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RECOMMENDATIONS ON TELECOMMUNICATIONS

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RECOMMENDATIONS ON TELECOMMUNICATIONS

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RECOMMENDATIONS ON TELECOMMUNICATIONS

A. EXPLANATORY MEMORANDUM

Introduction

In its Communication to the Council on New Information Technologies (Doc. COM 650/79) the Commission drew attention to the vital importance of an efficient telecommunications infrastructure for the new information technologies.

Efficient, low cost communication is essential to support the vast range of new services, ranging from electronic mail to videotext and data-communication, made possible by the new technologies. New low-cost transmission technologies (glass-fibres, satellites) together with digital switching and transmission offer the technical means.

The new services that are coming into existence must be increasingly transnational in character, for the world of multinational business, trade and industry offers major markets for many of the new applications.

They thus offer an essential infrastructure for the economic development of the European Community, providing not only an essential tool for the growth of industry and services but potential energy-saving alternatives to transport of people, a vital tool of regional development and swifter and cheaper communications between individuals throughout Europe.

The rapid development of such new services and of the communications infrastructure that must support them is also essential to the development of the largest new markets for "telematic" equipment. The telecommunications administrations themselves are major purchasers of equipment (their purchases were worth some 4,500m UA in 1976) with an estimated annual growth rate of 5 to 6 per cent and in future their purchases will increasingly centre round digital products making use of advanced micro-electronic components and systems technology.

More important, in terms of markets, is the vast potential new market for terminals and all types of intelligent equipment, ranging from computers to television sets with processing capability that will be attached to the network. In the United States, retail sales of data communications terminals (excluding modems and teleprinters) had risen to about 1 billion \$ in 1979 and for processors to 3.9 billion \$.

In Europe the market is much smaller, but it could, if opened up, develop enormously.

Already in 1977 the volume of the world market for traditional telecommunication terminals was put at about 7,300m UA, nearly equal to the market for public switching equipment.

The new telematic terminal market will in addition include a vast range of other devices from wordprocessing equipment to intelligent TV.

Considering that about 2/3 of the telecommunications world market is in North America and Western Europe it can be expected that with the estimated future annual growth rates in these regions the telematic terminal market is likely to far exceed the combined market for switching and transmission equipment.

Today, however, neither Community-wide services, nor a Community-wide market for terminals or other telecommunications equipments exist. A century of cooperation has enabled the telecommunications administrations to link together their separate and different telephone networks so that the user can telephone internationally without knowing the difference. No such facility exists for the new telematic services and standards. He cannot plug a terminal in one country into the public network and automatically obtain communication with another, nor can he move a terminal which can be plugged in in Strasbourg and plug it in in Brussels.

The situation in the United States is strikingly different. Continent-wide standards have been created by the common carrier, AT and T, and by the Federal Communications Commission. Terminal users have for some years had the right, as well as the technical possibility, to plug into the common carrier network and obtain Continent-wide communication.

A new situation is, however, emerging with the planned development by all European telecommunications administrations of new Integrated Services Digital Networks, that is to say networks using digital transmission switching and offering to the customer through one interface a range of services for voice, video and data communication.

This fundamental change brings both a unique opportunity and a unique need for harmonisation. The complexity of the new systems means that in a Europe of separate national technologies and systems many of the new services simply could not be offered on an international basis to customers. At the same time the move to a new and fast-changing technology and a new conceptual approach to network design offers a fresh opportunity for harmonisation of both networks and services and eventually of the functional characteristics and interfaces of equipments in a way which could permit the creation of a European market for new generations of equipment.

The telecommunications administrations have, during the last three years, increasingly recognised the fundamental importance and value of this ^{harmonisation} work. Following the meeting of the Council of Ministers of Telecommunications in December 1977, the Commission established, together with the telecommunications administrations, a Working Group on Future Networks, which recommended to the administrations urgent work in the field of local digital networks and a method of approach to the wider harmonisation necessary for Integrated Services Digital Networks (ISDNs). They have established, in the framework of the European Conference of Post and Telecommunications Administrations (CEPT), and the CCITT, major new work programmes designed to harmonise the functional characteristics of the new networks and services.

The CEPT has established a new Specialised Group "Integrated Networks" assisted by a Permanent Technical Nucleus to undertake the work.

