

**INTUG**

**IQPC, Brussels 24-25 May 2005**

**[www.INTUG.net](http://www.INTUG.net)**

**regulatory requirements  
and risks in global  
communications**

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# INTUG agenda

- INTUG
- differing approaches to policy and regulation
- European Union
- United States of America
- China
- India
- conclusions

# INTUG what is INTUG?

- members:
  - national associations
  - corporations
  - individuals
- activities:
  - ITU and WTO
  - OECD
  - APEC TEL, CITEL and European Union

# 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

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- open access to global mobile networks
- regulatory best practice
- liberalization
- universal access
- broadband
- leased lines
- IP telephony
- numbering

# INTUG policy and regulation

- EU Lisbon agenda:
  - economic growth
  - competitiveness
  - productivity gains
- short-term “tinkering” versus long-term pro-competitive policies
  - continuing support for national ‘champions’
- barriers to adoption that delay economic benefits
  - many are caused by incumbent fixed and mobile operators)

# INTUG callback

- a way for users to save money
- a very old “problem”
- illegal in many countries, e.g.,
  - Azerbaijan, Belize, China, Colombia, Djibouti, Egypt, UAE, Mauritius, Mexico, Syria, Sudan, Surinam, Thailand, Tonga and Venezuela
- some still planning to make it illegal
- protecting monopoly revenues

# INTUG broadband

- a “flagship” policy area
- countries scrambling for high ranking, many are failing
- local loop unbundling has proved daunting, immensely detailed and requires persistence
- the wide variations in performance are still poorly explained
- new issues arise: WiMAX and FTTP
- the ladder of investment has shifted from voice telephony to services over broadband



# INTUG Voice over IP

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- a “flagship” regulatory area
- no legal certainty in any jurisdiction!
  - is it legal?
  - is it voice telephony?
  - should there be geographic numbers?
  - must there be access to emergency services?
  - must broadband providers carry third party VoIP traffic?
- vast scope for operators to play regulatory gamesmanship
- competition is often the loser

# INTUG security

- a basic pre-requisite for VPNs
- US Government forbids export to a few countries
- other countries:
  - forbid use of certain technologies
  - require use of specific hardware and software
- quite inconsistent and hard to develop and enforce corporate policies

# INTUG EU 2002 regulatory framework

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- highly nationalistic markets (except VPN)
- very badly delayed:
  - transposition into national law
  - market analyses
  - implementation of remedies
  - enormous workload for NRAs
  - operators are “playing for time”
- mobile markets:
  - national (plus roaming)
  - long war to achieve regulation
  - artificially separated from fixed
- benchmarks introduced for leased lines
- further reviews already begun:
  - universal service
  - legal framework (next year)

# INTUG united states of america

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- Telecommunications Act of 1996 still not implemented (many legal appeals)
- FCC has been rolling back unbundling obligations in the belief it encourages investment
- consolidation threatens competition
- special access rates are proving highly profitable for operators
- universal service charges are 10% on top of long-distance and international rates and this can only go up!

# INTUG china

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- massive growth
- strong push for competition:
  - but tends to be national players
- WTO commitments made, but still to be fully achieved
- regulatory regime is uncertain and unstable
- no enforceable SLAs

USTR has serious concerns regarding licensing requirements maintained by China that severely restrict the ability of U.S. telecommunications companies to compete in the Chinese marketplace. USTR 1377 Report

# INTUG india

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- enormous progress but zig-zagging, not linear
- extremely detailed price controls
- rapid growth in mobile
- aspiring to growth in broadband
- domestic companies expanding overseas
- absence of enforceable SLAs
- special conditions for IT-enabled business services licences
- all licences are based on Article 8 of the 1885 Indian Telegraph Act

# INTUG africa

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- strong growth of mobile networks
- weak growth or decline of fixed networks
- mostly old legislation in which IP is not mentioned
- incumbents generally monopolise international gateways
- weak systems of governance
- VoIP and VPNs are widely disliked
- positive stories from Nigeria and South Africa

The Kenyan Communications Commission was dismissed a few days after it closed its consultation on VoIP.

# INTUG U.S. Sarbanes-Oxley Act

- extra-territorial application
- enormous administrative burden
- requires positive assurance of compliance
- how can you demonstrate compliance where there is no legal certainty?



# INTUG conclusions

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- technology neutrality is becoming more popular as a doctrine, yet few countries have achieved it
- a lot of *ad hoc* decision making in response to “problems” of broadband and VoIP
- often a focus on the revenues of the incumbent operators
- a lot of copying of other countries
- no reason to assume competition is the preferred outcome
- no reason to think further arbitrary changes can be avoided

# INTUG issues

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- can we improve transparency of regulation?
- can we encourage consistency of regulation?
  - can we attain a Single European market?
- can we encourage policy makers to favour competition more strongly?
- can we ensure the underlying infrastructure is competitive?

# INTUG thank you

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