

ECTA CONDEMNS COMMISSION U-TURN ON TELECOMS COMPETITION

Brussels, 12 June 2009 – New proposals from the European Commission on ‘fibre access networks’ could allow dominant firms to escape regulation, limiting choice in TV and broadband services, ECTA warns. The Commission’s proposed “Recommendation on Next Generation Access” suggests that if incumbents make a deal with just one operator, they could avoid requirements to offer cost-based access allowing their rivals to offer alternative services.

ECTA, the pro-competition body, is strongly opposed to the Commission’s position on the basis that it is likely to limit consumer choice and are likely to lead to collusive practices. Not only does this mean new services may not be developed, it also risks jeopardising the business case for fibre access lines: unless many companies can innovate in providing high speed services, not enough consumers will sign up to pay for the high investment costs.

Innocenzo Genna, Chairman of ECTA, said, “We are surprised and disappointed that the European Commission, which is meant to be the guardian of competition, appears to have compromised its strong stand against ‘regulatory holidays’ in the telecoms sector and appears to be condoning collusion.”

Genna continued, “Dominant firms such as Deutsche Telekom have lobbied the Commission at the highest level to relax EU regulatory rules, but that is even more reason for the Commission to remain robust. German consumers have hardly seen any benefit from DT’s vDSL investments because the incumbent has made regional deals excluding rivals, controlled retail services and stifled innovation.”

Competitors across Europe stand to lose €blns in investments and could be forced to out of the market if the rules for next generation access do not support competition.

“Effective functional separation of dominant firms to ensure they treat their rivals on an equal basis is the only scenario in which regulators should be permitted to consider relaxing price requirements,” Genna said.

“We welcome the principle that a number of operators could invest together through a joint venture in which they all share the rewards. If competition and choice for consumers and businesses are guaranteed through this arrangement then regulation could be removed. But we have seen no signs that incumbents are seriously interested in negotiating in good faith with their rivals, except as a means to delay and confuse the process. The only alternative is effective regulation.”

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For further information (not for publication):

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About ECTA

The European Competitive Telecommunications Association (ECTA) looks after the regulatory and commercial interests of new entrant telecoms operators, ISPs and suppliers of products and services to the communications industry.

ECTA works for a fair regulatory environment that allows all electronic communications providers to compete on level terms in order to multiply investment and innovation throughout an effective European internal market. The association represents the telecommunications industry to key government and regulatory bodies and maintains a forum for networking and business development.

ECTA [member companies](#) include operators, service providers and suppliers as well as National Associations of such which all contribute towards regulatory policy development and participate in our comprehensive range of networking events, conferences, seminars, briefings and executive meetings.