These efforts, however, require a significant investment of scarce resources, above all of skilled people, and much tenacity on the part of the telecommunications administrations. Even if a harmonised approach to the functional description and definition of the new networks is achieved, moreover, the administrations will still have to implement the recommendations that emerge for CEPT and CCITT in a common way. They have to do this in the context of the different national services, technologies and procedures inherited from the past and in the presence of inevitable competitive commercial interests which may diverge.

For these reasons the Commission is submitting to the Council a draft recommendation on the implementation of harmonisation in telecommunications designed to provide political backing for the work.

A second draft recommendation seeks Council endorsement for the creation of a Community-wide market for terminals.

In the world of traditional telephony the terminal (a telephone set) was normally supplied by the telecommunications administrations. In the new world, in which hundreds of different types of terminal are available or conceivable, the full potential of the market can only be exploited to the benefit of users if, not only the administrations, but private industrial firms with all their diversity and possibilities of innovation, are able to offer terminal products to the customer.

Within the Community, a number of national Governments have already recognised the need for a new national policy which opens up the market for new "telematic" terminals. For users and suppliers to obtain the full potential of the European market, this concept needs to be applied to the Community as a whole. A Community market can offer users the widest benefits of innovation and choice and offer suppliers of new terminals the economies of scale which can enable them to write off rapidly the costs of development and investment in new products.

A third draft Recommendation provides for a first experimental phase of opening up the general market for equipment procured by the administrations, and a fourth for establishing the necessary arrangements for the Commission to monitor and liaise with these developments.

A more detailed explanation of these texts, which have been the subject of thorough consultation with the telecommunications administrations, is annexed.

CONCLUSION

The development of a competitive low-cost telecommunications network in Europe, offering a range of new telematic services, and a Community-wide market to European industry, could make an important contribution to the development of the Community's economic life in the digital electronic age.

The measures proposed in this communication will not engender an ideal situation overnight. In the view of the Commission, they will, however, offer a major step forward towards this goal, closely attuned to what is practical in the complex world of telecommunications.

Moreover, both in the field of harmonisation and in the field of industrial development and markets, they can help the Community to become a more effective and positive force in the world at large.

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B. TEXT OF RECOMMENDATIONS

I. COUNCIL RECOMMENDATION

concerning the implementation of harmonization in the field of telecommunications

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

resolved to achieve the two objectives :

- a range of harmonized "telematic" services offering users throughout Europe the chance to communicate with each other efficiently and economically; (1)
- the creation of a dynamic Community market for the new generations of equipment;

aware that the introduction of the new integrated services digital networks (ISDNs) by all the Community telecommunications administrations offers a unique opportunity for the harmonization that is essential to achieve these objectives;

resolved to support the Community telecommunications administrations in the urgent programmes of harmonization established in the Conférence européenne des Administrations des Postes et Télécommunications (CEPT) and the Comité consultatif international télégraphique et téléphonique (CCITT) and to assist them in ensuring that the necessary resources, particularly of skilled manpower, are available to them;

(1) The word "telematic" derives from the combination of the words "telecommunications" and "informatics". It applies to all those services, systems, equipment and products which are based on the use of electronic techniques of information, i.e. digital processing and communication.

The word "telematic" is a generic term and does of course not refer to any particular commercial product under that name.

hereby recommends that the telecommunications administrations of the Member States should:

- (1) consult with each other, preferably in the framework of CEPT, well before they introduce any new service, with a view to establishing common guidelines so that the necessary innovation takes place in a form compatible with harmonization;
- (2) ensure that the new services that are introduced from 1983 onwards are introduced on the basis of a common harmonized approach, so that compatible services are offered throughout the Community, taking into account the progress of work in CEPT and CCITT;
- (3) from 1985 onwards, when they order digital transmission and switching systems that are designed for progressive integration of services, do so on the basis of harmonized equipment;
- (4) ensure that the Commission is regularly informed of the progress of work in CEPT.

The Commission shall, in consultation with the telecommunications administrations of the Member States, review progress regularly with them and report back by January 1985 on the progress made towards these objectives and on any supplementary measures necessary to ensure their fulfilment, and submit, when necessary, appropriate proposals to the Council in order to ensure implementation of harmonized networks, services and equipment on a common basis throughout the Community.

