

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(94) 347 final

Brussels, 19.07.1994

**EUROPE'S WAY TO THE INFORMATION SOCIETY.
AN ACTION PLAN**

COMMUNICATION

from the
COMMISSION

to the
COUNCIL and the EUROPEAN PARLIAMENT

and to the
ECONOMIC AND SOCIAL COMMITTEE and the COMMITTEE of REGIONS

EUROPE'S WAY TO THE INFORMATION SOCIETY. AN ACTION PLAN

INTRODUCTION

I. REGULATORY AND LEGAL FRAMEWORK

1. Towards a competitive environment
2. Standardisation, interconnection and interoperability
3. Tariffs
4. Worldwide dimension
5. Intellectual property rights
6. Privacy
7. Electronic protection, legal protection and security
8. Media ownership
9. Competition
10. Audiovisual

II. NETWORKS, BASIC SERVICES, APPLICATIONS AND CONTENT

1. Networks
2. Basic services
3. Applications
4. Content

III. SOCIAL, SOCIETAL AND CULTURAL ASPECTS

IV. PROMOTION ACTIVITIES

ANNEX: Tables: *pending measures*
new measures under consideration
partnership

The information society is on its way. A "*digital revolution*" is triggering structural changes comparable to last century's industrial revolution with the corresponding high economic stakes. The process cannot be stopped and will lead eventually to a knowledge-based economy.

The Commission's White paper on "*Growth, Competitiveness, Employment - The challenges and ways forward into the 21st century*" acknowledges the importance of this process, critical to the future of European society. It develops a positive vision, stressing that information and communication technologies and related services have the potential to promote steady and sustainable growth, to increase competitiveness, to open new job opportunities and to improve the quality of life of all Europeans.

The White paper was examined by the European Council at its December 1993 meeting. The Council gave its full political support and requested that a report be prepared on the information society by a group of prominent persons, providing concrete recommendations for action.

The report "*Europe and the global information society - Recommendations to the European Council*", illustrates the search for a consensus on this issue and builds on the White paper's analysis. It highlights the need for an acceleration of the liberalisation process and the achievement and the preservation of universal service and the Internal Market principles of free movement. Public authorities will have to set new "rules of the game", control their implementation and launch public interest initiatives. The deployment and financing of an information infrastructure will be the primarily responsibility of the private sector. At a Community level, in addition to legislative initiative, it will be necessary to better target available resources to contribute to the new objectives.

Finally, the report emphasizes the urgency of adopting its recommendations. The race is on at global level, notably US and Japan. Those countries which will adapt themselves most readily will *de facto* set technological standards for those who follow. It also underlines the global nature of the issue, and calls for proper coordination mechanisms, and the advancement of international negotiations.

The report was submitted to the European Council for its meeting in CORFU on 24-25 June 1994. The European Council's conclusions recognize the importance of the opportunity and the scale of the challenge facing Europe. It has emphasized that the prime responsibility for acting rests with the private sector, and that the role of the Community and the Member States is to back up this development by giving a political impetus, creating a clear and stable regulatory framework and by setting an example in areas of their direct responsibility.

The Commission fully supports these conclusions. It welcomes the European Council's invitations (a) to the Council and the European Parliament to adopt before the end of this year measures already proposed by the Commission and (b) to itself to establish a work programme for the remaining measures needed at the Community level.

This Communication is a response to that invitation, and the signal that the information society challenge is effectively being taken up. The momentum established since the publication of the White Paper must be maintained. But it is not sufficient merely to act; there is a need for a consistent response by Europe to the challenge, avoiding initiatives which neutralise each other or are mutually incompatible. A global, coherent and balanced approach of mutually supportive measures is called for. The Community will assume its responsibilities for setting the appropriate regulatory environment. In parallel, the private sector is invited to play its entrepreneurial role and launch without delay concrete initiatives for the prompt deployment of the information society.

While a number of proposals have already been made and are under consideration, there is a need for new proposals in a number of areas. This Communication presents an overview of the Commission's work programme on the information society. It constitutes an action framework within which a series of relevant policies will be articulated and more specialised Communications will be released.

