INTUG

tuanz

Competition & access
a user perspective

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TUANZ, Auckland 30 May 2001

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INTUG contents

- what is INTUG?
- competition and choice
- business demands
- leased lines
- local loop unbundling
- wireless local loop
  - licence allocation
  - lessons from around the world
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INTUG what is INTUG?

- members
  - national associations
  - corporations
  - individuals
- activities
  - ITU and WTO
  - OECD
  - APEC TEL, CITEL and EU

INTUG our aims

- real and effective competition
- genuine choice for users
- lower prices
- higher quality
- constructive co-operation with
  - international bodies
  - governments
  - regulators

INTUG competition and choice

- infrastructure and service-based competition are **both** necessary
- need competitive provision of unbundled elements
  - CPE/handsets
  - networks
  - services and content
- continuing need for independent regulatory intervention

INTUG business demand

- Intranet
- Access networks
- Extranet

each company
buying from
only a very few
suppliers

- city centre offices
- branch plants
- call centres
- remote workers
- mobile workers
- suppliers
- customers
- banks
- governments

INTUG operators' choices

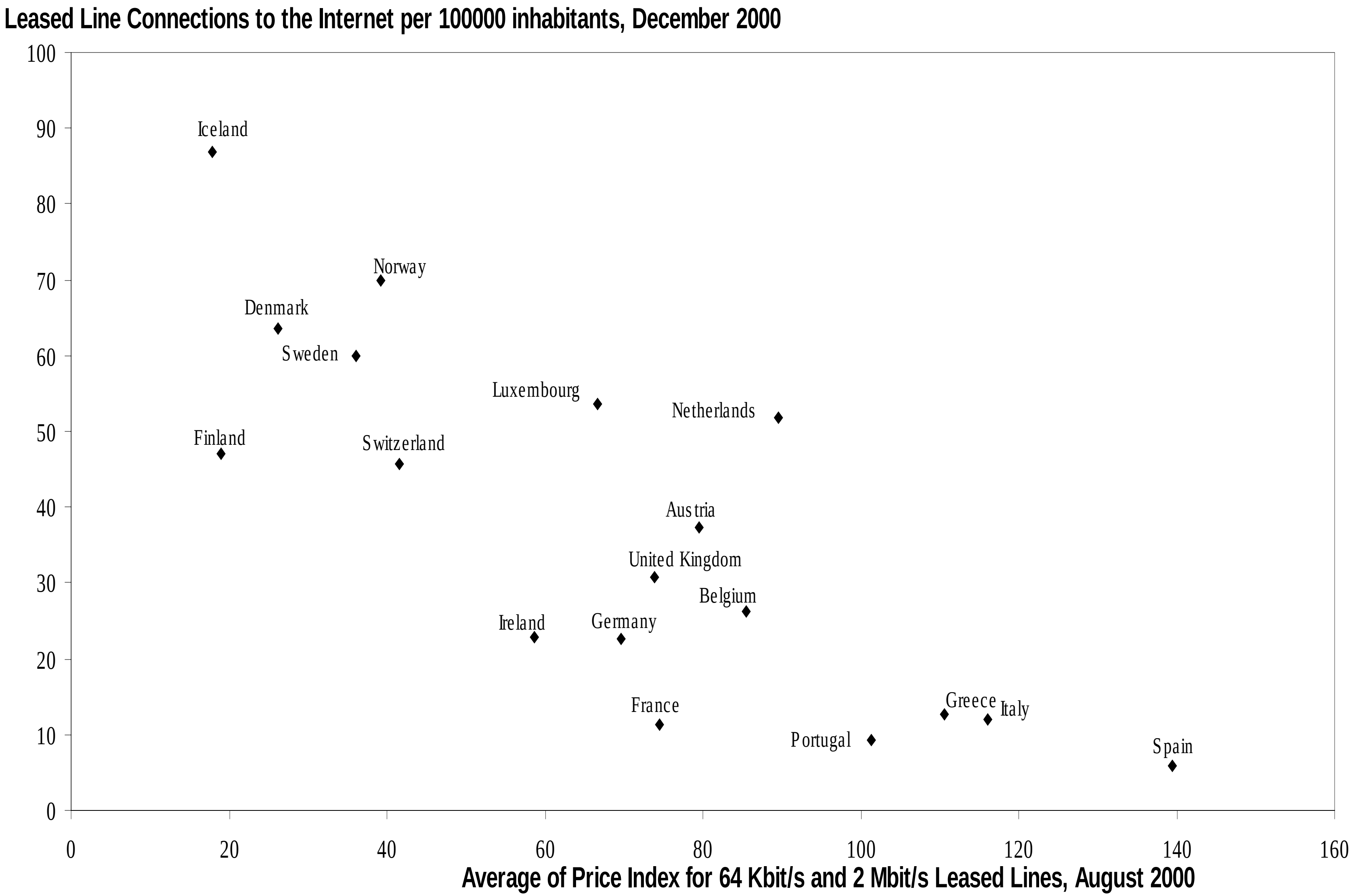
- fibre to premises
- leased line
- unbundled local loop
- wireless local loop
- xDSL
- ISDN