II. COUNCIL RECOMMENDATION

on the creation of a Community market for telematic terminals

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

whereas it is the general objective of Community policy that, in the 1980s customers throughout the Community should be free to purchase or lease any new types of telematic terminal equipment from either suppliers on the market or from the Community telecommunications administrations if they wish to supply such equipment, and be able to operate them using the public network, insofar as they are type approved and the existing operational regulations are fulfilled;

whereas, such telematic terminal equipment does not include telephone sets for main stations, Private Automatic Branch Exchanges (PABXs) for traditional telephony, conventional teleprinter machines and initially modems not forming part of terminal devices;

whereas the creation of a competitive terminal market of this kind in the Community would be complementary to the maintenance of the telecommunications administrations' monopoly in telecommunications networks including all types of switching and transmission (terrestrial and satellite), which would enable them to continue to provide Europe in future with a modern and cost-effective common carrier infrastructure;

whereas these arrangements are aimed at creating an open market, in particular for suppliers who manufacture within the European Community,

hereby recommends that the telecommunications administrations of the Member States should

- (1) establish appropriate arrangements to ensure that their "type approval" procedures do not restrict intra-Community trade or act as a barrier to equality of opportunity for suppliers and that they should report back to the Commission on the arrangements they are making or intend to make to achieve these objectives by the end of 1981;

(2) implement these arrangements by ensuring that :

- after an initial starting phase of the implementation of the arrangements, type approval procedures are completed in each Community market within a fixed period of time, which should not exceed six months;
- the detailed adaptation or testing required by each administration does not discriminate between suppliers and is not significantly more complex or costly than that required by another administration;

(3) as from the beginning of 1981, when procuring themselves telematic terminal equipment, provide opportunities for manufacturers from other Community countries to make offers, making use of their own normal procedures;

(4) establish regular consultation arrangements with the Commission in order to ensure that the objective of an open market in particular for suppliers who manufacture within the Community is being achieved without undesirable consequences for the pattern of Community trade with the outside world.

III. COUNCIL RECOMMENDATION

concerning the first phase of opening-up of public telecommunications markets

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Whereas with a view to implementing the basic Treaty commitment to create a common market, the Council Declaration of December 1976 invited the Commission to propose "measures whereby supply contracts awarded by the bodies in Member States responsible for telecommunications services can become subject to effective competition at Community level, on a reciprocal basis";

Whereas the programme of harmonisation now being undertaken by the telecommunications administrations within the framework of CEPT should open up growing possibilities for such cross frontier purchasing during the 1980s;

whereas this recommendation is made without prejudice to the applicability of the rules of the Treaty, especially Articles 30 and 86,

hereby recommends that the telecommunications administrations of the Member States should :

- (1) initiate a first experimental phase of action during which all Community telecommunications administrations will gain experience of inviting tenders from other Community countries on a non-discriminatory basis for at least a minimum proportion of their purchases;
- (2) in the years 1981 to 1983, when procuring equipment and supplies, making use of their own procedures, seek competitive proposals from suppliers who manufacture in other Community countries for at least 10 per cent of their annual orders in these years taken together, in addition to the telematic terminals for which they seek offers from other Community countries under the arrangements agreed in Council Recommendation No . . . on the creation of a Community market for telematic terminals;
- (3) report to the Commission at the end of each year, starting at the end of 1981, on the measures they have taken to implement this policy (including, in particular, calls for proposals from other Community countries), their practical effects, the problems encountered and any further action needed.

The Commission shall monitor the progress of
intra-Community tendering and trade and report to the Council in
1984 on the further steps needed to ensure a progressive enlargement
of effective competition at Community level.

IV. COUNCIL DECLARATION

concerning the Recommendations on telecommunications

THE COUNCIL OF THE EUROPEAN COMMUNITIES

hereby invites the Commission

1. to establish an Advisory Liaison Committee between the Commission and the Community telecommunications administrations, with the tasks of monitoring and ensuring the effective implementation of the Recommendations on telecommunications, and in particular:
 - monitoring the implementation of the harmonization of new services, networks and equipment;
 - monitoring progress on the establishment of European markets (terminal and other);
 - identifying industrial policy problems in these areas;
 - identifying actions needed (whether procedural, technical or other) to ensure the success of the policies.
2. to consult with interested industry and users on these matters in order to ensure that account can be taken of their views.
3. and to report regularly to the Advisory Committee on Public Contracts established by the Council in July 1971 on progress in relation to intra-Community tendering and purchasing.

DETAILED EXPLANATION OF THE RECOMMENDATIONSRECOMMENDATION I : IMPLEMENTATION OF HARMONIZATION

This Recommendation aims at the achievement of two main objectives :

- the provision of a range of harmonised "telematic" services offering users throughout Europe the possibility to communicate with each other efficiently and economically, and
- the creation of a dynamic Community market for the new generation of equipment.

