

Opinion of the Economic and Social Committee on the 'Universal service for telecommunications in the perspective of a fully liberalized environment'

(97/C 30/08)

On 26 March 1996, the Commission decided to consult the Economic and Social Committee on the Universal service for telecommunications in the perspective of a fully liberalized environment.

The Section for Transport and Communications, which was responsible for preparing the Committee's work on the subject, adopted its Opinion on 11 September 1996. The rapporteur was Mr von Schwerin.

At its 338th Plenary Session (meeting of 25 September 1996) the Committee adopted the following Opinion with 107 votes in favour and two abstentions.

1. Introduction

1.1. The Commission Communication is described as an essential element of the information society.

1.2. The fact that the liberalization of telecommunications must go hand-in-hand with parallel action to create a regulatory framework which secures the delivery of a universal service has been stressed in many documents. These include the Commission Communication on the consultation on the review of the situation in the telecommunications services sector (COM(93) 159 final), the Council Resolution 94/C 48 of 8 February 1994 on universal service principles in the telecommunications sector, the Council Resolution 95/C 258 of 18 September 1995 on the implementation of the future regulatory framework for telecommunications, the European Parliament Resolution of 19 May 1995 on the Green Paper on the liberalization of telecommunications infrastructure and cable television networks, the Opinion of the Economic and Social Committee of 13 September 1995 on the liberalization of telecommunications infrastructure and the Opinion of the Committee of the Regions on the Commission Communication: Europe's way to the information society — an action plan.

2. Content of the Commission document

2.1. The Commission Communication contains the following five chapters:

- I. The basis for the Communication (introduction)
- II. The current concept of universal service in the European Community
- III. Issues for the evolution of universal service in the short term
- IV. The evolution of universal service for telecommunications and access to advanced services in the context of the information society and
- V. Conclusions.

2.2. The four annexes contain the timetable for action, a questionnaire on the universal service sent to Member States, a list of organizations which commented on the theme paper and a summary of the main issues raised in the public consultation on the universal service theme paper.

2.3. In the light of the political agreements of 1993 and 1994 resulting from the Commission's 1992 Telecommunications Review⁽¹⁾ in favour of the full liberalization of the sector, the Council, the European Parliament, the Economic and Social Committee⁽²⁾ and the Committee of the Regions have all recognized that liberalization goes hand-in-hand with parallel action to create a regulatory framework which secures the delivery of universal service.

2.4. The Commission has prepared this Communication on the basis of (i) the results of a survey of the level and quality of service found in the Member States and (ii) a public consultation on universal service issues during autumn 1995. Its aims are threefold:

- to describe the current concept of universal service in telecommunications, both in terms of the regulatory framework and in terms of the current level of universal service provision in the Member States;
- to address practical issues and propose solutions and action for the future development of universal services;
- to place universal service for telecommunications in the broader context of the information society.

2.5. Thus, according to the Commission, the basic concept of universal service (the elements of which are detailed in the aforementioned Directive 95/62/EC) must comprise the obligation to provide access to the public telephone network and to deliver an affordable telephone service to all users requesting it.

⁽¹⁾ OJ No L 321, 30. 12. 1995; OJ No C 236, 11. 9. 1995.

⁽²⁾ OJ No C 301, 13. 11. 1995.

2.6. Furthermore, the Commission considers that price increases for users in rural areas must not be used to compensate for losses in revenue resulting from price decreases elsewhere and that any differences in pricing between urban areas and rural areas must not result in unaffordable prices. The Commission also envisages special schemes for disadvantaged users such as elderly or disabled people and plans to promote initiatives to accelerate network digitalization in the less developed regions of the EU, and to ensure that the introduction of competition and new technologies reduces rather than widens the differences between regions.

2.7. The Commission envisages a certain flexibility in the financing of the universal service to take account of the differing situations in the Member States.

3. General comments on the Commission Communication

3.1. The Economic and Social Committee welcomes the highly detailed description of the current concept of universal service in telecommunications, which covers both the regulatory framework and the level of provision in the Member States.

3.2. The Committee agrees with the Commission on the need to place the universal service for telecommunications in the broader context of the establishment of the information society.

