Telecommunications: universal service in the perspective of a fully liberalized environment

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OBJECTIVE: The objectives of the Commission communication are three-fold: - to describe the current concept of universal service in telecommunications, both in terms of the regulatory framework and in terms of the current level of universal service provision in the Member States; - to address practical issues and propose solutions and actions for the future development of universal service; - to place universal service for telecommunications in the broader context of the information society. SUBSTANCE: The Commission identifies universal service as an essential element allowing entry to the information society. In order to support and speed up this development it draws three conclusions: 1. The current concept of universal service constitutes a firm reference point for the regulatory reforms which are underway at national level and which are intended to ensure that the telecommunications sector is fully liberalized on 1 January 1998. The concept involves the requirement to provide access to the public telephone network and a telephony service at an affordable price for all users who apply for it. The detailed aspects of the service are described in the directive on the application of the ONP (Open Network Provision) principles to voice telephony. As regards the funding of the universal service, the Commission refers to two directives: the directive on interconnection and the directive on the complete liberalization of telecommunications. Common principles are proposed with a view to identifying the cost of universal service. These costs may be shared with other players in the market either (a) via a universal service fund at national level or (b) by means of direct payments to operators providing universal service. According to the Commission, where a Member State imposes extra obligations in addition to universal service the financial burden must not be covered by means of the mechanism established in order to finance the universal service. 2. Universal service in the EU can and must be strengthened in the short term: the Commission stresses that the 'affordable' nature of the price is not a requirement explicitly laid down in the ONP/voice telephony directive. It takes the view that this crucial matter should be clarified by the Member States. It nonetheless takes the view that the price increases imposed on users in remote or rural areas should not be used to make up for revenue losses resulting from price reductions elsewhere. Similarly, pricing differences between rural and urban areas must not make prices unaffordable. It also envisages special arrangements for disadvantaged users (the elderly and the disabled) and it recommends improved access to on-line information networks. Lastly, the Commission will encourage measures for the benefit of disadvantaged regions in order to speed up the digitalization of the network in those part and it will ensure that the introduction of competition and new technologies will help to reduce regional disparities rather than aggravate them. 3. Universal service is a dynamic, evolutionary concept. The Commission has announced that, by 1 January 1998, it will submit a report on the extent, the level, the quality and the affordability of universal service in the Community and that it will consider the adaptation requirements of the universal service concept.