



How to address Convergence: the European Commission's proposals for a new regulatory framework

Development Symposium for Regulators, 20-
22 November 2000, Geneva

Workshop A: The Impact of Convergence on Regulators, 22
November

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The need to overhaul the 1998 telecoms framework

- Adapt the framework to **technology-driven market changes** (convergence, Internet, e-commerce, etc.)
- Amplify the benefits of competition for **users** (choice, prices, quality)

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Convergence removes sector boundaries

Service

**Voice
telephony**

Data

Broadcasting

The Internet

Network

Wireless

Satellite

Cable

Telecoms

Terminal





The nature of the new framework

- *Ex-ante* regs to be rolled back as competition develops
- Regulate only where there is market failure

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The new package

Framework
Directive
(Art. 95)

Authorisation Directive

Access & Interconnection
Directive

Unbundled local loop
Regulation

Users' Rights Directive

Data Protection Directive

Liberalisation
Directive
(Art. 86)

Spectrum
Decision
(Art. 95)



Simplification, clarification

Services Directive (90/388/EEC)
extended to: Satellite (94/46/EC)
Cable (95/51/EC)
Mobile (96/2/EC)
Full competition (96/19/EC)
Cable ownership (1999/64/EC)

Liberalisation Directive

ONP Framework Directive
(90/387/EEC amended by 97/51/EC)
Licensing Directive (97/13/EC)
GSM Directive (87/372/EEC)
ERMES Directive (90/544/EC)
DECT Directive (91/287/EEC)
S-PCS Decision (97/710/EC)
UMTS Decision (99/128/EC)
European Emergency Number Decision (91/396/EC)
International Access Code Decision (92/264/EEC)
ONP leased lines Directive
(92/44/EEC amended by 97/51/EC)
TV standards Directive (95/47/EC)
Interconnection Directive
(97/33/ EC amended by 98/61/EC)
Voice telephony Directive (98/10/EC)
Telecoms data protection Directive (97/66/EC)

Framework Directive

Authorisation Directive

Access & Interconnection
Directive

Unbundled local loop
Regulation

Universal service Directive

Data protection Directive



Framework directive: horizontal tasks and common provisions

- **Scope and definitions**
 - electronic communications services, networks and associated facilities
- **National Regulatory Authorities (NRAs) - rights and obligations**
 - independence; right of appeal; transparency mechanism
- **Horizontal functions of NRAs**
 - objectives and principles; radio spectrum; numbering; rights of way & facility sharing; accounting separation
- **Common provisions**
 - SMP; market analysis; harmonisation procedures; Communications Committee; high level communications group (HLCG)

