EURO-MEDITERRANEAN REGULATORS GROUP
EMERG

ANNUAL REPORT 2018

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INTRODUCTION

In 2018 NTRA, the National Telecom Regulatory Authority took over the Presidency of the European Mediterranean Regulators Group "EMERG". The present document will go through all the activities undertaken during 2018, in line with the mission and the remit of the Group, as stated in the EMERG Charter.

In 2018 the EMERG, in cooperation with DETECON (the consultant company supporting the Group selected by the European Commission) made an effort to meet the deadlines set and to produce documents as foreseen in the rules of procedures. The present report will therefore provide a summary of the activities carried out as stemming from a dense agenda and will summarize the main results achieved in every meeting, not only in terms of participation, recommendations and discussion, but also with a view to the international role played by the Group within and outside Europe. In this latter respect, the EMERG participated in several inter-platform initiatives, including the joint BEREC-EMERG meeting.

1. CN/BENCHMARK MEETING AND PLENARY AND OTHER INSTITUTIONAL MEETINGS

In 2018 the EMERG contact network meeting was held in Sarajevo (Bosnia Herzegovina), from 20 to 21 February, kindly hosted by the Communications Regulatory Agency of Bosnia and Herzegovina (CRA).

The CN prepared and submitted the documents to be subsequently approved by the Plenary in Cairo (Egypt):

1. Agreement on the recommendations from the workshops in 2017;

2. Selection of the topics to be included in the work plan 2018. In this regard NTRA, as Chair, sent out a mail asking all the Members to propose at least four topics of common interest and considering the goal of the approximation to the EU legislative Framework.

3. DETECON presented some ideas for the future EMERG self-sustainability, considering the intention of the European Commission not to finance the EMERG after 2019, when the NATP IV project will expire.

4. In this latter respect, the two main ideas raised consist in either setting up a permanent secretariat based on the example of the IRG (Independent Regulators Group) in Europe or establishing a virtual organisation along the lines of Regulatel (the Forum of the Regulators in Latin America). In order to understand whether the Members still see the benefits of being

part of the EMERG, it was decided to circulate a sustainability questionnaire and to propose a relevant summary during the Plenary.

The Plenary was held in Egypt on 20 March 2018. At the Plenary the EMERG adopted its Work Plan as proposed by the 2018 Chair, thus defining the schedule of all the meetings over the year as well as the relevant Rapporteurs and hosts.

AGCOM (Italy) presented the Annual report of 2017, while WIK/DETECON provided an outline of the Benchmark report related to 2017.

At the same time, the Plenary provided its steering on the key issues of the future EMERG self-sustainability, in particular:

- The Plenary expressed its preference for a virtual organisation because apparently less costly;
- At the same time, the Plenary qualified its position as a preliminary one and envisaged the need to further look into the different options available.
- At the Plenary in Egypt, CRA, the Communications Regulatory Agency of Bosnia and Herzegovina, was appointed as Chair of 2019 and a Permanent Secretariat was set up, composed of AGCOM (Italy) NTRA (Egypt), CRA (BiH), TRC (Jordan) and INTT (Tunisia).

The Plenary agreed to impose a "communication officer" as a new function within EMERG who should take over the following minimum tasks:

- Using the new web-site for external communication of workshop results, news, publications and exchange of ideas with other regulator networks and stakeholders
- Improving the communication of EMERG working groups
- General marketing measures to improve visibility and sustainability of EMERG.

The Plenary approved to have the state of Libya as an EMERG sponsored Member.

The Plenary took note of the proposal included in the document presented by DETECON, with a majority in favour of the option of establishing a virtual organisation.

The Plenary approved to create 4 Expert working groups (EWG) focusing on "sustainability and approximation" next to the two virtual working from 2017 on International Roaming and Net Neutrality.

According to the Plenary NTRA will prepare the Sustainability report and CRA will prepare the approximation report, to be submitted by March 2019.

At the EMERG secretary meeting that was held in Sarajevo (Bosnia Herzegovina) during the period from 1 to 2 October 2018, The permanent secretariats of 2018 { Egypt ,Italy, Bosnia & Herzegovina ,Tunisia and Jordan} agreed on the activation of the virtual working

group on International Roaming and Net Neutrality by trying to have feasible outcomes, and discussed the outline of approximation report and sustainability report, also Suggested the plans for the development of EMERG website.

On the same occasion, they elected internally the communication officer, the secretariats agreed to assign this post to Italy AGCOM "Paola Calestani "

In the second half of the year, AGCOM as a Chair of virtual working group on Net Neutrality provided the terms of reference of the group and requested the confirmation of the participating experts.

