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REPORT

on the full roll-out of third generation mobile communications
(2002/2240(INI))

Committee on Industry, External Trade, Research and Energy

Rapporteur: Danielle Auroi

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PROCEDURAL PAGE

By letter of 12 June 2002 the Commission forwarded to Parliament a communication entitled 'Towards the Full Roll-Out of Third Generation Mobile Communications' (COM(2002) 301 – C5-0525/2002), which was referred for information to the Committee on Industry, External Trade, Research and Energy.

At the sitting of 21 November 2002 the President of Parliament announced that the Committee on Industry, External Trade, Research and Energy had been authorised to draw up an own-initiative report on this subject, pursuant to Rules 47(2) and 163 of the Rules of Procedure.

The Committee on Industry, External Trade, Research and Energy had appointed Danielle Auroi rapporteur at its meeting of 9 July 2002.

It considered the draft report at its meetings of 12 November, 25 November and 2 December 2002 and 23 January 2003.

At the last meeting it adopted the motion for a resolution by 33 votes to 6, with 1 abstention.

The following were present for the vote: Carlos Westendorp y Cabeza, chairman; Yves Piétrasanta, vice-chairman; Claude Turmes (for the rapporteur); Sir Robert Atkins, Luis Berenguer Fuster, Mogens N.J. Camre (for Seán Ó Neachtain pursuant to Rule 153(2)), Gérard Caudron, Giles Bryan Chichester, Nicholas Clegg, Willy C.E.H. De Clercq, Concepció Ferrer, Francesco Fiori (for Guido Bodrato), Norbert Glante, Cristina Gutiérrez Cortines, Michel Hansenne, Hans Karlsson, Bashir Khanbhai, Werner Langen, Caroline Lucas, Erika Mann, Hans-Peter Martin (for Massimo Carraro), Marjo Matikainen-Kallström, Eryl Margaret McNally, Angelika Niebler, Reino Paasilinna, Paolo Pastorelli, Elly Plooi-j-van Gorsel, Samuli Pohjamo (for Colette Flesch), John Purvis, Godelieve Quisthoudt-Rowohl, Bernhard Rapkay (for Harlem Désir), Imelda Mary Read, Mechtild Rothe, Christian Foldberg Røvsing, Paul Rübig, Konrad K. Schwaiger, Esko Olavi Seppänen, W.G. van Velzen, Alejo Vidal-Quadras Roca and Dominique Vlasto.

The report was tabled on 27 January 2003.

MOTION FOR A RESOLUTION

European Parliament resolution on the full roll-out of third generation mobile communications (2002/2240(INI))

The European Parliament,

- having regard to the Communication from the Commission to the Council, the European Parliament, the Economic and Social Committee and the Committee of the Regions entitled 'Towards the Full Roll-Out of Third Generation Mobile Communications' (COM(2002) 301¹ - C5-0525/2002),
- having regard to Directive 2002/58/EC of the European Parliament and of the Council of 12 July 2002 concerning the processing of personal data and the protection of privacy in the electronic communications sector (Directive on privacy and electronic communications)²,
- having regard to the conclusions of the Seville European Council of 21 and 22 June 2002 (SN 200/1/02),
- having regard to the conclusions of the Barcelona European Council of 15 and 16 March 2002 (SN 100/1/02),
- having regard to Directive 2002/19/EC of the European Parliament and of the Council of 7 March 2002 on access to, and interconnection of, electronic communications networks and associated facilities (Access Directive)³,
- having regard to Directive 2002/20/EC of the European Parliament and of the Council of 7 March 2002 on the authorisation of electronic communications networks and services (Authorisation Directive)⁴,
- having regard to Directive 2002/21/EC of the European Parliament and of the Council of 7 March 2002 on a common regulatory framework for electronic communications networks and services (Framework Directive)⁵,
- having regard to Directive 2002/22/EC of the European Parliament and of the Council of 7 March 2002 on universal service and users' rights relating to electronic communications networks and services (Universal Service Directive)⁶,
- having regard to Decision No 676/2002/EC of the European Parliament and of the Council of 7 March 2002 on a regulatory framework for radio spectrum policy in the European Community (Radio Spectrum Decision)⁷,

