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Report

drawn up on behalf of the Committee on Economic and Monetary Affairs

on the recommendations from the Commission of the European Communities to the Council (Doc. 1-434/80-II) on telecommunications

Rapporteur: Mr F.H.J. HERMAN

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On 13 October 1980, the recommendations(Doc.COM(80)422/fin. contained in Doc. 1-434/80) from the Commission of the European Communities to the Council on telecommunications were referred to the Committee on Economic and Monetary Affairs as the committee responsible and to the Committees on Budgets and Energy and Research for opinions.

Mr Herman was appointed rapporteur.

The Committee on Economic and Monetary Affairs considered the draft report at its meeting of 19 March 1981 and adopted it by 9 votes with 2 abstentions.

Present:

Mr DELEAU, acting chairman
Mr HERMAN, rapporteur

Mr BEUMER, Mr COLLOMB, Mr DELOROZOY, Mr HOPPER, Mr PURVIS (deputizing for Mr BEAZLEY), Mr SCHINTZEL, Mr TURNER (deputizing for Mr BALFOUR), Mr WALTER and Mr VON WOGAU.

The opinions of the Committee on Energy and Research and the Committee on Budgets on Doc. 1-434/80 are attached to Mr Leonardi's report on the Commission proposal for a regulation on Community action in the field of microelectronic technology (Doc. 1-137/81).

C O N T E N T S

A.

The Committee on Economic and Monetary Affairs hereby submits to the European Parliament the following motion for a resolution, together with explanatory statement:

MOTION FOR A RESOLUTION

embodying the opinion of the European Parliament on the recommendations from the Commission of the European Communities to the Council on telecommunications.

The European Parliament,

- having regard to the recommendations on telecommunications submitted to the Council by the Commission (Doc. COM(80) 422 final)
- having been consulted by the Council (Doc. 1-434/80-II),
- having regard to the report of the Committee on Economic and Monetary Affairs (Doc. 1-138/81),

1. Approves the general objectives set out by the Commission, consisting in the creation of an efficient telecommunications infrastructure for the new information technologies. These new technologies have, or could have, a vital role to play in the growth of industry and services, increased productivity and competitiveness, energy conservation, the reduction of regional disparities, the balance of European and foreign trade, the shaping of a new forum of growth and in the changes they will bring about in living conditions and social and administrative structures;

2. Considers that Europe of the Ten is falling seriously behind the USA, JAPAN and Canada in the field of new integrated services digital networks (ISDN);

3. Deplores the fact that the European Communities, whose Member States constitue a majority of the members of the CEPT[1], which is still the appropriate framework for achieving optimal harmonisation of networks, have not acted sooner to introduce more vigorous and decisive measures on the harmonization of networks and the common definition of standards for connections, interface and equipment - a prime area for international cooperation;

4. Would have preferred the Commission to use directives rather than recommendations in an area where swift action is imperative;

5. Believes that the gradual increase in the intensive use of telecommunication satallites will revolutionize data transmission systems in the near future and that insufficient attention has been paid to this aspect in the proposed policy;

[1] European Conference of Postal and Telecommunications Administrations.

6. Considers that the extraordinary diversity of administrative structures involved in the management of switching and transmission networks and the fact that most of these authorities make no clear distinction between transmission and services sectors or between operating and regulatory functions, represent major obstacles in achieving the declared objectives, and that the importance of this factor appears to have been underestimated, since no reference has been made to it and no recommendations for overcoming these obstacles have been put forward;

7. Hopes that the Commission is already engaged on the finalization or urgent measures to be submitted to the Council for hastening the establishment throughout Europe of competitive telecommunications networks and the creation of a Community market for terminals and telematic equipment which are needed to ensure the survival and expansion of European industry;

Recommendation No. I: Harmonization of telecommunications networks

8. - Supports the project for the greatest possible degree of harmonization in new integrated services digital networks (ISDN);

   - Agrees with the recommendation that no new telematic services should be created without prior consultation and that no digital transmission and switching system should be ordered unless the equipment has previously been standardized or made compatible;

