ANNUAL REPORT 2002

etno

EUROPEAN TELECOMMUNICATIONS
NETWORK OPERATORS' ASSOCIATION

Contents

Message from the 2003
General Assembly Chair
Anthony De Bono

It is a great honour and privilege to chair ETNO's 2003 General Assembly on behalf of Maltacom plc. The task is as challenging as much as it is exciting.

Indeed, the year 2003 is a momentous one and we face demanding times in the coming months. The enlargement of the EU is now a reality and, considering that all accession countries are members of our association, ETNO is now strengthened in its leading role in Europe's e-communications domain.

On a more patriotic note, I draw readers' attention to the fact that 16 April 2003 will go down in the annals of Malta's history. Valletta's signing of the EU accession treaty marks the dawn of a new era for my country. Our European heritage and sense of identity—the product of our geo-strategic location—is now vindicated. Malta is one of the smallest countries in Europe but, despite our limitations, we will strive to contribute to ETNO's continued positive position in the world of global telecommunications, and to the enhancement of the EU's Mediterranean dimension…for the common interest of all European citizens.

ETNO's increased visibility, dynamism and proven ability to provide practicable, measurable results are key ingredients to further promote the success of our Association and for developing partnerships with other international organisations and industry players.

The EU's package of telecom directives demands ETNO's strategic input. The ambitious objective of the Lisbon European Council for the European Union to become the most dynamic knowledge-based in the world by 2010 figures prominently among the myriad telecommunications activities scheduled for this year. This is all the more important since the ICT sector has been identified as the essential element to achieve this goal. ETNO has relayed to EU heads of state and government its members' firm resolve to ensure that a multi-platform approach free from stringent regulation is pursued in order to enhance investors' confidence in the sector.

I need hardly doubt its success in this regard. A strong commitment to success in its endeavours ranks ETNO as the industry's flag bearer in Europe, and a meaningful player in the global e-communications policy debate.

It is against this background that during my tenure in office I look forward to a close working relationship with ETNO's member companies, its Executive Board, and the Director and his team as we strive to build a better information-rich society.

Message from the
Executive Board Chair
Dorothy Smith

I was privileged to be re-elected to Chair the Executive Board of ETNO for the year 2003 and continue to find it an interesting and enriching experience thanks to the calibre and breadth of experience of my colleagues on the EB.

Broadband was, without doubt, the dominant theme of EU telecoms policy during 2002 and a major focus of ETNO's work. Much effort was devoted to defining the benefits that ubiquitous broadband access will bring to Europe's economy and society in general. There were many debates about the regulatory framework that is most likely to make this vision a reality.

In the middle of these discussions it was sometimes easy to lose sight of one central fact: Broadband development is not a problem that needs to be solved by further regulation. ETNO's voice was strong and unambiguous on this point. Broadband is instead a question of incentives for investment, customer service, product design and marketing. Telecoms network operators need, above all, to concentrate on creating a properly integrated product – a technical platform combined with relevant content – and explaining to potential customers how this can transform their lives and businesses.

This is not to say that regulation is unimportant for telecoms firms. Indeed, it is hard to think of an industry sector where the legislative environment is more important. But we must never forget that regulation exists only to safeguard consumer welfare. Where the market alone can achieve this, regulation loses its raison d'être.

Europe's broadband debate offers guidance to telecom operators and to ETNO. If broadband is to succeed, it is essential that the philosophy of the new EU framework for electronic communications legislation is followed through by Member States and by National Regulatory Authorities – namely a greater reliance on European competition law and less sector-specific regulation in telecoms markets. It is also important that the new institutions at EU level established by the Directives, the Communications Committee and the European Regulators' Group, ensure that there is the greatest degree possible of harmonisation and consistency of regulation across the European Single Market.

Against this background, it is vital that European telecoms operators speak with a strong common voice. Achieving this in a sector as diverse as telecommunications cannot always be taken for granted. Although ETNO companies are pitted against one another in the marketplace, they do achieve a consensual view on the vast majority of policy issues that count. That was the case during my first year as chair of ETNO's board. I am confident such consensus will continue during my second year — and that ETNO will continue to offer a robust platform to meaningfully shape European telecoms policy.

GENERAL ASSEMBLY

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Vice-chair: Ibrahim Koluder (BH Telecom)

EXECUTIVE BOARD

Chair: **Dorothy Smith** (BT)

Frédéric Donck (Belgacom)
Jindrich Trpisovsky (Cesky Telecom)
Andreas Tegge (Deutsche Telekom)
Patrick Galvin (Eircom)
Michel Huet (France Telecom)
Hans Kraaijenbrink (KPN)
Francisco da Silva (Portugal Telecom)
Luigi Gambardella (Telecom Italia)
Manuel Avendaño (Telefónica)
Olof Nordling (TeliaSonera)

ADMINISTRATIVE COMMITTEE

Chair: **Hans Kraaijenbrink**
Members: Dietmar Schulz (Deutsche Telekom), Michel Huet
Observer: Dorothy Smith

