

2007 EU Telecoms Reform

#9

From 18 to 7 regulated markets



Better choice, greater investment, and more open telecoms markets - the result of today's EU Telecoms Rules on many markets. However, the job of making this network industry a market with fully effective competition is not yet achieved everywhere. So far EU telecoms regulation has paved the way for effective competition in many of the 18 predefined markets. In future, regulatory scrutiny can be eliminated from several of these markets, making the overall regulatory environment simpler and more effective.

When the current EU telecoms rules were revised in 2002, the Commission recommended that national regulators look at 18 telecoms markets in closer detail to decide whether or not to regulate and if so how. Beyond these markets regulators may also intervene, but they need to make a strong case that there are serious obstacles to competition.

Regulators have to notify the Commission of their findings. The Commission then agrees or disagrees, and can request further analysis or the removal of a proposed measure. When the regulatory measure works and creates sustainable competition, it can then be removed.

A LOT DONE: MORE TO DO

Today's rules have created some notable successes:

- Since 2000, the cost of phone calls has fallen by 74%;
- EU countries with effective regulatory systems are world leaders in broadband with Denmark, The Netherlands, Finland and Sweden all having greater broadband penetration than the US;
- Investment in telecoms by incumbents and new market entrants is impressive, reaching €47 billion in 2006, on a par with US investment levels.

But in some markets effective competition is still a long way from being achieved. Incumbents still dominate most markets. Their EU average share of the fixed telephony market is 65.8% and over 55% of the broadband markets. This is why regulation should in future focus on these markets to ensure effective competition also there.

GREATER FOCUS IN FEWER MARKETS

The reform proposes to remove 10 markets from the list of relevant markets in the Recommendation. Two of the remaining markets are merged, so that the list of markets regulators have to analyse falls from 18 to 7. This simplifies the regulatory environment and reduces the burden on regulators and industry

Most retail markets are being deregulated as effective wholesale regulation will protect retail users. Normal competition law will then apply to these markets.

This will allow the Commission and national regulators to refocus their efforts on markets where competition is not yet effective and which are crucial for Europe's competitiveness, such as broadband. The faster and more consistently that effective competition can be achieved, the earlier a move to competition law is possible. The European Telecom Market Authority will help the Commission to achieve this objective faster and more consistently across the EU.

From 18 to only 7 telecoms markets	Explanation
Remaining Markets	
Access to the fixed telephone network	Making and/or receiving telephone calls and related services (such as faxes and dial-up internet) over fixed telephone lines. Previously two markets - business and residential - it will now become just one.
Call origination on the fixed telephone network	Wholesale call origination enables alternative operators to offer retail users fixed telephone services, including dial-up internet connections.
Call termination on individual fixed telephone networks	The wholesale service offered by one operator to another that allows calls between operators.
Wholesale access to the local loop for broadband and voice services	Wholesale access to the "last mile" of the public fixed telecommunications network connecting the subscriber to the local exchange and to the main network. Once access is granted, new market entrants can provide both voice and data services over the so-called local loop rented from the incumbent operator.
Wholesale broadband access	Enables new market entrants to offer broadband access services using their own network and the "local" parts of the incumbent's network. Also known as "bitstream".
Voice call termination on individual mobile networks	The wholesale service offered by one operator to another that allows consumers to call users on different networks
Wholesale terminating segments of leased lines	Operators use leased lines - dedicated communication links - to complete their own network infrastructure or to offer services. The lines are made up of terminating segments, the final part, and trunk segments, the rest.
Removed Markets:	
Wholesale trunk segments of leased lines	Publicly available telephone services for residential and business customers are still commonly provided over traditional fixed telephone networks. However, the introduction of new technologies, in particular Voice over Internet Protocol, is changing the market environment.
National/ local residential telephone services from a landline	
International residential telephone services from a landline	
National/ local business telephone services from a landline	
International business telephone services from a landline	
The minimum set of leased lines	A leased line is a permanently connected link between two premises used for exclusive communications.
Transit services in the fixed telephone network	Conveying calls over long distances on the fixed public telephone network.
Access and call origination on mobile networks	Allows new entrants to make use of the infrastructure of a mobile network operator to provide mobile telephone services to customers.
International roaming on mobile networks	For mobile operators to enable their users make and receive calls abroad, they must have a network access agreement with a mobile network operator in that country. More than a national issue it crosses borders, which is partly why the current EU Roaming Regulation now covers this market.
Broadcasting content	Broadcasting radio and television signals mainly concern content. Where there are access problems relating to public broadcast digital channels, other legal measures, such as must carry could be used.

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