¹ Not yet published in the OJ

² OJ L 201, 31.7.2002, p. 37

³ OJ L 108, 24.4.2002, p. 7

⁴ OJ L 108, 24.4.2002, p. 21

⁵ OJ L 108, 24.4.2002, p. 33

⁶ OJ L 108, 24.4.2002, p. 51

⁷ OJ L 108, 24.4.2002, p. 1

- having regard to the conclusions of the Göteborg summit of 15 and 16 June 2001 (SN 200/01),
 - having regard to Council Recommendation 1999/519/EC of 12 July 1999 on the limitation of exposure of the general public to electromagnetic fields (0 Hz to 300 GHz)¹,
 - having regard to its resolution of 5 May 1994 on combating the harmful effects of non-ionising radiation²,
 - having regard to the Opinion of 30 October 2001 by the European Commission on Possible effects of Electromagnetic Fields (EMF), Radio Frequency Fields (RF) and Microwave Radiation on Human Health of the Scientific Committee on Toxicity, Ecotoxicity and the Environment (CSTEE),
 - having regard to the Implementation Report of April 2002¹ by the European Commission on the Council Recommendation Limiting the Public Exposure to Electromagnetic Fields (0 Hz to 300 GHz),
 - having regard to Decision 128/1999/EC of 14 December 1998, on the coordinated introduction of a third-generation mobile and wireless communications system (UMTS) in the Community (Decision)³,
 - having regard to Rules 47(2) and 163 of its Rules of Procedure,
 - having regard to the report of the Committee on Industry, External Trade, Research and Energy (A5-0016/2003),
- A. whereas auctions of UMTS licences in some Member States have led to financial problems, sometimes acute, in the sector, with a consequent risk of considerable delays to the roll-out of 3G networks and services, and whereas some Member States now want to take unilateral aid measures, thus creating obstacles to the harmonised development of the single telecommunications market, calling on the Commission to take advantage of the Spring European Council in 2003 to submit an action plan aimed at the creation of a level playing field for 3G infrastructure, applications and services in the EU, and whereas the allocation of 3G licences in Europe has led to distortion of competition and fragmentation of the European mobile communications market,
- B. whereas, in order for a successful roll-out of 3G to take place, there is a need not only for networks but at the same time for high-value content services, and whereas government information is a potentially important raw material for the development of this kind of high-value content services,

¹ OJ L 199, 30.7.1999, p. 59

² OJ C 205, 25.7.1994, p. 439.

¹ http://europa.eu.int/comm/health/ph/programmes/pollution/implement_rep_en.pdf.

³ OJ L 17, 22.1.1999, pp. 1-7.

- C. whereas telecommunications technologies are advancing very rapidly and are constantly evolving, and whereas it is anticipated that there will be an increase in the use of multimedia applications in future years, for which the higher transmission capacity and processing speeds of 3G will be needed,
- D. whereas the high growth potential presented by, and the successful roll-out of, 3G networks and services are of crucial importance to the implementation of eEurope and therefore in the interests of all citizens,
- E. having regard to the recommendations of the World Health Organisation (WHO) which were drawn up on the basis of current scientific knowledge,
- F. whereas network infrastructure sharing will assist the roll-out of 3G networks, taking account of the debate surrounding electromagnetic emissions,
- G. whereas incentives to invest in new technologies will be created above all within the context of a stable environment conducive to investment,
- H. whereas telecommunications companies face high costs in terms of the innovation and investment required in order to successfully introduce 3G mobile communications, swiftly develop the necessary infrastructure and develop appropriate Internet applications,
- I. whereas the financial situation in the European telecommunications industry is tight and the majority of European telecommunications companies carry huge debts, which, in some Member States, are the result of high UMTS licence costs,
- J. whereas the limits laid down by the Member States for exposure to electromagnetic fields resulting from mobile communications equipment are based on a WHO recommendation and whereas levels of exposure remain well below these limits in the EU,
- K. whereas mobile communications networks in the Member States should be rolled out in such a way as to take account of economic, health and aesthetic aspects, with a view to achieving the full coverage which is needed in both rural and urban areas,
- L. whereas the Information Society must develop with due regard for the right to privacy and to the protection of personal data,
- M. whereas, despite efforts to ensure that the new technologies are accessible to all, enormous differences, associated with economic and social factors, still exist with regard to access and the capacity to use these technologies, both within Europe and worldwide,
- N. whereas the European Parliament has called several times for steps to be taken at European and national level to avoid the digital divide and to develop an Information Society for all, including for people with disabilities and on low incomes to ensure equivalent and affordable access,

