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**Telecommunications - Prepare for '98
DE-REGULATION CONFERENCE**

**EUROPEAN
COMMISSION
PERSPECTIVE**

MAIN LINES OF THE LIBERALISATION PROCESS

In Europe, liberalisation implies a number of regulatory measures currently underway in EU-Member States and at European level. It means new telecom laws in all fifteen Member States. It also means independent regulators at national level and it means regulators and competition authorities working closely together. This is not an easy task and it needs substantial political determination. But it has been resolved within the given deadlines.

Let me go into some more detail on our approach to market liberalisation.

As you may know we have worked since the publication of the EU-Telecom Green Paper in 1987 at progressively lifting restrictions on Europe's telecoms infrastructure and services which may be provided across it.

Let me just recall the latest most decisive phase : the Liberalisation and the Harmonisation Directives of the last two years.

A central link we tackled in the liberalisation process was mobile communications. The EU-Mobile Directive abolishes all remaining exclusive and special rights in the mobile communications market, for both service provision and use of own and third party infrastructure and it requires licences for DCS1800 and DECT before 1st January 1998 throughout the EU. This will now lead to a new round of mobile licences across the EU and a substantial increase of competition in the European mobile market

The EU-Cable Directive means unlimited use of all cable network licences in EU for liberalised telecoms services, including, from 1st January 1998 onwards, public telephone service. With the advent of the Internet, this has more recently become of major importance.

Satellite communications was fully liberalised by the European Commission at EU level, with an EU Directive adopted in Autumn 1994. This means full liberalisation of satellite systems across Europe. It breaks the grip of the incumbents on access to the space resource, particularly as concerns their privileged position as signatories of the International Satellite Organisations. Deep reform of the ISOs is in fact part and parcel of the logic of this Directive. We take an active part in the on-going reform of both Intelsat and Inmarsat and look for a speedy and successful conclusion to that reform.

The finale of the EU 1998 programme is the Full Competition Directive (Directive 96/19/EC) : the date for lifting of all remaining restrictions on provision of public networks and voice telephony is, of course, 1st January 1998, in line with our WTO commitments.

This is a great step forward indeed, but meaningless without the concomitant regulatory preparation. The Commission's Directives have to be implemented by the Member States. This means the setting up of licensing procedures, interconnection regime and fair rules on universal service obligations. The fifteen EU-Member States are currently notifying to the European Commission these new regulatory frameworks so that they can be screened under EU-law.

THE IMPLEMENTATION RECORD

Progress towards full liberalisation by 1st January 1998 has been substantial. The European Commission is publishing reports at short intervals documenting the state of liberalisation . The last report was published four weeks ago (see **ANNEX : Communication to the Council, the European Parliament, the Economic and Social Committee and the Committee of the Regions on the implementation of the telecommunications regulatory package , COM(97)504**)

Implementation legislation falls into two major categories :

➤ the abolition of special and exclusive rights ;

and

➤ the creation of a regulatory framework ensuring both competition and universal service

Progress on this is well advanced in the EU Member States due to liberalise on 1st January 1998. All have adopted the necessary measures to abolish special and exclusive rights, or have these measures in the final stage of the legislative process. Substantial progress has been made on the other critical points : licensing regimes, universal service definition, numbering - and, as a key area, access and interconnection.

The Commission is accelerating the process by launching infringement procedures under Community law, where we find unacceptable delays. Eight procedures were launched two weeks ago.

Independent regulators are now in place in nearly all Member States and the remaining Member States are progressing to rapidly do so.

Five EU-Member States have obtained transitional periods, with the longest transition period ending by 31st December 2000 for Greece. This means that the market will be completely open in Europe by the end of 2000. We hope that our partners in the WTO agreement will on their side fulfil their commitments, as we do.

As we implement our liberalisation commitments, four issues are moving to the forefront :

➤ Access and interconnection ,

➤ Global alliances ,

- ⇒ Convergence ;
- ⇒ Next generation services.

