

INTUG

ATIEC, Beirut 11-12 February 2002
www.INTUG.net

Regulation, growth and telecoms a user perspective

Ewan Sutherland

Executive Director

ewan@intug.net

INTUG contents

ATIEC, Beirut 11-12 February 2002

www.INTUG.net

- what is INTUG?
- independence and regulation
- leased lines and unbundling
- mobile
 - international roaming
 - number portability
- multi-country numbering
- conclusions

INTUG what are INTUG's aims?

ATIEC, Beirut 11-12 February 2002
www.INTUG.net

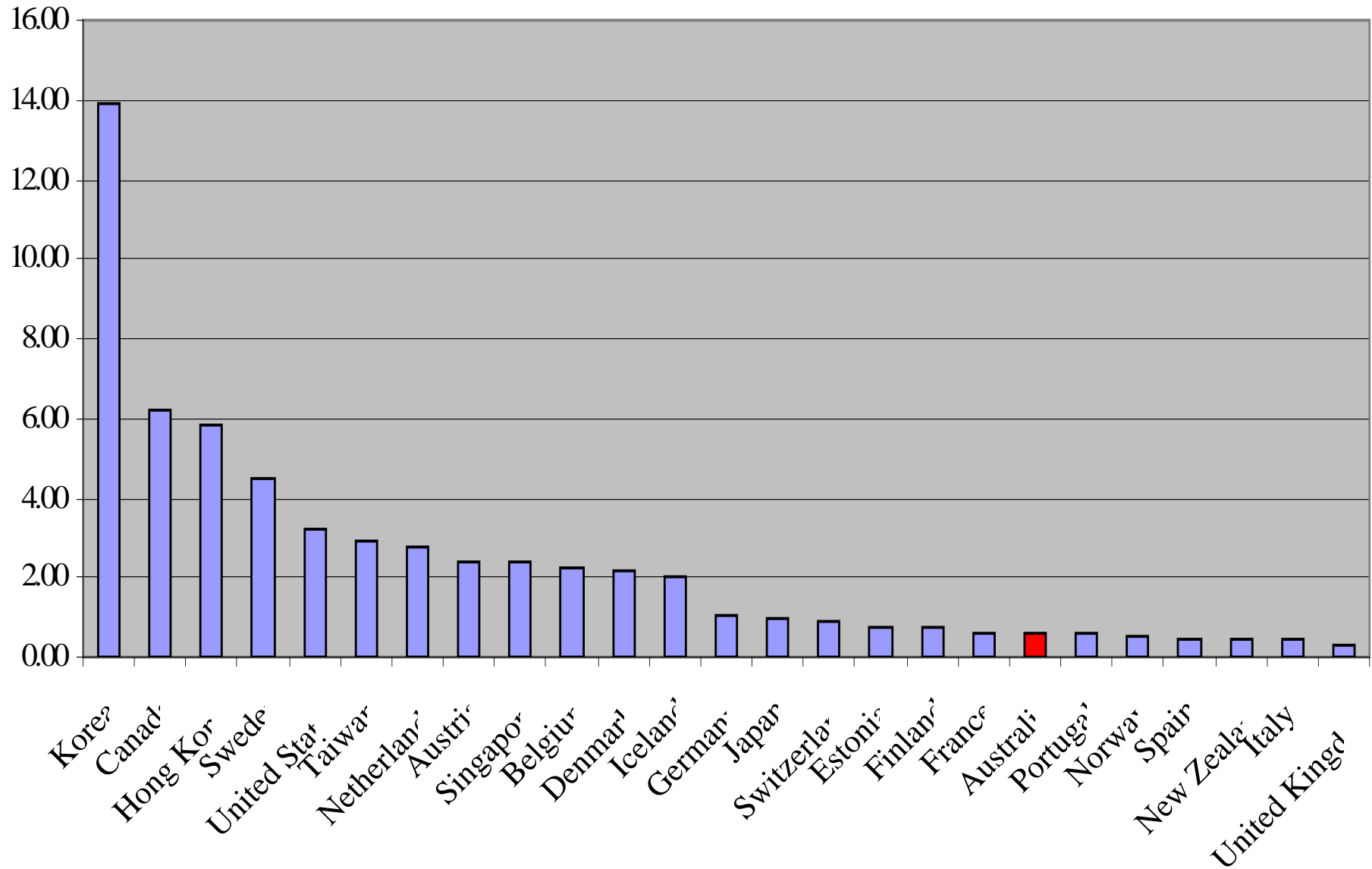
- real and effective competition
- genuine choice for users
- lower prices
- higher quality
- more innovative services
- constructive co-operation with
 - international bodies
 - governments
 - regulators