- O. whereas 3G mobile communications have the potential, based on the development of attractive applications, to continue the success of the earlier 2G in Europe, and whereas at present there are delays in the roll-out of 3G and consumers are not yet convinced about the possibilities of 3G given what is currently on offer,
- P. whereas fair competition and a stable and predictable regulatory framework, conducive to investment, and which rewards risk and innovation, is required to encourage private investment in the large-scale infrastructure development required to provide 3G services to consumers across the EU,
- Q. whereas the public demands maximum transparency with regard to the quality of the services offered and the prices thereof, and whereas safety and legal certainty are central to increasing consumer confidence in and demand for electronic transaction,
- R. whereas it is important for the development of 3G mobile communications that all proposals for regulation are carefully examined and that great restraint is exercised in taking any regulatory action,
- S. whereas impartial and independent research has a vital role to play in supporting legislation,
1. Calls as a matter of urgency for a clear direction to be set now with a view to the introduction of 3G mobile communications in Europe;
 2. Calls as a matter of urgency for the Member States to speed up the implementation of the new electronic communications directive, and for the new national legislation in this area to be enacted in a harmonised manner as far as possible;
 3. Calls for ongoing monitoring of developments in the telecommunications sector in order to take account of innovations without any discrimination;
 4. Welcomes the Commission's initiative in the field of open platforms in digital TV and 3G;
 5. Calls on the Commission to give a speedy follow-up to the open platforms initiative and to propose concrete measures to encourage the use of open platforms, so that consumers are not obliged to confine themselves to the output of a single operator, and so that consumer freedom of choice in the field of 3G services and applications can be guaranteed, which is necessary for the full development of 3G;
 6. Calls on the Commission and the European regulators in the European Regulators Group to resolve the 'old' problems and then to consider new issues such as joint dominance and the need to cooperate in order to develop 3G applications and services in relation to maintaining competition in this sector;
 7. Calls on the Member States to make a contribution to promoting 3G by encouraging the re-use of government information, under as favourable conditions as possible, as one of the pillars of high-quality content services;

8. Calls on the private sector to shoulder its responsibilities effectively in the field of 3G and to propose confidence-building business cases to restore the confidence both of investors and of the general public;
9. Looks forward to the timely roll-out of 3G mobile communications, bearing in mind the importance of telecommunications, and of the mobile sector in particular, to the competitiveness of the economy, as well as to industry in the EU, to employment and to the development of the information society;
10. Calls on the Commission to produce as quickly as possible guidelines for network infrastructure sharing throughout the European Union, which will facilitate a more rapid and harmonised roll out of 3G networks and services;
11. Encourages the Member States and private operators to eliminate obstacles hampering the roll-out of 3G so as to enable the Member States to meet their obligations with regard to territorial coverage;
12. Points out that levels of exposure to electromagnetic fields resulting from mobile communications equipment in the EU Member States already fall well below the limits recommended by the WHO;
13. Supports the independent scientific study programmes commissioned by the WHO into the possible effects of electromagnetic waves;
14. Calls on the Commission, the Member States, operators and the national authorities involved in managing telecommunications infrastructures to actively contribute to the public debate on electromagnetic fields and mobile communications, inter alia by providing reliable information concerning current scientific knowledge and the technology. In this respect the European Parliament welcomes the initiative of the Commission to establish an European Information System on EMF involving all stakeholders;
15. Calls on the Member States to ensure that the positioning of the equipment intended to support mobile telephony networks is planned with the most scrupulous regard for health and the environment, and is determined in accordance with transparent planning procedures;
16. Calls on the Member States to pay regard, in the conditions for the roll-out of 3G network infrastructure, to the protection of health and the environment and to ensuring a smooth, swift roll-out; welcomes, in this connection, the encouraging efforts on the part of mobile communications network operators to improve transparency and dialogue with local authorities and the public; also stresses that cooperation between operators which assists the roll-out of networks (network infrastructure sharing) should be strongly supported;
17. Calls on the Commission to assist the Member States in promoting and co-ordinating exchanges of best practice in the field of planning with a view to achieving harmonisation within the EU;

