


# Procedure file

Basic information		
COS - Procedure on a strategy paper (historic)	<a href="#">2000/2085(COS)</a>	Procedure completed
Electronic communications and associated services: 1999 review of the regulatory framework		
Subject 3.30.05 Electronic and mobile communications, personal communications		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	<b>ITRE</b> Industry, External Trade, Research, Energy		07/12/1999
		PPE-DE <a href="#">VAN VELZEN W.G.</a>	
	Committee for opinion	Rapporteur for opinion	Appointed
	<b>JURI</b> Legal Affairs and Internal Market		28/03/2000
		PPE-DE <a href="#">NIEBLER Angelika</a>	
	<b>ENVI</b> Environment, Public Health, Consumer Policy		03/04/2000
		PPE-DE <a href="#">JACKSON Caroline</a>	
	<b>CULT</b> Culture, Youth, Education, Media and Sport		27/03/2000
		PPE-DE <a href="#">RIDRUEJO Mónica</a>	
Council of the European Union	Council configuration	Meeting	Date
	Culture	<a href="#">2221</a>	23/11/1999
European Commission	Commission DG	Commissioner	
	<a href="#">Communications Networks, Content and Technology</a>		

Key events			
10/11/1999	Non-legislative basic document published	COM(1999)0539	Summary
23/11/1999	Debate in Council	<a href="#">2221</a>	
17/03/2000	Committee referral announced in Parliament		
25/05/2000	Vote in committee		Summary
25/05/2000	Committee report tabled for plenary	<a href="#">A5-0145/2000</a>	
13/06/2000	Debate in Parliament		
13/06/2000	Decision by Parliament	<a href="#">T5-0258/2000</a>	Summary

13/06/2000	End of procedure in Parliament		
01/03/2001	Final act published in Official Journal		

Technical information	
Procedure reference	2000/2085(COS)
Procedure type	COS - Procedure on a strategy paper (historic)
Procedure subtype	Commission strategy paper
Legal basis	Rules of Procedure EP 142
Stage reached in procedure	Procedure completed
Committee dossier	ITRE/5/12241

Documentation gateway					
Non-legislative basic document		COM(1999)0539	10/11/1999	EC	Summary
Committee of the Regions: opinion		<a href="#">CDR0520/1999</a> <a href="#">OJ C 226 08.08.2000, p. 0056</a>	13/04/2000	CofR	
Economic and Social Committee: opinion, report		<a href="#">CES0582/2000</a> <a href="#">OJ C 204 18.07.2000, p. 0006</a>	24/05/2000	ESC	
Committee report tabled for plenary, single reading		<a href="#">A5-0145/2000</a> <a href="#">OJ C 067 01.03.2001, p. 0009</a>	25/05/2000	EP	
Text adopted by Parliament, single reading		<a href="#">T5-0258/2000</a> <a href="#">OJ C 067 01.03.2001, p. 0024-0053</a>	13/06/2000	EP	Summary

## Electronic communications and associated services: 1999 review of the regulatory framework

**PURPOSE:** to launch a review of EU regulation in telecommunications and to put forward the main elements for a new framework for communications infrastructure and associated services. **CONTENT:** The provisions of the current telecoms regulatory framework liberalised all telecommunications services and networks from 1 January 1998. This has transformed a sector traditionally characterised by state monopolies into a dynamic industry ready to take full advantage of the global market. However, the process is not complete. The EU telecoms market remains fragmented and is dominated by incumbent operators in all Member States, notwithstanding the rapid development of competition, as illustrated by falling tariffs and a growing number of operators. The Review provides the opportunity to re-assess existing regulation, to ensure that it reinforces the development of competition and consumer choice, and to continue to safeguard objectives of general interest. The new framework will be a central building block of the EU policy with respect to Information Society for the years to come. However, it cannot be seen in isolation. Community policies have to combine the establishment of an effective regulatory framework with concrete actions to promote the emergence of an inclusive Information Society. The Community intends to play an important role in this process by introducing focused initiatives, such as the e-Europe initiative. The main elements of the Commission's policy proposals for a new regulatory framework to cover all communications infrastructure and associated services are presented. With these proposals the Commission seeks to build on the successes of the current regime and ensure that regulation at EU level continues to encourage the development of a competitive single market and benefits the EU citizen. Safeguarding Community interests in international negotiations is also an important objective for the Commission and Member States, in particular the forthcoming WTO negotiations where further liberalisation of telecoms in other countries will be vital to ensure that electronic commerce and the Internet can develop at a global level. The Commission's document states that five generally accepted principles should underpin the new regulatory framework. Future regulation should: 1) be based on clearly defined policy objectives; 2) be the minimum necessary to meet those objectives; 3) further enhance legal certainty in a dynamic market; 4) aim to be technologically neutral; 5) be enforced as closely as practicable to the activities being regulated. Currently, different rules apply to the regulation of different communications infrastructure and associated services. But convergence means the same services can be carried over any transmission network, whether fixed or mobile, telecommunications or cable TV, satellite or terrestrial. The new framework would cover all communications infrastructure and associated services so that equivalent rules apply to these networks. In practice, this means the new framework would apply to: telecommunications networks(fixed or mobile), satellite networks, cable TV networks, and terrestrial broadcast networks, as well as to facilities such as Application Program Interfaces, which control access to services. This has important consequences. For example, national regulators would apply the same licensing principles (of transparency, non-discrimination, proportionality and objectivity) when licensing all communications infrastructure and associated services. It should be noted that where such associated services are linked to services for the provision of content, there may be a need for additional rules concerning that provision of content. These rules would, of course, be without prejudice to regulatory obligations (whether EU or national) which apply to the content of broadcasting services or other information society services. The new framework would continue to treat Internet transmission services in the same way as other transmission services (i.e. no Internet-specific measures are envisaged for the moment). As regards licensing and authorisations, the current framework allows Member States to insist on the use of individual licences (which are specific to an individual operator and require the operator to seek an explicit authorisation from a regulator before it can begin operating. This degree of control on market entry creates administrative barriers which may