Driven by availability, quality and cost

INTUG leased lines

- market failures
  - pricing
  - non-pricing
- USA leads on
  - prices and discounts
  - geography of availability
  - especially at higher speeds
- EU Competition inquiry
- OECD and EC reports

INTUG geography of leased lines



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INTUG basket of leased line charges

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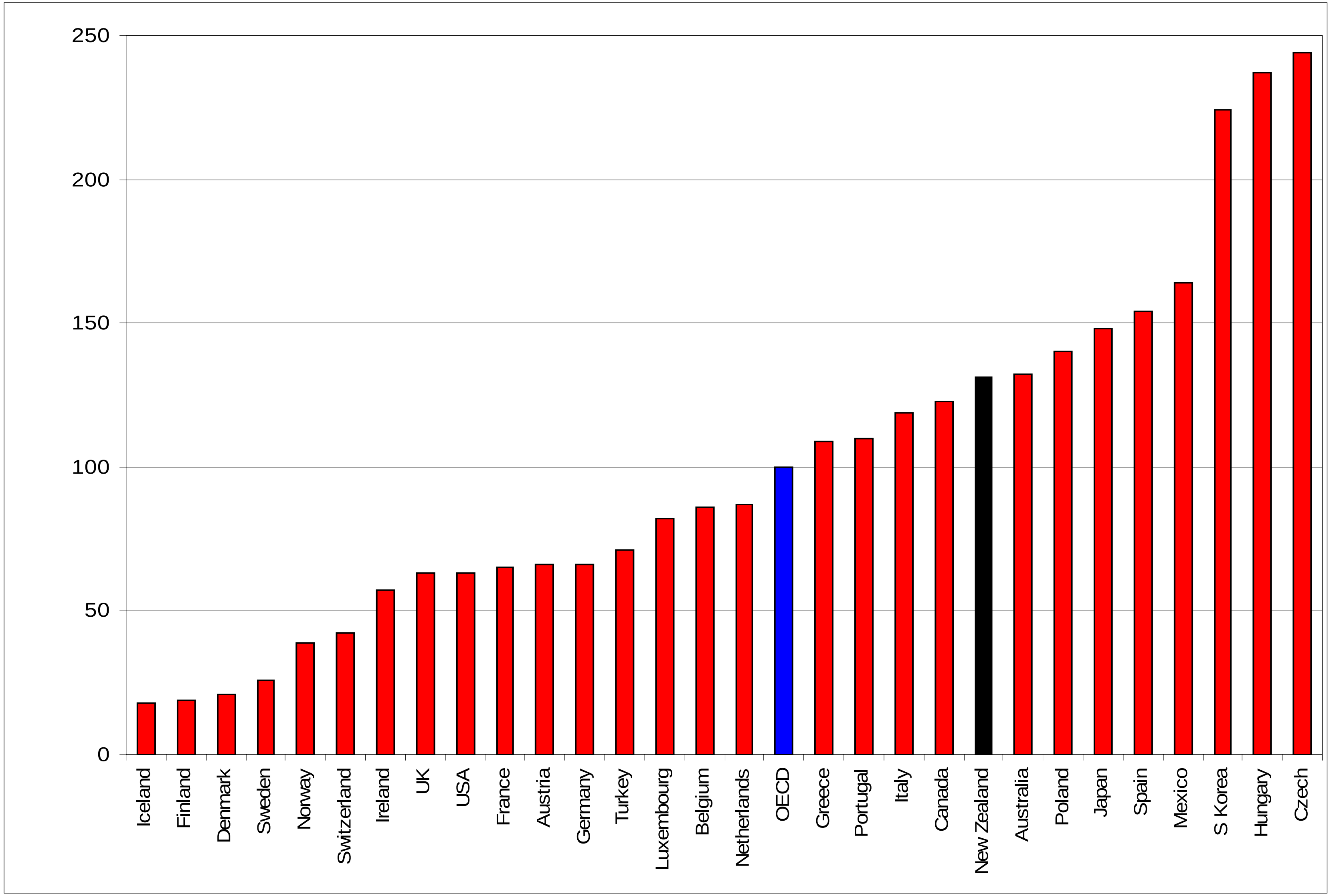