9. Notes,however, that apart from the ITTCC's[1] adoption of Standard X25, little progress has been made on the standardization of application programmes or communication and line control procedures and that as a result a large number of telematic services are being set up all over Europe which are not fully compatible or harmonized, thereby recreating the grave consequences of the PAL-SECAM argument in colour television or the dispute over 625-815 lines in black and white television;

10. Deplores the fact that recommendation No. I fails to be explicit on the ideal structure of the networks in relation to current needs and merely encourages harmonization without providing any basis or parameters for that harmonization. Why, in particular, are no specific details, justification or recommendations given for the choice of switching modes (circuit, packet or message), network types (transmission, switching or specialized lines) and types of support systems (microwave link, waveguides, coaxial cables, optic fibres, satellites);

[1] International Telegraph and Telephone Consultative Committee.

11. Considers that the introduction of a digital network specially adapted to the new telematic services cannot produce the desired results unless some system of priorities for existing objectives and needs is established on the basis of highly detailed investigations, bearing in mind that many new services are still under development and that much of the information for transmission has yet to be compiled in data banks;

12. Regrets that greater attention has not been paid to the problem of the interconnection of different network types; this would make it possible to optimize existing investments whilst avoiding the duplication of under-used networks;

13. Predicts that by 1985, the second generation of high-power satellites could present serious competition for earth-based networks and feels it is vital that major investment programmes be restricted to applications which will be unaffected by this competition or whose costs can be recovered prior to the introduction of high-power satellites;

14. Considers that the amount of investment required to set up telematic networks makes it essential for them to become profitable as soon as possible and self-financing to some extent. This implies that priority be given to new telematic services which will meet the real needs of as many potential users as possible.

If these new services are to be made available quickly, the national authorities will have to undergo major structural changes as their present structure, geared as it is to regulating and managing competing networks, is not designed to facilitate the rapid spread of the new telematic services. For example: the introduction of electronic mail would mean serious competition for the postal services. If the same administration or ministry were responsible for both systems, it is unlikely that the spread of new rival systems would be encouraged.

15. Believes that tariff policy will play an important part in the introduction of new networks and their intensive use, making it possible to guide certain types of priority services and various categories of users. The authorities responsible will be able to use this tool to regulate the market by compensating for the effects of spontaneous mechanisms which vary according to the relative influence of those involved in telematic systems (manufacturers, users, information producers, network operators); regrets that the recommendations do not touch on this subject;

Recommendation No.II: Creation of a Community market for telematic terminals

16. Approves unreservedly the aim to create an open, competitive market where all users throughout Europe will be free to purchase or lease all types of telematic terminal equipment from private suppliers or official bodies and to connect them to the public networks, provided they have received full official approval;

17. Feels that the measures recommended for the harmonization of type approval procedures for terminal equipment are not sufficiently binding and that under the circumstances a directive would have been more appropriate;

18. Considers that the chosen definition of the term 'telematic terminal equipment' represents a political compromise rather than a logical working concept and that as such it is open to different interpretations according to the extent of the monopoly enjoyed by the national administrations;

19. Hopes that in considering the differing national concepts of terminal equipment the Commission will choose the system most favourable to the creation of a broadly based Community market for terminals and to the maintenance of maximum compatibility or standardization;

20. Notes in particular that the 'MODEM' is increasingly being built into complex terminal equipment and that as a result it should no longer form part of the network or of the administration monopoly;

21. Has noted that, in most countries, type approval procedures involve discriminatory treatment of a protectionist kind, that they are invariably protracted and complex and that approval by one country is seldom considered valid by another;
regrets therefore that the recommendation goes no further than to invite Member States to report back at the end of 1981 on the arrangements which the telecommunications administrations are making or intend to make to achieve these objectives;
hopes that the Commission will use the powers conferred on it by the Treaties as regards the free movement of goods to compel the authorities to remove the technical or administrative barriers created by discriminatory and non-reciprocal type approval procedures;

