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ETNO participates in the Arab Advisors Group “10th Convergence Summit”

- Current unpredictability and instability in the European telecoms sector regulatory framework risk crowding out private investments;
- What is needed is a comprehensive revision of EU rules, which guarantees more stability, predictability and investments, by allowing operators to achieve a more efficient market scale;
- The key problem affecting the telecoms sector is in fact market fragmentation;
- Collaboration between market players at the global level is also needed, with the creation of a level playing field particularly for taxation and data protection.

AMMAN (Jordan), 3 June - Luigi Gambardella, Chairman of the Executive Board of ETNO, took part today in the Arab Advisors Group “10th Convergence Summit”, held in Amman, Jordan. The Summit, which takes place on the 3rd and the 4th of June, gathers key representatives of several ICT industries, from the Middle East and beyond, covering the whole digital value chain. The Summit foresees the participation of several high-level speakers, such as Mr. Ammar Aker, CEO of Paltel Group, Mr. Ahmad Hanandeh, CEO of Zain, Mr. Jean-François Thomas, CEO of Orange Jordan, Mr. Ahmed Ossama, Vice-President of Telecom Egypt, Mr. Ali Korur, Vice-President of Eutelsat, and Mr. Nabil Shanti, Vice-President of Arabsat. Representatives from such companies as Google, Ericsson, Cisco Systems, Sky News and Vodafone Egypt are also present.

Mr. Gambardella participated in the panel on the “state of the industry” and was asked to outline the current situation of the European telecoms market, reflecting upon the challenges and opportunities it is currently facing.

In his intervention, the Chairman of the Board underlined the role of the sector as a key to European economic recovery and job-creation, both directly – the sector contributes to 3% of EU GDP – and indirectly, as broadband penetration constitutes a major boost to efficiency and productivity for the economy as a whole.

However, he also noted that the current market structure and regulatory framework should radically change, in order for the EU to fully exploit this potential. In particular, to boost

operators' investments in future-proof network infrastructures, more stability and predictability are needed. Continuous changes in the rules of the sector risk crowding out private investments.

Furthermore, he stressed that the key problem affecting the sector is market fragmentation, and particularly the relative lack of concentration compared to other markets, such as the United States and East Asia. The current reflection on the European Single Market for electronic communications should address this problem as a priority, through concrete policy measures to be undertaken as soon as possible.

“If our industries are to compete successfully at the global level, operators need to be allowed to achieve greater scale in order to exploit cost-efficiencies and ensure more investments. This cannot be achieved without a parallel evolution of the current regulatory framework. The new approach should reconsider the way in which we have looked at competition so far. Preserving existing market structures and improving competition within the internal market may be a good strategy while the sector is growing; but when a sector is faced with falling revenues and a lack of long-term sustainability, such a strategy can no longer be considered reasonable, credible or effective. In reality, competition has shifted from the national level, and indeed from the European level, to the global arena”, said Mr. Gambardella.

Finally, the Chairman of ETNO's Board also proposed some reflections on the bigger picture, highlighting the need for collaboration at the global level in developing a sound policy framework for the growth and sustainability of the digital economy, with the creation of a level playing field for all actors in the digital value chain, particularly in the field of taxation and data protection.

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ETNO's 37 member companies and 12 observers from Europe and beyond represent a significant part of total ICT activity in Europe. They account for an aggregate annual turnover of more than €600 billion and employ more than 1.6 million people. ETNO companies are the main drivers of broadband and are committed to its continual growth in Europe.

