



EUROPEAN COMMISSION

Directorate-General Information Society

The Director-General

Brussels,

Mr Utsumi
Secretary General
International Telecommunication Union (ITU)
Place des Nations
CH – 1211 Geneva 20

Subject: World Telecommunications Policy Forum, March 7-9 2001, Geneva

Dear Mr Utsumi,

I would like to use this opportunity to extend my best wishes to you and your colleagues at the ITU for the New Year; on behalf of the European Commission, I look forward to a continued productive relationship during 2001 with the ITU on the important issues facing us in the field of the evolving regulation of international communications services.

In this context I note that the first major ITU event in 2001 will be the forthcoming World Telecommunications Policy Forum on 7-9 March. The recently approved Communication from the European Commission of 22 December 2000 on the status of Internet voice telephony would appear to be a useful background document for the Policy Forum.

The Communication addresses the status of Internet Protocol Telephony under Community Law and concludes that in spite of "significant technological changes" since 1998 in the field of voice on the Internet, this activity still can not be defined as voice telephony under European Union legislation and thus should not be covered by the regulatory regime applying to the latter.

However, certain Internet Service Providers (ISPs) who are also Internet telephony providers, will qualify as providers of voice telephony as soon as they offer a quality of service equivalent to that of traditional voice telephony.

It could therefore be tempting to conclude that these ISPs would then also be as heavily regulated as the so-called incumbent voice telephony service providers regarding for example interconnection rates; however, according to both the present and forthcoming EU access and interconnection directive, this would depend on the market situation and position of the particular ISP; as ISPs are generally not in possession of "significant market power", they would continue to enjoy a status of being much lighter regulated in the EU than service providers with significant market power; at most they would be required to file for a class-type license or authorisation to provide public voice telephony; maybe more importantly, the

regulatory status of the incumbent in the particular market may well qualify for less regulation because the new ISPs providing IP Telephony on that market will contribute to an increase level of competition and thus to a more competitive market in communications services.

It is on this background that I thought it could be interesting to include the Commission's Communication (attached) in the background documents for the preparation of the WTPF on 7-9 March 2001.

Yours sincerely,

Robert Verrue **SIGNED**

Encl.: Communication from the Commission