ETNO OFFICE

Director: **Michael Bartholomew**

Executive Manager, Operations: Leo Debecker
Press & Communications Officer: Brooks Tigner
Senior Adviser, Public Affairs: Fiona Taylor
Legal & Public Affairs Adviser: Eirini Zafeiratou
Exec. Asst. to the Director: Anne Vallès-Meunier
Assistant, Internal Affairs: Isabelle Claeys
Secretary: Maria Rodriguez-Dhénin

Auna Telecomunicaciones
Belgacom
BH Telecom (Bosnia and Herzegovina)
BT (British Telecom)
BTC (Bulgarian Telecommunications Company)
Cesky Telecom
Community of Yugoslav PTT
Croatian Telecom
Cyprus Telecommunications Authority
Deutsche Telekom
Eircom
Elisa Communications Corporation
Entreprise des Postes et Télécommunications Luxembourg
Estonian Telephone Co.
Finnet Group
France Telecom
Iceland Telecom
Koninklijke KPN
Lattelekom
Makedonski telekomunikacii
Maltacom
Matav Hungarian Telecommunications Company
Netia Holdings
OTE
Portugal Telecom
Rom Telecom
Slovak Telecom
Societatea Nationala de Radiocomunicatii (SNR)
Swisscom
TDC
Tele 2
Telecom Italia
Telefónica
Telekom Austria
Telekom Slovenije
Telekommunikacja Polska
Telenor
TeliaSonera
Türk Telekomünikasyon

As in years past, ETNO was a strategic focal point for industry's view in 2002, especially for development of broadband. Throughout the year, ETNO kept up a strong dialogue with EU leaders and officials about the policies needed to promote the e-communications sector as a basic pillar of the European economy.

The year saw a range of new policy challenges that formed the crux of ETNO's work. The association insisted, for example, that policymakers clearly understand the crucial importance of a light and flexible regulatory touch for encouraging investment and restoring confidence in the telecoms sector.

It also urged EU and national regulatory authorities (NRAs) to implement the EU's new package of telecom directives in a timely and consistent fashion to create predictable and harmonised conditions for operators across Europe. An important part of this campaign was to ensure that the new EU committees and regulatory bodies set up under the package did not turn into closed decision-making "black boxes" and that they remained open to industry observership and consultation. ETNO's efforts were largely successful in that regard.

Promotion of broadband was another major policy theme for the association in 2002, highlighted by its annual conference in December on "Making Broadband Happen in Europe." Indeed, that policy message began making itself heard as political leaders in the EU and their partners across Central and Eastern Europe took stock of how to bring the wide-ranging benefits of the e-Europe project – broadband access, e-government, e-learning and health, and the future explosion of e-content and services – to their citizens and economies.

EU Telecoms Package: Implementation Rules!

Follow-up work on the EU's package of telecom laws, finalised in December 2001, was a major focus of work for ETNO in 2002. The association took every opportunity to communicate industry's two primary concerns: that Europe's e-communications sector requires consistent implementation of the package's new rules, and that e-Europe's success depends on promotion of infrastructure-neutral broadband investment, services and content.

This message was conveyed throughout the year for key meetings of European Commission officials, national regulatory authorities and EU leaders, and reiterated at ETNO's annual conference in December on broadband. By the close of 2002 ETNO's message was getting through, as reflected in EU policy statements in 2003.

EU Enlargement & Telecoms

As the EU's mid-2004 enlargement loomed ever closer, ETNO forged wide-ranging contacts with all accession countries where ETNO member companies are located. The dialogue helped keep them informed of regulatory developments in Brussels and afforded ETNO a clearer picture of the challenges that accession operators face in implementing the EU's accumulated body of legislation – the *acquis communautaire* – as well as its new telecom package. Hosted by Lattelekom, the association held both of its general assemblies in Latvia, an EU accession country, where present and future EU operators had ample opportunity to exchange views on the future policy challenges of a European telecoms market of 25 countries. ETNO was also present at telecom regulatory conferences and events in other EU candidate countries such as Romania and the Czech Republic.

New EU Committees: Keeping Things Transparent

An ETNO imperative in 2002 was to establish close working relations with the new EU regulatory and consultative bodies set up late in the year under the new telecom package: the Communications Committee, the European Regulators' Group (ERG), the Radio Spectrum Committee and the Radio Spectrum Policy Group. Equally important was ETNO's efforts to ensure these groups remained open to industry consultation and input. As ETNO and many other trade groups persuasively argued, the new entities will hold sway over critical technical and regulatory decisions affecting Europe's e-communications sector for years to come. Thus, it was only logical that industry have a certain say in the matter. Thanks to a concerted information campaign by the sector, an acceptable structure for dialogue with the new committees was being considered as 2002 came to a close.

Protecting Data, Protecting Privacy

ETNO pursued a vigorous information campaign throughout 2002 to ameliorate potentially harmful EU policy positions on the sensitive issue of data protection.

