

# COMMISSION OF THE EUROPEAN COMMUNITIES

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## TELECOMMUNICATIONS :

### PROGRESS ON THE DEFINITION OF OPEN NETWORK PROVISION

( O N P )

- short status report -

COMMUNICATION FROM THE COMMISSION

## SUMMARY

Open Network Provision ( O N P ) is central to the implementation of the Green Paper on the Development of the Common Market for Telecommunications Services and Equipment.

The Council of Ministers outlined the global policy context for this area as follows, in the Council Resolution of June 30th 1988 on the development of the Common Market for Telecommunications Services and Equipment up to 1992 :

"creating progressively an open, common market for telecommunications services, particularly for value-added services. Due account must be taken of the competition rules of the Treaty. Rapid definition, by Council Directives, of technical conditions, usage conditions and tariff principles for Open Network Provision, starting with harmonized conditions for the use of leased lines, is of crucial importance and closely linked with the creation of an open common market for non-reserved telecommunications services"

This Communication provides a brief overview of the current situation with respect to the definition of Open Network Provision. It reviews progress to date and presents proposals for structuring the process for the future detailed development and implementation of ONP conditions.

## I INTRODUCTION

As set out in the Green Paper on the Development of the Common Market for Telecommunications Services and Equipment<sup>1</sup>, the convergence of telecommunications and data processing and the current wave of innovation in telecommunications will offer enormous new opportunities to both the users and the Telecommunications Administrations. In line with the Europe-wide trend, the Green Paper recommended that both Telecommunications Administrations and competitive service providers should be able to participate on an equitable basis in the new markets. This position was overwhelmingly confirmed in the broad consultation process with users, Telecommunications Administrations, industry and unions, following the publication of the Green Paper.

In its Resolution of 30th June<sup>2</sup>, the Council laid down as a major goal the "development of a common market, on which Telecommunications Administrations and other suppliers can compete on an equal footing".

As discussed in the Green Paper, the participation of both the Telecommunications Administrations and other suppliers in the new market opportunities does however imply the implementation of harmonised access conditions to the networks and services operated by the Telecommunications Administrations - a concept defined in the Green Paper as Open Network Provision - ONP.

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<sup>1</sup> COM(87)290, 30.7.1987

<sup>2</sup> Council Resolution of 30th June on the Development of the Common Market for Telecommunications Services and Equipment (88/C 257/01)

This makes the concept of Open Network Provision central to the development of a Community-wide market for telecommunications services, as confirmed by the Council, the hearing in the European Parliament, the opinions of the Economic and Social Committee<sup>3</sup> and the broad range of comments received from all parties concerned.

Open Network Provision should lead to an open, efficient, and harmonized environment for the development of non-reserved services in the Community, in particular of the so-called value-added services.

The Green Paper defined the development of the conditions for Open Network Provision as a progressive and participative process :

"Clear definition by Community Directive of general requirements imposed by Telecommunications Administrations on providers of competitive services for use of the network, including definitions regarding network infrastructure provision.

"This must include clear interconnect and access obligations by Telecommunications Administrations for trans-frontier service providers in order to prevent Treaty infringements.

Consensus must be achieved on [harmonized] standards, frequencies, and tariff principles, in order to agree on the general conditions imposed for service provision on the competitive sector. Details of this Directive on Open Network Provision (ONP) should be prepared in consultation with the Member States, the Telecommunications Administrations and the other parties concerned, in the framework of the Senior Officials Group on Telecommunications (SOG-T)."

Furthermore, on the basis of the comments received, in COM(88)48 three targets were defined as priorities :

- analysis of harmonized conditions for open provision of leased lines ;
- analysis of harmonized conditions for open provision of the general public data networks ;
- analysis of harmonized conditions for open provision of the future Integrated Services Digital

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<sup>3</sup> OJ C 336, 31.12.1987, p. 46 and OJ C 175, 4.7.1988, p. 36

Network (ISDN).

The objectives of the Action Programme set out in COM(88)48 received general support in the Council Resolution of 30th June 1988.

## II PROGRESS OF WORK TO DATE / THE REFERENCE FRAMEWORK FOR OPEN NETWORK PROVISION

In order to ensure rapid progress with the development of ONP, the Senior Officials Group on Telecommunications (SOG-T) assigned the task of making proposals for the definition and development of principles for ONP to its sub-group for Analysis and Forecasting (GAP).

In line with the proposals in COM(88)48, the GAP work was to concentrate on those issues which are most critical to the providers of value-added services in an open market environment.

The work started in 1987 with the identification of the issues relevant to a general reference framework for Open Network Provision. The work included a series of hearings with the participation of all interested parties, in particular user organizations, service providers, and industry.

The resultant GAP report was adopted by SOG-T on April 13th, 1988<sup>4</sup>. It established a reference framework for Open Network Provision.

This report is based on a number of major principles :

- harmonized ONP conditions should follow a number of basic guidelines : conditions must be based on objective criteria ; conditions must be transparent and published in an appropriate manner ; conditions must not discriminate between nationals of Member States ; conditions must guarantee equality of access ;
- the development and implementation of ONP conditions should be progressive. The emphasis

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<sup>4</sup> Report by the "Analysis and Forecasting Group" (GAP) on Open Network Provision (ONP) in the Community, Brussels, January 20, 1988.

should be on the development of harmonized offerings specifically suited for value-added service providers but available to all users ;

- the importance of the development of open network standards is emphasized in the framework of the overall Community approach to European standardization.

