

Electronic Communications New Regulatory Framework - Principles

In July 2003, a new legal framework regulating electronic communications services and networks came into force in the European Union. The EU regulatory framework aims to promote competition, to reinforce the single market and to safeguard consumer interests in the electronic communications sector.

New information and communications technologies (ICT) are vital for the health of the European economy. The adoption of new ICT increases productivity throughout the economy, generates new consumer services and creates jobs for the European work force.

ICT is therefore an important building block of the "Lisbon Agenda" – the drive to make the EU economy the most dynamic and competitive in the world.

Electronic communications networks and services form a large part of the ICT landscape, so creating the conditions for a flourishing e-communications sector is a key aim of EU regulatory policy.

Tackling Convergence

The liberalisation of telecommunications, completed in 1998, was generally considered a marked success. Opening up formerly monopolistic markets led to dramatically lowered prices and improved services for both consumers and businesses, boosting Europe's communications industry and creating economic growth.

Continuous technological innovation, however, overtook the telecoms regulatory regime. Digitisation now allows many kinds of content to be delivered over different networks. The Internet has become a global infrastructure for a range of electronic communications services. Information and communications technologies are converging, opening up myriad possibilities for new industries and services.

The EU regulatory framework tackles this technological convergence and extends and adapts the benefits of liberalisation to electronic communications in general.

Why Regulate?

Based on the experience of telecoms liberalisation, policy makers believe that extending competition and ensuring opportunity and reward for innovative companies is the key to promoting technological advance.

So why regulate? Why not let market forces alone generate growth in the e-communications sector?

The difficulty is that Europe's telecommunications industry originated in state-run monopolies, leaving a legacy of imperfect competitive conditions. Continued regulation is therefore essential for as long as these former monopolists have market power, to ensure a *level playing field for new market entrants*.

Another reason is that market forces alone may lead to the exclusion of some social groups from essential public services. The new regulatory system therefore recognises a *universal service obligation* to ensure basic services at affordable prices to all in cases where the market alone does not provide.

"Regulation is seen as essentially temporary ... as normal market conditions develop, regulatory intervention can be rolled back."

Key Principles:

Cutting red tape: a general authorisation procedure for operators to enter new markets replaces individual licences. This drastically cuts red tape for enterprises, which no longer face frustrating delays as national regulators check compliance with licence conditions.

Light Regulation: the framework builds upon general concepts of competition law, as applied to normally functioning markets.

Regulation is seen as essentially a *temporary phenomenon*, required to make the transition from the formerly monopolistic telecommunications industry to a fully functioning market system.

To develop in the short term, new market entrants need regulatory support to gain access to the networks of incumbent operators and to provide the benefits to end users which the market would offer if it were effectively competitive.

However, as the sector evolves, operators will increasingly build their own infrastructures and compete more effectively. As normal market conditions develop, regulation can be rolled back, and competition law, as applied to industry in general, will replace sector-specific intervention.

Technological neutrality: regulation now refers to "electronic communications" - not "telecommunications". The same principles now apply regardless of which kind of existing or potentially new technology is involved.

This "technological neutrality" is essential to provide the necessary flexibility to deal with emerging technologies and their convergence in fields such as media, internet and mobile communications.

Consistency across the European market: operators need to be assured that their investments can be planned in a regulatory environment, that is stable, consistent and predictable throughout the EU's single market. Such a regime allows companies to operate on a scale which only a Europe-wide market can provide.

The regulatory framework establishes new processes permitting collaboration among the national regulatory authorities of the Member States and between national authorities and the Commission. This extensive collaboration plays a key role in achieving the necessary coherence within the regulatory process at European level.

In key areas, each Member State submits its draft national measures to the Commission and to other national authorities for consideration, and discusses common approaches in the European Regulators Group, established by the Commission in 2002.

In this way, a consistent approach is developed throughout the single market while permitting maximum flexibility to deal with national markets and conditions.

The New Regulatory Package: overview

The new regulatory framework consists of six directives and an important decision:

- **Framework Directive:** outlines the general principles, objectives and procedures;
- **Authorisation Directive:** replaces individual licences by general authorisations to provide communications services;
- **Access and Interconnection Directive:** sets out rules for a multi-carrier marketplace, ensuring access to networks & services, interoperability, and so on;
- **Universal Service Directive:** guarantees basic rights for consumers and minimum levels of availability and affordability;
- **e-Privacy or Data Protection:** covers protection of privacy and personal data communicated over public networks;
- **Directive on Competition:** consolidates previous liberalisation directives;

- **Radio Spectrum Decision:** sets the principles and coordination procedures essential for the development of a coherent EU radio spectrum policy.

The Framework also establishes a number of **committees and policy groups** to manage and implement the new system:

- **Communications committee:** regulatory and advisory functions on implementation of the directives;
- **European Regulators Group:** facilitates consistent application of the regime throughout member states;
- **Radio Spectrum Policy Group:** a platform for Member States, the Commission and stakeholders to coordinate the use of radio spectrum;
- **Radio Spectrum Committee:** deals with technical issues around harmonisation of radio frequency allocation across Europe and is developing an external radio spectrum policy across Europe.

See Also:

- Fact sheet 14: How the New Regulatory Package Works
- Fact sheet 22: Radio Spectrum Policy

All Factsheets and more can be downloaded from "Europe's Information Society: Thematic Portal", below.

Further Information

- **eCommunication Regulatory Framework:**
http://europa.eu.int/information_society/policy/ecom/index_en.htm
- **Europe's Information Society: Thematic Portal**
http://europa.eu.int/information_society/
- **Information Society and Media Directorate-General:**
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http://europa.eu.int/comm/dgs/information_society/index_en.htm