

ARCEP's Annual Report

2007



Article L.135 of the code governing electronic and postal communications, as modified by Law No. 2005-516 of 20 May 2005 concerning the regulation of postal activities, requires that:

“the Authority for the regulation of electronic and postal communications shall draw up a public report on the performance of its functions and the application of the legislative and regulatory provisions concerning electronic communications and postal activities before 30 June of each year. It will provide an analysis of the principal decisions taken by the electronics communications and postal regulatory authorities in the European Community Member States during the previous year with a view to establishing a comparison of the different types of control being exercised and their impact on the markets. This report shall be submitted to the government and to the Parliament. It shall also be submitted to the Commission supérieure du service public des postes et des communications électroniques (public service commission for posts and electronic communications). In this report, the Authority may suggest any legislative and regulatory amendments it deems necessary in light of changes in the electronic communications and postal sectors and the development of competition.

At the request of the permanent parliamentary committees concerned, the Authority shall report on its activity and in particular on progress concerning the objectives mentioned in Article L.32-1. These committees may consult the Authority on any question within the scope of its jurisdiction.

The Authority may carry out assessments, conduct studies, gather data, and undertake all informational actions concerning the electronic communications and postal sectors. To that end, the provider of universal postal service, Article L.3 authorisation holders and operators having made a declaration as provided for in Article L.33-1 are required to provide the Authority with statistical information concerning the use and coverage area of their services and the means by which their services are accessed. The ministers concerned are to be kept informed of the results of this work”.

Editorial

Keeping France on the leading edge of ICT

2007 marked an important stage in telecommunications regulation. Although not constituting a turning point, it nevertheless marked the end of a cycle. Ten years after the liberalisation of the telecom market, it would not be an exaggeration to say that it has been a success, to which all of the sector's players have contributed.

These past ten years in France have seen the implementation of unbundling (now available to close to 70% of the population), the growing use of new technologies (France now ranks second in the world in terms of VoIP usage), a roughly 30% decrease in prices over the course of the decade (corresponding to consumer gains estimated at 10 billion) and local authorities' involvement in regional digital development.

But we must not rest on our laurels. Regulation needs to continue to adapt, particularly in a sector as dynamic as telecommunications. Opening a monopolistic market up to competition was only the first stage, and a relatively easy one at that, given the new challenges that lie ahead for the regulator.

The deployment of fibre to the home (FTTH) and the development of broadband and ultra-fast broadband via wireless technologies are emerging as the major challenges to come. They are without a doubt decisive new elements that will shape and enable the next level of performance (very high speed) and innovation (rise of new applications) that will help France maintain its position among the world's ICT industry leaders. The implementation of these new technologies needs to meet a dual challenge: cover the entire population and establish the conditions for lasting competition.

As concerns optical fibre, the construction of a new local loop needs to be encouraged, while being careful to avoid the creation of any new monopoly. Regulatory provisions for ensuring shared rollouts in the last mile are crucial to guaranteeing a competitive FTTH deployment nationwide.

As to the development of wireless communication services, the widespread adoption of mobile data services (multimedia, Internet), spurred by the growing use of 3G, requires particular attention be paid to certain issues: access to lower frequencies will be crucial to providing very high-speed mobile across France. It is thus imperative that a portion of the digital dividend frequencies be set aside for this purpose, as recommended at the World Radiocommunications Conference in late 2007.

Regulators are called upon to rise to these challenges in an ever-changing environment. The interests of the market players have changed since the days when all new entrants were united in their efforts against the reigning monopoly. At the same time, mergers and acquisitions amongst the players (generally instigated

by those that have chosen to invest in networks rather than use the competition's) along with swift technological developments are constantly reshaping the sector. One outstanding example is fixed-mobile convergence, which is erasing the dividing lines between fixed and mobile networks.

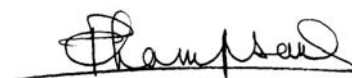
For the Authority to maintain lasting competition in this new era, it needs to find the right balance between providing incentives to invest and preventing anti-competitive behaviour. It is no longer a matter, for instance, of systematically imposing obligations on one or several players that enjoy significant market power. Even if ex ante competition regulation will continue to prove necessary in certain wholesale markets, to guarantee effective competition, it will sometimes be more judicious to define general obligations that apply to all operators to create a more fluid market – as is the case with number portability mechanisms.

But we cannot let these multifarious changes obscure the social and societal dimensions. The regulator and public authorities need to be mindful of ensuring that all consumers benefit from a competitive market, regardless of their social situation or geographical location. Providing access to the telephone service to all citizens and the existence of social tariffs continue to be important objectives. In the same vein, the regulator must ensure that operators are providing good quality services (universal telephone service, mobile services, directory assistance, broadband, universal postal service) and encourage network deployments, whether fixed or mobile, across the country.

ARCEP will also be focusing considerable efforts on an entirely new set of challenges: preparing to open postal markets up fully to competition, which is set for 1 January 2011, as part of its mandate to regulate the postal sector, pursuant to the law enacted in 2005.

At a time when the European Union is preparing to amend the regulatory framework that governs telecommunications for the third time, and to set a date for the full liberalisation of the postal sector, ARCEP is looking to the future and will persevere in its efforts to contribute, even if only in a modest way, to the common good.

Paul Champsaur
Chairman



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