INTUG geography of competition

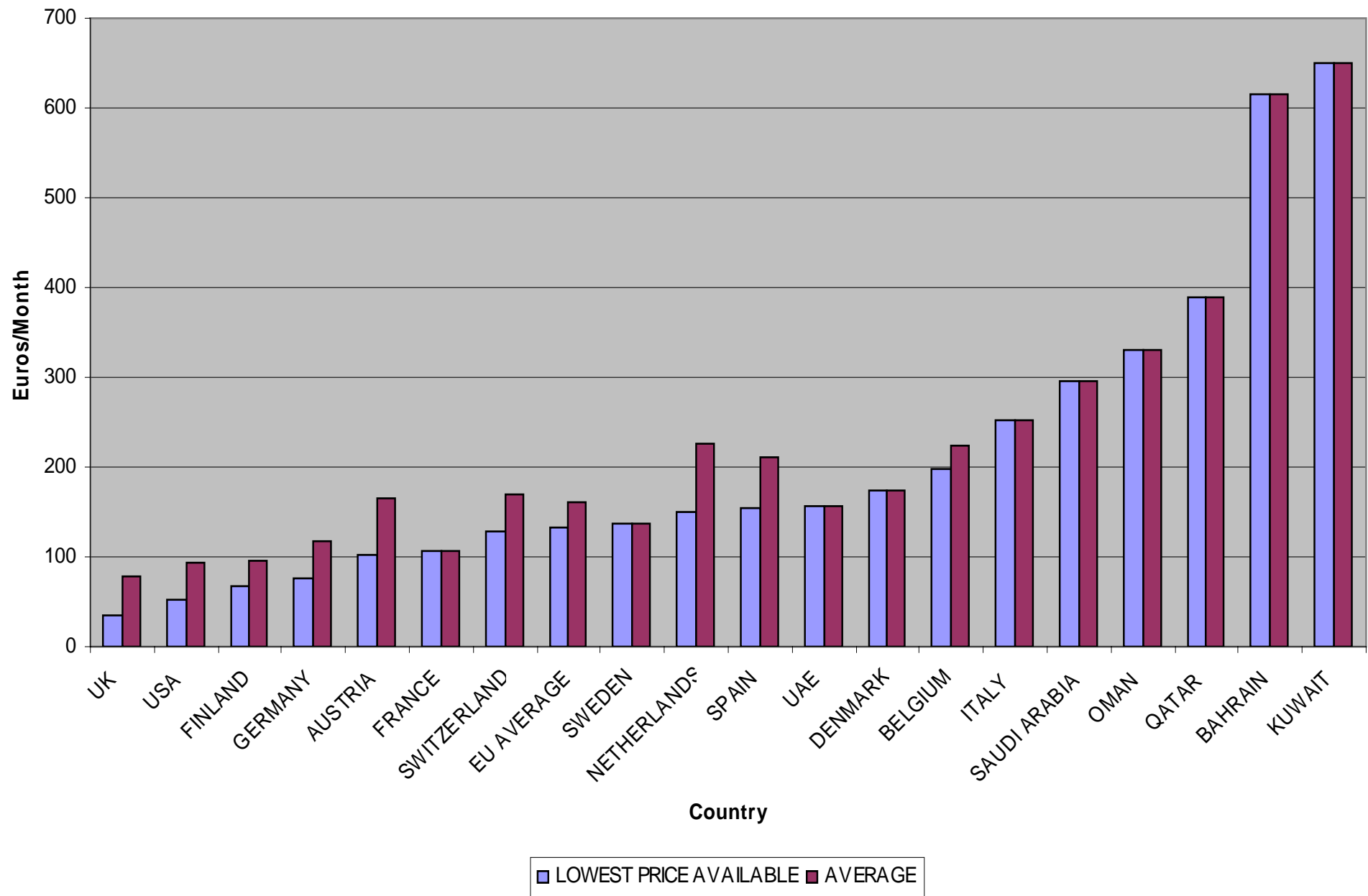
ATIEC, Beirut 11-12 February 2002
www.INTUG.net

