

# ARCEP's 10 other responsibilities

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# Licences and enforcement of operator obligations

## Operators and obligations

The French postal and electronic communications code, CPCE, defines an operator as, “any person or legal entity operating an electronic communication network open to the public or providing electronic communication services to the public”<sup>1</sup>.

Under the Code’s provisions, operators are subject to obligations that concern their networks and services as well as financial obligations: taxes and fees whose totality are paid into the State’s general budget<sup>2</sup>.

ARCEP is responsible for ensuring that operators fulfil these obligations, and has the power to impose sanctions when they breach the legislative and regulatory provisions governing operations, or the decisions made with respect to implementation<sup>3</sup>.

During a meeting of the committee for public-initiative networks, CRIP (*Comité des réseaux d’initiative publique*)<sup>4</sup> on 15 March 2007, the Authority published a document that clearly lists operators’ and service providers’ rights and obligations<sup>5</sup>.

1 - Cf. CPCE Article L.32. Para. 15

2 - Cf. Part 2, Chapter 2, B.

3 - Cf. CPCE Article L.36-7

4 - Cf. Part 9, Chapter 2, B.

5 - Legal guide for local operators and local authorities, ARCEP, 2007, available on ARCEP’s website: [www.arcep.fr](http://www.arcep.fr).

## A. Declaration regime

The Law of 9 July 2004<sup>6</sup> fundamentally altered the legislative framework that applies to electronic communications in France, not only with respect to the system of authorisations itself, but also as concerns the scope of players subject to declaration.

CPCE Article L. 33-1 provides for freedom to establish and operate public networks and supply the public with electronic communications services, provided that the operators declare themselves to the Authority beforehand.

6 - Law No 2004-669 of 9 July 2004 on electronic communications and audiovisual communication services, published in the *Journal Officiel (JO)* of 10 July 2004.

The previous system of having to obtain an authorisation to engage in telecommunications activities was thus replaced by a system where freedom to operate is granted immediately upon simple declaration.

The licensing system has, nonetheless, been kept for allocating scarce resources (spectrum and numbers).

### 1. Actors required to declare their activities

Any undertaking that operates an electronic communications network open to the public or that supplies the public with electronic communication services must declare itself with ARCEP.

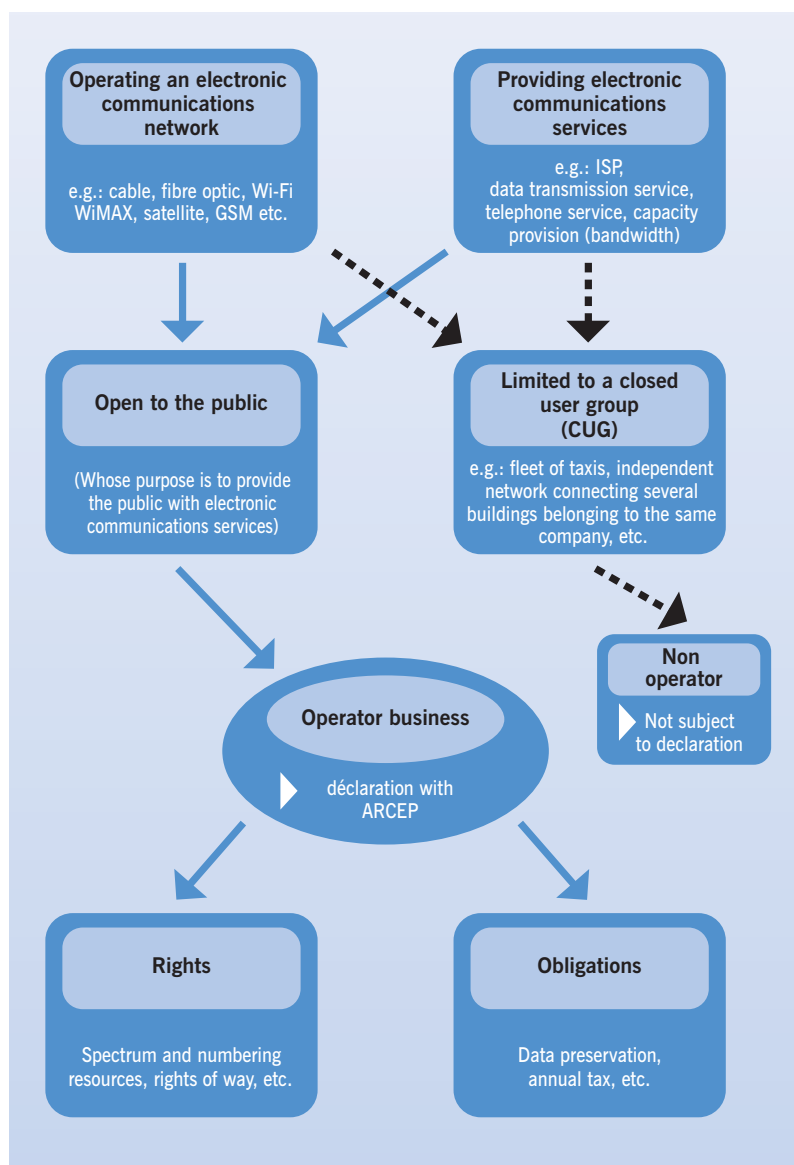
The Authority has also broadened the scope of the declaration regime to new activities, notably:

- ◆ the operation of networks that broadcast or are used for the distribution of audiovisual communication services (microwave, cable, satellite...);
- ◆ the provision of electronic communication services to the public, other than the telephone service:
  - provision of data transport services;
  - provision of text messaging (SMS) aggregation services;
  - provision of Internet access services;
  - provision of capacity leasing services;
  - provision of leased line services.

### 2. Players exempt from prior declaration

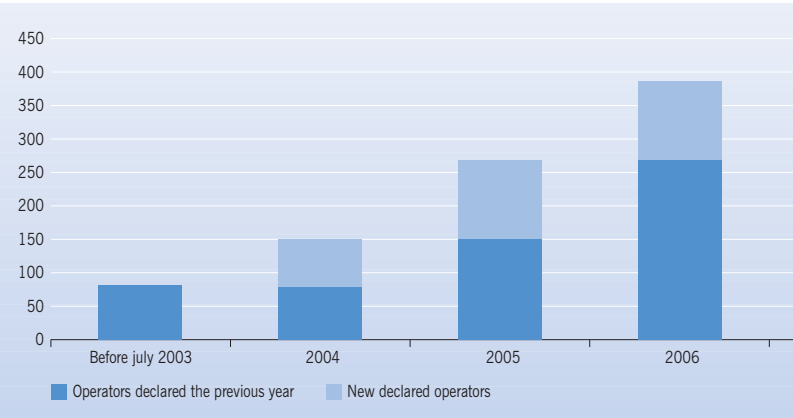
These are market players that are not involved in the transmission or reception of the constituent signals of electronic communications. They may or may not ensure customer management. This group includes:

- ◆ players with a purely commercial role, such as distributors that make their sales force available to operators;
- ◆ internal network operators, in other words those that are “established entirely on the same premises, without employing public domain resources – including microwave – or third-party premises”. Networks established inside hotels and private business centres, for instance, are exempt from declaration;
- ◆ Internet companies whose business is hosting websites, managing portals, assigning domain names, creating websites or publishing online content, are exempt from having to declare their activities to the Authority;
- ◆ passive infrastructure providers (dark fibre);
- ◆ enterprises that install networks but do not operate them;
- ◆ independent networks.



3. Growth of the number of declared operators

Growth of the number of declared operators since 2004



7 - Cf. Part 2, Chapter 2, B. As of 31 December 2006, 398 operators were licensed or declared<sup>7</sup>.

