NEW DEVELOPMENTS IN INTERNATIONAL TELECOMMUNICATIONS POLICY

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"European Community Objectives in Telecommunications and Information Policy",

KEYNOTE ADDRESS BY MR C. JANSEN VAN ROENDAAL,
DIRECTOR, C.E.C., DIR. GEN. XIII-B.

I. INTRODUCTION.

Mr Chairman, Ladies and Gentlemen, I am honoured to have been invited to be the keynote speaker to such a distinguished audience.

I will try to give you an idea of the European situation with respect to telecommunication and information policies and how we envisage the future for the European Community in these areas.

But before I start doing so, I am afraid that I have to disappoint you a little.

At this moment a coherent generally accepted European Telecommunication - or Information - Policy does not exist!
THIS MEANS THAT MANY OF THE THINGS I AM GOING TO SAY DO NOT NECESSARILY REPRESENT THE OFFICIAL VIEWS OF THE EUROPEAN COMMUNITY.

WHAT DOES EXIST I BELIEVE, IS A GENERAL AWARENESS IN EUROPE, AMONGST POLITICIANS, GOVERNMENTS AND INDUSTRY AND AGAINST THE BACKGROUND OF THE BEGINNING OF WHAT SOME CALL "THE INFORMATION AGE", OF THE FOLLOWING:

A. THE INFORMATION TECHNOLOGY INDUSTRY IS OF CRUCIAL IMPORTANCE TO THE ECONOMY OF THE COMMUNITY; IT BELONGS TO THE FEW GROWTH SECTORS OF THE COMING YEARS. EUROPE WANTS TO BUILD UP ITS OWN STRONG POSITION.

B. INFORMATION ITSELF IS ONE OF THE FEW NON-SCARCE RAW MATERIALS AVAILABLE IN EUROPE AND A DRIVING FORCE FOR INNOVATION AND ECONOMIC AND SOCIAL DEVELOPMENT.


I CAN GIVE YOU SOME FIGURES:

EUROPE ACCOUNTS FOR OVER ONE THIRD OF THE WORLD MARKET IN DATA PROCESSING SYSTEMS, TELECOMMUNICATIONS EQUIPMENT, INTEGRATED CIRCUITS AND SO ON. BUT, ONLY 10 TO 15% OF THE WORLD MARKET IS SUPPLIED BY EUROPEAN INDUSTRY. THE NEGATIVE EUROPEAN TRADE BALANCE IN ELECTRONIC PRODUCTS WENT FROM ± 200 MILLION DOLLARS IN 1970 TO ± 6.5 BILLION DOLLARS IN 1980.
If one considers the use of information, at this moment 50 to 60% of online use of scientific and technical information by European users already comes from US sources. This gap worries us. But what worries us more is that this gap will keep growing if we do not change our political, social and economic attitude towards new information technology.

D. Europe can only build up a strong position if it makes optimal use of the economies of scale in this sector that the size of the Community market offers.

E. Therefore the current market conditions have to be improved by lowering or removing the various barriers between the Member States of the Community.

F. A strong, well functioning European telecommunication infrastructure, based on compatibility and common standards, is one of the minimum conditions.

G. Gaps in level of development in the information sector between the Member States themselves should be also closed.

H. Free trade and fair competition should be one of the basic philosophies for this economic development. Europe’s economy being strongly dependent on export.

I. The speed of the development of information technology and the fast internationalisation of information flows during the last decade have led to a situation with which the existing legal infrastructures can hardly cope.

Therefore a need exists to formulate some new sets of what could be called “rules of the game” in this area.
It is also realised by most Europeans that this cannot be achieved on a national basis only.

These considerations in themselves could offer a good basis for the formulation of a coherent information policy within the European Community and within the Member States. Many Europeans have the feeling that can be described by the words that once a great American used, be it in different circumstances: "If we don't hang together, we will hang separately".

II. THE EUROPEAN COMMUNITY SCENE

However, things are not so simple as I might have suggested by citing these parallels in European thinking. In discussions some of my American friends are used to speaking about the US information market and the European one as if they were comparing two homogeneous markets.

On the contrary, the European Community is strongly influenced by a factor which is very often underestimated outside Europe - that is, its very diversity. Within the Community, there are 10 different autonomous Member States, 7 official languages and we use two alphabets. This represents an undeniable traditional cultural wealth. We in Europe do not see this cultural diversity as a barrier, but as something of which we can be justifiably proud.