Much of the association's effort focused on the European Parliament and its second reading of the EU's draft data protection directive, whose amendments by national governments contained excessive wording on the subject. In key position papers ETNO experts promulgated the association's views on the need for a harmonised approach to data protection at EU level and more reliance on industry self-regulation. ETNO also provided a steady flow of opinion, industry statements and position papers to decision-makers regarding unsolicited commercial communications, directory services and data retention. As a result, the parliament's final report offered a number of improvements compared to the original text.

Shaping the ITU's Reform

ETNO and its member companies turned out in force at the International Telecommunications Union's plenipotentiary in Marrakech in September. Having regularly conferred with ITU officials earlier in the year, the association was prepared for the task at hand: to promote reform of the organisation to better meet the needs of industry.

The association's views on reforming the ITU reached a wide audience via an article by ETNO's director in the publication, *ITU News*, and by circulating a written statement during the plenary session. The statement reached a large number of ITU participants and delegations.

ETNO's Broadband Conference

The association held its first annual conference on the crucial subject of "Making Broadband Happen in Europe." Widely attended, the December 3 event brought together 200 key industry leaders, telecom experts and EU policymakers to debate the importance of broadband to e-Europe's long-term success, and the necessity to implement the EU's new telecom package in a consistent, timely and predictable way.

European industry executives such as BT leader Ben Verwaayen addressed the gathering, along with Jens Arnbak, chairman of the ERG; Erkki Liikanen, European Commissioner for Enterprise and Information Society; and Don Abelson of the US Federal Communications Commission.

ETNO Deflects Unfair Application of Equipment Re-cycling Rules

A concerted effort by ETNO to convince EU policy-makers to distinguish between categories of market players when applying new re-cycling rules to telephone equipment saw success as 2002 drew to a close. The initial draft wording in the EU's Waste and Electrical and Electronic Equipment Directive would have lumped together telecom operators – as re-sellers of telephone handsets and other equipment – with the manufacturers of such devices.

ETNO provided information pointing out the illogic of penalising re-sellers for equipment manufactured by other companies.

Its two-year dialogue with policy-makers finally delivered positive results with new wording in the directive that de-linked sellers from manufacturers and the obligation to take back telephone equipment from consumers free of charge.

ETNO Tightens Links to Hispanic Operators

ETNO substantially boosted links to its Hispanic counterpart in 2002 by agreeing to tighten coordination on regulatory policy and market issues with the Hispanoamerican Association of Research Centres and Telecommunications Companies, known by its Spanish acronym as AHCIET.

Meeting early in the year, officials from both organisations agreed to step up information exchanges on EU and Latin American regulatory and policy issues. They also left the door open for joint action and joint policy statements in areas of common interest. This newly strengthened dialogue was sealed at the summit of EU and Latin American Information Society and telecom ministers in Seville in April during which ETNO addressed officials on the need to establish regulatory harmonisation in Europe's telecoms sector.

ETNO Fêtes Its First Decade

In mid-June, ETNO celebrated its tenth year as the leading pan-European telecoms policy association by organising a formal dinner with major speakers from industry and EU circles. Held in Brussels, the event's 200-strong guest-list brought together policymakers, industry CEOs, telecom experts, ETNO member company representatives and journalists for an exchange of views and, afterwards, dinner and entertainment. Moderated by ETNO's Director, the evening's keynote speakers were Erkki Liikanen, European Commissioner for Information Society, and Ben Verwaayen, BT's CEO, who insisted that EU regulation "must focus on promoting investment" – an industry message that ETNO carried forward into the new year at each opportunity.

Throughout 2002 ETNO drives home its message to EU leaders and key policymakers on the need to stimulate investment in the telecoms sector and promote broadband via a light, harmonised regulatory landscape. ETNO's Director and other staff members are quoted by major international broadcast and print media.

Following two days of consultations in Brussels between US and EU telecom policymakers, ETNO hosts a cocktail in April for the EU-US Information Society Dialogue. It brought together high-level regulatory and Information Society officials from both sides of the Atlantic.

The association's June workshop on telecommunications and climate change sponsors a wide-ranging exchange of experience among telecom operators in their collective effort to progressively reduce the sector's impact on the environment.

The association is invited to a high-level conference in The Hague in April on spectrum-trading and its impact on government strategies. Many ETNO member companies attend, with ETNO's Director calling for secondary trading of spectrum.

ETNO's third biannual environmental report, "Sustainable…Together!" is released in November after its formal launch at the association's general assembly in Riga.

The chairmen and rapporteurs of ETNO's 15 working groups meet in Brussels in December to discuss ways to improve communications within and between the groups.

ETNO holds its annual fraud control workshop for 2002 in Greece in September, with nearly 60 fraud experts attending from member companies. Participants exchange practical information about ways to combat the latest trends and techniques in telecommunications fraud.

To review the gamut of regulatory issues facing the industry, ETNO organises regular meetings with EU policymakers throughout the year, including key officials at the Commission's DG Information Society and DG Competition and members of the European Parliament (MEPs).