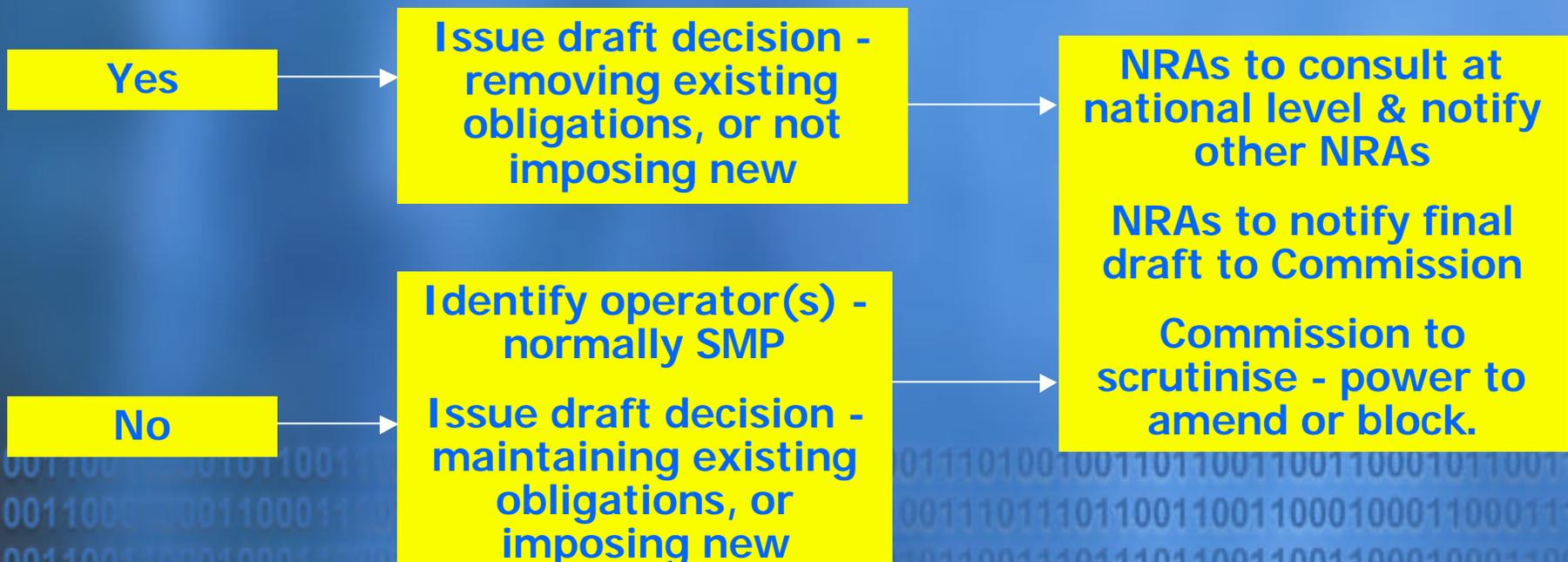
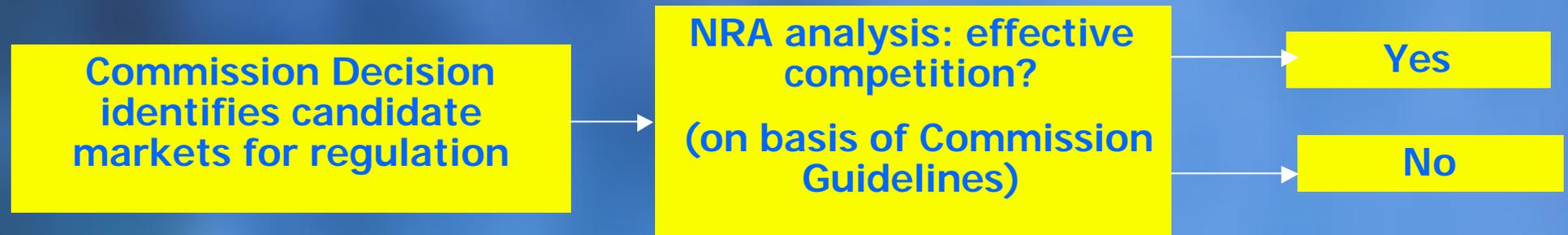


SIGNIFICANT MARKET POWER - 'NEW SMP'

An NRA would designate an undertaking as having SMP where it was:

- **DOMINANT** (singly, jointly, or by leveraging dominance into a related market where it had a leading position) **AND**
- **EITHER INCUMBENT** (i.e. having benefited from special/exclusive rights) and existence of **barriers to entry**;
- **OR VERTICALLY-INTEGRATED** and owning facilities to which its downstream competitors necessarily require access to compete.

Common provisions: procedures for ex ante regulation





Access and Interconnection Directive

- To establish common rules for the wholesale market between suppliers of networks and services
- To provide continuity with Interconnection Directive and TV Standards Directive, while providing for existing obligations to be modified or withdrawn
- To allow NRAs to deal with new access issues, based on analysis of the market

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ACCESS PRINCIPLES

- Reliance on competition and commercial negotiations
- Regulatory intervention only when market analysis reveals insufficient competition (new SMP test)
- Range of regulatory obligations to be limited (transparency, non-discrimination, accounting separation, access, price regulation)
- Type of obligation to be proportionate to the problem





AUTHORISATION DIRECTIVE

- All electronic communications services and networks covered by a general authorisation with notification procedure only
- Individual rights of usage only for radio frequencies and numbers
- Declarations of rights under general authorisation if necessary

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Directive on Universal Service and Users' Rights

- **Universal Service Obligations**
 - Scope clarified to include Internet dial-up
 - Special facilities for consumers to monitor and control expenditure
 - Special measures for disabled users and users with special social needs
 - Adds review procedure for re-defining scope
- **User Rights**
 - Retail Price regulation
 - General Rights
 - Contracts
 - Reinforces monitoring of Quality of Service
 - Extends number portability to mobile networks
- **Other Mandatory Services/Leased Lines**



Directive on Data Protection An Amended Directive

- Data protection regardless of technology
- Extends privacy safeguards for the use of location data to mobile users with exception for emergencies
- Right to determine whether or not to be listed in a public directory, and how
- Prohibits unsolicited emails (so-called 'spam') except where subscribers have 'opted in'