The increase in the number of declared operators is due chiefly to the fact that the Law of 9 July 2004 incorporates into the scope of operations subject to declaration, activities that had hitherto been exercised freely and not subject to any formalities with ARCEP<sup>8</sup>.

8 - See above.

In 2006, newly declared operators account for close to a third of the total number of declared players.

B. Operators' rights and obligations

1. Rights from which operators benefit

Being an operator confers a legal status that gives these enterprises certain prerogatives with respect to both other operators and the regulatory authority.

The rights that operators enjoy include:

- ◆ **right to interconnection:** operators of networks open to the public grant interconnection requests made by other operators of networks open to the public to enable them to provide electronic communication services to the public<sup>9</sup>. Any refusal to do so must be for a specific reason.
- ◆ **right to use spectrum:** all operators can use the frequencies managed by ARCEP, whether they require an individual licence (GSM, UMTS, WiMAX, etc.) or whether subject to simple prior declaration, under certain technical and regulatory conditions (2.4 GHz and 5 GHz bands). Operators also have the possibility of trading or making available to other users some of the frequencies for which they are licensed<sup>10</sup>.
- ◆ **right to use numbers:** through an authorisation decision, the Authority assigns to operators that file a request, prefixes and numbers, blocks of numbers, and codes for routing electronic communications which are not part of the Internet addressing system.

9 - CPCE Article L. 34-8 II

10 - Cf. Part 8, Chapter 1, A.

- ◆ **right to request that ARCEP settle a dispute:** having the status of electronic communications operator gives an enterprise the right to submit a case to ARCEP so that the regulator might rule on certain disputes between public network operators or electronic communication service providers.
- ◆ **right to submit a request to ARCEP to open a disciplinary procedure:** upon request from an operator, ARCEP has the power to discipline network operators or communication service providers that have not complied with the legislative and regulatory provisions governing operations, or with the decisions made to ensure implementation.
- ◆ **rights of way on the public domain and rights of passage on private property:** public network operators are given rights of way on public roadways to install and operate their networks. On non-roadway portions of the public domain, operators need to obtain access agreements. Operators of networks open to the public also enjoy rights of passage on private property<sup>11</sup>.
- ◆ **preservation of technical data for billing and network security purposes:** data will be preserved such that it satisfies the principle of protecting electronic communication network and service users' right to privacy<sup>12</sup>. Only technical data may be preserved; the contents of correspondence and viewed information is excluded.
- ◆ **guarantee of the confidentiality of the data that operators transmit to ARCEP:** the data that operators transmit to ARCEP cannot be divulged to a third-party, except in the few explicitly enumerated cases (ability to view access and interconnection agreements, in accordance with the terms of CPCE Article D. 99-6) and, in all circumstances, in strict compliance with business secrecy.
- ◆ **right to appeal:** all of ARCEP's decisions can be appealed before the relevant judge, provided all the conditions of a relevant appeal are met<sup>13</sup>.

11 - CPCE Article L. 45-1

12 - In accordance with the provisions of the Law of 6 January 1978 concerning computing, files and freedoms.

13 - Cf. Part 2, Chapter 2, B, 3.

Summary table of electronic communications operators' recognised rights

The articles mentioned are those contained in the code governing France's electronic communications and postal operations (CPCE).

Operators of electronic communications networks open to the public	Electronic communication service providers
Interconnection (Article L. 34-8)	N/A
Spectrum licences (Article L. 42-1 and s.)	N/A
Authorisation for use of numbering resources (Article L. 44)	Authorisation for use of numbering resources (Article L. 44)

Rights of way (Article L. 45-1, L. 47 and L. 48)	N/A
Referral to ARCEP for dispute settlement (Article L. 36-8)	Referral to ARCEP for dispute settlement (Article L. 36-8)
Referral to ARCEP on penalty procedures (Article L. 36-11)	Referral to ARCEP on penalty procedures (Article L. 36-11)
Guarantee of the confidentiality of information transmitted to ARCEP (Articles L. 131 et L. 132)	Guarantee of the confidentiality of information transmitted to ARCEP (Articles L. 131 et L. 132)
Preservation of technical data for billing and network security purposes (Articles L. 34-1 I, III, and R. 10-14)	Preservation of technical data for billing and network security purposes (Articles L. 34-1 I, III, and R. 10-14)
Right to appeal	Right to appeal

2. Operators’ chief obligations

In exchange for enjoying certain rights, operators are subject to both financial and technical obligations.

a. Pecuniary obligations

Operators are subject to three categories of financial obligations:

- ◆ **payment of an administrative tax:** the sum of the administrative tax depends on the operator’s turnover<sup>14</sup>. Operators whose annual revenues are below one million euros are exempt from taxes.

14 - See below.

The following table lists the annual amount of the tax to be paid, according to an operator’s financial situation.

Case description	Annual tax	Remarks
Turnover below €1 million	€0	Proof to be supplied
Turnover between €1 million and €2 million	[Turnover divided by 50] minus €20,000	Proof to be supplied
Operators performing trial operations, as described in CPCE Article L. 33-1 (for a maximum three years)	€0	ARCEP validates the experimental nature of the activity



Adjustment of sums indicated above		
Operators mentioned on one of the lists provided for by Par. 8 of CPCE Article L. 36-7 and whose turnover exceeds €800 M.	Amount multiplied by four	Operators designated as having SMP in an electronic communications market (CPCE Articles L. 37-1 and following)
Operators whose business is confined to the overseas <i>département</i> , or which covers a maximum of one <i>département</i> in Metropolitan France	Amount halved	

*N.B.: before tax turnover generated by electronic communications activities mentioned in CPCE Article L. 33-1.*

- ◆ **payment of taxes and licensing fees in exchange for the use of scarce resources:** operators that have been assigned numbering resources must pay a tax, while spectrum licence holders are subject to a licensing fee.

*N.B.: ARCEP collects all of these taxes and fees before depositing them, in their entirety, into the State's general budget<sup>15</sup>.*

- ◆ **contribution to the universal service fund:** the amount that operators must contribute to the universal service fund is based on a prorata share of their turnover<sup>16</sup>. Operators whose turnover is below €5 million are exempt from this contribution<sup>17</sup>. The *Caisse des dépôts et consignations* (Deposit and consignment office) is responsible for the accounting and financial management of the fund.

15 - Cf. Part 2, Chapter 2, C.

16 - Cf. CPCE Article L.35-3

17 - Cf. CPCE Article R.20-39 (2)

**b. Technical obligations**

The code governing electronic communications and postal operations, CPCE, includes a list of the obligations to which operators are subject. Based on this common set of rules, the regulatory framework is then adapted and completed depending on whether the entity in question is an operator supplying a telephone service or one supplying electronic communications services to the public.

Under this framework, an enterprise that operates a network and provides services can be subject to both the obligations that apply to networks open to the public and to the legal regime governing electronic communications services.

In the same vein, if the entity supplies a telephone service to the public, it must comply with the obligations to which electronic communications and telephone service provision activities are subject.

Breakdown of operators' chief obligations, by type of activity

The articles mentioned are those contained in the CPCE.