- competitive markets
 - financial districts of largest cities in developed countries
- non-competitive “markets”
 - smaller cities
 - outer suburbs
 - homes
 - farms
- can vary from street to street

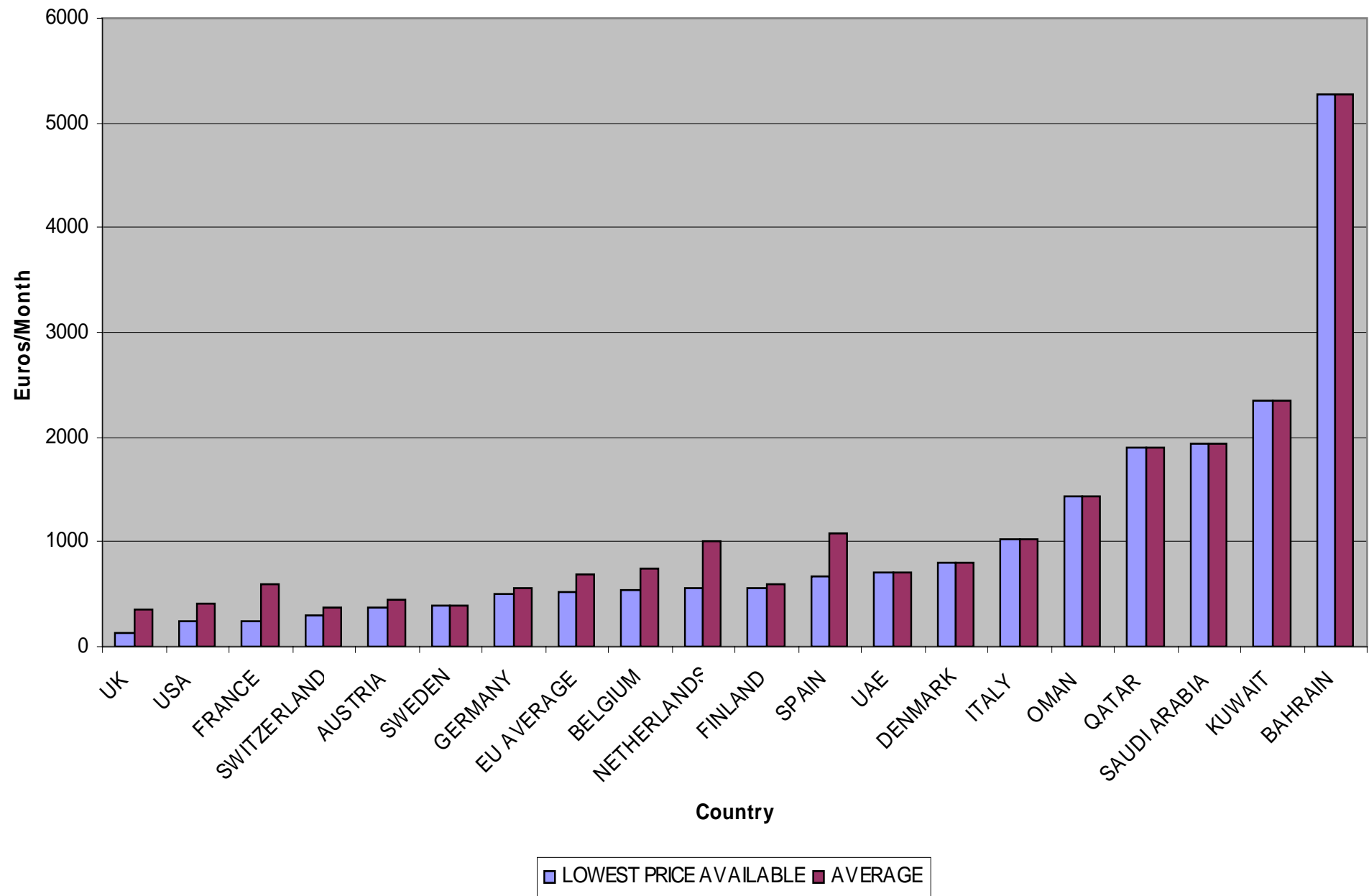
Broadband Penetration per 100 inhabitants, June 2001