It may be useful to define the word telematic, as used in the context of this Recommendation.

The word "telematic" derives from the combination of the words "Telecommunications" and "Informatics". It applies to all those services, systems, equipment and products which are based on the use of electronic techniques of information, i.e. digital processing and communication.

A stand alone TV set cannot be considered to be a "telematic" terminal, nor can a telephone set for main stations with no facilities other than the ability to dial another subscriber and to exchange a voice conversation.

However a TV receiver equipped with a supplementary device enabling it to access data banks via a telecommunication network (videotex) can be considered to be a "telematic" terminal.

The word "Telematic" is a generic term and does, of course, not refer to any particular commercial product under that name.

After stating objectives, the Recommendation goes on to spell out the commitments which the Council is asked to recommend to the administrations to implement these goals.

The idea of a common implementation of the harmonisation recommendations of CEPT and CCITT concerning new services and equipment was first brought forward in section 3.2.1. of doc. COM(79) 650 final of 26 November 1979. Subsequent discussions have shown that all Community telecommunications administrations feel that a Council statement which stresses the importance of harmonisation in the field of new services and integrated services digital networks and which gives support for the work of harmonisation within CEPT and the provision of the necessary resources will be helpful and desirable. However, it was concluded that the Council should not set up strict commitments and time tables at this stage which impose harmful rigidity.

For these reasons, the proposed recommendation establishes objectives for the implementation of harmonisation which the administrations will endeavour to achieve and which are closely related in timing to the proposed programme of work in CEPT and in CCITT. However, instead of a binding commitment to achieve these, the Commission and the administrations will review progress continuously and a "rendez-vous" or review point will be established (in 1984), at which point the Commission will report to the Council and propose any further measures necessary to the fulfilment of the agreed aims.

Discussion with the telecommunications administrations also threw light on the implications of the first and second insets of the Council Recommen-

dation, concerning the introduction of new services. The first inset which invites the telecommunications administrations to consult together before they introduce any new service refers to the need, prior to the establishment of fully harmonised specifications and services, to avoid damaging new divergence which might prejudice the later development of a harmonised approach. Here there is a need to balance two requirements. On the one hand administrations must be free to innovate new services. Indeed, new pilot services are to be welcomed.

On the other hand, the consultation envisaged must not be a mere information, given too late to affect policy or to permit any genuine effort to introduce those common characteristics into a new commercial service which would enable it later to form part of a harmonised service and permit subscribers to obtain international communications with ease.

It is therefore essential that the consultations take place, if not at the beginning of the planning phase, at least well in advance of commercial or policy decisions on the introduction of a commercial service. This can enable engineers and those concerned with markets, in the different countries, to exchange ideas and prepare in time the minimum necessary common characteristics. It is for the administrations to choose the appropriate moment and framework for such discussions (the Working Group "Services and Facilities" (SF) of CEPT offering one of those); what is required is a genuine commitment to consult and seek a common approach at policy level - not a mere technical consultation.

The commitment to endeavour to introduce new services, from 1983 onwards, on the basis of a common harmonised approach (inset 2) is fundamental in character.

The work being undertaken by the new Specialised Group "Integrated Networks" of CEPT assisted by a Permanent Technical Nucleus will provide the potential basis for this approach, in so far as it establishes common characteristics for the new networks.

But the commitment to endeavour to offer new services on a common harmonised basis implies a further major effort of collaboration : a techni-

cal effort to define the new services together, a policy effort to implement them in a common way, and the pooling of market studies with a view to the best joint approach to the market. The challenge of external competition, for instance from multinational companies, will make this an urgent task.

These policy consultations are something for the telecommunications administrations themselves to undertake as a regular and growing part of their joint activities.

However the proposed new Advisory Liaison Committee mentioned in Recommendation IV to be set up between the Commission and the administrations will provide a forum at Community level where progress can be reviewed and new initiatives taken if, for any reason, these consultations do not achieve the objective set out in the Council Statement.

The effective implementation of inset (3), inviting the administrations to implement only harmonised equipment in the new integrated services digital networks, as from 1984, will depend in some measure on the level of harmonisation reached in CEPT. This will be a matter for careful attention. This inset is of fundamental importance for the development of a Community market for the new generations of equipment.