ACCESS AND INTERCONNECTION

Network access was already central in the EU Green Paper on telecommunications of 1987, which set the guidelines for Europe's ten-year liberalisation process in this area.

The basic European framework for network access and interconnection is defined by the EU ONP directives, which have been reviewed and amended during the last two years in preparation of the full liberalisation of the sector by 1 January 1998. This framework is the EU's main device to fully implement the conditions required for fair interconnection, such as non-discrimination, cost-orientation, structuring of interconnection points, transparency and accountability of the process, as well as dispute settlement by an independent regulator.

The EU ONP Interconnection Directive (Directive 97/33/EC) as finally adopted in July provides now throughout the EU the framework for access to public telecom networks. The Directive is the basis of the national interconnection regimes now being established.

The cornerstones of the EU concept can be briefly described as follows :

The framework of open network access (ONP), which had been originally developed for ensuring access for value-added services to the network of the monopoly, is now being adapted to a multi-operator environment through the Interconnection Directive. ONP thereby becomes the natural framework for the definition of basic principles for access to public networks in the EU ;

In parallel, with the starting of competition in both networks and public voice service, the application of EU competition rules comes to the forefront. This is also prompted by the requirement to ensure necessary competitive safeguards ;

At the same time, there is a growing practice and experience in the EU regarding interconnection and access issues. This concerns access and interconnection of networks in the markets already liberalised - with countries like the UK obviously having substantial experience in this area. A Europe-wide experience and practice with regard to access questions has also been developed in interconnection of mobile and fixed networks.

Let me add some remarks on the amendment of the ONP framework, and in particular on the approach taken in Directive 97/33/EC, the ONP Interconnection Directive.

In the new concept the role of the monopoly network operator is replaced by the concept of public network operators acting in competition, with a number of rights and duties. The rights concern the right to interconnection with networks of competitors of the same category. The duties concern the obligation to offer network access to others but also the guarantee of universal service.

A general duty to supply exists in particular for public network operators with "significant market power" - this corresponds to the "major supplier" concept in the WTO Reference Paper. In the Directive, operators with a significant market power are defined indicatively as those with a market share of more than 25%.

Regarding the establishment of the details of interconnect, the priority is to be given to commercial negotiations. However a strong role is given to the national sector-specific regulator concerning the control of the process and in particular the case of failure of commercial negotiations. The Directive also provides for a conciliation procedure for transnational problems at the EU level.

Combined with the EU's Full Competition Directive, the framework provides for :

- the announcement of standard interconnection offerings ;
- requires a sound balance between whole-sale activities and retail activities of the incumbents. Wholesale activities concern the provision of access services by the incumbents, retail their activities in the delivery of services to the final customers ;
- aims at best practice interconnection rates across the EU. To this end, the European Commission has published two months ago, an EC-Recommendation on Interconnection Pricing and Accounting Separation, recommending ranges of best practice interconnect prices.

The best practice approach is a decisive breakthrough to break the deadlock in Europe on access and interconnect. First developed earlier this year in the context of the competition proceeding against Deutsche Telekom, the Recommendation generalises the approach for all Member States. The benchmark is based on the three Member States with the lowest applied or announced interconnection rates at the time of publishing the Recommendation (UK, France, Denmark). It sets the range for local access at 0.6 to 1.0 ECU / 100, i.e. 0.7 to 1.2 US cents. This will make Europe the market with one of the lowest interconnection rates in the world and should rapidly bring new services to the customer.

The mandate for the application of general EU competition rules to access agreements results from the fact that these agreements determine fundamentally the future competition structures of the sector and have therefore an enormous impact on future overall competitive structures in the EU. Apart from the fact that EU Competition Law is used according to its nature across sectors, and therefore also includes areas such as cable-TV networks, the Internet, and multi-media, the issue is to develop a methodology for evaluation of interconnection and access issues under anti-trust law.