The Commission's response covers four areas:

- the regulatory and legal framework, for which new proposals will be made, in particular regarding telecommunications infrastructure and services, on the protection of intellectual property rights and of privacy, on media concentration, as well as the updating of the "rules of the game" for the free movement of TV broadcast in the Community;
- networks, basic services, applications, and content, where there is a need to bring the parties concerned together in order to stimulate the development of applications in the areas proposed by the High Level Group and endorsed by the European Council;
- social, societal and cultural aspects, including the linguistic and cultural dimensions of the information society stressed by the European Council; and
- promotion of the information society in order to increase public awareness and support.

The Commission invites the Council and the European Parliament, as well as the Social and Economic Committee and the Committee of Regions, to debate the issues and give political backing to the development of this action plan.

I. REGULATORY AND LEGAL FRAMEWORK

The CORFU Summit's Presidency's conclusions underline the importance of backing up the efforts of the private sector with the rapid establishment of a clear and stable regulatory framework, notably with regards to market access, compatibility between networks, intellectual property rights, data protection and copyright. As a response, the Commission proposes a broad regulatory framework package (cf. **Annex 1 and 2**), while preserving missions of public interest according to the principles of universality, equality and continuity. More specific Communications will follow, covering different areas outlined below.

Of central importance to the development of the European information society is the need to safeguard the free circulation of services across our internal frontiers. Given the range of measures that might be necessary, the Commission will, as a matter of importance, set such issues in the context of an Internal Market framework, with the view to guaranteeing a level playing field.

1. Towards a competitive environment

• Infrastructure liberalisation

The Bangemann group's report recommends that Member States accelerate the on-going liberalisation of the telecom sector. It is now appropriate to seek agreement on the principle of infrastructure liberalisation in the telecommunications sector, together with clear dates for its implementation. These efforts would complement the agreement on full service liberalisation according to Council Resolution of July 1993¹. A Communication will be presented in September on the approach proposed.

The second step will be for the Commission to publish a Green Paper on infrastructure by the end of the year. This will be open to a broad consultation process on the conditions for general liberalisation of infrastructure for the provision of public telecom services.

• Establishment of an authority at European level

The question of establishing an authority at European level has been raised. Whilst fully respecting the subsidiarity principle, the Commission will launch in-depth studies to examine institutional aspects and to see which activities at present exercised by the Member States and the Commission might be entrusted to such an authority, and will initiate discussions with Member States authorities.

In the light of these consultations, proposals might be made by January 1996.

¹ Council Resolution of 22 July 1993 on the review of the situation in the telecommunications sector and the need for further development in that market (93/C213/01; OJ C213/1, 06.08.93)

2. Standardisation, interconnection and interoperability

• Standardisation

Standardisation is essential to achieve network interconnection and interoperability of services at the international level. The Commission is initiating a debate on standardisation in information technology and communications policy in order to increase its responsiveness to market realities. It will issue a Communication in October on the wider use of standardisation in support of Union policy.

On the specific aspects of information technology and communication, a major Workshop open to all concerned parties will be held in November. It will identify measures for the improvement of planning and prioritisation, for facilitating consensus building, for speeding up the standard making process and for appropriate use of standards in the international context. On the basis of this workshop, the Commission will initiate appropriate actions during the course of 1995.

• Interconnection and interoperability

Interconnection of networks and interoperability of services and applications become increasingly important as competition is introduced, if fragmentation is to be avoided. The emphasis on interconnection must be reflected in the adjustment of the overall regulatory regime, in preparation for the liberalisation of telecommunications services. The Commission will update the Open Network Provision framework, focusing on rules for interconnection between existing and new service providers, the entities which are concerned, standards interfaces for networks and services enabling fair and open network access, with proposals to be submitted by end of 1995.

The Commission's proposals for TEN-ISDN (integrated services digital networks) will improve the interconnection of networks. The IDA (networks for the exchange of information between administrations) addresses inter alia the interoperability of application services between administrations. The Council and Parliament are invited to adopt these before the end of the year.

3. Tariffs

• Tariff adjustment

Almost every Member State has started or announced plans to rebalance current tariff structures as a key element in preparing for liberalisation, in accordance with Council Resolutions of July 1993 and February 1994².