2. IMPLEMENTATION OF THE EMERG WORK PLAN 2017

2.1 Workshop on Quality of Service Regulation:

The workshop was held in Barcelona, Spain during the period from 11 to 12 July 2018 and hosted by the Spanish regulator (CNMC). The Quality of Service (QoS) remains one of the important items that raises important issues regarding the development of telecommunications networks and the dynamism of the market. QoS usually does not have to be regulated, if competition allows for sufficient consumer choice between different price-quality offerings. However, in many circumstances where consumer transparency is limited or operators may abuse significant market power a minimum QoS regulation may be necessary. This is in particular true for universal service offerings, wholesale contracts between operators (RIO, RAO) or broadband offerings with non-transparent service quality promises. Ensuring an efficient regulation of QoS in this ever-changing environment is critical; regulators have to take into account consumer needs but also the offering of competitive QoS by concerned operators.

Regulators have to develop adapted process and tools to monitor the quality of service issues efficiently. Different enforcement options were discussed.

In this workshop, they addressed the different cases followed in EU and MENA countries regarding the QoS Regulation in fixed and mobile networks and the opportunity to have a look on measures followed for Quality of user Experience. This workshop allowed the EMERG Members to see the view of expert concerning quality of service issues related to 5G networks and other NGN networks.

During the workshop, the participants exchanged their respective experience and framework regarding QoS and their perspective on this issue.

Recommendations:

- The QoS is an important tool to address the consumer interest and to enhance competition between operators and the level of services. QoS must be encouraged and enforced and the assessment should be proportioned to the consumers needs.
- Several EMERG members have developed regulatory means concerning the QoS/QoE. We encourage Regulators who have not yet taken steps in this direction to follow, when feasible.

2.2 EMERG Workshop on IOT / M2M Regulations Focusing on Autonomous Driving:

The workshop was held in Rome, Italy during the period from 26 to 27 September 2018 and hosted by the Italian regulator (AGCOM). The aim of the workshop was to share views and examine the regulatory, technical and economic issues in IOT/M2M, focusing in particular on one of the most promising sectors in IOT/M2M: the automotive sector. This application is ripe with challenges for the regulators. It is a field where safety concerns, data-intensive processing, and technological innovation really push the boundaries of traditional electronic communications regulators and fellows' regulators such as transport authorities. In comparison with other IoT applications – smart metering for one – autonomous driving has a much wider range of issues, which amongst other thing will require significant cooperation between different regulatory bodies.

The workshop was prepared considering the questionnaire distributed on the different aspects of the future national and international challenges, being aware that we are almost facing a paradigm shift in our ordinary life, with a lot of not easy issues to be solved in order to guarantee a level playing field for the industries and a fair protection of the consumers.

Recommendations:

- EMERG members are taking the initiative to create the regulatory environment to participate in the EU e-call system.
- EMERG members are making efforts to facilitate through numbering regulatory solutions and permanent roaming for M2M applications.

- EMERG members encourage a global certification for the IOT / M2M devices as well as enable innovation.

2.3 EMERG Workshop on IFRS Accounting Standards and Price Regulations:

This workshop was held in Nicosia, Cyprus during the period from 13 to 14 November 2018 and hosted by Office of Electronic Communications & Postal Regulations (OCECPR), It is known that one of the major objectives of the NRAs is to ensure the provision of world standard telecommunication services at reasonable cost and prices, through creation of a suitable environment for competition among the different electronic communications operators.

Regulatory framework related to accounting separation and cost accounting in EU is based on Directive 2002/19/EC of the European Parliament and of the Council of 7 March 2002 on access to, and interconnection of, electronic communications networks and associated facilities (Access Directive).

A cost accounting system is a set of rules which supports the attribution of costs, revenues and capital employed to individual activities and services and enables a notified operator to establish a record keeping regime necessary to meet its regulatory obligations. One of the key objectives of a cost accounting system is to trace and analyse costs in order to demonstrate compliance with a cost orientation obligation for regulated services.

An accounting separation system is a comprehensive set of accounting policies, procedures and techniques that can be applied to the preparation of financial information that demonstrate compliance with non-discrimination obligations and the absence of anti-competitive cross-subsidies. The outputs from such a system must be capable of independent verification (auditable) and fairly present the financial position and relationship (transfer charge arrangements) between product and service market.

