

Assessing the electronic communications sector

The EU experience

Cindy van den Boogert
Information Society and Media DG
International Relations officer

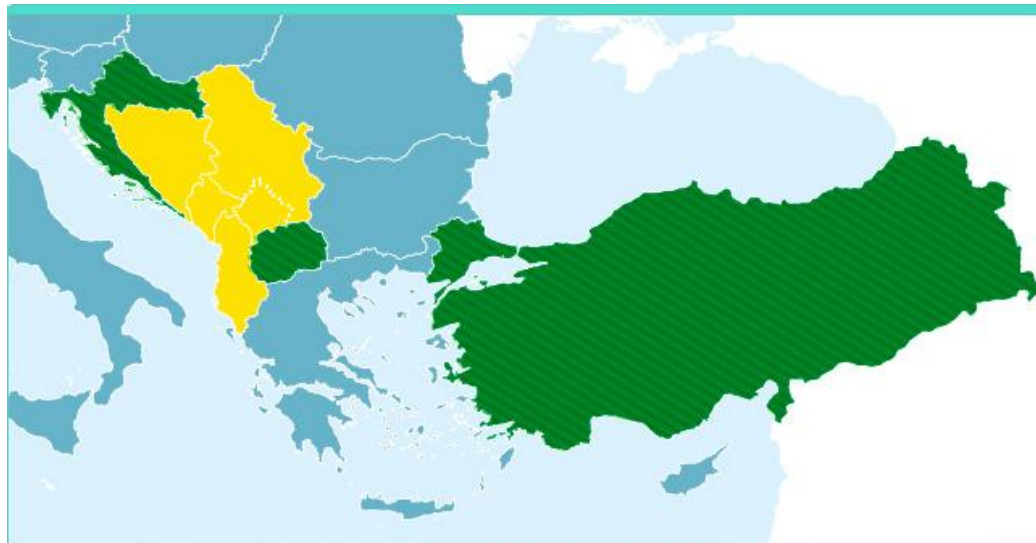


Agenda

- Background EU regulatory framework
Liberalisation, competition, harmonisation
- Essential features
 - remove market entry barriers*
 - rebalancing, cost orientation*
 - competitive safeguards*
 - independent regulatory authority*
 - implementation monitoring*
- EU successes
 - investments, innovation, consumers*
- Co-operation
- Conclusions



Personal background

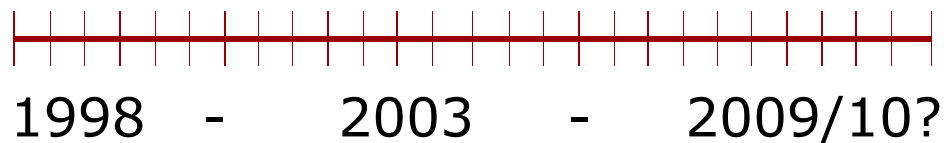


*EBRD Communications Sector Assessment Conference
Tbilisi, Georgia, 29 May 2009 – Cindy van den Boogert*



EU regulatory framework

Timeline

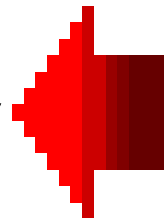
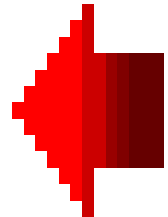
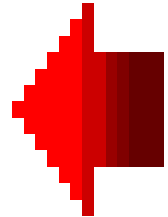


- Liberalisation: transition from monopoly to full competition: creating the conditions for effective competition market (level playing field), with benefits for the consumer
- Convergence of telecommunications, media and information technology, technology neutrality
- Application of competition law principles
- Increase level of harmonisation; predictability of rules



Objectives

- EU-wide: recognition of the potential for growth, competitiveness and job creation of the shift to a digital knowledge- based economy (Lisbon strategy, i2010 initiative) – **economy**
- Greater choice, better tariffs and innovative services for users – **consumer**
- Harmonisation: similar rules with same objectives in all EU Member States: leading to legal certainty and predictability – **economy, consumer**



Essential features

- No market entry barriers
- Tariff rebalancing and tariff cost orientation
- Competitive safeguards
- Independence of regulatory authorities
- Implementation (monitoring)



Market entry barriers

- Cross subsidisation
 - > Tariff rebalancing needed
 - competitive start for incumbent
 - Fair competition for new entrants
- Individual licences
 - High fees
 - Unnecessary administrative burden
 - > Move to authorisation or notification

