

# EU CODE: NEW RULES FOR THE TELECOMMUNICATIONS MARKET



Phone calls, texting, messaging – consumers use all kinds of channels to communicate with each other and the range of digital services available in the telecommunications market is growing all the time. But this choice raises questions for consumers, such as whether they are paying too much for the services and at what internet speeds they can actually surf.

Under its strategy for a Digital Single Market, the European Commission launched a connectivity package in September 2016 containing proposals for updating the existing EU rules on telecommunications (COM(2016) 590 final). The European Commission's objectives are to create incentives to invest in the roll-out of telecommunications networks, to make Europe more competitive, to harmonise consumer rights and to allow for comprehensive broadband coverage. To achieve them, four of the five key Directives setting out the EU's regulatory framework for

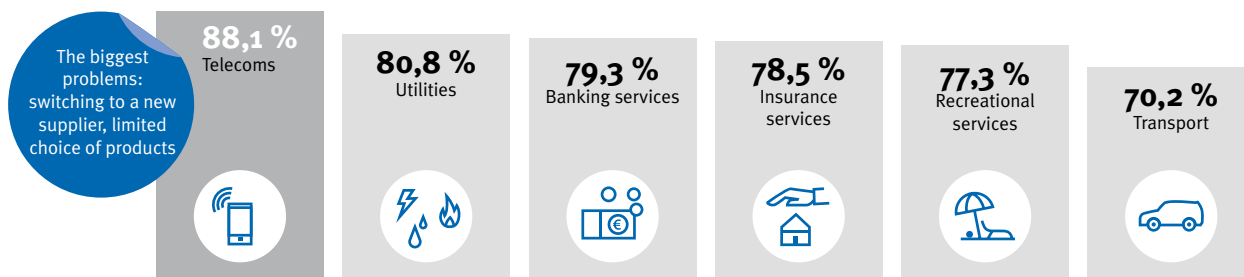
telecommunications are to be merged into a single Directive, the European Electronic Communications Code.



The Federation of German Consumer Organisations (Verbraucherzentrale Bundesverband – vzbv) welcomes the EU's decision to modernise the legal framework for electronic communications. However, competition and strong consumer rights must be at the heart of the debate.

## A LOT OF HASSLE WITH PHONE AND INTERNET

When it comes to services, the most frequent complaints from EU consumers are about problems in the telecommunications market.



Source: European Commission, Consumer Market Scoreboard, 2016 edition, pages 11, 74.

## VZBV'S POSITION



**No exemptions from ex ante regulation:** the European Commission is planning to deregulate the telecommunications sector, creating many regulatory loopholes for former state monopolists. Effective competition, however, requires efficient regulation of incumbents.



**Equal treatment of all regulatory objectives:** the European Commission wants to promote access to and use of data connections with very high capacity. This goal should not be given priority over the other regulatory objectives. Otherwise, monopolist structures could lead to rising prices and a decline in the range of services.



**Minimum harmonisation to ensure flexibility:** the proposal aims at fully harmonising consumer rights in the telecommunications market. vzbv is instead calling for minimum harmonisation so that national regulators can continue to take into account specificities and local circumstances in their individual markets.



**Same services, same obligations:** vzbv supports the European Commission's proposal to include over-the-top (OTT) services, such as the WhatsApp and Skype messaging services, in the scope of application and, where sensible, to impose the same obligations.

## FACTS AND FIGURES

**i** In 2015, the German telecommunications regulator, the German Federal Network Agency registered around 178,000 consumer enquiries and complaints about telecommunication services. Around half of these were about switching to a new provider. Other matters were the content of contracts, bills and marketing calls.<sup>1</sup>

**i** Of all consumers surveyed by TNS Emnid on behalf of vzbv, 47 percent had already had a question or problem relating to telecommunications at least once in the past.

**i** Cost is the most important factor when it comes to choosing an internet service. This was the finding of a survey that was carried out as part of the Eurobarometer 438 report. Other key factors are maximum download or upload speeds and the maximum volume of data that can be downloaded or uploaded.<sup>3</sup>

**i** The overwhelming majority of consumers believe that the same degree of consumer protection should apply to both digital and traditional communication services.<sup>4</sup>

## ... MOVING MADE EASY?



As an artist, Maria is often on the road. Her work commitments mean she has to move house frequently. Changes to the German Telecommunications Act (TKG) in 2012 made her life a bit easier, at least as far as phone contracts and internet connections were concerned. The TKG specifies that people moving house can transfer their contracts – whether for their landline, internet, or mobile phone – to their new home without any changes to the contract duration or other provisions. The only condition is that the supplier must be able to provide the agreed service at the new location, which is not necessarily the case when people move abroad or to somewhere remote. If service provision is not possible the end user has a special right to terminate the contract before the end of the agreed minimum term by giving three months' notice.

### Flexibility for phone contracts

This legal provision is specifically designed for the German telecommunications market because there had previously been a lot of complaints from consumers about switching providers and moving house. The section in the European Electronic Communications Code about switching to a new supplier does not contain provisions on moving house or on special termination rights. If the Code is implemented in this form as a fully harmonised Directive, the existing consumer-friendly rules in Germany may cease to apply. For Maria, this would make moving house more complicated again.

<sup>1</sup> Chart in the Federal Network Agency's 2015 annual report, [https://www.bundesnetzagentur.de/SharedDocs/Downloads/DE/Allgemeines/Bundesnetzagentur/Publikationen/Berichte/2016/Jahresbericht2015.pdf?\\_\\_blob=publicationFile&v=2](https://www.bundesnetzagentur.de/SharedDocs/Downloads/DE/Allgemeines/Bundesnetzagentur/Publikationen/Berichte/2016/Jahresbericht2015.pdf?__blob=publicationFile&v=2) (available in German), page 62.

<sup>2</sup> Special Eurobarometer 438, E-Communications and the Digital Single Market 2016, [http://www.eena.org/download.asp?item\\_id=177](http://www.eena.org/download.asp?item_id=177), page 8.

<sup>3</sup> <http://www.vzbv.de/pressemitteilung/telekommunikation-macht-verbrauchern-die-meisten-probleme>, March 2016.

<sup>4</sup> Special Eurobarometer 438, E-Communications and the Digital Single Market [http://www.eena.org/download.asp?item\\_id=177](http://www.eena.org/download.asp?item_id=177), page 96.