

# UNICE

THE VOICE OF BUSINESS IN EUROPE

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Mr Björn Rosengren  
President of the EU Telecommunications Council

c/o Mr Gunnar Lund  
Permanent Representative of Sweden to the European Union  
Square de Meeûs, 30  
1000 Bruxelles  
Belgium

23 March 2001

Dear President,

RE: TELECOMMUNICATIONS COUNCIL ON 4 AND 5 APRIL 2001 – EU COMMUNICATIONS POLICY REVIEW

We are writing to express our concern about the future regulation of the telecommunications sector in Europe, in the context of the EU Communications Policy Review and the fundamental change that has taken place in the telecommunications and technology sectors over the last year.

Following the unprecedented prices paid for UMTS licences, a vicious circle has set in involving high levels of debt, falling share prices, a weakening of confidence in "dot-coms", and growing questions about the direction of the "new economy". Against this background the EU and Member States should think carefully about any policy initiatives which could impose further burdens on companies developing new services, and in particular hold back from seeking to regulate markets for mobile broadband which are still only in the development stage.

UNICE strongly endorses the Commission's statement when it issued the proposed Directives on 12 July 2000, namely that "*less regulation, easier market entry and a level playing-field across EU are pre-requisites for development of world class telecommunications and Internet services in Europe*". In consequence we would urge Council to:

- resist proposals from the European Parliament that could actually create *more* regulation by imposing certain access and interconnection obligations regardless of market situation;
- support the minimum level of harmonisation and consistency foreseen in the Framework Directive to ensure a level playing-field;
- refrain from pursuing the proposed Directive on Data Protection at this time.

The new package of legislation was intended to have the necessary flexibility to allow it to evolve with future technology and market changes and to roll back regulation when markets become competitive. UNICE fully supports the need for such flexibility but is concerned that developments in Parliament will prevent the rolling back of regulation by imposing permanent solutions.

A further aim of the Review was to adapt to increasing competition by limiting most sector-specific regulation to dominant operators. In this context, UNICE is seriously concerned by the definition of Significant Market Power (SMP) proposed by Parliament. Such a definition anticipates regulation of market players far beyond the few likely to enjoy a dominant position.

- Industry needs a simple test based on established criteria which targets the real problems - we therefore urge Council not to support the Parliament's proposal, but to support instead the Commission proposal for SMP based on dominance.

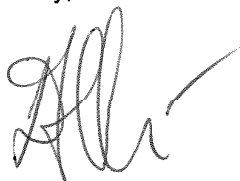
The Commission saw the new regulatory framework for electronic communications services as a cornerstone in ensuring Europe's transition to a new knowledge-based economy, as envisaged in the conclusions of the Lisbon European Council.

UNICE strongly endorsed the commitment given at Lisbon to maintain Europe's lead in key technology areas such as mobile. It is highly regrettable that the European Parliament is now proposing extra regulatory burdens on this industry.

- UNICE calls on Council to refrain from extending new regulatory burdens on a technology where Europe leads the world.

Lastly we note that, in the Commission's "eEurope" Action Plan for 2002, the key priority is agreement early in 2001 on new, lighter regulation for the communications sector. UNICE strongly urges the Council to endorse this priority. We look forward to seeing lighter regulation and feel that Europe's competitiveness will suffer if this aim is not adhered to.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Daniela Israelachwili', with a long horizontal stroke extending to the right.

Daniela Israelachwili  
Acting Secretary General