

NEWS: EUROPE

Athens responds to pressure from Brussels for early end to OTE's monopoly

Greece to liberalise telecoms by 2001

By Kerin Hope in Athens

Greece has agreed to liberalise all telecommunications services by January 1 2001, ending the monopoly of fixed-wire telephony held by OTE, the state telecoms operator.

Other services such as satellite communications and cable television are to be opened up to competition over the next year.

The Socialist government came under pressure from the European Commission to speed up liberalisation after claiming that OTE would not be able to finish modernising its network before

2003, the original EU deadline for liberalisation in Greece, Spain, Portugal, Luxembourg and Ireland.

The Commission has started legal procedures against Greece for failing to implement EU directives on setting up an independent telecoms regulatory authority, allowing competition in satellite communications and cable television networks and making leased lines available at fair prices.

A Greek official said the compromise on ending OTE's monopoly by 2001 came after "acrimonious discussion" on issues such as the government's decision to grant

OTE a mobile telephony licence without holding an international tender and delays by the fledgling regulatory authority in approving licence applications from Internet service providers.

Greece will be the last EU member to liberalise its telecoms infrastructure, one year after Portugal and Ireland.

The deadline for other member states is January 1 1998.

OTE plans to step up the pace of digitalling its network using proceeds from the sale in June of a second equity tranche of 12 per cent through the Athens stock

exchange. An OTE official said yesterday that "about 80-85 per cent of the network" would be digitised by the end of 2000.

Close links between OTE's senior management, its powerful trade unions and the governing Panhellenic Socialist Movement have been blamed for the slow pace of telecoms liberalisation in Greece.

The exception is cellular telephony, where two private operators controlled by Vodafone of the UK and Italy's Stet offer competitive GSM services.

An OTE subsidiary in which

Norway's Telenor holds a minority stake is to launch a DCS1800 mobile service later this year. But the government has agreed with the Commission that other operators will be permitted to apply for DCS licences.

The state operator will also control a new company, Maritel, which plans to offer specialised telecoms services to shipping companies based in Piraeus. A consortium led by OTE earlier this year won an international tender organised by the Union of Greek Shipowners, which will have a minority stake in Maritel.