RECOMMENDATION II : CREATION OF A COMMUNITY MARKET FOR NEW TELEMATIC
TERMINALS

The draft recommendation on the creation of a Community market for new terminals sets out the general objective, for the 1980s, that customers throughout the Community should be free to lease or purchase any new types of telematic terminal equipment from either suppliers on the market, or from the Community telecommunications administrations, if they wish to supply such equipment.

Given the variety of historical background and policy in the Member States, this objective cannot be pursued in a rigid way; there will be exceptions in particular cases in individual countries. Nonetheless, in the new telematic era, in which an increasingly wide variety of terminals can be supplied by industry, this represents an appropriate general policy for the Community as a whole.

The draft recommendation then provides for specific actions by the administrations to ensure that this competitive terminal market is opened up within the Community on a non-discriminatory basis, in particular by liberalising "type-approval" arrangements, and by inviting tenders from other Community countries when the administrations themselves procure terminals.

Further explanation is needed on three aspects of these commitments :

- definition of terminals
- type approval
- maintenance.

1. Definition of terminals

This matter is closely related to an understanding of the future scope of the PTT monopoly.

The Telecommunications Commission of CEPT, at its Ostende meeting in 1979, took the view that in principle the monopoly of the telecommunications administrations should cover the transmission of information between subscribers, whatever the switching technique (circuit, message or packet switching) or the transmission link (terrestrial, satellite) used. This defines the telecommunications network, which extends up to a termination at the users premises.

This termination interfaces any approved equipment that is connected by the user to the network and can ensure the proper functioning of the network on one side and the "terminal" equipment on the other (user's)

side.

The definition of the termination and the interface is, however, not always clear with sophisticated equipment such as Private Automatic Branch Exchanges, (PABXs), data transmission equipment etc.

For PABXs a distinction is drawn between those used for traditional, mainly analogue telephony which may, on occasion, in future remain within the monopoly of supply of the telecommunications administrations, and digital PABXs providing a much wider range of telematic services and facilities; these latter fall naturally within the scope of the liberalised terminal market.

For data transmission equipment a distinction can be made between data terminal equipment (DTE) and data circuit terminating equipment (DCE).

For data transmission applications, there is at present no common practice amongst the telecommunications administrations on the DCE (Data Circuit Terminating Equipment, i.e. a modem or similar device. Some of them leave the supply of modems to the private sector and terminate the network at a standard plug. A majority, however, treats DCEs as the terminating element of the network, which should remain property of the PTT administration. On the other hand all agree that any computer, electronic data processing device or any kind of message or data equipment on the users premises constitutes a DTE (Data Terminal Equipment) and should be considered as the subscriber element, or the "terminal", that the user is free to procure on the market.

In future, however, there may be an increasing number of instances where the modem is incorporated in a complex terminal set and the problem must be further studied. In such cases, the network terminating point could be provided by a special element (like a chip-mounted microprocessor) which would match a number of needs or characteristics of the user's terminals with those of the network.

For practical purposes, and to avoid contention, it is therefore proposed to exclude modems not forming part of terminal devices from the scope of the recommendation concerning terminals, at least for the present.

For a satellite link the word "terminal" is commonly used to mean the antenna and the whole transmitting and receiving radio equipment of the earth station. This equipment is obviously part of the network and must remain property and responsibility of the Administration. In this respect the interface with the user can be found in a suitable input/output point at the subscriber's premises. Moreover, the Administration must retain the control of the operating procedures of any network links including satellites, so as to be in a position to guarantee full compatibility for possible future mixed or alternate terrestrial connections.

A first task of the administration in undertaking the work agreed in inset (1) will be to arrive at an agreed definition of terminals for the various applications.

2. Type approval

"Type approval" procedures are those procedures and tests which each given type of terminal equipment must pass before it is agreed by an administration that it can be attached to the public common carrier network.

These procedures are necessary to ensure the efficient functioning of the network, but if innovation is to flourish, they need to be as liberal as possible and a Community market cannot be created if they discriminate or become a hidden form of protection. The procedures need to be rapid and as simple as possible.

The reciprocal liberalisation of type approval arrangements is therefore recognised in insets (1) and (2) of the Recommendation as being essential to the creation of Community market for new telematic terminals. It is envisaged that the administrations will report back to the Commission within a year on measures for achieving this.

The work to be undertaken by them will be substantial.