Obligations to which all operators are subject
<ul style="list-style-type: none"><li>• Article D. 98-4: Permanence, quality and availability of networks and services</li><li>• Article D. 98-5 III: Security of communications</li><li>• Article D. 98-6: Network and service standards and specifications</li><li>• Article D. 98-7: Prescriptions for reasons of public order, national defence and public safety</li><li>• Article D. 98-8: Emergency call routing and localisation</li><li>• Article D. 98-11: Controlled by ARCEP</li><li>• Article D. 98-12: Consumer protection and information</li><li>• Articles L. 34-1, L. 34-1-1, R.10-12 and following.: Preservation and transmission of traffic data, as measures for pursuing penal infractions and the fight against terrorism</li><li>• Article L. 44: Numbering, portability</li></ul>

Additional obligations for network operators	Additional obligations for telephone service providers	Additional obligations for electronic communication service providers (including telephone services)	Additional obligations for operators that assign numbers to their subscribers
Article D. 98-10: rules on service interoperability	Article D. 98-5 II 3, 4 and 5: rules on calling line identification  Article D.98-9: equivalent treatment of international operators  Article R. 10-13 II: in addition to the data that all operators must preserve, telephone service providers must keep technical information that makes it possible to identify a call's origination and location	Article D.98-5 I and II 1.2: confidentiality of correspondence and treatment of personal data	Article L.34: making subscriber lists available

## C. Enforcing obligations

The Authority ensures that operators comply with the obligations to which they are subject<sup>18</sup>.

**18 - Cf. CPCE**  
Article L. 36-7  
(3rd paragraph).

### 1. Means of control provided for by the Code

Operators must provide ARCEP with quantified data on the operation of their network and the provision of electronic communications services<sup>19</sup>.

**19 - CPCE Article D. 98-11**

This financial, commercial and technical information enables ARCEP to ensure that all operators are adhering to CPCE provisions. This information is particularly useful for collecting taxes and fees<sup>20</sup> and for calculating operators' contributions to the universal service fund.

**20 - See above.**

Provided the request is proportionate and justified, ARCEP can also obtain information on interconnection, access and traffic routing agreements, non-road public domain occupation agreements, and agreements between operators defining the technical and financial terms for leasing dark fibre in the public domain.

Similarly, operators must supply ARCEP with certain information concerning the terms for use of spectrum and numbering resources<sup>21</sup>.

**21 - See below.**

A further purpose in gathering this information is to assist ARCEP in meeting its responsibility to provide analysis of relevant electronic communications markets<sup>22</sup>.

**22 - CPCE Article L. 37-1**  
and following.

### 2. Controlling the conditions for spectrum use

Pursuant to CPCE provisions, operators are required to supply ARCEP with certain information regarding the conditions for frequency use, notably information used to check actual deployments and the size of the zone of coverage<sup>23</sup>.

**23 - Cf. Part 9,**  
Chapter 2, B.

In 2006, the Authority performed controls on the UMTS network rollouts of operators Orange France and SFR. In 2004, these two operators had committed to covering 58% of the country's population with 3G by 31 December 2005. ARCEP was thus able to conclude that, at the start of 2006, SFR was covering 60% of the population and Orange France, 58%.

The Authority also performs other controls to monitor the commitments made with respect to 3G deployment by Metropolitan France's three mobile operators:

- new commitments to cover 70% of the population, by the end of 2007 for SFR and by the end of 2008 for Orange;

- Bouygues Telecom's rollout commitments: in 2005, the operator committed to opening up its 3G service in April 2007, in an area that covered 20% of the population.

In 2007, ARCEP will also seek to verify that local loop operators, and WiMAX operators in particular, are meeting the obligations tied to the licences awarded to them in July 2006<sup>24</sup>.

**24 - Cf. Part 8,**  
Chapter 1, B.



# Universal telecommunications service

## A. Universal service and the universal service operator

The work performed in 2006 was devoted to applying the regulatory framework set in 2004<sup>25</sup>.

### 1. What does universal service cover?

The universal telecommunications service is made up of three public telecommunications service components, which include the provision of mandatory electronic communications services<sup>26</sup> and general interest missions<sup>27</sup>.

Universal service must be provided nationwide, and includes:

- ◆ **Telephone Service**, which covers the installation and operation of a fixed connection to the public network for all persons who request it, and provision of a quality telephone service over this connection, at an affordable price. It also includes the provision of an offer of a reduced telephone bill for certain subscriber categories ;

**25** - 2004 was marked by the publication in the Journal Officiel of 1 January 2004, of Law No 2003-1365 of 31 December 2003 concerning public telecommunications service obligations and France Telecom, transposing the European "Universal Service" Directive of 7 March 2002. As with the telecommunications regulation law of 1996, the legislator has reaffirmed the significance it gives to the public electronic communications service defined in CPCE Article L. 35, and to the universal service in particular.

**26** - Mandatory services are Integrated Service Digital Network (ISDN) access services, leased line services, packet-switched data services, advanced voice telephony services and telex services, all of which must be provided nationwide by the provider of the universal service, telephony service component.

**27** - Notably in the areas of defence and security, public research and higher education.

- ◆ **Universal Directory and Universal Directory Information Service** covers the provision of a directory enquiry service and an electronic directory service at a reasonable price, and the free distribution of a printed directory to all public telephone service subscribers;
- ◆ **Public Payphone Service** covers the installation of public payphones in the public thoroughfare, and the provision of a quality and reasonably priced telephone service over these payphones.

Each of these three components includes provisions for disabled persons, guaranteeing that their access to services is equivalent to the one enjoyed by all other users, provided that the enabling technologies are available and can be deployed at a reasonable cost.

## 2. Universal service operators' obligations

The operator(s) responsible for providing one or more of these components must:

**28** - These indicators include those contained in the European "Universal Service" Directive.

**29** - Operators update this information on a regular basis in all of their sales outlets and points of contact with customers, and through an electronic means that can be accessed in real time at a reasonable price, and ensure disabled users access to this information in a manner adapted to their disability.

**30** - They are bound to provide 6 months' advance notice of the conditions and periods applying to cancellations and changes, 18 months' advance notice of technical modifications requiring the replacement or significant adaptation of equipment connected to the network, and one week's advance notice both for new service offerings related to universal service and for changes (other than tariff changes) to existing service offerings.

**31** - See below.

**32** - CPCE Article L.35-2.

- ◆ comply with quality of service obligations, and publish the value of the QoS indicators<sup>28</sup> set by their specifications;
- ◆ establish a tariff catalogue for the universal service and the mandatory services;
- ◆ communicate their tariffs to the Ministry and to ARCEP at least eight days prior to their implementation;
- ◆ inform<sup>29</sup> users of their universal service offer, of the corresponding tariffs and of any future modifications, suspensions or cancellations;
- ◆ not alter the material terms of use of a universal service before having informed users<sup>30</sup>;
- ◆ separate universal service items from other services in all material related to the service offering, on customer invoices and in the subscriber contract.

The tariffs charged for offers which fall under the heading of provision of a universal service component are set by the operator, which is required to adhere to the principles of transparency, non-discrimination and cost-oriented pricing. They do not depend on the way that subscribers utilise the service, as long as it does not affect the conditions for providing the service. These tariffs are set in such a way as to avoid discrimination based on a user's geographical location. ARCEP is responsible for approving universal service tariffs and any changes proposed by service providers, or setting a pluriannual rate schedule<sup>31</sup>.

## 3. Designation of the universal service operator(s)

"Any operator that agrees to provide a component of universal service nationwide and is capable of doing so" can be designated to provide one of the universal service components<sup>32</sup>.

Designation of the operator(s) in charge of universal service is performed by the Minister responsible for electronic communications, following calls for candidates (one per component) relating to the technical and tariff conditions and, if necessary, to the net cost of providing these services.

This procedure allows for competition over each of the universal service components, and limits the cost of universal service since the net costs factored in for assessing the

cost of universal service cannot exceed the commitments made in the responses to the call for candidates.

