

PRESS RELEASE

6381/93 (Presse 71)

1660th Council meeting

- Telecommunications -

Brussels, 10 May 1993

President: **Mr Arne MELCHIOR**

Minister for Communications of
the Kingdom of Denmark

The Governments of the Member States and the Commission of the European Communities were represented as follows:

<u>Belgium</u> Mr Guy COEME	Deputy Prime Minister, Minister for Transport, Public Undertakings and Public Building
<u>Denmark</u> Mr Arne MELCHIOR Mr Helge ISRAELSEN	Minister for Communications State Secretary for Communications
<u>Germany</u> Mr Wolfgang BÖTSCH	Federal Minister of Posts and Telecommunications
<u>Greece</u> Mr Panayiotis DELIMITSOS	State Secretary for Communications
<u>Spain</u> Ms Elena SALGADO	Secretary-General for Communications
<u>France</u> Mr Gérard LONGUET	Minister for Posts and Telecommunications
<u>Ireland</u> Mr Brian COWAN	Minister for Communications
<u>Italy</u> Mr Maurizio PAGANI	Minister for Posts and Telecommunications
<u>Luxembourg</u> Mr Alex BODRY	Minister for Posts and Telecommunications
<u>Netherlands</u> Mrs J.R.H. MAIJ-WEGGEN	Minister for Transport and Public Works
<u>Portugal</u> Mr Carlos Silva COSTA	State Secretary for Transport and Telecommunications
<u>United Kingdom</u> Mr Edward LEIGH	Parliamentary Under-Secretary of State, Department of Trade and Industry (Industry and Consumer Affairs)
	°
	° °
<u>Commission</u> Mr Martin BANGEMANN Mr Karel VAN MIERT	Member Member

HIGH DEFINITION TELEVISION (HDTV)

After a very long discussion based on a compromise proposed by the Danish Presidency, it became clear that although progress had been made since the Telecommunications Council on 15 December 1992 (see Press Release 10085/92 Presse 213), it was not enough to bring about an agreement.

However, 11 delegations could agree to the broad outlines of an action plan based on the following principles:

1. The plan is intended only to promote the 16/9 format (625 or 1250 lines), whatever the European television standard and the method of broadcasting (terrestrial, satellite or cable) used.
2. Community funding will cover only a part of the difference in the cost of production/diffusion in the ordinary 4/3 format and in the 16/9 format; Community funding will in general cover only 50% at most of additional costs. The remaining 50% will have to come from other sources. The Council attaches great importance to the participation of the business sector in funding.
3. 30% of Community funds will be earmarked for markets not served during the initial stages of the action plan. These funds could cover up to 80% of additional costs, the remaining 20% being found from other sources.
4. The action plan should be as simple as possible and based on transparent, fair and unbureaucratic mechanisms.
5. Funds will be allocated to broadcasters or producers established in the EEC on the basis of the number of hours produced and broadcast in the 16/9 format with a maximum support of X ECU/hour. The support will depend on the actual cost of the type of programme and its technical quality with particular attention

being paid to programmes produced in Europe. New productions will thus receive the highest level of support. Only broadcasters providing services for over 50 hours a year in the 16/9 format will receive funds.

6. Support will be granted annually on a first come, first served basis, with preference being given to projects for which additional funding comes from the business sector.
7. Community funding is to be set at ECU 200 million. It will be granted only if applicants can prove that other funds have already been committed to cover the remaining 50%. Apart from the ECU 200 million, ECU 85 million will be held in reserve until 1 January 1995 for markets not yet served during the initial phases of implementing the action plan. In addition to the ECU 85 million, ECU 21 million must be forthcoming from other sources.
8. The action plan will cover a period of three and a half years, terminating at the end of 1996.
9. Efforts will be made to expand considerably the markets served by the action plan, while paying due attention to the need to attain the critical mass.

The Presidency noted that at this Council meeting the United Kingdom delegation was not in a position to accept some of these points, in particular those relating to the sum to be allocated to the action plan.

The Commission accordingly announced that pending further developments with the action plan, it would be continuing its discussions on digital television and the possible revision of Directive 92/38/EEC.

