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# TIA Europe: Activity Update

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*International Committee staff at Supercomm 2000 (l to r): Luiz C. M. Bonilha, TEC-LA; Wills Hughes-Wilson, TIA Europe; Eric Nelson, TIA; Jason Leuck, TIA; Mary Beth Boswell, TIA; Patrick Maio, TIA Europe.*

## TIA EUROPE AT SUPERCOMM

The TIA Europe staff, Wills Hughes-Wilson, Managing Director, and Patrick Maio, Manager Industry Affairs, attended Supercomm, the annual international communications trade exhibition, in Atlanta, 4-8 June. TIA is one of the organising associations of this world event, and the 2000 'edition' broke all records in terms of registered domestic and international attendees, conference attendees, press coverage and show size. More than 60,000 registrants visited the 750-plus exhibiting companies in eight halls. At 467,700 square feet, this year's exhibition space was 15% larger than 1999.

Many opportunities to meet with TIA member companies brought a broad exchange of market information and led to interesting discussions on global issues related to telecom industry and trade. The parallel, educational event, the GTM Forum, which included presentations from TIA's international staff from offices around the world, provided useful information on regional markets, highlighting key areas of opportunity. Other meetings attended by TIA Europe dealt with general international policy, liaison with TIA international offices, TIA

Europe participation in external events, US-EU MRA and EU-US future trade missions. TIA Europe staff will keep TIA member companies up-to-date in each of those areas, via the *Pulse*, the *International Informer* and this newsletter *European Connection*.

## JOINT SECTORAL COMMITTEE MEETINGS WITH EUROPEAN COMMISSION OFFICIALS

The Joint Sectoral Committee met on 16 May at the European Commission in Brussels to activate discussions on remaining MRA issues and move towards a shortening of the transition period. The meeting was followed by a workshop where the US delegation presented procedures for acceptance of US Conformity Assessment Bodies (CABs) designated in the EU, and European Telecommunication Certification Bodies (TCBs) in the US.

The US delegation comprised Art Wall (FCC), Mary Saunders and Bob Gladhill (NIST), Milton Bush (The M Companies), Allen Groh (Ericsson), Susanne Sene (US Mission), Jason Leuck (TIA) and Patrick Maio (TIA Europe). Major discussions dealt with the privatisation of the FCC certification process for TCBs, Telecom Sectoral Annex modification to fulfil R&TTE Directive requirements and transition period shortening. Both parties expressed their wish to meet requirements before the end of the transition period (3 December 2000) and will meet in October 2000 to resolve remaining issues. For more information, TIA members can contact Jason Leuck (e-mail: [jleuck@tia.eia.org](mailto:jleuck@tia.eia.org)) or TIA Europe.

## MEETING WITH MEMBERS AND INDUSTRY REPRESENTATIVES

TIA Europe called for a meeting with TIA member and industry representatives in Europe in its offices in Brussels on Friday 19 May.



Present were Claudio Murri (EDS), Lizanne Scott (HP), Wanda Walker-Jansen (Bell Atlantic) and Lars-Göran Larsson (Ericsson). Nicholas Daghish (Corning), Christine Diamante and Tim Walsh (Newbridge) and Symon Visser (Qualcomm) joined the meeting by teleconference. Discussions dealt with

R&TTE Directive implementation, future disability access facilitation, MRA follow-up, and possible liaison with other telecom bodies. A report of this meeting is available for TIA members on request. Please contact TIA Europe: [tia.europe@eyam.be](mailto:tia.europe@eyam.be)



## EU News

### EUROPEAN COMMISSION PUTS STRONG PRESSURE ON EUROPEAN INCUMBENT OPERATORS

On 12 July 2000, the European Commission released a series of proposals aimed at boosting e-commerce and telecoms liberalisation. In particular, the Commission confirmed that it would seek laws forcing the unbundling of the local loop this year. Erkki Liikanen, enterprise and information society commissioner said, "Local loop unbundling is the key to the breakthrough of high-speed Internet in Europe and requires strong and urgent measures. We need to provide a level playing field across Europe. Today's decision is an adrenaline shot for industry and the Internet".

