

COMMISSION OF THE EUROPEAN COMMUNITIES

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VERSION NON REVISEE

PROPOSAL FOR A COUNCIL RESOLUTION

on the Development of the Common Market for
Telecommunications Services and Equipment up to 1992

(presented by the Commission)

EXPLANATORY MEMORANDUM

In June of 1987, the Commission launched a broad debate on the future of telecommunications in the Community, with the publication of its Green Paper on the development of the sector ("Towards a Dynamic European Economy - Green Paper on the Development of the Common Market for Telecommunications Services and Equipment", (COM(87)290)). In February 1988, the Commission proposed priorities of action and a schedule for implementation ("Towards a Competitive Community-wide Telecommunications market in 1992 - Implementing the Green Paper on the Development of the Common Market for Telecommunications Services and Equipment, (COM(88)48)).

In the meantime, the debate now seems to have sufficiently progressed to allow the formal definition of the principal objectives which should provide the political framework, within which actions can develop on a firm political basis. This is the purpose of the proposed Resolution.

As set out in the Green Paper, telecommunications have grown into a horizontal infrastructure for the whole of the economy : both industry and services. Several factors have combined to generate this revolution in the basic conditions of the telecommunications sector :

- the speed and the wide range of technological advances : network digitisation, optical cables, computer networks, mobile telephony, satellites;

- the expanding range of new forms of access to sources of information : data bases and banks, knowledge banks, image banks, expert systems ;
- the explosive growth in telecommunications requirements : financial and commercial transactions, research networks, international tourism, world-wide interdependence;
- the growing importance of scale effects in industry and services, particularly in R&D.

The current wave of technical innovation resulting from the convergence of telecommunications technology has led to reviews in all Member States, and at world-level, of the future organisation of the telecommunications sector and its necessary regulatory adjustment.

The Commission's recent global study on the benefits of the 1992 objective ("The economics of 1992 - an assessment of the potential effects of completing the internal market of the European Community", European Economy, nr. 35, March 1988) has confirmed that the development of the Common Market for telecommunications services and equipment now promises major savings and improvement of competitiveness throughout the economy.

The Commission's proposed regulatory positions for liberalisation have been set out in the Green Paper on the Development of the Common Market for Telecommunications Services and Equipment. The Green Paper builds on the action plan in telecommunications launched in 1984. It aims at building consensus on the major regulatory questions which the Community is facing in the telecommunications sector due to the fundamental technological change occurring at present.

Since the issuing of the Green Paper in June of last year, a broad reaction from more than 50 organisations has been received : user organisations, Telecommunications Administrations, trade unions, telecommunications industry, data processing industry. There have been in-depth discussions of the paper in the Senior Officials Group on Telecommunications and with the Director Generals of Telecommunications Administrations.

At the same time, a wide-ranging discussion has got underway at the political level.

The Ministers responsible for telecommunications in the Member States discussed the issues raised in the Green Paper and the proposed policy orientations at an informal meeting in Berlin on 28 April 1988, taking account of the results of the in-depth consultations which had taken place, and gave general support to the orientations proposed. This draft Resolution takes full account of the Presidency's conclusions at this meeting.

The Ministers responsible for industry, at their meeting of 27 May 1988, emphasized, according to the Presidency's conclusions, from an industrial point of view the overall objective of the development of the common market for telecommunications services and equipment. They further stressed the need to ensure that, together with the advantages especially for the users, liberalisation is conducted in such a way that European industry will fully benefit.

The European Parliament initiated debate on the Green Paper in a number of committees, according to the different perspectives involved (1).

(1) Draft report on posts and telecommunications, Committee on Transport, document PE 118.194;

Opinion for the Committee on Transport on the organisation of a European telecommunications network, Committee on Energy, Research and Technology, 18 March 1988, document PE 119.371

A draft opinion is in discussion in the Committee on Economic and Monetary Affairs

The Economic and Social Committee adopted its opinions on the issues raised on 18 November 1987, and on 27 April 1988 (2).

