Report on the current status of communication infrastructure and the regulation: cable television

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Recently, the OECD published a stocktaking of current policies and the current dimensions of the cable television industry in the OECD area (Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Japan, Luxemburg, Mexico, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, The Netherlands, Turkey, United Kingdom, and the United States). The Czech Republic and Hungary are not included in the survey since they only became a member of the OECS in respectively 1995 and 1996.

The report was prepared by Sam Paltridge of the OECD's Directorate for Science, Technology and Industry and presented to the Telecommunications and Information Services Working Party meeting last January and has now been made available to the public by the Information, Computer an Communications Policy (ICCP) Committee.

The report expresses worries about current regulatory policies in the OECD area on the basis of which public telecommunication operators are twice as likely to be able to offer cable television services than cable television companies are of providing switched public telecommunication services. In addition, from 1990 to 1995, an increasing share of the cable television market was gained by the public telecommunication operators; as measured by the number of subscribers, in areas where public telecommunication operators occupy monopoly positions in the field of public switched telecommunication networks, they also have more than 61% of the cable television market. Public telecommunication operators in monopoly telecommunication markets are said to be over three times more likely to own cable infrastructure than public telecommunication operators in competitive telecommunication markets and this would constitute a formidable barrier to the early roll out of competition at the local level. With the exception of Finland, Sweden and the UK, the EU area is at a tremendous disadvantage compared to Canada, Japan and the US, in terms of independent infrastructure available for the provision of local telecommunication competition. This is because most cable television infrastructure is owned by incumbent monopoly public telecommunication operators.

The report recommends to:

- accelerate liberalisation by allowing cable communication operators, and other alternative infrastructure providers, the opportunity to offer public switched telephony services (which is possible within the EU since 1 July 1996);

- for those Member countries considering privatising an incumbent public telecommunication operator, to sell their subsidiaries as separate entities;

- to prevent further acquisitions or mergers by public telecommunication operators in their 'home markets' where this will lead to an increase of dominance;

- where they have not done so, introduce safeguards to ensure public telecommunication operators are not cross subsidising the expansion of cable television networks (or cable systems as they are called in the USA) from monopoly public switched telecommunication services in advance of competition;

- for the transition to a fully competitive market, ensuring a stable regulatory framework to encourage invstment in alternative infrastructure and to ensure incumbent public telecommunication operators cannot use their dominant positions in unfair ways.

OECD - Committee for Information, Computer and Communications Policy, 'Current Status of Communication Infrastructure Regulation: Cable Television.' Paris 1996.