

# COMMISSION OF THE EUROPEAN COMMUNITIES

COM(93) 159 final

Brussels, 28 April 1993

**COMMUNICATION TO THE COUNCIL AND EUROPEAN PARLIAMENT**  
**ON THE CONSULTATION**  
**ON THE REVIEW OF THE SITUATION**  
**IN THE TELECOMMUNICATIONS SERVICES SECTOR**

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**Annex I: Draft Resolution of the Council**

**Annex II: List of Contributors to the 1992 Telecommunications Services Review**

## 1 INTRODUCTION

With the adoption of its Communication, "1992 Review of the situation in the telecommunications services sector"<sup>1</sup>, on 21 October 1992, the Commission launched a wide-ranging debate about the development of telecommunications in the European Community up to the end of the decade.

Operating under the requirement set out in both the Telecommunications Services Directive<sup>2</sup> and the Open Network Provision (ONP) Framework Directive<sup>3</sup>, the Commission has carried out an overall assessment of the situation in the telecommunications sector in relation to the aims of the two directives. In particular, the Commission was required to consider whether the circumstances leading it to allow a temporary exception of basic voice telephony services and infrastructure from the Community competition rules had changed.

The Commission, in its Communication of October 1992, focused the debate around four possible options:

**Option 1:** Freezing of the liberalisation process and maintenance in effect of the status quo

**Option 2:** Introducing extensive regulation of both tariffs and investments

**Option 3:** Liberalisation of all voice telephony

**Option 4:** An intermediate option of opening up to competition voice telephony between Member States

The options are set out in detail in the Communication of October 1992 to which reference should be made. Further information on the development of the sector is provided in the studies which have been made available by the Commission in the context of the Review. Detailed information on tariffs was given in the Tariff Communication<sup>4</sup> of July 1992. The Commission's support strategy for the telecommunications sector, via research and development programmes, was given in its Communication on the equipment industry<sup>5</sup>.

On 19 November 1992, the Telecommunications Council supported this consultation process and established an Ad Hoc High Level Committee of National Regulatory Authorities to work with the Commission within the context of the consultation.

<sup>1</sup> .....Communication by the Commission of 21 October 1992 on the 1992 Review of the situation in the telecommunications sector (SEC(92) 1048).

<sup>2</sup> .....Commission Directive of 28 June 1990 on competition in the markets for telecommunications services (90/388/EEC, OJ L 192/10, 24.07.90).

<sup>3</sup> .....Council Directive of 28 June 1990 on the establishment of the internal market for telecommunications services through the implementation of Open Network Provision (90/387/EEC, OJ L 192/1, 24.07.90).

<sup>4</sup> .....Commission Communication of 15 July 1992 "Towards cost orientation and the adjustment of pricing structures - telecommunications tariffs in the Community" (SEC(92)1050 final).

<sup>5</sup> .....Commission Communication of 15 July 1992 on "the European telecommunications equipment industry - the state of play, issues at stake and proposals for action" (SEC(92)1049 final).

The Telecommunications Council on the same date also welcomed the Commission's intention to report back to the next Telecommunications Council, scheduled for 10 May 1993. This is the objective of the present Communication.

## II THE CONSULTATION PROCESS

The aim of the consultation was to obtain the views of both European industry as a whole and of the main players in the telecommunications sector on the issues identified in the Communication of October 1992. In particular, views were welcomed on the four options outlined in the Communication and, more generally, on the future direction of telecommunications policy in the EC.

Whilst the Commission, in its Communication, expressed an initial preference for Option 4, this did not prejudge the outcome of the consultation. Indeed, the oral and written comments received by the Commission have helped it to refine and re-focus on the areas in which further action is most appropriate and urgent.

The public consultation was largely completed by the end of January. The Commission has received more than 80 written comments from companies and individuals, and European industry associations. These included contributions from a large number of user associations (representing large, medium and small users) and large commercial users in the manufacturing and services sectors; from the European Telecommunications Network Operators association and the majority of Community-based Telecommunications Organisations (TOs) individually; from existing or potential new service providers; and from manufacturing associations, individual equipment manufacturers and the Joint Telecommunications Committee representing telecommunications organisations and trade unions. Other comments were received from organisations and companies based in other European countries including countries of the future European Economic Area, and in North America.

In addition to the written comments, the consultation involved a series of hearings with different interest groups: individual users of telecommunications services and user associations; the chairmen of the Community's TOs; service providers and potential new entrants; equipment manufacturers and trade unions. More than 130 organisations participated in total.

The Commission also worked closely in carrying out the consultations with the Ad Hoc High Level Committee of National Regulators set up by the Telecommunications Council of November 1992. A meeting with the High Level Committee on 7 January 1993 preceded the series of hearings and defined their structure.

The second meeting of the High Level Committee took place on 11 and 12 February at which the Commission reported on the comments received during the consultation and received the substantive comments of the High Level Committee on the issues raised by the Review. A further meeting with representatives from the High Level Committee was held on 25 February specifically to discuss regional and social cohesion issues.

A final meeting on 26 March allowed the High Level Committee to give its views on the results of the consultation and the Commission's responses to them, as outlined in this Communication.

A list of participants at the hearings and of the written contributors is set out in Annex 2.

The Joint Telecommunications Committee, which brings together trade unions and management of the Community IOs, gave its opinion on 21 January 1993.

On **20th April 1993** the European Parliament, adopted a Resolution supporting the Review process<sup>6</sup>.

### III COMMENTS RECEIVED CONCERNING THE MAIN ISSUES

At its first meeting the High Level Committee of National Regulators and the Commission agreed to focus the consultation on certain key issues:

- the current state of implementation of Community telecommunications legislation;
- the effects of the further evolution of telecommunications policy on growth and efficiency in the Community;
- universal service;
- tariffs;
- the need to ensure regional and social cohesion within the Community;
- the international dimension; and
- the appropriate balance between liberalisation and harmonisation.

The hearings were organised according to this structure and the written comments were analysed in the light of these issues.

The main views on each of the topics are summarised below. The full text of the written comments will be made available on request.

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<sup>6</sup> Resolution of the European Parliament on the Commission Communication of 21st October 1992 concerning the 1992 Review of the situation in the telecommunications services sector (SEC(92)1048 final), 20.4.1993.

On the same date the European Parliament adopted a Resolution on the Communication from the Commission "Towards cost orientation and the adjustment of pricing structures - Telecommunications tariffs in the Community" (SEC(92)1050 final).

## A. Current State of Implementation of Community Telecommunications Legislation

- (1) The consultations provided evidence both from those in the telecommunications sector and from European industry as a whole on the practical impact of implementation of key Community telecommunications legislation and on the urgency of pending proposals.

As regards existing Directives - in particular the Services Directive<sup>7</sup>, the ONP measures<sup>8</sup>, the implementation of the Terminal Equipment Directives<sup>9</sup> - the application of existing Community legislation, especially the Services Directive, was widely held to be incomplete.

- (2) Users and service providers emphasised in particular the difficulties encountered in a number of Member States in operating private networks for the provision of voice services to closed user groups.

The lack of high capacity leased lines at reasonable prices gave particular concern to users and service providers and there was a general feeling that supply was not adequately adjusted to demand. Although the real demand for such services beyond particular vertical industry groups was questioned by some TOs, users and service providers generally suggested that lack of demand relates directly to both excessive prices and the relatively small number of private networks present in the Community, itself a consequence of the current regulatory environment<sup>10</sup>.

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<sup>7</sup>..... Commission Directive of 28 June 1990 on competition in the markets for telecommunications services (90/388/EEC, OJ L 192/10, 24.07.90).

<sup>8</sup>..... Council Directive of 28 June 1990 on the establishment of the internal market for telecommunications services through the implementation of open network provision (90/387/EEC).

Council Directive of 5 June 1992 on the application of open network provision to leased lines (92/44/EEC).

Council Recommendation of 5 June 1992 on the harmonised provision of a minimum set of packet switched data services (PSDS) in accordance with open network provision (ONP) principles (92/382/EEC).

Council Recommendation of 5 June 1992 on the provision of harmonised integrated services digital network (ISDN) access arrangements and a minimum set of ISDN offerings in accordance with open network provision (ONP) principles (92/383/EEC).

<sup>9</sup>..... Commission Directive of 16 May 1988 on competition in the markets for telecommunications terminal equipment (88/301/EEC)

Council Directive of 29 April 1991 on the approximation of the laws of the Member States concerning telecommunications terminal equipment, including the mutual recognition of their conformity (91/263/EEC).

<sup>10</sup>..... In this context, reference was made to the situation in the USA, where leased line capacity was more generally available and where there were 700,000 private networks on a total line base of 132 million. In the EC, with a subscriber line base of 146 million, there were only 14,000 private networks.



- (3) As regards pending proposals, many contributors stressed the need for the rapid adoption of existing proposals currently in progress in Council and the European Parliament, such as the proposed directives on ONP and voice telephony<sup>11</sup> and on the mutual recognition of telecommunications services licences<sup>12</sup>, as well as the satellite proposals currently in discussion<sup>13</sup>.

There were also calls for the extension of ONP to guarantee high capacity (ie Gigabit) leased lines in the near future and to tackle interconnection and unbundling of service offerings.

- (4) National regulators, it was felt, were not yet truly independent of the operators in a number of Member States and the style of regulation between Member States was diverse. It was felt that this discourages service providers from offering one-stop shopping and pan-European network management services. Overall, it has a negative impact on business planning on a pan-European basis.
- (5) The lack of transparent licensing procedures was also of particular concern to users in a number of Member States, where there were no published criteria for the granting of licences and no set timescale for applications to be granted or rejected.
- (6) In summary, it was generally agreed that the Community should actively seek the full practical application of existing measures by Member States, as a high priority objective in the short term.