During key EU hearings in the summer and autumn ETNO and its member companies insist on policies that support 3G's rollout and convey positive signals to the market and financial community. They argue in favour of flexible 3G licensing conditions and infrastructure-sharing policies.

A strong dialogue unfolds around ETNO's meetings with selected MEPs to convey the association's position on mobile telephony and health, as based on scientific and objective criteria.

ETNO hosts special workshop to review the challenge of implementing the Internet and telephone number-identification protocol known as ENUM. With 40 experts attending, the workshop's timing was strategic in view of national ENUM models now being set up across Europe.

A Competitive Framework
for Communications and e-Commerce

Broadband and eEurope

Broadband deployment was a major focus of ETNO's activities for the year, with the association stressing four key messages to policymakers, namely to:

▲ restore investor-confidence in the telecom sector;
▲ implement the new telecom package in technologically-neutral fashion with a minimum of regulatory interference;
▲ promote multi-platform competition;
▲ support market-driven and demand-oriented broadband policies.

The association expounded this message via regular meetings with the EU's Spanish and Danish presidencies in 2002, issuing statements to EU leaders at their Barcelona summit in March and to national telecom ministers.

The telecom ministers' informal meeting in Vitoria, Spain in February was of particular strategic interest since, for the first time, they had an exchange of views with industry representatives regarding Europe's information society value chain. The association's statement was directly included in the ministers' folders.

ETNO's broadband information campaign culminated in its high-level conference in December, "Making Broadband Happen in Europe." Throughout the day its panels of industry executives, major EU policymakers and principle regulators from both sides of the Atlantic debated the policy challenges facing broadband.

EU Telecoms Package

Implementation

With finalisation of the EU's sweeping package of telecommunications directives in December 2001, the bulk of ETNO's work in 2002 focused on two aspects: preparations to implement the directives, and their follow-up measures. The latter included a coordinated effort by ETNO and its member companies to ensure transparency and a voice for industry in the new EU bodies created under the package.

Successful implementation of the directives largely hinges on how NRAs implement and interpret the new package, and whether this is done consistently across EU member states. A critical follow-up measure was the Commission's draft Recommendation on relevant markets that lists the markets to be analysed for *ex-ante* regulation. ETNO provided input during the year, including various bilateral meetings with Commission officials and the expression of its views directly to NRAs. It subsequently released a position paper on the subject, whose message underlined the need for a European telecoms market driven by competition.

New EU Regulatory Bodies: Transparency and a Voice for Industry

It is in everyone's interest that the EU's new package of telecom legislation functions well. Strong industry consultation is critical to making Europe's new regulatory framework a success. Via regular contacts with EU officials and MEPs in 2002, ETNO called for transparency in the new bodies set up by the package: the Communications Committee (COCOM), the European Regulators' Group (ERG), the Radio Spectrum Committee (RSC) and the Radio Spectrum Policy Group (RSPG). ETNO argued that consultation with these bodies had to be open to all interested parties, as their decisions would profoundly affect the telecom business in Europe.

Early in the year, ETNO was given observer status on the EU's ONP Committee. But the committee was phased out in mid-year and replaced by COCOM, composed of all EU member states. Pointing to this precedent the association then pushed for EU authorities to keep COCOM's proceedings also open to industry participation and to offer advance notification of agendas, documents and debates.

After months of mixed signals on the issue suggesting insufficient transparency, ETNO circulated a letter in October to high-level EU officials urging that the new groups and committees be open to all relevant sectoral interests, as legally prescribed in the new regulatory framework. MEPs also raised the issue in November with Liikanen. Fortunately, by the time COCOM firmed up its rules and procedures in late autumn, it was agreed that relevant European trade associations such as ETNO would have full observer status.

Regarding the ERG, one complication was the future relationship between it and the Independent Regulators' Group (IRG), which are functioning side-by-side for an indeterminate period. ETNO provided comments by year-end on the ERG's future work programme, and particularly on priority areas where harmonisation of the package was most needed at national level.

As for the two radio spectrum entities, the RSC held its inaugural meeting in mid-October, while the RSPG's first gathering was set for early 2003. While EU member states agreed that transparency is paramount, industry's status and involvement in the RSC remained unclear as the year ended.

Local Loop Unbundling (LLU)

Unbundling of local loops across the EU saw a mixed record in 2002 characterised by slower-than-expected progress in certain regions and markets. Industry consistently warned national and European authorities, both before and after the entry into force of the EU's local loop Regulation on January 2001, that unbundling would be no easy technical or economic achievement. Cheaper alternatives providing high-speed access to the Internet such as cable networks, wireless local loops and bitstream access are increasingly available across Europe.

This message was underscored during sector-inquiry public hearing organised by EU Competition Commissioner Mario Monti in July. A number of ETNO member companies testified, pointing to the hard realities of unbundling in their markets. Noting that broadband could be accessed via multiple delivery platforms, ETNO member companies insisted that the best way forward to encourage broadband's take-up was to rely on a light regulatory touch and to encourage facilities-based competition.

