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Telecommunications Regulation - 1998 and Beyond

Background

Europe's telecommunications markets will be open by 1998, when remaining special and exclusive rights will be abolished. European legislation is being prepared now. Each country will require national legislative reform packages to implement it, although there will be derogations in some countries.

Customers will be given choice, in most countries for the first time, of their supplier of basic telephone, data and other services.

Successful transition to a competitive market is vital to Europe's future because telecommunications needs are so vital for industry as a whole.

Recommendations

In addition to the formal opening of markets by the abolition of remaining restrictions on the ability of new entrants to compete in both infrastructure provision and services, it is essential to ensure that this liberalisation is underpinned by strong, independent and well-resourced regulatory bodies in each Member State, working within a European framework designed to ensure a consistent approach to all the key issues across the EU.

EURIM believes that the key imperatives in this new environment are as follows:

1. As a matter of urgency, each Member State needs a national regulatory body which is independent of the national telecommunications operators and from the vested interest of Government, particularly where the latter still retains shareholdings in the operators concerned.
2. These regulators must operate within an EU-wide framework, with clearly defined limits to national discretion to vary from those rules.
3. There should be a duty to promote fair competition by measures designed to prevent anti-competitive practices. These measures should include transparency of processes and information, non-discrimination, standard terms and conditions for interconnection, pricing based on costs plus an appropriate mark-up, and accounting separation to demonstrate the absence of unfair cross-subsidisation.
4. The obligation to provide for universal access to basic services via public networks must be upheld. Common EU-wide rules should determine how assistance is given to customers who cannot otherwise afford to use the service and establish that any mechanism for the sharing of costs is fair and open to scrutiny.
5. There must be common rules relating to minimum levels of service, publication of terms and conditions, and dispute resolution procedures.
6. Standards issues should not be allowed to act as a barrier to entry or prevent easy access to networks for those wishing to provide competitive services.
7. Finally, strong regulation is needed initially to counteract the position of the former monopolists, but it must be reduced to a minimum once competition is established, so that distortion of markets is avoided.