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# Very High Capacity and 5G Networks

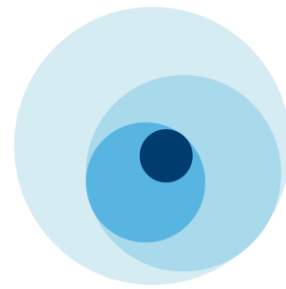
From the EU code to the EU market

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In cooperation with





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# Investment for VHCNs

An introduction

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## REGULATORY OBJECTIVES

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Art 3 EEC: «**promote connectivity and access to, and take-up of, very high capacity networks, including fixed, mobile and wireless networks, by all citizens and businesses of the Union**

### EVOLUTION:

- promotion of investments has **always been, in different ways, a regulatory action** within the Electronic communications framework
- it is an evolution of the **balance between existing objectives**, namely between competition promotion and investments promotion
- the new Code's provisions (access regulation) aiming to facilitate VHCNs investments receives or modifies **regulatory practices and models somehow already adopted**

# ACCESS REGULATION: FROM THE LADDER OF INVESTEMENTS....

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- **ACCESS REGULATION:**

- **Keystone** of the liberalization of telecoms markets in Europe: empirical evidence of access-based competition positive effects
- **Concerns** (theory) about disincentives that access obligations can cause to investments in new infrastructures: “profitability effect” and “replacement effect”

- **LADDER OF INVESTMENTS:**

- transitory “entry assistance” to new entrants, while giving them incentives for to build their own network in the medium / long-term (from SBC to FBC) and thus neutralising the replacement effect
- **Complementarity** between SBC and FBC, i.e. reconciling and balancing short-term competition benefit (static efficiency) with long-term investment benefits (dynamic efficiency)

## ... TO THE CODE CONTEXT

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- **NOT COMPLETELY EFFECTIVE:** Ladder of Investments has proved to be effective only on the “short ladder” (pushing competitors to the LLU /SLU rungs)
- **NGANs / VHCNs:**
  - implying paramount investments (increasing tension /decreasing complementarity between objectives)
  - which are much more geographically differentiated than before (areas where infrastructure competition is not sustainable/desirable)
  - public policy debate started progressively focusing on industrial policy targets (next to or sometimes even instead of regulation of market failures)
- **NO LONGER COMPREHENSIVE:** downstream competition (SBC vs FBC) is no longer covering all the relevant dimensions in the market, as upstream competition vs upstream cooperation (wholesale-only operators and cooperation for investments)

# THE NEW EECC PROVISIONS TO FACILITATE VHCNs INVESTEMENTS

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# WHAT IS THE NEW BALANCE BETWEEN INVESTEMENTS AND COMPETITION ?

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