Data Protection

ETNO devoted much of its information effort in 2002 to the issue of data protection, particularly regarding the European Parliament and its second reading of the EU's

draft Data Protection Directive. The proposal contained excessive wording in the Council of Ministers' amendments to the draft directive regarding data retention, unsolicited commercial communications and directory services. ETNO provided input on these three issues throughout the legislative process to key MEPs.

Regarding data retention, ETNO issued a joint industry statement warning of the risks associated with application of hard and fast data retention rules. ETNO member companies do not want to see national authorities enact such practices—not only because of the cost and technical implications for operators but for the potential threat to personal privacy across Europe.

As a result, Parliament's final report offered a number of improvements compared to the original texts. Though the concept of data retention remained in the Council's final text, safeguards to protect privacy rights mitigated it. On a more positive note, the amended directive—finally adopted in late June—did include wording on "cookies" that was favourable to the sector.

As the Commission prepared to review the Data Protection Framework Directive, ETNO issued a position paper underlining the need for a harmonised approach to data protection at EU level, stronger self-regulation and data protection "quality seals" for data protection audits. The paper also expressed concern about the lack of transparency in the functioning of the new data protection bodies created by the directive. The paper's release was timed to coincide with two surveys of national privacy legislation by the European Commission, one regarding data controllers and the other citizens' rights.

Cyber-crime and Network Security

The main policy impulse in 2002 in this area was driven by the EU's intention to set up a new cyber-security task force, announced early in the year. The Commission's preparatory work on the task force included a launch by EU member states to raise public awareness of the dangers of cyber-crime such as fraud and security lapses; a review of cyber-security management principles for public administrations across the Fifteen; and promotion of common criteria for testing and certifying IT network security products and services. ETNO stayed in close touch with the EU officials directly involved in these issues throughout the year.

Copyright

Following adoption of the EU's Copyright Directive in 2001, ETNO's work in 2002 centered on monitoring the law's implementation. The association circulated two position papers related to copyright issues: one on copyright levies and the other on the potential liability of telecom operators for hosting material containing Web hyperlinks.

Regarding intellectual property rights (IPR), ETNO closely tracked the Commission's drafting of its IPR Compliance Directive, subsequently released in early 2003. The association stepped up contacts with the EU executive during the latter half of 2002, sending a letter to key officials in November that sought the removal of several contentious points for telecom operators.

Taxation

VAT and e-Commerce

ETNO and its member companies kept a close eye on the wording of the EU's emergent draft directive on value-added tax (VAT) and e-commerce, due for issuance in mid-2003.

During talks with Commission tax officials and prior to meetings of national finance ministry experts, ETNO insisted on the need to clarify the draft text's definition of e-commerce services as well as its definition of the geographical place of consumption of e-services for VAT purpose.

At mid-year the Commission proposed to revise the EU's 6th VAT Directive to shift applicable VAT to the country of consumption rather than to the country where the supplier is established. It would have imposed a burdensome reorganisation of telecom operators' billing systems – a move ETNO vigorously protested for the remainder of 2002. The proposal was withdrawn until 2006, when the EU executive authority will reappraise the situation.

VAT and UMTS License Fees

The urgency of recuperating VAT, theoretically paid to governments for UMTS licenses, grew rapidly in 2002. ETNO's Tax Working Group set up a task force, chaired by Dutch operator KPN, to coordinate information exchanges among member companies. ETNO members in Austria, Germany and the Netherlands launched requests to their 3G license-issuing authorities to reclaim this business cost.

Tax Treatment of Phone Cards

At the Commission's request, ETNO provided experts and a position paper for the September seminar of European tax authorities (FISCALIS) in the Netherlands that focused on the tax treatment of phone cards. This is a burning issue for ETNO members since these multifunctional cards facilitate access to e-commerce and m-commerce services and are a rising source of revenue. The Commission said it would issue guidelines on phone cards in 2003.

WTO/GATS

As the GATS round of talks progressed through 2002, the association monitored the twists and turns of negotiations, providing a number of contributions to the debate. ETNO and Commission officials briefed each other as each new GATS issue arose. For the launch of the "request and offer" exercise, for instance, ETNO provided input to public consultations regarding WTO members' initial requests to the European Commission for improved market access for services.

ETNO also prepared comments to the US Federal Communications Commission on its notice of proposed rulemaking (NPRM) regarding a possible reform of the regulatory framework by which US and foreign operators negotiate commercial agreements for the exchange of traffic. The association additionally presented views on other bilateral issues such as the WTO dispute case with Mexico.

ETNO is a member of the European Services Forum (ESF), a group of European trade associations and companies that represent the interest of the services industry on horizontal issues such as the temporary movement of key business personnel.

R&D

Having previously worked on defining objectives for the EU's Sixth Framework research programme, ETNO concentrated its efforts in 2002 on the programme's operational aspects, particularly for integrated projects. The main goal here was to promote the participation of telecom operators since their involvement is vital to future development of e-communications services, especially regarding technical standards, network interoperability and the evolution of mobile systems.

