

2007 EU Telecoms Reform

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Less but better regulation

Telecom laws should promote competition, encourage investment, cut unnecessary costs, and remove obstacles to doing business. The existing telecoms rules have created these conditions. However, telecoms markets are constantly evolving and the rules need updating. Markets need simplified and more focused regulation. The Commission therefore proposes to reduce regulation, where possible, to focus on key bottlenecks and to improve the independence of regulators whilst also making procedures simpler and faster. In addition, more flexible radio spectrum regulation will simplify access to and use of this scarce resource. This will lead to improved competition in wireless services, thereby releasing its full economic benefits.

EVEN LESS REGULATION...

Effective regulation has brought competition to telecoms markets and managed to stimulate investment and innovation. Consumers benefit from lower prices and greater choice. Where there is a clear tendency towards competition the Commission proposes to substantially deregulate. Regulation will be refocused on those areas where it is still necessary and where competition bottlenecks persist which will not disappear without dedicated regulation.

The current rules are based on a list which identifies 18 markets which may need regulation. National regulators are obliged to regularly analyse those markets and decide if regulation is necessary. The 2007 reform proposals would **reduce these 18 markets to 7**.

Deregulation is possible for 5 of the 7 existing **retail markets**. Effective wholesale regulation will ensure that competition also takes place at the retail level. The remaining two retail markets will be merged into one. In addition, four wholesale markets will be removed from the list after most national regulators have found these markets to be competitive.

In line with the objectives to create a better and more efficient regulatory environment, the new telecoms rules will also **remove certain provisions** which have become

obsolete, such as repealing the Regulation on unbundled access to the local loop.

... SIMPLER AND FASTER PROCEDURES

Appeal procedures against regulatory decisions vary from country to country. In some countries it can take up to four years until an appeal has been cleared in court. This has been aggravated by the fact that there is a wide divergence between standards for interim measures to suspend the decisions of national regulators. This leads to a lack of business security on telecoms markets. The reform proposals introduce a common standard for adopting interim measures, which will **improve consistency** of appeal procedures. This will give telecoms companies the necessary security for business decisions.

GREATER INDEPENDENCE FOR REGULATORS

To ensure a more **consistent application of the telecoms rules**, they must be implemented by independent national regulators not subject to external political pressure or instructions. Only this will give European players the regulatory certainty for doing business across borders.

The new rules will **strengthen the independence and enforcement powers of national authorities**. They will also limit the possible influence of other public bodies in day-to-day management and ensure that national regulators have their

own independent budget and sufficient human resources.

MORE FLEXIBILITY FOR SPECTRUM USERS

The use of radio spectrum is determined principally in two ways– "**who can use it**" and "**for what**". These questions have traditionally been under the control of Member States' administrations and its management varies widely from one country to another.

Increased flexibility in spectrum management will ease administrative procedures for national regulators and improve access to spectrum for operators and consumers. Under the proposed mechanism, regulatory restrictions (e.g. licensing conditions) will be limited to a minimum and only where it is justified by safety and health risks, and general interest objectives.

Flexibility in spectrum management should be marked by **technology and service**

neutral authorisations, so the market can choose the best technologies and services for a given frequency. Administrations deciding the technologies and services should be the exception rather than the rule.

Since technological progress is reducing the risk of harmful interference in certain frequency bands and therefore reducing the need for individual rights of use, general authorisations should become the norm.

The reform foresees **facilitating access** to spectrum for firms needing rights of use in all Member States (e.g. satellite services providers). The Commission will, supported by the new European Telecom Market Authority, coordinate the selection of firms.

Facilitating access to radio spectrum will help remove barriers to market entry. This will increase the freedom and means to deliver telecoms, content and audiovisual media services all across Europe and improve competition.

THE CASE FOR RADIO SPECTRUM

The value of spectrum-dependent services is currently in excess of **€250 billion or roughly 2.2% of GDP**. But there is room for much more growth if only spectrum was managed more efficiently. Furthermore a large amount of spectrum will be freed-up when TV across Europe becomes all digital. This so-called **digital dividend** will offer tremendous opportunities for new services, especially for wireless broadband. For mobile TV alone, the estimated market value is between €7-20 billion by 2011, serving between 200 and 500 million viewers worldwide. Additionally recent OECD figures show that firms that embrace broadband e-business can raise productivity by 31%. Furthermore, the digital dividend can be used to improve broadband coverage in rural and remote areas (of which currently only 72% of the EU have broadband access) through wireless delivery of access, thereby helping to bridge the digital divide.

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