

Brussels, 13 November 2007

## **Commission acts to reduce telecoms regulation by 50% to focus on broadband competition**

***As part of its package of telecom reform proposals presented today (see IP/07/1677), the European Commission has adopted a new Recommendation on the markets where telecom-specific regulation should take place. The original 2003 version of this Recommendation listed 18 retail and wholesale markets where the Commission considers that specific ex ante regulation is required by national telecoms regulators to deal with competition problems. To reflect the progress made in the past years in most EU Member States in terms of competition and consumer choice, the Commission concluded that in principle there is no need for regulators to intervene in half of these markets. At the same time, this move will allow regulation to better focus on the main bottlenecks in the telecoms sector.***

*"Our decision today shows that this Commission is taking the principle of better regulation seriously," said Viviane Reding, the EU Telecoms Commissioner. "Where telecoms markets tend towards effective competition, we no longer need sector-specific regulation. We should instead concentrate regulation on those markets where structural competition problems persist, such as access to high speed broadband services. This is where almost all of the national telecoms regulators have identified serious and sometimes even growing competition problems. Let me at the same time stress that the markets phased out by the Commission today do by no means risk falling into a kind of regulatory "no-man's land". Markets no longer covered by ex ante regulation are subject to the scrupulous scrutiny of competition authorities which have powerful instruments at their disposal to investigate and sanction anti-competitive behaviour."*

Neelie Kroes, EU Commissioner for Competition said *"I am very much in favour of de-regulation where competition is progressing to the benefit of consumers, as in the telecoms sector, even if I am in favour of regulation where competition is not developing, as in the energy sector. Today's adoption of the new Market Recommendation confirms that the Commission keeps its promise to reduce the level of public intervention when it is no longer warranted. This message should further encourage investment in the European communications industry."*

The Commission's original Recommendation of 2003 specified 18 markets where ex-ante regulation by national telecom regulators (such as retail or wholesale access or price regulation) could be justified. All these markets had to be regularly analysed by national regulators and notified to the Commission in the so-called "Article 7 procedure" (see MEMO/07/457). Since 2003, the Commission has had to assess more than 700 such notifications.

Today, following a broad public consultation and a close dialogue with national telecoms regulators and competition authorities, the Commission has decided to reduce this list (partly by merging markets) by 50%. The Commission thereby intends to relieve significantly the regulatory burden on industry and regulators.

Most of the **retail markets** on the list were removed since effective wholesale regulation, checked by the Commission, serves in all EU Member States to protect retail users. A number of **wholesale markets** were also removed after most national regulators had found these markets to be effectively competitive.

The markets now removed from the Recommendation cover:

- National/ local residential telephone services from a landline (Market 3)
- International residential telephone services from a landline (Market 4)
- National/ local business telephone services from a landline (Market 5)
- International business telephone services from a landline (Market 6)
- The minimum set of leased lines (Market 7)
- Transit services in the fixed telephone network (Market 10)
- Wholesale trunk segments of leased lines (Market 14)
- Access and call origination on mobile networks (Market 15)
- International roaming on mobile networks<sup>1</sup> (Market 17)
- Broadcasting transmission (Market 18)

For these markets, the Commission no longer sees an *a priori* case for sector-specific ex ante regulation by national telecoms regulators; these markets should now be primarily dealt with by competition authorities using ex post instruments. It remains, however, possible for a national telecoms regulator to demonstrate, by a solid market analysis, that in its country, competition is still seriously hampered on one of the above markets. Under such circumstances, telecoms-specific regulation could be continued. This could be especially relevant for some of the EU's newest Member States.

From today onwards, the Commission and national regulators will be refocusing their efforts on those markets where competition is not yet effective and where consumer benefits are still largely lacking:

- Access to the fixed telephone network (formerly Market 1 and 2)
- Call origination on the fixed telephone network (formerly Market 8)
- Call termination on individual fixed telephone networks (formerly Market 9)
- Wholesale access to the local loop (formerly Market 11)
- Wholesale broadband access (formerly Market 12)
- Wholesale terminating segments of leased lines (formerly Market 13)
- Voice call termination on individual mobile networks (formerly Market 16)

**The Commission's new Recommendation on Relevant Markets is applicable immediately.**

**For more information:**

[MEMO/07/457](#) and [MEMO/07/458](#)

Press pack, with all the documents of the new EU Telecoms Package:

[http://ec.europa.eu/information\\_society/newsroom/cf/itemlongdetail.cfm?item\\_id=3701](http://ec.europa.eu/information_society/newsroom/cf/itemlongdetail.cfm?item_id=3701)

eCommunications website:

<http://ec.europa.eu/ecomm>

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<sup>1</sup> The problems on this market were effectively tackled by the EU Roaming Regulation that entered into force on 30 June and ensured that roaming charges were reduced by 60% (see IP/07/1445). A decision whether this regulation will be extended to cover data roaming services will be taken before the end of 2008.