Having submitted its response to the call for candidates on 12 December 2004, France Telecom was designated<sup>33</sup> by the minister as the operator in charge of universal service for all three components in March 2005: until March 2009 (for four years) for the telephone and public payphone services and until March 2007 (for two years) for the third component (Universal Directory and Universal Directory Information Service).

In early 2007, after a new call for candidates<sup>34</sup>, France Telecom was designated by ministerial order as the provider responsible for the Universal Directory and Universal Directory Information Service component on 29 March 2007, for a period of two years.

**33 -** *Three orders designating the universal service operator (one per component) were issued by the Minister in charge of electronic communications, dated 3 March 2005.*

**34 -** *Published in the Journal Officiel of 25 January 2007.*

## 4. Social tariffs and “pay or play”

### a. Customers eligible for social tariff reductions

The universal service is “supplied [by its designated provider(s)] under technical and pricing conditions that take account of certain categories of persons’ specific difficulties in accessing the telephone service, due notably to their income level or their disability”<sup>35</sup>.

**35 -** *CPCE Article L.35-1.*

Before 1 November of each year, a ministerial order sets the monthly sum of the social tariff reduction for the following year, after having received ARCEP’s opinion. These social tariffs must translate into a reduced phone bill for eligible customers<sup>36</sup>.

**36 -** *CPCE Article R.20-34 I.*

An eligible customer is any person who earns the social integration minimum income, a specific solidarity allowance or the disabled adult allowance. They receive a certificate from the social organisation on which they depend (family allowances fund, Caisse Nationale Allocations Familiales [CNAF], the national union for employment in industry and commerce, Union Nationale pour l’Emploi dans Industrie et le Commerce [UNEDIC] or the agricultural social insurance mutual benefit fund, Caisse Centrale de Mutualité Sociale Agricole [CCMSA]) which they must fill in to obtain a social tariff reduction from certain operators. If they do not receive the certificate directly, customers must request it from their social organisation. The reduction in their phone bill is put into effect within one or two months following the return of the completed certificate.

The reduction and the associated compensation are increased by an additional €4, excl. VAT (€5, incl. VAT) a month<sup>37</sup> for certain eligible customers.

**37 -** *According to the strict interpretation made by the Directorate-General for Enterprise (Direction Générale des Entreprises).*

### b. Compensation for social tariff reductions

The universal service provider must offer a reduced tariff<sup>38</sup>, but other operators are also able to offer their customers a social tariff reduction for their telephony access service<sup>39</sup>: the operator must take the initiative to submit a request to the ministry<sup>40</sup>. After having received the minister’s approval, the operator is eligible for compensation

**38 -** *CPCE Article L.35-3.*

**39 -** *Provided that the service is similar to the one defined in the first universal service component, and so able to be qualified as a “universal service”.*

**40 -** *CPCE Article R.20-34.*

41 - The social tariff reduction ceiling is set annually by the minister.

from the universal service fund for the expenses incurred by offering social tariff reductions, up to a set threshold<sup>41</sup>. In 2006, only one operator, Erenis, made such a request.

◆ **France Telecom**

42 - A greater reduction has been approved for this category of beneficiary.

As the service provider designated by the ministry for the first universal service component, namely telephony, France Telecom is required to offer a social tariff reduction.

43 - Order of 18 October 2006, published in the JO of 17 November 2006.

France Telecom has thus committed to offering a set social tariff subscription of €6.49, incl. VAT, a month (compared to €15, incl. VAT, a month for a “standard” subscription, since 4 July 2006). The social tariff subscription has been reduced to as little as €1.71 €, incl. VAT, a month for certain disabled ex-servicemen<sup>42</sup>.

44 - ARCEP Opinion No 06-0726 of 12 September 2006, with provisos stipulated in VI.

The reductions that France Telecom has agreed to for 2006 will therefore be compensated by the universal service fund, to the amount of 5.04€, incl. VAT, a month (9.82 €, incl. VAT, a month for certain disabled ex-servicemen), with France Telecom shouldering the remaining portion of the reduction.

45 - On 18 August 2006, Erenis submitted simultaneous requests to the Minister responsible for electronic communications and to ARCEP, to be able to offer subscribers a reduction in their telephone bill, pursuant to CPCE Article R. 20-34.

◆ **Erenis**

After receiving a favourable opinion<sup>43</sup> from ARCEP, a ministerial order<sup>44</sup> was issued authorising the firm Erenis to be compensated by the universal service fund for its social tariff reduction offer<sup>45</sup>.

The company gave up this authorisation in April 2007.

**B. Financing the universal service**

**1. Universal service fund contributors**

46 - CPCE Article L.35-3.

47 - Wanadoo, Club Internet, etc.

48 - Transpac, etc.

49 - Notably “118” services

By law, it is operators that finance the net cost of the universal service<sup>46</sup>. In addition to fixed and mobile operators, entities that contribute to the universal service fund are Internet access providers<sup>47</sup>, data transport providers<sup>48</sup>, providers of directory information services<sup>49</sup>, providers of telephone cards, MVNOs<sup>50</sup>, VoIP service providers<sup>51</sup>, VPN (virtual private network) access service providers, SMS aggregators and local authorities engaged in telecommunications operator activities.

50 - Debitel, NRJ mobile, etc.

51 - Wengo, etc.

52 - CPCE Article L.35-3-II

53 - CPCE Article R.20-39 (Para. 2)

**2. Contribution based on turnover**

Calculation of each operator’s contribution to universal service funding is “based on a prorata share of the turnover generated by electronic communications services”, except under certain exceptions<sup>52</sup>. Exempt from this contribution are operators whose turnover is below €5 million<sup>53</sup>. The *Caisse des dépôts et consignations* (Deposit and consignment office) is responsible for the fund’s accounting and financial management.

**3. The services involved**

The following table lists the services factored into the scope of relevant turnover, which is used as the basis for calculating an operator’s contribution to the universal service fund.



Electronic communications services	Included in the scope
<b>Fixed telephony services</b>	
- Originating from a fixed line	yes
- Originating from a public payphone	yes
- Originating from a calling card	yes
<b>Mobile services</b>	yes
- Terrestrial mobile telephony (access and call origination)	
- Roaming in	No
- Roaming out	yes
- Calls from mobiles	yes
<b>Other mobile services</b>	
- Satellite mobile services	yes
- Paging services	yes
- Professional mobile networks	yes
<b>Internet</b>	
- Narrowband	yes
- Broadband	yes <sup>54</sup>
- Other services related to Internet access provision (advertising, e-commerce, website hosting other than for access, firewall, antivirus...)	No <sup>55</sup>
<b>Advanced services (fixed and mobile telephony)</b>	
- Toll-free services	yes
- Shared cost numbers	yes
- Shared revenue numbers (regardless of the number's owner)	yes
- Special routing services	No <sup>56</sup>
<b>Leased line and other capacity and data transport services (fixed and mobile network)</b>	
- Analogue and digital lines, regardless of bitrate	yes
- Other capacity services (LAN interconnection, etc.)	yes
- Data transport	yes
<b>Directory services and related income (fixed and mobile telephony)</b>	
- Telephone directory services	yes
- Electronic directory search	yes
<b>Related income</b>	
- Directory sales (print, CD-ROM, ...)	No
- Advertising: other income	No
- Sale of files	No
<b>Terminal sales, rental and maintenance</b>	No
<b>Other services related to electronic communications (computer applications and hosting services)</b>	No
<b>Interconnection and access for fixed and mobile telephony, including inbound international traffic</b>	No

54 - Including bundled broadband services.