22. Considering the importance of maintaining suppliers' responsibility for the quality of their equipment, feels that type approval should be limited to checks on technical operating characteristics and that national Post Offices should not be responsible for services associated with the equipment. Further more, performance characteristics offer too much scope for subjective interpretation and could therefore lead to all kinds of discrimination;

23. Feels that the national authorities should be responsible for practical measures at the interfaces to protect the networks and locate faults;

Points out nevertheless that an excessively wide interpretation of this objective might impede the creation of a common market for telematic terminals if the national authorities managed to distort competition between European suppliers by claiming the right to maintain and repair terminals;

24. Requests that, as a first step, the national centres responsible for granting type approval of equipment be required to comply with the same standards and practices throught the Community and expresses the hope that in the longer term these various national centres will gradually merge to form a common integrated centre;

Recommendation No.III: concerning the first phase of opening-up of public telecommunications markets

25. Believes that Europe has fallen behind in the telematics field partly as a result of the walling-off of public telecommunications markets and that the gradual elimination of this fragmentation is the primary normative task imposed on the Community by the Treaties;

26. Is therefore astonished at the Commission's delay in tackling this problem and the timidity of its initial proposals, given that the legal basis for decisive action is enshrined in the Treaty (Articles 37,85 and 86);

27. Approves, however, of the general guidelines laid down in this third recommendation in that it specifies the minimum required objectives and suggests certain procedures or measures even if these are far too limited and long overdue;

28. Considers that the Commission should have sufficient skilled manpower available to it to fulfill its monitoring and liason duties successfully and that these duties should be carried out in close cooperation with competing organizations;

Recommendation No.IV: concerning the creation of an Advisory Liaison Committee

29. Is not totally convinced that this 'new approach', which places the onus for achieving the main objectives laid down in the first three recommendations on the national telecommunications administrations, is the most effective or the only one available;

30. Notes, with regret, that social pressures, the influence of established routines and, in this crisis period, the desire to encourage employment at national level will defeat any half-hearted attempts to open public markets, especially if these attempts are not supported by incentives or appropriate sanctions;

31. Hopes that the Council, having been made aware that we have fallen behind and that it is necessary to take swift and decisive action, will grant its approval to any Commission proposal which gives added binding force to Community measures on the harmonization of networks, type approval and the opening of public telecommunications markets.

B

EXPLANATORY STATEMENT

Introduction

- This report deals only with the recommendations on telecommunications presented to the Council by the Commission (Doc. COM(80) 422).

- The proposal submitted to the Council by the Commission for a regulation concerning Community actions in the field of microelectronic technology (Doc. COM(80) 421) is the subject of a separate report by Mr LEONARDI.

- A report on the communication from the Commission to the Council on new information technologies : First Commission Report (Doc. COM(80) 513) will be submitted at a later date in view of the scope of the subject and the amount of research involved. The need to consult Parliament on this communication is not as urgent as in the case of the first two documents (421 and 422).

Chapter I Progress in the field of telecommunications

I. Networks formerly separate

There used to be a clear division in the field of telecommunications between switching networks and transmission networks.

- The former, also referred to as point to point or grid networks, make it possible to establish a direct link (physical or logical) between two points. This link is almost invariably two-way. Where a network connects many different points, it is referred to as a grid. The nodes of this grid are switching units.
  This is the case in the telephone and telex networks.

- In the latter (radio and TV) which are star-shaped networks, transmission is one-way from one central transmitter to the various receivers.

- These two types of networks are applied to diverse types of services and basic uses :

  - interactive (or conversational) services designed for the management, control, research or processing of information for switching networks

  - passive information systems for the second type of network, in which the receiver is forced to remain completely unresponsive.

- This distinction used to be very marked but has gradually been eroded by

new applications and the effect of significant technological advances.

II. Significant advances

Significant progress has been made on the digitization of signals, switching technology and the creation of new and improved support systems.

(a) Digitization of signals

The standardized signal sent via telephone, radio or TV is analogue (amplitude modulation), and continuous and is supported by a frequency band transmitted via cable or by carrier waves. The signal grows weaker during transmission and its strength has to be boosted using amplifiers. The analogue signal has little or no protection against interference (crackling) and the information it carries cannot be processed directly.