64kbit/s Local Pricing Comparison



2Mbit/s Local Pricing Comparison



INTUG historic operators

ATIEC, Beirut 11-12 February 2002

www.INTUG.net

- the incumbent or former monopolist
- strong political links and skills
- unimaginative
 - afraid to change
 - slow to change
- leverage from established positions
- moving into other markets

INTUG independent regulator

ATIEC, Beirut 11-12 February 2002
www.INTUG.net

- in the WTO Reference Paper
- genuine independence from all vested interests
- consultative processes open to all
- can be in the competition authority
- an independent appeals procedure
- drawn out processes favour the incumbent

INTUG why do we regulate?

ATIEC, Beirut 11-12 February 2002
www.INTUG.net

- aim is country competitiveness for *other* economic activities
- out of habit?
- who do we *need* to regulate?
 - incumbent operators
 - mobile oligopoly
- should be within:
 - general legal framework
 - competition law

INTUG leased lines

ATIEC, Beirut 11-12 February 2002

www.INTUG.net

- we have complained since 1974
- market failures in
 - pricing
 - provisioning
 - discounting
 - availability
 - quality of service
 - coverage
- continuing abuses by monopolists

INTUG local loop unbundling

ATIEC, Beirut 11-12 February 2002

www.INTUG.net

- long political battles to get this agreed
- bitterly resisted by incumbent operators not 3G but 3D
 - deny
 - delay
 - degrade
- opens up incumbent's infrastructure
- provides access to core networks for:
 - new entrants
 - global carriers

INTUG international mobile roaming

ATIEC, Beirut 11-12 February 2002
www.INTUG.net

- outrageous charges
- ripping off each other's customers
- not easy for a single regulator to act
- spectrum and market size/growth limit the number of players
- operators have blocked subsequent competitive entrants
- operators have relied on customers just paying the bills

INTUG European Commission

ATIEC, Beirut 11-12 February 2002
www.INTUG.net

- formal competition inquiry
- launched July 1999
- working document December 2000
- discussion with national competition authorities
- “dawn raids” July 2001
- results in late 2002

INTUG mobile number portability

ATIEC, Beirut 11-12 February 2002
www.INTUG.net

- essential for a competitive market
- demanded by customers
- repetitive national battles
- resisted by licensed operators
- operational in Hong Kong SAR
- still be introduced in Germany (Q4 2002)

INTUG multi-country numbering

ATIEC, Beirut 11-12 February 2002

www.INTUG.net

- strong but unmet commercial demand
 - language groups (e.g. Arabic & Spanish)
 - continental
 - global
- nobody can enforce it
- liberalisation has destroyed the mechanisms
- mixed with tariffing issues

INTUG Voice over IP

ATIEC, Beirut 11-12 February 2002
www.INTUG.net

- raises complex issues
- further undermines the obsolete international accounting rate system
- where do LDCs find alternative funding?
- is peer-to-peer voice a service or an application?
- IP traffic exchange issues - ICAIS
 - APEC TEL Cancun Declaration

INTUG conclusions

ATIEC, Beirut 11-12 February 2002
www.INTUG.net

- many persistent market failures
- competition law is a slow tool
- regulation can be a very political tool
- for new entrants life can be ugly, brutish and short, yet we need new entrants to create and increase competition
- new technologies force us to rethink from first principles

INTUG thank you

ATIEC, Beirut 11-12 February 2002
www.INTUG.net

Ewan Sutherland

INTUG

Boulevard Reyers 80

B-1030 Brussels

+32.2.706.8255

<http://www.intug.net/talks.html>