



## **GSME response to European Commission consultation on the 2500-2690 MHz IMT-2000/UMTS extension band**

12 September 2005

GSM Europe (GSME) welcomes the opportunity to respond to the European Commission consultation on the 2500-2690 MHz IMT-2000/UMTS extension band.

GSME represents the interests of 143 mobile second and third generation operators providing mobile services to around 460 million consumers throughout Europe. Its parent organisation, the GSM Association (GSMA), representing the global interests of 660 second and third generation operators, in turn providing services to over 1.1 billion consumers, fully endorses this response. We seek to promote the adoption of 3GSM (IMT2000/UMTS) globally, to ensure a critical mass of broad based industry commitment to the development of standards and equipment, that consumers might reap the benefits of innovation, global roaming, interoperability and economies of scale.

GSME takes this opportunity to reiterate its position in favour of the harmonised utilisation of the band 2500-2690 MHz for IMT-2000/UMTS only, which is important for the continued success of mobile services and therefore supports the Decision adopted by the ECC. We consider that CEPT has fully completed IMT-2000/UMTS Mandate 5 from the European Commission.

UMTS licences have now been allocated in most European countries. After significant infrastructure investment, operators have rolled out networks that are able to offer voice, video and data services simultaneously in the majority of European countries. As a result of European harmonisation, industry has been able to ensure that consumers can retain their handset and roam onto another UMTS network. This is a significant achievement that has happened as a result of substantial investment by manufacturers, operators and Administrations and should not be underestimated.

As consumer demand for simultaneous services such as voice, video and data services increases, as predicted by the current IMT-2000/UMTS operators, additional spectrum will be required. In order to meet this demand and consumer expectations for a high level of interoperability, roaming, competitive prices and quality of service from operators, the band 2500-2690 MHz must be designated and harmonised to IMT2000/ UMTS and its future evolutions.

In addition, to ensure the continued harmonisation of spectrum, GSME believes that this Decision must be agreed and implemented across Europe, by means of a binding Decision of the European Commission.

GSME considers that the IMT-2000 framework as defined by the ITU is the set of open global standards, continuously evolving towards even higher performance, that would best meet future user demand, as described by the Commission in its 3G communication of March 2001 ((COM (2001) 141).

Justify and Quantify:	IMT-2000 and technically compatible technologies	IMT-2000 only (exclusive)
What is the impact on competition in the internal market?	Consumers can benefit from competition when it leads to a reduction in the price of services and devices to a more affordable	The impact on competition in the internal market will be positive, as it is the case today in the GSM market where the

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	<p>level and to a wider variety of new and innovative services. Fragmenting the internal market will negatively impact the effect of competition.</p> <p>The mobile market in Europe is already an extremely competitive market:</p> <ul style="list-style-type: none"> <li>• 143 operators in 50 countries/areas in Europe</li> <li>• From 0 to 454 million Subscribers in Europe in ten years</li> <li>• 2-5 competing mobile operators in every country</li> <li>• 84% Average Market Penetration in Western Europe</li> <li>• Average Market Growth in 2001-2002: 36% or 102 million new customers</li> </ul>	<p>average penetration rate in Europe is over 80%. This is one of the highest penetration rates in the world, with affordable services and devices. Consumers have the possibility to compare the service offerings of multiple operators and to choose the ones that best fit their needs.</p> <p>The GSM/UMTS mobile services industry now makes a major contribution to the GDP of the EU15 region (the EU prior to its expansion in May 2004):</p> <ul style="list-style-type: none"> <li>• it generated €106 billion of GDP in 2004, 1.1% of total GDP in the EU15</li> <li>• in terms of GDP contribution it is bigger than industries such as mining and quarrying and is approaching the same size as the agriculture, forestry and fisheries industry</li> <li>• it is larger than other ICT industries such as the supply of end user hardware or software and is growing significantly faster.</li> </ul>
<p>What is the impact on competitiveness of the EU in comparison with non-EU regions?</p>	<p>European Industry will become a "technology taker" instead of a "technology maker". Today:</p> <ul style="list-style-type: none"> <li>• The Top 3 UMTS vendors in the world are European companies.</li> <li>• European vendors have a 61% market share of IMT-2000 infrastructure sales, well in advance of US vendors that only count for a 19% market share.</li> <li>• European vendors have 81% of the UMTS terminals</li> </ul>	<p>The European Industry is currently leading the IMT-2000/UMTS industry. An EC Decision in favour of IMT-2000/UMTS will reinforce this leading position.</p> <p>In June 2005, UMTS networks were deployed in 22 European countries out of 36 countries worldwide and 53 out of 75 operators around the world are in Europe.</p> <p>The GSM/UMTS industry of the</p>