The Commission said in addition that it will launch an investigation into the status of local loop unbundling. It will be contacting the "incumbent" operators to question them on actions taken to date on unbundling. It said that its local loop probe would "detect any abuses of a dominant position". If this were the case, Mario Monti, competition commissioner, commented that the Commission would "not hesitate to recommend formal proceedings against operators that abuse their dominant position or which have concluded harmful agreements".

The Commission outlined how the new regime would work, including:

- A requirement for incumbent operators to provide competitors with "full and shared unbundled access to their local copper loops on fair, reasonable and non-discriminatory terms," including the right of competitors to have access on the same terms as those offered to the operators themselves or associated companies;

- Physical access granted at any technically feasible point on the copper loop;
- Price for access "cost-oriented," where competition is weak; and
- Publication by operators of a reference offer for unbundled access to local loop, including prices, terms and conditions.

However, Germany has announced that it has major concerns about the new approach. It is among the forefront of EU Member States, having had local access rules since 1998. The German government claims that the new proposals will have the opposite effect to that intended. By requiring two additional types of unbundling, not currently required in Germany, the regulations will add to bureaucracy and costs, rather than the reverse. In addition, it appears that the result could fly in the face of Liikanen's commitment to easing the legislative framework surrounding the telecoms industry, pledged earlier this year.

The Commissioner says that although his recent announcement goes further than originally anticipated, the previous plans would have meant no real progress before 2002. The local loop is the last area where former monopoly operators maintain their privileged status and is a vital component of ensuring Internet growth in Europe.

### EUROPEAN E-COMMERCE DIRECTIVE GETS PARLIAMENTARY APPROVAL

On 4 May the European Parliament adopted the European Union's e-commerce Directive using new rules to speed up decision-making by the EU institutions. The Directive sets out a legal framework for e-commerce to ensure free movement of services and freedom of establishment. It includes obligations on the definition of where operators are established, transparency from operators and commercial communications, the validity of electronic contracts, the liability of Internet intermediaries, on-line dispute settlement and the role of

#### TIA Europe on the web

TIA Europe articles, developments and reports as well as additional resources on Europe and Newly Independent States on:

[www.tiaonline.org/international/regional/nis](http://www.tiaonline.org/international/regional/nis)