Furthermore, clarification was demanded of the precise scope of some of the measures; in particular, the position of closed user groups and the ability to transmit private voice under the terms of the Services Directive.

Finally, the Community should seek to achieve the rapid adoption of current proposals.

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<sup>11</sup> ..... Proposal for a Council Directive on the application of open network provision (ONP) to voice telephony, COM(92)247.

<sup>12</sup> ..... Proposal for a Council Directive on the mutual recognition of licences and other national authorizations to operate telecommunications services, including the establishment of a Single Community Telecommunications Licence and the setting up of a Community Telecommunications Committee, COM(92)254.

<sup>13</sup> ..... Proposal for a Council Directive on the approximation of the laws of the Member States concerning satellite earth station equipment, extending the scope of Council Directive 91/263/EEC, COM(92)451. Additional initiatives are currently being finalised by the Commission covering competition in the market for satellite communications services and terminals, and on the mutual recognition of national authorisations for satellite networks and satellite services.

## B. Growth and Efficiency

- (7) Discussion centred on the effects of liberalisation on growth and efficiency of both the operators and of users and industry as a whole. In particular, comments were invited on the effects that the four options might have on the prices charged by operators and on service innovation, revenue and investment. Consideration was also given to the effects of a resulting increase in usage of existing telecommunications networks and services on the operators' revenues, efficiency and costs.
- (8) There was general agreement amongst users, service providers and those operators with experience of liberalised markets that greater liberalisation would:
- lead to substantial growth in the telecommunications sector and all sectors of the economy; and
  - attract investment to the Community to meet demands for new infrastructure and, in particular, for the creation of trans-European networks (TENs).
- (9) It was recognised that direct comparison between the Community and markets elsewhere such as in the US and Japan to determine the level of growth that could result from further liberalisation is difficult. However, many user associations and individual users, including those with experience of both markets, felt the current lack of liberalisation in Europe resulted in higher charges, poorer quality of service and less innovative service development. According to these organisations, this places the major European service and manufacturing industries at a serious commercial disadvantage compared to their competitors in North America and Japan, at a time when world markets require maximum focus on increasing the Community's global competitiveness<sup>14</sup>.
- (10) Operators submitted that now pan-European services were being developed on a substantial scale as a result of cooperation between them<sup>15</sup>.

However, commentators with experience of more liberalised markets believed that the full diversity of innovative services and, in particular, their rapid translation into applications can only be achieved through more liberalisation.

As a number of user associations and service providers pointed out, experience in more competitive markets shows that an incumbent TO can achieve successful growth in profits and maintain a strong investment programme in a more liberalised environment.

<sup>14</sup> ...The seriousness of the burden was illustrated by a major European car manufacturer who estimated that it would save 43 per cent of its telecommunications budget were it operating in the United States.

<sup>15</sup> ...Examples cited were inter alia the cooperation on GSM, ISDN, and broadband networks, such as GEN, METRAN and others.

- (11) The willingness of the private sector to invest in infrastructure projects with long payback periods was questioned by some, while the potential of such investment was emphasised by others. However, the traditional role of TOs in leading investment, it was suggested, has to be maintained. Particular attention was drawn to the situation of smaller operators because of their relatively large proportion of income derived from international services.

The ongoing investment capability of the TOs was of general concern, as expressed in particular by a number of manufacturing associations and the trade unions. The importance to the telecoms manufacturing industry of a strong European-wide home market on which to launch a wider expansion into third country markets underpinned concern over the operators' future ability to invest in their home market. On the other hand, manufacturers emphasised that growth and innovation in the Community would be harmed unless further liberalisation was introduced.

- (12) The trade unions emphasised the need to take into account the development of employment in the sector and proper training.

- (13) Freedom for TOs from non-telecommunications related obligations, such as contributions to the State budget, and the removal of restrictions on seeking outside funding were strongly supported by a number of operators and other commentators.

An association representing the cable-TV industry stressed the immediate contribution that cable networks could make to meeting users' needs, for services already liberalised, if access were allowed to the industry's existing, under-utilised high capacity bandwidth.

- (14) In summary, there was general agreement amongst users, service providers and manufacturers that the bottlenecks identified in the Review - high cross-border tariffs, unavailability of suitable leased lines and lack of advanced services - had a major negative impact on business.

The continuing financial stability of TOs and the development of employment were clearly recognised as crucial factors. However, it was pointed out by users, service providers and telecommunications operators in liberalised markets that investment programmes and profits can be maintained by incumbent TOs and new employment opportunities arise in a more liberalised environment.

Progress to more open markets should take full account of the varying conditions in each Member State and, in particular, the specific needs of the peripheral and smaller countries.

### C. Universal Service

(15) Certain services, in particular the public (voice) telephony service, are made universally available to the public because of their broader social benefits. This obligation traditionally falls upon the TOs and is often supported by contributions from other service activities. Debate focused on the existing and future scope of universal service in Member States, how best to maintain the social aims of universal service in a competitive market and whether the burden of universal service should be shared more widely by all market participants.

(16) Different interpretations were given during the consultation on the exact nature of universal service. Generally, the concept was recognised as one that will continue to evolve over time. Most commentators accepted that elements of that definition would include a basic voice service, universal coverage and an affordable price.

Opportunities for providing universal service in a more effective and efficient manner were raised, with many organisations highlighting the need for support to poorer groups, either by direct subsidy or by means of special tariffing schemes offered by the operator.

Certain operators took the view that since universal service was the responsibility of one undertaking, that operator should maintain special and exclusive rights in order to finance such obligations. There was fairly general acceptance amongst all participants that, to the extent that markets were liberalised, new entrants should bear a proportionate part of the burden of universal service, in particular, via the establishment of appropriate access charges.

Another group of contributors, whilst accepting the principle of access charges, emphasised the need to protect new entrants from such charges until competition was properly established. There were calls for further detailed consideration of suitable access charge regimes to be given.

(17) In summary, there was general agreement on the need for a clear definition of universal service. There was general acceptance that ONP directives have an effective role to play in defining the scope of universal service obligations in a Community context. The evolution of this role could ensure that the necessary harmonised concept of universal provision was introduced in the Community.

Access charges were seen as a key means of sharing, where appropriate, the burden of universal service among all market participants.

#### D. Tariffs

(18) In identifying bottlenecks to the development of telecommunications in the Community, the Review Communication stated: *"... tariffs in general have not been adjusted sufficiently to costs. In particular, the tariffs for intra-Community communications remain high."* The consultation focused on the existing tariff situation in the Member States, the need for both cost-oriented and efficient tariff structures and the degree to which tariff rebalancing was already taking place and would continue to do so in the future. Consideration was also given to the inter-relationship between international, national and local charges within the Member States.

(19) Almost without exception, users and service providers commented on the high level of charges in the Community, as compared with the price of similar services in North America<sup>16</sup>. The price of high capacity leased lines was of particular concern to several users with sites in a number of Community countries. High tariffs discouraged the use of such services and delayed the introduction of innovative new applications by such organisations. This constituted a major barrier to corporate communications, putting such European organisations at a competitive disadvantage.

However, it was stressed by TOs and trade unions that tariff rebalancing placed particular strains on certain TOs, particularly those operating in the Community's peripheral regions and those with smaller networks. This resulted from the political sensitivity of raising local tariffs and the need to sustain current and future investment programmes. The TOs stated that progress towards cost-orientation was a key condition for further liberalisation and that sufficient transition time was needed for re-balancing of international, national and local charges.

(20) Another concern expressed by the TOs was the need for them to be allowed to offer flexible tariff schemes to respond to new competition. At the same time, TOs emphasised the need to be freed from non-telecommunications obligations imposed upon them in a number of cases.

(21) The setting up of procedures at a Community level for reviewing tariff rebalancing, cost-orientation and unbundling of service offerings, including charges, was suggested by several organisations as a vital component in introducing fair and effective competition. Users stressed the need for tariff elements to be unbundled and shown separately in accounts, and for the terms and conditions offered to users and service providers to be subject to at least as much scrutiny as tariffs.

As regards the relationship between international, national and local charges, the majority of TOs stressed the close interaction between these components of the tariff structure and the impact on cross-subsidisation between the different components of major changes in any of them. These comments emphasised that adjustment of intra-Community tariffs should therefore be strongly correlated to the adjustment of the overall tariff structure.

<sup>16</sup> ... One commentator provided figures that demonstrated that tariffs for some facilities in the Community were frequently ten times their equivalent in the US.

(22) In summary, there was general support that the Community's efforts to encourage cost-orientation, and therefore tariff rebalancing, were necessary and should continue.

Users and service providers emphasised the detrimental effects caused by high tariffs in the Community. European industry was placed at a competitive disadvantage and the creation of Europe wide corporate networks was uneconomic.

Sufficient transition times for tariff adjustment were seen as key to further tariff adjustments, compatible with national, regional and social goals.

However, many contributors, including some TOs, also argued that tariff rebalancing and the introduction of further liberalisation could proceed in parallel and reinforce each other. Particular initial difficulties during tariff rebalancing on operators could be managed by appropriate access charge regimes.

#### **E. Regional and Social Cohesion**

(23) The effects of further liberalisation on the position of the peripheral regions and those countries with smaller networks in the Community are a central general concern. Discussion focussed on the special situation and needs of such countries and regions, the effects of further liberalisation on the TOs established in them, and the continuity of investment in such countries.

