

Friday, 16 September 2005

Response to Consultation on:

“Digital Divide Forum Report: Broadband access and public support in Under-Served Areas”

This response deals with the following questions:

1. Is there a need for new public policy actions at the European level to stimulate the provision of broadband in remote, rural or sparsely populated areas of the European Union? YES/NO
2. If YES, which ones? National broadband strategies, regulatory intervention, financial support, exchange of best/good practice, other measures?
6. Can you suggest an alternative mechanism (to the website) to aggregate demand, without distorting competition and private incentives, in areas where satellite is considered to be the best solution for broadband delivery?

ESOA represents the interests of satellite operators who provide all types of communications services to users across the globe. Satellites have certain ‘natural’ advantages such as being able to provide data to masses of people over large areas at the same time or remaining largely unaffected when disasters strike and disable terrestrial communications infrastructure.

ESOA welcomes the EC’s recognition that in the context of connecting would-be broadband users, there are “*areas where satellite is considered to be the only practicable solution for broadband delivery*”. However, we believe the full benefits of satellites are not adequately taken into account in the document. Satellites can play a major role in the broad commercial deployment of broadband and mobility, two of the major themes of 21st century telecommunications, over the next 5 - 10 years. By complementing terrestrial broadband networks and allowing terrestrial operators to optimize their business case, satellites can at the same time provide a platform for competitive service provision to citizens.

Satellites, with their wide regional coverage, are therefore able to play a key role in meeting the primary objectives of the i2010 action plan, in particular i-Inclusion and the objectives of further enlargement. They also have an essential part to play in enabling Europe to close the digital divide.

As pointed out in the EC’s report structural funds are indeed proving useful to increase broadband coverage and numerous examples around Europe illustrate this. Nevertheless this additional coverage (supply) is limited to specific areas.

The EC also notes that by 2013, millions of would-be broadband users will still be excluded from commercial roll-out across the EU25 and that this may justify public intervention¹. The problem concerning broadband access would therefore appear to be a long-term, pan-European problem.

Structural Funds are typically applied in regions to enable regional solutions. Whereas terrestrial solutions require a significant number of users in a limited area in order to be cost-efficient, satellite solutions are cost-efficient for a larger number of users over a much larger geographic area. Given the apparent 'regional' nature and application of Structural Funds, they would appear to disadvantage new satellite solutions, yet structural funds are identified by the EC as a key tool to enable coverage for what the EC itself identifies as a larger, pan-European problem. Such a problem could be addressed with a cost effective, pan-European satellite solution.

ESOA would argue that the EU should take a broader perspective commensurate with the broader problem, rather than limiting itself to a piecemeal solution. With the status quo, it would appear that EU funds are being inefficiently employed to resolve small parts of the European broadband problem when it may well be more cost-efficient per broadband user to deploy a solution capable of assisting resolution of the problem on a larger scale. The Commission's existing policy of encouraging trans-border cooperation appears highly appropriate in this context.

A broader perspective could take the form of an EU policy objective such as "the EC wishes to connect TBD thousands of the most disadvantaged users in rural areas across several countries within the next 2-3 years". This could be backed with a specific call, with funding from the most appropriate source(s) (structural, TENS, FP etc. with support from EIB/ EIF) for proposals inviting industry to address either some or all of these target users.

By supporting the funding of such an approach, the EC would be creating the environment for the private sector to take the initiative to implement competitive solutions, in circumstances where the independent commercial incentive to do this is in doubt.

With this technology neutral approach, it is feasible that responses may follow from:

- Terrestrial oriented consortia using existing technology;
- Operator consortia wishing to build a small satellite based on new technology
or
- Satellite operator consortia wishing to use existing capacity.
- Hybrid consortias

Any consortium responding to such a call will still face the usual commercial questions such as:

¹ Reference is made to page 4 of the EC's "Digital Divide Forum Report: Broadband Access and Public Support in Under-Served Areas" dated 15th July 2005.

- Which services are desired and required in given areas?
- What can be supplied via their technology?
- What are users prepared to pay for what is offered?

Through such an approach, the supply and demand risks would be addressed through the development and demonstration of the technology required for a pan-EU solution, demonstrating the services that can be offered, and testing the market. This would also clarify the possibilities for larger pan European solutions with substantially larger capacity in terms of user numbers.

Vital to such an approach is however that all enabling technologies are invited to compete equally in a neutral manner. Further, by not specifying a particular location to be serviced, the EC is fostering a flexible solution so that the capacity can be delivered wherever the demand evolves. Here the EC's proposed website could be usefully employed to identify the target areas where the most intervention is needed. With a relatively small amount of public funding, ESOA believes that significant progress can be made in reducing risk for future larger programs, while at the same time contributing to connecting users in the most disadvantaged areas.

We hope you find these comments useful and we are of course available for further discussion on the matter.

Sincerely,



Aarti Holla-Maini
Secretary General
ESOA