The reference framework defines the following three main areas for the development of harmonized ONP conditions :

- definition of harmonized technical interfaces and service features

It is proposed that existing technical interfaces should be used wherever possible. Where new technical standards are required for ONP offerings, the European Telecommunications Standards Institute (ETSI) should be requested to develop them, in accordance with evolving European and international standards.

- definition of harmonized usage conditions

Common usage conditions which should apply for ONP offerings are indicated in the report. These refer to a number of parameters including : provision time ; contractual period ; quality of service ; conditions for shared use, third party use, resale of capacity and network interconnection, as compatible with Community Treaty rules ;

- definition of harmonized tariff principles

The report indicates a number of guidelines on tariff principles. In particular it proposes that tariffs for ONP offerings should be cost-oriented, be properly published, and apply to all users on a non-discriminatory basis.

### III THE FIRST SPECIFIC AREA OF INVESTIGATION : ACCESS TO LEASED LINES

Under its mandate from SOG-T, GAP started work in April 1988 on defining ONP conditions for the open provision of leased lines.

The investigations to date have led to a large degree of convergence on a number of points concerning the provision of leased lines, including the following :

- harmonized ONP arrangements should apply to both intra-Community and national leased lines ;
- ONP conditions should apply to a defined mandatory set of analogue and digital leased lines. It is envisaged that ONP conditions may also be applied to other existing or new types of leased lines ;
- a harmonized set of technical interfaces and performance standards should apply for the agreed mandatory set of ONP leased lines. Substantial agreement has been reached on the technical characteristics. Where necessary, further detailed work should be assigned to ETSI ;
- there should be convergence towards common administrative and maintenance procedures for ONP leased lines ;
- tariffs for ONP leased lines should be cost-oriented and in accordance with an agreed set of common principles.

GAP has held two rounds of extensive hearings with user organizations and industry in the context of the development of ONP for leased lines.

It is expected that a report on ONP for leased lines will be available shortly. It will then be examined by SOG-T and be subject to public comment.

#### IV PROPOSED APPROACH

The Commission considers that substantial progress on the definition of Open Network Provision has been made, given the complexity of the problem.

However, it is now considered timely to set up a firm political and legal base for a continuous, progressive process to establish harmonized Open Network Provision conditions in the European Community, to dedicate the necessary resources to this process, and to ensure user and industry participation.

To this end, the Commission envisages a (Council) Framework Directive (Article 100 A), defining the progressive process of harmonization, based on the Reference Framework for Open Network Provision proposed in the GAP report<sup>5</sup> adopted by the Senior Officials Group on Telecommunications.

Within this framework, Directives on specific areas would be submitted progressively to Council.

The Commission considers this process of progressive harmonized establishment of Open Network Provision as an essential part of the overall approach to the liberalization of telecommunications services in the Community, alongside the rapid adaptation of the telecommunications services sector to the requirements and obligations of the Treaty.

In conclusion, the Commission proposes :

1. Creating a stable framework for the progressive establishment of harmonized conditions for Open Network Provision, by means of a Council Framework Directive,

The Commission intends shortly to submit a proposal to Council.

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<sup>5</sup> See footnote 4



Current drafting work is concentrated on the following points :

- the implementation of a framework for the development of harmonized conditions for ONP, taking account of the report by GAP. Harmonized conditions should cover technical interfaces, network termination points, usage conditions, tariff principles ;
- definition of a certain set of essential requirements on which Open Network Provisions conditions should be based.

These essential requirements could concern security of network operations ; maintenance of network integrity ; in justified cases, inter-operability of services and protection of data ; and the essential requirements in general applicable to the connection of terminal equipment to the network ;

- regarding the definition of technical interfaces and service features, entrusting the technical work to the European Telecommunications Standards Institute (ETSI), which should, where appropriate, consult other specialized standardization organizations such as the European Committee for Standardization (CEN) and the European Committee for Electro-technical Standardization (CENELEC) ;
  - depending on the progress of the establishment of harmonized conditions for Open Network Provision, proposals concerning agreement on the mutual recognition of licences for service provision.
2. The progressive development of ONP conditions by specific Council Directives for each area, on proposal by the Commission, and in accordance with the procedures established by the Council Framework Directive.

In accordance with the Resolution of 30th June, the harmonization of conditions for the provision of leased lines should be addressed as the first specific area.

In parallel, work on other priority areas should be accelerated :

- GAP is now due to start work on ONP for public packet switched data networks in December 1988 ;
- work on ONP for *ISDN* should start early in 1989 ;

The Member States are called upon to make the necessary expert resources available.

3. Ensuring input by users and industry into the on-going definition work.

The Commission suggests enlarging user and industry representation through national delegations in GAP, as well as systematically holding hearings involving user organizations and industry, in order to ensure appropriate participation.

The Commission further proposes defined periods for public comment after the reports on the specific areas have been published. The envisaged Framework Directive will define a formal basis for this.