



GREEN PAPER – TELECOMMUNICATIONS INFRASTRUCTURE

- EURIM welcomes the Commission's Green Paper (Part II) on the liberalisation of telecommunications infrastructure and cable television networks. The paper makes many proposals which could help provide the environment Europe needs for developing in Information Society.
- EURIM submitted a paper on this issue ([EURIM Briefing No 2](#)) on 4 November 1994, in which it called for the development of a clear regulatory framework, the liberalisation of alternative infrastructure in 1995, and the full liberalisation of all services and infrastructure by 1998. EURIM is pleased that many of its recommendations have been incorporated in the Green Paper, but believes it needs strengthening in some areas as follows:-
 - all telecommunications activities should be liberalised including, although not specifically mentioned in the Green Paper, international cross-border services;
 - there should be a clear framework for regulation agreed at European level. This would include suitable provisions to avoid monopolies. National regulatory authorities should then be responsible for the implementation of agreed EU policies within that framework. Such regulators should be independent of national political pressures and operator interests;
 - the Commission should play a major role in ensuring proper and timely implementation and, if necessary, enforcement using existing powers under the Treaty of Rome; and
 - any company should be able to provide any service in this liberalised environment.
- The Bangemann Report recommended an acceleration of “the ongoing process of liberalisation of the telecom sector by opening up to competition those infrastructures and services still in the monopoly area”. In other words, all monopolies were to be abolished. The Green Paper is, therefore, about removing all the monopoly rights that have not already been abolished by the Services Directive or are planned to be removed by 1 January 1998. However, nowhere is this clearly stated in the Green Paper. EURIM believes this omission needs to be rectified in order to avoid the possibility of some trying to claim that certain special or exclusive rights will remain.
- The future requires a coherent approach across the converging multimedia industries. The Commission needs to make a firm statement now to the effect that the maintenance of separate regulatory regimes, which could develop in different ways, will hinder the development of the Information Society.
- Liberalisation will produce many benefits, but its full potential requires real and not ‘managed’ competition once the market is established. Once competition is fully established, normal market mechanisms will provide most of the pressures which came earlier from regulation, the main exceptions to this being universal service and interconnection requirements. However, much more will be required in the early stages of liberalisation in order to ensure the emergence and maintenance of conditions for efficient competition.

- Meeting these challenges will be of fundamental importance to the future prosperity of the EU, and the Green Paper contains many valuable proposals. In particular, ensuring a minimum level of universal service will provide all individuals in the EU with guaranteed and affordable access to basic telecommunications services; and regulation of interconnect arrangements will provide all players in the market with a stable, predictable, transparent and non-discriminatory environment within which to provide both basic and more advanced services.
- Unnecessary regulation must be avoided. The Commission correctly identifies the removal of pricing restrictions on telecommunication operators as a key factor. The UK experience relating to access deficits and their funding must be avoided in the rest of Europe. It is, therefore, necessary for the Commission to do more than just encourage Member States to allow rebalancing. Operators must be free to rebalance subject, of course, to normal competition rules including, in particular, prohibition of anti-competitive activity.
- With argument over access deficits removed by this simple mean, the debate about the way to fund any unavoidable losses arising from the provision of universal service become easier. The Commission's proposal for nationally administered Universal Service Funds is attractive, but only if costs and services are transparent and the same ground rules are adopted and similarly enforced in all Member States. The costs to be allowed, and the way in which they are to be calculated, must be common in each country to avoid distortions.
- Competition in such an environment, where legal, regulatory and commercial constraints have been reduced and reshaped, is essential if Europe is to match and perhaps lead the rest of the world, particularly the USA and Japan, towards the Information Society. The changed environment will bring new opportunities and markets as applications develop, and as new ways of doing things are recognised. Such changes will give rise to challenges involving issues such as ensuring that all individuals in the EU are able to become members of the Information Society; ensuring that the vigorous competition becomes a reality; ensuring that appropriate environmental protection measures are taken; and ensuring that the social impact of the new environment is positive.
- Urgent action is required. The proposal for the liberalisation of Cable TV infrastructure by 1 January 1996 does not go far enough, since it will have little impact in most of Europe. Instead, all alternative infrastructure should be liberalised by that date for the provision of all liberalised services.

In summary, EURIM urges the Commission to:

- confirm that once infrastructure liberalisation is achieved, there will be no remaining special or exclusive rights in the telecommunications sector;
- remove restrictions on the ability of all operators to provide all services, utilising any technological means, subject only to essential requirements limitations as laid down at an EU level;
- ensure open, transparent and non-discriminatory licensing processes, and access to networks and services;
- prohibit anti-competitive cross-subsidies, and require accounting separation;
- move towards using competition law rather than detailed sector-specific regulations once full competition is established; and
- encourage the voluntary adoption of industry-determined standards in preference to pursuing mandatory application.

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