This is also necessary, in order to establish necessary safeguards against anti-competitive practices.

We have issued, earlier this year, a public Communication on the application of EU Competition Rules to access agreements. A final version is to be adopted during the first days of January. The Communication defines to what extent Article 86 of EU general competition law, regarding the abuse of dominant positions, is applicable to the control of bottlenecks - like the bottleneck in the local loop. Another major goal is to define the co-operation between national sector-specific regulators and action under general anti-trust law.

Finally, the impact of interconnection and access agreements on third parties must be evaluated under competition law aspects. We must prevent that access and interconnection agreements are used to foreclose the markets to others.

The future relationship between sector-specific telecom regulation and general antitrust legislation is fundamental to the efficiency of the process. We observe with interest the experience in this respect in the Asia Pacific area, such as in Australia, New Zealand, Hong Kong, Japan and, in this country, as well as of course in the US.

GLOBAL ALLIANCES

The current telecom reform process is driven by fundamental technological change and rapid innovation on the one hand, globalisation on the other.

Europe has taken major initiatives in this area, and, with the deregulation of the European markets, Europe has played an active role in these developments. Examples are : Concert, GlobalOne, Unisource / Uniworld.

Under EU competition rules, as under US anti-trust and telecom regulation, clearing of these alliances is required, in order to ensure a pro-competitive market structure. The European Commission has generally taken a positive attitude towards global alliances, because we believe that they reflect the requirements of the globalisation of markets. We have approved Concert, GlobalOne, and last month, Unisource / Uniworld. But we have also made clear, in all cases, that we will not accept foreclosure of markets and we have imposed necessary conditions.

The European Commission has made it clear that liberalisation of home markets of those participating in these global alliances is an indispensable condition to avoid that markets are re-monopolised by these new structures.

CONVERGENCE

Multi-media will be key in the future, both in its own right and as the future base for both the entertainment and professional industries and services.

In Europe, we are currently undertaking two major initiatives. Firstly, we are reviewing the operation of cable-TV networks and their relationships with telecom networks - particularly the issues linked to cross ownership between the two, the EU "Cable Review". EU Competition Commissioner Van Miert has announced that we will publish results and our conclusions soon. Secondly, the EU has announced that it will publish a Green Paper on Convergence.

NEXT GENERATION SERVICES

The Internet and the introduction of digital television together with the development of new multi-media services will be one major line of development. The future development

of personal communications is likely to be the other. The means that the future of competition in Europe in this core sector lies with the development of the new technologies : wireless, cable, satellites.

The smooth transition from use of current mobile technologies to the future third generation systems is therefore central. The development of the mobile and wireless communications environment becomes key for the future competitive market structures.

With this, wireless-based communications have become a vital element in the telecommunications infrastructure, as well as representing an area of common global destiny in telecommunications, with the adoption of world-wide mobile systems.

Since its commercial launch in 1992, GSM has emerged as a World standard for mobile communications. GSM and its related technologies, DCS-1800 and PCS-1900, provide coverage through 187 networks in 103 countries and have a subscriber base of far more than 30 million users.

1st January 1998 will mean a new environment for mobile communications services. Indeed, the mobile sector will face a range of new issues in a fully liberalised telecommunications market.

At the same time, cable and satellites take on a role of a new dimension in the new context. Cable will play a decisive role in deciding the crucial question if we achieve real competition in the local loop. The new satellite systems which will start to enter the market from 1998 onwards will make the global dimension a very real component in the telecom market in the future.

The consumer will see the real benefit of the new developments when we manage to make the different ends meet in a competitive market : the Internet, the new digital services, wireless , cable and satellite. 1st January is just opening the door to the new developments. We may need five years to achieve the structural change in the markets

which will now become the major goal , after the lifting of the regulatory barriers. But we believe that we are on the right way towards growing markets, more consumer satisfaction and more jobs.