The consequence of this is that, quite understandably almost all traditional information services as well as the media have always been a national affair. As an example, 95% of advertising budgets in Europe originate
AND ARE SPENT IN THE SAME COUNTRY. IN A TRADITIONAL INFORMATION ACTIVITY SUCH AS PUBLISHING, THE EUROPEAN COMMUNITY COMPARES VERY FAVOURABLY WITH THE U.S. IN TERMS OF ECONOMICS; ESPECIALLY IN NATIONAL PUBLICATIONS USING THE NATIONAL LANGUAGE AND IN HIGH LEVEL SCIENTIFIC PUBLICATIONS FOR THE WORLD MARKET (MAINLY IN ENGLISH OR FRENCH).

BECAUSE THE INFORMATION INDUSTRY HAS DEVELOPPED OUT OF TRADITIONAL ACTIVITIES WHICH WERE NATIONAL RESPONSIBILITIES, EUROPE HAS DIFFERENT COPYRIGHT LAWS, DIFFERING ROLES OF GOVERNMENT IN THE DISSEMINATION OF INFORMATION, DIFFERENT PRACTICES WITH REGARD TO PRIVACY RULES AND ADVERTISING, AND LAST BUT NOT LEAST DIFFERENT FISCAL AND TAXATION TREATMENT OF INFORMATION.

WE HAVE HISTORICALLY VARIOUS MIXED PRIVATE / PUBLIC ORGANISATIONAL STRUCTURES WITH VARYING OBLIGATIONS IMPOSED BY NATIONAL GOVERNMENTS. FOR INSTANCE, THE LEGAL BASIS OF THE STATUTORY MONOPOLY OF THE 10 EUROPEAN PTTs VARIES FROM COUNTRY TO COUNTRY. IN MOST COUNTRIES THE PTTs ARE NOT ONLY RESPONSIBLE FOR THE POSTAL SERVICES BUT ALSO FOR THEIR FINANCIAL VIABILITY, THEIR SOCIAL AND COMMERCIAL RESPONSIBILITIES AND POLICIES ARE ALSO DIFFERENT: SOME GOVERNMENTS REGARD THE PTTs AS A LUCRATIVE SOURCE OF REVENUE, THUS LIMITING THEIR REINVESTMENT AND EXPANSION OPPORTUNITIES. OTHER GOVERNMENTS IMPOSE CLEARLY DEFINED FINANCIAL TARGETS. IN MOST COUNTRIES, PTT POLICIES ARE CLOSELY INTEGRATED WITH INDUSTRIAL POLICIES THROUGH CLOSED PUBLIC PROCUREMENT PRACTICES; THIS IS AIMED AT IMPROVING INDUSTRIAL PERFORMANCE AND CONTROLLING RATES OF INNOVATION. AS A RESULT EACH EUROPEAN PTT HAS ITS OWN APPROACH TO THE PROVISION OF SERVICES AND THEIR REGULATION, AS WELL AS TO EXTERNAL RELATIONS. THE EUROPEAN PTTs DO HAVE THEIR OWN INTERNATIONAL FORUM.
(CEPT) where much positive work has been done, particularly on common standards. They have also formed a consortium, EUTELSAT, to cooperate on the use of satellites for telecommunications. However these fora tend to deal only with technical aspects and leave the difficult political decisions to national autonomies. The increasing divergence between the national policies of European PTIs towards liberalization of services, and the increasing internationalization of markets in this area, gives greater potential for conflicts between Member States.

Radio and Television structures differ from Member State to Member State almost completely.

I could go on much longer, but one should realise that the roots of all these differences reach very deep in the national histories of the European countries.

Apart from these differences, there is another important factor that has to be mentioned:

Information is not seen just as an economic good or service! The value of the cultural, the political, the educational, the social and the strategic aspects of information is generally seen to be at least as important as its economic value.

You know, this is not unique to Europe; it is also inherent in some of the policies and actions of the US Government, (viz. the Dresser case in connection with the pipeline incident, the application of the US copyright law on books printed abroad, the recent incident with the Canadian films, the present debate on technology transfer and its export outside the U.S.).
III. HOW THE EUROPEAN COMMUNITY ENVISAGES THE FUTURE IN THESE AREAS FOR THE EUROPEAN COMMUNITY

One of the fundamental objectives of the European Community in cooperation with the Member States is to create economies of scale by improving market conditions and removing obstacles to trade, not only for goods but also for services within the Community. The Treaty of Rome governing the EEC is quite explicit on this:

Article 3 (c) spells it out: "The abolition between Member States of obstacles to freedom of movement for persons, services and capital". Article 59 concerns the "progressive abolition" of "restriction on freedom to provide services within the Community"; and Article 62 foresees that new restrictions should not be introduced.