APPLICATION OF OPEN NETWORK PROVISION TO VOICE TELEPHONY

The Council registered its agreement, by qualified majority, on the common position on the Directive on the application of open network provision (ONP) to voice telephony, with Spain abstaining and Portugal voting against it. The Directive will be formally adopted at a forthcoming meeting after final editing of the texts.

The Directive is part of the policy established by Commission Directive 90/338/EEC on competition in the markets for telecommunications services and on the Council framework Directive (90/387/EEC), which is designed to harmonize conditions for access to and use of telecommunications networks throughout Europe by gradually applying open network provision (ONP) in priority areas.

The first step in applying this framework Directive came on 5 June 1992 when the Council adopted a Directive on the application of open network provision to leased lines.

The ONP Directive represents a further, very important step in harmonization in this sector, since it concerns the largest and most economically significant service operated by telecommunications organizations.

It has three main objectives:

- to lay down the rights of users of voice telephony services in their relations with telecommunications organizations;
- to improve access for all users, including providers of services, to the public telephone network infrastructure;
- to encourage the Community-wide provision of voice telephony services.

In particular, it should be noted that as regards certain important aspects of voice telephony, such as quality of service, billing and the supply of advanced voice telephony services, the Directive gives the Commission the power to check that action taken by the Member States to attain the objectives laid down converge at Community level, and provides for a procedure enabling the Commission, assisted by a regulatory committee, to take binding measures if that convergence proves to be inadequate.

The Directive is due to enter into force one year after its final adoption.

EUROPEAN TELECOMMUNICATIONS EQUIPMENT INDUSTRY - COUNCIL CONCLUSIONS

The Council welcomes the Commission communication on the European telecommunication industry.

It stresses that action aimed at the improvement of the competitiveness of the industry and the correction of its structural problems is in the first place the responsibility of the industry itself. The ability of the industry to address successfully such challenges would allow it to draw the maximum benefit from the establishment of the internal market, while respecting Community competition rules.

It recognizes that the Community and the Member States should take the necessary initiatives to give industry a favourable business environment, taking due account of the principle of subsidiarity.

The Council reaffirms the importance of an internationally competitive industry in the telecommunications field in Europe operating at a high technological level.

In this respect, the Council invites the Commission to strengthen Community action already under way and, if necessary, to propose new Community actions aimed at four fundamental objectives.

1. **The establishment of a real internal market**

Action in this field implies the follow-up and acceleration of the implementation of the Green Paper regarding the creation of a unified telecommunications market, with the aim of perfecting the operation of the internal market as a level playing field for all economic operators and of allowing expansion of new segments of this market by liberalization and harmonization including standardization. The full application of the competition rules of the Community and of the Directive on procurement in the telecommunications sector is of particular relevance here.

2. Support for research and technological development

The rapid availability of advanced telecommunications services being a key factor for economic development, industrial co-operation in R&D remains an essential element of Community policy in this sector. In this respect, the use of RACE programme results should continue to be encouraged, in conjunction with EUREKA, while respecting Community competition rules. Subject to a decision to be reached on the fourth framework programme, the Community effort in R&D should take into account the needs of the markets presently in growth and the intensity of international competition, and should fully exploit the synergy between the telecommunications sector and that of the electronics industry in Europe, including small and medium-sized enterprise aspects.

3. The development of the terminal equipment market

The terminal equipment market represents an important segment of the telecommunications equipment market, in which the industry in Europe should play a strengthened role. Therefore, in compliance with Community competition rules, a series of consultations should be carried out with the interested parties with the objective of supporting industrial efforts to emerge as competitive players in the new market segments. This includes co-operation efforts in R&D of the industry in those basic technologies required for the realization of identified terminals. In this respect, the primary importance for the development of this market of accelerating the full application of the Directive on mutual recognition of terminal equipment type approval is recalled.

4. Improving competitive conditions on the world market

Telecommunications have been developing into a global industry for the last few years. This trend implies that trade and competition policies should ensure an open and fair competitive environment for telecommunications equipment manufacturers.

This trend implies as well that the rapid globalization of the telecommunications market as a worldwide market should be taken into account by Community policy and decisions.

Levelling the playing field would permit the elimination of unsatisfactory access conditions which still prevail in certain markets outside the Community and contribute to setting up fair and transparent rules of competition at world level. Therefore, in particular, it is necessary to investigate the behaviour of vertically integrated telecommunications companies on the market.