In order to achieve these objectives, regulatory authorities need to ensure that the operators with significant market power ("SMP") on the relevant telecommunication market submit appropriately formatted and detailed information to enable the Agency to assess the level of market competition.

The International Financial Reporting Standards (IFRS) are gaining importance due to globalization of the world economies. The point of IFRS is to maintain stability and transparency throughout the financial world.

This workshop aimed to show the level of adoption of the IFRS in the telecommunications sector within he EMERG countries. Furthermore, information gathered from National

Regulatory Authorities (NRAs) covered the implementation of regulatory cost accounting methodologies, the state of play in terms of price regulations, and the way in which it is defined in practice.

The main objective of this workshop was to determine to what extent regulators are controlling the price of telecommunications services in the interest of end users.

Recommendations:

- EMERG NRAs should take efforts to implement their own Long run incremental cost (LRIC) model rather than Fully allocated cost (FAC) model wherever appropriate, depending on the individual market situation
- EMERG NRAs should prioritise wholesale price regulation over retail regulation.

2.4 EMERG - BEREC Workshop on 5G:

This workshop was held in Amman, Jordan, during the period from 15 to 16 January 2018. The workshop was an initiative included in the Memorandum of Understanding (MoU) between BEREC and EMERG to straighten the cooperation in the Mediterranean area. The approximation to the European framework is an objective for the EMERG Members as neighbouring Countries, and, after the fruitful Summit held in Cascais (Portugal), back in 2017, this kind of workshop is a crucial opportunity to exchanges of views among experts from the two platforms.

The aim of the workshop was to share views and examine the regulatory, technical and economic issues of the 5th generation of mobile networks (5G). The 5G standards are still not finally agreed, but it is clear that 5G will be more than just a new Radio Access Technology. In combination with other enabling technologies like massive MIMO, massive small cells, EDGE computing, precise positioning, network slicing etc. the new mobile standard will enable a new ecosystem of services. These services will focus on the business to business segment and enable the development of wide-area IoT/M2M markets.

The challenges for the regulators are therefore manifold and go beyond standardization and spectrum licensing or auctioning.

5G is regarded as a key technology for digitization of the economy and therefore for international competitiveness of the industry. Political pressure therefore is high to commit operators to realize a quick roll-out with high coverage and QoS obligations.

Another regulatory innovation might be to assign parts of the "5G" spectrum not only to MNOs but also to "campus network" operators for IoT and digitization purposes.

International cooperation between NRAs in the telecommunications industry as well as between Telco and other vertical industry regulators will become more and more important. This workshop aimed to show the level of adoption of 5G in the different BEREC and EMERG member states as well as the status of regulatory action, in particular in the spectrum licensing area. Best practice examples were also shared.

Recommendations:

- EMERG members agreed that there should be a pressure on operators to do a fast roll-out with high coverage &QoS, since 5G is a key technology for the digitization of the economy and therefore for international competitiveness of the industry and that conducting trials can be a way to ensure a better understanding of what 5G can provide.

- EMERG members agreed that the challenges for the regulators are multifold and go beyond standardization and spectrum licensing or auctioning. They concern among others the market demand for 5G, the availability of the frequency bands to be awarded, the coverage obligations to be attached to the rights of use, the possibility for the industry to benefit from 5G.

3. COOPERATION WITH OTHER ENTITIES

In 2018, the cooperation of EMERG with BEREC continued under the umbrella of an MoU. The BEREC Chair and EMERG Chair 2018 (NTRA) signed, together with the Administrative Manager of the BEREC Office, the extension statement of (MoU), which entered into force on 14 May 2018 for a period of 2 years. In addition, they agreed to have a Joint EMERG-BEREC Workshop on 5G in Amman –Jordan, which took place already in January 2019.

4. THE FUTURE EMERG SUSTAINABILITY:

At the Plenary meeting in Egypt, it was discussed the issue regarding the future EMERG sustainability investigating different options at stake. As already mentioned in the first paragraph, the NATP IV project, currently funding the EMERG, is going to expire in 2019 and for this reason in 2018 EMERG started reasoning on the feasible solutions at organisational and financial level.

Between the two main meetings, the Contact network and the Plenary, Egypt, as EMERG Chair 2018, circulated a questionnaire on the EMERG Membership Benefits, as currently

perceived by the Members. The Questionnaire aimed at exploring the added value of participating at the EMERG platform from both sides of the Mediterranean Sea, asking, inter alia, some questions to the Members on the following issues:

- The primary function of the EMERG according to the NRAs;
- Most important benefits received being Members of the platform;
- A prioritization of the above-mentioned benefits.