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AGUILAR BARCELÓ, José G.

**The Current State of Telecommunications in Mexico:
The Regulation that Has yet to Come**

Abstract: This paper outlines the evolution in competition in Mexico's main telecommunications services from the time that the liberalization process began to date, with reference to certain sectorial benchmarks (tariffs, market shares, number of competitors, etc). While underscoring achievements made so far, the paper argues that, due to the lack of any legislation that takes account of elements that are essential for a developing economy, such as asymmetrical regulation for the incumbent, mechanisms for funding the universal service obligations or the replacement of services and technologies as a means of boosting teledensity, Mexico could end up even further away from the levels of competition and penetration attained by most developed countries.

Key words: communications policy, telecommunications, information technology, competition, Mexico.

JEL Classification: L43, L96.

CABRERA DE LA IGLESIA, Jesús and GARCÍA ZABALLOS, Antonio

**Regulating the Net Cost of the Universal Service:
Current State of Affairs and Proposals for the Future**

Abstract: The universal service concept is related more to political aspects than to economic ones, because it is the public interest, channelled politically, that decides the scope and penetration that telecommunications services must achieve. The Directives approved recently by the European Commission propose a sectorial regulation that would permit a steadily increasing competition between operators. This paper analyses the regulatory model proposed by the Universal Service Directive in the light of the Spanish experience, and then suggests an alternative model not considered explicitly by the Directives, but which could be instrumented by the Member States in the form of subsidies based on the use of services. This alternative model pursues higher quality competition without having to regulate the prices of the end services, to ensure the latter are feasible and flow naturally between the different operators. This alternative «Subsidy Model» is based on the hypothesis that the Government subsidises the units of end services sold by any operator, leaving it up to the operators to establish the end prices in accordance with exclusively competitive criteria.

Key words: communications policy, telecommunications, utilities, EC Directive.

JEL Classification: L96.

**CLIMENT DIRANZO, Francisco J.; VALOR I MICÓ, Enric;
TORRÓ I ENGUIX, Hipòlit and CASELLES MIRALLES, Vicente**

**The Weather's Effects on Gas and Electricity Consumption Levels
in Spain**

Abstract: This paper analyses the relationship between monthly consumption of gas and electricity in mainland Spain and a set of weather variables such as temperature, relative humidity, rainfall, hours of sunshine, atmospheric pressure and wind speed, during the period 1987-1998. The performance of all the variables has been characterized by analysing their seasonal patterns, after which both levels of consumption have been modelled econometrically, obtaining estimates with an explanatory capacity of 84 and 89 per cent, respectively. The results show that only the monthly average temperature has a relative influence on the monthly consumption of gas and electricity.

Key words: gas, electricity, climate, meteorology, energy consumption, demand.

JEL Classification: H42, L94, L95, Q41.

CUERVO GARCÍA, Álvaro and SANDULLI, Francesco D.

**Business Creation and Market Control:
The Case of the US Department of Justice versus Microsoft**

Abstract: Through a case study, this paper aims to clarify the details of the competitive practices behind the Microsoft case and to throw light on the possible implications, for consumers and the information technologies industry alike, of the different solutions proposed by the parties involved, solutions devised to prevent Microsoft from abusing its dominant position in the operating systems market, and which are likely to affect free competition, innovation and business creation.

Key words: competition restrictions, competition law, information technology, technological innovation, operating system.

JEL Classification: L41, L86, O31.

**ESCRIBANO SAÉZ, Álvaro, GARCÍA ZABALLOS, Antonio
and GONZÁLEZ GÓMEZ, Patricia**

Economic Analysis of Telecommunications in Spain

Abstract: The telecommunications sector is heading towards a liberalised market far faster than other sectors, such as electricity, gas, transport, service post, etc. Telecommunications are essential for fostering GDP growth and achieving lower costs and enhanced productive and assignative efficiency in other sectors. This is so due to the rapid advent of technological innovations and especially those related with information and communication technologies (ICT). This paper offers a brief overview of the historic evolution of telecommunications regulation in Spain from 1924 to 2003. It contains a quantitative analysis of recent developments in the sector in terms of the traffic per type of call, companies' market shares, price caps and investment in relation to the life cycle of the new products. Lastly, it includes a brief comparative study between Spain, the European Union and United States from 1990 to 2000, that will serve as the basis for a final reflection on the sector's opportunities, strengths, threats and weaknesses (OSTW).

Key words: communications policy, telecommunications, Spain, EU, USA, 1990-2000.

JEL Classification: L96.