Key characteristics of the situation faced by operators in the Community's peripheral regions include:

- a level of network development and penetration substantially below the Community average;
- the fact that these countries are engaged in considerable investment in order to catch up with the Community's core regions and that this investment needs to be sustained for at least five years or more in a number of cases;
- the investments undertaken, combined with low local tariffs, have resulted in operators facing high levels of indebtedness;
- a high proportion of intra-Community (and international) traffic in the total revenues and traffic of the operators of such countries in several instances.

(24) Many contributors emphasised that investment in telecommunications infrastructure and services in such regions was of central importance to the economic development of such regions.

A number of users, service providers and TOs believed that further liberalisation would have a positive effect of attracting business and investment to such regions, and therefore increase overall employment. The contrary view was that investment could be destabilised by greater competition and the tariff rebalancing it would bring about, unless carefully planned and paced over time and unless appropriate support measures were put in place.

- (25) There was general support for the development of trans-European networks (TENs) which were seen as the electronic highways of the future, bringing the core regions of the Community and the peripheral regions closer together. TENs had the potential to play a major role in promoting greater cohesion within the Community. Community funding would be a vital component in the realisation of such networks and in particular should play a role in developing demand for the services to be offered over them.

- (26) In summary, it was considered of particular importance to adapt any proposals for the future development of the sector to the specific needs of peripheral regions and those countries with smaller networks.

Major means envisaged were adequate transition periods and sufficient time to adjust, as well as full use of Community and national support structures.

#### **F. The International Dimension**

- (27) The discussion focussed on the conditions for the provision of telecommunications services in the Community and third country markets and the practical problems encountered by Community businesses trying to enter third country markets. The consideration of these issues was set against the background of the current GATT Uruguay Round.

Concern was expressed generally about the ability of foreign companies to provide telecommunications equipment and services within the European Community, whilst their home markets remained effectively closed to Community businesses. In particular, problems were encountered by Community industry in relation to procurement policies and restrictions on foreign ownership found in other major markets.

Finally, a number of users, service providers and some TOs emphasised the importance of external negotiations such as the GATT. The need to coordinate internal policy within Member States and the Community's position in external negotiations was emphasised; it was argued that a clear timetable for internal liberalisation would strengthen the Community's position in external negotiations.

- (28) In summary, it was generally accepted that the speed with which the Community market was opened to foreign competition should be conditioned by Community business obtaining equivalent access to foreign markets, with a differentiated approach to be applied to European Economic Area countries.

It was also agreed that the early definition of a clear schedule would reinforce the international position of the Community in particular in the context of the GATT negotiations.

#### G. Liberalisation and Harmonisation

- (29) Consideration was given to the future balance between liberalisation and harmonisation, including the continuing role for standardisation; the shape of future regulatory control of telecommunications in the Community and the role of subsidiarity in the emerging Community environment.

In particular, universal service and interconnection were seen as vital elements in the Community's future regulatory environment. Whilst interconnection agreements should generally be determined at a national level, it was appropriate for the Community to establish a framework for interconnection. Users and service providers emphasised the need for a regulatory role at the Community level where the rules of competition might be applied. Furthermore, they stressed that the public availability of interconnection terms was an essential element in their business planning.

There was widespread support for a pivotal role of ONP within the framework of a more competitive market.

In this context, a number of contributors suggested that market dominance rather than special and exclusive rights should be the criteria for the application of ONP rules, in order to adjust to a more competitive environment. Some thought that small players in the market should be subject to a less stringent regime than that applying to existing large dominant operators.

The need for independent regulation was stressed, and several comments suggested that there would need to be adequate arrangements at the Community level to deal with disputes having a cross-border dimension and to ensure a consistent approach to regulatory control throughout the Community.

- (30) In summary, it was suggested that the Community should see to the establishment of principles and a timetable for liberalisation and harmonisation and ensure its implementation, based on general Community procedures and the application of Community competition rules, whilst the National Regulatory Authorities should have the main responsibility for regulation and implementation at the national level.



#### IV THE POSITIONS TAKEN ON THE OPTIONS PROPOSED

(31) The main focus of the comments concentrated on the four basic options for future policy proposed in the Communication of October 1992. Discussion focussed in particular on the timetable for future change, the phases in which that timetable should be implemented and the measures that might be needed to take account of the specific situations in certain Member States.

(32) *Option 1 (status quo) and Option 2 (extensive regulation)*

There was little support for Options 1 and 2 as permanent long-term options. However, the priority of full application of current Community legislation in the short term was widely emphasised.

Solely maintaining the status quo (Option 1) in the longer term was seen as doing little to resolve the bottlenecks identified in the Communication of October 1992. It would not encourage enough investment in either telecommunications or industry in the Community. It would place business in the Community at an increasing disadvantage with regard to its competitors in North America and the Far East.

Option 2 was generally viewed as leading to an excessive degree of regulation, which would conflict with the principle of subsidiarity. Some views were, however, expressed that the idea of creating a European regulatory body centralising certain functions of formulating regulatory principles, monitoring of tariffs and the establishment of tariff principles, monitoring of the telecommunications standard policy, etc, should be explored.

(33) *Options 3 (full liberalisation of public voice telephony) and Option 4 (liberalisation of public voice telephony between Member States only)*

A recurring view from participants across the spectrum of contributors was that further liberalisation of the sector was both inevitable and desirable.

Overall support focussed on Option 3, with Option 4 being seen by users, service providers and a number of TOs as an intermediate step on the road to full liberalisation, while the majority of TOs insisted on a close link between Option 4 and Option 3.

There was little support for Option 4 as an isolated option and an end in itself. This option was not seen as fundamentally remedying the tariff and leased line bottlenecks identified by the Commission. However, as an intermediate step it was seen by a number of contributors as a means to attract considerable investment into the Community and promote the development of trans-European services, whilst others and in particular, a majority of TOs emphasised the close relationship between Option 4 and the adjustment process, particularly, for tariffs, required to prepare for Option 3.

Option 3 in the longer term was also favoured by the majority of TOs (while some advocated its implementation in the shorter term), with all TOs accepting its ultimate inevitability. There was general agreement on the need to put in place a suitable regulatory framework for moves towards full liberalisation, and to find in particular adequate solutions to the issues of universal service, tariff rebalancing, access charges, interconnection and the development of network investment in the peripheral regions of the Community.

(34) *Infrastructure*

Many users and service providers and a limited number of TOs strongly stressed the need for competition to be extended to the provision of infrastructure.

Such competition should cover both self-provision of infrastructure and the opening up of access to third party infrastructure owned, for example, by other utilities or by the cable-TV networks. Supporters of infrastructure competition believed it should form an integral part of the overall timetable to be established as a result of the Review.

Infrastructure competition was seen as the best means of overcoming the lack of high capacity leased lines in the Community, in particular to support the development of private corporate networks.

However, a large number of TOs pointed to the complex nature of any liberalisation of public infrastructure, and the implications any such move would have for their current financial equilibrium and their obligation to provide universal service across the whole national territory.

(35) *Phasing and Timetable*

There was general agreement on the need for a clear timetable to be established with identifiable milestones up to the end of the decade. This would provide business with a clear framework within which to plan its operations, whilst allowing TOs and service providers to plan future investment.

There was wide support for a phased approach. This would allow, in turn, existing and proposed measures to be implemented; the problems of closed user groups to be resolved; and the gradual introduction of greater competition in (public) voice telephony both between Member States and within Member States.

The speed of transition towards greater liberalisation was seen by all as an absolutely critical issue since it has to take place in the broader context of commercial, political and technological developments.

Users, service providers and a number of TOs supported fairly rapid moves towards each of these phases with full achievement of Option 3 (full liberalisation of voice services) being proposed by some for the middle of the decade.

Other contributors, trade unions and the majority of TOs insisted on the need for a more extended transition phase, in order to adjust tariff structures and to complete current investment programmes. Some TOs indicated that such adjustment could be completed within a period of some five years, while others pointed to their particular national situation and their special commitments with regard to peripheral regions as justification for longer transitional arrangements.

Generally, there seems to be a widely-held view that Option 3 could be reached before the end of the decade.

There was general sensitivity to the needs of the peripheral regions and to countries with small networks and to the requirement that Community support and transitional arrangements, taking account of their specific situation, would have to be accommodated into any timetable eventually adopted.

## V EVALUATION BY THE COMMISSION

(36) On the basis of the comments and its analysis of the submissions, the Commission considers that it is possible at this stage:

- to identify areas of general consensus amongst all market participants;
- to set out general positions on future development of telecommunications in the Community which are supported by a broad range of parties;
- to identify actions required for the development of the future regulatory environment.

This is set out below.

### A. Areas of General Consensus

(37) The Commission has found from the consultations that:

- there is a general conviction that further opening of markets is inevitable and necessary whilst maintaining universal service;
- there is, at the same time, emphasis on the requirement for financial stability within the sector and recognition of the need to have a clear, agreed timetable for regulatory changes, with defined milestones up to the end of the decade;
- there is general emphasis that a realistic, economically viable, and socially acceptable approach must be taken, involving careful phasing and progress in stages.

Contributors to the consultation have shown a general conviction that further opening of markets is both inevitable and necessary. Telecommunications organisations in Europe are already competing, either individually or jointly, for the business of multinational organisations. New services are available now from European and other TOs to customers situated outside the operators' home markets<sup>17</sup>. In reality, this establishes such TOs as additional providers of public switched telephone services, alongside the incumbent national operator.

The increase in choice, fuelled largely by technological advances, and the creation of innovative and advanced new trans-European services that comes about through liberalisation are essential to improving the competitiveness of European industry. Without

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<sup>17</sup>..... For example, "Dial direct" services, which were initially marketed as a way for travellers to phone their home country without incurring high surcharges imposed by some hotels, are now offered by most TOs in OECD countries. An extension of this concept, "Third Country Calling", is available on a more limited basis and allows calls to be made between countries, neither of which "hosts" the service provider. A third but quite distinct service known as "call back", which bypasses the public telephone service run by the traditional international carriers, is offered by several companies.

these services, the Community will be at a growing disadvantage compared to other developed economies in the world; a point emphasised by major user organisations.