As a result, there is a growing tendency for the analogue signal to be converted into a numerical signal (binary impulse) also referred to as 'digital'.

In this case, the signal is sampled at standardized intervals. Each sample is measured and converted into corresponding binary impulses (8000 samples per second, each encoded into 8 bits called octets).

Nowadays, this two-way conversion process is carried out automatically by instruments called 'modems', whose use is becoming more and more commonplace.

The advantages of digitization are

- an improvement in the reliability of transmissions
- reduction of transmission costs
- the widespread availability of support systems suitable for transmitting all forms of signals for conversion
- the possibility of conversing with computers.

(b) Switching

Until recently, telephone switching equipment was of the electromechanical type.

The gradual change to electronic switching is based on two technological developments.

- 'spatial' technology where control and tariff operations are carried out by programmable microprocessors. The switching operation is still carried out by miniaturized relays and, more recently, by electronic components

(autocom 3 750 IBM),

- 'time' technology, in which there is no longer a physical link between the two correspondents. Each incoming signal is sampled (8000 times per second) and each sample is switched in sequence to the appropriate output channel.

We can therefore divide networks into three basic types according to the type of switching used:

- circuit switching, in which there is a physical link between the two correspondents (line),

- message switching, where data is transmitted in blocks. These blocks are fed into the network through a number of nodes where they are stored and retransmitted when a line becomes available. This type of transmission may involve several minutes' delay. It is therefore unsuitable for conversational type services but quite acceptable for telex or certain data transfer operations.

- Packet switching (TRANSPAC type). Data is transmitted in short blocks (256 or 128 characters or octets) known as packets, each one being coded or numbered.

  These are fed into the network individually and, on reaching a node, are re-despatched to their destination via free channels. The fact that they are so short means that it is possible to avoid congestion at the switching points.

(c) Support systems

The following support systems are available for the transmission modes

- coaxial cables or bundles of coaxial cables for concentration or multiplexing;

- microwave links, (directed radiowave transmissions);

- optic fibres which are flexible fibres consisting of a transparent core surrounded by a sheath which has a different refractive index. A beam of light, which is modulated on emission, is propagated by means of reflection within the fibre at the speed of light.

  This new technique makes it possible to set up high-speed, high capacity transmissions which are relatively unaffected by external disturbances.

Each of these support systems may be used in the analogure or digital mode.

(d) Satellites

First generation satellites maintain the division between telecommunication satellites (point to point or two way) and transmission or one-way distribution satellites but this distinction virtually disappears in the second generation.

Communication via satellite offers advantages of power, universal application, accessibility and range far superior to other forms of transmission.

power : second generation satellites will be able to handle several million bits per second. This represents a capacity equal to tens of thousands of telephone lines and five or six television channels.

Faced with this level of performance, other earth-based communications systems will only be competitive for short distances.

universal application : they will be capable of transmitting all types of messages, data, voices, images across frontiers completely free of controls or any form of censure.

accessibility : it is expected that it will soon be possible to transmit to satellites using shorter antennae of 1 to 2 m as against 7 to 10 m today.

Furthermore, there will be no complicated access procedures. Individual transmissions will become more common. Reception is already a widespread and inexpensive operation.

range : the transmission range is almost unlimited. There is no shadow zone and no restrictions caused by topography or geographical features.

III. Interconnection of networks

Nowadays, radio-television networks are no longer restricted to one-way transmission. The return channel to the transmitter can be established using a telephone link. Similarly, cable television offers limited possibilities for return transmission if coupled to the appropriate equipment. A receiver can therefore give a simple instruction for data processing and theresults are returned over the line at high speed.

This means that television networks can be used for data transmission during off-peak hours.

Tele-informatic networks (of the TRANSPAC type in France) are being developed alongside telephone networks which have a limited capacity and limited speed in particular.

These networks were originally designed to handle data but they can also be used to transmit other messages: telex - telephone - television - telecopier.

Thanks to the modem, which eliminates the break between analogue and digital transmissions, the networks are now interchangeable and may be interconnected.