## 3G WIRELESS LICENSING PROCESS IN EUROPE

Country	Number of Licences & Known Bidders	Licensing Process	Issue of Tender	Licence Award	Commercial Launch
<b>Austria</b>	2 x 60MHz to be awarded between 4 & 6 licences	2 steps: Beauty contest and auction	Nov 2000	Q1 2001	Q1 2002
<b>Belgium</b>	4 licences. Bidders: Proximus (Belgacom), Mobistar, and consortium comprising KPN, DoCoMo and Hutchinson	Auction	Sept 2000	Dec 2000	2002
<b>Denmark</b>	5 licences	Auction	Q1 2001	Q4 2001	2002
<b>Finland</b>	4 licences awarded to Radiolinja, Sonera, Telia Mobile and Suomen Kolmegee, a consortium of the Finnet group	Beauty contest	Complete	Mar 1999	Jan 2002
<b>France</b>	4 licences. Bidders: France Telecom, SFR (Cegetel), Bouygues Telecom and consortium comprising Suez Lyonnaise des Eaux, Telefónica and Deutsche Telekom	Beauty contest plus entrance fee of \$4.74bn (payable over 15 years)	Q3 2000	Mar 2001	Q1 2002
<b>Germany</b>	Between 4 & 6 licences. Bidders: T-Mobile (Deutsche Telekom), Mannesmann Mobilfunk, Viag Interkom, Debitel and E-Plus Hutchinson (backed by KPN and NTT DoCoMo)	Auction (simultaneous multiple-round) began on 31 July	Q3 2000	Q3 2000	2002
<b>Italy</b>	5 licences of (2x10MHz + 5MHz) each. Bidders: Telecom Italia, Omnitel, Wind and Blu + 3 consortia: Dix.It, Andala and ACEA Telefónica	Beauty contest with entrance fee of \$1.95bn, plus financial bids	May 2000	Q3 2000	2002
<b>Netherlands</b>	5 licences: 3 of (2x10MHz + 5MHz) each and 2 of 2x15MHz. Bidders: KPN/Hutchinson, Libertel, Telfort, Dutchtone, Nogenta Swedish Acquisitions (BT) and consortium formed by Deutsche Telekom, Belgacom and TeleDanmark.	Auction began on 6 July	Q2 2000	Q3 2000	1 Jan 2002
<b>Poland</b>	4 or 5 licences. Expected bidders: TPSA, PTC (owned by Deutsche Telekom and Elektrim), Polkomtel (owned by Vodafone Airtouch and Tele Danmark) and Netia (controlled by Swedish Telia).	To be defined (beauty contest or auction)	Q4 2000	Q1 2001	1 Jan 2002
<b>Portugal</b>	4 licences	Beauty contest started the first week of August	Q3 2000	Q1 2001	1 Jan 2002
<b>Spain</b>	4 licences awarded to: Telefónica, Amena, Airtel and the Sonera/Vivendi consortium "Xfera"	Beauty contest	Complete	13 Mar 2000	1 Aug 2001
<b>Sweden</b>	4 licences: 2 of 2x15MHz and 2 of 2x10MHz. Bidders: Tele1 Europe, Investor AB, Telia, Netcom, Europolitan, Sonera and Telenordia.	Beauty contest with nominal fee of \$11,000	Sept 2000	Nov 2000	2002
<b>UK</b>	5 licences awarded to T1W, BT, Vodafone, Orange, One2One	Auction	Complete	Apr 2000	1 Jan 2002

national authorities. The Directive now needs to be written into the national law of each EU member country within 18 months. The EU officials want this decision to pave the way for agreement on other EU initiatives on e-commerce, such as copyright rules, distance marketing of financial services and revision of the Brussels convention on contractual law. The text of the directive can be found on: [www.ispo.ccc.be/ecommerce/legal/documents/2000\\_386/sec\\_2000\\_0386\\_f\\_en\\_acte.pdf](http://www.ispo.ccc.be/ecommerce/legal/documents/2000_386/sec_2000_0386_f_en_acte.pdf)

systems for electrical and electronic waste. It implements the principle of producer responsibility and provides incentives for producers to take into account, already at the design stage, the 'sustainable development' aims of reducing use of hazardous substances and improving recyclability.

A significant change from the previous drafts is that the Commission has deleted references to standards for greener product manufacture and design. Additionally, in a surprise last-minute move, the proposal was split into two separate draft directives. Proposals to ban the use of lead, mercury, cadmium, hexavalent chromium and brominated flame retardants in new products by 2008 will be included in an independent draft directive on hazardous substances in electrical and electronic equipment. The two directives will now take separate paths through the EU's decision-making process.

### NEED INFORMATION ON EVENTS IN EUROPE?

The TIA Europe office has compiled a list of trade events in Europe, which is available for TIA members. Contact the office for more information.

### DRAFT EU LEGISLATION ON WASTE ELECTRICAL AND ELECTRONIC EQUIPMENT

The European Commission formally proposed on 13 June its long-awaited draft EU directive on Waste Electrical and Electronic Equipment (WEEE). The WEEE directive seeks to establish separate collection and recycling

