



Bundesnetzagentur

How to Deregulate the Telecommunications Sector without Endangering the Level of Competition Already Realized

**Dr. Iris Henseler-Unger,
Vice President of the Federal Network Agency**

**German-Japanese Symposium
Berlin, 20 April 2007**



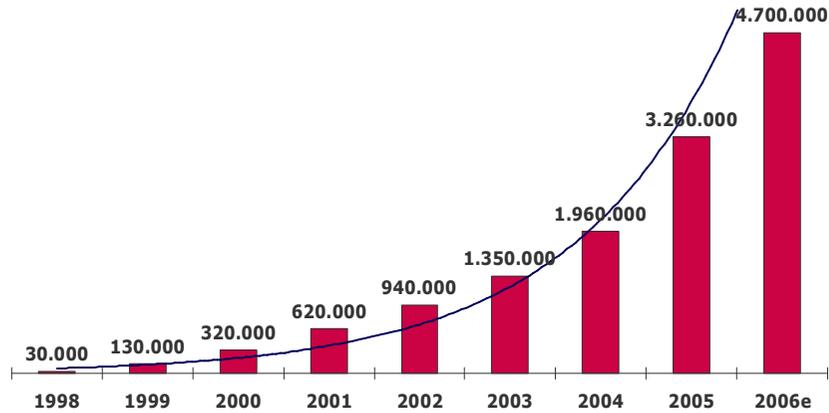
Regulation is key element of the liberalization strategy for telecommunications markets

- From monopoly to competition
- Characteristics of networks
- Scarce goods (radio spectrum, telephone numbers)
- Universal service

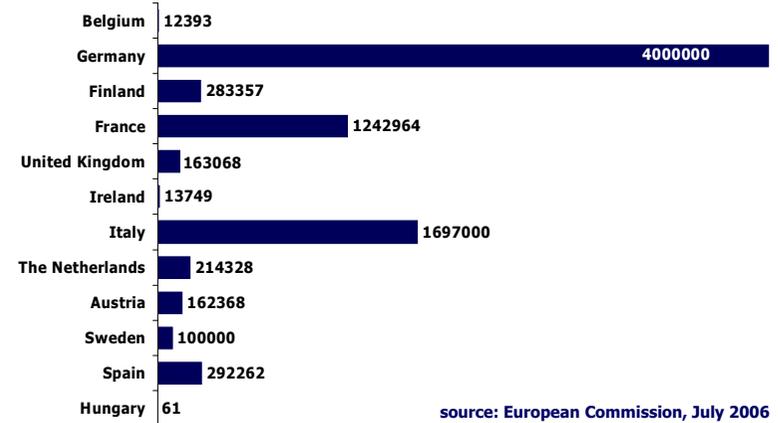


Successful development of telecommunications market is a success of regulation, too

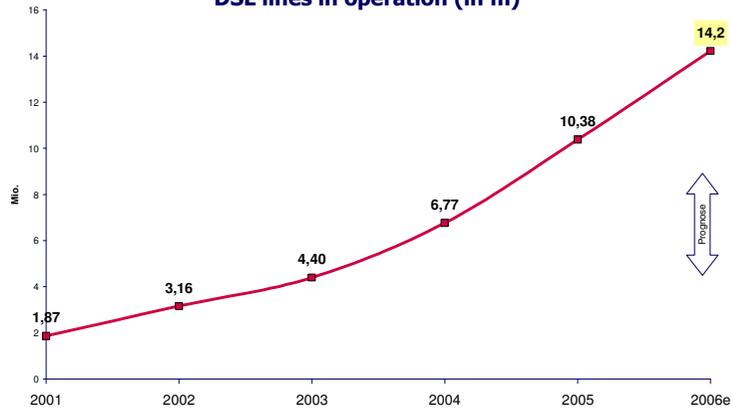
Development of ULL rental



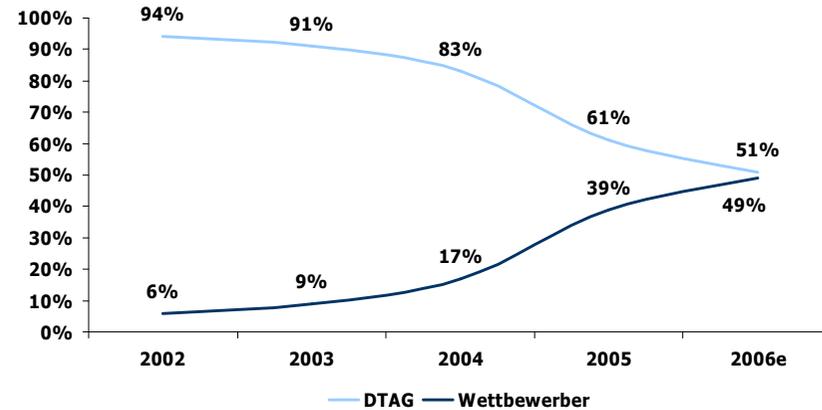
Unbundled local loop rental by countries



DSL lines in operation (in m)



Competitors shares of DSL-lines





Time to phase out regulation?

- Status quo of competition
- Pressure from capital markets
- Debate on national champions



Tools to control the level of regulation (1)

BNetzA

- Market-definition and market-analysis
- Remedies decisions
- Decisions in individual cases



Tools to control the level of regulation (2)

Legislator

- Biannual report by the Monopolies Commission
- Telecommunications Act (TKG)

EU

- Review of the Recommendation on Relevant Markets
- Review of the Regulatory Framework



First steps

- Abolition of the license requirement
- Ex post regulation of retail markets
- Foreign calls unregulated
- Technology neutrality of regulation
- Improved flexibility in the allocation of spectrum



Challenges: the optimal level of regulation

- VoIP
- Digital mobile telephony
- FTTC
- Bundles



BNetzA – Aims

- Intensify competition further
- Incentives for efficient investment
- Supporting innovation
- Supporting efficient usage of networks
- Minimizing transaction costs and regulatory costs



Competition and Innovation

- Competition as precondition for innovation
- Regulatory holidays as precondition for innovation
- Functional separation and innovation



Bundesnetzagentur

**Vision of the regulator: reduce regulation to
few core bottlenecks**