At the same time, it is clear that further liberalisation would have to be implemented in a way which maintains the financial stability of the telecommunications sector, particularly with regard to its investment capacity and the fulfillment of its public service obligations. A clear, long term timetable for regulatory changes with defined milestones is therefore imperative.

Furthermore, the Community's approach must be realistic with careful phasing and progress carried out in stages.

The general positions on future development set out below provide a firm basis for structuring such an approach.

## **B. General Positions on Future Development**

(38) Based on the consultations, the Commission considers:

- There is broad emphasis that the first phase of future development should be the full practical application of current Community measures and adoption of pending legislative proposals. In particular, this must cover:
  - the practical application of the Services Directive, where there was a general request for clarification of the scope of liberalisation of private voice services, particularly concerning corporate networks and closed user groups, resulting from the Directive;
  - the adoption of:
    - the measures introduced under the ONP programme, including the current proposals for directives on voice telephony and the mutual recognition of telecommunications licences;
    - the proposed directives in the field of satellite communications;
    - appropriate measures for mobile communications.
- There is general acceptance that, beyond the first phase of consolidation of the current regulatory framework, the longer term trend towards full liberalisation of public voice telephony, represented by Option 3, is inevitable and necessary as a result of technological and market developments. Full liberalisation before the end of the decade was generally held to be a realistic timescale.

However, progress towards this goal is considered conditional upon:

the establishment of a timetable, defining the phases for the development of the necessary regulatory framework, with regard in particular to the provision of universal service, the framework for interconnection and access charges and taking account of the international dimension;

- the financial stability of the sector being safeguarded;
  - the necessary provisions for the peripheral regions and smaller networks;
  - the environment that facilitates the development of trans-European networks.
- Option 4 (liberalisation of telephony between Member States) was identified as a suitable intermediate step towards full liberalisation by many contributors but was rejected as an isolated option. It was, however, considered, in particular by a majority of TOs, that it would have to be linked closely with full liberalisation and be placed within the framework and timescale for Option 3.
  - As regards infrastructure liberalisation, there were widely diverging opinions:
    - there was strong insistence by service providers and users on rapid opening of infrastructure to competition, with particular emphasis on infrastructure provision to enable full use of corporate networks and closed user groups;
    - others insisted that further liberalisation of services should initially rely exclusively on leased lines.

A number of comments called for the development of a Community position on the future use of proprietary infrastructure networks (railways, utility companies etc) and cable-TV networks for transmission of telecommunications services which are already liberalised or will be liberalised.

### **C. Identification of Action required for Future Regulatory Environment**

- (39) From the comments received, it is apparent that progress towards the general positions set out above will be conditional on establishing the necessary regulatory framework.

On the basis of the comments, the Commission finds that the following issues must be considered at Community level:

- full application of the current regulatory environment;
- a common definition of universal service principles;
- development of a framework for interconnection agreements;
- definition of access charges principles;
- ensuring the independence of TOs;

- ensuring social and regional cohesion
- preparing the environment for trans-European Networks;
- arrival at a balanced approach to infrastructure provision;
- securing a balanced international environment;
- development of a robust regulatory framework with a balance between national regulation and Community co-ordination.

These issues are addressed below.

## VI KEY FACTORS FOR THE DEVELOPMENT OF THE FUTURE REGULATORY ENVIRONMENT

On the basis of the consultations, the Commission considers the following lines of action as the best way of moving towards a regulatory environment for the future.

### A. Consolidation of the Current Regulatory Environment

(40) To enable the regulatory environment as currently conceived to become fully effective in the short term, the following steps need to be taken:

- completion of the application of the Services Directive (90/388/EEC) in particular to more clearly establish the scope of corporate networks and closed user groups;
- full implementation of ONP Leased Lines Directive (92/44/EEC);
- adoption of the proposal for an ONP voice telephony directive (COM(92)247);
- adoption of the proposal for a directive on the mutual recognition of telecommunications services licences to consolidate current regulatory framework (COM(92)254);
- rapid adoption of the proposals for directives in the field of satellite communications;
- launch of a Green Paper on mobile/personal communications.

### B. Common Definition of Universal Service Principles

(41) The development of a balanced regulatory framework requires clear recognition of the vital principles of public service in this area :

- universality, i.e. access for all, at an affordable price ;
- equality, i.e. access independent of geographical location ;
- continuity, i.e. continuous provision, at a defined quality.

The essence of these principles of a universal service obligation - to make available a defined minimum service of specified quality to all users at an affordable price - is embodied in existing ONP measures and proposals currently before the Council and European Parliament<sup>18</sup>. Specifically, once all measures have been adopted and implemented, the principles of universal service at a Community level will cover:

<sup>18</sup>..... Council Directive of 28 June 1990 on the establishment of the internal market for telecommunications services through the implementation of open network provision (90/387/EEC). The Directive defines, inter alia, the general principles of access to networks and the necessary safeguards based on essential requirements (security of



- Initial provision of service

Member States must ensure the provision of a public telephone network and voice telephone service. Users have a right of access to and use of the public telephone network, to a contract specifying the service and the target delivery period (waiting time for initial provision) must be published.

- Special public service features

Member States must ensure the provision of (i) public pay-phones, including access to emergency services, (ii) directories to users, and directory information to others and (iii) access to international voice telephony services, including use of international access code 00.

- Quality of service

Member States must ensure the publication of quality targets and information about the service for users, including numbering plans, and the monitoring and publication of quality levels achieved by TOs.

- Prices

Harmonisation of tariff principles, in particular cost-oriented pricing, together with the possibility of special and targetted provision for socially desirable purposes (eg low income groups, handicapped users etc).

- Provision of conciliation/dispute resolution procedures for users

- Minimum service features

The proposed minimum features for voice telephony includes: itemised billing; harmonised network interfaces, including the ISDN socket; special network access and a set of advanced features.

Mandatory minimum features to be implemented in all Member States for leased lines include five types of line and common ordering and billing.

network operation, maintenance of network integrity and, in justified cases, interoperability of services and data protection).

Council Directive of 5 June 1992 on the application of open network provision to leased lines (92/44/EEC).

Commission proposal for a directive on the application of open network provision (ONP) to voice telephony, Com(92)247.

Council Recommendation of 5 June 1992 on the harmonised provision of a minimum set of packet-switched data services (PSDS) in accordance with open network provision (ONP) principles (92/382/EEC).

Council Recommendation of 5 June 1992 on the provision of harmonised integrated services digital network (ISDN) access arrangements and a minimum set of ISDN offerings in accordance with open network provision (ONP) principles (92/383/EEC).

Minimum features are recommended for packet switched data services and ISDN.

As recognised in the consultation, the introduction of further competition makes it all the more necessary to define the principles of universal service.

The Commission considers that the existing and proposed ONP measures provide a valid framework at the Community level for such a definition, while retaining sufficient flexibility to take account of specific national situations.

The main Community objective in this area should therefore be the rapid adoption and implementation of those measures.

After full application in the Community, further development of the principles could take place where required and on the basis of practical experience.

### C. Development of a Framework for Interconnection Agreements

(42) Interconnection is the key to achieving Community-wide services based on competitive provision of services and networks. Interconnection agreements establish the rights and obligations under which service providers and network operators interconnect their facilities.

Since the cost and level of interconnection has been shown to be a crucial factor in the viability of a new service, it plays an essential part in the development of the market.

(43) The proposed ONP voice telephony directive contains a framework for interconnection agreements. The main elements of this framework are:

- Rights of network access / interconnection

Users, including competitive service providers, will have a right of equitable and non-discriminatory access to telecommunications networks at the normal interfaces and normal tariffs. In the case of the telephone network, users may also request access at non-standard interfaces and non-standard tariffs ("special network access").

Telecommunications organisations must meet the legitimate requests for interconnection from other telecommunications organisations (for voice telephony). Intercommunication between leased lines and public networks must not be technically restricted.

- Charges

For normal network access, normal tariffs apply in accordance with the principle of non-discrimination. In the case of special network access and

interconnection, special charges may apply but they must be cost-oriented, non-discriminatory, fully justified and approved by the national regulatory authority;

- **Harmonised technical standards**

Member States are to encourage the use of European or international standards; where they exist. Where European standards do not exist, ETSI will be asked to develop harmonised standards for new types of network access and interconnection.

- **Numbering**

Numbering plans must be controlled by the National Regulatory Authority, in order to provide for fair competition. Allocation of numbers must be objective, transparent and non discriminatory.

The provisions for access/interconnection agreements incorporated in the proposed ONP voice telephony directive, appear to provide a sufficient initial framework for such agreements, so far as the Community level is concerned.

With phased progress towards increased liberalisation, this framework may have to be reviewed. The definition of TOs in the ONP framework currently refers to the special or exclusive rights enjoyed by these organisations. With further advances towards liberalisation it may be more appropriate to establish other criteria such as market position as the basis of this definition, in order to adjust to the evolving competitive environment.

#### **D. Definition of Principles for Access Charges**

(44) Access charges are paid for interconnection to an incumbent TO's network by competing operators. In addition to compensating the incumbent TO for delivering calls, access charges can:

- compensate the TO for the loss of that portion of revenue which may contribute to universal service obligations, thereby allowing competition to be introduced in advance of full tariff rebalancing;
- provide a mechanism, even when tariffs have been re-balanced to become cost-oriented, for fairly sharing the burden of universal service obligations.

