INTUG

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www.INTUG.net

Unbundling the policy local loops in practice

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INTUG contents

- INTUG
- broad-band
- problem of the last mile
- global experiences
- regulatory best practice
- conclusions

INTUG what is INTUG?

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

INTUG our aims

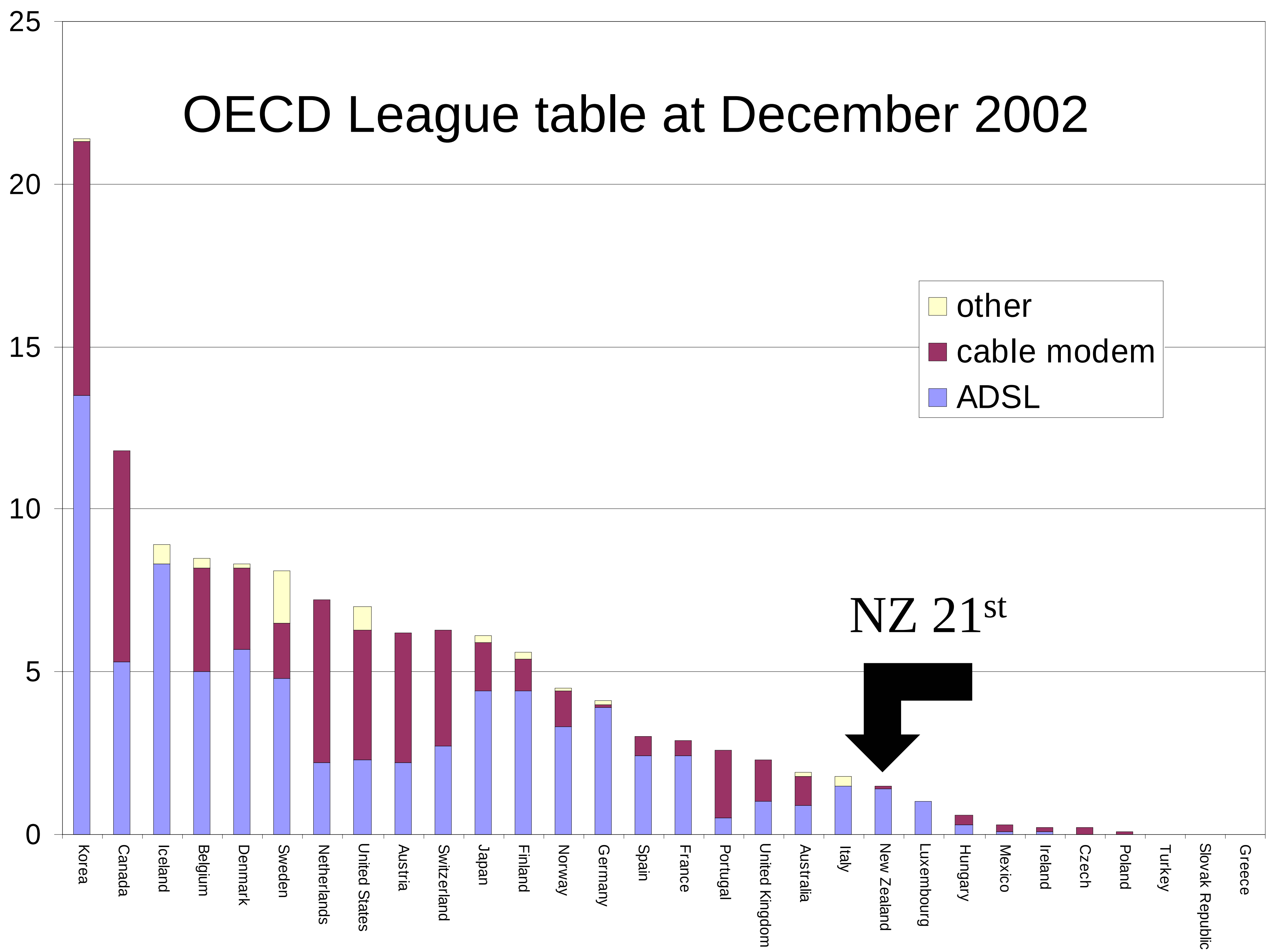
- real and effective competition
- genuine choice for users
- lower prices
- higher quality
- more innovative services
- constructive co-operation with
  - international bodies
  - governments
  - regulators