COM(97)504 8th October 1997
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**Communication to the Council, the European Parliament, the Economic and Social
Committee and the Committee of the Regions**

**on the implementation of
the telecommunications regulatory package: first update**

1. The preparations for EU implementation of the telecommunications regulatory package: the Commission's assessment of the state of play as of 15 September 1997

Considerable efforts at EU and national level as well as close cooperation between the Member States and the Commission services are under way with the aim of implementing the EU telecommunications package by 1 January 1998. This Communication provides an overview of the activities as well as an indication of the state of play as of 15 September 1997 as far as the Commission can judge the situation on the basis of the available data.

The most important objective of the current phase is the timely transposition of Community law. This Communication seeks to provide an overview of the achievements on transposition so far and, as far as possible, provides first indications of the effective operational implementation of the legislation. The latter, of course, will provide a better measure of functioning of the deregulated EU telecommunications market but it will only be during the course of 1998 that sufficient data will become available to enable firm conclusions to be reached.

At this time, the Commission is encouraged by the evidence of substantial progress in the transposition of the regulatory package and believes that, if joint efforts continue, the Community will have achieved a major milestone by 1.1. 98 .

However, in a small number of Member States, considerably more effort is required than that made to date, while in some other Member States work remains to be done on certain aspects.

The Commission has received a number of official and unofficial complaints concerning national measures which, although accurately transposing Community law; are not being applied correctly in practice. The Commission will in this context be broadening its examination and will not hesitate, wherever necessary, to take action under the infringement procedure.

A more detailed overview of the situation is as follows:

1.1 Abolition of special and exclusive rights

Virtually all of the Member States (nine out of ten) required to abolish special and exclusive rights over the provision of voice telephony by 1 January 1998 have adopted the necessary measures. The remaining Member State (Belgium) has draft measures in hand. Four Member States have abolished special and exclusive rights in advance of the deadline.

The abolition of prohibitions on the *provision of liberalised services over alternative infrastructure* and on *direct interconnection of mobile networks with mobile networks and PSTN in other Member States* represent important preparatory steps towards full liberalisation. As regards the former **nine Member States have adopted the necessary provisions. The remainder have either some provisions in place** (Belgium, Spain, Italy) or drafts in hand (Luxembourg, Portugal). There is one specific derogation (Greece). As regards the latter, **eleven Member States have the main provisions in place**, one has a draft (Belgium), and there are two derogations (Ireland, Portugal). One has yet to take steps to put measures in place (Greece).

In summary, the outlook for a liberalised market by 1 January 1998 is good, although further progress needs to be made in a small number of countries.

1.2 Regulatory framework

Of the *eleven Member States required to notify licensing procedures for voice telephony and accompanying infrastructure* under the Full Competition Directive, **seven have done so** and one other, in the Commission's view, should notify supplementary procedures. The main requirements on licensing in the new Licensing Directive, which are considerably wider, are met by five Member States in advance of the end-year deadline for transposition. All of the remainder have some provisions in place (Greece, France, Italy, Luxembourg, Austria, Portugal) or drafts in hand (Belgium, Spain, Netherlands).

Under the Full Competition Directive, *telecommunications organisations were required to publish their terms and conditions for interconnection* by 1 July 1997. Under the Interconnection Directive, an obligation is placed on the National Regulatory Authorities to ensure publication. This is extremely important in ensuring the necessary transparency regarding in particular the price of interconnection for new market entrants, which will in turn have an impact on investment. **The incumbents in eight Member States have actually published their terms and conditions**; the incumbent's tariffs (but not the full terms and conditions) have been published in one further Member State (Portugal). Publication has not been carried out in six Member States (Germany, Greece, Sweden, together with Denmark, Ireland, Luxembourg, although the latter three Member States have draft measures in hand).

