



December 2008

The 2008 I/ERG Achievements

Striking the right balance in a rapidly evolving European electronic communication sector

By Daniel Pataki, 2008 I/ERG Chairman

As the year draws to a close, the European Regulators Group (ERG) – comprising the European national telecoms regulators – can look back at an intense and successful period in its young 7-year history. 2008 has been characterised by heightened political focus on Europe’s electronic communications sector and the regulatory challenges it faces. As rapidly evolving communications technologies transform the way citizens and businesses operate, Europe needs to make sure its regulatory framework remains up to the task.

The I/ERG’s successful efforts to ensure operational excellence, institutionalise its existence and working methods, its ambitious work programme, the steady stream of expertise and advice it provides to the European Commission and stakeholders, as well as its increasingly assertive role at the European level have transformed our organisation into a decisive driver for regulatory change and a stronger voice of professional advice in the broader policy debates shaping the European electronic communications sector.

Active advisory role on the Review

2008 has been a year of important regulatory reforms for the EU telecommunications sector. On every key legislative dossier, the ERG has actively played its advisory role, based on its in-depth knowledge of the sector and the local markets. In the review of the EU’s telecommunications regulatory framework, especially with regard to the proposed new European institutional design of telecommunication regulation, the ERG’s proportionate, reasonable and evolutionary approach based on the principle of independence has clearly been successful and has received an open ear in Brussels. It seems that a final solution would reflect our Group’s main advice and position. In line with a balanced approach to regulation, the ERG has successfully defended the principles of proportionality and subsidiarity in European telecoms regulation. We have always advocated that the proximity to the markets they watch and regulate puts national regulatory authorities in the position to choose the most effective remedies based on local expertise and credibility. We believe that harmonisation is best achieved ‘bottom-up’ through effectively regulated national markets.

A decisive voice on key policy dossiers

This year has seen an intensification of the cooperation between the ERG and the European Commission. The ERG has further strengthened its role as an important and reliable partner of the Commission in providing national expertise and proactive, evidence-based policy advice. In the area of roaming the European Commission has based its actions on our

extensive collection of data as well as on our recommendations on necessary actions to further strengthen competition and drive down prices. Regarding termination rates, the ERG actively contributed to the analytical work stressing the need to strike the right balance between harmonisation and the necessary flexibility to fit the national market circumstances. We have also been working together with the Commission on the regulatory approach towards the developing Next Generation Access Networks also advocating in favour of a pragmatic and flexible approach of this long term challenge characterised by very strong national specificities. The ERG adopted guidelines on geographic aspects of market analysis and investigated criteria to be used in this type of regulation through the analysis of latest NRA experience. Beyond short term issues we took on a proactive role on several forward-looking issues. The ERG investigated future interconnection regimes in a detailed common statement, discussed its first detailed piece of work on consumer empowerment and started a promising cooperation with the Radio Spectrum Policy Group (RSPG) on spectrum, one of the most important issues in the future of telecommunications.

Committed to greater consistency

The ERG has also reaffirmed its commitment to ensure and deliver on regulatory consistency across the European telecoms market. Based on its system put in place last year to monitor the implementation of its Common Positions by NRAs, the ERG approved several reports (Broadband remedies, termination rates, regulatory accounting, etc.) on compliance as regards the application of agreed measures to strengthen Europe's single telecoms market. We are proud to see an increasing level of regulatory consistency.

Striking the regulatory balance

Whether on roaming, next generation networks or termination rates, the ERG has always managed to strike a fine balance between advocating increasingly fierce competition to drive down prices for consumers and preserving market stability and predictability for operators to adapt and continue to invest in infrastructure and innovation. In the end, consumers will also benefit from the investments generated in a stable market environment. Thanks to this approach, the ERG has established itself as a pragmatic and reasonable player in the regulatory debate. We have consistently argued for evolutionary, not revolutionary change to reconcile consumer interest with market interests. Striking this balance is only possible when regulators enjoy full independence from governments and incumbents to properly perform their tasks. That is why regulatory independence is a key principle underlying the ERG's work.

A more effective and coherent organisation

The I/ERG is more than the sum of its parts: the group is the primary forum in Europe for tackling regulatory issues in telecom. The process of IRG's institutionalisation which has come to an end in 2008 significantly contributed to the fact that our Group becomes a more effective professional organisation to provide expert advice on all the relevant dossiers at stake of the European telecommunication sector. Moreover IRG's new form of legal entity would also provide the cradle of a potential European group dealing with regulation of European telecommunications. In order to make the management of our daily functioning even more smooth and professional, the Board of Directors has been established, a permanent Secretariat and our internal communication platform (IRGNet) and a relaunched website (<http://www.irg.eu>) have been operational from 2008 and serve to support the Members. Our organization has become a more coherent and effective organisation, adopting a considerable number of common positions and achieving greater regulatory consistency across borders.

A key point of reference

By ensuring that our daily work and our views are known and understood not only by telecoms stakeholders, but also by the media and the general public, the I/ERG has strengthened its position and image as a balanced, efficient, reliable and expert body. The ERG is now perceived as more transparent, notably thanks to more regular external communication and input to policymaking beyond important technical matters. The enhanced visibility has reinforced our position by making us a key point of reference and central stakeholder for the EU telecommunications sector.

Overall, the I/ERG has made determinant steps in 2008 to become a mature professional group with renewed and more coherent working methods, capable to decisively shape the EU's telecom regulatory environment and thus becoming a key point of reference in our sector. I/ERG are now firmly put on this path and the year before us will be key to further strengthen these efforts.