Telecommunications: implementation of the regulatory package. 8th report 2002

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PURPOSE : to present a report on the state of implementation of the current telecommunications regulatory framework. CONTENT : this is the eighth report on the EU's telecommunications regulatory package. Its purpose is to assess and analyse both the state of the telecommunications market, as well, as examining the EU regulatory framework vis-à-vis telecommunications. The state of preparation by the Member States regarding the transposition of new regulations into national law is also scrutinized. In this Report, the Commission notes that it is four and a half years since the telecommunications market was fully liberalised. A cursory overview shows that competition in European telecommunications markets has driven growth and innovation. Further, the public have benefited from the widespread availability of services. In light of the overall economic downturn and the bursting of the dotcom bubble the telecommunications market is somewhat fragile. Yet, in spite of this, its growth over the past year has still remained positive. Realistic estimates of growth in the telecom services market for 2002 in the combined national markets of the 15 Member States vary from around 5% to 7% - a very healthy outlook in view of the average projected EU GDP growth of 1.0% for 2002. Other observations note that: - Carrier pre-selection has proved a highly successful means of opening competition in the fixed market. - There has been a 42% increase in the number of infrastructure-based fixed access operators between August 2001 and August 2002, with 50 more in the market. - For consumers there has been an overall fall in prices over the same period - a 5% fall in the cost of national fixed call and a 4% fall in international call prices since last year. - Prices charged by new entrant players are significantly lower than those of incumbent operators. - Competition in the retail mobile call market has brought average monthly consumer charges down by 23% over the period 2000-2002. - While incumbent fixed operators lost market share for long-distance and international calls during 2001, their share of the local market stabilised at around 89% of the market in terms of retail revenues. - Penetration in the EU digital TV market rose slightly in 2002 to 21%. In terms of the Report's assessment of key regulatory movements, the Commission notes that the adoption of new sector specific regulations designed to enhance competition and converge electronic communication technologies will be a priority in the coming years. Overall the Report concludes that after four and a half years of liberalisation the regulations put in place at the national level is, more or less, compliant with the EU framework. Licensing and interconnection regimes have permitted large-scale market entry, complemented by carrier pre-selection and number portability; delivery times for leased lines have continued to fall; and progress has been made in developing appropriate costing methodologies for the enforcement of EU tariff principles. Areas in need of further work by the national authorities relate to pricing policy and access issues regarding local loop unbundling. Full implementation both of cost-orientation and non-discrimination principles are essentialin this regard, and should extend to interconnection and the provision of leased lines, including interconnection leased lines. Lastly, the Commission calls on governments to assist in areas such as electronic communication services by examining a number of additional burdens on the sector in the form of specific taxes on telecommunications services, disproportionate fees for the placing of infrastructure, including mobile antennas on public land and radio emission restriction stricter than those recommend at the European level.