

# 2007 EU Telecoms Reform #10

## A more effective regulatory system



**A main aim of the EU Telecoms Reform is to establish a single telecoms market throughout all Member States, with effective competition governing the supply of networks and services, and to ensure freedom of choice for consumers. Today's EU telecoms rules specify how national regulators should develop and enforce regulation, which should limit the market power of dominant operators and encourage new market entrants. The new rules will greatly further this aim. They seek to achieve greater regulatory consistency throughout Europe, improve legal certainty and encourage pan-European service providers to emerge.**

### REAL SOLUTIONS TO REMAINING PROBLEMS

The Commission proposes to focus regulation on those 7 markets (down from 18) where there is no trend towards effective competition, such as broadband access. Most national regulators have analysed their domestic telecoms markets over recent years, and where necessary imposed remedies to enhance competition. Several of those markets no longer need such regulatory intervention.

Yet in the remaining 7 markets significant issues remain to be addressed:

- Remedies applied in one country may be quite different to those in another, despite similar market conditions;
- Implementation timetables differ;
- Some regulators react more quickly than others to ensure that market players respect the rules.

The new European Telecom Market Authority will ensure greater consistency of approach amongst Europe's regulators, both in the types of remedy used and in the timescales applied. In addition the new and exceptional remedy of functional separation will enable regulators to force companies to split their networks from the provision of services. This will support

### AN EU PROCEDURE WITH PRACTICAL GOALS

- Eliminate historical inconsistencies in national regulation
- Speed up the emergence of a single market
- Provide legal certainty for market players
- Boost confidence of consumers and industry

regulators' efforts to ensure *all* market players (including transnational players) are given access to the basic infrastructure they need, on equitable commercial terms.

### ELIMINATING FRAGMENTATION

Europe can never achieve the full benefits of a single internal market as long as there are considerable inconsistencies in the implementation of the common EU rules between the 27 Member States, which lead to distortions of competition between operators of different countries. Under Article 7 of the Framework Directive of the current EU Telecoms Rules, the Commission has only a limited say over the **"need for" regulation**, as notified by a national regulator. Under the EU Telecoms Reform 2007, the Commission, following the advice of the Authority, will also be able to prescribe **"when"** and **"how"** such

regulation must be enforced and even to accelerate the imposition of national measures or improve their effectiveness should this be required.

Together, the new European Telecom Market Authority will thus help the Commission, with the joint expertise of national regulators, to ensure faster implementation and greater consistency of regulation across Europe.

The goal is to quickly eliminate the historical inconsistencies that still exist today in the markets of different Member States. There are no technological barriers to providing pan-European services. Effective regulation will therefore contribute to boosting cross-border activities.

#### BETTER FOCUS, MORE RESULTS

The new rules will allow national regulators to better concentrate their efforts on a clearly defined number of telecoms markets. The European Telecom Market Authority strengthens the hand of national regulators, and ensures a consistent approach is applied throughout Europe. The procedure from initial market analysis to implementation of remedies is to be simplified and streamlined, so that corrective action can be concentrated on the key problems.

#### WHAT THIS MEANS, IN PRACTICE

The main role of the European Telecom Market Authority is to deliver an expert opinion to the Commission on proposals notified by specific national regulators, or

to formulate its own proposals. This will allow the Commission to take informed decisions on the basis of the regulators' knowledge of national market conditions.

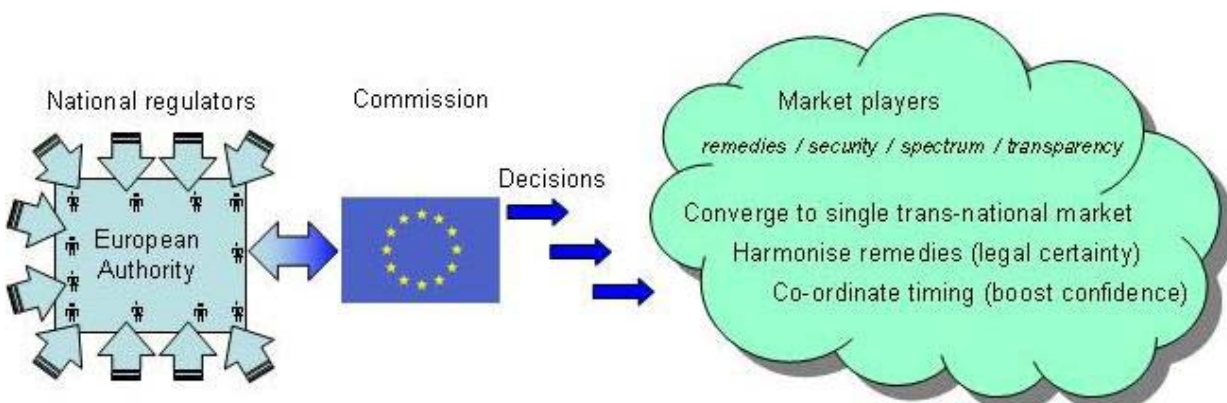
In addition the Authority will, at the request of the Commission, investigate and itself propose remedies for transnational issues, network security issues, help manage spectrum for pan-European services and ensure transparency is provided to consumers on all telecoms matters.

The Authority has its own Board of Appeal which will preside over any appeals from market players, arising from its measures.

The Commission is required to take careful account of the opinions of the Authority, before taking its decisions which will ensure that European legislation is properly implemented and enforced. The new regulatory system will therefore combine the expertise of national regulators via the Authority with the single market instruments of the Commission. By working closely with the Authority, the Commission can fulfil its duties with the full backing of the national regulators acting as one, and in the common interest. Together, the Commission and the Authority will put in place effective measures to regulate markets and to promote competition.

Overall there will be less, but more effective and faster regulation.

### A MORE EFFECTIVE WORKING PRACTICE FOR IMPLEMENTING REGULATION



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