
EUROPEAN TELECOMS COMPANIES' HOPES OF LIGHTER REGULATION DASHED BY EU

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By Julia Fioretti BRUSSELS (Reuters) □ European Union lawmakers have dashed large telecoms companies hopes for lighter regulation as part of efforts to encourage investment in superfast internet networks. The EU wants expansion of fibre-optic networks to meet growing demand for data services and ensure Europe does not lag behind other regions in technological developments, but it is torn on the right balance between fostering competition and relaxing rules that force operators to open up their networks to competitors. The European Parliaments Industry committee voted on Monday to limit the regulatory sweeteners given to operators investing in new networks together and gave regulators greater powers to force companies to give rivals access to their networks. The costs of running optic fibre into households are high and telecoms operators such as Orange, Deutsche Telekom and Telecom Italia have long complained that the current rules forcing them to open up their networks to competitors at regulated prices do not allow them a decent return on investment. The European Commission sought to entice them to put their hands in their pockets by offering lighter rules if they co-invested with rivals, but the lawmakers have tightened the conditions under which they could benefit from softer regulation, which operators say would discourage them from considering joint investment. Smaller telecoms operators such as TalkTalk and Fastweb [SCMNSF.UL] had warned that the proposed co-investment rules would be detrimental to competition, which they say is the real driver for investment. Mondays vote is not final and will need to be reconciled with the position adopted by member states on planned telecoms reforms still under discussion. The lawmakers also voted to give telecoms regulators the power to force operators to open up their networks to rivals where they hold a jointly dominant position, which would open the possibility for cable operators such as Liberty Global to be regulated more tightly. Only companies with significant market power □ usually a former state monopoly □ are currently forced to give rivals access at regulated prices. The Commission had argued against the measure, saying it could hamper the expansion of fibre networks, which can deliver speeds of up to 1 gigabit per second, and impose a heavy regulatory burden on new networks in countries such as France, Spain and Portugal. The lawmakers also voted to cap call charges between member states at the price of domestic calls. Consumer groups have argued that, after the abolition of mobile roaming charges for using a mobile phone abroad, additional fees for calling someone in another country should also be scrapped.

(Reporting by Julia Fioretti; Editing by David Goodman)