The Community's efforts should be directed towards the objective of opening up competitive opportunities in the global telecommunications market. The GATT should

be the principal means whereby this objective could be achieved, but bilateral negotiations may also be required.

Commercial policy and competition policy will be instrumental in the Community's efforts towards the objective of a level playing field; the "centralized point of information" ⁽¹⁾ providing supporting information and analysis to this effect.

TELECOMMUNICATIONS SERVICES

The Council took note of the Commission's presentation of its communication on the outcome of the consultations on the situation in the telecommunications services sector. The presentation gave the Council an opportunity for a first discussion of the subject.

You are reminded that at its meeting on 19 November 1992, the Council adopted a Resolution in which it called on the Commission to consider, with interested parties, the political, economic, commercial and social implications of the options set out in its communication on the situation in the telecommunications services sector in 1992. The Council also called on the Commission to set out, following these consultations, a transparent approach and timetable for setting up a regulatory framework for the Community telecommunications market.

In the communication presented at the meeting, the Commission proposes to continue the process of liberalizing telecommunications begun with the 1987 Green Paper and more specifically with Directive 88/301/EEC liberalizing terminal equipment and Directive 90/388/EEC liberalizing all telecommunications services except for voice telephony.

In that context, it is asking the Council to decide on a number of principles contained in the Commission communication, in particular:

⁽¹⁾ See Council Resolution of 18 November 1991 concerning electronics, information and communications technologies.

- the complete liberalization of services;
- a transitional period ending in 1998;
- a precise schedule in two main stages with a consolidation phase (1993-1995) and a phase of gradual opening up to competition (1996-1998);
- the role of infrastructures.

Following its discussion, the Council instructed the Permanent Representatives Committee to continue work on this dossier with maximum efficiency, in order to enable the Telecommunications Council convened for 16 June to arrive at an agreement.

SINGLE MARKET FOR POSTAL SERVICES

The Council took note of an oral report by the Commission on its consultations on the development of the single market for postal services.

Pending the submission, in the very near future, of the Commission's formal report, which should also include a precise timetable for future work, the Council instructed the Permanent Representatives Committee to examine the Commission document as soon as it arrived, prior to the discussion to be held in the Telecommunications Council on 16 June.

Bruxelles, le 7 mai 1993

Note BIO (93) 125 AUX BUREAUX NATIONAUX
cc: AUX MEMBRES DU SERVICE DU PORTE-PAROLE

433

PREPARATION DU CONSEIL TELECOMMUNICATIONS DU 10 mai 1993
(Helmut Schmitt von Sydow)

Situation des télécommunications ("Review")

M. Bangemann introduira la communication de la Commission du 28 avril 1993 relative à la révision de la situation du secteur des services de télécommunications. Cette communication prône une libéralisation totale assortie d'un calendrier prévisible et d'une définition des conditions d'exploitation, notamment en ce qui concerne le service universel, les régions périphériques, et l'accès aux réseaux.

Télévision avancée (HDTV)

Le Conseil est appelé à adopter, à l'unanimité, le Plan d'action proposé par la Commission le 5 mai 1992. Vu l'opposition du Royaume-Uni, la Présidence danoise a préparé un projet de compromis dont les éléments sont très proches des orientations préconisées par MM. Bangemann et Pinheiro en mars 1993. Le Plan d'action se concentrera alors sur la promotion du format 16:9 quelle que soit la norme de transmission utilisée (D2-MAC, HD-MAC, PAL plus, SECAM) ou le mode de transmission (terrestre, satellite, câble). La Présidence suggère en outre que le financement communautaire ne couvre que 50% des surcoûts à prévoir, sans que le montant ait déjà été précisé.

Téléphonie vocale

La Commission a proposé d'harmoniser les conditions d'accès et d'utilisation des réseaux de télécommunications par la mise en oeuvre progressive des principes de fourniture d'un réseau ouvert (ONP). Après une première directive relative aux lignes louées, il s'agit maintenant d'appliquer ces principes au secteur important de la téléphonie vocale.