INTUG priorities

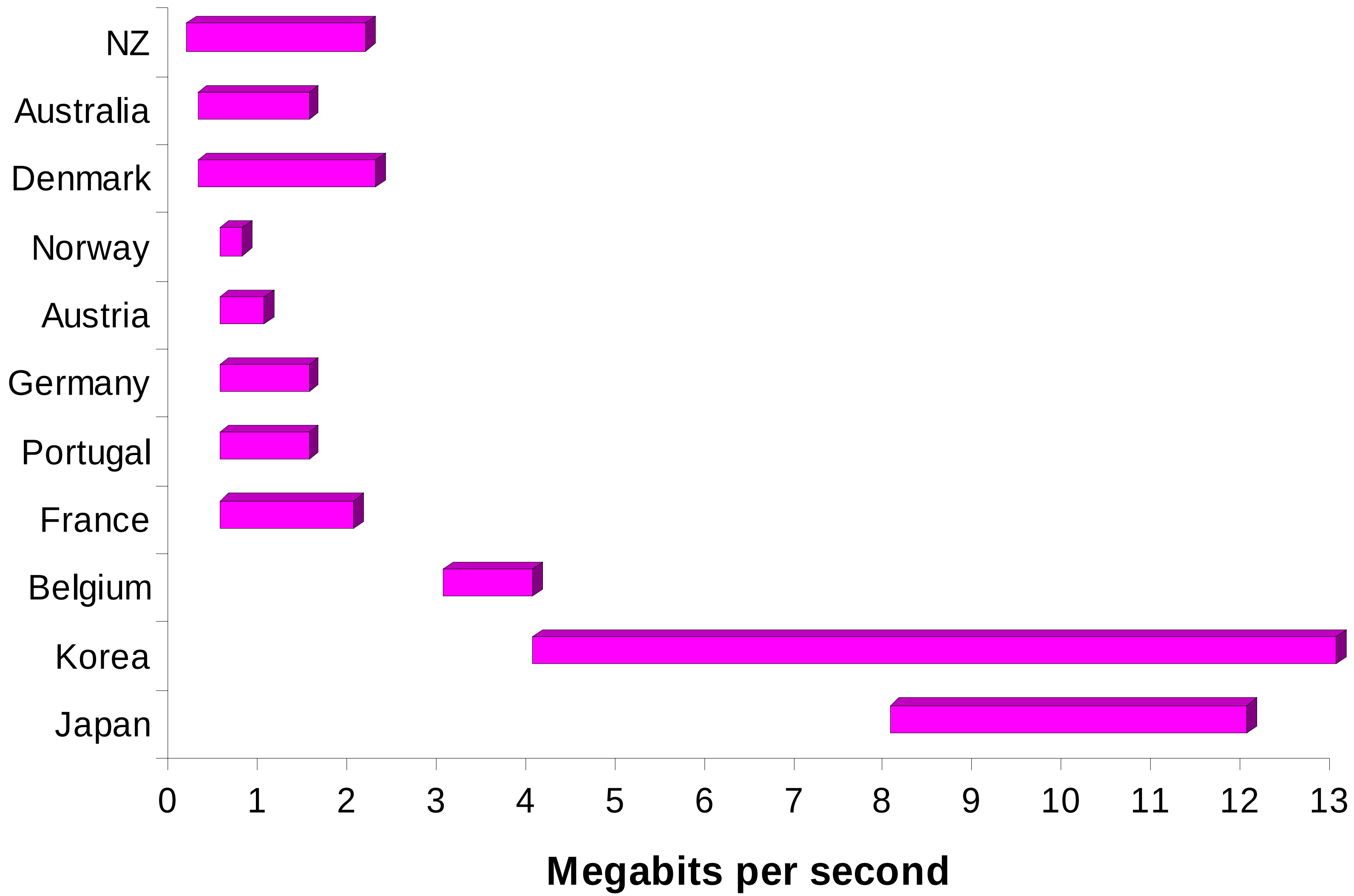
1. open access to global mobile networks
2. regulatory best practice
3. liberalization
4. leased lines
5. IP telephony
6. digital divide
7. universal access
8. numbering

INTUG local access

- original focus was on telephony
  - Carrier Selection (CS)
  - Carrier Pre-Selection (CPS)
  - Local Loop Unbundling (LLU)
- now LLU is sought for xDSL
- bitstream access
  - do broadband operators really want the voice connection?


