



# Regulatory Review

## NEW EU MEMBER STATES— NEW SATELLITE OPPORTUNITIES

by Gerry Oberst

This month, 10 new countries entered the European Union (EU). The 10 include minnows such as Cyprus, Malta, Slovenia and the Baltic countries Estonia, Lithuania and Malta. But these new EU member states together with major newcomers Hungary, Poland, the Czech Republic and Slovakia will bring the total EU population to 450 million, which Europe proudly proclaims makes an economic and population grouping much larger than the United States. As the European Commission says, the additional member states create “the biggest economic area in the world.”



As far back as 1990, European policymakers recognized that Central and Eastern European countries were important markets for the satellite industry. The European Commission’s “Green Paper on Satellite Communications” said these regions were particularly suited to satellite technology and the EU consequently needed to lift restrictive regulations and allow regional satellite networks to take advantage of the situation.

Now, more than a decade later, the restrictive regulations are mainly lifted and most of the Central and Eastern European countries are becoming part of the EU. Opportunities should expand for regional services as the new members are infused into the existing market.

These so-called “accession countries” agreed, as a condition to joining the EU, to implement the body of existing telecommunications law (part of the “*acquis communautaire*,” the entire body of European law). This implementation is an essential prerequisite for the new member states.

The EU has been busy coordinating with the accession countries to make sure they adopt necessary national laws. Most of the countries appear to be close to full implementation of the general telecommunication regime. This result is remarkable considering how many of the existing EU member states have fudged compliance with EU telecommunications law deadlines. As of early 2004, eight of the 15 existing EU member states were still missing the legal deadline to implement the new communications rules by July 2003.

The relative attitudes of accession countries to regulations for communications satellites are harder to gauge. A quick look at the implementation rate of pan-European CEPT (Conference of Post and Telecoms Administrations) decisions shows that accession countries are inconsistent in their adoption rate of those decisions.

The CEPT produces nonbinding decisions for its 46 member administrations, which includes all EU member states. A recurring issue with the CEPT decisions is that not all administrations adopt all decisions. In the satellite field, some accession countries have records as good as any EU member state in adopting most CEPT decisions (Estonia, Slovenia and Slovakia). Other accession countries have adopted few such decisions (Cyprus, Latvia and Malta). The biggest accession countries (Hungary and Poland) are essentially in the middle but could do much better. While not great, current EU member states also have spotty records on implementation of such regulations.

The large Western European satellite networks mainly serve the new accession countries and provide coverage. Nevertheless, some of the accession countries have links to satellite ventures, both new and old. A number of these countries contributed facilities to the Soviet-bloc Interkosmos program dating back to 1966. More recently, for some years,

Hungary planned to launch a Magyarsat for coverage of its territory and the country sponsored the Hun-star 1 satellite for FSS service. Cyprus worked with Greece to develop the Consortium that launched the Hellas-Sat communications satellite last May. Malta filed at the International Telecommunication Union (ITU) for a number of Maltasat satellites and Cyprus registered an initiative called Kypros-sat in the ITU space network list. Poland also filed for a “EuroBSS” to provide broadcasting satellite service through at least two orbital locations.

In any event, the opportunities to provide new telecommunications services in the 10 new member states loom large. The European Commission sponsored a series of studies on these accession countries, with the last issued in December 2003. That study showed the overall communications market for the 10 was just fewer than 20 billion euros in 2002 (roughly US \$24 billion today). Poland was by far the largest market, representing 8.75 billion euros (US \$11 billion) of the total.

Alas, out of more than 400 pages in the four studies in the series, the word “satellite” crops up just once—but that one reference is to the possibility of satellite capacity used for Internet service.

The new countries generally have much lower economic development than the average Western Europe economies. Technical infrastructure is not as well developed and incomes are lower. This context offers, in the opinion of some, great opportunities. Others see (relatively) inexperienced regulatory structures that can slow down the rush to provide new service. Nevertheless, the new larger Europe should give more room for the inherently regional nature of satellite networks to thrive. ♦

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GERRY OBERST IS A PARTNER IN THE BRUSSELS OFFICE OF THE HOGAN & HARTSON LAW FIRM. HIS E-MAIL ADDRESS IS GEOBERST@HHLAW.COM.