3G mobile telephony license.



ARCEP

Key figures regarding the French electronic communications and postal sectors

The Electronic communications sector

In France, revenues from the digital economy are estimated to be **96 billion euros, thus 5% of the GDP**.

Within this economy, **electronic communications services**, which specifically fall under the ARCEP's regulatory authority, **represent** a turnover on the final market of **nearly 45 billion euros, thus 2.3% of the GDP**.

Electronic communications operators invest around **6.5 billion euros per year and, in 2009, provided 125,000 direct jobs**.

This sector is experiencing a renewed vitality with the development of broadband and ultra-fast broadband services (**19.7 million subscribers at the end of 2009**) and mobile services, with a **99% coverage rate of the population at the end of 2009**.

The Postal sector

Postal sector – including related distribution markets, such as express services – **represents a turnover of around 15 billion euros**, which essentially **corresponds** (14.3 billion euros) **to the distribution of 20.4 billion items per year in France**.

This sector employs around **250,000 people** and invests **over 700 million euros per year**.

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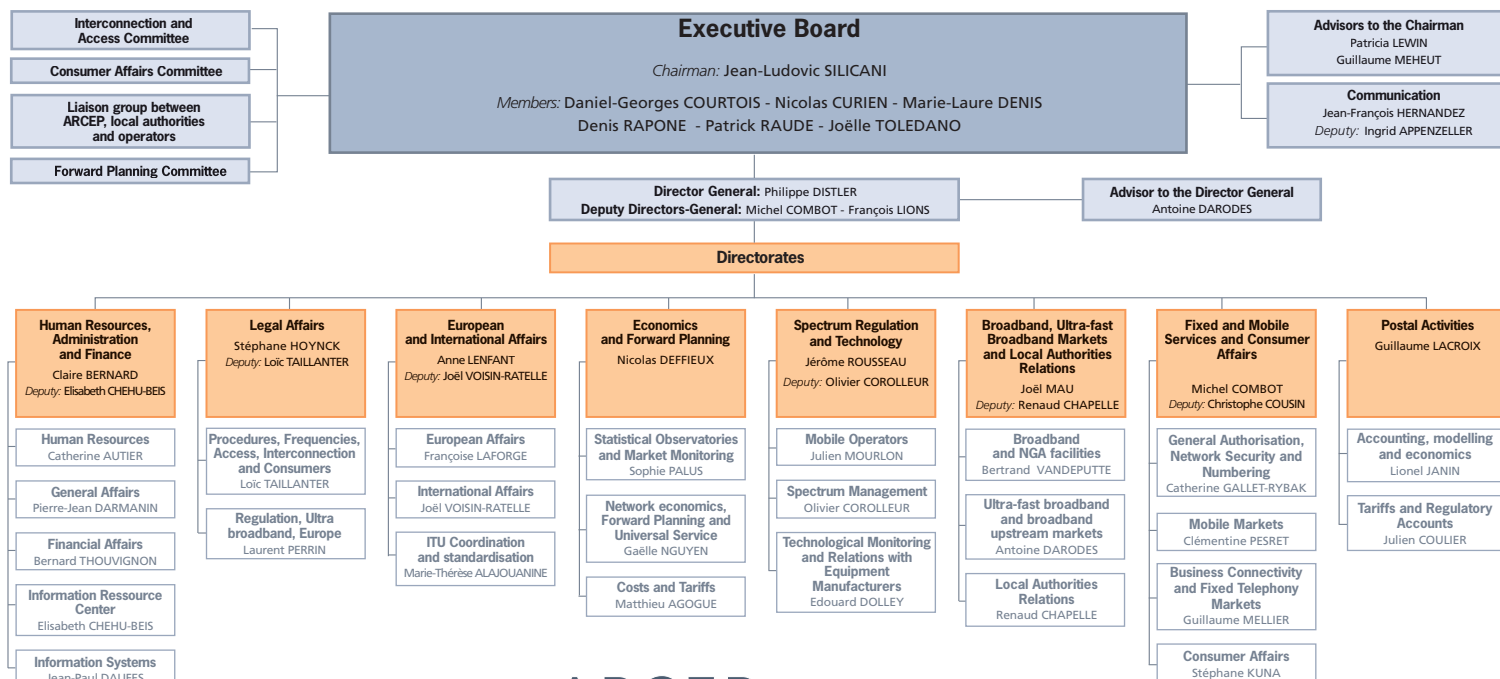
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ARCEP's organization chart



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