Cost-orientation is an objective the Commission is pursuing in view of the transition to competition. At the Community level there are already binding requirements for tariffs for leased lines to be cost-oriented, and for verifiable cost-accounting systems to be established by the TO's in each Member State. The corresponding Directive is still not fully transposed by all the Member States. The Commission is, therefore, putting infringement procedures in place.

² Council Resolution 94/C 48/01 of 7 February 1994 on universal service principles in the telecommunications sector (OJ C48/1, 16.02.94)

- **Financing of universal service**

The Commission will complete investigations on financing universal service in accordance with Council Resolution of February 1994 and will report before end 1995. In this context the Commission will develop common access charge principles.

4. Worldwide dimension

The Commission is involved in the negotiations on so-called "basic" telecom services in the context of the General Agreement on Trade in Services (GATS). Specific telecommunication trade issues will be addressed (e.g. the need to ensure a balanced participation in the new personal communications satellite systems and the need for effective access for new land-based mobile technology in world markets).

Additional trade issues will concern services (other than telecoms), IPRs, or mutual recognition agreements (eg. on standardisation issues). These problems must also be addressed on a global basis, notably under the auspices of the new World Trade Organisation and the World Intellectual Property Organisation. The Community is participating actively in these discussions.

These trade policy aspects must be formulated in a global and consistent approach, necessitating an intensified dialogue with the US in the context of the information society. Bilateral discussions with other major trading partners, such as Japan and Canada, will be broadened. Furthermore, several issues related to the global information society will be addressed in the near future in other fora such as the International Telecommunication Union.

The Commission will also promote the setting up of a cooperation framework and support concrete actions in the field of RDT and industrial cooperation with third countries in order to contribute to the development of infrastructures and applications compatible with those of the Union.

The NAPLES G7 meeting agreed to convene in BRUSSELS a conference of the relevant Ministers to discuss the development of an open, competitive and integrated worldwide information infrastructure. The Commission will organise this conference for the end of this year.

5. Intellectual property rights (IPRs)

IPR measures, whether already adopted or addressed in the 1990 Working Programme in the field of copyrights and neighbouring rights will have to be reviewed, and the possible need for additional measures examined. A Green paper on IPRs in the information society will be prepared in the coming months and give the opportunity for extensive consultations with interested parties.

The proposal for a Council Directive on the legal protection of databases³ is critical to the development of an appropriate regulatory environment for networks. The Council is invited to adopt it as a matter of urgency.

³ Proposal for a Council Directive on the legal protection of databases, COM(93) 464 final, SYN 393

In the field of private copying, the Commission will shortly present a proposal for a Directive.

6. Privacy

Following the conclusions of the CORFU Summit urging for the rapid adoption of the data privacy framework Directive⁴, the Commission will strive to have the text adopted in Autumn. The Commission is, however, aware of the need to specify how the general principles will be applied to specific situations raised by the introduction of new technologies. It has modified its proposal for a Directive on the protection of personal data and privacy in the context of digital telecommunications networks⁵ in the light of the subsidiarity principle and of the first opinion given by the Parliament.

7. Electronic protection, legal protection and security

• Electronic protection

The Council and Parliament have asked for rules concerning conditional access to be included in the proposed Directive on the use of standards for the transmission of TV signals⁶. Economic actors are currently trying to reach an agreement under the auspices of the European project on Digital Video Broadcasting. In the light of the results of this process, which will end in September, the Commission will include appropriate provisions in the Directive.

• Legal protection

The Commission is preparing a Green paper on the legal protection of encrypted broadcasts in the internal market, concentrating on problems associated with the absence of specific legislation in some Member States and with the disparities between existing legislation in others. The Commission will examine the need of harmonising the legal provisions in Member states relating to unauthorised access and the appropriate level of intervention.

• Security

The Commission, advised by the Senior Officials Group on Information Security, intends to put forward by September 1994 a further proposal addressing the requirements for encryption for business and commerce and also the integrity of signatures.

⁴ COM(92)422

⁵ Amended proposal for a European Parliament and Council Directive concerning the protection of personal data and privacy in the context of digital telecommunications networks, in particular the integrated services digital network (ISDN) and digital mobile networks, COM(94) 128 final -COD 288, 13.06.94

⁶ Proposal for a Directive of the European Parliament and the Council on the use of standards for the transmission of the Television signals, COM(93) 556 final -COD 476

With the subsidiarity principle in mind, the Commission will undertake a broad examination of the issues relating to information security and the information society, culminating in the presentation of a communication.