OECD League table at December 2002
other
cable modem
ADSL
NZ 21st
25
20
15
10
5
0
Korea
Canada
Iceland
Belgium
Denmark
Sweden
Netherlands
United States
Austria
Switzerland
Japan
Finland
Norway
Germany
Spain
France
Portugal
United Kingdom
Australia
Italy
New Zealand
Luxembourg
Hungary
Mexico
Ireland
Czech
Poland
Turkey
Slovak Republic
Greece

INTUG available download speeds



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Price (US$) per 1Mbit/s per month, April 2003

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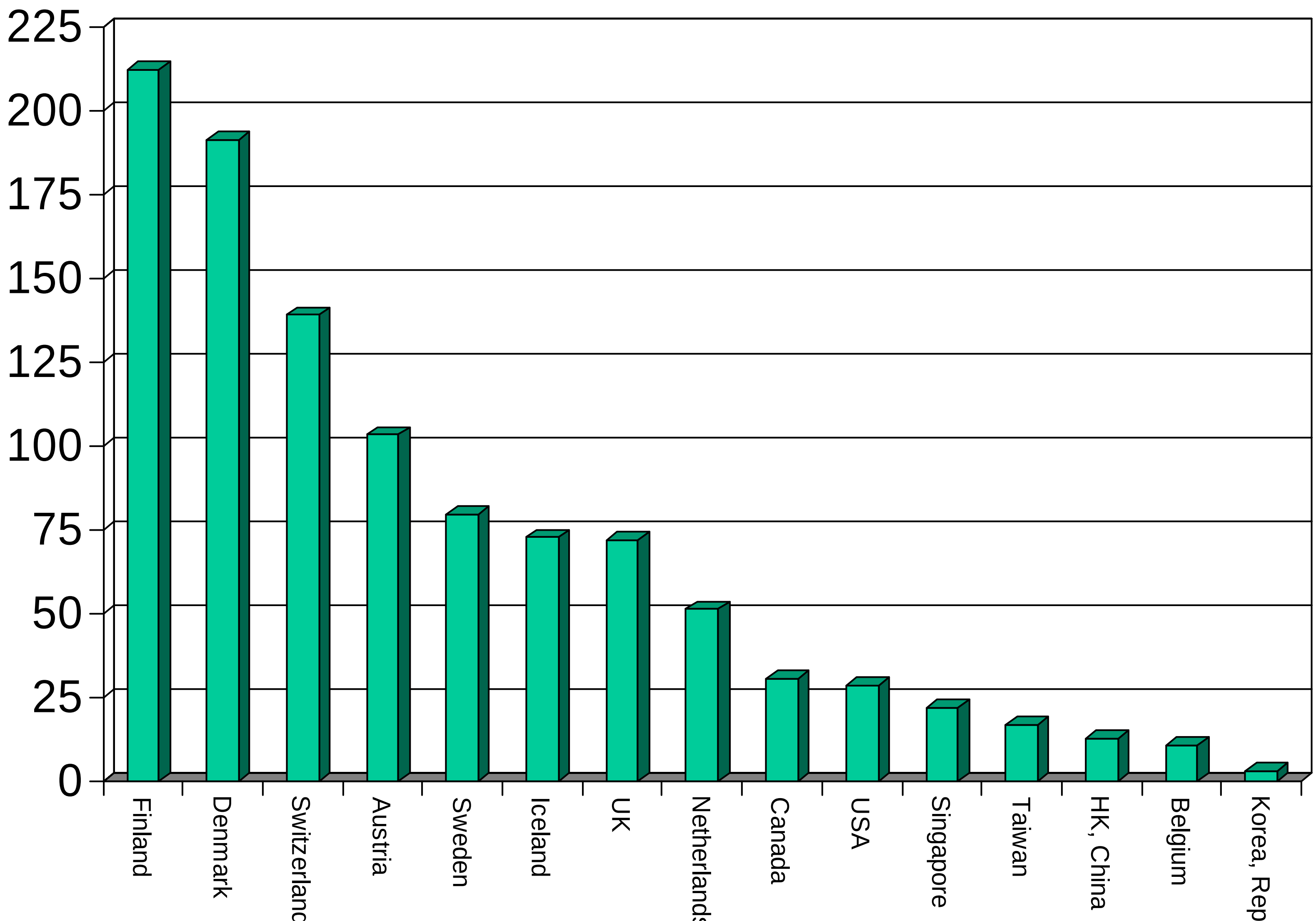
Source: ITU.