INTUG market failures

- pricing
- discounting
- availability
- quality of service
- coverage

The Last Mile - cannot obtain adequate service in order to link to core network of the competitive carrier.

INTUG geography of competition

- competitive
  - financial districts of largest cities
- non-competitive
  - smaller cities
  - outer suburbs
  - homes
  - farms
- can vary from street to street

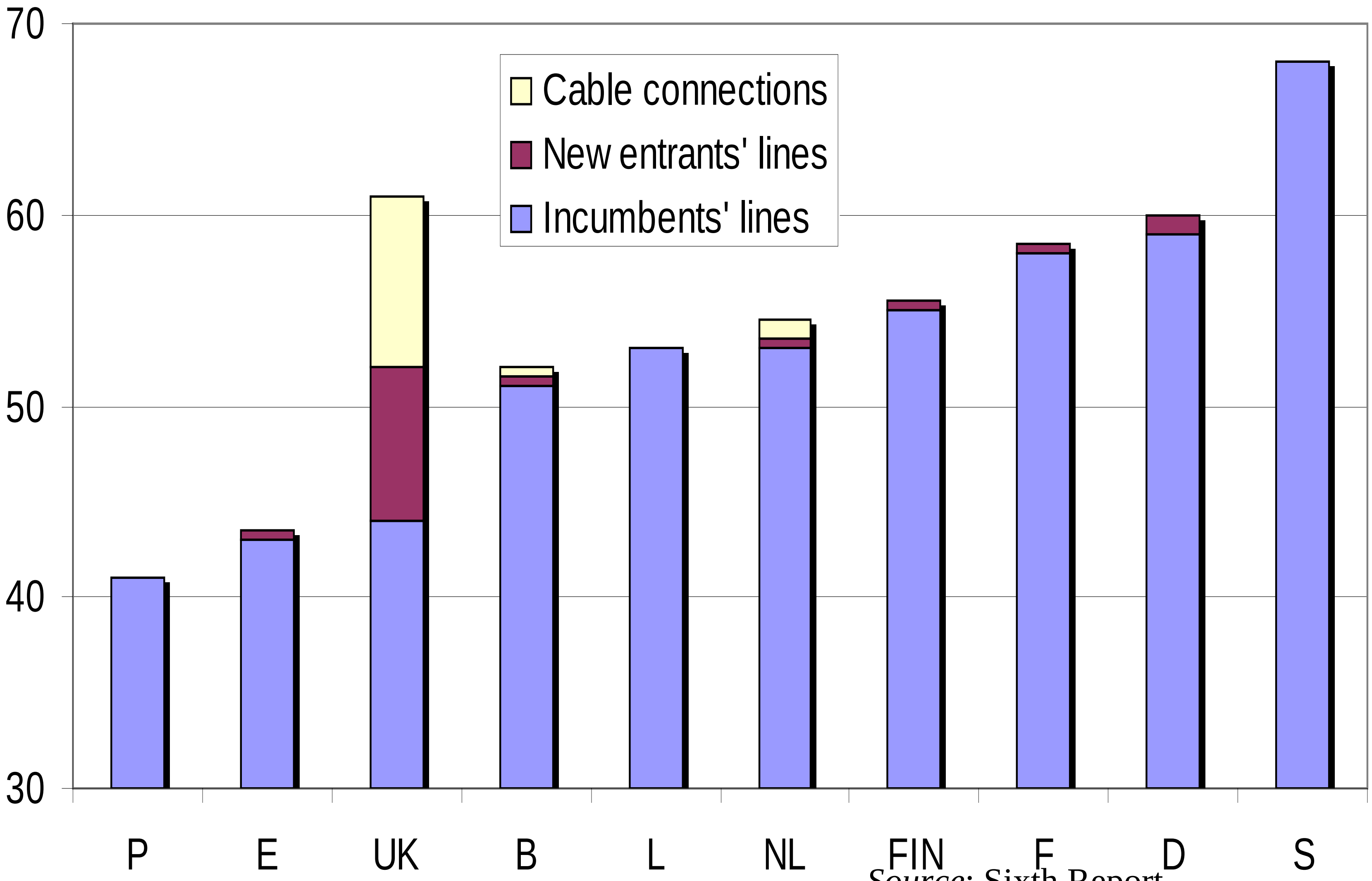