(45) Under the proposed ONP voice telephony directive, these key aspects of access charges are being addressed. The following principles are set out:

- a. Access charges apply to TO interconnection.
- b. They are permitted when the two operators have different regulatory obligations placed upon them. A universal service obligation or price controls imposed on

only one of them would be typical examples of the regulatory obligations envisaged.

c. All such charges must be:

- cost oriented;
- non discriminatory;
- fully justified;
- based on regulatory obligations placed on the parties by the Member State;
- approved by the national regulatory authority.

In the case of "special network access" given to service providers, a TO may be reimbursed for costs incurred in providing the type of special network access requested.

- (46) The Commission recognises the essential role of access charges in securing the maintenance and development of universal service and the capacity to finance it, in particular with regard to the peripheral regions. At the same time, the appropriate use of access charges within the given framework will allow the progressive adjustment of tariffs towards cost orientation.

#### **E. Independence of Telecommunications Organisations**

- (47) With further progress towards a competitive environment, telecommunications organisations must be free to respond to the dynamics of the marketplace if they are to operate effectively. The degree of freedom must be proportionate to the level of liberalisation. Major aspects of this freedom include tariff policy and equality of treatment.

- (48) There is the basic need for further and continuing adjustment of the level and structure of the prices of telecommunications services in the Community towards greater cost-orientation. TOs must be able to react to the downward competitive pressure on prices in market segments where their offerings are at present substantially above costs. However, this must be achieved without producing adverse effects on vulnerable groups of consumers. This can be achieved through allowing TOs a sufficient degree of pricing flexibility, particularly in sectors where they face most competition. Such flexibility is also critical for the take-off of new, advanced, revenue-earning services.

Techniques such as price capping and access charging provide a flexible means to control the rate at which re-balancing occurs and avoid adverse effects for users and markets. Thus, further liberalisation and tariff rebalancing can proceed hand in hand. The use of targeted schemes can help universal service obligations to be met more effectively and access charges ensure that the burden is shared fairly by all market participants.

- (49) Member States should provide for financial independence of TOs and progressively withdraw burdens or requirements unrelated to the basic tasks entrusted to them. Equality of treatment is central with regard to freedom from obligations not related to telecommunications and fuller access to sources of capital.

In a Community context, IOs must have full freedom, subject to the Community's competition rules, to enter alone or jointly the markets newly opened to competition, particularly in trans-European services and networks. The IOs should be allowed to take the necessary organisational and financial measures required to advance towards this objective.

In a competitive market, commercial considerations must be allowed to have effect and an appropriate degree of flexibility must be extended to the TOs. They should not be disadvantaged relative to their competitors.

#### **F. Ensuring Social and Regional Cohesion**

- (50) It is important to maintain a balanced economic and social development throughout the Community. Further liberalisation should create new employment opportunities and ensure further integration of peripheral regions.

Cohesion requires a stable and viable investment environment. At a regional level it must ensure the modernisation and increased penetration of services and networking infrastructures in peripheral parts of the Community.

- (51) Self-financing by TOs to meet the investment requirements of peripheral regions is, and will continue to be, insufficient. While progressive liberalisation will increase usage and cash flows and stimulate investment in the peripheral regions, there is uncertainty as to the extent and the period in which these benefits will be felt in the peripheral regions. The Commission recognises the need for special arrangements for additional transition periods and for access charges, in order to safeguard investment capabilities in the countries concerned in the short to medium term.

- (52) Resources from operations must contribute to the extension of infrastructures and services into marginal or non-profitable areas, but public financing will also be needed, including from the Community's Structural Funds.

As set out in the Communication of October 1992, funding under the Community Support Framework has made a substantial contribution to the development of telecommunications services and network investment in the peripheral regions in the recent past. In the context of liberalisation and privatisation of public services generally within certain Member States, the Funds have had to devise new conditions for funding to ensure that investments from Community sources continue to have their intended beneficial effects for the consumer.

Assuming this corresponds to the spending priorities of the Member States and regions concerned, grant funding for telecommunications could be stepped up in the coming planning period (1994-99) in view of the increased resources allocated to the Structural

Funds: Furthermore, the on-going lending programmes of the European Investment Bank can be expanded following the launch of the European Growth Initiative, including the new Temporary Lending Facility (TLF) and the European Investment Fund (EIF)

### **G. Preparing the Environment for Trans-European Networks**

- (53) In addition to its potential contribution towards ensuring social and regional cohesion, increasing liberalisation in the sector will be the most effective way to stimulate investment in trans-European telecommunications networks, both by the incumbent TOs and by new entrants. Liberalisation will open the way for further co-operative ventures between groups of operators in order to offer genuine pan-European telecommunications service on an end-to-end basis.

Further liberalisation will be a precondition for attracting new investors and fully using the new financial facilities established for developing trans-European networks, mentioned above.<sup>19</sup>

The Commission recognises that there is a need for trans-European networks which may necessitate cooperative arrangements between operators, in compliance with the rules of competition.

### **H. Working out a Balanced Approach to Infrastructure Provision**

- (54) As set out earlier, the consultation has shown widely diverging views with regard to the further regulation of the network infrastructure.

While users and service providers emphasised the need for early liberalisation, TOs stressed the need for stability and long-term investment planning in this area.

The main aspects addressed in this area in the consultation were the following :

- there is the general question of the future of public network infrastructure ;
- telecommunications services except public voice are already liberalised according to current Community legislation, including voice for corporate networks and closed user groups. A main issue is the full application of this existing legislation ;
- in this context, the question arises whether alternative infrastructure should be made available in order to make this liberalisation more effective

The Commission recognises that fundamental changes to infrastructure regulation can have significant consequences for the incumbent TOs in terms of their financial resources

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<sup>19</sup> .....The Commission intends to submit shortly a series of proposals for the promotion of trans-European networks. These proposals will cover in particular trans-European ISDN, trans-European broadband communications and trans-European networks between Administrations, as well as related services and applications.

and future investment capability, especially where the network size is relatively small or where the network build up will only be completed within periods of five to ten years.

Conversely, there is undoubtedly a significant demand for high capacity infrastructure particularly in the field of corporate networks and closed user groups which is currently not being met. Furthermore, additional investment into trans-European networks and peripheral regions is required and new opportunities for attracting capital need to be fully explored, to catch up in this area with current developments in the United States and Japan and particularly to ensure full use of the advanced applications resulting from the Community research programmes.

- (55) A number of Member States currently allow the separate provision of infrastructure for specific telecommunications applications and services as "independent networks" for other utilities, the railways and, in certain cases, closed user groups. These represent a useful yet under-utilised resource which may have a wider role to play in the development of corporate communications and communications for closed user groups.

Users and service providers particularly called for the opportunity to fully exploit corporate communications and the operation of closed user groups. They emphasised the need to include the supporting infrastructure in such provision.

Some users and cable-TV providers consider that cable-TV could have a role to play in the provision of services that are already liberalised.

Building on existing provisions in a number of Member States, the Commission considers that such concepts should therefore be extended under certain conditions and that the use of own infrastructure for a user's applications, or the provision of capacity for corporate networks and closed user groups should be included in the concept of corporate networks/closed user groups, subject to additional study investigating the effects of such a measure, in particular with regard to consequences for the incumbent TOs.

- (56) As regards the general question of the future of public infrastructure, the Commission considers that the current consultations do not allow a final position to be formulated. Once additional experience is gained, a further broad consultation will be needed to determine the best way forward. Such a consultation should address the global regulation of the communications infrastructure, including telecommunications and cable-TV networks.

The Commission believes that this should be addressed within the concept of a Green Paper on telecommunications and cable-TV network infrastructures.

#### **I. Ensuring a Balanced International Environment**

- (57) Further liberalisation within the Community must be linked to equivalent opportunities in other markets

At present there is no mechanism to ensure that market access granted in the Community, de jure or de facto, is adequately compensated elsewhere. The issue of ensuring similar access is necessarily linked to the ongoing negotiations in the GATT. There is general agreement that the best solution is through such multilateral negotiations.

Although the GATT process has been slower to obtain results than anticipated, the basis of a framework for telecommunications has evolved during the Uruguay Round sectoral negotiations, in particular through the draft General Agreement on Trade in Services (GATS), which has been virtually finalised.

The Community should in the context of the future negotiations in GATS ensure that the benefits that operators from third countries will derive from Community liberalisation will be balanced by comparable opportunities in their home telecommunications markets.

The GATS specific telecommunications annex sets guidelines relating to access to and use of the network for the provision of telecommunications and other services. A series of draft offers, or commitments, from several countries have been made to lift restrictions in certain segments of the telecommunications market.

The Community's contribution to the GATS telecommunications annex was based on the ongoing work on ONP and related areas<sup>20</sup>.

In the Commission's view, the GATS framework provides a basis for developing a balanced international environment through multilateral negotiations. Purely bilateral approaches would run the risk that rules would be shaped by the strongest players, with Community interests possibly being compromised.

Progress in this area will have to be coordinated with the further progress of liberalisation within the Community. Any approach would also have to take due account of the Community's relationship with the EFTA countries and the realisation of the European Economic Area.

Licensing conditions can play an important part in securing balanced conditions regarding issues such as ownership constraints in third countries<sup>21</sup>.

#### **J. Developing the Balance between National and Community Regulation**

(58) The Commission stated in its Communication of October 1992: *"In the context of the internal market there is a need for both harmonisation and liberalisation at Community level in order to ensure that the development of telecommunications across the Community is not impeded by national barriers or practices which are incompatible with the achievement of the objectives of the Treaty."*

<sup>20</sup> ..... In the GATS negotiations, the Community has made an offer concerning value-added services and basic data services, based on the current state of liberalisation within the Community.

