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Telecoms: Commission comments on Latvian regulator's proposal for the regulation of call origination

What is this case about?

If a citizen or a company is connected to the network of one specific fixed-line phone company, but wants to make calls using the services of another phone company, then the latter has to buy (wholesale) *origination* services from the former. The customer may use another company's services on a call-by-call basis (by dialling a carrier selection code each time) or by default (carrier pre-selection). Call origination services are also used to route phone calls to specific numbers (e.g., toll free numbers, premium rate numbers).

Sabiedrisko Pakalpojumu Regulēšanas Komisija (SPRK), the Latvian national telecoms regulator, proposes to continue regulating the wholesale market for origination of telephone calls on the fixed network of the formerly state-owned company, Lattelecom. SPRK wants to oblige Lattelecom to provide access on a transparent and non-discriminatory basis and to apply cost-based rates for the provision of call origination services.

What has the Commission said in the letter sent today?

The Commission pointed out that SPRK had already imposed the same obligations on Lattelecom in 2006 but that these remedies failed to create significant competition in the retail market. The Commission considers that the provision of a wholesale line rental (WLR) service, i.e., the rental of subscribers' access lines by the incumbent to its competitors, would make it easier for alternative operators to invest gradually in building their own infrastructure. The Commission therefore invited SPRK to consider imposing this additional remedy. In the Commission's view WLR would allow alternative operators to bundle their products and services in the retail markets (i.e. retail access to the telephone network with telephone services via carrier selection/carrier pre-selection). The Commission also underlined that the price set by SPRK for WLR should not be set at such a low level that alternative operators would be discouraged from deploying their own infrastructure.

What does the Latvian regulator have to do now?

Under EU law, SPRK is required to take utmost account of the Commission's comments.

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