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EU Regulations for Internet Pricing

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Agenda

- EU regulation principles
- New EU regulatory framework
- Significant market power (SMP)
- Case: bitstream
- Implications on Internet pricing

EU Regulation Principles

- Harmonisation of the national legislation
- Actors:
 - European Parliament and Council
 - Commission
- Various tools to make this happen
 - Directives, regulations and decisions
 - Resolutions, recommendations and opinions
- Minimum, but also maximum regulation
 - More e.g. in consumer protection legislation
 - Less e.g. in competition area legislation

The New Regulatory Framework 1/2

- Framework Directive
 - Establishes the common regulatory framework
 - Defines the tasks of NRAs
 - Set procedures for SMP definition
 - Accounting separation requirement (network/services)
- Access Directive
 - Interconnection and access rights and obligations
 - Cost recovery and price control
 - Accounting separation, use of specific CAS

The New Regulatory Framework 2/2

- Universal Service Directive
 - Defines minimum set of basic services, to which all end-users have access with affordable price
 - leased lines, basic telephone service
- These directives should be:
 - Published and adopted by 24.7.2003
 - Applied by 25.7.2003
 - ... but there will be delays due to political reasons

SMP Definition Process

- Defining the markets
- NRA analyse the markets

- If not efficiently competitive:
 - NRA Identify SMP operators
 - NRA impose regulatory obligations

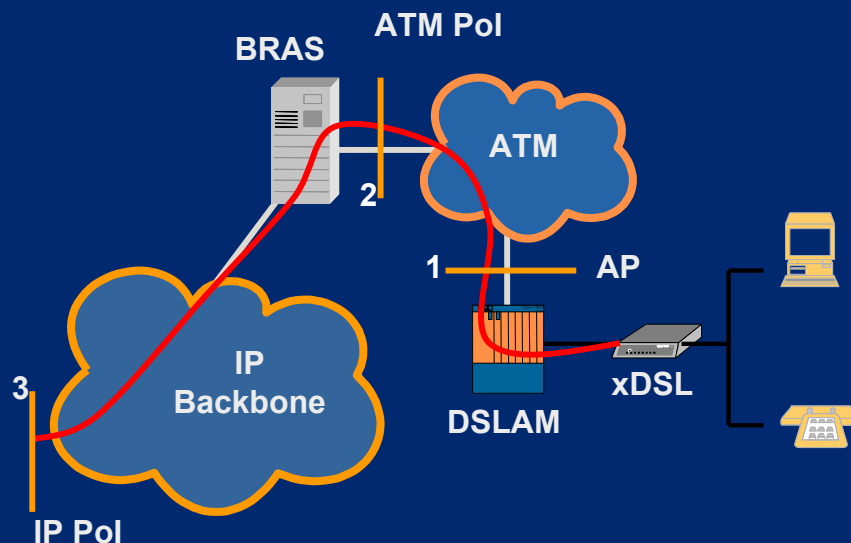
- If competitive:
 - No new obligation can be set
 - And the existing obligations have to be removed

Relevant Markets

- Commission has defined
 - 7 retail markets
 - 11 wholesale markets
- Relevant markets for Internet pricing are:
 - 7 – minimum set of leased lines
 - 11 – wholesale unbundled access
 - 12 – wholesale broadband access
 - 13 – wholesale terminating segment of leased lines
 - 14 – wholesale trunk segment of leased lines

Case: Bitstream

- Reselling vs. Bitstream
- No consensus
 - Technical term is clear
 - ,but economic term not...



- Definition:
 - High speed bit stream access
 - Incumbent manages and installs the equipment
 - Possibility to alter the service by some parameters

Implications on Internet Pricing

- Retail prices – Universal Service Directive
- All other service at wholesale level

- Fixed network focus
 - Broadband connections
 - No mobile Internet markets defined

- Impact of other regulatory actions
 - License and other fees
 - Mobile operator “special positions”
 - Other regulations, e.g. network sharing

The end

- Thank you!
- Any comments, questions?