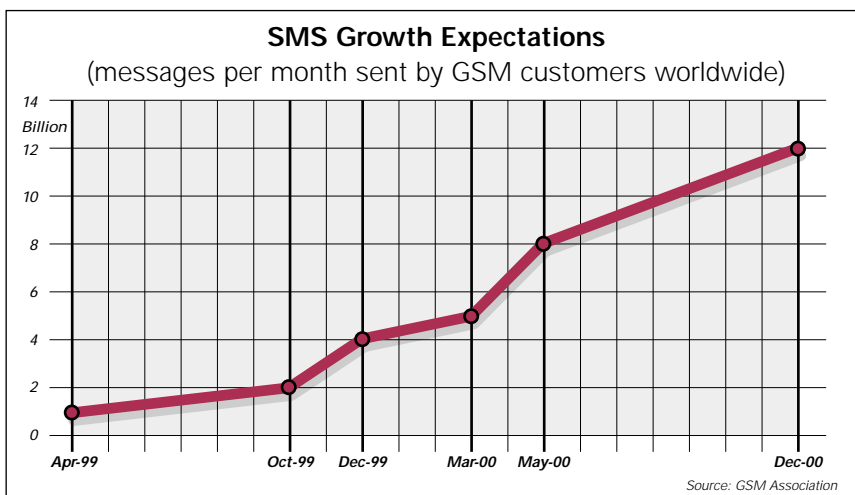
### BELGACOM ANNOUNCES EXPANSION

Belgian incumbent operator Belgacom announced on 29 June an aggressive move to expand into foreign markets. The first steps are the acquisition of the French Internet service provider Infosources; and its plan to create a joint venture with Deutsche Telekom to bid for a Dutch UMTS mobile licence. Belgacom will combine its Skynet Internet and portal activities with France's Infosources to create a platform for international expansion. The combin-

ed company will have nearly one million Internet subscribers in Belgium, France and Switzerland. BEN Nederland BV, Belgacom's mobile unit in Netherlands, would bid for a Dutch UMTS 3G mobile phone licence in a joint venture with the T-Mobil International AG unit of Deutsche Telekom AG, called 3G-Blue. In the meantime, Belgacom, which currently has mobile phone activities in Belgium and the Netherlands, has yet to decide whether to bid for a 3G licence in France. It will certainly depend on the evolution of pricing in the Dutch and German auctions. The level reached by the UK's UMTS auction (\$34.12 billion in total) has launched a broad debate over the costs to be assumed by telecom operators.

### SLOVENIA WILL AUCTION 3 UMTS LICENCES THIS SUMMER

In line with western European countries, Slovenia's Ministry of Transport and Communication announced on 23 June that it would auction three licences to operate third generation UMTS mobile phones later this summer. It is foreseen that both Slovenia's mobile phone operators, state-owned Mobitel and Simobil, 25% owned by Swedish telecommunications operator Telia will bid for a licence. Other operators that have already shown interest are Western Wireless Corp., AT&T, Canada's Telesystem International Wireless and Deutsche Telekom. The licences are expected to be awarded later this year.



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### EUROPEAN PENETRATION FIGURES

	France	Germany	Spain	Sweden	UK	US
PC penetration (% of population)	26.6	38	25	65	37.3	53
Online penetration (% of population)	12	10	8	53	26.3	34
% of Internet users who shop online	21	16	3.2	33	19	37
Mobile phone penetration (% of population - November 1999)	40.3(*)	26.2	32.5	59.6	34.8	28.4
% of companies with website	31	49	16	54	58	57
% of companies selling via the net	7	11	9	30	19	37
Value of goods sold online, 1999 (\$m)	3400	3600	400	700	5300	22000
% of companies with intranet	28	33	25	100	38	31
% of companies with extranet	25(**)	23(**)		61(**)	42(**)	8

Source: Connectis July 2000 (\*)Source: ART 30 June 2000 (\*\*) Large companies sampled



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# Country Market Focus: SPAIN

*In the second half of the 20th century Spain was faced with major internal issues in terms of large-scale unemployment and an ongoing struggle with the Basque separatist movement. However, in 1986, Spain joined the EU and took a significant position in the EU internal market, being one of the so-called "Big 5" Member States. This has coincided with an increasingly stable political situation and unemployment levels coming under control. As part of the EU, Spain has also liberalised its telecoms market and, with a population of nearly 40 million and very good positioning within Latin American markets due to language and historical links, Spanish operators have growing prominence in the global arena.*



## REGULATOR

The responsibility for regulation of Spanish telecommunications falls to the independent authority of the Comisión del Mercado de las Telecomunicaciones (CMT). The CMT is responsible for regulation, licensing, technical standards, interconnection charges, radio spectrum allocation and quality of service monitoring. Since 1 December 1998, Spain's telecommunications market has been open to competition.

