

## Reform of the EU regulatory framework for electronic communications: **encourage the investment in the next generation networks**

CEEP welcomes the European Parliament's September vote on the reform of the regulatory framework for electronic communications and the introduction of concrete measures to accelerate the deployment of new high speed networks.

However, **and in anticipation of the Council meeting end November 2008**, CEEP wishes to highlight some concerns which remain, like e.g. the adoption of contradicting amendments inducing undue regulation of new fibre networks, the new functional separation remedy, or the "net neutrality" amendments.

Considering the currently deteriorating investment performance and the context of shrinking revenues in the European telecoms sector, **the inclusion of balanced measures to stimulate investment by all operators and allow a fair risk sharing between investors and access seekers** is an encouraging signal given by the European Parliament.

CEEP supports the more targeted regulatory approach proposed by the Parliament to encourage all operators to deploy new networks whenever feasible and focus regulatory intervention on those areas where competition between networks is not likely to emerge. However, new provisions (*c.f. annex of the ITRE report*) making extensive access obligations to fibre networks obligatory, are contradictory to this approach. The proposals which would allow bypassing the current mechanisms of the framework and impose regulation on an operator without a SMP, risk leading to distortions of competition and add legal uncertainty to the market, as well.

Moreover, the additional uncertainty is brought about by the introduction of functional separation in the list of possible remedies (despite the new conditions for its application) which risks seriously to discourage investment in new networks. CEEP members believe that there has been no justification for the inclusion of such a far reaching, costly and irreversible obligation in the framework.

Also, CEEP is concerned by the new amendments on 'net neutrality' adopted by the European Parliament plenary. Network innovation, stability and security are essential for consumers to enjoy access to content and applications of their choice. However, the new set of rules risk to limit operators' ability to manage their networks to cope with increasing data traffic and to offer high levels of quality tailored to the needs of the customer.

As the next crucial step, **CEEP advocates the Council's consideration of the importance of the sector for the European competitiveness** and invites the Council to support the European Parliament's amendments fostering the investment in the new networks, key for consumers, industry and innovation in a knowledge-based economy.