A similarly important safeguard under the Full Competition Directive is the *requirement for telecommunications organisations to have cost accounting systems in place* which are suitable for ensuring the cost orientation of interconnection prices. The incumbents in **seven Member States have cost accounting systems in place**, while three have no provision (Greece, Luxembourg, Portugal). As far as the verification of these systems by the National Regulatory Authority, or other suitable body, for the purposes of interconnection is concerned, four Member States ensure this is carried out, in advance of the deadline in the Interconnection Directive, as do eight in advance of the new Leased Lines Directive and six in advance of the new Voice Telephony Directive. **Further work clearly needs to be done, therefore, on cost accounting and the accompanying verification measures.**

In a liberalised environment it is clearly important not only that *sufficient numbers are available* for allocation to all market players needing them, but also that the procedures exist for carrying out that allocation. **Action has been taken in virtually all Member States to ensure such availability** in accordance with the Full Competition Directive, and by a significant number as regards the necessary procedures for allocation pursuant to the Interconnection Directive.

As regards the minimum set of services making up the *universal service obligation* laid down in the Interconnection Directive and the forthcoming Voice Telephony Directive, **eleven Member States have defined the obligation** in their legislation, while virtually all of the remainder have some provisions in place or drafts in hand. As regards funding, only one Member State has provisions in place for a mechanism from 1 January 1998 (France), and a further two have put in place contingent mechanisms (Germany, Austria). Three Member States have a derogation, and six do not consider a funding

mechanism necessary. The remainder have either some provisions in place (Italy) or a draft in hand (Belgium, Spain).

In twelve Member States, tariff rebalancing will have been carried out by 1 January 1998, or plans are in place for phasing out unbalanced tariffs after that date. Three Member State will need to take remedial action to make up for the absence of any provision (Belgium, Greece, Netherlands).

As regards the tariff principles laid down in the Interconnection Directive and the new Leased Lines and Voice Telephony Directives, seven Member States have integrated the requirements relating to cost orientation, transparency and non-discrimination fully into their legislation as regards interconnection, leased lines *and* voice telephony; in the remainder, the main provisions are in place regarding up to two of these areas (Austria, Finland), or in one area (Ireland), or else some provisions or drafts are in existence (Belgium, Germany, Greece, Spain, Luxembourg).

In summary, gaps remain in the national legislation of some Member States, in particular regarding supervision of the cost accounting systems put in place by the telecommunications organisations, and the setting out of the tariff principles laid down in the ONP directives, particularly for interconnection. Some work remains to be done to complete the licensing framework. In a small number of Member States considerably more effort is needed to fill in the more extensive gaps in their legislation.

1.3 National Regulatory Authorities

As regards the establishment of National Regulatory Authorities which are independent of the incumbent operator and endowed with appropriate powers, virtually all of the necessary transposition measures have been taken.

1.4. Remaining transposition problems

Although the situation is encouraging as far as transposition is concerned, the Commission considers that a number of provisions, contained in various directives which should already be transposed, are still not fully or adequately transposed in a significant number of Member States.

Such is in particular the case with certain provisions which are vital to the effective functioning of a liberalised market. These include, inter alia, the publication of terms and conditions for interconnection as well as the notification of draft licencing and/or declaration procedures; the lifting of restrictions on the establishment and use of alternative infrastructure for the provision of already liberalised service; and the establishment of cost accounting systems.

The Commission considers this situation is unacceptable both from a legal and from an economic and competition point of view. In these cases, therefore, the Commission intends to take action under the infringement procedure.

1.5 Effective application of the new legislative environment in the market place

At a practical level, there are encouraging signs that the transposition of the key principles of the package is already resulting in rapidly increasing market activity. This is true particularly in relation to the mobile sector, and is also evidenced by the creation of international alliances and the amount of investment by market entrants in new technology, as well as the offering of new services by both incumbents and new

entrants. There is also evidence that national regulators are testing their powers in order in particular to ensure that the rules on access are applied equitably as between incumbents and new entrants.

