



INTUG



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PRESS RELEASE

KEEPING PATCHWORK OF TELECOMS REGULATIONS WILL COST EU BILLIONS OF EUROS

Study shows effective pan-European electronic communications services fundamental to economic growth in EU

Brussels, 3 April 2008 – Europe’s economy could benefit by as much as 1,300 billion Euros over the next 20 years with the development of seamless pan-European electronic communications services, according to a new study released by Indepen Consulting.

The study finds the EU’s current telecoms regulatory framework is handicapping efforts to boost productivity and competitiveness from ICT investment because it blocks the provision of Pan-European communication services to major business users. The study suggests that if regulatory reforms were implemented to solve this problem, it could boost EU GDP by 1.6 per cent to 2 per cent. This equates to an increase in wealth between 430 Euros to 510 Euros per person per year.

“Business users simply cannot obtain a single contract for fixed or mobile services with similar service levels in all member states. Instead they have to deal with a patchwork of inconsistent arrangements. This hinders the full use of IT applications to improve supply-chain management and re-engineer business processes on a pan-EU basis, often resulting in only partial implementation”, said Nick White, vice chairman of the international Telecommunications Users Group (INTUG).

“Investment in computers is not sufficient to improve productivity. They must also be linked effectively together”, said Ed Vonk, CEO of the European Virtual Private Network Users Association (EVUA). “Consequently, we need communications services with guaranteed levels of quality, reliability and security that can be ordered from anywhere in Europe and be delivered anywhere in Europe. If provision of such services remains fragmented along national lines, corporate users will be unable to take full advantage of the single market”.

As EU ministers gather for the informal Competitiveness Council meeting on 14 April they should be acutely aware that the current telecoms regulatory regime is not supporting the international competitiveness of EU businesses.

“This study clearly illustrates that a shift in mindset is required on the part of policy-makers”, said Luis Alvarez, BT president for EMEA and Latin America. “Competitive broadband services for private consumers are certainly an important part of building a European knowledge economy. But the current review of the EU telecoms framework must give equal attention to the different needs of multinational business customers which account for around 35 per cent of EU GDP.”

The study concludes that overall ubiquitous access, together with complementary measures, would generate benefits with a net present value of between 1,100 billion Euros and 1,300 billion Euros throughout the EU.

The report makes a projection over a 20 year period and uses three different models to quantify the potential benefits of a ubiquitous access network supplied under conditions of fair competition:

- Firstly, it estimates the potential benefits from increased market opening in telecommunications services and the corresponding gains from trade;
- Secondly, it estimates the potential benefits from an increase in the rate of productivity growth coming from improved connectivity;
- Thirdly, it estimates potential benefits to the way businesses organise their processes and get products to market, directly based on economic reasoning and survey evidence.

The study, “Productivity, Growth and Jobs: How Telecoms Regulation Can Support European Businesses” is written by Indepen Consulting and backed by INTUG, EVUA and BT plc.

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Notes to the Editor

Ubiquitous access refers to supply conditions such that pan-European communications services providers are able to purchase wholesale access services at competitive supply conditions and offer seamless access to multiple business sites.

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The full study is available on the following websites:

<http://www.indepen.co.uk/news-and-publications.html>

www.evua.org.uk

www.intug.org

<http://www.btplc.com/Thegroup/Regulatoryinformation/Consultativeresponses/BTdiscussionpapers/productivitygrowthandjobs/index.htm>

About Indepen Consulting:

Indepen is a strategy and economics consultancy that advises organisations addressing the challenges of regulation, deregulation, competition and restructuring. We understand and have experience of government, regulators and investors, as well as business and other forms of enterprise. We work to produce better results by aligning business and regulatory strategy consistent with stakeholder interests and good public policy. We use our knowledge to challenge constructively and our thinking is independent, distinctive and rigorous.

Further information can be found at www.indepen.co.uk. For inquiries about the report please contact Martin Blaxall at tel: +44 (0)20 7324 1812, martinblaxall@indepen.co.uk

About INTUG:

The International Telecommunications Users Group - INTUG - is an international association of telecommunications user groups. INTUG exists to promote users' interests at the international level and to ensure that the voice of the user is clearly heard wherever telecommunications policy issues are decided. Since its formation in 1974, INTUG has lobbied for competition and choice in telecommunications equipment and services for customers, resulting in enhanced availability and quality of services and continuing reductions in tariffs, for example with the recent announcements concerning reduction in international mobile roaming charges, which INTUG first raised as an issue before the year 2000.

Today it is engaged in lobbying to ensure:

- maximum freedom in customer choice in the telecommunications market
- deployment of appropriate technology for business and residential users
- global availability of modern technology at reasonable and affordable prices
- access in urban and rural areas to enable participation in the information economy
- constructive co-operation between governments, regulators, operators and users

INTUG has contacts with telecommunications user groups in all continents, and works in consultation with many bodies, including the International Telecommunication Union (ITU), the Organisation for Economic Cooperation and Development (OECD), the European Union (EU), the Commonwealth Telecommunications Organisation (CTO), and the Asia-Pacific Economic Cooperation (APEC). Further information may be found at www.intug.org

About EVUA:

The EVUA is an independent, supplier neutral and non-profit global ICT network user group for multinational companies, and the ICT industry platform for global users and suppliers. EVUA is totally managed by end-users, using their substantial buying position to influence the supply side of the industry. The EVUA industry network includes independent industry partners, working links with regulatory organisations and links with other user groups. Membership includes a growing number of companies from all over Europe, North America and AsiaPacific supporting this user initiative to promote better European Communication services. Further information can be found at www.evua.org

About BT

BT is one of the world's leading providers of communications solutions and services operating in 170 countries. Its principal activities include the provision of local, national and international telecommunications services to our customers for use at home, at work and on the move; higher-value

broadband and internet products and services and converged fixed/mobile products and services. BT consists principally of four lines of business: BT Global Services, Openreach, BT Retail and BT Wholesale.

In the year ended 31 March 2007, BT Group plc's revenue was £20,223 million with profit before taxation of £2,484 million.

British Telecommunications plc (BT) is a wholly-owned subsidiary of BT Group and encompasses virtually all businesses and assets of the BT Group. BT Group plc is listed on stock exchanges in London and New York.

For more information, visit www.bt.com/aboutbt