**ESCRIBANO SAÉZ, Álvaro, GONZÁLEZ GÓMEZ, Patricia
and LASHERAS, Julio**

**Economic Analysis and Regulation of the Postal Service in Spain:
Strengths and Weaknesses**

Abstract: Advanced societies are generating more and more new types of demands: customers need to decide when, how and where to use, send and receive information and goods fast. This has recently led many countries to deregulate their postal services in order to cope with these new service requirements. One good example of this is the high rate of penetration of email or of the national and international couriers who are starting to offer parcel services. In this new scenario, firms that used to only work in the transport industry are now moving into the postal industry. Technological innovation, new logistical organization, email and Internet are fostering the creation of

new products and, as a result, the postal industry needs to be restructured. These changes in the industry must come hand-in-hand with appropriate legislation and regulation, together with a set of strategies that postal operators must follow in order to adapt to the new industrial scenario. Therefore the first part of this paper outlines the evolution of the structure of the Spanish postal industry and its recent legislation, before analysing the strategies followed by European operators, including the Spanish operator. Lastly, the paper analyses the Opportunities, Strengths, Threats, and Weaknesses of the Spanish postal industry.

Key words: postal services, information technology, new technologies, legislation, Spain, EU.

JEL Classification: L90.

**FAÍÑA MEDÍN, J. Andrés, GARCÍA-LORENZO, Antonio
and LÓPEZ-RODRÍGUEZ, Jesús**

The Liberalization of the Gas Market

Abstract: The energy sector, and in particular the gas market, is currently undergoing a thorough shake-up, which mainly consists of the fostering of greater competition in activities where this is possible, and greater transparency in regulated activities through the creation of independent regulatory authorities. This paper outlines the major milestones of this process in the European market and offers a detailed analysis of the liberalization of the Spanish gas market, focusing mainly on the behaviour of prices, market shares and business strategies.

Key words: gas, economic liberalization, energy prices, energy consumption, Spain, EU.

JEL Classification: H42, L95, Q41.

GONZÁLEZ SAVIGNAT, Mar

Intermodal Competition of the High-speed Train to Galicia

Abstract: This paper analyses the impact of investing in new railway infrastructure in the Galicia-Madrid transport corridor. To do so, it puts forward a travel demand model that uses available empirical evidence to

simulate different scenarios of future supply for this alternative form of transport. In particular, it assesses the future high-speed train's capacity of competing with the airplane and the private vehicle. The results provide conclusions in terms of the resultant modal distribution in the corridor, in a context with a train that is more competitive than the one currently in operation. The paper demonstrates that the impact on travel demand and capturing existing demand will depend on the service planning and supply conditions with which the future alternative operates.

Key words: transport economics, transport policy, railway transport.

JEL Classification: C25, C53, D12, L92, R42.

LÓPEZ MILLA, Julián

**1998-2002: Progress and Obstacles in Expanding Competition
in the Spanish Electricity Market**

Abstract: This paper addresses the factors that have limited competition in the electricity generation market during the five years that have passed since it began. The paper analyses different figures regarding the market's evolution and the degree of competition within it. Then it examines the bearing that the Stranded Cost payments might have on the strategies of the parties that sell electricity on the market and, lastly, it outlines the relationship between the degree of competition on the generation market and the emergence of new electricity marketing and retailing firms.

Key words: competition, economic liberalization, electrical industry, electric enterprises.

JEL Classification: L94.

PATEIRO RODRÍGUEZ, Carlos

**Liberalization of the Postal Sector in the European Union:
Process and Model. Reference to the Case of Spain**

Abstract: The last decade has witnessed sweeping changes in the field of communications in the developed world, most of which have been brought about by the new technologies. Postal services have not been an exception. The most relevant aspects of the phenomenon served to trigger changes in the field of postal communications, and some even had a bearing on the very core of the

traditional setup in the postal services market, characterized until then by a predominance of monopolies, protected to a greater or lesser extent by the Member States' own regulations. In a context of real competition, part of the single market process entailed the liberalization of postal services, which began at the start of the Nineties with the publication of the *Green Paper on the Development of the Single Market for Postal Services* (1992). This liberalization process is steadily replacing the traditional concept, more oriented to a monopoly and to the organization of postal services forming part of the Public Administrations' own structure. On account of its major economic and social effects, this issue is the subject of countless studies, conducted from many different perspectives. In this paper we focus our interest on two questions. The first refers to the choice between phases of the postal process or the postal business products that will be liberalized. The second, closely linked to the first, focuses on the form of compensation for the supposed financial burden derived from the universal service obligations imposed on postal operators both by EC regulations and, pursuant to the principle of subsidiarity, each Member State's regulations. Both questions are addressed with additional references to the case of the Spanish postal service.

Key words: postal services, deregulation, monopoly, European Union, Spain

JEL Classification: H23, L12, L32.

REY LEGIDOS, María Belén

Market Structure and Business Efficiency in Air Transport

Abstract: The liberalization of air transport is a relatively recent process in Europe, which culminated in 1997 with the freedom of fares for European flights. This has brought about a substantial change in the way that airlines operate, affecting the fares and the market structure. This paper addresses the performance of airline companies in a scenario of liberalization, seeking to ascertain how liberalization affects the relative efficiency of such companies.

Key words: air transport, economic liberalization, deregulation, air freight rates, Europe, 1989-1997.

JEL Classification: L93.