There have, on the other hand, been a number of reports concerning national measures which, although accurately transposing Community law, are not being applied correctly in practice, such as the incomplete liberalisation of alternative infrastructure, long delays in granting authorisations, discouraging licensing fees, and interconnection fees leading to anti-competitive price squeezes.

A number of official and unofficial complaints to this effect have been received. Where pertinent, the points arising have been dealt with in the bilateral meetings. In some cases the complaints in question have formed the basis for the opening of infringement proceedings.

The Commission will in this context be broadening its examination of national legislation to ensure that not only the salient issues but also the supporting detail is transposed correctly into national law.

1.6 Infringement procedures

The Commission stresses that the monitoring process continues. It will pay particular attention to all cases of failure to notify transposition and of incorrect transposition, on the one hand, and all cases of failure to implement national law in accordance with the principles laid down in the directives, on the other.

In view of the importance of completion of the implementation of the telecommunications package in all Member States in order to ensure a level playing field in the single market, the Commission will not hesitate, wherever necessary, to take action under the infringement procedure.

2. Overview of the process

The directives making up the EC telecommunications regulatory package set the deadline of 1 January 1998 for the creation of a liberalised and harmonised European telecommunications market. Virtually all of the directives are now in place, and must in principle be transposed into national legislation not later than end-1997.

The overwhelming importance of the implementation of the package is recognised throughout the Union, not least by market players. First, a liberalised single telecoms market is essential for the emergence of the Information Society in Europe, with all that this implies for growth, employment and living standards. Second, the 1 January 1998 deadline is given added importance by the Community's commitment to open its market in accordance with the WTO agreement on basic telecommunications services.

On 29 May 1997 the Commission adopted a first Communication to the Council, the European Parliament, the Economic and Social Committee and the Committee of the Regions on progress in implementation. The purpose of the Communication was to review the status of the whole package of Directives, including those not yet in force; to set out the Commission's approach to the task of ensuring both transposition and effective implementation of the legislation, stressing the use of informal measures combined with full application of the infringement procedure; and, in particular, to focus on a number of key issues in the legislation which can be regarded as providing an indication of progress towards transposition of the package by the date set for full liberalisation.

These key issues were listed in Annex II to the Communication and an assessment given by the Commission, on the basis of a first round of bilateral contacts, as to the state of transposition in each Member State. In addition, the Commission stated its intention of holding further bilateral meetings with the Member States to promote transposition, and of convening meetings of the National Regulatory Authorities to ensure transparency and consistency. As regards the latter, a meeting devoted principally to

implementation was held on 25 July; a further meeting will be held in the Autumn, at which specific implementation issues will be discussed in detail.

The Council, at its meeting of 27 June 1997, considered the Communication and asked the Commission to confer swiftly with the Member States and to report on progress to its next and subsequent meetings.

3. The recent work undertaken

The second round of bilateral meetings with Member States' representatives took place in Brussels between 10 July and 12 September. The discussions centred on bringing up to date the assessment in Annex II to the 29 May Communication, in the light of information, backed by documentary evidence, provided by the Member States. The attention of Member States' representatives was drawn to the Commission's intention of presenting the results of this assessment **based on texts or draft texts in its possession as at 15 September 1997**. Since the division in the 29 May Annex of the directives into 'existing' and 'forthcoming' measures is no longer relevant, the results of this assessment have been entered in a table (attached, with explanatory notes) which lists the previous key issues by thematic content.

Since the first round of bilateral meetings held during the first quarter of 1997, a large number of texts, including adopted primary and secondary legislation, draft legislation and legislation already adopted but not previously notified, has been forwarded to the Commission. This material, together with the information provided during the second round of bilateral meetings, provides evidence of substantial progress in transposing the regulatory package.

