

An investment incentive framework?

Spectrum 5.0

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Personal views, may not represent Orange positions



A regulatory framework which incentivize investment ?

- **Investment as an explicit regulatory objective**
 - **Article 3 of the EECC**
 - **Not just rhetoric, positive legal impact**
- **5G spectrum available in 2020**
 - **Specific provision in EECC**
- **Simplified authorisation process for small cells and access to public infrastructures and buildings**
- **Provisions to ensure**
 - **Rationale and fair criteria for spectrum allocation**
 - **Sound economic grounds for spectrum prices and fees, consistent with objectives**
 - **Spectrum paid only when available**
 - **Unfortunately, peer review to check actual implementation does not bite**
- **Spectrum under individual authorization and under general authorization complement, not substitutes**
- **No direct spectrum allocation to verticals**

Impact of license duration on investment

- European minimum license duration hotly debated
- Pros: one invests more in assets you own than in assets you rent, so the longer the better
- Cons: long license goes against competition and innovation, hence against investment
- Commission proposed 25 years of minimum duration, political agreement on 20 years in line with current practice
- Empirical insight
 - WCIS public database of MNOs financial reports and spectrum rights
 - Cisco public database on traffics
 - 14 EU countries during 15 years
 - Clear cut outcome of empirical analysis:

+1 year of license duration =

+5€ / inhabitant / year of investment

+10% yearly data traffic growth

Thanks