Section IV : New services

1. Teledistribution. A central station feeds programmes or data, which it has produced or received, into a star-shaped transmission network based on coaxial cables. Television sets, receivers or terminals are connected to the network. The network may comprise one or two return channels, by means of which the central station can collect a flow of non-individualized information (meter readout, electronic vote).

Among the services which can be accommodated in this way are teletexts, television news, services for specific sections of the public, schools, hospitals, theatres, videotransmission.

2. Telediffusion of texts. Using the traditional television infrastructure (as opposed to teledistribution or cable television) it is possible to transmit alphanumeric information to all receivers within broadcasting range provided they are equipped with an appropriate decoder.

The information can be transmitted at the same time and on the same channel as a television programme using the intervals between frames ... or during off-peak hours or in place of the television programme.

The information to be transmitted is organized into 'pages' which are fed into the network in cycles and are selected by the user.

3. Individual tele-informatics. Using the infrastructure of the classical telephone system a user is able to

- interrogate an information centre by means of a push-button telephone;
- receive the reply visually (television screen), or in writing if he has a teleprinter or in sound over the telephone.

4. Telecopier. Transmits a message printed on paper (text or graphics) between two points and reproduces it on paper. The link may be by telephone or using tele-informatics.

5. Teletransmission of texts. Used to relay an alphanumerical message (graphics are excluded) between two points, from memory to memory (informatics), or with a human operator at one end of the link, or between two computers.

Chapter II - Europe - the patchwork and its consequences

As a result of rapid technical advances, the evolution of telecommunications in Europe has resulted in an uncoordinated spread of available services, transmission support systems and means of access to these support systems.

I. The development of information technologies was rapidly followed by teleprocessing of data.

In the early days, links between computers or between computers and terminals were first established by means of direct private lines and were then set up using the standard telephone switching network (analogue) or telex (binary by reversing the direction of the current).

Since signals from computers cannot be transmitted direct via the public telephone network, it was necessary to introduce modulating equipment (or modems) which converted incoming binary signals into frequency modulation signals and reconverted outgoing analogue signals into digital signals.

This solution is unsatisfactory as the capacity of analogue telephone networks is very low (1200 bps), their reliability for teleprocessing is not very high and needs have grown considerably. The facilities offered by the telex network, on the other hand, are far too slow (200 bps).

We have also seen that new services such as the telecopier, teleprinter, telediffusion of texts or news, use either the television or tele-distribution infrastructure, or the telephone or telex infrastructure, whilst some use both networks simultaneously.

Whereas the telephone network was originally based on cables and the television network on waves, teledistribution has increasingly turned to the use of cables and telephones to the use of microwaves, whilst the range of support systems for the two networks has become more diversified : guide-waves, microwave links - either earth-based or via satellite, optic fibres etc.

Finally, we should point out that each public or private organization which offers a service uses as wide a range of support systems as possible, but usually only for its own purposes. The number of transmission channels not used to capacity is therefore increasing, thereby creating a heavy financial burden which is reflected in operating costs and holds back the demand for services. It is therefore necessary to optimize existing networks and to separate the 'transmission' and 'services' sectors.

II. In the face of this proliferation of new developments, the reaction of the national authorities, determined by their individual institutional structures and their administrative traditions, has been largely uncoordinated.

Public data transmission networks.

Country	Network	Transmission mode	Switching mode
France	Caducée	analogue	circuit
	REP	analogue	packet
	Transpac	digital	packet
Germany	EDS	digital	circuit
United Kingdom	EPSS	analogue	packet

European network

EURONET	packet
SWIFT (banks)	message
ISAT (airlines)	message
EIN	packet

Some countries have therefore established, alongside the existing analogue telephone network, a new time-switching digital network, used essentially for data transmission and teleprocessing, which is connected to the standard networks by means of modems. Others have gradually replaced existing analogue networks with digital networks but have retained their circuit switching systems - at least for the present. Some countries have expanded the system of special private links whilst others have combined all these solutions, sometimes including connections with the telediffusion networks. At European level, this has produced a patchwork of different networks and systems which compartmentalize the market for equipment[1]. Unlike their Japanese and American competitors, European manufacturers do not have a vast domestic market where the effects of mass production and specialization can work to everyone's advantage.

