

P-0888/08EN

Answer given by Ms Reding
on behalf of the Commission
(12.3.2008)

The Universal Service Directive 2002/22/EC¹ lays down the basic principles on universal service in e-communications, and requires Member States to ensure that a defined set of minimum services is made available to all users at an affordable price. The current scope of universal service consists of the provision of a connection at a fixed location to the public telephone network which is capable of allowing voice, fax and data communications at data rates sufficient to permit functional access to the Internet. Directory enquiry services and a comprehensive directory must also be provided, together with public pay phones. Member States may designate one or more undertakings to provide the universal service; where the provision of the service represents an unfair burden on the undertaking or undertakings concerned, Member States must either provide for compensation from public funds or share the burden between network and service providers.

According to Article 32 of the Universal Service Directive, Member States are free to mandate a range of services extending beyond the minimum universal service obligations, but any undue burden associated with them must be borne by the Member States, for example through general taxation, and not by market players. The Directive provides a review mechanism, according to which the Commission must examine every three years whether changes in the scope of universal service would be warranted, in the light of social, economic and technological developments, taking into account, inter alia, mobility and data rates in view of the prevailing technologies used by the majority of subscribers. The Commission will report on this matter later in 2008.

As outlined in the Commission's Communication "Bridging the Broadband Gap" of March 2006², several EU policy and financial instruments are available, including structural and rural development funds, to bring broadband to less-developed areas (usually scarcely-populated rural and remote areas), where the market is failing to invest in adequate infrastructure. For example, it is estimated that in 2007-2013, the EU Structural Funds will invest around €15 billion (4.4% of total spending) in support of information society projects. Over €2.3 billion will be spent on communications infrastructures, mainly broadband networks. The Rural Development Fund can also be used for this purpose.

As for conditions to support broadband in under-served areas, Member States may use public funding (such as loans, grants to public and private partnerships, fiscal incentives to subscribers), as long as the schemes are well-justified and proportionate to remedy a well-defined market failure, as well as to meet cohesion objectives, and are in compliance with requirements for open access and technological neutrality as well as with competition rules, including State aid rules. The Commission favourably views the use of public funds for broadband deployment in these circumstances, having already approved for compliance with State aid rules several projects in this area. Communities may also resort to demand aggregation activities, which are a powerful procurement tool to reduce uncertainty for investors.

¹ Directive 2002/22/EC of the Parliament and of the Council of 7 March 2002 on universal service and users' rights relating to electronic communications networks and services (Universal Service Directive), OJ L 108, 24.4.2002.

² COM(2006) 129 final.

Finally, activities aiming at improving the availability of online public services, including healthcare, and fiscal support schemes for low-income groups, will ultimately have a positive impact on broadband take-up.