<sup>21</sup> ..... The Commission is currently addressing this issue in the context of the preparation of the proposal for the Community-wide mutual recognition of satellite licences.



The Review envisaged, *"minimum action necessary at Community level in order to remove obstacles to the provision of the widest possible range of telecommunications sources. Within the framework thus created at Community level, Member States will continue to determine their own telecommunications policies."*

The principle of subsidiarity is incorporated in the existing ONP framework, whereby the national regulatory authorities have the primary responsibility for regulation at a national level. The Community's role is mainly to spell out general principles, to offer conciliation in disputes which cannot be resolved at a national level and to assist in establishing a consistent approach throughout the Community.

The current definition of principles for dispute resolution and regulatory oversight, as set out under the proposed ONP voice telephony directive, are as follows.

(59) *At a National Level:*

- the national regulatory authority (NRA) has an obligation to intervene if requested by either party;
- the NRA has an obligation to ensure that interconnection agreements are non-discriminatory, fair and reasonable to both parties and offer the greatest benefit to all users;
- the NRA has a right to impose conditions in interconnection agreements concerning technical standards, quality requirements, conditions safeguarding the essential requirements, and to impose deadlines for implementation of interconnection agreements;
- Member States must establish procedures for resolving disputes between telecommunications organisations and users.

(60) *At Community level:*

- users may invoke the Conciliation procedure to resolve disputes not resolved at a national level;
- the Commission may take measures to secure provision of particular pan-European services.

Apart from the ONP framework, the Commission may invoke the competition rules in the case of abusive behaviour or anti-competitive agreements, as it has done in a series of cases in the past.

As set out in the Communication of October 1992, the European Court of Justice has confirmed the application of Community competition rules to the sector in a number of decisions. Furthermore, general principles of the application of the competition rules - and in particular of Articles 85 and 86 of the EEC Treaty - have been set out by the Commission in its guidelines on the application of EEC competition rules in the telecommunications sector<sup>22</sup>.

Community competition rules in the sector will have to be applied carefully in order to take into account :

- the need to make liberalisation effective so that all entrants can compete on a fair basis ;
- the emergence of beneficial forms of cooperation where they are necessary, for example, trans-European networks, and structural adjustments, including mergers<sup>23</sup>, which promote the development of a Single Market.

In the assessment of such developments account will be taken of the situation of participants on the European and on non-European telecommunications markets.

The introduction of competition requires effective regulation at national level and improved regulatory mechanisms at Community level. This in turn demands that national regulatory authorities have adequate powers of regulation, and that those powers are applied in a consistent manner in all Member States.

In addition, strengthened mechanisms to handle problems of a Community-wide nature will be needed. Issues such as the resolution of interconnection disputes between telecommunications organisations in different Member States and the mutual recognition of licences can not be handled by one Member State or one national regulatory authority acting alone.

In its proposal for the mutual recognition of licences in the Community (submitted within the ONP framework<sup>24</sup>, with the objective of facilitating the free movement of services), the Commission has proposed the setting up of a Community Telecommunications Committee. The Committee could be composed of the members of the current Ad Hoc High Level Group of National Regulators, created by Council specifically for the Review, or by their representatives. The Committee could, together with the other committees in this field, in particular the ONP and ACTE Committees, form part of a coherent regulatory structure at Community level.

The Community would build links according to established procedures and, in compliance with the principle of subsidiarity, with the committees and institutions created within the

<sup>22</sup> ..... Guidelines on the application of EEC competition rules in the telecommunications sector (91/C233/02, OJ C233, 6.9.91).

<sup>23</sup> ..... Council Regulation 4064/89 of 21 December 1989 on the control of concentrations between undertakings (OJ 1990 L257/14).

CEPT, in particular ECTRA/ENO<sup>25</sup> (in the field of licensing and numbering), ERC/ERO<sup>26</sup> (in the field of radiocommunications) and with the standards organisations ETSI and CEN/CENELEC<sup>27</sup> (in the field of technical standards).<sup>28</sup>

The current regulatory structure in the Community is founded on the complementary role of national and Community regulation, evolving according to the principle of subsidiarity. Regulation at Community level is based on the developing ONP framework, the application of Community competition rules and the cooperation procedures in place or being developed with the committees and institutions referred to above. The Commission considers that an assessment will have to be made, on the basis of future experience, of the need for further evolution of this structure.

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<sup>24</sup> ..... Proposal for a Council Directive on the mutual recognition of licences and other national authorizations to operate telecommunications services, including the establishment of a Single Community Telecommunications Licence and the setting up of a Community Telecommunications Committee, COM(92)254.

<sup>25</sup> ..... ECTRA - European Committee of Telecommunications Regulatory Authorities

ENO - European Numbering Office (requested by Council Resolution 92/C 318/02 of 19 November 1992 on the promotion of Europe-wide cooperation on numbering of telecommunications services (OJ C 318/2, 4.12.92)).

<sup>26</sup> ..... ERC - European Radiocommunications Committee

ERO - European Radiocommunications Office (created in accordance with Council Resolution 90/C 166/02 of 28 June 1990 on the strengthening of the European-wide cooperation on radio frequencies, in particular with regard to services with a pan-European dimension (OJ C 166/4, 7.7.90)).

<sup>27</sup> ..... ETSI - European Telecommunications Standards Institute

CEN/CENELEC - European Committee for Standardisation and Electrotechnical Standardisation

<sup>28</sup> ..... The Commission has concluded - or intends to conclude - Memoranda of Understanding and framework contracts on cooperation with these organisations.

The Commission will submit shortly a Communication on relations with the ERC/ERO in the field of radiocommunications.

## VII THE PROPOSED SCHEDULE

- (61) The Commission considers that the areas of general consensus and the positions on future development of the sector set out in the comments allow the definition of consistent objectives and a detailed timetable for the further development of telecommunications in the Community.

There is general agreement on a first phase concentrating on consolidation and preparation, together with the developing market impact of the existing or currently proposed legislation. This should include the publication of a Green Paper on mobile communications.

There is also a broad consensus about the inevitability of full liberalisation (Option 3, which includes Option 4) before the end of the decade in a second phase, with indications for the time required to adjust structures of about five years.

There is further general support for providing special arrangements and additional transitional periods for peripheral regions and smaller networks.

There remain different views concerning two issues: introducing Option 4 (liberalisation of voice only between Member States) rapidly as an intermediate step; and the future of infrastructure.

- (62) As set out, the Commission believes with regard to infrastructure regulation, that the general question of the future regulation of public infrastructure should be addressed within the context of a Green Paper.

However, whilst ensuring the full application by Member States of existing Community legislation and in particular in relation to corporate networks and closed user groups is a priority objective, the Commission also considers that the early use of infrastructures limited to own applications or to provision of capacity for corporate networks and closed user groups could substantially reinforce the effect of this legislation in this area, subject to additional study on the effects of such a measure. Such a measure would be essential for catching up with the United States and Japan particularly in the fields of high speed advanced applications, and the full use of the results of Community research programmes in this area.

This aspect should therefore be included in the first phase.

The Commission also believes that the use of cable-TV networks should be considered for the provision of currently liberalised services, subject to additional study.

(63) With regard to Option 4, the Commission accepts the requirement for close correlation with full liberalisation. The comments have confirmed the urgent need for action in the field of trans-frontier communications and the requirement for rapid development of trans-European networks. Given, however, that on the basis of the consultation, a consensus on full liberalisation - which implies liberalisation of voice telephony between Member States as an integral element - has been achieved, an intermediate step no longer seems necessary, subject to a firm commitment by the TOs and regulators to programmes of adjustment of tariff structures towards cost in order to prepare for such a competitive market.

This leads to the following proposed schedule.

#### **A. Major Steps**

The major steps in the proposed schedule focus around two phases.

##### *First phase (1993 - 1995):*

- ensure full application by Member States of existing Community legislation and, in particular, in relation to corporate networks and closed user groups;
- use of alternative infrastructure for own applications, or provision of capacity for corporate networks / closed user groups, subject to additional study on the effects of such a measure and the establishment of appropriate conditions to reinforce the effect of application of existing legislation in this area ;
- use of cable TV infrastructure for telecommunications services currently liberalised, subject to additional study on the effects of such a measure ;
- accelerated adoption of pending proposals, in particular the proposals in the field of application of ONP to voice telephony and the mutual recognition of licences;
- further development of principles on universal service / interconnection and access charges / licensing, based on experience gained from the implementation of current legislation and proposals;
- accelerated adoption of the proposals in the field of satellite communications; in particular, liberalisation and mutual recognition of licences;
- adaptation plans for accelerated development and special arrangements, where necessary, in order to take account of the situation in the peripheral regions and small or less developed networks; special measures in the context of Community support frameworks, complementing funding from own sources, to accelerate network development and universal service in the peripheral regions;

ensure in the GATS negotiations comparable market access to telecommunications services markets in third countries.

- publication of a Green Paper on Mobile / Personal Communication before 1 January 1994;
- publication of a Green Paper on the future of public network telecommunications infrastructure and cable-TV networks, before 1 January 1995.

*Second phase (1996 - 1998):*

- examination, prior to full liberalisation, of progress on structural adjustment, in particular of tariffs, in those countries experiencing specific difficulties in order to take account of the situation of the peripheral regions and small or less-developed networks, including definition of additional transition periods, where justified, which should not go beyond two years.
- full liberalisation of public voice telephony services by 1 January 1998,;
- working out of a future framework for regulation of public network infrastructure subject to the results of the consultations on the Green Paper on infrastructures.

