

# **PRESS RELEASE**

## **COMPETITION ALONE MAY NOT BE SUFFICIENT TO SECURE BROADBAND INVESTMENT ACROSS THE COUNTRY - NATIONAL COMPETITIVENESS COUNCIL**

### **Significant increase in IT investment and planning for electronic commerce needed if enterprises to exploit broadband fully**

#### **Electronic commerce to be the most substantive sector of industrial development over next five to ten years**

Investment in information technology and broadband telecommunications needs to be accelerated, while there is a danger that disparities could emerge in the availability of broadband across the country, the National Competitiveness Council (NCC) said in a new statement on Telecommunications issued today (30 November, 1998) – the eve of full liberalisation. Entitled “Telecommunications : A Key Factor in Electronic Commerce and Competitiveness”, the statement takes a comprehensive view of the role of telecommunications in sustaining Ireland’s economic growth into the future.

The Council believes that electronic commerce is likely to be the most substantive sector of industrial development over the next five to ten years and that the liberalisation of telecommunications markets is dramatically increasing the levels of investment in new national and international networks. There is a real need to convince enterprise in all sectors of the opportunities and threats that will arise from electronic commerce.

The Council pointed to the reductions of up to one third of some telecom tariffs since the announcement of the early liberalisation as demonstrating the real benefits for the enterprise sector of full competition. The Council believes that there is scope for further tariff reductions to achieve a leadership position in all telecommunications services in Ireland.

Ireland's ability to move quickly to invest in and adopt information and communications technologies, and provide an environment for this to prosper, will be one of the major influences on future competitiveness in the digital age. "Investment in broadband telecommunications and information technology in Ireland will need to be accelerated and further reductions made in telecommunications tariffs," the Council's statement says.

The NCC believes the immediate challenge is twofold – namely to achieve a position amongst the leaders in the provision of high capacity, high speed, low cost broadband telecommunications infrastructure, as well as in the adoption of information and communications technologies by enterprises in order to develop as a hub for electronic commerce.

Such an achievement will require agreement on a shared vision for Ireland by all government departments and agencies and one that is clearly communicated to telecommunications service providers and the enterprise sector. It will require the development of a national broadband infrastructure, a pro-competitive legal and regulatory environment for telecommunications and the support of a legal and fiscal environment for electronic commerce, with government playing a leadership role in encouraging electronic commerce in the country.

The Council believes that immediate action is required in the following five areas :

- Establishment of a co-ordinated set of programmes to accelerate investment in broadband and promote the use of broadband services and adoption of information and communications technologies by enterprises ;
- Establishment of a process to monitor Ireland's performance against competing countries ;
- Development and implementation of a national policy framework for advanced telecommunications deployment ;
- Rapid development of digital TV as a platform for digital business ;
- Establishment of a position amongst the leaders in the world for digital businesses.

The Chairman of the National Competitiveness Council, Mr Brian Patterson, said that the rapid pace of development in broadband telecommunications and information and communications technologies had implications at both operational and strategic levels for firms, government and public agencies. "It will have a profound impact on all sectors of the economy and on the dynamics of competition in all markets. Government also has an important leadership role to play by increasing its usage of broadband telecommunications in its dealings with the enterprise sector and others," he added.

While the Council is concerned at the gap that emerged between Ireland and countries with which we compete in the cost and provision of broadband telecommunications services, there is also a gap in the use of these services by business. Progress on the achievement of a position among the global leaders in broadband telecommunications will require a systematic monitoring of all relevant developments into the future. The Council believes that the adoption

by businesses of information and communications technologies should also be benchmarked.

Structural Funds should be allocated to support investment, particularly in regional and rural areas where the market may fail to invest quickly in the infrastructure required by enterprises for electronic commerce. Such support should only be provided where absolutely necessary and on a competitive tendering basis. The Council says it should aim to prevent disparities emerging in the availability of broadband services and to avoid further concentration in already congested high-density enterprise areas.

Turning to digital TV, the Council believes that it will be a key communications platform and infrastructure from a competitiveness perspective and potentially a significant platform for the mass roll-out of the Internet.

The Council says that Ireland has fallen behind other countries in the development of digital TV, such as France, Germany, Italy and the UK where services have already been launched. It also wants to see the publication of an indicative timetable for the transition from analogue to digital broadcasting in Ireland as soon as possible.

The Council's Statement also includes a list of 33 proposed actions which include the following :

- Co-ordinated awareness programmes need to be developed to increase the use of advanced telecommunications and related technologies by businesses ;
- Enterprises and trade and representative associations need to work with telecommunications service providers in determining business and investment broadband requirements at a local level ;

- Forfás, in conjunction with the Department of Public Enterprise, should establish a benchmarking system for continuous monitoring of the competitiveness of telecommunications tariffs, services and infrastructure on a regular basis from an enterprise development perspective ;
- A national policy framework should be developed for the roll-out of broadband telecommunications infrastructure in Ireland. Such a policy framework should be developed as a priority area with regard to Ireland's submission for Structural Funds post 1999 ;
- The scope and legislative basis of the Office of the Director of Telecommunications Regulation should be reviewed and powers increased to include the power to monitor and regulate telecommunications prices to end-users, including the control of the Price Cap Mechanism ;
- Competitive costs and terms of interconnection between telecom networks are required and need to be maintained and monitored to ensure Irish rates are amongst the most competitive in Europe ;
- A number portability facility needs to be effectively implemented as quickly as is technically feasible ;
- The sale of Cablelink should be conditional on the provision of open and fair access to the network and on its development ;
- Targeting the rapid growth and development of the base of indigenous and overseas enterprises involved in electronic commerce and related industries needs to be a priority of the development agencies into the future ;

- IDA Ireland and Enterprise Ireland should develop the Digital Park as quickly as possible in the Dublin Docklands and City West Business Park ;
- The regulatory framework for Digital TV should ensure fair access for competing technologies, make efficient use of the radio frequency spectrum and enable the benefits of the competitive market to be enjoyed by consumers.

**ENDS.**

**30<sup>th</sup> November, 1998.**

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## **Note to Editors**

The establishment of a Competitiveness Council was recommended in the Forfás strategy document “Shaping Our Future”, a Strategy for Enterprise in Ireland in the 21<sup>st</sup> Century, published in 1996. The Council, which was established by the Government in May 1997 is part of the Partnership 2000 Agreement, is required to report to the Taoiseach on key competitiveness issues, with recommendations on policy actions required to improve Ireland’s competitiveness position. Forfás is providing the research support and secretariat for the work of the Council.