55 - For fiscal years 2003 and 2004, ARCEP did not consider these services as falling under the definition of "electronic communication services". The scope of services tied to providing Internet access services that come under the heading of "electronic communication services" could nevertheless be reviewed at a later date.

56 - Special routing services are services which are created using the basic telephone network infrastructure, such as TV or videoconferencing services, special routing services, EDI services via telephone access, etc. They employ specific network equipment (bridges, servers, etc.). They also include video surveillance, tracking, telemetry and other services that rely on permanent narrowband connections (e.g. DOV – Data Over Voice or ISDN D-Channel) on the PSTN.

Breakdown of contributions by type of operator

Contributions (% of the cost of universal service)	2002 <sup>57</sup>	2003	2004	2005
Fixed <sup>58</sup>	51	48.4	49.3	45.2
Mobile	39	41.8	43.6	47.5
Internet	2	0.8	1.4	1.5
Cable operator	0	0.3	0.3	0.3
ISP <sup>59</sup>	4	4	1.1	1
Data transport	4	4.8	4.5	4.5

57 - Breakdown taking into account the Law of 31 December 2003.

58 - Including Wanadoo since its integration into France Telecom in 2004.

59 - Excluding Wanadoo since its integration into France Telecom in 2004.

60 - CPCE Article L.36-7.

C. ARCEP’s role

The Authority is responsible for setting the contributions for funding universal service obligations, and for monitoring the funding mechanisms<sup>60</sup>.

1. Determining the cost of universal service

The annual assessment of net cost takes into account not only the costs, but also the revenue and intangible benefits accruing to the operators that provide each of the universal service components.

For each fiscal year, the rules for calculating the final cost of universal service are adopted by ARCEP after public consultation, and are published before the assessment is made.

Supervised annual accounting

ARCEP requires providers of the various component services to supply the information needed to determine the cost of the component parts of universal service. The portion of the providers’ accounts used to calculate the net cost of universal service obligations is audited by an independent body named by ARCEP. The audit covers the cost and income data for services used to determine the cost of universal service obligations, as well as the methods used to gather the data on network and traffic characteristics produced by the providers’ information systems. This then allows the independent auditor to issue a certificate of conformity, which ARCEP publishes in the annex to its decision<sup>61</sup>, along with the declaration of costs booked to France Telecom’s individualised accounts.

a. Geographical balancing

The net cost of the geographical component is equal to the sum of the relevant net costs in unprofitable zones, which would not be served by an operator under normal market conditions<sup>62</sup>.

61 - In its Decision No 2007-0003 of 23 January 2007, ARCEP published the certificates of conformity for the costs, by product, that France Telecom booked to its operating accounts, relating to the net cost of the universal service and the carrier’s individualised accounts, established by France Telecom as part of its regulatory obligations.

62 - CPCE Article R20-33.

For 2005, ARCEP elected to segment local distribution into zones that represented France Telecom's network from an economic point of view, made up of 35 classes of local distribution zones, characterised by their geographic density.

The model reflects the behaviour of an operator that is developing a network starting with the most profitable zones, supposedly those that are the most densely populated. For each class of local zone, a net cost appears when the added cost to the operator for serving this category of local zone is higher than the direct and indirect revenues generated by providing services in this class of local zone.

In 2005, geographical balancing decreased considerably due to a sharp drop reported by France Telecom in the expenses used to calculate the net cost of universal service. This drop is due to the decline in PSTN traffic – as landline calling is being replaced more and more by mobiles and VoIP – to the growing number of subscribers, and to investments which are considered amortised from an accounting standpoint, combined with changes in the accounting standard (following the switch to IFRS<sup>63</sup>) which include an increase in the lifecycle of local loop assets.

### b. Social tariffs

#### ◆ Social tariff reduction

The net cost of social tariffs is equal to the funded portion<sup>64</sup> of the reduction agreed to by the operator providing the service to disadvantaged persons (notably due to low income levels), plus the social organisation's management costs and those incurred by the companies providing the social tariff reduction.

#### ◆ Telephone debt

In 2004, the scope of intervention of the housing solidarity fund that covers water, electricity and telephone debts was expanded, and its management was transferred to local authorities as of 1 January 2005<sup>65</sup>.

As a result, since 2005 universal service fund tariff compensation has been limited to the social fare reduction mechanism, as telephone debts are no longer one of the items compensated by the universal service fund.

### c. Directories and directory services

The net cost of providing directory and directory enquiry services takes into account the resulting calls and derivative products<sup>66</sup> (e.g. France Telecom's Yellow Pages (*Pages Jaunes*) products). For 2005 and 2006, France Telecom has withdrawn its demand for this cost to be covered by the universal service fund.

### d. Public payphones

The net cost of installing public payphones corresponds to the deficit reported in the municipalities where France Telecom meets the exact number of payphones to be installed<sup>68</sup>.

### e. Intangible benefits

To assess the intangible benefits enjoyed by universal service operators, ARCEP incorporates the advantages derived from brand image, ubiquity, lifecycle and access to data<sup>69</sup>.

**63** - International Financial Reporting Standards.

**64** - Whose ceiling is set by ministerial decree, and has remained at €4.21 a month, excl. VAT, per subscriber, since 2000.

**65** - Law No 2004-809 of 13 August 2004 concerning local freedoms and responsibilities.

**66** - e.g. for 2003 and 2004, France Telecom's "Pages Jaunes" (Yellow Pages) products.

**67** - In accordance with its commitments when designated the provider of the universal service component.

**68** - According to Article R20-30-3: "the operator in charge [...] of providing the [public payphone] component of the universal service [...] will make public payphones [...] available to the public in public areas. This operator will make at least one payphone available to the public in all municipalities. In municipalities where the population exceeds 1,000 inhabitants, the operator will install at least a second payphone."

**69** - European Commission Communiqué of 27 November 1996.

#### ◆ Brand image

An operator that provides a telephone service to all persons requesting it, even in sparsely populated zones, automatically improves its brand image with the public. Assessing this advantage is tied to the additional cost that the subscriber is willing to pay, which is evaluated through a statistical study.

To calculate the net cost of the universal service for 2005 this study was updated in 2006 by an independent firm, keeping the methodology used previously. The study noted a sharp decrease in the advantage tied to brand image. This can be attributed to increased competition in electronic communications markets, which leads to a drop in the additional cost that consumers are willing to pay the operator in charge of universal service.

#### ◆ Ubiquity

Ubiquity corresponds to the technical and commercial advantage that results from having a dense network when connecting a new subscriber, compared to an operator under normal market conditions. For the universal service operator, the fact of having “*universal coverage in a ubiquitous operating zone*” naturally generates comparatively lower costs than those generated by the competition when extending its network to new customers.

#### ◆ Lifecycle

This is the advantage derived from the improvement over time of the economic status of subscribers benefiting from universal service. Some subscribers who are not profitable when they first connect to the phone service can become profitable later on (e.g. as the children in the household grow up), thereby creating new revenues for the operator.

#### ◆ Access to telephone usage data

This is the advantage derived from the use of subscriber data to improve market knowledge. Because of the service it provides, a universal service operator has access to market data (regarding usage), which it can use, for its marketing needs or to assess network upgrade requirements.

## 2. Determining the net cost of providing universal service for 2005

In 2006, the Authority submitted to public consultation draft rules for determining the cost of universal service in 2005<sup>70</sup>. These new rules took into account the regulatory provisions established by Decree<sup>71</sup>.