INTUG INTUG activities

- survey comparing international *versus* national prices
- instigated the EU Competition inquiry
- national association activities
  - Denmark
  - United Kingdom

INTUG subscriber lines

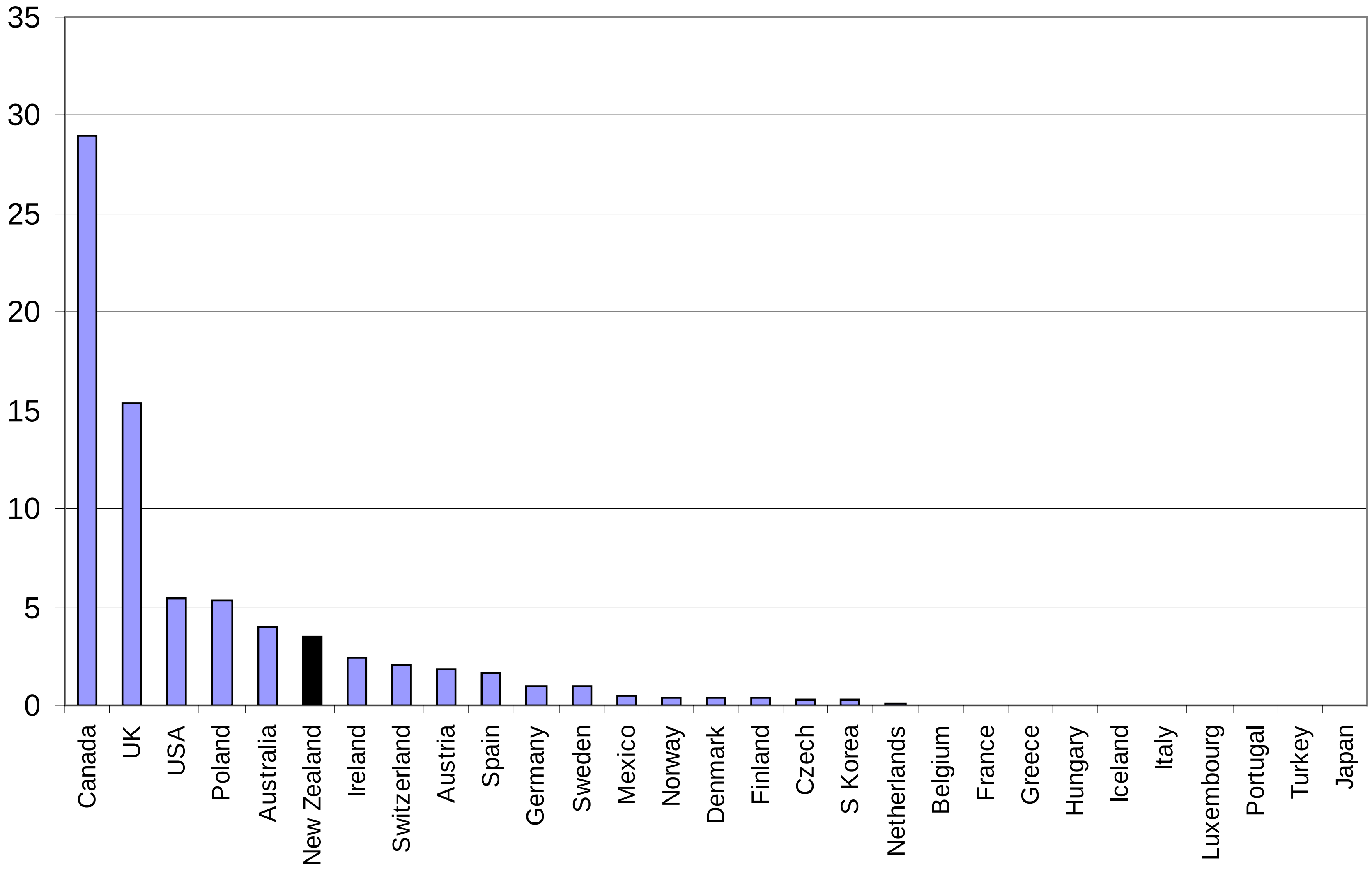
- introduction of competition
- ending the monopoly
- carrier selection
- carrier pre-selection
- number portability
- directory services
- yet still predominantly in the hands of the historic operators