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Yahoo! BB summer offer

- 26 Megabits per second
  - diminishes with distance from exchange
  - minimum 0.7Mbit/s
  - no download cap or charge
- three months free
- JPY 3,828 per month
- JPY 4,828 with residential Wi-Fi
- http://bb.yahoo.co.jp/

INTUG New Zealand

- very little broadband and limited growth
- Telecom NZ has successfully imposed on the market JetStream:
  - mostly ISDN (128kbit/s)
  - charges per Megabyte for “international” traffic
  - brand name (even used in mobile)
- protected its revenues in dial-up and leased lines
- bottlenecks in:
  - local access
  - international gateway

INTUG USA

- 1996 Telecoms Act
  - all sides claimed to have won
  - Unbundled Networks Elements (UNE)
  - no immediate prospect of new legislation
- FCC implementation of UNE
  - determinations
  - court cases
  - Triennial Review

INTUG Canada

- broadband leader before Korea, ahead of USA
- 11.8 lines per 100 population
- overcome geographical problems
- interesting comparisons with Australia
- good use of aggregation in rural areas

INTUG European Union

- political driver in Lisbon goals
- strong regulatory basis
  - Regulation 2000
  - Directives 2003
- wide divergences in outcomes due to different:
  - NRAs
  - incumbent operators

INTUG European Commission

- follow-up in:
  - annual reports
  - statistics
  - infringement proceedings
- competition law sector inquiry
- fined France Telecom for predatory pricing

INTUG two small countries

- Denmark
  - 8.3 lines per 100 population
  - EUR 45/month for 0.25Mbit/s
  - 2Mbit/s speed limit
- Belgium
  - 8.5 Lines per 100 population
    - more in Flanders, fewer in Wallonia
  - EUR 30/month for 3Mbit/s
  - competition from Telenet in Flanders

INTUG North East Asia

- home of true broadband
- Hong Kong (1 M lines @ 3Mbit/s)
- Korea (11M lines @ 8 Mbit/s)
- Japan (12M lines @ 10Mbit/s)
- China (? 3M lines @ 5Mbit/s)
- Taiwan (? 2M lines @ ? Mbit/s)
- commercial offers of VDSL and FTTH