Following the public consultation, ARCEP set the compensation for use of capital rate at 9.5%<sup>72</sup> for 2005 for the purposes of calculating the definitive cost of universal service. The Authority also published the rules employed for evaluating the cost of universal service<sup>73</sup>, prior to its decision<sup>74</sup>, which established the net cost of providing universal service in 2005.

Applying this same method, after deduction of intangible benefits, ARCEP valued the net cost of universal service obligations in 2005 at close to 31 million euros.

For information, the maximum contribution for a universal service operator in 2004 was 0.10% of relevant turnover; for 2005, it totalled 0.09% of its relevant turnover.

**70** - Public consultation running from 16 October to 15 November 2006.

**71** - Decree No 2004-1222 of 17 November 2004 amending CPCE Articles R.20-33 to R.20-39

concerning the methods for calculating the net cost of universal service obligations. The cost of geographical balancing was confined to costs in unprofitable zones.

**72** - ARCEP Decision No 06-0979 of 10 October 2006.

**73** - ARCEP Decision No 06-1249 of 19 December 2006.

**74** - ARCEP Decision No 07-0191 of 8 March 2007.

## Net cost of providing universal service, 2002 to 2007

€ million <sup>75</sup>	2002 Final	2003 Final	2004 Final	2005 Final	2006 Estimated <sup>76</sup>	2007 Estimated <sup>77</sup>
Geographical balancing	164,060	76,885	57,465	3,225	57,465	57,465
Public payphones	20,927	23,549	18,598	13,906	18,598	18,598
Social fares	35,676	36,814	39,198	37,236	38,249	38,249
Directories and directory services	0,000	0,000	0,000	0,000	0,000	0,000
Intangible advantages	-95,674 <sup>78</sup>	-84,007 <sup>79</sup>	-81,978 <sup>80</sup>	-23,457 <sup>81</sup>	-81,978	-81,978
Total	124,989	53,242	33,284	30,910	32,334	32,334

Source : ARCEP.

### 3. The notion of excessive prices

The existence of a net cost leads to the possibility of compensation only in cases where it constitutes an unfair burden on an operator<sup>82</sup>.

It was the Authority's view that, in light of the definitive costs for 2005, such was the case and the implementation of a compensation mechanism was therefore justified.

<sup>75</sup> - All figures rounded off to the closest 1,000 euros.

<sup>76</sup> - Provisional contributions for 2006 and 2007 are based on the final net cost in 2004. The cost of covering telephone debts (€0.949 M), has been deducted as the solidarity fund for housing that covers water, electricity and telephone debt was transferred to local authorities as of 1 January 2005.

<sup>77</sup> - Provisional contributions for 2006 and 2007 are based on the final net cost in 2004. The cost of covering telephone debts (€0.949 M), has been deducted. The decisions governing provisional assessments for 2006 and 2007 are Decisions No 05-919 of 15 November 2005 and No 06-1103 of 14 November 2006, respectively.

<sup>78</sup> - Details of intangible advantages for 2002: €86.228 M for brand image, €0.310 M for ubiquity, €8.216 M for lifecycle and €0.920 M for access to telephone usage data.

<sup>79</sup> - Details of intangible advantages for 2003: €83.535 M for brand image, €0.123 M for ubiquity, €0.000 M for lifecycle and €0.349 M for access to telephone usage data.

<sup>80</sup> - Details of intangible advantages for 2004: €81.664 M for brand image, €0.112 M for ubiquity, €0.000 M for lifecycle and €0.202 M for access to telephone usage data.

<sup>81</sup> - Details of intangible advantages for 2005: €23.316 M for brand image, €0.076 M for ubiquity, €0.000 M for lifecycle and €0.065 M for access to telephone usage data.

<sup>82</sup> - CPCE Article L.35-3 (III).

## D. Pending disputes

In 2006, several operators appealed to the *Conseil d'État* against ARCEP decisions concerning assessments of operators' contributions to the cost of universal service for a given year. They concern:

**83 - ARCEP Decision**  
No 2005-0028  
of 17 March 2005.

**84 - ARCEP Decision**  
No 2005-0019  
of 15 November 2005.

**85 - ARCEP Decision**  
No 04-1068  
of 21 December 2004.

**86 - Order of 10 July 2006.**

**87 - Idem.**

- ◆ provisional assessments of the cost of universal service and operators' contributions for 2005<sup>83</sup>;
- ◆ provisional assessments of the cost of universal service and operators' contributions for 2006<sup>84</sup>;
- ◆ final assessments of the cost of universal service and operators' contributions for 2004<sup>85</sup>;

The *Conseil d'Etat* rejected six of the operators' requests concerning:

- ◆ application for annulment of ARCEP Decision No 2004-0599 of 22 July 2004<sup>86</sup>;
- ◆ the Decree No 04-408 of 13 May 2004 concerning the method used to assess compensation and the sharing of the estimated net cost of universal service for 2002<sup>87</sup> (2 requests);
- ◆ the ministerial Decision of 25 November 2004, to launch a call for candidates in view of designating the operator in charge of providing the electronic communications component of universal services, pursuant to Article L.35-1 of the code governing postal affairs and electronic communications (3 requests);

Other appeals are still pending.

### *Conseil d'Etat orders of 10 July 2006*

In its orders of 10 July 2006 concerning Decree No 04-408, dated 13 May 2004, the *Conseil d'Etat* expressed the view that:

- ◆ the disputed decree could not be viewed as containing measures of implementation for the decree of 10 April 2003, which is itself illegal;
- ◆ the disputed decree was used to measure the consequences of the CJEC Order of 6.12.01 and to ensure the continuity of the universal service;
- ◆ the disputed decree allows ARCEP to set new estimated contributions for the estimated amounts due for 2002, without preventing the State from later ordering the payment of interest in arrears on estimated contributions made for the 2002 estimates.

## E. Control of universal service tariffs in 2006

### 1. Introduction of a pluriannual control mechanism

The Authority has formalised the commitments made by France Telecom when applying to be designated as the universal service operator<sup>88</sup>. France Telecom had proposed offering universal service customers with a regular decrease in calling tariffs.

**88 - ARCEP Decision**  
No 06-0725  
of 25 July 2006.

ARCEP took this opportunity to replace the procedure of individual prior determination of universal tariffs with a control measure providing for a pluriannual price cap on calling tariff baskets. This new system, provided for by legislative and regulatory texts, is in accordance with France Telecom's proposals and the recommendations expressed by the Authority in its opinion in early 2005.

This form of tariff control will apply up to 2008<sup>89</sup> to calls made by two representative subscribers, one located in Metropolitan France, the other overseas, who have chosen France Telecom's universal service offer and who constitute two distinct tariff baskets: one for Metropolitan France (which includes calls originating in France to fixed and mobile numbers in Metropolitan France and overseas) and one for overseas (which includes calls originating overseas to fixed and mobile numbers to destinations overseas and in Metropolitan France).

**89 - In March 2005, France Telecom was designated as the universal service operator for the telephone service component for a period of four years. The universal service designation will thus be renewed in early 2009.**

The average annual price of each tariff basket will evolve every year at most at the rate of the consumer price index, minus 3%<sup>90</sup> and minus the decrease in external interconnection and access costs (notably mobile voice call termination).

**90 - These 3% represent the portion of savings generated by the operator in charge of providing universal service passed on to universal service subscribers.**

### 2. Why pluriannual tariff controls?

A pluriannual system of controls guarantees that the end users of the universal service – in this case the service offered by France Telecom – will benefit from a regular decrease in their calling tariffs, and notably that decreases in mobile call termination tariffs (fixed to mobile calls) ordered by the Authority will be passed onto them. This will also allow them to benefit from a share of the incumbent carrier's productivity gains which, as a result, will not be reserved solely heavy users.