INTUG subscriber lines in EU



Source: Sixth Report.

INTUG non-incumbent access lines (%)



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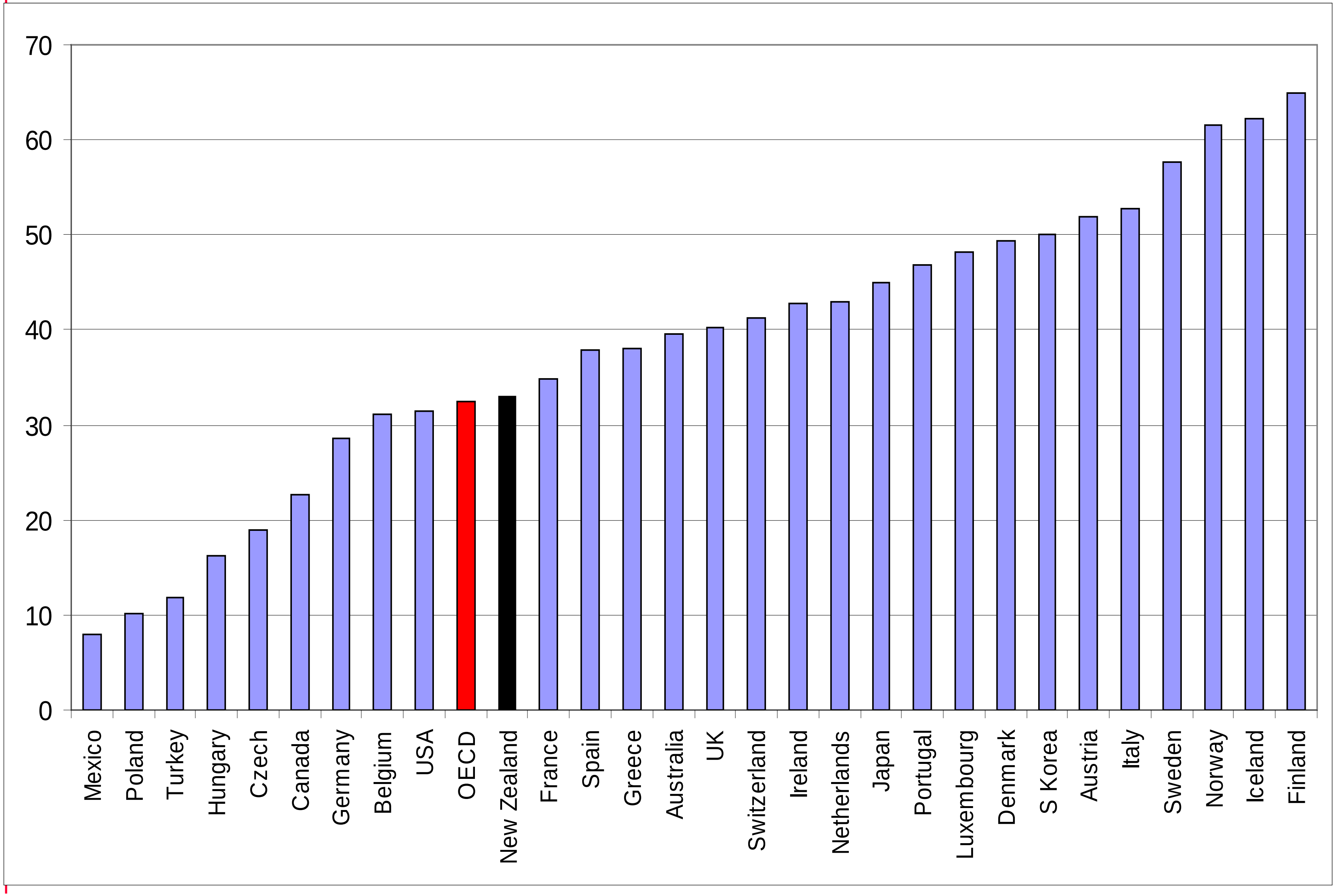
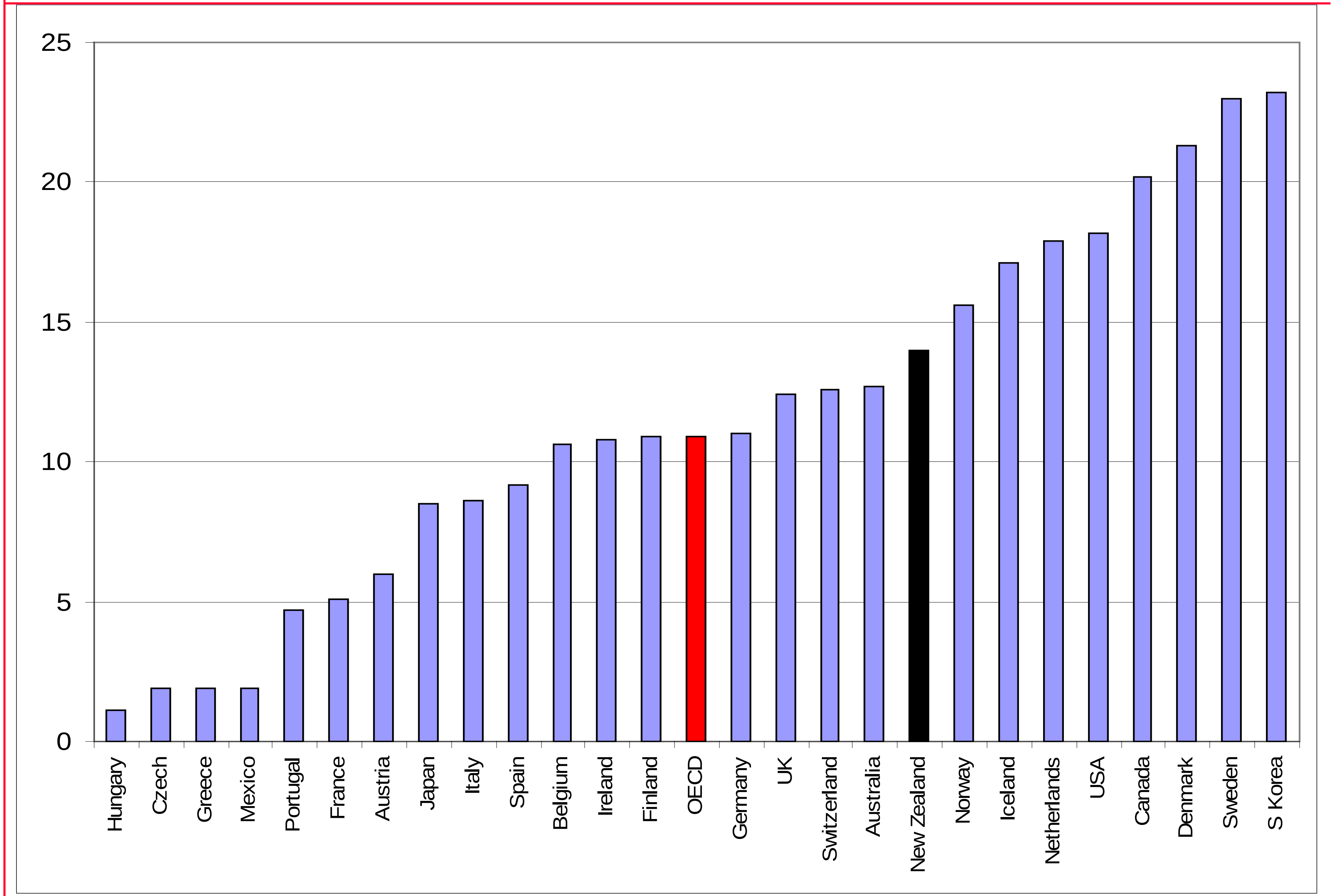
INTUG mobile subscriptions per 100 popn.



