



Telecommunications tariffs in Poland and new EU member countries: Current status and perspectives

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Summary

The purpose of the proposed presentation is to review the current trends and prospects of the telecommunications tariffs on the recently liberalized markets of the new members states of the EU. The studies focus on the point of view of Poland, which is the largest of the new members states of the EU.

The introduction provides a brief summary of the conditions on the Polish telecommunications market. The milestones of the legal regulations adopted in the years 1990–2004 and the essential stages of the liberalization of the market are highlighted. The quantitative expansion of the various fixed and mobile telephone networks is illustrated, and Poland's position in this area is discussed in comparison with the other European nations, with a pessimistic conclusion. Poland's principal telecommunications operators are listed, and their market positions are specified.

The following section of the presentation is devoted to the Polish operators' tariff policies, and in particular to those of Telekomunikacja Polska S.A. (TP), the incumbent operator. The major legal regulations on the prices of telecommunications services which were enacted in the last decade of the 20th century, and their practical application are discussed [1]. The evolution of the key prices set by TP during that time is described and assessed based on the diagnosis and recommendations of the OECD from 1992 [2].

The next section, based on the results of the author's own research, demonstrates the correlations between the various components of TP's tariffs and the corresponding fees charged by the principal operators in the "old" member states of the EU and in a few selected Central-and-Eastern European countries. Furthermore, the prices set by TP are also compared with those of the alternative Polish operators. In the latter case, it is emphasized that the prices of the competing operators are not radically different from TP's. To the contrary, e.g. on the German market such differences may reach up to ten times. Several tariff solutions applied by both TP ("free evenings and weekends") and the alternative operators (ILD via Premium Rate) are described.

Another section presents the trends of the prices of telephone services observed in the EU-15 states since the total liberalization of their telecommunications markets

in 1998 [3]. The prices of these services in the candidate states on the eve of their accession to the EU are also exhibited [4]. Due attention is paid to the fact that the relationships of the latter prices to those in the “old” EU may be estimated in two ways, depending on whether the basis of the comparison are the amounts of the charges converted into euros according to the rates of exchange, or whether this mathematical operation takes the PPP into consideration.

The conclusion at the end of the presentation summarizes the prospects of the future evolution of the prices of telecommunications services in the new member states of the EU. The author’s opinion is that this process will be patterned on similar developments in the “old” member states of the EU, which have already managed to rebalance and liberalize their markets. Thus, rather than on the variable cost of the intensity of the usage of telecommunications services, the fees charged from the customers will increasingly base on the fixed cost of the availability of these services, i.e. the cost of ownership will be gradually replacing the cost of usage as the principal component of the fees.

While the author focuses on the prices of universal services, i.e. of the essential telephone services provided by means of fixed networks, he also mentions the prices of mobile telephone services.

References

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- [3] “European Electronic Communications Regulation and Markets 2003”, (9th) Report on the Implementation of the EU Electronic Communications Regulatory Package, Communications from the Commission to the Council, The European Parliament, The Economic and Social Committee and the Committee of Regions, Commission of the European Communities, Brussels, COM(2003)715, 19 November 2003.
- [4] IBM, “4th Report on Monitoring of EU Candidate Countries (Telecommunication Services Sector)”, 16 December 2003.

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