European Commission: Decision on State Aid in Polish Telecommunications Sector

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On 26 January 2006, the European Commission decided that certain measures taken by the Polish state in the telecommunications sector should not be considered as state aid in the sense of Articles 87 and 88 of the EC Treaty. The Polish authorities had notified a law to the Commission for it to clarify whether the measures constituted state aid. The law envisages the prolongation of deadlines for telecoms operators' licence fee payments, debt write-offs and the conversion of outstanding debt into companies' shares. The payment obligations of the telecoms companies concerned arose from the purchase of telecommunications licences during the liberalisation of the fixed network market in Poland. During the 1990s, new entrants to the market had to purchase expensive licences in order to provide telecom networks and services in certain regions in competition with *Telekomunikacja Polska S.A.,* which had previously been the only market player. The established provider, *Telekomunikacja Polska* , was allowed to continue operating during this period without having to apply or pay for a licence. After liberalisation was completed in 2001, licences were no longer required and companies could then provide telecom networks and services on the basis of an individual authorisation on payment of EUR 2,500. The introduction of European provisions on electronic communications in 2004 then resulted in the switch to a general authorisation system.

The Commission's decision was based on the view that the Polish measures were aimed at establishing a level playing field for Polish telecoms operators. This would promote competition to the benefit of consumers without granting advantages to individual operators.

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