From the debate, the consultations and the opinions expressed, the Commission finds a very broad consensus on four fundamental points :

- regulatory change is inevitable due to the change in technology. The Community must move towards a more competition-orientated environment, particularly in the terminal and services field;
- regulatory changes are underway in all Member States. This means that the Community must develop a common understanding concerning the European context of these evolutions;
- the fact that the deadline of December 1992 is only four and a half years from now, means that where common orientations are necessary at the European level, these must be defined now and that it will need intensive common effort, according to a well planned time schedule, in order to implement the necessary measures ;
- the Community-wide market must be based on Community-wide network integrity, which requires an intensification of co-operation between the Telecommunications Administrations on the co-ordinated introduction of networks and services, in line with market developments and competition rules. This process should also serve to promote a strong presence of European industry in this field.

(2) Opinion of the Economic and Social Committee on COM (87) 290, 18 November 1987, OJC 356, 31.12.1987.

Opinion of the Economic and Social Committee on COM (88) 48, 27 April 1988, document CES 458/88.

While the discussions and opinions reveal broad support for the general approach proposed and for the policy targets set out, it has also become clear that the pursuit of these targets must evolve within the general framework which Community policy sets :

- creation of a social environment for the future development of telecommunications, in keeping with the Community's overall aim of creating a common economic and social area by 1992. Building up the dialogue between the social partners is particularly important in this context.
- developing Community cohesion in this area and ensuring full integration of the less-favoured regions of the Community into the emerging Community-wide market.

This should include examination, within the context of overall Community priorities, of the case for further extension of funds available for this purpose, bearing in mind the progress of the STAR programme ;

- taking full account of the external effects and working out common positions on those international telecommunications questions relevant to Community policy.

The Commission fully agrees with the importance allocated to the social, regional, industrial and external dimension.

Telecommunications policy must be seen within the global context of the Community's objectives.

From its side, the Commission has announced in COM(88)48 that it intends, according to its duties, to pursue, with full commitment, the fulfilment of the objectives in this sector which is central to the Community's future development, by "applying the Treaty's competition rules and by submitting proposals to Council as appropriate (3), as well as by providing the Community framework as a focus for policy formulation".

The proposed Resolution is to create such a framework and to transform the emerging broad consensus into a concrete framework for action. It sets out major policy targets which have found general support.

It recalls that Community telecommunications policy as implemented since 1984 by the Council on proposals by the Commission, with broad support from the European Parliament and the Economic and Social Committee, has established a firm basis which will facilitate the attainment of the policy goals set out.

The draft emphasises the importance of achieving the objectives set out up to 1992, according to a firm action programme and a strict time schedule, as proposed by the Commission in COM(88)48. Finally, it stresses the importance of rapid action by the Council, the European Parliament and the Economic and Social Committee on the detailed proposals to be brought forward by the Commission.

(3) The full schedule of measures proposed by the Commission is set out in COM(88)48.

The overriding objective must be to "develop the conditions for the market to provide European users with a greater variety of telecommunications services, of better quality and at lower cost, affording Europe the full internal and external benefits of a strong telecommunications sector" and "the development in the Community of a strong telecommunications infrastructure and efficient services".

The proposed Resolution takes full account of the broad range of comments received and, in particular, of the conclusions of the informal meeting of the Ministers responsible for telecommunications in Berlin on 28th April 1988, and of the Ministers responsible for Industry in Brussels on 27th May. The Commission considers that, at this stage, the general consensus on advancing rapidly towards a Common Market for telecommunications services and equipment up to 1992 should be expressed in a formal way, in order to generate the necessary political commitment.

The Council is therefore invited to adopt the attached proposal for a Resolution.

PROPOSAL FOR A

COUNCIL RESOLUTION

on the development of the Common Market for
Telecommunications Services and Equipment up to 1992

THE COUNCIL OF THE EUROPEAN COMMUNITIES

Having regard to the Treaty establishing the European Economic Community,

Having regard to the proposal from the Commission,

Whereas the Commission has submitted a Green Paper on the Development of the Common Market for Telecommunications Services and Equipment (COM(87)290) dated 30th June 1987 and a Communication on the Implementation of the Green Paper up to 1992 (COM(88)48), dated 9th February 1988,

Whereas the Economic and Social Committee has established opinions on COM(87)290 and COM(88)48 (1),

Whereas the strengthening of European telecommunications has become one of the major conditions for achieving the Community-wide market for goods and services in 1992 ;

Whereas, as set out in the Green Paper, the current wave of technical innovation resulting from the convergence of telecommunications and computer technology has led to reviews in all Member States, and at world level, of the future organisation of the telecommunications sector and its necessary regulatory adjustment ;

(1) Opinion of the Economic and Social Committee on COM (87) 290, 18 November 1987, OJC 356, 31.12.1987.