[1] See above table.

This fragmentation is even more serious than has been suggested above, since even within some countries, there has been no standardization or harmonization of the various networks and accessory equipment. The ideal solution would have been to establish an integrated digital network open to the whole of Europe, capable of providing the full range of telecommunications services (telephone, telegraph, videophone, teleprocessing, teleprinter etc.) and fully compatible with telediffusion services.

This objective can still be attained provided that a determined policy of integration and harmonization is applied at European level.

Chapter III - European policy on telecommunications

I. From 1977 to 1981

Following the meeting of the Council of Ministers of Telecommunications which was held in December 1977, the Commission set up a Working Group on Future Networks with the cooperation of the national administrations concerned.

This Working Group recommended that the administrations should carry out the work which was urgently needed in the field of local digital networks and suggested a possible approach for greater harmonization of integrated services digital networks (ISDN).

A number of major work programmes were therefore organized in the context of the European Conference of Postal and Telecommunications Administrations (ECPT) and the ITTCC, the International Telegraph and Telephone Consultative Committee, with a view to harmonizing the functional characteristics of new networks and services.

The ECPT has established a new Specialized Group on Integrated Networks, assisted by a Permanent Technical Nucleus to undertake the work.

II. The first recommendation

It was in order to achieve the objectives of this work that the Commission submitted a draft recommendation concerning the implementation of harmonization in the field of telecommunications. Apart from the provision of skilled manpower, the Council recommended that national administrations should (1) consult each other before introducing any new services, (2) ensure that new services introduced from 1983 are harmonized or compatible thoughout Europe, (3) ensure that as from 1985, all orders for digital transmission and switching systems relate to harmonized equipment, (4) ensure that the Commission is informed of the progress made in the work of the ECPT.

III. The aim of the second recommendation is to create a Community market for telematic terminals.

It recommends that the national telecommunications administrations
(1) should make appropriate arrangements to ensure that their type approval procedures do not restrict intra-Community trade and that they preserve the equality of opportunity for all European suppliers;
(2) should determine type approval procedures within a period of six months following an initial phase of which no further details are given;
(3) should not create discrimination between suppliers as regards the adaptations or tests required for type approval;
(4) should, as from 1981, provide opportunities for suppliers from other Community countries to submit tenders when purchasing telematic terminal equipment;
(5) inform and consult the Commission regularly.

IV. The third recommendation concerns the initial phase of opening-up public telecommunications markets.

It recommends that the telecommunications administrations in the Member States :

(1) should initiate a first experimental phase of inviting tenders from other Community countries on a non-discriminatory basis for at least a minimum proportion of their market for supplies;

(2) should enable manufacturers in other Community countries to submit competitive tenders between 1981 and 1983 for at least 10% of their annual orders over this period, independent of the telematic terminals referred to in the second recommendation;

(3) should report to the Commission on all measures taken, results obtained and any problems they encounter.

V. Finally, the Council invites the Commission

(1) to establish an Advisory Liaison Committee between the Commission and the Community telecommunications administrations, with the task of monitoring and ensuring the implementation of the three preceding recommendations;

(2) to consult the industries and users concerned on these matters;

(3) to report regularly to the Advisory Committee on Public Contracts, established by the Council in July 1977, on intra-Community tenders and purchasing.

Chapter IV Critical assessment of European policy

I. General criticism

1. The problem of harmonization of new digital networks has been with us since the systems were introduced at the beginning of the 1970s. This problem was the subject of studies carried out in Canada, the USA, Germany, Japan, France and the United Kingdom between 1971 and 1975. The Council of Ministers did not take an interest in the matter until December 1977 and the first recommendations were submitted in 1980.