The Community will explore cooperation with third countries, notably the US, on encryption.

8. Media ownership

The Commission will shortly present a Communication to the Council and Parliament on the follow-up to the Green paper "*Pluralism and media concentration in the internal market*", in particular to avoid the risk of further fragmentation of the Internal Market with the emergence of new national regulations. The Commission will analyse the comments which have been received during consultations with interested parties and will take a position on the different options regarding the need and the appropriate level of intervention.

9. Competition

Competition law plays an important role in maintaining open markets, as well as in ensuring that cooperation between TOs does not result in new barriers being set up. The Commission takes an active role in the application of the competition rules to the telecom sector, as shown by two Directives based on article 90, and many individual cases falling under articles 85 and 86. The rules will in particular play an increasing role in the settlement of interconnection disputes. The Commission is considering whether to take measures on the use of alternatives and cable TV networks for non-reserved services.

The competition rules support a positive contribution to the achievement of the information society, and the Commission will apply these rules taking into account the reality of the newly emerging global markets and the rapid speed of change.

10. Audiovisual

The regulatory framework which applies to the content of audiovisual services must contribute to the free movement of such services within the Union, and be responsive to the opportunities for growth in this sector opened up by new technologies. These measures must take into account the specific nature, in particular their cultural and sociological impact, of audiovisual programmes, whatever their mode of transmission. Traditional television remains an important service with regards to extending the information society into the home. The 1989 Directive "*Television without frontiers*"⁷ must be reviewed. A proposal will be submitted in the Autumn.

⁷ Council Directive 89/552/EEC of 3 October 1989 on the coordination of certain provisions laid down by law, regulation or administrative action in Member States concerning the pursuit of television broadcasting activities, ECOJ 17.10.1989, L298/23

II. NETWORKS, BASIC SERVICES, APPLICATIONS AND CONTENT

The private sector will take the leading role in the implementation of the Information Society. It is used to risk-taking, has extensive experience in exploring and developing new markets, and is a valuable source of capital. The Commission will play its catalytic role by putting in a user-friendly and coordinated fashion its various instruments at disposal and by stimulating partnership-building and the launching of new concrete initiatives.

Applications in the area of Trans-European Networks, as well as the audiovisual field, will play a major role in the development and implementation of the information society.

1. Networks

- **Euro-ISDN:** The Commission's proposals on TEN-ISDN⁸ should be adopted by the Council and Parliament before the end of the year.
- **Integrated Broadband Communications (IBC):** Work is performed under the RDT specific programmes on information and communication and the "asynchronous transfer mode" (ATM) trial (at present 18 public network operators involved).

The Bangemann report recommends setting up a *European Broadband Steering Committee* involving all relevant actors in order to develop a common implementation strategy by the end of the year. The Commission will encourage such an activity by the end of 1994.

- **Mobile communications:** The Commission has recently issued a Green Paper proposing further liberalisation of the sector and the development towards Union-wide markets for equipment, networks and services⁹. The Commission will present a report on the results of the consultation phase by the end of 1994 and will table respective legislative measures in 1995.
- **Satellite communications:** The Commission is finalising the first phase of its policy based on the Satellite Green Paper¹⁰. This phase could, if necessary, conclude with the adoption of an article 90 based Directive liberalising satellite services and

⁸ Communication from the Commission related to the development of the ISDN as a trans-European network, proposal for a Council Decision on a series of guidelines for the development of ISDN as a Trans-European network, and proposal for a Council Decision adopting a multi-annual Community action concerning the development of ISDN as a trans-European network, COM(93) 347 final (01.09.93)

⁹ Towards the Personal Communications Environment: Green Paper on a common approach to mobile and personal communications in the European Union, COM(94) 145 final.

¹⁰ Towards Europe-wide systems and services: Green Paper on a common approach in the field of satellite communications in the European Community, COM(90)490, 20.11.90)

Parliament of a Directive on the mutual recognition of licences for satellite services¹¹ by the end of 1994.