Le Conseil est proche d'un accord à la majorité qualifiée pour adopter une position commune. Certaines délégations font un lien avec la révision précitée dans le secteur des services de télécommunications. Une délégation demande de permettre aux autorités nationales d'imposer des contraintes tarifaires ayant trait à des objectifs de politique générale tel que l'aménagement du territoire. Certaines délégations contestent les pouvoirs de la Commission d'assurer la convergence des objectifs et des mesures mis en oeuvre par les Etats membres. S'y ajoute le problème habituel de comitologie.

Equipements de télécommunication

Le Conseil entend appuyer la communication que la Commission avait présentée, le 15 juillet 1992, sur l'industrie européenne des

équipements de télécommunication. Il invitera la Commission à renforcer l'action communautaire visant quatre objectifs fondamentaux: l'établissement d'un véritable marché intérieur, le soutien à la recherche et au développement technologique, le développement du marché des équipements terminaux, l'amélioration des conditions de concurrence sur le marché mondial.

Services postaux

M. Bangemann fera une première présentation sommaire du résultat des consultations au sujet du Livre vert que la Commission avait publié le 13 mai 1992.

Amitiés,

Bruno Dethomas

A handwritten signature in black ink, appearing to read 'B. Dethomas', with a stylized flourish at the end.

Bruxelles, le 11 mai 1993

**Note BIO(93)125(suite 1 et fin) AUX BUREAUX NATIONAUX
cc: AUX MEMBRES DU SERVICE DU PORTE-PAROLE**

CONSEIL TELECOMMUNICATION DU 10 mai 1993 (Helmut Schmitt von Sydow)

Révision de la situation

MM. Bangemann et Van Miert ont présenté la communication de la Commission du 28 avril 1993 relative à la révision de la situation du secteur des services de télécommunications. Un premier tour de table a confirmé qu'il y a des Etats membres qui souhaitent une libéralisation rapide, et d'autres qui préfèrent un rythme plus prudent. Le Conseil aura une discussion plus approfondie le 16 juin.

Télévision avancé (HDTV)

Tous les membres du Conseil reconnaissent l'opportunité d'adopter un Plan d'action promouvant le format 16:9 et permettant le changement vers la technologie numérique. Mais il y a désaccord sur le financement, à savoir sur la masse critique qui est nécessaire pour déclencher le changement. Onze Etats membres étaient partis de 500 mio écus, seul le Royaume-Uni insistait sur 300. Un compromis se dessinait autour de 375 à 400 mio écus, lorsque le Ministre britannique quitta soudainement la réunion pour assister, en Guyane, au lancement d'une fusée. Les Onze se sont alors mis d'accord sur un chiffre de 506 mio écus, dont 285 à la charge de la CE et 221 à contribuer par des sources nationales, notamment privées. Le Royaume-Uni reste appelé à accepter ce Plan qui requiert l'unanimité en vertu de l'article 235 CEE.

Téléphonie vocale

Le Conseil a adopté une position commune relative à la proposition de la Commission visant à harmoniser les conditions d'accès et d'utilisation des réseaux de télécommunications par la mise en oeuvre progressive des principes de fourniture d'un réseau ouvert (ONP).

La position commune fut adoptée à la majorité qualifiée. Le Portugal a voté contre et l'Espagne s'est abstenue à cause des pouvoirs prévus pour la Commission (comitologie) d'assurer la convergence des objectifs et des mesures mises en oeuvre par les Etats membres.

Equipements de télécommunication

Le Conseil a appuyé la communication que la Commission avait présentée, le 15 juillet 1992, sur l'industrie européenne des équipements de télécommunications. Il a adopté une résolution invitant la Commission à renforcer l'action communautaire visant quatre objectifs fondamentaux: l'établissement d'un véritable marché intérieur; le soutien à la recherche et au développement technologique; le développement du marché des équipements terminaux; l'amélioration des conditions de concurrence sur le marché mondial.

Services postaux

M. Bangemann a fait une présentation orale du résultat des consultations au sujet du Livre vert que la Commission avait publié le 13 mai 1992. Un rapport écrit suivra dans quinze jours.

Amitiés,

A handwritten signature in black ink, consisting of the letters 'B', 'D', and 'H' followed by a horizontal line.

Bruno Dethomas