2. Despite this delay and the urgent need for decisive action to make up lost ground, the Commission has merely produced recommendations instead of directives. It has restricted itself to monitoring and recording progress for which the national administrations themselves are now responsible, even though they are completely overwhelmed and disorientated by the sheer speed and extent of progress in this field and are unable even in their own countries to control and coordinate the proliferation of new services, the spread of new means of transmission and the competition between new support systems.

3. Apart from one or two references in the general document (COM(79) 650), the major problem of preparing for the introduction of telecommunication satellites does not seem to have caught the attention of either the Commission or the Council.

There is not a single reference in any of the three recommendations although IBM is launching its first teleprocessing system via satellite in the USA this very year.

4. Each Community country has organized its telecommunications and tele-diffusion systems according to different institutional and administrative bases. A number of them have been able to separate the transmission and services sectors, but this has not generally been the case.

The same is true of the operating and regulatory functions. This has caused severe difficulties of coordination in each individual country which means that at the international level, the problems of harmonization are multiplied to the nth degree.

II. Criticism of Recommendation No. I

1. By limiting itself to recommending that the national administrations should consult each other before introducing new services and that no services should be introduced until they have been made compatible, the

Commission is shirking its prime responsibility which is to provide a basis and parameters for harmonization.

More specifically, the Commission should revert to its initial objectives to determine which types of network and operational features should be given priority.

2. In view of the amount of investment involved, priority should be given to existing demand sources which are financially sound or to those which could easily be made sound, which means that a great deal of effort will have to be devoted to marketing the new telematic services.

3. It is unlikely that the national administrations will be able to provide this effort. Apart from the fact that they are not equipped or organized to fulfill this role efficiently, it may be incompatible with their interests in managing a rival network or with their legislative role. It is hard to imagine the Minister of Telecommunications pressing for the introduction of electronic mail without provoking a strong reaction from the postal administration.

4. Nor does the Commission venture into the hazardous area of tariff ratings although this is a significant aspect of harmonization. It is also an essential instrument for establishing priorities between services and various categories of users.

III. Criticism of Recommendation No. II

-1. The major difficulty at this point concerns the definition of the term 'telematic terminal equipment'. The given definition represents a political compromise rather than a logical working concept. Some administrations have a very broad definition of the term 'network'. One administration claims that a telecopier machine forms part of the network, i.e. remains the property of the administration, which is responsible for its maintenance.

This is quite clearly incompatible with the aim of creating a Community market for terminals.

. It is therefore to be hoped that the broadest definition of the term 'terminal' will be adopted for future use.

-2. Where model type approval procedures exist, they often tend to favour the specific national industry. Even where they are not at fault in this respect, they are protracted and complex and each manufacturer has to repeat the procedures for every country.

This is a perfect example of what is known as a technical barrier to the free movement of goods. The Commission has the legal basis to act in such instances.

Parliament calls on the Commission to use this power.

-3. Official type approval procedures should be restricted to checks on technical operating characteristics. Matters concerning performance should remain the responsibility of the suppliers, as should maintenance or repair work. Otherwise it will be extremely difficult to establish a genuine Community market.

-3. The solution for all these type approval problems would be to combine existing national centres progressively to form a single European institution with powers to grant type approval for the whole of the Community, on the understanding that each of the existing national centres would specialize in one type of terminal and be provided with a multinational staff.

IV. Criticism of Recommendation No.III

1. If it is true that Europe has fallen behind in the field of telematics partly as a result of the compartmentalization of public telecommunications markets, it is surprising that the Commission, which has the power to intervene under the Treaties (the legal basis is provided by Articles 37, 85 and 86), has merely produced a half-hearted recommendation covering only 10% of telecommunications equipment.

2. Furthermore, it is to be feared that in this period of crisis, the desire to promote employment and industry at national level will win out over any half-hearted attempts to open up public markets, especially if these attempts are not supported by constraints, sanctions or incentives.

Conclusion

The recommendations presented to the Council by the Commission are a step in the right direction but they are long overdue and too half-hearted to be convincing.

The Parliament therefore calls on the Council to support any Commission proposal aimed at increasing the binding force of Community measures in respect of the harmonization of networks, type approval of equipment and the opening-up of public telecommunications markets.