In addition, ETNO worked closely with other sector players such as the European Information and Communications Technology Industry Association (EICTA) to define a consistent approach to the projects. This cooperation continues in 2003.

International Telecommunications Union (ITU)

ITU-related activities also led much of ETNO's work in 2002, leading to the ITU's September-October plenipotentiary in Morocco.

The association maintained solid working relations during the year with CEPT's working groups on ITU issues and the plenipotentiary agenda. To prepare for the latter, ETNO's Director met senior ITU officials in Geneva, conferring with Houlin Zhao, director of the ITU's Telecommunications Standard Bureau, on ITU-reform issues to be debated in Morocco as well as ETNO's future relationship to the organisation.

The Director, ETNO's Executive Board Chair and representatives from more than 16 member companies held consultations with key ITU and international officials at the plenipotentiary. They helped shape debate on key issues such as private-sector contributions to the ITU, the backlog on satellite filings and challenges to Internet management.
The association also circulated a written statement to all official delegations elaborating ETNO's position on ITU reforms, which was featured in an article in the ITU's official magazine.
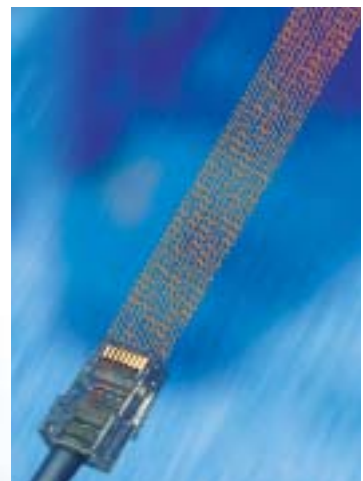
FAIR MANAGEMENT OF RESOURCES

Numbering, Internet Naming and Addressing

Demand for Internet Protocol (IP) addresses in the coming years is expected to continue growing and remains a concern for operators. ETNO's naming, addressing and numbering expert group met frequently throughout the year to exchange information with each other and with policymakers.

In April ETNO published a position paper on ENUM and ENUM-enabled services in Europe. Arguing for simpler and more complete numbering models that better serve end-user requirements, it urged policymakers to favour delegation of ENUM domain names similar to that of E.164 numbers. During the same month ETNO held an internal workshop on the same subject to review national ENUM implementation models.

Throughout the year, ETNO articulated the association's position within ICANN's domain name supporting organisations, the European Numbering Forum, the European Telecommunication Numbering Space steering committee, RIPE (Réseaux IP Européens) and vis-à-vis direct contacts with the European Commission.

ETNO also conferred at timely intervals in 2002 with EU officials as they researched a possible future EU policy for a single phone number for Europe-wide alert system regarding financial debit or credit cards in case of fraud or loss.

Location Services

The Co-ordination Group on Access to Location Information by Emergency Services (CGALIES), consisting of private and public-sector players, published its final report during the year. ETNO had several contacts with the European Commission to discuss the latter's expected Recommendation on the processing of caller location information in electronic communication networks for location-enhanced emergency call services. By the end of 2002, a first draft of the Recommendation became available. ETNO operators were involved in the corresponding technical standardisation effort by ETSI (the European Telecommunications Standards Institute) for the exchange of location information.

Frequency Management

ETNO contributed throughout 2002 to the work of CEPT's European Radio-communications Committee to promote its views on important spectrum subjects and to steer the industry toward common European viewpoints for the next World Radio Conference in 2003.

ETNO's Frequency Management working group produced five position papers on pressing issues, ranging from the impact of ultra-wide band devices on other radio services to radio local area network. One of the more persuasive arguments it put forward concerned bandwidth reserved, but underutilised, for satellites. ETNO urged policymakers to release the full 2500-2690 MHz band for terrestrial use. The working group also prepared a new position paper on automotive use of the 24 Ghz band for presentation to the RSC in 2003.

COOPERATION THAT BENEFITS BOTH PROVIDERS AND CUSTOMERS

Fraud Control

ETNO's working group on fraud control carried forward in 2002 the substantial agenda established the previous year. Work was split among several sub-committees, which focused on analysis of intrusion detection and operator-reaction in IP environments, risk management, e-fraud and revenue assurance. Operator best-practice voluntary guidelines were prepared regarding the fight against so-called blended threats, incident organisation and security-incident management, classification of vulnerabilities and network security implementation.

A key event during the year was ETNO's fraud control workshop held in Greece in September, with member company OTE hosting. Similar to the group's workshop in previous years, it brought together 55 fraud experts from ETNO companies to exchange practical information and to share experiences. Participants focused on the three most dominant forms of fraud: subscription, call-sell operation and PBX abuses. ETNO operators are working with manufacturers to expand customer awareness and promote the spread of technical information about possible remedies.

Quality of Service (QoS)

One strategic and operational method for network operators and service providers to estimate quality standards is benchmarking. ETNO's QoS Benchmarking Forum continued its activities in 2002, with the association serving as a neutral third-party for the exchange of QoS information among participating member companies. Successful work on quality issues also requires co-operation with other institutions such as ETSI and ITU.

