

Competition & leased lines

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INTUG contents

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- what is INTUG?
- competition and choice
- leased lines
- a changing market
- comparisons
- conclusions
- the new procedure

INTUG what is INTUG?

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

INTUG our aims

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

INTUG leased lines

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- an issue for INTUG since 1974
- raised by us at ITU in 1979
- repeatedly raised with EEC and EU
- most recently:
 - Public Hearing September 2000
 - extending reporting by NRAs to higher speeds
 - ONP Committee October 2001
- a **continuing** market failure

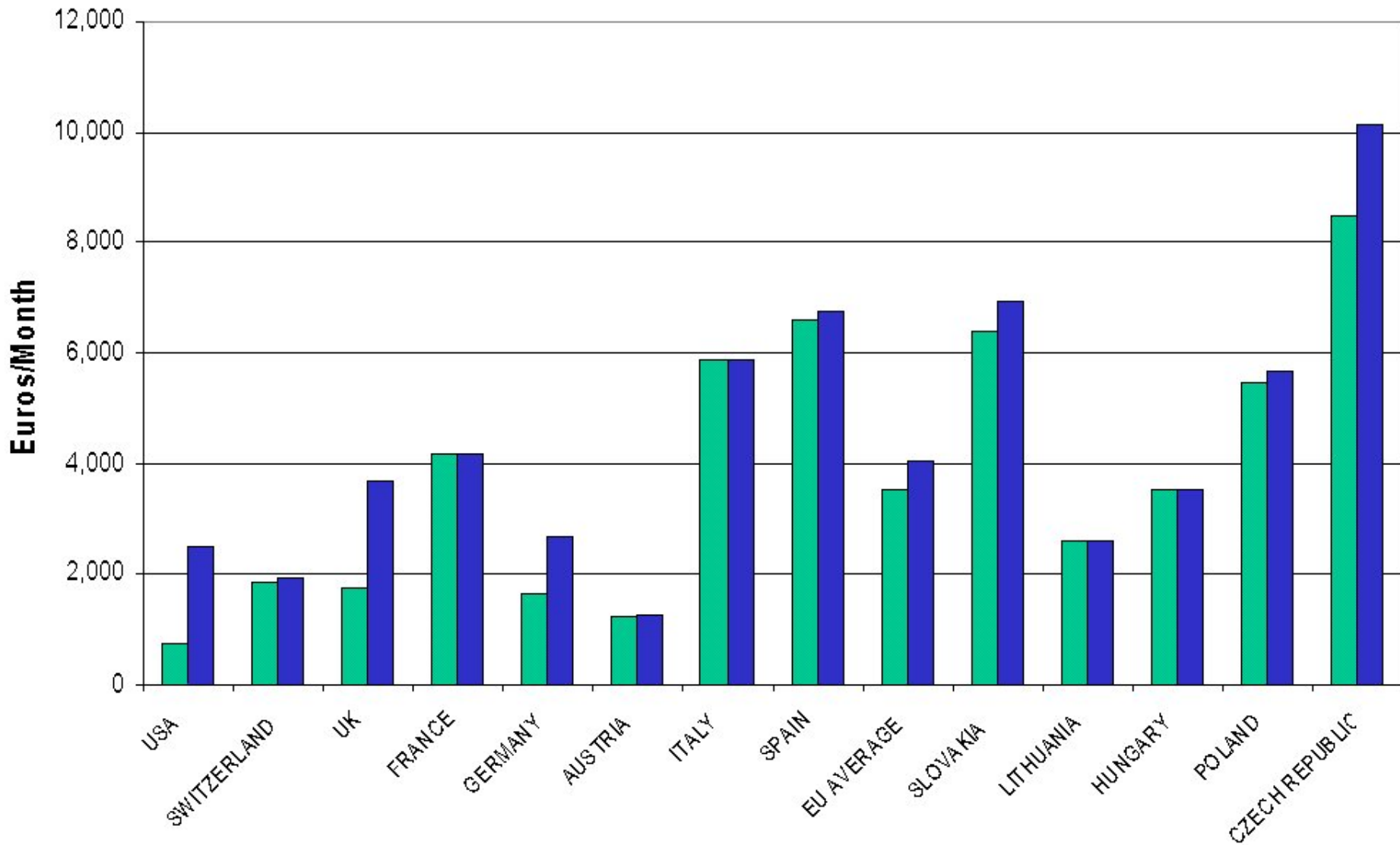
INTUG a changing market

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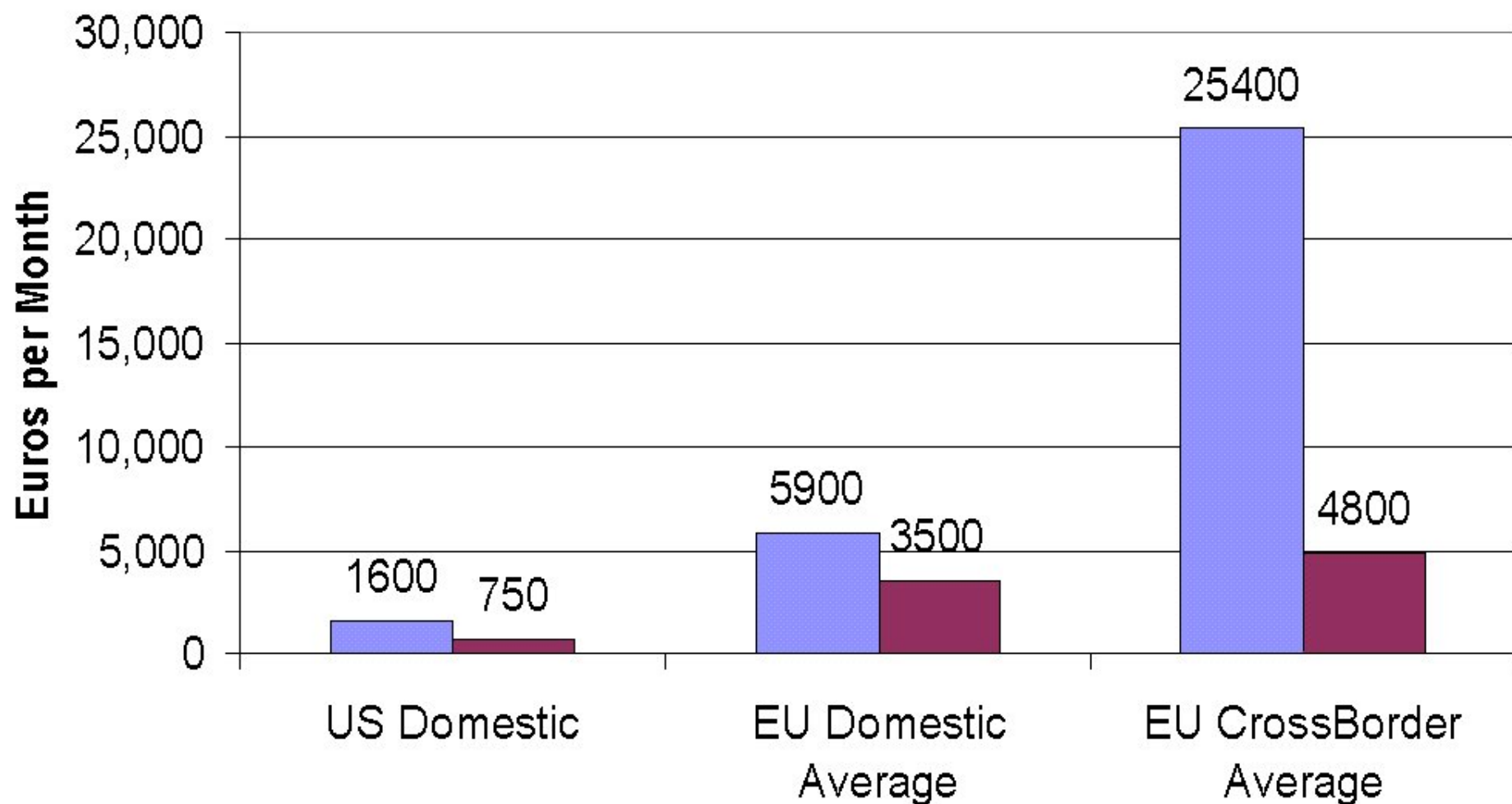
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- prices continue to fall
- competition develops slowly
- cross-border circuits between major business centres are now cheaper
- prices have fallen much faster in the USA
- cross-border circuits outside major centres show little or no change
- some EU countries show few signs of competition

2 Mbit/s National Circuits



Comparison of the cost of a 300km, 2Mbit/s Circuit in USA and Europe, 1998 - 2001



INTUG comparisons

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- leased lines are often the only available technological option
- prices for local circuits remain a significant barrier to e-commerce
- costs greatly between Member States and Accession Countries
- there are disparities between national and cross-border costs
- the EU is at a competitive disadvantage to the USA

INTUG conclusions

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- actions necessary in:
 - Member States
 - Accession Countries
- specifically to:
 - target high local circuit costs
 - press for higher service levels
- benchmark and ensure compliance with commitments in
 - *e*Europe
 - *e*Europe+

INTUG the new procedure

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- about 16 months away
- need to define markets:
 - services
 - geographies
- testing of markets:
 - competition
 - SMP 2.0
- imposition (or not) of obligations:
 - existing
 - new