INTUG Internet subscribers per 100 inhabitants



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INTUG local loop unbundling

- historic operators' response
  - resistance and delay
  - saturation of the market with their own services
- uncertain efficacy of EU Regulation
- need for additional measures by NRAs and governments
- collapse of several operators in USA

INTUG EU Regulation on LLU

- a *Communication* in March 2000
- political impetus given by the Lisbon Summit in March 2000
- presented to Parliament and Council as a *Regulation* in July 2000
- came into effect 2 January 2001
- supporting document from Independent Regulators Group (IRG)

INTUG monitoring progress

- report to and *tour de table* of the ONP Committee in early February
- report to and *tour de table* of the Telecommunications Council on 5th April
- closely followed by member states, NRAs, new entrants and users

INTUG wireless local loop

- slow allocation process
- different frequencies and technologies
- successes and failures
- knock-on effects of:
  - 3G spectrum allocation
  - dot.com crash
- only a few historic operators have been allowed into WLL market

INTUG allocations - EU

- Austria
- Belgium
- Denmark
- Finland
- France
- Germany
- Greece
- Ireland
- Italy
- Luxembourg
- Netherlands
- Portugal
- Spain
- Sweden
- UK

Incumbents allocated WLL in Belgium, Greece, Spain & Sweden.

INTUG allocations - OECD

- Australia
- Canada
- Czech Republic
- Hungary
- Iceland
- Japan
- New Zealand
- South Korea
- Norway
- Poland
- Switzerland
- Turkey
- USA

Incumbent allocated WLL in South Korea.

INTUG lessons from Sri Lanka

- extremely low teledensity
- WLL introduced in order to:
  - to stimulate SLT
  - to open new markets
- doubled the size of the market
- improved quality

INTUG lessons from the USA

- the 1996 Telecommunications Act
- pressure from market entrants
- retreat forced by financial markets
- licences issued by FCC
- Frost & Sullivan predict revenues of US$842.3 million in 2000
- desire to deploy new technologies (UWB, WLAN 802.11, Bluetooth ...)

INTUG wireless LANs

- IEEE 802.11 (a &b), Wi-Fi, Hyperlan
- “unlicensed” spectrum
  - 2.4 GHz
  - 5.8 GHz
- applications in hotels, airport lounges, motorway service stations, trains, etc
- Starbucks coffee shops

INTUG summary

- persistent market failures in leased lines
- competition law is a very poor tool
- LLU is important but slow
- WLL is a very serious alternative
- leased lines remain a crucial building block

INTUG summary (2)

- collapse of high-tech share prices has stunted competition
- pressing need for new entrants to create and increase competition
- other technologies are appearing, some in unlicensed spectrum