4. Next report

The Commission intends to submit an updated report at the beginning of 1998, on the basis of further bilateral contacts with the Member States. At this stage it is envisaged that that report will give a broader picture of the state of transposition than is possible on the basis of a limited number of key issues. In particular, it will also propose **a series of indicators of the state of real and effective implementation of the measures transposed** into national law, and will give **an initial view of the operation of the European telecommunications market on the basis of relevant economic indicators**.

Annex - Explanatory notes

1. Format

In view of the adoption of most of the outstanding legislation making up the legislative package, the distinction in the Communication of 29 May 1997 between 'existing' and 'forthcoming' directives has been removed, and at the same time the key issues have been grouped together by theme.

The symbols used are substantially the same as those in the 29 May Communication, and correspond to the following situations:

✓ = the *main* provisions concerning this subject are in place; this does not preclude the possibility that certain specific issues may still need to be addressed, which may in certain circumstances result in infringement proceedings

● = some provisions are in place but further legislative action is required

⇒ = draft measures have been communicated to the Commission

n.a. = not applicable

D = derogation granted; where 'D' appears without a date, this indicates that the derogation is implicit in the Commission's decision pursuant to Article 90.

2. Assessment criteria

Alternative infrastructure for liberalised services

In the Commission's view, the obligation in Directive 90/388/EEC, as amended, to remove all restrictions on the provision of telecommunications services other than voice telephony over alternative networks covers not only the provisions of services over existing infrastructure but also the provision of services over infrastructure *to be established*. The latter criterion has been taken into account in the Commission's assessment of progress on this issue.

Terms and conditions for interconnection published by telecoms organisations

The purpose of this provision is to ensure that new entrants have ready access to the standard terms and conditions of the TOs. The Commission therefore examined in the bilateral meetings whether terms and conditions had *actually been published*, rather than merely whether provision had been made for publication.

As regards the Member States granted derogations under the competition directives, the Commission has examined whether the TOs in those countries have published their offers for those services not covered by the derogations, viz. all services other than voice telephony.

Cost accounting system for pricing interconnection in place

Similarly, the Commission examined whether cost accounting systems were *actually in place* in the telecommunications organisations.

Availability of numbers

The criterion used is the actual availability of numbers. No check has been carried out at this stage on whether the competent authorities are allocating numbers in an appropriate manner. In view of the material difficulty, where there are no complaints from operators, of verifying whether numbers are actually available, the Commission has in certain cases accepted specific assurances from the Member States.

Universal service obligations defined

The Commission checked under this heading whether the minimum set of universal service obligations had been transposed. Where obligations are laid down in national legislation which go beyond that minimum set, it must be clear that the financing mechanism referred to in the following box should not cover those supplementary obligations.

Funding mechanism for universal service obligations in place

Where Member States consider that a funding mechanism is *a priori* not necessary, or have notified a contingent funding mechanism, the entry 'n.a.' has been made in this box.

ANNEX - TRANSPOSITION AT 15 SEPTEMBER 1997

1. ABOLITION OF SPECIAL AND EXCLUSIVE RIGHTS

	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK
Alternative infrastructure for liberalised services by 1.7.96 (by 15.11.96 for mobile infrastructure) (96/2/EC; 96/19/EC)	•	✓	✓	D 1.10.1997	•	✓	✓	•	⇒	✓	✓	⇒	✓	✓	✓
Direct interconnection of mobile networks with mobile and PSTN in other MSs by 15.11.96 (96/2/EC)	⇒	✓	✓		✓	✓	D 1.1.1999	✓	✓	✓	✓	D 1.1.1999	✓	✓	✓
Full competition by 1.1.98					D		D		D			D			
- voice telephony	⇒	✓	✓	D 31.12.2000	D 30.11.1998	✓	D 1.1.2000	✓	D 1.7.1998	✓	✓	D 1.1.2000	✓	✓	✓
- infrastructure for voice services (96/19/EC)	⇒	✓	✓	D 31.12.2000	D 30.11.1998	✓	D 1.1.2000	✓	D 1.7.1998	✓	✓	D 1.1.2000	✓	✓	✓