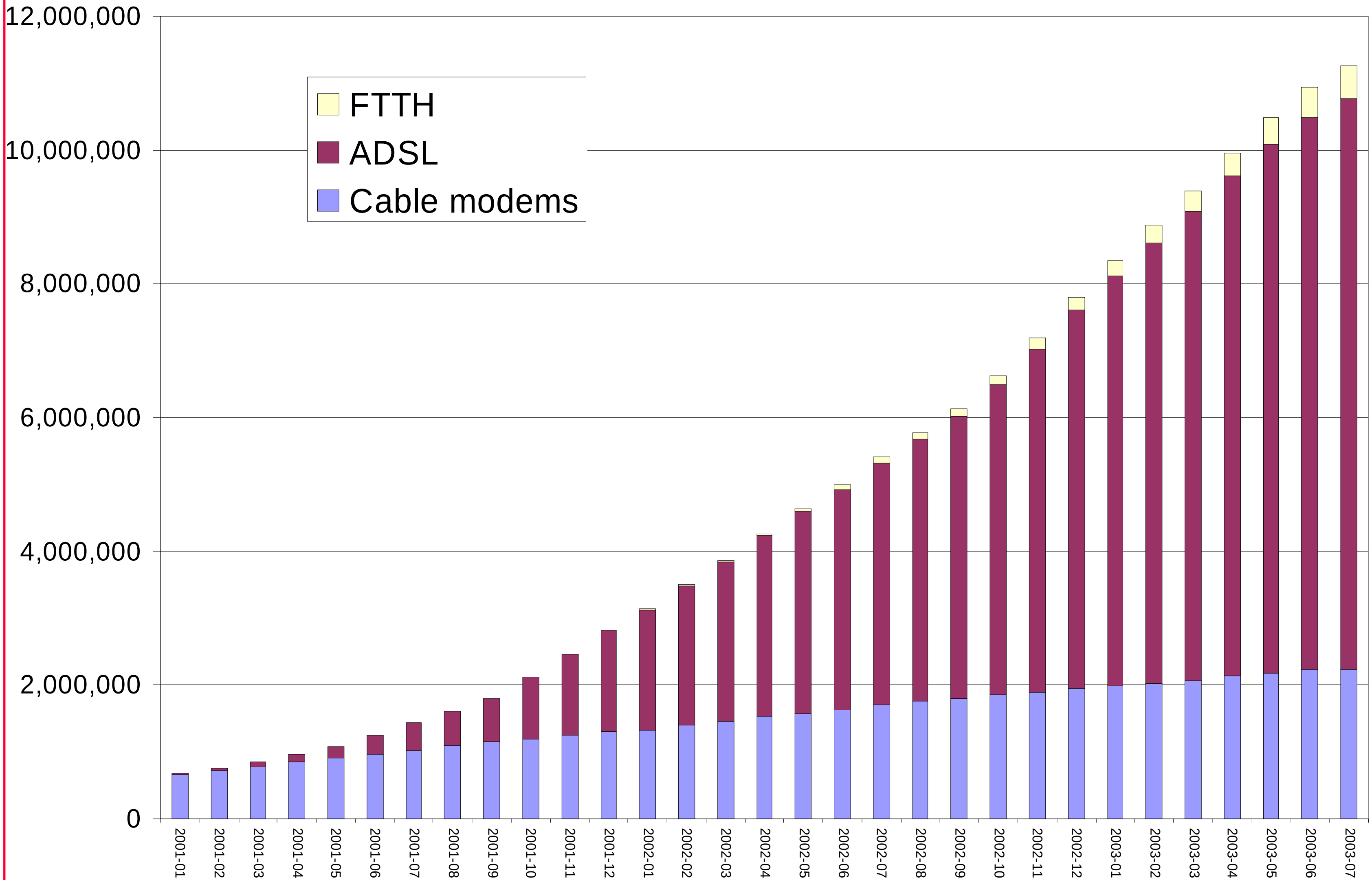
INTUG Korea

- *e*Korea policies
- remarkable leap to world leadership:
  - 10.5 M lines in October 2002
  - saturated market
  - > 21 lines per 100 population
  - soon to be included in universal service
- recent moves into VDSL 12-55Mbits/s
- *pro forma* LLU legislation

INTUG Japan

- local loop unbundling
  - no legal/regulatory disputes
  - extremely cheap shared access
  - “crazy” Son/Softbank/Yahoo!BB
  - broadband market share of NTT is 36%
- Wi-Fi used as a service differentiator
- relative stagnation of fragmented cable television operators
- surge of FTTH since June 2003

INTUG growth of Japanese broadband



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INTUG economics

- failure of incumbents to develop business models for other countries
- economies of scale favour small number of players
- investment is limited
- financial markets do not favour telecoms
- entertainment revenues uncertain but promising business models
- remoteness causes problems in international connectivity

INTUG global best practice

- broadband as part of a national ICT strategy
- local loop unbundling
- withdraw PSTN incumbent from cable television networks
- license spectrum for FWA
- ensure access to rights-of-way, ducts, poles, multi-tenant buildings, etc
- minimal licensing for Wi-Fi in 2.3 and 5 GHz bands

INTUG measuring the market

- teledensity:
  - international ranking
  - variations within a country
- competition in markets
- need to compare offers
  - price
  - download speed
  - upload speed
  - transfer limits
- advanced services e.g., SDSL and VDSL
- need to compare with other countries

INTUG conclusions

- bottleneck
  - last mile
  - multi-tenant building wiring
- simple resale of incumbent wholesale offer is neither
  - sustainable as a business *nor*
  - effectively competitive
- if no competing infrastructure then no real choice: CATV, FWA, Wi-Fi, PLC

INTUG local loop unbundling

- signals to the incumbent operator seriousness about broadband
- works well in Japan
- elsewhere has delayed by incumbents, trying to predetermine market outcomes
- implementation is very tough, NRA must persist

INTUG thank you

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