Moreover, in today's liberalised and global telecoms environment it is no longer possible to set up strategic quality planning without taking into account regulatory aspects. Thus, regulators' activities also represent an important focus for ETNO's quality group.

Socially and Environmentally Responsible Management

Environment and Sustainability

The association kept up a steady dialogue in 2002 with EU and national officials on the increasingly important topic of sustainability. During the EU's Green Week of activities in April, ETNO member companies provided evidence of the positive contribution that ICT (information and communications technologies) companies make to the environment.

Subsequently ETNO co-hosted with Deutsche Telekom a June workshop on tele-communications and climate change in Berlin. The meeting allowed companies to exchange best practice information on ways to further combine environment-friendly techniques with day-to-day business operations.

The culmination of ETNO's collective environmental effort for the year was the publication of its third, biannual environmental report, "Sustainable…Together!" The report's perspective on the ICT sector's performance grows ever more complete with each edition, as more companies in the sector join the association's Environmental Charter and participate in the collective analytical exercise.

Electromagnetic Fields (EMF)

EMF and Mobile Telephony

ETNO's communications task force, formed in 2001, provided information about wireless technologies throughout 2002. The association carefully monitored scientific developments as an observer in the ICT health and research action, known as COST 281, launched in 2001 by the European Commission.

ETNO and its member companies worked closely in 2002 with other telecom trade associations such as GSM Europe and the Mobile Manufacturers' Forum (MMF) to

maintain an open debate between industry and policymakers. A key effort in this regard concerned members of the European Parliament.

Together with MMF, ETNO organised dinner debates—one in June with German-speaking MEPs and another in October with Spanish MEPs—to address concerns about EMF and to explain mobile telephony's basic safety. During the Germanophone event, MEPs stressed the need for industry to actively keep the public informed about EMF. This debate preceded a critical mid-year debate at the Euro-Parliament, which withheld support for a declaration by several British MEPs aimed at freezing construction of mobile antennas and bases stations.

At the October event, Spanish MEPs expressed a willingness to help telecom operators articulate a public dialogue on EMF, noting that the issue is more political than scientific in nature. The most urgent EMF task facing the sector, they agreed, is to encourage better consumer education campaigns by public authorities. It was decided that other MEP groups would be selected in 2003.

ETNO also participated at a March conference on EMF in Ispra, Italy sponsored by the European Commission. ETNO office staff and member companies discussed with the Commission the best way to convey information about EMF and mobile telephony to the public. Similarly, EMF came up again in late August when ETNO was asked to present its views to a gathering in Brussels of EU and Chinese experts who met for the first time to discuss EMF and mobile telephones.

Finally, ETNO operators helped promote the EU's recognition of the health issue in the context of 3G rollout delays. Both the Commission's June 3G Communication and the conclusions of the EU telecom ministers' December meeting called on national authorities to accelerate the granting of permits for building 3G networks.

Draft Directive on Workers' Protection from EMF

EMF was a focus of the EU's Danish presidency during the latter half of 2002. ETNO staff and member-company representatives participated in a major conference in Luxembourg in September to shape the EU's thinking and legislative developments on this issue at an early stage. A new draft directive on workers' protection against EMF was launched as the year drew to a close.

Waste from Electrical and Electronic Equipment (WEEE) Directive

After months of stalemate between the European Parliament and the Council of Ministers, the EU's WEEE directive finally drew to a close with a conciliation (negotiation) procedure between these two bodies in late 2002.

ETNO continued its effort, which began in 1999, to ensure that the directive's wording on mandatory recycling of equipment did not unfairly burden telecom operators. Its views were well received at the European Parliament in time for the latter's second reading of the draft directive early in the year. The final result was positive for industry: as equipment resellers, telecom operators were delinked from the directive's definition of equipment makers and thus exempt from the take-back obligations.

Corporate Social Responsibility (CSR)

ETNO and its member companies maintained a solid front on the issue of CSR, namely that it should remain voluntary and business-led, be global in scope and avoid over-emphasis on employment and social issues. This message was communicated throughout 2002, and especially at a CSR stakeholder conference in Brussels at mid-year when the Commission gathered views from business, consumer and government groups prior to creating its CSR Forum in October.

ETNO representatives were involved early in the European Commission's preparatory work for setting up the Forum. The Commission's communication, released in July, was fully in line with the association's views. ETNO and other trade associations were invited to participate in working groups that will provide input to the new Forum and prepare its CSR round tables, with best-practice sharing among all stakeholders.

EU Sectoral Dialogue Committee

The EU's Social Dialogue Committee for telecommunications addressed skill shortages, work organisation and other vital issues facing the sector in 2002. ETNO and telecom representatives from UNI, the Union Network International, conferred several times during the year to review future areas of discussion. While the two sides did not reach agreement on the advantages of regulating certain health and safety issues, they did agree on other matters. These included the ICT sector's telework guidelines, promotion of more diversity in the workplace, human resource issues facing operators in the EU's accession countries, how to address the labour shortage in Europe's telecom sector and, finally, prospects for promoting e-skills.

