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HARMONIZATION OF TELECOMMUNICATIONS SERVICES AND EQUIPMENT

(Commission communication to the Council)

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COMMUNICATION TO THE COUNCIL

HARMONISATION OF TELECOMMUNICATIONS SERVICES AND EQUIPMENT

Introduction

Good telecommunications facilities are essential to the economic, social and industrial development of the European Community; their provision will require a major economic and technical effort in the next ten years.

There is at present an average of 25 telephones per 100 of the 260 million population of the Community. In the USA there are more than 71 telephones per hundred of the 210 million population.

The largescale provision of new data transmission facilities will also be vital to the effective use of computers in European life. 960,000 computer terminals are at present installed in the USA and the quantity is expected to grow to over four million in 1980. By contrast, there are today less than 100,000 computer terminals in the whole of Europe and the present growth forecast is to approximately 500,000 in 1980 and only 815,000 by 1985.

The new dimension of the European communities provides not merely burgeoning business and personal requirements for services at a European level but a new opportunity for Europe's telecommunications administrations to plan and provide services in a coherent European framework and to procure equipment on a European scale. At present each Member State has a telecommunications system that was designed to meet its own internal and international requirements. The fact that many characteristics of these national networks are different from each other creates significant difficulties in providing for the introduction and growth of the telecommunication services necessary to serve the present and developing needs of the Community taken as a whole.

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The differences also inhibit intra-Community trade in telecommunications equipment. In 1972 out of a total expenditure by the Nine Telecommunications Administrations of approximately four thousand million u.a., only two hundred million u.a. or 5 % was purchased from other than national suppliers.

The separation of national markets has affected the structure of the European telecommunications equipment manufacturing industry and adversely affected its competitive capability in the world outside. The industry needs a home market base for the development of advanced technology systems of Continental scale.

Action required

The Community's need for a modern telecommunications infrastructure supported by a strong telecommunications industry with access to the entire European market can only be met by a combination of policies.

This has appeared clearly in the discussions in the framework of the Council on the draft Directive on public supplies.

1. Opening up the Market

The Commission has proposed to apply the Directive on tendering for public supply contracts to telecommunications equipment. Suitably adapted to meet the special problems of telecommunications, the Directive offers a realistic and practical way of providing European industry with growing opportunities to compete throughout the common market and thus develop dimensions and capabilities strong enough to compete in world markets with the major enterprises based outside Europe.

2. Harmonization

Rules to open up tendering however, need to be accompanied by other measures if there is to be a useful and economic growth of intra-Community trade in telecommunications equipment. This was made clear in a Report carried out by the Services of the Commission in close collabo-

ration with national telecommunications Administrations and sent to the Committee of Permanent Representatives in September 1974. In this report the telecommunications Administrations of the Member States, appreciating the need to meet the challenge posed by the situation set out above, agreed that in order to establish a common market for telecommunications equipment and to provide new telecommunications services on a European scale, work will have to be carried out to harmonize:

- services offered to customers
- operational procedures of telecommunications systems management
- technical standards for systems and equipment
- procedures and technical conditions for type approval of subscribers apparatus.

The telecommunications Administrations agreed that harmonization studies at the European level leading to agreements on specifications and standards are:

- a) essential to achieve the full aims of the directive
- b) important in any case to the future development of the European national and international telecommunications networks
- c) most valuable as a means of strengthening the competitive position of European industry in world markets.

All Administrations agreed with the Commission that since the European telecommunications network is not limited by the frontiers of the Community and includes major countries outside, this work of harmonization should be carried out in such a way that :

- 1 - full advantage is taken of existing facilities by which the European Community and non-Community Administrations have already established working arrangements to agree international procedures and standards,
- 2 - maximum benefit can be obtained by the Community telecommunications manufacturing industry from technical standards that help them to sell into the largest possible European market.

and cannot therefore be limited to Community countries. For these reasons it is proposed to carry out the work in the framework of the Conférence Européenne des Administrations des Postes et des Télécommunications (CEPT). This international organisation was set up in September 1959 and has a present membership of twenty-six West European countries. The basic objective of the CEPT is the harmonisation and improvement of the commercial and technical services provided by its members. The new programme of harmonization would imply a major increase in this effort, encouraged and supported by the Community.

3

Such a major effort in the fields of harmonization of services and of industrial standards, would have a significant impact, both on the users of international telecommunications services and on industry. The Commission therefore considers that means must be found of giving users and industry an opportunity to bring their views to bear on the work and it has asked the telecommunications Administrations to consider how this might be done.

It seems at least at present, that present obstacles result more from truly technical factors than from legislative or regulatory acts. Hence, and in view of the rapid rate of technical change, the complexity of standards in this area and the difficulty of proceeding according to a fixed timetable in this field, the Commission has concluded that new standards are best applied on a voluntary basis, as are existing CEPT standards. The Commission however reserves the right to make proposals for a Directive, under Article 100 of the EEC Treaty, if experience proves at some stage that regulations or administration actions in Member States still impede the effective operation of the common market.