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	<p>of the UMTS terminals market, compared to US vendors that only have 1%.</p>	<p>EU15 generates substantial revenues for member state governments. VAT on mobile services and terminals, together with various employment taxes on the jobs which depend on the EU mobile service industry generated €84 billion in government revenues in 2004 within the EU15.</p> <p>The strong global position of the EU industry which supplies network equipment and terminals means that a high proportion of the revenues generated by the EU15 mobile services industry are retained as value added within the EU. Less than 25% are exported to the rest of the world - mainly as payments to the component suppliers of the terminal and network equipment manufacturers.</p>
<p>What is the impact on innovation and research?</p>	<p>The risk of uncertainties relating to spectrum availability will remove incentives to continue to build out, upgrade and innovate in mobile networks and services.</p>	<p>The opportunity for coordinated R&amp;D efforts for the enhancement of the capability and performance of IMT-2000/UMTS networks and terminals will be enhanced, with the consequential availability of new, innovative services and applications that could be offered by third parties, small and medium enterprises, as well as content providers.</p>
<p>What is the impact on consumers?</p>	<p>There is a big risk of market fragmentation which would lead to:</p> <ul style="list-style-type: none"> <li>• market inefficiency, negatively impacting consumers who will suffer from higher device prices, less innovative and affordable services, as well as less choice between competing</li> </ul>	<ul style="list-style-type: none"> <li>• This would provide the opportunity for European consumers to access broadband on the move Voice, Video and Data services on a pan European level, any time and any where.</li> <li>• A critical European mass market will help to reduce</li> </ul>

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	<p>operators; and</p> <ul style="list-style-type: none"> <li>the inability of European consumers to access broadband truly mobile services including Voice, Data and Video, on a pan European basis.</li> </ul>	<p>IMT-2000/UMTS device and service prices for consumers.</p>
<p>What is the impact on employment and the labour market?</p>	<p>Europe is leading the IMT-2000/UMTS technologies and their evolutions. Alternative technologies are mainly non-European technologies. The impact on the employment and the labour market will therefore be negative.</p>	<p>The impact on employment will be positive since Europe is leading the IMT-2000/UMTS industry.</p> <p>The GSM/UMTS industry is a major generator of high value added jobs in the EU15:</p> <ul style="list-style-type: none"> <li>the industry itself employs 423,000 staff, who are on average generate nearly 2.5 times as much GDP as the average EU 15 worker</li> <li>a further 1.3 million jobs depend on the industry. These are of two kinds. 740,000 workers are employed in providing the industry with support services of various kinds while a further 600,000 jobs are generated when governments, shareholders and lenders spend the tax revenues, dividends and interest payments generated by the industry</li> <li>a further one million jobs depend on expenditure in the economy created by the industry (the multiple effect).</li> </ul>
<p>What is the impact on social inclusion and protection of particular groups?</p>	<p>Fragmentation of the internal market and the multiplication of technologies will lead to higher service and device costs and reduce coverage to smaller areas where it is commercially viable to deploy the service. This will</p>	<p>GSM/UMTS operators have and will continue to play a great role in making mobile voice, video and data services available for every European citizen, anywhere, anytime.</p>



	<p>deploy the service. This will negatively impact social inclusion and the protection of particular groups.</p>	<p>GSM/UMTS operators allow all citizens to be always connected, especially for emergency calls which foster the feeling of security.</p> <p>GSM/UMTS operators played an extremely important role during the tragic event of the Tsunami in south east Asia. Operators helped to locate and assist European tourists and brought some comfort to their families in Europe.</p>
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Furthermore, interested parties are invited to comment on the following issues:

1. The timing of a Commission Decision;

GSME supports the adoption, as soon as possible, by the Commission of an EC Decision harmonising the band 2500-2690 MHz for IMT-2000/UMTS and its evolution only.

2. The issue of interoperability in order to achieve seamless services;

GSME considers that interoperability of networks is an important pre-requisite to offer successful and well adopted mass market services (e.g. the SMS has become a successful and mass market service since it is possible for subscribers of different operators to exchange SMS). Standardisation and spectrum harmonisation are the most time and cost efficient path towards interoperability of networks and the provision of seamless voice, data and video services.

3. Any other points you find relevant.

In January 2003, the outcome of the Written Procedure for the adoption of the opinion of the licensing committee concerning the CEPT deliverable pursuant to Mandate 4 on UMTS/IMT-2000 clearly states: "The Committee welcomes the results of the work done by the CEPT pursuant to Mandate 4 and accepts the ECC Decision ECC/DEC/(02)06 of 15 November 2002 on the designation of the frequency band 2500-2690 MHz for UMTS/IMT-2000. The Committee invites the EU Member States to commit to the implementation of such ECC Decision in due time." ECC/DEC(02)06 clearly designates the band 2500-2690 MHz for IMT-2000/UMTS systems only. GSME does not understand how the EC could be planning to divert from this democratically adopted policy.

Furthermore, GSME notes that the issue of developing policy approaches ensuring that spectrum issues related to the growing and evolving variety of radio access technologies for public wireless communications comply with the overall policy goal to develop the European Union internal market and European competitiveness, is currently being assessed under the WAPECS concept developed by the Radio Spectrum Policy Group. This is subject to public consultation and GSME will respond in a separate contribution.