

## Book Review

### Regulation and Entry into Telecommunications Markets

Paul de Bijl and Martin Peitz

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This remarkable book is not for the faint-hearted. It is a full-on read, designed for advanced students, PhD's and academics and requires a high degree of numeracy and the ability to follow complex mathematical notations. If you don't have such a training, you should cope with chapters 1, 2 and 9 but may struggle in between.

OK, we've got the health warning out of the way, what about the book itself? The bulk of the book is discussion around models of competition between facilities and non-facilities based, fixed line, operators in segmented and non-segmented markets. It starts in Chapter 3 with a model of facilities based competition in a mature market and in an infant market with asymmetric operators. From this starting point the book explores different degrees of market segmentation, different levels of facilities ownership by the entrant and targeted and non-targeted entry strategies.



Each chapter contains an introduction, laying out how the chapter proceeds and a non-technical summary of the main results which means that less qualified, or less brave, readers can learn the basic insights without going through the analysis. Results of model runs are described in some of the chapters showing the effect on incumbent and entrants' prices, market shares and profit of different strategies and regulatory policies. There are also a number of "guidelines", or lessons drawn from the analysis for readers to consider. What actions they may want to take rather depends the reader's perspective: incumbent entrant or regulator.

An example of a guideline in the chapter covering carrier-select based competition states: "Consider carrier-select-based entry. A capacity shortage in the carrier-select service (in the incumbent's point of interconnection) softens price competition so that consumers surplus is reduced. It also slows down the growth of the entrant's market share."

The final chapter draws some interesting and compelling conclusions. Some of these conclusions are particularly relevant now as entrants are beginning to earn a return on their investments and NRAs throughout Europe are introducing new regulations in line with the new framework. For instance, the authors state: "More generally, regulation affects investment decisions so that the regulator has to be concerned about the impact of regulatory policy on infrastructure investment in telecommunications markets."

This book is fascinating, illuminating and a significant contribution to our understanding of telecommunications market dynamics. If you have the right skills and a brave heart, read the whole book. If not, or are short of time, read Chapter 9.

SPC Network rating: 

Companion website: <http://uk.Cambridge.org/resources/0521808375>