



National IT and Telecom Agency  
Ministry of Science  
Technology and Innovation

## Outstanding Challenge under the New Regulatory Framework: Ensuring a (Harmonised) Competitive Market Place

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## The New Regulatory Framework

- First challenge: Effective transposition by July 2003?
- Large differences between the Member States as regards the timescale for transposition
- Many countries did not have the new legislation in place by July 2003
- Critical point of departure in relation to creating a harmonised European market



## Framework Directive

### Scope and aim - Article 1

*"1. This Directive establishes a harmonised framework for the regulation of electronic communications services, electronic communications networks, associated facilities and associated services. It lays down tasks of national regulatory authorities and establishes a set of procedures to ensure the harmonised application of the regulatory framework throughout the Community."*

**Main challenge: to ensure harmonisation in practice**



## What Need to be Harmonised?

- Regulatory practices?
  - As a prerequisite for achieving harmonized results of regulation
  - There will probably still be large differences
- Results of regulatory action?
  - Yes - this is the precondition for a level playing field
  - Yes - based on best practice

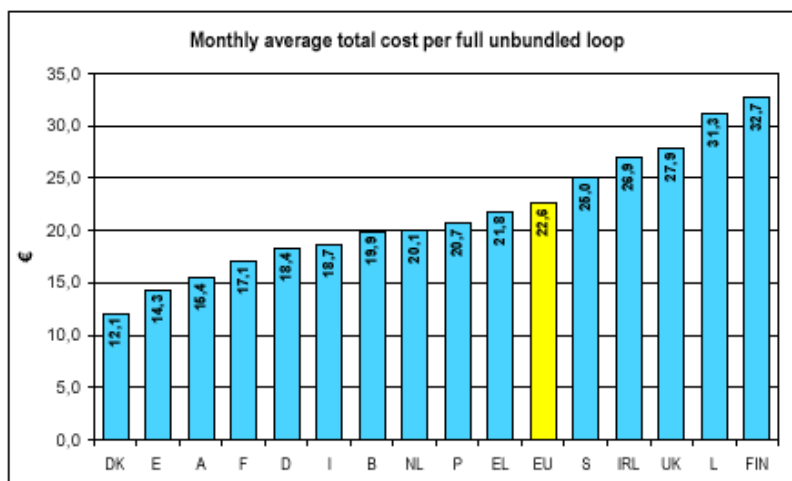


## ULL Harmonisation – an Example

- Framework: ULL – regulation
- Implementation in Member States:
  - Prices – large differences
  - Effect – large differences
- ULL - harmonisation – a success?



## ULL Prices - Euro/Month



Source: Eighth Report on the Implementation of the Telecommunications Regulatory Package, Annex 1, December 2002.



## The New Regulatory Framework

- Challenge: to combine a *flexible approach* with a *harmonised approach*:
  - Flexible approach: Use of remedies based on specific market analyses - justified and proportionate
  - Harmonised approach: Harmonised application of the regulatory framework throughout the Community



## Harmonisation via Consultations?

- Harmonisation: Consolidating the internal market for electronic communications
  - Article 7 – consultation procedures with Commission and NRAs in other Member States
  - “a potential bureaucratic nightmare?”
  - Harmonisation – down the road – we learn from each other



## European Regulators Group

- Commission Decision on ERG - Art. 3 Aims
- *"The role of the Group shall be to advise and assist the Commission in consolidating the internal market for electronic communications networks and services.*

*The Group shall provide an interface between national regulatory authorities and the Commission in such a way as to contribute to the development of the internal market and to the consistent application in all Member States of the regulatory framework for electronic communications networks and services."*



## European Regulators Group

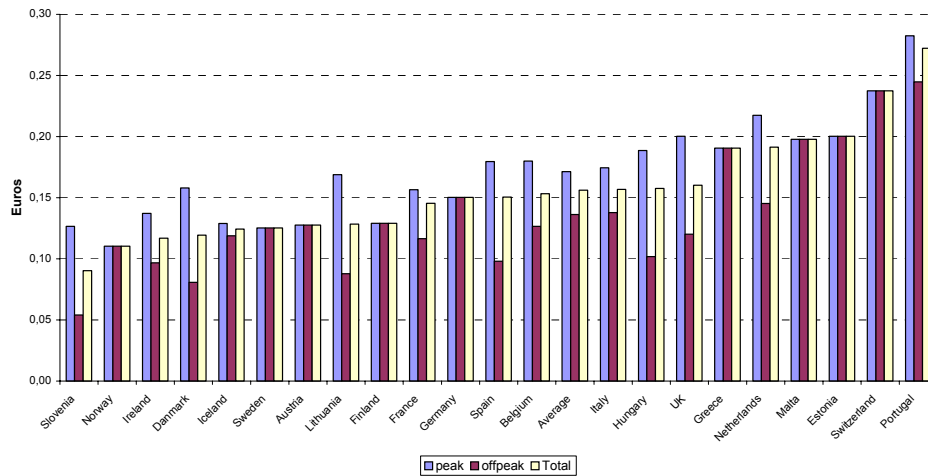
Can ERG ensure harmonisation? - Maybe!

- If there is a focus on developing common ground for regulatory action (check list – relevant issues to be considered before imposition of obligations)
- If there is a focus on "the outcome of regulatory action"
- If we are able to develop an environment of constructive cooperation and confident dialogue between the NRA's and the Commission
- If recognised that a common approach is not a guarantee for harmonised markets



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## Average MT Tariff per Country



Source: NITA and National Regulatory Authorities in the EU, 2003.



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## Harmonisation of mobile termination (MT) tariffs

- Via common decision - that MT tariffs in all countries should be cost oriented – based on LRAIC?
- This would be in conflict with the “Flexible approach”: Use of remedies based on specific market analyses - justified and proportionate



## Harmonisation of mobile termination (MT) tariffs

- By developing common ground for regulatory action – relevant issues to be considered before imposition of obligations (check list)
- By having focus on “the outcome of regulatory action” - benchmarking
- This would balance/combine the flexible approach with the harmonised approach



## Harmonisation

- Focus should not be on harmonisation “as such”
- Focus should be on:
  - Promoting competition
  - Ensuring that users derive the same maximum benefit in all EU countries



## Harmonisation

- How to assess whether harmonisation is achieved
  - Benchmarking (the 8<sup>th</sup> Implementation Report of the Commission is a good example)