

Regulatory structures a user perspective

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INTUG contents

- what is INTUG?
- strategies and structures
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INTUG what is INTUG?

- national associations
- multi-national corporations
- individuals

- global association for users
- member/guest/observer at:
 - ITU, CITEL, OECD/BIAC
- office in Brussels



INTUG what are INTUG's aims?

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



INTUG structural issues

- the problems to address
- independence
- regulation is a political game
- international aspects:
 - cooperation
 - negotiation
- accelerating economic pace
- convergence
- will regulation ever end?



INTUG strategy and structure

- divisions of powers:
 - ministry other government departments
 - parliament
 - national regulatory and competition authorities
 - appeals procedures and courts
 - ombudsman
- subsidiarity (the federal question)
 - broadcasting is often *not* the responsibility of the federal or national government
- local authorities or communes may own cable television and may control of rights of way



INTUG policy aims

- increasing access to telecoms for individuals and small and medium-sized enterprises
- improving national competitiveness
- attracting inward investment:
 - users of telecommunications
 - operators and service providers
- addressing market failures
- working in Internet time
- policy conflicts



INTUG a game of politics

- political parties
- civil service
- national regulatory authority
- judiciary
- incumbent operator(s)
- mobile oligopolists
- service providers
- manufacturers
- users and consumers



INTUG fashions and trends

- it is too easy to proclaim:
 - corporatisation
 - liberalisation
 - competition
- benefits may only reach a few cronies or foreign operators but not consumers
- PTTs employ global “best of breed” 3D tactics:
 - deny
 - delay
 - degrade



INTUG international collaboration

- few regulatory issues are purely national
- ITU, WTO, OECD, CITELE, etc
- IRG, TRASA, etc
- reports and policy analyses
- case studies
- comparative statistics
- peer reviews
- working groups
- mutual support



