

The role of EU authorities in the process of regulation

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Goal of regulation

- From State monopolies to full competition and single market
- Network industries:
 - State companies or special rights
 - Structure of the sector difficult entry
 - Public service
- ❖ The introduction of competition in these industries requires specific rules to ensure a level playing field while guaranteeing the provision of services to consumers



The EU Regulatory Framework

- Objectives of the Regulatory Framework:
 - Promotion of competition (including encouragement of efficient investment and innovation)
 - Contribution to the development of the Internal Market
 - Promotion of the interests of the citizens



Ex ante regulation

- Ex ante regulation: light, technology neutral, forward looking and preventive
- Imposed on:
 - markets lacking effective competition
 - Recommendation on Relevant Markets: A recommended list of markets susceptible to ex ante regulation
 - undertakings with significant market power (SMP)- equivalent to dominance
- Based on and complementary to competition law

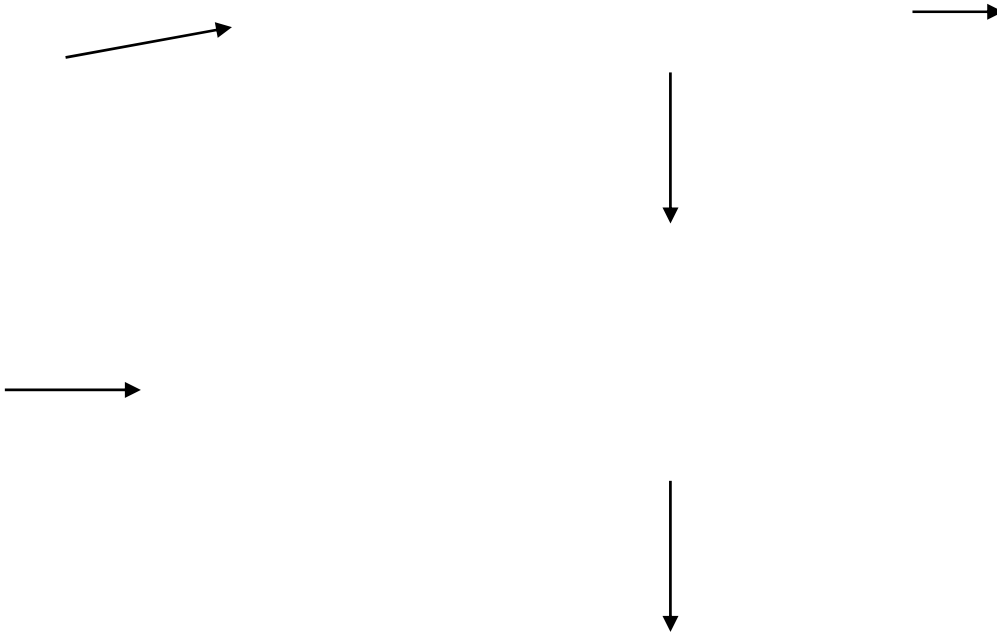


The EU Regulatory Framework: aiming at a coherent regulatory system

- Decentralised system of enforcement
- Independent national regulators for national markets
- The European Group of Regulators
- Coherent approach to regulation, consultation procedure of Article 7 Framework Directive
- Effective and coherent regulation, a condition for EU-wide activities and investment



The EU Regulatory Framework: Actors



Article 7 FD : Consolidating the single market

- Aims:
 - To ensure consistent regulation across the EU
 - To limit ex ante regulation to markets which will not become competitive without intervention
 - To bring more transparency to the regulatory process



Article 7: Ensuring consistency in regulation

- The regulatory approaches for market definition and market power analysis have converged to a large extent
- The EU consultation mechanism has brought sound economic analysis to the market review process
- The Commission has given guidance on key issues, e.g.
 - Treatment of new technologies (VDSL)
 - The use of alternative interfaces in the provision of leased lines (Ethernet)
 - Geographic market segmentation
- Less convergence in the regulatory remedies imposed



Achievements of regulation

- Withdrawal of regulation in some markets and some regions
- Investment, innovation and growth: increased EU penetration in broadband (20%) and mobile telephony (111 %)
- Lower prices and more transparency for consumers
- BUT :
 - barriers to the Single Market
 - bottlenecks
 - more consistency in remedies needed



The future of regulation

- New Recommendation on Relevant Markets
 - Significant deregulation of markets: 18 to 7
- Focus on key bottlenecks: e.g. broadband, mobile termination.
 - Other Commission actions: Recommendation on termination rates and on NGNs



The future of regulation

Review of the Regulatory Framework

- Aims
 - Strengthen competition
 - Improve consistency
 - Complete the internal market
- Proposals:
 - Reinforced tools for regulators: functional separation
 - Commission oversight role on remedies
 - A European Authority – working towards a single market in telecommunications
 - Promoting wireless economy: better spectrum management
 - Strengthening consumer rights

