

The 6th Baltic Sea Region Communications Forum

Inese Stučka, telecommunications specialist, Latvia

On September 20 and 21, at the Reval Hotel Latvija in Rīga, the Baltic Sea Region Communications Forum was held for the 6th year in a row. Some 130 people attended, amongst them telecommunications specialists from the Baltic States, Scandinavia, Russia and other European countries. During the forum, delegates discussed important issues about the current situation with telecommunications in the Baltic States and about the development of the sector in the future.

On the first day of the forum, delegates heard presentations from representatives of national regulatory institutions, major mobile and fixed network operators, providers of other telecommunications services, as well as consulting firms. Most of the sessions at the forum were devoted to the introduction of European Union law at the national level, to competition in the telecoms market, and to the convergence of technologies and services.

One of the special guests at this year's event was Kenneth Karlberg, president of the Scandinavian telecommunications concern TeliaSonera for operations in Norway, Denmark and the Baltic States. He presented a paper that was called "Prospects for Telecommunications Development in Europe."

The forum was opened by the Latvian deputy prime minister Ainārs Šlesers, who is also the acting transportation minister of the country. In his speech, he noted that the conference this year was taking place not just in Latvia, but – for the first time – in the European Union. The deputy premier added that the event is important in that it allows people in Latvia to gain information and share experiences with people from other European countries so as to identify problems and solutions.

REGULATION OF THE TELECOMMUNICATIONS MARKET

The first session of the forum, "The Normative Environment of the Telecommunications Market in the

European Union: Introducing the Environment at the National Level", was begun with a presentation by the chairwoman of the Latvian Public Utilities Commission, Inna Šteinbuka. She stressed that the strengthening of a competitive economy is a goal that cannot be achieved today without the help of new technologies and without efforts to promote the development of the IT&T sector. Šteinbuka also explained differences in the philosophies which exist in various countries when it comes to telecoms and electronic communications. She reminded her audience that the Latvian telecommunications market was opened up for liberalisation on January 1, 2003, and that the concept of E-communications appeared as the result of adopting new EU norms. Participants at the forum also learned a bit about the current situation in Latvia insofar as market regulations are concerned.

The Estonian telecommunications market was liberalised sooner than Latvia's, on January 1, 2001. The director general of the Estonian National Communications Board, Ando Rehema, spoke at the forum about his country's achievements and experiences in terms of regulating the telecoms market. Free competition exists there, but no law on electronic communications has yet been adopted. Work on drafting such a law is proceeding, and it is planned to include regulations from many other laws in the new legislation. Rehema hopes that the number of norms which regulate the sector will decline from 55 to just 28.

Before EU directives can be introduced into national law, national law must be properly structured. That was the message of Johanna Juusela, head of economic regulation for the Finnish regulatory institution FICORA. She said that the regulator must have adequate authority to ensure that it can carry out its functions, and it must be able to influence telecoms operators so as to ensure that they carry out their obligations. Juusela said that FICORA tries to inform operators of pending decisions before they are taken, thus facilitating effective information flow. She added that in Finland's experience, of major importance is co-operation between regulatory and competition institutions.

Another interesting paper on the first day of the forum was delivered by Edvīns Karnītis, who is a member of the Latvian Public Utilities Commission. Karnītis spoke critically about the way in which a draft electronic communications law is being developed in the country, arguing that too little time has passed since liberalisation of the telecoms market to adopt a new law, because inadequate market research and analysis has been done. Right now the draft law is being reviewed by the Latvian parliament, and more than 200 amendments have been proposed,



Chairwoman of the Latvian Public Utilities Commission, Inna Šteinbuka shares results achieved in liberalised telecommunications market in Latvia

many of them contradictory. Karnītis thinks that the problem in Latvia is that the process of adopting a law on E-communications has been too hurried. There are areas which are not yet structured properly, there is a lack of secondary norms, and there are many unanswered questions. Among the unclear areas is the management of limited national resources.

