

Universal Service Policy in Latvia

1. Policy background

There is still monopoly on fixed telecommunications network and basic services in Latvia but competition is allowed in mobile and enhanced telecommunications services (e.g., Internet services, Premium rate services, terminal equipment sales, etc.).

Lattelekom- the Latvian incumbent operator –has exclusive rights to all basic telecommunications services and infrastructure.

Although the universal service is not expressly defined, *Lattelekom* is obliged to guarantee the provision of quality basic telecommunications services and to ensure accessibility of these services to all residents.

The provision of basic telecommunications services by *Lattelekom* is based on the *Umbrella Agreement*, not on a license.

Alternative infrastructure for non-reserved services is closed. The provision of public telecommunications services over such infrastructure is not permitted. Any legal entity or private person has the right to set up private telecommunications networks, which may be used for their own needs and only as long as they respect the exclusive rights of *Lattelekom*.

Internet services providers (ISPs) must lease lines from *Lattelekom* and there is a dispute about the legal status of Voice over IP (VoIP) service and providing it independently from *Lattelekom*.

2. Main legal documents and regulatory institutions

On October 5, 2000, the Saeima adopted the Utility Service Regulator Law. Public utility services of several leading economical branches – telecommunications, electricity, gas, heating, post, water supply, sewerage, passenger transport – are regulated by a common state institution, an independent regulatory body - called hereafter Regulatory Commission for Utilities.

The Saeima adopted the new Law on Telecommunications on 1 November 2001. The Law provides for full liberalisation of the telecommunications market as from 1 January 2003, when the exclusive rights granted to the national operator *Lattelekom* regarding provision of telecommunications services through the fixed network will expire.

The Public Services Regulatory Commission (PSRC) was established in September 2001 under the Utility Service Regulator Law.

Under provisions of the Utility Service Regulator Law, the PSRC and its Council have taken over licensing, numbering, frequency, dispute resolution and tariff control responsibilities from the Department of Communication of the Ministry of Transport and the Telecommunications Tariffs Council and has been the National Regulatory Authority for Latvia from October 1, 2001.

The distribution of functions between the Ministry of Transport and the National Regulatory Authority (Public Utilities Commission) has been clearly defined so as to guarantee the independence of the regulator:

- State administration of the telecommunications sector is performed by the Ministry of Transport.
- The telecommunications sector is regulated by the Public Services Regulation Commission (the Regulator) specified in this Law and in the Utility Service Regulator Law.
- The Cabinet may by a separate decision, assign individual licences, which are associated with the utilisation of a specific restricted national resource, granted according to auction procedures and to specify the utilisation purposes of funds gained as result of the auctions.

According to the Law on Telecommunications

the Ministry of Transport is responsible for:

- developing general policy of the telecommunications sector ;
- formulating the drafts of Cabinet regulations;
- specifying the general financial principles of the Universal Telecommunications Service;
- representing the Republic of Latvia in international telecommunications.

the Utility Services Regulation Commission is responsible for:

- 1) licensing and monitoring of compliance;
- 2) management of scarce resources;
- 3) tariff issues;
- 4) numbering;
- 5) dispute resolution;
- 6) standardisation;
- 7) assessment of terminal equipment conformity;
- 8) Universal Service issues;
- 9) Quality control.

3. Future plans

The Law on Telecommunications came into force from November 2001 and it provides for two years implementation period, during which all necessary secondary legislation shall be adopted.

Within this period, the Ministry of Transport and the Regulator shall ensure the formulation of all the regulations, procedures, rules and methodologies provided for in this Law.