It appears at present that these tests and procedures do not necessarily cover the same range of characteristics and criteria in all administrations. Some of these (though the list is not exhaustive) are :

- 1. interfaces with the network
- 2. undesired interference with the network (disturbances in the network caused by terminals)
- 3. technical quality of the terminal (essential for satisfactory operation and quality of service)
- 4. terminals which do not have the required characteristics or provide facilities which use the network in a way not intended by the administrations
- 5. reliability of the equipment (long term reliability)
- 6. safety requirements (e.g. with respect to radiation, toxicity etc.)

The criteria to be studied in type approval procedures depend on whether the PTT will be responsible for the service associated with the equipment. For instance technical quality and reliability will not be criteria if an independent supplier is providing service but safety, interference and interface conditions must still be approved.

Of particular interest is item 4 in this list which gives rise to the question whether type approval is (or should be) concerned only with technical/operational characteristics or will (or should) also comprise performance characteristics (additional or missing facilities).

It should be possible to move rapidly towards reciprocity and mutual help

in the type approval of technical characteristics.

It should be the objective also to achieve a harmonised, liberal approach on the second case (performance characteristics) but it is recognised that this may require more time, since it involves general policy.

Amongst the methods to be considered for achieving the goal indicated insets (1) and (2) (i.e. non-discriminatory type-approval) are :

- after adoption of common criteria for type approval, mutual recognition by others of type approval given by one administration, perhaps with the exception of certain specific limited adaptations required because of differences in the network
- harmonisation of procedures for type approval and permanent coordination arrangements.

Type approval procedures by the authorised body in the country of origin should be accepted by all countries as the starting point and the basic part of the procedure. Even if in some countries this type approval may not be considered as a satisfactory substitute for the national traditional procedure, it is suggested that foreign Administrations recognise as valid most of the work already carried on in the country of origin and add only those tests and inspections that are related to the network conditions and operating requirements of their country.

To achieve effective equality of opportunity, the manufacturer should receive assurances that the type approval delay does not exceed an agreed time limit, either for approval, or request for further information or changes, or for rejection. In these later cases the reasons for the decisions should be clearly explained.

The time limit proposed, within which type approval should be accomplished, is six months. However, one must recognise that there may well be a flood of applications in early phases of terminal provision liberalisation. For

this reason the recommendation allows for an initial period of adaptation.

It should be avoided that the burden of type approval work for an Administration grow to an excessive extent so as to create damaging backlogs with respect to progress towards the objectives set. To avoid this, special measures could be envisaged (type approval charge, allocation among suppliers of a limited number of type approval requests per month, etc.)

Eventually the creation of a common type approval centre for particular types of terminals might be considered, perhaps based on an existing centre in an administration but staffed by experts from the various Member States. Different administrations would then tend to become primary centres for a particular type of terminal with the other national centres as secondary centres.

In order to implement the specific commitments set out in insets (1) and (2) of the draft Recommendation II and against the background of the explanation given in Section 2 above, it is expected that the administrations will themselves establish appropriate working groups or other joint arrangements, which could exchange information, establish criteria and work out the most practical working methods offering Community-wide equality of opportunity in the field of type approval.

It is proposed that the administrations report back to the Commission on the actions they intend to take by the end of 1981.

The Advisory Liaison-Committee between the Commission and the administrations will provide a policy forum which can review progress and ensure that appropriate initiatives are taken if problems arise.

3. Maintenance

In order to ensure that customers are properly served, it will be necessary to define clearly the arrangements made for maintenance of such terminals. As a general rule, the supplier of a terminal should be in a

position to assure its correct functioning throughout its expected lifetime.

Normally the supplier takes care of the maintenance through its own commercial organisation or similar organisations of agents and dealers.

In a free competitive market, however, there may be occasions when a supplier may wish to subcontract maintenance to another organisation, e. the telecommunications administration, with its large maintenance force.

To be sure that the maintenance service is performed as required in a foreign country, it is suggested that the proposed maintenance arrangements be described by the supplier as part of the type approval documentation.

It will be the responsibility of the administrations to establish practical interface arrangements which protect the network and ensure that the location of faults is established (in the terminal or in the network) thus enabling the various responsibilities to be effectively carried out.

However, for certain types of telecommunications terminals that have to interwork with the public network in such a way as to perform auxiliary or complementary functions (such as a PABX with switching - through facilities), it may prove necessary for the Administrations to retain certain rights (from technical supervision to full maintenance of the terminal equipment), in order to be sure of the full compatibility with and the same reliability as the public network.