Timing, Character and Reasons for a Resolution

Plenary meetings of the CEPT at which future policy and new activities are decided, take place every two years. One is planned for April 1975. It is therefore essential for the CEPT to take a decision at the meeting on the programme of harmonization, as set out above, if work is to start soon and in time, to permit a useful application of the Directive on public supplies to telecommunications at a not too distant date.

Decisions in CEPT are made on the basis of proposals by the member telecommunications Administrations. Following the unanimous agreement of the telecommunications Administrations of Member States on the need for a programme of harmonization, the Commission has asked them to raise this matter at the CEPT meeting in April 1975. Adoption by the Council of a Resolution endorsing the programme of harmonization is however very desirable, because of the political importance of the programme of work envisaged and the major resources of skilled manpower which the telecom-

munications administrations would have to commit such a programme over a period of years. Non-Community members of CEPT will of course be free to join in the programme of work, but the rules of CEPT do not make the participation of all members a pre-condition for undertaking a programme of activities.

In view of the importance of the work of harmonization, in particular for the effective application of the Directive on public supply to telecommunications equipment, it is essential that a formal association should be established between the Community and the work of harmonization in CEPT.

Regular reports on the progress of harmonization must, in particular, be available to the Commission, if it is to make sound proposals on the timetable for application of the Directive to different categories of equipment, as well as to watch over the application of the Directive and to fulfil effectively its function as chairman of the Consultative Committee.

If the Council adopts the resolution as proposed by the Commission, it will be for the CEPT to respond and elaborate its own proposed working methods. The Commission has, however, suggested to the CEPT that one of its staff should attend the CEPT meeting as an observer. It will discuss with the telecommunications administrations of the Member States the appropriate forms of collaboration and liaison between the CEPT and the Commission. It will report to the Council on the implementation of the Resolution by October 1975.

The Commission hopes that the Council will feel able to adopt the resolution setting out these points before the end of March 1975.

3. Further Actions

The programme of harmonization set out above will make a major contribution to providing Europe with a modern telecommunications infrastructure during the 1980's. In order to achieve the benefits to be derived from the work of technical harmonization and the progressive implementation of the directive, the Commission also intends to identify and study, in collaboration with representatives of industry and national governments, the various economic factors that will require to be taken into account and where necessary, harmonized, to avoid the distortion of competition that could arise from different national practices.

A successful programme of harmonisation of services and industrial standards could open up significant new opportunities for collaborative research and development of telecommunications systems and equipment both at the level of the telecommunications administrations and of industry. The COST projet 20 already envisages a number of programmes of this kind. The Commission intends to study further possibilities, with a view to making any appropriate proposals for Community support for programmes of common interest.

It should be noted that the prime concern of this resolution is with the harmonisation of services and industrial standards specific to Telecommunications.

There are also other non specific products purchased by the Administrations for which standards are envisaged by the application of Directives forming a part of the programmes aimed at eliminating technical barriers to trade.

The last paragraph of the resolution proposed by the Commission refers to this programme which is independent of and different to the work envisaged by this resolution.

Draft Resolution of the Council

The Council of the European Communities

considering that :

effective and homogeneous telecommunications facilities (telephone, telegraph and associated services) are important to the commercial, industrial and social development of the Community States ;

telecommunications, when compared to other means of communication, offer potential savings of energy and natural resources, which can be enhanced further by the use of advanced technologies ;

it is necessary to strengthen the competitive position of European industry in world markets ;

that realisation of a significant level of intra-Community trade in telecommunications equipment depends on harmonisation :

resolves that :

a work of harmonisation must be undertaken in particular in the following fields :

- services offered to customers
- operational procedures of telecommunications systems management
- technical standards for systems and equipment
- procedures and technical conditions for type approval of subscribers apparatus.

considering also that :

the benefits of this work of harmonisation are of equal and mutual importance to both the Member States and the other European States with whom they cooperate through the medium of the Conférence Européenne des Administrations des Postes et des Télécommunications (CEPT),

to be economic, the provision of new and advanced telecommunications facilities should be conceived and implemented on the largest possible scale, without, however, hindering Community initiatives in this field,

the need to take account of the views of the manufacturers of telecommunications equipment and the users of telecommunications services.

It is resolved that :

the competent Administrations of the Member States will explore with the other members of the CEPT how best :

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- to carry out this work of harmonisation as an extension of the collaborative activities already undertaken in the framework of the CEPT,
- to enable the Commission of the European Communities to participate in this work,
- to furnish the Commission with advice and information on the planning and progress of the work of harmonisation so as to ensure a continuing close collaborative relationship between the Community and the CEPT.

The Council notes that the Commission will report to the Council, before the 1st of October 1975, on the implementation of the work, together with any necessary proposals.

The Council also notes that this resolution is without prejudice to the outcome of applying Community measures for harmonisation so far or yet to be taken in the context of the programme for the elimination of technical barriers to trade.