In 1957, when the Treaty of Rome was signed, developments in telecommunications and information technology were not as advanced, or seen as crucially important to the Community's economic well-being; they were therefore not cited explicitly. But clearly today the situation has changed; the European Commission is concerned to stimulate all activities which can improve information flows and the development of a sound European information industry.

As I have stated earlier: we are concerned about the increasing gap between Europe on the one hand and the US and Japan on the other. There are various reasons for this gap.
As far as the US is concerned this gap is partly due to the earlier developments of the industry in your country. The Federal Government played a major role in these developments through agencies such as NASA, ARPA or the National Science Foundation. This began in the late fifties and has continued right up to the mid-seventies. It was a significant stimulation when combined with the relatively large homogeneous US market.

Similarly in Japan, where there is not only a strong centralised relationship between government and industry, but also a systematic exploitation of its domestic market as a platform for its export drives.

In both countries, though done in a different way, the parallel is clear:

1. Relatively large markets
2. Start-up stimulus from government in combination with industry
3. Favourable room and market conditions for private enterprise

These considerations are found back in the European approach.

To face the challenge of the information revolution, the European Commission has two different but complementary approaches.
A) Support and stimulation, complementary to that given by the Member States. This is done to encourage innovative activities on the production side of the Information Technology and Information industries, as well as the new applications of IT.

B) Improvement of general market conditions within the European Community through harmonization of national practices and removal of trade barriers.

A. Concerning Support and Stimulation.

I shall describe some of our more important activities to give you some examples of this.

In cooperation with a consortium of the Post and Telecommunication Administrations, the European Commission has created EURONET. EURONET is the online, distributed data communication network using unified packet switching technology. It was opened in 1980. In 3 years it has made some 390 data bases accessible on over 40 European hosts throughout the European Community.

Another example is the European Strategic Programme for Research and Development in Information Technologies (ESPRIT). ESPRIT is to be a major cooperative effort of the European IT industry for long-lead, precompetitive research and development in major high technology areas.
THIS PROGRAMME IS AIMED AT REINFORCING THE EXISTING EFFORTS AT NATIONAL LEVEL, GIVING INCENTIVE TO COOPERATION BETWEEN EUROPEAN FIRMS AND MAKING A DIRECT COMMUNITY CONTRIBUTION TO THIS JOINT EFFORT. ESPRIT IS NOW IN ITS PREPARATORY PHASE.

PROGRAMMES LIKE ESPRIT WILL HELP TO SHIFT THE FOCUS FROM PURELY NATIONAL POLICIES SUPPORTING NATIONAL CHAMPIONS, TOWARDS A GREATER TRANSNATIONAL AND EUROPEAN DIMENSION. IT WILL THUS IMPROVE THE MARKET SIZE AND CONDITIONS FOR ALL INFORMATION TECHNOLOGY AND INFORMATION INDUSTRIES.

A THIRD EXAMPLE OF THIS KIND IS INSIS. THE INSIS PROGRAMME AIMS AT IMPROVING THE EXCHANGE OF INFORMATION BETWEEN THE INSTITUTIONS OF THE COMMUNITY AND MEMBER STATES BY USING ADVANCED TECHNOLOGY.

THE OBJECTIVE IS TOWFOLD:

- STIMULATING THE USE OF ADVANCED INFORMATION TECHNOLOGY, THUS STIMULATING THE MARKET
- STIMULATING THE DEVELOPMENT OF INTERNATIONAL STANDARDS AND NORMS.

THIS PROGRAMME STARTED A YEAR AGO.

A FOURTH AND LAST EXAMPLE IS THE PROGRAMME TO STIMULATE THE CREATION OF DATABASES FOR PROFESSIONAL INFORMATION. THE OBJECTIVE IS TO ACCELERATE THE ONLINE DATA BASE DEVELOPMENT WITHIN THE COMMUNITY THROUGH FINANCIAL SUPPORT OF A PART OF THE INITIAL INVESTMENTS, ACCORDING TO WELL DEFINED CRITERIA. THIS PROGRAMME STARTED ABOUT FOUR YEARS AGO. SOME 40 DATABASE PROJECTS ARE NOW BEING SUPPORTED.
B. IMPROVEMENT OF GENERAL MARKET CONDITIONS

This second approach is complementary to the programmes I just mentioned.
The aim is the improvement of general market conditions within the Community for Information Technology and IT-based information services.