For France Telecom, a pluriannual system based on defining objectives for the tariff basket provides the operator with a certain room to manoeuvre, within which it can exercise its pricing choices.

### 3. A priori control over universal service provision

ARCEP has maintained the procedure of *a priori* control over all universal services which are not subject to tariff control. As a result, the price of calls to fixed non-geographic numbers (087B and 09AB) is still controlled individually by the Authority, prior to their implementation. The market for calls to these numbers is not terribly competitive, and consumer-calling patterns with respect to these numbers are evolving constantly. In the same vein, calls to special service numbers (08AB, 3BPQ and 118XY) are not part of the pluriannual price control mechanism (and so continue to be controlled individually), nor are international calls.





# ARCEP's international responsibilities

ARCEP contributes to the development of the telecommunications sector – and, since 2005, to the postal sector as well – beyond the national and EU levels. It is represented at the principal international institutions involved in its areas of responsibility, and takes an active part in a great many discussions on technical, legal and economic matters.

Through its Board Members and experts, ARCEP also takes part in international conferences.

Furthermore, the Authority conducts a range of cooperation missions – associating itself with exchange and training initiatives, particularly those concerned with regulatory issues.

## A. ITU and UPU

### 1. International Telecommunications Union (ITU)

*Based in Geneva, Switzerland, the ITU (International Telecommunication Union) is an international organisation within the United Nations system. As of the end of 2006, it had 191 member states, 600 sector members (operators and manufacturers) and 130 associate organisations (small businesses, research bodies, and consultancies). The Ministry of Foreign Affairs and the Ministry of Industry represent France in the ITU's decision-making bodies (Plenipotentiary Conferences and the Council).*

**Website:** [www.itu.int](http://www.itu.int)

In 2006, ARCEP helped prepare the French government's position on telecommunications in the decision bodies of the ITU under the aegis of the Ministry of Foreign Affairs and the Ministry of Industry.

ARCEP attended the two ITU conferences held in 2006: the World Telecommunication Development Conference (WTDC) and the Plenipotentiary Conference. At WTDC-06 the Authority renewed its mandate as the head of the Development Sector Study Group 1 – a group devoted to examining telecommunications development policies and strategies.

ARCEP participated in its areas of responsibility in three sectors of ITU activity:

- ◆ ITU-T (Telecommunications Standardization) which develops international technical and operating standards which, although implemented voluntarily, are recognised internationally;
- ◆ ITU-R (Radiocommunication) whose task is to determine the technical characteristics and methods of operating wireless services;
- ◆ ITU-D (Development) which implements programmes aimed at facilitating telecommunications access, the development of networks and regulatory policies, training personnel from developing countries, formulating funding strategies and helping businesses incorporate e-commerce into their operations.

#### a. ITU-T

At the national level, ARCEP heads the structure for coordinating the work of ITU-T among the various French players involved (the Ministry of Industry, operators and manufacturers). This structure allows the work of the 13 ITU-T Study Groups to be monitored and the French positions for TSAG (Telecommunication Standardization Advisory Group) meetings to be developed.

Within ITU-T, ARCEP chairs Study Group 2 which handles certain aspects of networks and services, particularly numbering, naming and addressing. In 2006, this Study Group continued its work on the abuse of international numbering resources and discussed the attribution of numbering resources for particular services: child helpline, emergency services.

Within Study Group 3 – which is dedicated to international tariff and accounting principles and issues – ARCEP, through one of its experts, also serves the dual function of Vice-chairman of the working group on economic and policy factors for international telecommunication services and rapporteur for the group dealing with terminology and translation.

ARCEP been an active participant in the work performed by the Telecommunications Standardization Advisory Group (TSAG), the body responsible for making operational decisions regarding ITU-T activity occurring between meetings of the WTSA (World Telecommunications Standardization Assembly). At the TSAG meeting in 2006, ARCEP served as coordinator for the CEPT (European Conference of Postal and Telecommunications Administrations) and as joint head of the French delegation.

Finally, ARCEP contributed to several workshops organised by ITU-T, including one conducted in tandem with the OASIS Consortium (Organization for the Advancement of Structured Information Standards)<sup>91</sup>, on standards for alerting the public in emergencies.

<sup>91</sup> - A global consortium devoted to standardising open file formats.

### b. ITU-R

The Radiocommunication Sector of the ITU plays a vital role in managing the radio frequency spectrum, a limited natural resource for which there is growing demand due to the rapid development of new radiocommunication services and mobile technologies.

World Radiocommunication Conferences (WRCs) are held every two to three years<sup>92</sup>. Moreover, an ITU Region or group of countries may organise a Regional Radiocommunication Conference (RRC). In May and June 2006 the second part of an RRC begun in May 2004 took place.

<sup>92</sup> - Cf. Part VII, Chapter A, 1.

ARCEP participates in ITU-R conferences in the same way that it follows the work of the Radiocommunication Advisory Group (RAG) and ITU-R Study Groups, in collaboration with the national frequency regulator ANFr (Agence Nationale des Fréquences).

### c. ITU-D

In 2005/2006, ARCEP participated in the work performed by ITU-D on universal access and universal service. The Authority chaired a working group dedicated to the management and funding of universal access and universal service. The outcome of this work was approved by Development Sector Study Group 1 and was the subject of a publication presented at the World Telecommunication Development Conference held in Doha, Qatar, from 7 to 15 March 2006.

From September 2004 to October 2006, ARCEP chaired ITU-D Study Group 1. This Study Group is responsible for national telecommunication policies and regulatory strategies, financial and economic issues, tariff policies and private-sector development and partnership.

The Authority is also a member of the Telecommunication Development Advisory Group (TDAG), whose role is to advise the Director of the Telecommunication Development Bureau (BDT) on setting priorities, formulating strategies and preparing and implementing the budget and operational plan of the ITU Development Sector.

## 2. Universal Postal Union (UPU)

An inter-governmental institution comprising 191 members, the UPU is a specialised agency of the United Nations.

Established in 1874, it is the primary forum for international, technical cooperation between postal-sector players, working to promote the development of high quality and up-to-date universal postal services which are accessible in all corners of the globe.

The UPU is called upon to play an important leadership role in promoting the continued revitalisation of postal services.

**Website:** [www.upu.int](http://www.upu.int)

ARCEP has been associated with the work performed by the UPU since 2005: the year the Authority was mandated to regulate France's postal sector.

ARCEP was mandated by the Ministry of Industry to take part in the upcoming UPU Congress, the Union's highest level assembly, which will be taking place in Kenya in 2008. The UPU Congress meets every four years, with the goal of helping member countries devise new products and services, and incorporate them into the international postal network.

ARCEP Board Member, Joëlle Toledano, chairs the UPU's "postal economics" working group. The group's work underscores the fact that postal services are truly an economic development infrastructure once sufficient national coverage is achieved through post offices located across the country.

In 2006, a conference devoted to regulation – held in addition to the UPU Board meeting – concluded that organising the postal market through regulation needs to take into account the specificities of developing countries. Indeed, establishing regulation based on simple, achievable and controllable objectives in these countries is probably more suitable than adopting complex regulations such as those recently put into place in the postal sector in industrialised countries.

## B. European Conference of Postal and Telecommunications Administrations (CEPT)

*CEPT (European Conference of Postal and Telecommunications Administrations) has 47 member countries. It is composed of three primary bodies*

- ◆ *CERP (European Committee for Postal Regulation).*
- ◆ *ECC (Electronic Communications Committee). The ECC is the leading frequency coordination and planning body on the European continent.*
- ◆ *WG ITU (Working Group on International Telecommunication Union), in charge of coordinating CEPT activity and preparing common European positions for the principal meetings of the ITU.*

In 2006, ARCEP participated in both meetings of the CEPT Assembly, the body responsible for adopting major policy and strategic decisions within the postal and electronic communication sectors.

