

**Synopsis of comments by Richard Feasey, Public Policy Director, Vodafone, to  
ITU Spectrum conference, January 2007**

The cellular services industry generates more value per MHz of spectrum than any other industry in history, for example, in the UK the cellular industry generates about five times more total surplus from each MHz of spectrum than the terrestrial broadcasting industry.

But cellular is relatively late entrant into the spectrum game. Each successive allocation of new spectrum for the cellular industry made through the WRC and other Governmental process has occurred at higher and higher frequencies so that the resulting economics of the spectrum have got progressively worse. It is essential that the cellular mobile industry reverses this trend given the enormous value it can generate from spectrum. This will not just happen – it requires spectrum reform.

Spectrum reform has several components for Vodafone as a global cellular operator seeking to develop and deploy technologies across many markets:

- today, we need more flexibility in the uses to which we put the spectrum that we already hold. This is the first priority – not new spectrum. Specifically, we must be able to deploy our core technologies - 3G - into our core spectrum at 900 and 1800 MHz. There are no obstacles to doing this today (other than legal and regulatory hurdles). We estimate this simple step would unlock consumer benefits of €3 bn p.a. in Europe
- in the next year, we also need to move spectrum reform forward on an international basis. Some opponents of spectrum reform argue that the benefits of global harmonization would be lost with reform. This concern is misplaced (and the degree to which existing regimes deliver harmonization overstated), but it is true that spectrum reform requires some degree of international co-ordination to deliver its benefits fully

The benefits of harmonization/costs of spectrum fragmentation are poorly argued and most claims from either side should be approached with skepticism. But there are clearly some cases where a degree of 'meta harmonisation' - to ensure that bands that can be used for similar purposes in multiple countries are released at broadly the same time – is desirable. The treatment of the Digital Dividend on Europe is an important example of this (and the European Commission's WAPECS concept is supported by Vodafone).

Although strong advocates of significant spectrum reform in most markets, there are two major risks which Vodafone wishes to avoid. First, without some co-ordination of reform across markets, we may find ourselves in a position where bands are inflexible but co-ordinated by Governments in some markets and flexible, but co-ordinated by firms, in others. Put another way, Governments may have forfeited any role in co-ordinating spectrum and technology in some markets by allowing firms to do it instead; but in others where Governments retain that role the same firms may find themselves excluded. We may be left with no common mechanism to co-ordinate between the two regimes.

Second, Vodafone believes that the WRC tends to systematically overstate demands for new spectrum. This does not matter if national markets are sufficiently flexible to reassign spectrum which is unused, but it does matter if not.

Finally, we believe that the debate of licenced vs unlicensed/non-exclusive spectrum is badly distorted. The overwhelming majority of industrial-scale wireless applications work best in spectrum which has clearly defined exclusive rights. There is a (small) role for unlicensed applications – OFCOM predict they will require around 7% of UK spectrum by 2010 – but it is small. Technology will not eliminate the need for Governments – or, we hope, markets – to allocate scarce resources between firms.

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