

Press
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Analysys

EC appoints Analysys, DotEcon and Hogan & Hartson to undertake major study on spectrum trading

CAMBRIDGE, LONDON, UK & BRUSSELS, BELGIUM, 24 September 2003 - The European Commission (EC) has appointed Analysys Consulting Limited, DotEcon Limited and Hogan & Hartson L.L.P. to undertake a strategic study on the trading of radio spectrum within the EC.

The study, entitled “Study on conditions and options in introducing secondary trading of radio spectrum in the European Community”, begins this autumn and is expected to be completed in May 2004. The total value of the contract is EUR398 550.

The use of radio spectrum for electronic communications services is a fundamental component of economic growth. Both key consumer services (such as broadcasting and cellular telephony) and essential services (such as transportation, utilities and the emergency services) are critically dependent on the continuing availability of radio spectrum.

Significant economic benefits might be achieved by improving flexibility in the usage rights relating to individual radio frequencies, by allowing these rights to be traded. For example, as the radiocommunications market is characterised by rapid and unpredictable change, spectrum trading may provide a dynamic means for spectrum rights to be acquired or disposed of. This potentially leads to much more efficient use of radio frequencies. For this reason, many European countries are actively exploring means of introducing spectrum trading – especially now that the new EU regulatory framework for electronic communications allows member states to make provisions for spectrum users to transfer rights to use radio frequencies.

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There are many challenges associated with the practical introduction of spectrum trading, and the options available for resolving each of these challenges are varied. Given the wide range of possibilities, there is a risk that individual EU member states may adopt disparate approaches which could prevent the full economic benefits of spectrum trading being realised on a European level. For example, inconsistencies over the definition of 'property rights' or trading mechanisms between EU member states may compromise the potential economic benefits arising from a single European market. The EC has therefore commissioned Analysys, DotEcon and Hogan & Hartson to undertake an assessment of the need for a Community approach regarding the introduction of spectrum trading across the EC.

The study includes: an examination of the plans of individual member states for the introduction of secondary markets for radio spectrum trading; a review of the experiences in countries outside the EU where spectrum trading has been implemented; an analysis of the advantages and disadvantages of the various options available for introducing spectrum trading mechanisms. The need for pan-European measures to ensure co-ordination and harmonisation of specific aspects of spectrum trading mechanisms will be assessed, and recommendations finally will be presented in a report to the EC.

A major objective of the study is to raise awareness of spectrum trading. The team welcomes input from all organisations and individuals with an interest in the area of spectrum trading. In this regard, the team also intends to hold an open workshop provisionally scheduled for 11 December 2003 in Brussels to discuss the findings of the initial phase of the project. For further details of this workshop or to provide other input into the study, contact Marloes van Caspel or Amit Nagpal at spectrumtrading@analysys.com.

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Notes for Editors:

1. Rights to use a given radio frequency are generally assigned to organisations/ individuals on a ‘first-come, first-served’ basis. The principal exception is when the relevant spectrum bands are considered a scarce resource, in which case licences are often awarded to a limited number of organisations following a ‘beauty contest’ or auction (as with mobile phone licences). Previously, the transfer of spectrum rights has been restricted. Under the new EC Framework, however, Member States may make provision for undertakings to transfer the rights to use radio frequencies with other undertakings. If secondary trading of radio spectrum is allowed by Member States it will be easier for licensees to transfer rights to other users. There is increasing pressure from the industry for governments to allow the creation of secondary markets for the trading of spectrum (e.g. to allow the sale of 3G spectrum rights). The study will consider a possible introduction of spectrum trading, including ‘changes of ownership’ as well as ‘changes of use’, with the main focus on the European dimension.
2. Analysys Consulting Ltd is a leading European telecommunications consultancy, providing support and insight to regulators, operators, manufacturers as well as users of the radio spectrum. www.analysys.com
3. DotEcon Ltd is an economic consultancy, advising private companies and the public sector on regulation, competition policy, public policy issues, licensing, auctions and business strategy. DotEcon focuses on network industries and applies leading edge economics to the challenges faced by firms and policymakers. www.dotecon.com
4. Hogan & Hartson LLP advises on legal issues affecting specific trade sectors and government affairs, with the Brussels office leading the firm’s focus on legal and regulatory matters in this study. www.hhlaw.com

The views expressed in this article are those of Analysys Consulting Ltd, DotEcon Ltd and Hogan & Hartson LLP alone and should not be taken in any way to represent the views or position of the European Commission.