With the recent adoption of a Communication on the provision of, and access to, space segment capacity¹², the Commission intends to launch a new phase in its policy and the Council is invited to adopt a Resolution on this issue. Extensive discussions will take place with US authorities and European industry on satellite personal communications services.

The Commission will produce before the end of the year an overall conceptual framework for these various trans-European telecom networks initiatives.

2. Basic services

With the emergence of Euro-ISDN and the introduction of ATM-based broadband communication services, more diversified basic services for electronic mail, video conferencing and multimedia services can be provided.

The Commission will initiate a *European Forum for basic services*, aiming at a closer cooperation on common services and functional specifications and on the timing of their introduction.

The Commission will set up a group to identify the benefits and the conditions for coexistence and convergence of the INTERNET and OSI protocol suites in the context of the Union's commitment to standardisation.

3. Applications

Research projects and experimental applications must be moved from the laboratory into real life in order to create new markets and new job opportunities. The CORFU Summit endorsed the application areas proposed by the Bangemann group: teleworking, distance learning, a network for universities and research centres, telematic services for SMEs, road traffic management, air traffic control, healthcare networks, trans-European public administration network, electronic tendering, and city information highways.

• Methodology for implementation

Initiatives will be designed and set up in a bottom-up fashion by the private sector, possibly in partnership, for those applications which are related to public interest or influenced and regulated by public authorities, with Member States, regions and cities.

¹¹ Proposal for a European Parliament and Council Directive on a policy for the mutual recognition of licences and other national authorisations for the provision of satellite network services and/or satellite communications services, COM(93) 652 final - COD 482, 04.01.94

¹² Communication from the Commission to the Council and the European Parliament on Satellite Communications: The provision of - and access to - Space Segment Capacity, COM(94) 210 final, 10.06.94.

Besides its actions in the regulatory and legal domain, the Commission will support the development of applications in various ways. Each case being different, no single universal solution exists, and a combination of different means will be needed. As an immediate practical step, the Commission will set up an "*Information Society Project Office*". This office will act as a single user-friendly interface between the Commission and those who are taking initiatives in the various areas ("one-stop shopping" approach) in order to facilitate an optimal use of these various instruments.

- **Financing**

Whilst the creation of the information society will be entrusted to the private sector, the Commission will see to it that better focused and more effective use is made of existing financial instruments.

Building on the results of the 3rd Framework programme, the **4th RDT Framework programme** will contribute extensively to accelerate the deployment of the applications taken up in the conclusions of the European Council. New technologies will be developed in the framework of the specific programmes for full-scale implementation of the applications following the pilot experiments. While the "*Advanced Communication and Telecommunication Services*" specific programme has been adopted, the Commission will seek rapid decisions on "*Telematics*", and "*Information technology*". *Call for proposals* are likely to be issued on respectively 15 September and 15 December 1994. The 4th Framework programme will also support diffusion and valorisation activities, including financial engineering schemes and technology transfer activities.

In the context of **Transeuropean networks**, The Commission will use the TEN-ISDN and TEN-IBC initiatives to support those applications that contribute to the development of advanced communication networks by means of feasibility studies, loan guarantees and interest rebates.

Within the context of the **Structural funds**, the Commission welcomes the emphasis given to aspects of the information society in the Community Support Framework /single programming documents agreed for the Objective 1 regions for the period 1994-1999. The Commission will seek to ensure through the monitoring Committees that sufficient account is taken of the needs of the information society when selecting projects to be financed. These needs will also be addressed in the negotiations of the Objective 2 and 5b plans. In addition, the Member States will be able to include appropriate measures within the draft programmes to be submitted under the SME initiative by the end of October 1994.

- **Initiative definition, partnership-building and concrete experiments**

The Commission will take a number of initiatives to stimulate private and public-private partnerships and to increase user involvement.

It will, from its own initiative or to respond to expressions of interest (for which it will issue *Call for ideas* and *Call for intentions* in various domains), gather potential actors (users, operators, service providers, equipment manufacturers, etc..) in *Round tables*, *Fora* and *Conferences*, according to the degree of maturity of the initiatives. Discussions will address such issues as the identification of needs, cost estimates,