COMPETITION

The development of competition in telecommunications markets is another important issue. A consultant to the Latvian regulatory institution, Sergio Ramos, reported at the forum that he is engaging in market analysis in Latvia and Lithuania and has determined that the electronic communications sector in Latvia remains in the early stages of developing competition. He called for a more clearly defined policy in the sector, a more specific set of objectives that are to be pursued in the future. Competition is a driving engine for market development, said Ramos, and so this is a factor which must be developed further in Latvia. Increased competition leads to increased operator activities, greater innovations and a higher level of



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quality in the services that are provided. The Public Services Regulatory Commission is the regulator of the telecoms sector in Latvia right now, but Ramos said that in an ideal world, the market and the sector would be regulated just by the law on competition. There are two kinds of competition models, he said – competition that is based on services, and competition that is based on infrastructure. Latvia should pursue the latter of these models, although it should not, of course, ignore the benefits that are afforded by the former model. Ramos said that the two models can co-exist, but ideally, Latvia should move toward the introduction of a competition model that is based on infrastructure so as to facilitate the long-term development of the sector. In conclusion, Sergio Ramos said that there are powerful players in the Latvian telecoms market.

One of those players is Tele2, and its operations director, Matt Tilly, appeared at the forum to say that his company just cannot understand why deregulation has not yet begun in Latvia, even though it has joined the European Union, which theoretically is supposed to harmonise regulatory conditions in its member states. The problem, said Tilly, is that the Latvian fixed telecommunications operator Lattelekom still holds a licence which hinders the development of competition. Tele2, he said, could offer services at a price that is 70% lower than Lattelekom's, but the regulator is keeping his company from offering such services. Tilly added that Latvia must look at the experience of other European countries in this area, using their achievements as a frame of reference. Companies must work on behalf of the public interest, he said, adding that in a country in which incomes are as low as is the case in Latvia, it is unacceptable to have the highest fixed telephone communications tariffs.

CONVERGENCE

Another subject at the forum is one which will presumably remain on the table for some years to come – the convergence of technologies and services. Since the liberalisation of

Latvia's telecoms market, the process of convergence has very clearly developed. For instance, the stock company Telekom Baltija, one of the leading telecoms operators in Latvia, has just announced the TRIATEL trademark. Under this trademark, Telekom Baltija has bought a mobile telecoms network operator licence, and it is building a new CDMA 450 mobile network in Latvia. The company has undertaken to offer a full range of telecommunications services to its clients – fixed, mobile and Internet services.

Mihails Zotovs, board chairman of Telekom Baltija, said that TRIATEL hopes to find 10,000 clients by the end of 2004 and to offer coverage in Rīga, the Rīga District, Latvia's coastal zone and the city of Ventspils. The planned data transmission speed is to be 163 kbit/s at first. In 2005, the company intends to have 40,000 clients and to cover 90% of Latvia's territory. In 2006, TRIATEL wants 80,000 clients, full coverage of the territory and a data transmission speed of 2.4 Mbit/s.

DIGITAL TELEVISION

The last session at the forum was devoted to the issue of digital television – an issue which the forum's guest of honour, Ainārs Šlesers, said was of great importance when he delivered the opening address of the forum. Specialists from the National Radio and Television Council, the Latvian State Electronic Communications Inspection and SIA Baltkom TV were all on hand to present papers. Inārs Jēkabsons, who is an expert in broadcast planning issues for the Latvian Telecommunication State Inspection, talked about terrestrial digital broadcasting technologies as one of three possible platforms for content dissemination. He also discussed the digital broadcasting frequency plan, explaining planning principles in this area. Jēkabsons and other participants at the session said that the most important phase in this process is the shift from analogue to digital technologies – how to move from one to the other without destroying the existing system as a result.



Juris Binde, Vice-president of Latvian Information Technology and Telecommunications Association, president of LMT delivered a presentation at convergence of technologies and services session

The chairman of the National Radio and Television Council, Imants Rākins, used his time to talk about international experience in the introduction of digital television. Delegates at the forum also talked about key changes in the broadcasting sector which relate to the initial broadcasting of programmes in digital formats. They also looked at a concept for the introduction of DVB-T digital television in Latvia. A working group has designed that plan, and it had members from various broadcasting companies and regulatory institutions.

CONCLUSION

The Baltic Sea Region Communications Forums brings together representatives of transport and communications ministries, major international and regional communications and related companies, a wide range of specialists, analysts, service providers and government representatives. Each year they express their views and share in their experiences, thus strengthening partnerships, promoting the emergence of new co-operation initiatives, as well as ensuring the extensive exchange of views and discussions among business, state and regulatory structures in the Baltic Sea region. □