The Authority was responsible in particular for the CERP postal statistics project team and participated in the CERP plenary assemblies and working group meetings.

ARCEP is also very involved in the work of the ECC: participating in its three plenary assemblies and collaborating with its numerous working groups and project teams. Furthermore, an ARCEP expert chairs one of the working groups devoted to numbering, naming and addressing.

And, lastly, ARCEP took part in the preparations for the two major events held in 2006: the World Telecommunication Development Conference (WTDC), in March, and the Plenipotentiary Conference in November. The Authority also heads the informal group coordinating CEPT positions for ITU-T.

## C. ETSI

*ETSI, the European Telecommunications Standards Institute, is one of the standards bodies recognised by the European Commission, along with CEN (European Committee for Standardization) and CENELEC (European Committee for Electrotechnical Standardization). This focus on Europe does not preclude a strategy of influencing proceedings at the international level when consistent with developments in the sector. At the end of 2006, the Institute had 655 members from 59 countries.*

**Website:** [www.etsi.org](http://www.etsi.org)

In 2006, ARCEP participated in ETSI activities, in conjunction with the French Ministry of Industry (DGE), which is a full member, and France's national frequency regulator, ANFr.

This past year, the Authority played a role in the organisation's strategic decision-making bodies: one of its experts was re-appointed Vice-chairman of the ETSI Board, in addition to sitting on the Board's executive committee. In this capacity, ARCEP has contributed to the work begun in 2004 to restructure ETSI's internal operations into four strategic areas of activity: regional and international missions, ETSI suitability for new activities, organisational adaptation and cooperation. ARCEP also was a stakeholder in debates on improving the Institute's links with various Community entities.

In 2006, the Authority chaired the working group on links between standardisation and the new regulatory framework (OCG ECN&S). It participated in the general assemblies and coordinating committees (under OCG) and, from time to time, in the work of the technical committees (IMPACT, etc.). ARCEP was a member of the ETSI delegation to 3GPP PCG/OP, a meeting of the Third-Generation Partnership Project (3GPP) Project Coordination Group and 3GPP's organisational partners which coordinates third-generation mobile system standardisation efforts. The activities associated with these strategic decision-making bodies are conducted in close cooperation with DGE and ANFr.

## D. Organisation for Economic Cooperation and Development (OECD)

*With headquarters in Paris, the OECD (Organisation for Economic Cooperation and Development) has 30 member countries, including France, which work to identify the economic, social and governance challenges associated with globalisation, as well as ways to leverage its potential. The Organisation is well known for its publications and statistics. Its work covers all economic and social disciplines, from macroeconomics to trade and includes education, development and postal and electronic communications*

**Website:** [www.oecd.org](http://www.oecd.org)

ARCEP, in collaboration with other French governmental bodies, is particularly involved in the work of the OECD Committee on Information, Computer and Communications Policy (ICCP), which examines issues associated with the digital economy, the global information infrastructure, and the evolution towards a global information society.

The unifying theme of its work is the convergence between the telecommunications and audiovisual media sectors.

In 2006, ARCEP assisted in preparing the publication *OECD Communications Outlook*, produced by the ICCP Working Party on Telecommunication and Information Services Policies (WPTISP). It also contributed to drafting working papers on topics in which it has a direct interest (changing regulatory policies, broadband development).

Finally, ARCEP monitored the work of other ICCP working parties from time to time, particularly the Working Party on the Information Economy (WPIE) and the Working Party for Indicators on the Information Society (WPIIS).

## E. Cooperation and study missions

### 1. Bilateral exchanges

Since its creation, ARCEP has maintained an active policy of exchanges with players from other countries, including foreign NRAs, public authorities and the private sector. These exchanges take the form of in-depth discussions or training sessions on the economic and technical aspects of regulation.

In 2006, it continued the regular exchanges that it maintains with Morocco, Senegal, Algeria, Vietnam, the United States, Japan, South Korea and China. It also hosted delegations from Kazakhstan, Russia and Thailand.

## 2. Cooperation with Francophone countries: Fratel

Established during a symposium of regulators from French-speaking countries in Paris in June 2002, Fratel is the telecommunications regulation network of French-speaking countries. Its primary aim is to promote collaboration and exchanges between its members: its first meeting was held in Bamako in 2003.

### a. Fratel network annual meeting in Dakar

Fratel network members held their fourth annual meeting in Dakar on 14 and 15 September 2006, after having met in Paris in 2005, in Fez (Morocco) in 2004 and in Bamako (Mali) in 2003.

More than 100 participants representing regulators from some 20 countries, international institutions (ITU and *Organisation Internationale de la Francophonie*), ENST Paris (*l'École Nationale Supérieure des Télécommunications*, France's national institute for advanced telecommunication studies) and telecom sector enterprises (Alcatel, Thalès, Novacom, Morocco Télécom, Celtel, Sonatel, etc.) debated the issues involved in changing licensing regimes and scarce resource regulation.

At the end of the meeting, Marc Furrer (Switzerland) was elected Chairman of Fratel and Mohamed Benchaâboun (Morocco) and Daniel G. Goumalo Seck (Senegal) were elected Vice-chairmen.

This fourth annual meeting also provided an opportunity for Fratel members to prepare for the future by strengthening cooperation between regulators from French-speaking countries. A study group was formed to address the topic in 2007. It is chaired by Modibo Camara, Chairman of Mali's telecommunications regulation committee (*Comité de régulations des télécommunications*) and Fratel's Chairman from 2003 to 2004.

### b. Information and experience exchange seminar in Sofia

At the invitation of Bulgaria's Communications Regulation Commission (CRC), ARCEP took part in a seminar devoted to exchanging information and experience, which was held on 22 and 23 June 2006 and focused on the topic of network interconnection and service interoperability. This seminar was attended by some 30 delegates, NRA heads and experts from 16 countries, along with industry representatives, ENST Paris and market consultants.

### c. BADGE training

In 2006, ARCEP experts assisted in providing a series of training sessions in telecommunication regulation as part of the BADGE (*Bilan d'Aptitude Délivré par les Grandes Écoles*) diploma awarded by the *Conférence des Grandes Écoles Françaises*: an association of the deans of French grandes écoles (its most prestigious higher education establishments) and foreign universities. More than 30 students from nine French-speaking African countries attended the training sessions, which ran from January to June 2006 in Ouagadougou, Burkina Faso, and was developed at the initiative of ENST Paris, the Burkina Faso telecoms regulator, ARTEL, the University of Ouagadougou, the World Bank, ESMT of Dakar and ARCEP.

The Authority led the June sessions on regulatory administration and law, and on managing and allocating scarce resources.

### 3. Study missions

In 2006, several of ARCEP's Board members took part in study missions abroad. The Authority's Chairman, Paul Champsaur, travelled to Washington from 11 to 13 October 2006, where he met on several occasions with his US counterpart, FCC Chairman Kevin J. Martin, to discuss issues relating to electronic communications regulation. Of an essentially institutional nature, this mission helped to underscore the growing prominence of content in the telecommunications market's structure.

From 4 to 6 December 2006, ARCEP Board Member, Michel Feneyrol, travelled to Hong Kong to attend the ITU "Telecom World 2006" Forum. A further goal of this mission was to gain a better understanding of changes taking place in the global telecommunications market through dialogue with a number of Asian interlocutors.