Opinion of the Economic and Social Committee on COM (88) 48, 27 April 1988, OJC

Whereas the public service tasks of the administrations or private operating agencies recognised in the Community and providing public telecommunications services, hereinafter referred to as the 'Telecommunications Administrations', which must be maintained, should be carried out in accordance with the obligations of the Treaty, in particular the rules on competition ;

Whereas safeguards must be accepted, in order to maintain the capability of Telecommunications Administrations to develop networks and services ;

Whereas the justification of continued exclusive provision or special rights where they exist, must be weighed carefully against the restrictions which this may impose on those connected to the network concerning present and future application for their own use, shared use, or provision to third parties, taking account of the fact that the development of trade must not be affected to such an extent as would be contrary to the interests of the Community ;

Whereas a more liberal and flexible competitive environment for telecommunications equipment and telecommunications services - in particular value-added services - is indispensable for the overall development of the Community's technology and service markets ;

Whereas the Community's research and development policy and its policy for promoting a Community-wide information market is the necessary complement for such market development ;

Whereas in relation to regulatory changes in telecommunications attention should be paid to the views of all parties concerned, in particular private and business users, Telecommunications Administrations, the Administrations' work force, competing enterprises, and the telecommunications and data-processing industry ;

Whereas the Green Paper has stimulated a very broad response by the users, telecommunications and data-processing industry and other parties concerned ; in parallel, intensive discussions were held with the Director Generals of the Telecommunications Administrations and the trade unions in the field ;

Whereas the Ministers for Telecommunications of the Member States, meeting informally in Berlin on 28 April 1988, have emphasised the importance of rapid progress in the development of a common market for telecommunications services and equipment in achieving the overall aim of an internal market by 1992, so that the telecommunications sector can play to the full the important role that falls to it in the economic and social development of the Community ;

Whereas the Ministers responsible for Industry, confirmed, from an industrial point of view, these objectives and emphasised the need to ensure that, together with the advantages especially for the users, liberalisation is conducted in such a way that European industry will fully benefit ;

Whereas the importance of the irreversible and progressive shift towards competition in the telecommunications sector in bringing about the common market and the economic development of the Member States has been recognised ;

Whereas the social, regional, industrial, and trade aspects must be kept carefully in mind during the progressive implementation of such an approach ;

Whereas the substantial progress made with the Community's 1984 Action Programme for implementing a common telecommunications policy has laid a solid base for the implementation of a common approach in telecommunications ;

Whereas the Treaty obligation of achieving the completion of the internal market by 1992 sets a strict deadline for full application of the Treaty to this sector, and Communication COM(88)48 has indicated an Action Plan for the progressive achievement of a competition-oriented Community-wide telecommunications market and the strengthening of European competitiveness ;

Whereas the overriding objective must be to develop the conditions for the market to provide European users with a greater variety of telecommunications services, of better quality and at lower cost, affording Europe the full internal and external benefits of a strong telecommunications sector ; and the development in the Community of a strong telecommunications infrastructure, industry and efficient services ;

CONSIDERS THE FOLLOWING POINTS AS MAJOR POLICY TARGETS :

1. creating or ensuring Community-wide network integrity as one of the essential elements for a common market in telecommunications services and equipment, working on the principle of full interconnectivity between all networks in the Community ;
2. creating an open, Community-wide market for telecommunications services, particularly for value-added services. Due account must be taken of the competition rules of the Treaty, especially with regard to conditions for the use of leased lines and the definition of harmonised principles and conditions for Open Network Provision. Rapid definition of harmonized principles and conditions for Open Network Provision (technical conditions, usage conditions and tariff principles), starting with harmonised conditions for the use of leased lines, is of crucial importance , and closely linked with the creation of an open market for telecommunications services ;
3. promoting the creation of Europe-wide services, to provide European users with a wider range of better and cheaper telecommunications services, so that Europe can reap the internal and external benefits of a strong telecommunications sector, while ensuring general service for all.