4. Community trade with the outside world; fair competition

Inset (4) explains that the arrangements for creating an open market in terminals are aimed at creating an open market for suppliers who manufacture within the European Community, and establishes consultation arrangements to ensure that the objective is achieved without undesi-

rable consequences for the pattern of Community trade with the outside world.

Suppliers from outside the Community will be covered by existing arrangements. The GATT Agreement on Government Procurement does not cover public purchasing by telecommunications services. The EEC also signed an agreement on Technical Barriers to Trade which provides that standards and type approval be applied on a non-discriminatory basis between signatories.

The Council adopted an implementing Decision in January 1980 which provides, in general terms, that type approval should not discriminate, except when other partners do not reciprocate.

Within the Community, the Recommendations, moreover, evidently must not prejudice the basic responsibility of the Commission for ensuring that the various articles of the Treaty and, in particular, Articles 37, 85 and 86 concerning competition, are enforced. Indeed the creation of a competitive market for terminals, in which a range of suppliers, including both private industry and public administrations, compete, will also place new responsibilities on the Commission for ensuring that competition between the various parties in this new market place is fair and not distorted.

RECOMMENDATION III : FIRST PHASE OF MARKET OPENING

With a view to implementing the basic treaty commitment to create a common market, the Council Declaration of December 1976 invited the Commission to propose "measures whereby supply contracts awarded by the bodies in Member States responsible for telecommunications services can become subject to effective competition at Community level, on a reciprocal basis."

The Declaration also recognised that such measures would have to take effect gradually, and be related to the progress of harmonisation in CEPT.

Since the Declaration, the Commission has carefully explored, with the PTTs, the question whether and in what form some legally binding procedure could further this objective. Practical considerations, and the complexity of the subject mean that, at least in an initial phase, the most practical means of doing so is not to institute new procedural rules but to place responsibility on the telecommunications administrations for achieving the objective of enlarging their economically useful sources of supply by widening the scope of their calls for tender on a non-discriminatory basis to other Community countries.

The programme of harmonisation now being undertaken by the telecommunications administrations within the framework of CEPT should open up greater possibilities for such cross frontier purchasing during the 1980s. To prepare for these opportunities, a first experimental phase of action will be initiated during which all Community telecommunications administrations will gain experience of inviting tenders from other Community countries on a reciprocal basis for at least a minimum proportion of their purchases.

The Draft Recommendation then invites the administrations, making use of their own procedures, in the years 1981 to 1983, when procuring equipment and supplies, to seek competitive proposals from suppliers who manufacture in other Community countries for at least 10 per cent of their annual orders in these years taken together, in addition to the terminals for which they seek offers from other Community countries under the arrangements proposed in Recommendation II.

There are of course a number of administrations who already invite tenders for a larger proportion of their supplies; there are others, however, for whom this would represent a significant step forward.

The procurement of equipment and supplies referred to above does not include buildings and the installation of equipment and cables. It is proposed that invitations for proposals for the supply of new telematic terminal equipment to the administrations, referred to in Recommendation II, may not be included in the minimum figures of 10 per cent quoted above.

However, invitations to tender for telephone main stations, PABXs for traditional telephony, conventional teleprinter machines and, initially, modems (not forming part of terminal devices) may be included in the 10 per cent as can non-specific equipment.

Though the Recommendation suggests that the administrations make use of their existing procedures when inviting suppliers from other Community countries to tender, they may, if they wish, make use of the Official Journal of the European Community, as a means of publishing their calls for tender.

RECOMMENDATION IV

Draft Recommendation 4 invites the Commission to establish, together with the telecommunications administrations, a Committee to monitor the progress of the work, identify industrial policy problems and propose actions.

This body will play an important part in the implementation of the new policies set out in the draft Recommendations.

The essence of the approach proposed by the Commission is that the responsibility for realizing the three major Community objectives - harmonisation, the development of a European market, initially for terminals and progressively for other telecommunications equipment, must be on the shoulders of the telecommunications administrations themselves, supported by the firm political commitment of the Member States and by their own growing interest in these objectives.

A necessary complement to this delegated responsibility for the achievement of fundamental Community objectives is, however, an effective mechanism by which the administrations report progress, or lack of progress, so that they or the Commission, or the two together, can initiate the further action that is necessary.

The Commission will maintain the necessary contacts with industry and the users to ensure that they have the opportunity to put forward their views on the development and implementation of these policies.