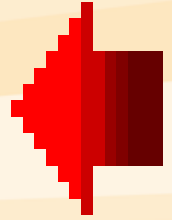


Competitive safeguards

- Cost orientation; efficient operator
- Network Access, interconnection (RIO), Carrier (pre-)selection, leased lines
- Significant market power, market definition/analysis
- Number portability
- Local loop unbundling



National regulatory authority



- Independence;
 - *Functional separation*
 - *Sufficient Resources and expertise*
 - *Free from political interference; ensuring impartiality, (legal) clarity, reliability and transparency*
- Nomination procedures, salaries
- Pro-active approach
- Market Monitoring
- Transparency, Consultations



Other 'essentials'

- Ex-ante regulation
 - ONP regulation for market opening (1998)
 - Move to competition law concepts (2003)
- Co-operation between relevant national authorities
- Appeal procedures
- Universal service
- Consumer protection



Implementation monitoring (I)

- EU Member States
 - *Infringement procedures*
 - *Implementation report*
 - Regulatory developments and market data collection
- Future EU Member States
 - *Monitoring report*
 - *Commitments in bilateral agreements*
 - *Political pressure - assistance*



Implementation monitoring (II)

Monitoring report -future EU Member States

- Covering electronic communications and also information society services
- Market data, regulatory developments
- Enlargement countries (8)
- Reporting exercise – comparable to EU implementation report
- Comparative report (cross country tables, country chapters)
- 4 reports in 3 years
- Cullen International



Implementation monitoring (III)

- Neighbourhood countries
 - *Through bilateral agreements with EU*
 - *Through meetings*
 - *Through assistance*
- Co-operation with EBRD
 - Similar objectives towards liberalisation and competition, mostly similar interests
 - Working closely together, i.e. technical assistance
 - Regular exchange of information between EBRD and EC on state of play countries of operations



EU successes (I)

Policy (i2010 – ‘Lisbon’ strategy) and legislation (regulatory framework) both in place and implemented - ***priority***

- Putting EU in a globally competitive position – *implementation competitive safeguards, NRA!*
- Harmonisation, consumer protection
- Ensure investment and innovation
- Broadband development



EU successes (II)

- Consumers have choice
- Tariffs have come down
- Innovative services
- Increased investments!

EU Member States with most successes in terms of investments:

- Policy priority
- Good regulation
- Pro-active independent NRA
- Focus on infrastructure investment (in long run)



Regional co-operation between regulators (I)

- European Regulators Group (ERG): to ensure a harmonised approach within EU
- The EU encourages regional co-operation and integration to promote the introduction of pro-competitive and harmonised legislation
- Enlargement countries:
 - Contacts within reporting exercise
 - Candidate countries are observers to ERG and committees
 - Regional assistance, i.e. workshops to prepare region for implementation of EU regulatory framework: working together with interested EU Member State regulatory authorities



Regional co-operation between regulators (II)

The EU encourages regulatory co-operation in the following regions:

- Very successful common projects carried out by the Latin American regulators (REGULATEL) and ERG since 2001
- EMERG – the Euromed Group of Regulators (EMERG): 6 ERG Members and 9 Mediterranean Partners joined forces by setting up a network in 2008 that aims to facilitate the sharing of information and experience
- EU/ITU support under preparation for several African networks of regulators 2010-2013



Regional co-operation between regulators (III)

In the context of the Eastern Partnership Initiative (EaP, May 2009, covering AR, AZ, BE, GE, MD, UKR)

- Proposal for discussion: the creation of a Group of Regulators from ERG Members and EaP Countries
- Potential objectives:
 - to promote the adoption of regulations harmonised with the EU framework
 - to facilitate exchange of information and expertise by benchmarking studies, regional workshops, a common website, etc
 - encourage the use of bilateral assistance mechanisms (Twinning, TAIEX workshops)



Conclusions (I)

Key to success:

- Independent regulatory authority
- Good regulation and a pro-active competitive and predictable approach to implementation
- Co-operation, harmonisation

> Market players will have interest and confidence – favourable investment climate
> Consumers will benefit

Conclusions (II)

- In short: the EU experience supports the main conclusions of the EBRD communications sector assessment report:
 1. The legal and regulatory environment is an important determinant of overall investment and market effectiveness
 2. A sector specific regulatory authority can add to that success



Thank you

Cindy van den Boogert
European Commission
Information society and Media DG



+32 2 2992646



cindy.van-den-boogert@
ec.europa.eu