Here also I will give you some examples of actions initiated the European Commission.

Recommendations on Telecommunications.

In September 1980, the Commission proposed a number of recommendations on telecommunications to the European Council of Ministers. These covered:

- The harmonization of standards,
- The creation of a Community market for telematic terminal equipment, by harmonizing type approval procedures, and
- A first phase to open up public procurement for equipment

The implementation of these recommendations should be monitored through a Joint Advisory Liaison Committee with the European PTTs. This proposal has caused much discussion and has not yet been ratified.
Proposals on the Internal Market

The European Commission programme for 1983-1984 has defined as priority areas for action the adoption of a number of proposals on the internal market. These include, amongst others, starting or continuing activities aimed at:

- The establishment of a common legal and tax framework for Community industry, especially in the banking and insurance sectors.
- The promotion of a free market in services.
- Genuine liberalization of the public procurement systems, including telecommunications.

Satellite TV.

The introduction of satellite and cable technology broadcasting, planned for the second half of the 1980s in Europe, will raise complex economic, technical, cultural and in particular legal problems. The European Commission is therefore, at the request of the European Parliament, drawing up a memorandum to launch a wide-ranging debate as a first step to come to adequate solutions.

Privacy protection

On another front, the European Commission is recommending to the Member States the ratification of the Council of Europe Convention (n° 108) "for the protection of individuals with regard to automatic processing of personal data", in order to encourage harmonization of legislation in this area.
COMMUNITY INFORMATION MARKET POLICY

Recently the Commission has started the process of preparing the ground for the elaboration of a Community Information Market Policy. We have made an inventorisation of the many complex issues involved ranging from transborder data flows, through the future of traditional information services, to media related issues. At this moment we are going through a series of informal consultations with national authorities and other interested parties, such as representative groups from private enterprise and independent experts.

MULTILINGUALISM

Improving market conditions in our view also includes helping to alleviate our language barriers - as I already mentioned, we have 7 official languages in the EC and 2 more to come when Spain and Portugal enter the Common Market. The Commission has already been using for several years, although on a limited basis, a machine translation system. More recently we have launched an ambitious 30 million dollar R&D project for machine translation. It will cover all our official languages and will incorporate the most recent results in linguistics and computer science.

Many of the things I have said demonstrate one thing:

It is increasingly recognized by all parties in Europe, Governments and enterprise alike, that it is urgent to formulate international rules of the game on these issues.
INTERNATIONAL FORA SUCH AS THE OECD, THE COUNCIL OF EUROPE AND UNESCO ARE ALREADY FULFILLING USEFUL FUNCTIONS IN MANY OF THE AREAS (E.G., LEGAL AND TRADE ASPECTS OF TRANSBORDER DATA FLOWS, PRIVACY ETC.). THE SPECIFIC EC SITUATION REQUIRES HOWEVER A MORE CONCERTED EC EFFORT TO DEFINE SUCH RULES AND THUS CREATE A GENUINE EUROPEAN INFORMATION MARKET. THIS IS TO THE MUTUAL BENEFIT OF EUROPEANS BUT ALSO TO THEIR EXTERNAL PARTNERS SUCH AS THE US.

AT THE SPECIAL REQUEST OF SOME OF MY AMERICAN FRIENDS I WILL GIVE MY PERSONAL OPINION ON THE "DECLARATION ON THE FREE FLOW OF INFORMATION" THAT HAS BEEN PUT ON THE AGENDA OF THE OECD BY THE US DELEGATES SOME TIME AGO. YOU KNOW, IT MAKES ME THINK OF A BOY OF 12 YEARS WHO IS INVITED TO PARTICIPATE IN A FAIR BOXING MATCH AGAINST AN ADULT PROFESSIONAL BOXER. I WOULD LIKE THE IDEA, BUT I PREFER TO POSTPONE THE MATCH FOR A WHILE.

IV CONCLUSION

MR CHAIRMAN, LADIES AND GENTLEMEN,

THANK YOU FOR YOUR ATTENTION AND I WISH YOU EVERY SUCCESS WITH WHAT PROMISES TO BE FOR US ALL, A VERY INTERESTING AND STIMULATING CONFERENCE.