The association strongly supported the need to develop Europe's e-skills, first at a mid-year meeting of its member companies' personnel directors in Greece, and again during the EU Danish presidency's e-skills conference in Copenhagen in October. ETNO's Director delivered keynote speeches at both events.

ETNO's Public Profile

ETNO's name was in the news throughout 2002 and especially in the last half of the year as the importance of broadband to eEurope's success took on a higher policy profile in Europe.

ETNO's policy statements and press releases issued before and after key meetings of EU policymakers were diffused widely across the European media landscape and played a significant role in drawing public attention to the dangers of over-regulation in the telecommunications sector and the need for industry consultation vis-à-vis the new EU regulatory bodies being set up. In defending ETNO's interests Director Michael Bartholomew was interviewed throughout the year by news agencies, broadcast media such as Euronews and international newspapers and magazines. Other staff members articulated ETNO's views in leading telecom business and trade publications.

1	**Luigi Gambardella**	*Telecom Italia*
2	**Claude Mariotte**	*France Telecom*
3	**Francisco da Silva**	*Portugal Telecom*
4	**Frédéric Donck**	*Belgacom*
5	**Pat Galvin**	*Eircom*
6	**Jindrich Trpisovsky**	*Cesky Telecom*
7	**Andreas Tegge**	*Deutsche Telekom*
8	**Olof Nordling**	*TeliaSonera*
9	**Hans Kraaijenbrink**	*KPN*
10	**Manuel Avendãno**	*Telefónica*
11	**Anthony De Bono**	*Maltacom*
12	**Dorothy Smith**	*BT*
13	**Michel Huet**	*France Telecom*

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2   **Brooks Tigner**
Press & Communications Officer
3   **Fiona Taylor**
Senior Adviser, Public Affairs
4   **Michael Bartholomew**
Director
5   **Eirini Zafeiratou**
Legal & Public Affairs Adviser
6   **Maria Rodriguez-Dhénin**
Secretary
7   **Leo Debecker**
Executive Manager, Operations
8   **Anne Vallès-Meunier**
Executive Assistant to the Director

ETNO Position Papers
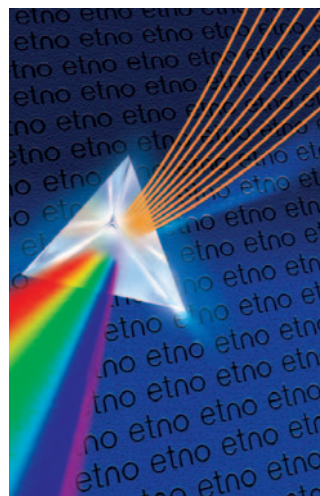## Issued in 2002

Common Positions

CP065 on "UMTS/IMT-2000 in the 2.5 GHz band" (03/02)
CP066 on "The future utilisation of the TFTS bands" (03/02)
CP067 on "WRC-03 Agenda Item 1.5" (10/02)
CP068 on "The impact of Ultra Wide Band devices on other radio services" (10/02)
CP069 on "An interim introduction for automotive SRR at 24 GHz" (11/02)

Reflection Documents

RD157 on "Internet Access Development and Regulation" (01/02)
RD158 on "Intermediary Liability for Linking and Provision of Information Location Tools" (02/02)
RD159 on "Levies" (02/02)
RD160 on "ENUM and ENUM-enabled services in Europe" (04/02)
RD161 on "Integrated Projects and initial ideas on content" (04/02)
RD162 on "3G" (05/02)
RD163 on "The review of article 9 of the Sixth VAT Directive" (06/02)
RD164 on "The draft Commission Recommendation on Relevant Product and Service Markets within the electronic communications sector (Recommendation, draft version 17.06.2002)" (07/02)
RD165 on "VAT treatment of cards providing access to services" (08/02)
RD166 on "A preliminary draft proposal for a Council Regulation on the law applicable to non-contractual obligations (Rome II)" (09/02)
RD167 on "The study entitled Comparative assessment of the licensing regimes for 3G mobile communications in the EU and their impact on the mobile communication sector" (09/02)
RD168 on "Draft ECC Decision ECC/DEC/(02)FF on the designation of frequency band 2500 – 2690 MHz for UMTS/IMT-2000" (10/02)

Expert Contributions

EC040 on "Broadband development" (02/02)
EC041 on "The EP Second reading of the draft electronic communications data protection Directive" (03/02)
EC042 on "The Questionnaire regarding the Structure of the Electronic Communications Committee (ECC)" (06/02)
EC043 on "ITU-PP2002" (07/02)
EC044 on the Commission's "Draft list of standards and/or specifications for electronic communications networks, services and associated facilities and services pursuant to Article 17 of Directive 2002/21/EC on a common regulatory framework for networks and services (Framework Directive)" (08/02)
EC045 on "The Review of the Framework Data Protection Directive" (09/02)