3.3. The Committee supports the practical issues addressed in the Communication and the solutions and action proposed for the future development of the universal service.

3.4. The Committee regrets that while the Communication deals with the scope and affordability of the universal service and describes general costing and financing guidelines, it does not contain a detailed concrete proposal for guaranteeing the universal service from the point of view of calculating the costs and the financing. The Committee thinks that a guideline for calculating the costs and the financing must be discussed at the same time as the Communication on the universal service in telecommunications.

3.5. The Committee agrees with the Commission that the information society raises issues which go far beyond the universal service for telecommunications. It also agrees on the need for an overall Community policy for the information society which includes education, health care and social policy aspects. However, this policy is not adequately described in the Communication.

3.6. Employment policy should also have been considered in the Communication in connection with the creation of the information society and the main elements of the universal service, but it has been totally disregarded. The Committee would refer in this connection to the study carried out on the Commission's behalf on the employment effects of liberalization/privatization⁽¹⁾ and the use of new technologies in telecommunications.

3.7. The general obligation to provide a high level of employment in the Community, as laid down in Article 2 of the EC Treaty, should be borne in mind in this context. A broad universal service offering many new individual services would underpin this obligation.

4. Specific comments

4.1. The Committee would point out that the safeguarding, development and financing of a universal service in the telecommunications sector is vital for the future development of the Community. The Committee thinks that first and foremost the universal service must help to bring society closer together, thereby strengthening economic and social cohesion. For this reason all users quite rightly expect a broad universal service which will be developed further according to their needs, which will take account of the development of European society and which will keep abreast of technical advances. It is therefore necessary to develop the universal service provision within the framework of a dialogue involving all groups in society as part of a gradual dynamic process which takes account of the reality of the market. The definition of universal service must be amplified accordingly.

4.2. As regards the scope of the universal service obligations defined in the Communication, the Committee would refer to its Opinion of 29 February 1996 on the Proposal for a European Parliament and Council Directive on interconnection in telecommunications with regard to ensuring universal service and interoperability through application of the principle of Open Network Provision (ONP) (COM(95) 379 final — 95/0207 COD)⁽²⁾.

It would also refer to its Opinion of 25 April 1996 on the proposal for a European Parliament and Council Directive amending Council Directives 90/387/EEC and 92/44/EEC for the purpose of adaptation to a competitive environment in telecommunications (COM(95) 543 final)⁽³⁾.

(1) COM(95) 512 final.

(2) OJ No C 313, 24. 11. 1995, p. 7; OJ No C 153, 28. 5. 1996, p. 21.

(3) OJ No C 62, 1. 3. 1996, p. 3; OJ No C 204, 15. 7. 1996, p. 14.

4.3. It is noted that the Commission intends to report in January 1998 and thereafter at regular intervals on the scope, level, quality and affordability of the universal service in the European Community and to check on the need to adapt the scope of the universal service throughout Europe in the light of circumstances. However, instead of describing what the report is to contain, the Commission should set clear criteria, that take account of the reality of the market, for introducing a broad universal service incorporating future technology (e.g. ISDN access), thereby enabling all interested parties to know where they stand when they make their plans. The universal service defined in the Commission Communication can therefore be regarded simply as an initial step. Such an approach would oblige all Member States to make an all-out effort to achieve the target and keep the Commission briefed on the measures introduced in order to safeguard Europe's future chances in a global competitive market.

4.4. The political decisions taken in the European Union with regard to the full liberalization of telecommunications by 1 January 1998 (Council Resolution of 22 July 1993 on the review of the situation in the telecommunications sector (93/C 213/01)) mean that all users and manufacturers already know where they stand when they make their plans. In particular, small and medium-sized enterprises in the Member States must know where they stand when planning investments and new services so that they can enter the market once it has become fully liberalized. At the same time, a European universal service at, for example, ISDN level would provide manufacturers and service providers with a favourable environment for the development of a number of value-added services, which could be built on in various sectors.

4.5. The Committee thinks that when the scope of a universal service is laid down, economic and social cohesion must be promoted in all Member States (in accordance with Article 2 of the EC Treaty and the conclusions of the G-7 summit on the information society).

