



# EU 'Liberalise' T'coms

The deregulation of telecommunications in Australia so far looks almost timid and halfhearted compared with what's on the drawing-board for Europe.

This was the impression of some observers at a recent Communications and Media Law Association gathering in Sydney where the speaker was Alain Vallée, Head of the Forecast and Policy Analysis Unit at France's Directorate General of Posts and Telecommunications. M. Vallée is also chair of the European Union's Committee of Regulators.

Currently all EU countries except the United Kingdom still maintain monopolies in the basic carriage service, but a massive opening up of Europe's telecommunications systems is designed to liberalise telephony totally by 1998, breaking down borders and basic carriage service monopolies. As a sign of things to come, a memo of understanding already allows any French user, for example, to subscribe to a Dutch or German mobile phone service.

The process of liberalisation is not likely to be all plain sailing. Local and regional social and political interests present significant obstacles. Standardisation of systems and agreement on terms and conditions for interconnect remain ongoing problems. The rebalancing of tariffs between types of service and between member nations is a major issue which remains to be thrashed out. Some countries - Spain, Ireland, Portugal and Greece - need to upgrade their systems before they can participate in this brave new world,

and will probably have to wait until the year 2000.

M. Vallée identified the issue of cable networks providing local telephony as a major current concern. Already in the UK there is a proposal for a federation of local cable franchisees to deliver long distance calls in competition with existing carriers.

France and Germany have both adopted a position in favour of complete privatisation of their telecommunications operators, but the process of implementation has been slowed down by political and legal considerations, not least of which is that the status of the operators is inscribed in their national constitutions. Denmark and Holland have already successfully implemented privatisation.

The Europeans have been quick to respond to the Americans' information superhighway initiatives, and the EU has recently released a report which recommends a pan-European fully interactive broadband network. Among the steps recommended to achieve this objective is - somewhat ominously - the removal of any non-commercial constraints such as universal service obligations.

M. Vallée said that new alliances are rapidly forming: for example, between British Telecom and MCI, and between the French and German carriers and the US long distance carrier Sprint. He suggested that these alliances might be a first step to ultimate global domination by a handful of carriers. □

## Sobering Thoughts on the Superhighway

An editorial in the influential American magazine *The New Yorker*, 16 May 1994, drew attention to potential conflicts between the rhetoric of information superhighway proponent, Vice President Al Gore, and the likely realities of implementation.

Gore has promised that the US regulator, the Federal Communications Commission, will work out how to ensure universal service. At the same time, however, he is in favour of allowing cable companies and long-distance carriers to compete with Baby Bells for local phone service, while the Bells compete with cable TV in video programming.

The magazine commented:

*This free-for-all may indeed help most data consumers, but it will deprive the government of the sort of simple handle that it seized decades ago to make phone service universal: a single, regulated monopoly whose assured revenue can be deployed to egalitarian ends.*

*The free-for-all may lead to wasteful redundancy - two fibre cables side by side under Main Street, each only half used.....*

*There is no quarrelling with what seems to be the Clinton Administration's goal: [an information highway] open to all, with infinite choice and no regulation of content - the digitalisation of free speech. But whether freer markets will efficiently get us from here to there is another question..... □*