## MARKETPLACE

Telefónica is by a long stretch the most dominant force in the Spanish market. Although it has always been a private company, until the 1990s it was controlled by the Government, which sold its final stake in 1997.

However since a France Telecom-led consortium (including Banco Santander, Cableurope, Ferrovial and Multitel) called Uni2 was awarded the third fixed telephony licence in May 1998, a new era of Spanish telecommunications has begun. The consortium plans are to gain 7.5% of the domestic market by 2008. CMT has also granted licences to British Telecommunications, Jazz Telecom SA, Comunitel Global SA and Interterminal. Colt Telecom España has been operating a high bandwidth business service on its Madrid network since September 1998.

Another UK-based company, Esprit, is licensed to provide telephone services in Barcelona, Madrid and Gerona. In Madrid, Madritel Telecommunications won the licence to provide cable services with phone, Internet and CATV services to begin in early 1999. However the biggest rival to Telefónica in Spanish telecommunications took shape on 21 June

2000 in the form of a holding group called Auna. Auna will group the allied interests in Spanish telecoms of power groups Endesa, Unión Fenosa and Telecom Italia.

These three partners are keeping a place ready for Banco Santander Central Hispano, one of the two top Spanish banks, to join them. The new holding will embrace Retevisión, Spain's number two fixed-line telephone company; the number three mobile telephone operator Amena; and interests in regional cable companies, satellite communications and Spain's first terrestrial digital television venture, Quiero TV. Endesa will initially control 39% of Auna, with Telecom Italia holding 37.5% and Unión Fenosa the remainder.

In five years' time the group aims to increase its customer base from 4 million to 10 million, and secure more than 15% of the Spanish telecoms market.

## TELEFÓNICA'S WIDE PRESENCE IN LATIN AMERICA

Telefónica's dominance does not look to be under threat, but its internal market position is affected by the cost of its interests in Latin America. Telefónica today enjoys an extensive presence there through its subsidiary Telefónica International SA (TISA).

Among those countries where it operates are Argentina (Telefónica de Argentina), Brazil (Companhia Riograndese de Telecomunicações and Telesp), Chile (Compania de Telecomunicaciones de Chile), Peru (Telefónica Larga Distancia) and Venezuela (CANTV). Its mobile interests include Brazil (Tele Sudeste and Tele Leste) and Colombia (Cocelco).