In addition to appropriate measures in the area of standardisation and the encouragement of co-operation, as far as compatible with Community competition rules, this should include definition of common tariff principles, where one of the aims should be to follow, in an efficient way, overall cost trends ;

4. developing further an open, Community-wide market for terminal equipment. Further, quickly reaching agreement on full mutual recognition of type-approval for terminal equipment, on the basis of the rapid development of common conformity specifications ;
5. developing a Community market on which Telecommunications Administrations and other suppliers can compete on an equal basis ; in particular :
 - . clear separation of regulatory and operational duties, with due regard for the situation in each individual Member State ;

- . application of the competition rules of the Treaty to Telecommunications Administrations and private providers ;
 - . a stable and transparent fiscal environment ;
 - . achievement of full liberalization of procurement markets for telecommunications supplies and works.
6. continuing Community measures regarding common standards in the telecommunications sector. The establishment of the European Telecommunications Standards Institute (ETSI) is particularly welcomed in this context. However, further efforts are needed to ensure conformity with the general principles of Community standardization policy, taking into account the achievements of European co-operation in the field of telecommunications and the special characteristics of the telecommunications sector ;
 7. stimulating European co-operation at all levels, as far as compatible with Community competition rules, and particularly in the field of research and development, in order to secure a strong European presence on the telecommunications markets and to ensure the full participation of all Member States ;
 8. creating a social environment for the future development of telecommunications, in keeping with the Community's overall aim of creating a common economic and social area by 1992.

Sustaining the dialogue between the social partners and undertaking in-depth analysis is particularly important in this context, to secure the conditions for developing social consensus concerning the transformation of working conditions and lifestyles resulting from the new telecommunications technologies.

In addition, given the changing requirements, steps must be taken to see that workers have the right job qualifications, to protect personal data and to ensure the individual's access, through the communications media, to an environment significantly richer in information than before ;

9. integrating the less-favoured areas of the Community fully into the emerging Community-wide market. This is one of the aims of the STAR programme, which is designed to make the best use of the growth potential of telecommunications.

This should include examination, within the context of overall Community priorities, of the case for further extension of funds available for this purpose, with a view to narrowing the gap in economic development which still separates these regions from the more prosperous areas of the Community, bearing in mind the progress of the STAR programme .

10. working out, as a priority, a common European position on satellite communications, so that this medium can develop in an open common market, taking account of the general rules of operation and exploitation of the network environment, as well as the competition rules of the Treaty ;
11. fully taking into account of the external effects and working out common positions on international telecommunications problems. Particular attention should be paid to the Community's relation with the Third World in this area.

There should be prior Community-wide co-ordination, according to procedures agreed, on negotiating positions in the international organizations dealing with telecommunications, in particular the various conferences of the International Telecommunications Union, as well as a common position for those aspects of the Uruguay Round which cover telecommunications.

NOTES WITH SATISFACTION :

that substantial progress has been made with the Community's 1984 action programme approved at the Council's meeting of 17th December 1984 for implementing a common telecommunications policy, particularly in the following areas :

- establishment of standards, and steps towards the mutual recognition of type approval for terminal equipment ;
- development of advanced telecommunications technologies, with the start of the RACE programme ;
- access to modern telecommunications for the less-favoured areas of the Community, with the launching of the STAR programme ;
- co-ordination of technical plans and strategies for the introduction of new services, in particular the Integrated Services Digital Network (ISDN), and pan-European digital public mobile communications ;
- application of Community law with the aim of creating a Community-wide market,

GIVES ITS GENERAL SUPPORT

to the principles of the action programme set out in COM(88)48, which relates to the progressive achievement of a competition-oriented Community-wide telecommunications market up to 1992, and the strengthening of European competitiveness, while safeguarding the public service goals of telecommunications ;

In this context and in the spirit of the conclusions of the Council of 17th December 1984, under which it was established, importance is accorded to the role played by the Senior Officials Group on Telecommunications (SOG-T):

INVITES THE COMMISSION

to propose, where required, the measures necessary for pursuing the achievement of these aims, to be taken in priority areas on the basis of the appropriate Community procedures, in particular for the creation of the common market for telecommunications services and equipment and taking appropriate account also of the external dimension of these measures.

INTENDS

to meet, in the future, on a regular basis on telecommunications issues, in order to pursue, together with the Commission, the European Parliament and the Economic and Social Committee, the rapid completion of the internal market for telecommunications services and equipment up to 1992, according to the goals set out.