**B. Timetable for Action**

This translates into the following proposed timetable for action, taking account of the global balance of the approach proposed :

Before 1 July 1993	Council Resolution defining the global objectives for future regulatory change (including commitment by Member States to full liberalisation of voice telephony, subject to the conditions and the transition periods set out);
Before 1 January 1994	Adoption of pending Directives (ONP voice telephony, mutual recognition of licences) and satellite directives package;
	Amendment of Directive 388/90, in order to integrate the objectives of the first phase and prepare the start of the second phase;
	Publication of Green Paper on Mobile / Personal Communication.

- |                       |  |
|-----------------------|--|
| Before 1 January 1995 | Publication of a Green Paper on future regulation of public network telecommunications infrastructure and cable-TV networks.   |
| Before 1 January 1996 | Amendment of the ONP framework, where required, according to the evolution of ONP principles based on the experience of the first phase;   |
| Before 1 January 1997 | Completion of regulatory environment for full liberalisation.  |
| Before 1 January 1998 | Continuing examination, prior to full liberalisation, of progress on structural adjustment in particular, of the peripheral regions and small or less-developed networks, including definition of the additional transition periods. |

## VIII CONCLUSIONS

The consultations on the 1992 Telecommunications Review have demonstrated a degree of consensus amongst all actors in the sector which allows a schedule to be defined for the further regulatory development of the sector up to the end of the decade. The Commission considers the definition of an early and clear schedule is vital for ensuring internal development of the sector. This will also enable the Community to strengthen its position in external negotiations.

Having set a broad basis of reform with the Green Paper on Telecommunications of 1987 and subsequent measures, the Community must now take a further step to prepare its telecommunications sector for the future to the benefit of the user, the European economy and its workforce.

The Commission, in its Communication of November 1990 on industrial policy, made market orientation an essential component of any policy for sectoral development. The Commission considers, on the basis of the consultation, that market orientation and public service in the telecommunications sector are complementary.

The Community has made a substantial contribution to the promotion of the European telecommunications industry in the past, particularly through R&D programmes in the sector. Further proposals have been made in its Communication last July on the equipment industry. Further market orientation and opening will be required to allow the telecommunications sector to realise the full benefits of the Community's programmes and the development of trans-European networks, and of the new instruments created in the context of the Community's growth initiative.

The Commission has welcomed the support the Council has given with its Resolution of 19 November 1992 for the launch of the consultation process; and it welcomes the ongoing work in the European Parliament on the Review.

The Commission transmits this report and draft Resolution to the Council and European Parliament.



**PROPOSAL FOR A COUNCIL RESOLUTION OF [ ] 1993**  
**ON THE REVIEW**  
**OF THE SITUATION OF THE TELECOMMUNICATIONS SECTOR**  
**AND THE NEED FOR FURTHER DEVELOPMENT IN THAT MARKET**

**PROPOSAL FOR A COUNCIL RESOLUTION ON THE REVIEW  
OF THE SITUATION OF THE TELECOMMUNICATIONS SECTOR**

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,

Whereas both Council Directive 90/387/EEC of 28 June 1990 on the establishment of the internal market for telecommunications services through the implementation of Open Network Provision (ONP)<sup>1</sup>, and Commission Directive 90/388/EEC of 28 June 1990 on competition in the markets for telecommunications services<sup>2</sup>, call for a review during 1992 of the conditions under which the Telecommunications sector operates in the Community.

Whereas on 21 October 1992 the Commission submitted to the Council a Communication on the situation in the market for telecommunications services<sup>3</sup>, which assessed, in particular, the competitive situation, progress on harmonisation and restrictions concerning access to telecommunications networks, the effects of those restrictions on the operation of the internal market, and the measures that could be taken to remove those restrictions. Whereas the Commission asked the Member States and interested parties to give their opinions concerning the communication and the proposals contained in it.

Whereas the Commission on 15 July 1992 also submitted to the Council a Communication: Towards Cost Orientation and the Adjustment of Pricing Structures<sup>4</sup>, assessing progress towards cost orientation and adjustment of pricing structures for telecommunications within the Community.

Whereas the European Parliament gave its opinion on both Communications on 20 April 1993.

<sup>1</sup> .....OJ L 192/10, 24.07.90

<sup>2</sup> .....OJ L 192/1, 24.07.90

<sup>3</sup> .....SEC (92) 1048

<sup>4</sup> .....SEC (92) 1050)

Whereas the Council Resolution of 19 November 1992<sup>5</sup> called upon the Commission to consider, in consultation with interested parties, the political, economic, commercial and social implications of the options set out in the Commission communication for the future of the Community telecommunications services market. Whereas the Council requested the Commission on the basis of the consultation to set out a transparent approach and timetable for a future regulatory framework for the Community telecommunications market, so as to allow regulators and operators to plan the necessary adjustments at national level.

Whereas the Council established an Ad Hoc High Level Committee of National Regulators to assist the Commission in this task. Whereas the Council Resolution of 19 November 1992 welcomed the Commission's intention to report to it before the next meeting of the Council of Telecommunications Ministers.

Whereas the Commission has carried out a wide-ranging consultation with all actors in the European telecommunications industry and, in particular, it has received the opinion of the users of telecommunications services, telecommunications operators, equipment manufacturers, service providers, and of the trade unions.

Whereas on the basis of this wide-ranging consultation the Commission has submitted a further Communication to the Council on the outcome of the Consultation on the 1992 Telecommunications Services Review.

#### NOTES AS GENERAL CONSENSUS RESULTING FROM THE CONSULTATION THAT:

1. there is a general conviction that liberalisation of telecommunications services markets is inevitable and necessary as a result of technological and market developments;
2. there is a general requirement for maintaining the financial stability of the sector and safeguarding universal service, while proceeding with the necessary adjustment of tariff structures;
3. it is imperative to have a clear, long term timetable for regulatory changes with defined milestones, up to the end of the decade, in order to give the sector the necessary stability;
4. a realistic approach must be taken involving careful phasing and progress in stages taking account of specific national situations;

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<sup>5</sup> ..... Council Resolution 92/C 8/01 of 19 November 1992, OJ C2 6.01.93, p. 5

5. there is need for full implementation of the current regulatory environment, in particular Directive 90/388/EEC
6. there is general recognition of the value to users, industry and the whole of the European economy of a strong telecommunications infrastructure and of advanced and efficient telecommunications services provided on reasonable terms.
7. the opening of the Community telecommunications market for third countries must be linked to comparable access to such countries' markets.

RECOGNISES AS KEY FACTORS IN THE DEVELOPMENT OF FUTURE REGULATORY POLICY FOR TELECOMMUNICATIONS IN THE COMMUNITY:

1. the rapid adoption of pending proposals for Directives concerning ONP, the implementation of the principle of mutual recognition of national licences and authorisations, as well as proposed measures in respect of satellite services;
2. the definition of universal service principles for telecommunications services, building on existing Directives;
3. the development of an appropriate framework and of adequate principles for interconnection agreements;
4. the definition of access charge principles taking into account in particular the need for tariff rebalancing and the provision of universal services;
5. the independence of TOs for the determination of their commercial policy, subject to appropriate regulation;
6. the need to contribute to the cohesion of the Community, in particular with the development of trans-European networks.
7. the need to take into account the situation of peripheral regions and of very small or less developed networks;
8. the need to take account of changes in the overall employment situation within the telecommunications sector;

9. the definition of a coherent approach to telecommunications infrastructure provision;
10. the establishment of a balanced international environment with effective conditions for access to third country markets comparable to the ones existing in the Community;
11. the development of a clear regulatory framework with an appropriate balance between national regulation and Community coordination, in conformity with the principle of subsidiarity.
12. the need for cooperation, in particular in the field of trans-European services, and the role Community competition rules should play in that respect.
13. the continuing need for a harmonised and open market for telecommunications equipment, subject to comparable and effective access to third countries.

**CONSIDERS AS MAJOR GOALS FOR THE COMMUNITY'S TELECOMMUNICATIONS POLICY IN THE SHORT TERM:**

1. the rapid adoption of legislative proposals in the field of ONP and satellites, together with the full application of existing Community legislation in the field of telecommunications services and ONP, in particular, in relation to corporate networks and closed user groups;
2. enabling the use and provision of alternative infrastructure for such corporate networks and closed user groups, subject to additional study and appropriate conditions ;
3. enabling the use of cable TV networks for the provision of services currently liberalised, subject to additional study ;
4. further development of harmonisation, on the basis of the ONP principles, to extend the existing coverage of such issues as universal service, interconnection and access charges;
5. the development of future Community policy in the field of mobile and personal communications through the publication of a Green Paper on mobile communications;
6. the development of future Community policy in the field of public network telecommunications infrastructure and cable TV networks through the publication of a Green Paper in this area.

CONSIDERS AS MAJOR GOALS FOR THE COMMUNITY'S TELECOMMUNICATIONS POLICY IN THE LONG TERM.

1. the liberalisation of all public voice telephony services, whilst maintaining universal service ;
2. maintaining the balance between liberalisation and harmonisation ;
3. examination, prior to full liberalisation, of progress on structural adjustment, in particular of tariffs, in those countries experiencing specific difficulties in order to take account of the situation of the peripheral regions and small or less-developed networks, including definition of additional transition periods, where justified, which should not go beyond two years.
4. the working out of arrangements for suitable measures and transition periods, where necessary, in relation to specific difficulties encountered by the peripheral regions and small or less developed networks. Such measures, which will be designed to develop networks and ensure the provision of universal service in peripheral regions, should where appropriate be supported from public funds, including the Community's Structural Funds.
5. the working out of a future framework for the regulation of public network infrastructure, on the basis of the result of a broad consultation process following the publication of the Green Paper on infrastructure.