18. Calls on the European Commission and the Member States to develop an action plan to promote universal design in the 3G sector, to ensure that technical specifications that resolve accessibility issues for people with disabilities are incorporated into the design of products;
19. Calls for all Directives forming part of the new regulatory framework for electronic communications to be transposed and to enter into force as soon as possible;
20. Stresses the importance of protecting children when they use the Internet, and calls on the Commission and on suppliers of services, including content providers, to examine the possibilities for protection of children;
21. Calls on the Commission and the Member States to adopt coherent measures to ensure that the benefits of 3G are swiftly made widely available, for example by improving the conditions for the roll-out of networks;
22. Stresses that 3G must be rolled out fairly and in a non-discriminatory manner, and underlines the importance of compliance with the competition rules, so that the companies involved operate on the market on an equal footing, irrespective of their size;
23. Stresses that, in principle, only free competition will ensure affordable prices for consumers;
24. Welcomes the Commission's approach with regard to shared use of infrastructure and calls on the Commission to ensure that such shared use is governed by freely agreed conditions which are not detrimental to healthy competition;
25. Calls on the operators involved in the roll-out of 3G to commit themselves to a transparent policy of offering services, so as to guarantee consumers the maximum amount of information, thereby creating a climate of confidence which can only encourage demand;
26. Points out that special attention must be paid to the security of payments made by mobile telephony, and calls for in-depth consideration of this issue, leading to appropriate political and technical answers, such as the Mobile Payments Initiative System, otherwise the risk of fraud will have a dissuasive effect on electronic payments by 3G, and the market will be weakened as a result;
27. Stresses that any trading of spectrum must not be allowed to lead to distortion of competition in the European telecommunications market;
28. Encourages the Member States to help support broadband initiatives by means of tax concessions and measures to stimulate demand for broadband applications such as e-health;
29. Calls on the Commission and the Member States to examine very carefully any regulatory action in the area of mobile communications, in particular 3G, so as not to hinder investment;

30. Instructs its President to forward this resolution to the Council and Commission.

EXPLANATORY STATEMENT

Background

In March 2001 the Commission presented a Communication on the introduction of third generation mobile communication in the European Union. That Communication proposed action lines to facilitate the transition from the 2G system to the 3G system and covered the following areas: improvement of the regulatory environment, action to tackle pending technical issues, support for the development of innovative content and wireless applications, and continuing R&D efforts in the sector at Community level.

In March 2002 the Barcelona European Council made the following declaration in its conclusions: *'Technological convergence affords all business and citizens new opportunities for access to the Information Society. Digital television and third-generation mobile communications (3G) will play a key role in providing widespread access to interactive services.'*

In June 2002 the Commission accordingly submitted the current Communication to the Seville European Council. The Council noted the obstacles which still block the roll-out of third generation mobile communications networks and services.

Content of the communication

The Commission analyses the problems and challenges of the roll-out of 3G.

The Communication stresses that the telecom sector is suffering from the general economic slowdown, and that it has come under great pressure from the financial markets, in which it has invested heavily; it states, however, that 3G technology seems to be stable.

One of the crucial issues in the development of mobile telephony is interoperability of terminals. In this area, the Commission points out that in 2002 progress has been made with the development of 3G terminals: the first models for marketing in Europe are ready. In addition, existing 2G networks have been upgraded to the GPRS standard, thus paving the way for 2.5G. It notes, however, that some technical difficulties continue, such as dropped calls, glitches with terminal software and insufficient battery capacity.

Where the situation with regard to the 3G services market is concerned, no 3G service is currently available in Europe. Elsewhere in the world, only Japan has launched commercial 3G services. The Commission believes that there are good prospects for the demand for services, for two reasons: first, the spectacular growth in SMS traffic, and hence the prospect of a demand for more sophisticated services that 3G will be able to meet; secondly, the existence in Europe, by January 2002, of more than 50 GSM operators capable of offering GPRS services.

Turning to regulatory matters, the Commission states that the procedure for awarding 3G licences has got under way in all the EU countries, and that licences have been awarded in every country, except for France and Ireland (61 licences in total awarded by September 2002). That number of licences is sufficient to allow for the development of a competitive environment.

The Communication provides an analysis of the challenges and responses relating to the full roll-out of 3G mobile communications. Following consultations with all the players affected by the roll-out of 3G mobile communications, the Commission has identified a consensus on the following points:

- the phase of rolling out 3G services does not require legislative intervention: it is crucial to let the market operate
- in the long term, 3G communications must become one of the service platforms for a universal Information Society
- the public authorities must engage with the roll-out process by providing continuity of support.