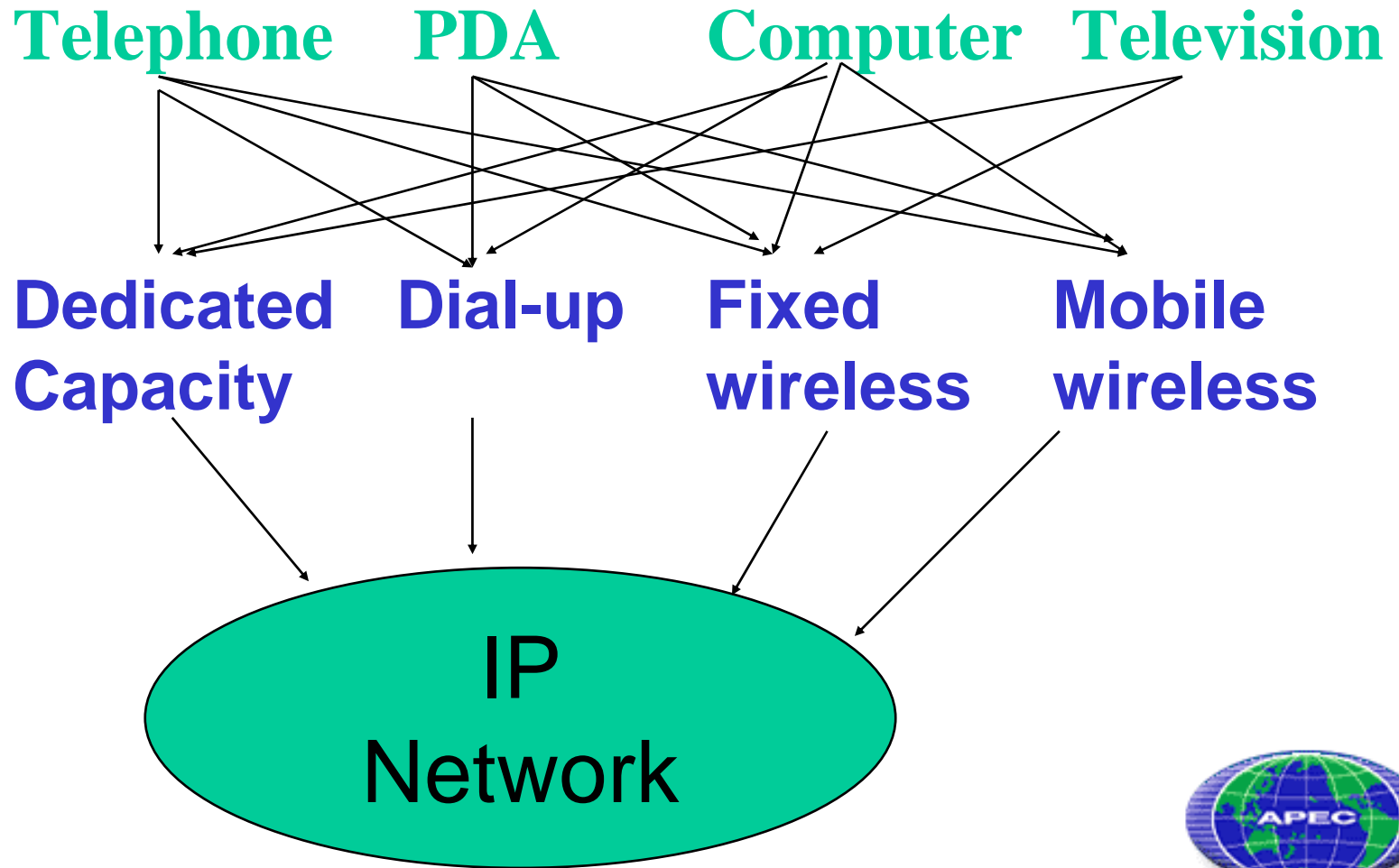
INTUG general measures

- parliamentary scrutiny
- judicial review
- competition law
- consumer protection law
- data protection law
- intellectual property rights law
- company law

What special measures do you need for telecoms?



INTUG convergence



INTUG Lord of the Rings

- an 1,100 page book by a Cambridge Professor published in the 1950s
- several hours of BBC Radio 4 on CD
- a board game
- traditional animation movie in 1978
- cycle of first of three annual movies launched in December 2001



INTUG Hollywood & new media

- downloadable ring tones
- downloadable screen logos
- recorded messages for voice mail
- plastic cases/fascias
- games to play on cell phones:
 - single user
 - multi-player
- convergence and dominance



INTUG eEurope

- “the most dynamic knowledge-based economy in the world”
- periodic Commission reports and benchmarks
- local loop unbundling
- new telecoms legislative package
- data protection legislation
- e-commerce legislation



INTUG European Union

- new regulatory package:
 - comes into force June 2003
 - later in some accession countries
- sunset clauses on regulation
- movement towards competition law
- independence of NRAs and appeals bodies
- collaboration and coordination



INTUG Seventh Annual Report

- European Commission
 - DG Information Society
 - DG Competition
- public consultations:
 - meetings with market players
 - a public hearing for each member state
- Reports are considered by
 - European Parliament
 - National institutions
- infringement proceedings



INTUG dividing carriage from content

- content services
 - e-commerce
 - broadcast and narrowcast content
- communications services
 - voice telephony and fax
 - electronic mail
- communications networks
 - fixed (PSTN and Cable TV)
 - wireless
 - satellite



INTUG United Kingdom

- an ITU and OECD member
- WTO member with commitments
- bound by European Union Treaties and legislation
- creating a new converged regulator
- has also devolved powers to:
 - Edinburgh
 - Cardiff
 - Belfast
- local authorities
 - rights of way



INTUG missing broadband

- promises in New Labour Manifesto
- failure to deliver
 - Department of Trade and Industry
 - Office of Telecommunications
 - British Telecom
- who is the scapegoat?
- is there a regulatory solution?
- consumers stuck with flat rate dial-up
- devastating Parliamentary Report



INTUG geography of competition

- competitive markets:
 - financial districts of largest cities in developed countries
- non-competitive markets:
 - outer suburbs and smaller cities
 - farms
 - islands
- varies from:
 - country to country
 - street to street



INTUG market failures

fixed incumbents

- leased lines
- broadband access
- cross-subsidisation
- abuse of dominant position

mobile oligopoly

- mobile number portability
- fixed-to-mobile terminations prices
- SMS interconnection
- international mobile roaming
- walled gardens



INTUG international mobile roaming

- 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 accounting rates

- antiquated
- exemption from WTO GATS
- a new abuse by mobile operators
 - prices ten times higher than fixed
 - illegal leverage of domestic power into foreign markets



INTUG local loop unbundling

- long political battles to get this agreed
- bitterly resisted by incumbent operators
- opens up incumbent's infrastructure
- provides access to core networks for:
 - new entrants
 - global carriers
- highly intrusive legislation
- financial markets withdrew



INTUG multi-country numbering

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



INTUG conclusions

- many persistent market failures
- regulation can be an effective substitute for competition but can be a highly political
- competition law is slow and often absent
- we need new entrants to create and sustain competition
- financial markets have withdrawn from telecommunications
- economic pace remains fast
- customers pay for content



INTUG some regulatory principles

- **independence** of regulators
- aspiration to be the **best** environment for users (not operators)
- ensuring regulatory **certainty** and technological **neutrality**
- based on an understanding the **realities** of the markets
- holding **open** consultation (for all players)
- encouraging **competition**
- with **accountability**