2. REGULATORY FRAMEWORK

	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK
Draft licensing/declaration procedures notified to the Commission by 1.1.97 (96/19/EC)		✓	✓	D 31.12.1999	D 1.1.1998	•	D 1.1.1999	⇒		✓	✓	D 1.1.1999	✓	✓	✓
Provisions on licensing in conformity with Licensing directive (97/13/EC)	⇒	✓	✓	•	⇒	•	⇒	•	•	⇒	•	•	✓	✓	✓
Terms and conditions for interconnection published by telecoms organisations by 1.7.97 (96/19/EC)	✓	⇒			✓	✓	⇒	✓	⇒	✓	✓	•	✓		✓
Cost accounting system for pricing interconnection in place (96/19/EC; 97/33/EC)	⇒	✓	✓		✓	✓	⇒	✓		⇒	✓		•	•	✓
Cost accounting system verified by NRA - for I/C	⇒	✓	•		⇒	✓	⇒	•		⇒	✓		⇒	•	✓
- for leased lines		✓	•		✓	✓	✓	•		✓	✓		•	✓	✓
- for voice telephony (97/33/EC; new leased lines dir.; new voice telephony dir.)		✓	•			✓	⇒	•		⇒	✓		✓	✓	✓
Availability of numbers by 1.7.97 - fixed	✓	✓	✓	D	⇒	✓	D	✓	✓	✓	✓	D	✓	✓	✓
- mobile (96/19/EC; 97/33/EC)	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Procedures for allocating numbers (97/33/EC)	✓	✓	✓		⇒	✓	•	⇒	•	✓	⇒	•	✓	✓	✓

2. REGULATORY FRAMEWORK (continued)

	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK
Universal service obligations defined	✓	✓	✓		⇒	✓	✓	✓	⇒	✓	✓	•	✓	✓	✓
Affordability defined (97/33/EC; new voice telephony dir.)	⇒	✓	✓			✓		✓		⇒	✓	•	✓	✓	✓
Funding mechanism for USO, if any, notified to the Commission by 1.7.97 (96/19/EC)	⇒	n.a.	✓	D 18.3.1998	D 1.8.1998	✓	D 1.4.1998	•	n.a.	n.a.	✓	D 12.11.1997	n.a.	n.a.	n.a.
Provisions on funding mechanism for USO (97/33/EC)	⇒	n.a.	n.a.	D	⇒	✓	D	•	n.a.	n.a.	n.a.	D	n.a.	n.a.	n.a.
Tariff rebalancing															
- by 1.1.98			✓										✓	✓	✓
- if not, plans for phasing out (96/19/EC)		✓			✓	✓	✓	✓	✓		✓	✓			
Tariff principles															
- for I/C	⇒	✓	•		⇒	✓	⇒	✓	⇒	✓	⇒	✓	✓	✓	✓
- for leased lines	•	✓	•	•	•	✓	✓	✓		✓	✓	✓	•	✓	✓
- for voice telephony (97/33/EC; new leased lines dir.; new voice telephony dir.)	⇒	✓	•	•	•	✓	⇒	✓		✓	✓	✓	✓	✓	✓

3. NRAs

	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK
Independent NRA (new leased lines dir.)	•	✓	✓	✓	✓	✓	✓	✓	•	✓	✓	✓	✓	✓	✓
with powers on: - I/C	⇒	✓	✓		✓	✓	⇒	✓	✓	✓	•	•	✓	✓	✓
- licensing	•	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
- numbers	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
- Universal service	•	✓	✓		✓	✓	⇒	✓	✓	✓	✓	•	✓	✓	✓
- dispute resolution	⇒	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
(97/13/EC; 97/33/EC; new leased lines dir.; new voice telephony dir.)															

✓ = main provisions in place

• = some provisions in place

⇒ = draft measures communicated to the Commission

n.a. = not applicable

D = derogation granted