be dis-proportionate, and has contributed to large variations in licence regimes in the EU. The new framework would require operators providing communications services to be licensed using general authorisations (i.e. no requirement for explicit authorisation by a regulator before providing services). Specific authorisations would remain necessary for the use of radio spectrum and numbering resources. This deregulated, harmonised framework would reduce the current variation in licence regimes for telecoms across the EU, which is holding back innovation, competition and the provision of pan-European services. The new framework would establish common principles for regulation of access and interconnection across all communications infrastructures (ensuring new entrants can compete effectively). A Spectrum Policy Expert Group will be established at Community level to ensure that political and not just technical considerations drive Community policy in this area. Ensuring affordable access for all to communications services necessary for participation in the Information Society remains a key priority for the Commission. In addition to funding public access from State budgets (e.g. for schools and libraries), Member States will retain the option of establishing the financing schemes for universal service (compensation of the universal service provider via contributions from its competitors), although the type of services funded by such schemes would have to be carefully assessed. The Commission therefore proposes to maintain at this stage the current definition and scope of universal service. Urgent action is required to increase competition in the local loop (the term used to describe the line between the local exchange and the subscriber's premises). The Commission will use Recommendations, and, in specific cases, the competition rules of the Treaty to encourage local loop unbundling. Inconsistent application of certain provisions of telecoms legislation is hindering the development of effective competition and the deployment of pan-European services. The Commission is not persuaded that a regulatory body at EU level would currently add sufficient value to justify the likely costs and therefore does not propose the establishment of a European Regulatory Authority for communications services at this stage. However, it states that cooperation between the Commission and national regulators must urgently be improved.?

## Electronic communications and associated services: 1999 review of the regulatory framework

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The committee adopted the report by W.G. van VELZEN (EPP/ED, NL) on the Commission communication on creating a new regulatory framework for electronic communications infrastructure and associated services. Although it supported the Commission proposals, the committee felt that there was a need for further reflection on a number of issues, including the concept of competition, the question of dealing with an imperfect market, the proposed system of "significant market power and dominant positions", general authorisation and radio spectrum auctions. On the latter point, the committee felt that spectrum auctions should be discouraged as they worked against the objectives of creating a level playing field and guaranteeing services at affordable prices. As not all Member States held auctions of UMTS frequencies, some ICT companies obtained UMTS frequencies at far lower prices than their competitors. Furthermore, auctions tended to raise licence fees above economic value, raise consumer tariffs and hamper the introduction of new services. The committee wanted the Member States to use the revenues raised as a result of auctions, fees and radio spectrum pricing to create better conditions for the development of an information society and e-commerce in the EU. While the committee agreed with the general principle of the new framework proposed by the Commission (whereby national regulators would apply the same licensing principles when licensing all communications infrastructure and associated services and there would be no requirement for explicit authorisation by a regulator before providing services, except for the use of radio spectrum and numbering resources), it nevertheless argued that sector-specific regulation would still be required, for example for the regulation of markets where effective competition was unlikely to emerge and for the achievement of certain public policy objectives.?

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The European Parliament adopted the resolution drafted by W.G. van VELZEN (EPP/ED, Netherlands) on the Commission Communication on electronic communications infrastructure and associated services. The Parliament welcomed the Commission's Communication, but considered that further consideration of a number of themes is required, including general authorisation and auctions. It emphasised that in some Member States, no auctions of UMTS frequencies are held, as a result of which some ICT companies obtain UMTS frequencies at far lower prices than their competitors. This does not create a level playing field. The influence of governments on national ICT companies is regulated in very different ways and this has constituted an obstacle to mergers between European ICT companies. Parliament also asked for guarantees, with respect to pluralism, diversity and quality regarding the content of digital services, the protection of consumers and minors, public information, advertising and the sale of regulated products and intellectual property rights. The auction of frequencies could increase the prices charged to consumers, which would be contrary to the Lisbon decisions concerning an information society accessible to all. The new framework must maintain the possibility for Member States to establish schemes to compensate the universal service provider, if provision is an unfair burden on the operator.?