## Website location of the regulatory bodies of the 15 EU countries

**Austria** Österreichische Gesellschaft für Telekommunikationsregulierung: [www.tkc.at](http://www.tkc.at)

**Belgium** Institut Belge des Services Postaux et de Télécommunications (BIPT): [www.bipt.be](http://www.bipt.be)

**Denmark** National Telecom Agency (Telestyrelsen): [www.tst.dk](http://www.tst.dk)

**Finland** Telehallintokeskus (TAC): [www.thk.fi](http://www.thk.fi)

**France** Autorité de Régulation des Télécommunications (ART): [www.art-telecom.fr](http://www.art-telecom.fr)

**Germany** Regulierungsbehörde für Telekommunikation und Post (Reg-TP): [www.regtp.de](http://www.regtp.de)

**Greece** National Telecommunications Commission (NTC): [www.eet.gr](http://www.eet.gr)

**Ireland** Office of the Director of Telecommunications Regulation: [www.odtr.ie](http://www.odtr.ie)

**Italy** Autorità per le Garanzie nelle Comunicazioni: [www.agcom.it](http://www.agcom.it)

**Luxembourg** Institut Luxembourgeois des Télécommunications: [www.ilt.lu](http://www.ilt.lu)

**The Netherlands** Onafhankelijke Post en Telecommunicatie Autoriteit (OPTA): [www.opta.nl](http://www.opta.nl)

**Portugal** Instituto das Comunicações de Portugal: [www.icp.pt](http://www.icp.pt)

**Spain** Comisión del Mercado de las Telecomunicaciones (CMT): [www.cmt.es](http://www.cmt.es)

**Sweden** Post & Telestyrelsen (PTS): [www.pts.se](http://www.pts.se)

**United Kingdom** Office of Telecommunications (OFTEL): [www.oftel.gov.uk](http://www.oftel.gov.uk)

## MOBILE MARKET

The competition within the mobile phone market increased strongly with the granting of a third licence to Retevisión Móvil in June 1998. Retevisión Móvil (Retevisión 40%, Telecom Italia 39%) operates under the name Amena and will offer a full range of telecom services.

The established operators are Telefónica Móviles and Airtel. Telefónica Móviles is a division of Telefónica, running both GSM digital networks and radiopaging services, and is considered to be one of the top five largest mobile operators in Europe. Airtel, backed by Vodafone Airtouch, is the second mobile operator with a 35% share of the market. Four 3G UMTS licences were awarded in March 2000: three went to Spain's existing operators (Telefónica, Amena and Airtel) and the fourth one went to the Sonera/Vivendi "Xfera" consortium.

## INTERNET DEVELOPMENTS

On 17 May 2000, after the \$12.5 billion acquisition of US search engine Lycos, Terra Networks, Telefónica's internet subsidiary, turned itself into a global Internet player with activities in the Americas and Europe, creating a multilingual Internet portal. Terra expects Internet usage to grow twice as fast as mobile telephone usage. The company has already gained 10 million users in less than one year (compared to the total of 12 million fixed-line customers of its parent company Telefónica).

Jazztel, another ISP, is building a fibre-optic network to be the first nationwide CLEC in Spain and Portugal. With more than 4,200 km of operational backbone and 725 km of LAN, it is becoming a leading player in the Internet market in the Iberian peninsula.

For its part, Retevisión operated, by early 1999, a 6,700 km fibre-optic network, including a 4,500 km SDH backbone. The company claims to be Spain's leading Internet access provider, with a market share of 27%, according to its own estimates. Retevisión offers a range of Internet and IP services for residential and business customers, including a subscription-free Internet access and portal service "Alehop".

## CONCLUSION

The Spanish government aims to give access to the local loop, up to now controlled by incumbent operator Telefónica, by January 2001. It is planning to introduce a flat rate for off-peak Internet access, priced at a maximum of 2,750 pesetas (\$15.5), from 1 November 2000. These measures are part of a package of reforms that should inject more competition into the Spanish market. With nearly 13 million telephone lines, PC penetration at around 25% of the population and more than 35% of the population using mobile phones, Spain is becoming one of the more mature markets in Europe. With full economic stability and political incentives, the country is becoming one of the most exciting partners for American companies in the European Union.

Both in Europe and in Latin America, where joint history, social understanding and language sharing give a strong position to Spanish companies, American telecom manufacturers should keep an eye fixed on the Spanish operators – both the Telefónica titan and the new entrants. Business opportunities could multiply very quickly.

*Please contact TIA Europe for additional information on the Spanish telecoms market and procurement contracts.*

### About TIA

TIA is a full-service national US association with membership of about 1,000 large and small companies that provide communications and information technology products, materials, systems, distribution and professional services, in the United States and around the world.

The association's member companies manufacture or supply virtually all of the products used in global communication networks.

As well as its headquarters office in Arlington, Virginia, USA, TIA maintains offices in Washington DC, USA; Beijing, China; Moscow, Russia; and São Paulo, Brazil.



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