ENCOURAGES THE COMMISSION

in its existing efforts to ensure the full practical implementation of all relevant legislation in the field of telecommunications ;

INVITES THE COMMISSION AND THE MEMBER STATES

to continue consultation, in particular within the framework of the High Level Committee of National Regulatory Authorities set up by the Council in November 1992.

URGES THE MEMBER STATES

- a) to promote the progressive rebalancing of tariffs towards cost-orientation together with the continuing development of universal service
- b) to provide for the necessary financial, organisational and management independence of TOs, in order to allow them to prepare for the competitive environment and take necessary measures in the fields of organisation, development prospects for staff and rebalancing of tariff structures

-

- b) to ensure, where appropriate, that sufficient funds are available from the Community support structures and from their own resources to promote the development of Trans European Networks, and to help peripheral regions and countries with very small or less developed networks sustain their programmes of investment in telecommunications networks and services.

**NOTES THE TIMETABLE PROPOSED BY THE COMMISSION**

in its Communication, in order to ensure a phased and progressive implementation of the objectives set out, based on the framework of existing Community measures.

**REQUESTS THE COMMISSION TO REPORT TO THE COUNCIL AND THE PARLIAMENT:**

on the progress made with regard to the implementation and effects of the above measures before the end of 1994.



**LIST OF CONTRIBUTORS**  
**(BOTH WRITTEN AND ORAL COMMENTS)**  
**TO THE 1992 TELECOMMUNICATIONS SERVICES REVIEW**

PARTICIPANTS AT THE HEARINGS ON  
THE 1992 TELECOMMUNICATIONS SERVICES REVIEW

Round Table for the Chairmen of Operators

Administration P&T (Luxembourg)  
Belgacom  
BT

Companhia Portuguesa Radio Marconi  
Deutsche Bundespost TELEKOM  
France Telecom  
Mercury Communications  
OTE  
PTT Nederland  
STET  
Telecom Eireann  
Telecom Portugal  
Tele Denmark  
Telefonos de Lisboa e Porto  
Telefónica de España

Hearing for Users of Telecommunications Services

American Chamber of Commerce in Belgium  
American Express Europe  
Association Française des Utilisateurs du Téléphone et des Télécommunications  
Bureau Européen des Unions de Consommateurs  
CALL (France)  
Club Informatique des Grandes Entreprises Françaises (CIGREF)  
Confederation of European Computer Users Associations  
Danish Shippers Council  
Daten Zentrale Schleswig-Holstein  
Deutsche Bundesbahn  
Du Pont de Nemours  
European Council of Telecommunications Users Associations  
European Information Industry Association (Luxembourg)  
Eurocontrol (Belgium)  
Eutelis T.M.C. (Belgium)  
GE Technical Services (The Netherlands)  
IEM Europe  
ICI plc (UK)  
International Chamber of Commerce (France)  
INTUG Europe  
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Shell International (UK)  
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Telecom Managers Association (UK)  
Time Warner Europe (Belgium)

UNICE  
Volkswagen (Germany)

**Hearing for Telecommunications Service Providers**

AID (France)  
American Chamber of Commerce in Belgium  
Cable and Wireless plc (UK)  
Dansk MobilTelefon  
Electracom (UK)  
ENEL spa (Italy)  
Esat (Ireland)  
European Telecommunications Services Association (ETSA)  
Eutelsat  
Federation des constructeurs et installateurs agrées d'équipements téléphoniques (Belgium)  
Gaz de France  
HIT Rail (the Netherlands)  
IBM (Germany)  
INFONET  
Inmarsat  
NYNEX (US)  
ONP - CCP  
Pacific Telesis International (US)  
Reuters (UK)  
SITA (France)  
Société française de Radiotéléphone  
Société Nationale des Chemins de Fer Français  
Sonofon (Denmark)

**Hearing for Manufacturers of Telecommunications Equipment**

Alcatel (Spain)  
Alcatel Bell (Belgium)  
Alcatel Network Systems (Belgium)  
Alcatel Alsthom (France)  
ANIE (Italy)  
ANIE (Spain)  
Ascom (Switzerland)  
ATEA (Belgium)  
AT&T-MSI (the Netherlands)  
Danish Electronics Industry Association  
Digital Equipment (France)  
Digital Equipment (Germany)  
ECTEL  
EEA (UK)  
Ericsson (Sweden)  
Eurobit  
Fabrimetal (Belgium)  
GPT (UK)  
IBM (Belgium)  
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ICL Europe  
IT Round Table  
Italtel (Italy)  
Metelcom (the Netherlands)

Nokia Telecommunications (Finland)  
 Northern Telecom Europe (Canada)  
 Philips (the Netherlands)  
 Siemens AG (Germany)  
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### Hearing for the Trade Unions in the Telecommunications Sector

Eurofedop - CVCC (Belgium)  
 CGSP Telecom (Belgium)  
 DTF (Denmark)  
 CFDT (PTT) (France)  
 CGT (PTT) (France)  
 Communications Workers Union (Ireland)  
 FCTA/CGTP (Portugal)  
 SINDETELCO (Portugal)  
 CCOO FETCOMAR (Spain)  
 UGT FETTC (Spain)  
 Post, Telegraph and Telephone International (Switzerland)  
 STE (UK)  
 NCU (UK)

The trade unions above, together with the trade unions listed below, also presented their position prior to the hearing at the meeting of the Joint Committee on Telecommunications on 21 January 1993.

FSPTT-FO (France)  
 OME-OTE (Greece)  
 Deutsche Postgewerkschaft (Germany)  
 Eurofedop (Germany)  
 FILPT (Italy)  
 UIL/telecomunicazioni (Italy)  
 Abvakabo (the Netherlands)  
 KPN (the Netherlands)

<b>WRITTEN CONTRIBUTIONS          ON THE 1992 TELECOMMUNICATIONS SERVICES REVIEW</b>
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Alliance Internationale de la Distribution par Câble (France)  
 American Chamber of Commerce in Belgium  
 American Chamber of Commerce in Germany  
 Antelope Consulting (UK)  
 Asociación Española de Usuarios de Telecomunicaciones (Spain)  
 Association Française des Utilisateurs du Téléphone et des Télécommunications  
 Association of British Insurers (UK)  
 Associazione Nazionale Utenti Italiani di Telecomunicazioni (ANUIT)  
 AT&T (USA)  
 Belgacom  
 British Petroleum (UK)  
 BT  
 BTG - Nederlandse Vereniging van Bedrijfstelecommunicatie Grootgebruikers  
 Bureau Européen des Unions de Consommateurs (BEUC)

BVB - Bundesverband Büro und Informations-  
 Systeme e.V. (Germany)  
 Cable and Wireless plc (UK)  
 Club Informatique des Grandes Entreprises Françaises (CIGREF) - (France)  
 Conseil National du Patronat Français  
 Compagnie Générale des Eaux (France)  
 Confederation of Danish Industries  
 Consumers in the European Community Group (UK)  
 CPR Marconi (Portugal)  
 Dansk Dataforening (Denmark)  
 Danmarks Reederforening (Danish Shipowners Association)  
 Deutsche Bundespost Telekom  
 Deutscher Industrie und Handlungstag  
 Deutsche Telekom e.V.  
 ECTEL - The European Telecommunications and Professional Electronics Industry  
 ECTUA - European Council of Telecommunications User Associations  
 Electronic Data Systems (EDS) (UK)  
 Engineering Electronics Association (UK)  
 EFTA Experts  
 Electracom (UK)  
 Esat (Ireland)  
 ETNO - European Telecommunications Network Operators General Assembly  
 Erhvervenes Transportudvalg (Danish Shippers' Council)  
 Eurobit - European Association of Manufacturers of Business Machines and Information  
 Technology Industry  
 Fédération des constructeurs et installateurs agréés d'équipements téléphoniques (Belgium)  
 Finansradet ((Danish Bankers Association)  
 France Telecom  
 Gesamtverband der Deutschen Versicherungswirtschaft  
 GE Technical Services (the Netherlands)  
 Hermes Europe (the Netherlands)  
 International Chamber of Commerce (France)  
 International Chamber of Commerce, United Kingdom Committee on Computing,  
 Telecommunications and Information Policy  
 INTUG Europe  
 Information Technology Industry Round Table  
 Kingston Communications (UK)  
 Kontor & Data (Association of Office and Computer Equipment) (Denmark)  
 Landbrugsraadet (Agricultural Council of Denmark)  
 Lloyds of London (UK)  
 Colin Long (UK)  
 Luxembourg Administration Postes et Telecommunications  
 Mercury Communications (UK)  
 NetCom GSM (Norway)  
 Northern Telecom (Canada)  
 ONP-CCP  
 OTE  
 Pacific Telesis International (US)  
 PTT Nederland  
 Reuters (UK)  
 Syndicat des Fabricants de Matériels Informatiques et Bureautiques (SFIB) (France)  
 Société Française du Radiotéléphone (SFR)  
 SITA (France)  
 Société Nationale de Chemin de Fer Français (France)  
 STET  
 Sprint International (UK)  
 Telecommunications Users Association (UK)  
 Telecom Eireann

Telecom Portugal  
Tele Denmark  
Telefonos de Lisboa e Porto (TLP)  
Telefónica de España  
The Oil Industry International Exploration & Production Forum (UK)  
UNICE  
Unilever plc (UK)  
US Council for International Business (US)  
US West (USA)  
Vereniging van Exploitanten en Machtiginghouders  
Volkswagen

ISSN 0254-1475

COM(93) 159 final

# DOCUMENTS

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15 10

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Catalogue number : CB-CO-93-216-EN-C

ISBN 92-77-55601-3

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Office for Official Publications of the European Communities  
L-2985 Luxembourg