

*U.S. Telecommunications Services in
European Markets*

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Foreword

The European market for telecommunications services will grow rapidly over the next decade, fueled by demand from the European business community for fast data transmission and other advanced services.

THE EUROPEAN MARKET FOR TELECOMMUNICATIONS SERVICES will grow rapidly over the next decade, fueled by demand from the European business community for fast data transmission and other advanced services. In most European countries, the telecommunications services market is still largely reserved for a state-owned Public Telephone Operator, but this is likely to change in the near future. Meanwhile, U.S. telecommunications firms-including regulated carriers-are successfully competing in some European markets already open to them, especially in cellular communications and cable television. U.S. firms appear to have an edge in these markets because of their experience operating in competitive markets and developing innovative services based on advanced network technology and in response to changing user needs.

The U.S. economy can benefit both by increased export of telecommunications and related services to overseas markets, and by the support that U.S. networks provide to other U.S. firms operating in global markets. Success in international trade in services can, and already does in part, offset our troublesome deficit in trade in merchandise. U.S. telecommunications firms are eager to pursue opportunities in foreign markets, and no government interventions appear to be necessary, other than continuing to press our European trading partners to open markets to U.S. competition. Beckoning success in European telecommunications markets does, however, raise some domestic policy concerns, including the role that trade objectives should play in formulating telecommunications policy.

This study of U.S. participation in European telecommunications markets was requested by the Senate Committee on Finance and the House Committee on Foreign Affairs, A Background Paper, [1. *S. Bunks and International Networks*, prepared in the course of this assessment was released separately in October 1992.



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NOTE: OTA appreciates and is grateful for the valuable assistance and thoughtful critiques provided by the advisory panel members. The panel does not, however, necessarily approve, disapprove, or endorse this report. OTA assumes full responsibility for the report and the accuracy of its contents.

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