4.6. The Committee thinks that all providers of telecommunications services must make a fair, appropriate contribution to all aspects of the services, including finance. In particular, appropriate allowance must be made for the costs incurred in connection with the establishment of the networks, the prior development work, their maintenance and the investment required for modernization. Therefore, priority must be given to the Commission presenting guidelines for the financing of the universal service without delay so that the costs associated with the provision of the universal service can be divided up among all market players. The Committee also notes that consumer demand and needs

have still not been investigated, even though it has repeatedly called for this to be done⁽¹⁾.

4.7. The term 'universal service' implies that the service is offered to all citizens, which in turn means that all citizens should be able to afford it. The aim must therefore be to prevent the emergence of a two-class society in the Community. Hence the price of the universal service should be determined on the basis of social and demand-oriented criteria. The guarantee that such a service will be provided is vital for the public in general and certain groups of the population in particular (disabled, elderly, etc.). Support is therefore given to the Commission's remark that the Member States must adopt measures (price capping mechanisms, etc.) to ensure that all users can afford the services. However, allowance must also be made for service providers covering their costs.

4.8. The Committee would ask the Commission to examine whether something similar to the 'greenpoints' found in the Netherlands could be installed by Member States in public places in towns and cities. Members of the public would then be able to make and receive calls on their own cordless telephones without paying a surcharge for the radio link. This would also do away with the need to pay for the maintenance and upkeep of telephone booths.

5. Conclusions

5.1. The Committee agrees with the Commission that the concept of universal service must form a firm anchor for the regulatory reforms underway at national level with a view to fully liberalizing the telecommunications sector in Europe. The Committee considers it important to put pressure on Member States to introduce the universal service as quickly as possible.

Coordination of this work would be furthered by the establishment of a European regulatory body, which the Committee supported in its Opinion on the ONP Directive (COM(95) 379 final) issued on 28-29 February 1996.

5.2. The Committee supports the Commission's view that consumers at both national and Community level should be involved more closely in decisions concerning the fixing of quality targets, standards and future scope of the universal service. The Committee also welcomes the setting-up of a European monitoring committee to represent consumer interests. However, the consumer organizations which were actively involved in the Commission consultations should be represented on this committee, which should also be provided with the resources it needs for its successful operation.

⁽¹⁾ OJ No C 110, 2. 5. 1995.

5.3. The Committee calls on the Commission to attach appropriate significance to the commitment to high employment (Article 2 of the EC Treaty) in its report on the scope, level, quality and affordability of the universal service.

5.4. As progress towards the information society continues, the Commission and the Member States are urged to adopt every possible measure in support of disadvantaged regions so that the digitalization of networks is speeded up in those regions and regional imbalances in the Community are thereby reduced. The aim of providing all citizens with a broad high-quality universal service will thus be furthered.

Brussels, 25 September 1996.

*The President
of the Economic and Social Committee*

Carlos FERRER

Opinion of the Economic and Social Committee on the 'Proposal for a Council Regulation (EC) amending Council Regulation (EEC) No 3922/91 on the harmonization of technical requirements and administrative procedures in the field of civil aviation' ⁽¹⁾

(97/C 30/09)

On 13 June 1996 the Council decided to consult the Economic and Social Committee, under Article 84 of the Treaty, on the above-mentioned proposal.

The Section for Transport and Communications, which was responsible for preparing the Committee's work on the subject, adopted its Opinion on 24 July 1996. The Rapporteur was Mr Moreland.

At its 338th Plenary Session (meeting of 25 September 1996), the Economic and Social Committee adopted the following Opinion by 95 votes for, 4 votes against and 5 abstentions.

1. Commission Proposal

This amendment to Council Regulation 3922/91 on the harmonization of technical requirements and administrative procedures in the field of civil aviation is an extension of that regulation [following agreement of the Joint Aviation Authority (JAA)] to cover small

commercial aircraft and rotorcraft which were not covered in the annex to 3922/91.

2. Committee Opinion

This proposal has widespread support from the aviation industry and technical experts and is a contribution to higher safety standards in the aviation industry. The Committee supports the proposal.

(²) OJ No C 179, 22. 6. 1996, p. 9.

Brussels, 25 September 1996.

*The President
of the Economic and Social Committee*

Carlos FERRER