Three factors are identified as offering ways of helping the sector: first, a stable, harmonised and transparent regulatory environment which takes account of consumers' interests; secondly, the proactive supporting and stimulating role that the Union is called upon to play; finally, longer-term initiatives, taking into account what has happened to date in the 3G communications sectors, and bearing in mind enlargement.

The Commission stresses the need for enhanced coordination of policy choices throughout the European Union. This is a prerequisite which must be satisfied in order to safeguard the management of future spectrum-based services and technologies. There are currently 15 different regimes in the European Union for allocating frequencies to operators.

Where the regulatory framework is concerned, the Commission envisages that no changes will be needed with regard to the award of licences. Any changes with regard to roll-out obligations will have to be made under transparent and objective conditions, following public consultation and in collaboration with national administrations. There will be no change in the short term with regard to the duration of licences. Where licence fees and other associated payments are concerned, the Commission considers that any change would be counter-productive. Clarification of the rules is regarded as being necessary, particularly with regard to network infrastructure sharing (not envisaged by the original licence), and on the grounds of environmental protection.

The Commission reviews the specific measures to support the roll-out of 3G. One major obstacle stands in its way at present: the diversity of the conditions for the award of authorisations (different rules at national and local level with regard to maximum emission levels and environmental protection). In order to facilitate the roll-out, the Commission is currently encouraging co-location, facility sharing and the exchange of practices, so as to satisfy the demands for health and environmental protection while promoting the Information Society.

The rapporteur's position

The Commission has drafted this document in order to identify the barriers to the roll-out of 3G. In fact, since the auctions or 'beauty contests' hit the headlines in the financial press, 3G has had a lower profile. Your rapporteur endorses the Commission's analysis of the obstacles which are slowing down, or even preventing, the roll-out of 3G telephony. She calls for all future innovations in these fields to be taken into account.

The fundamental question is: does the 3G market really exist? What is the demand from European consumers for the services offered by this technology? The Commission should carry out an in-depth study of the economic context.

It appears that some governments wish to see State support to help operators get over a painful economic hump. Your rapporteur is not really against this, provided that obligations to provide a universal service are fulfilled. This would be public aid to a private sector.

This is an expensive technology, and unfortunately the whole new economy, as a sector, is in poor health. Won't 3G quickly become outdated? Other technologies, such as WiFi, Bluetooth or UWB (ultra wide band) are currently being developed, and they are entitled to market access on an equal footing.

Demand for 3G services will largely depend on the prices that operators will be able to offer to consumers. If affordable prices are to be ensured, measures must be taken to combat the sector's natural tendency towards cartellisation. In addition, genuine competition and transparency of rates must be ensured. The question arises of how to compare price structure: by comparing content, kilobits, connection time? The content of packages will have to be as detailed as possible.

One key aspect is the protection of vulnerable users such as children, either by means of parental cryptography or by offering tailored packages.

Finally, the question of protection of data, especially of location data, is particularly important where 3G is concerned. How can such protection be provided in countries which have no rules on data protection? (GSM roaming operates in 127 countries, some of which have very little respect for fundamental freedoms.)

Security of payments is important, and your rapporteur welcomes the inclusion of this issue in the Commission Communication. As with the Internet, consumers will use mobile telephones for making payments only if they have confidence.

The importance of the precautionary principle should not be ignored, given possible health problems: what are the effects of electromagnetic waves on the human body? Scientific research is continuing in this area. The issue is hotly debated in some EU countries, such as France and Spain. To give just one example: in July, a little girl less than six years old died of cancer of the brain stem in the village of Saint-Cyr-l'Ecole (France). Two other children had previously died of the same extremely rare cancer in 1996 and 1998. Specialists are asking questions. It is essential to consult medical organisations and citizens' organisations such as Priartem (French grouping of local anti-mast associations) or Teslabel in Belgium.

Finally, 3G relay masts must be positioned with due regard for the environment and planning considerations. The Member States will ensure that planning authorisations are the subject of a clear procedure with a public inquiry. The third generation requires between 4 and 16 times as many masts as 2G.

This is why – for economic, environmental and health reasons – your rapporteur supports the idea of mast-sharing or co-location, which is also recommended by the Commission.