

INTUG

Telecommunications: global policy issues

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INTUG what is INTUG?

- members:
 - national associations
 - corporations
 - individuals
- activities:
 - ITU and WTO
 - OECD
 - APEC TEL, CITELE 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 different policies

- support for national champion(s):
 - operators
 - manufacturers
- some believe in a “natural monopoly”
- creation of competitive markets:
 - sometimes only home competitors
- delegation of powers to a national regulatory authority

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- a complex set of actors
- Department of Communications, Information Technology and the Arts (DCITA):
 - liaison with other departments
 - liaison with inter-governmental bodies
- Australian Competition and Consumers Commission (ACCC):
 - economic regulator
 - application of Trades Practices Act
- Australian Communications Authority (ACA):
 - technical regulator
 - now being merged with the broadcasting regulator
- State governments pushing infrastructure development
- Telecommunications Industry Ombudsman (TIO)
- associations and for a (e.g., ACIF)



INTUG Australia (2)

- performance is in the middle of the OECD “pack”
- it is remote from other markets
- small population, in widely dispersed cities
- Telstra is:
 - a vertically integrated incumbent operator
 - very well entrenched
 - not lightly to be challenged
- years of political uncertainty in the sale of government shares in Telstra:
 - political tensions in the “bush” about the sale
 - still not sold

INTUG United States of America

- Telecommunications Act 1932:
 - Federal Communications Commission
- Telecommunications Act 1996:
 - still being appealed, up to Supreme Court
- Congress:
 - lobbied heavily
 - members receive substantial campaign contributions
 - presentation of legislation to help RBOCs or cable operators (invariably fails)
- mergers seem to signal a significant reduction in competition

INTUG unbundled network elements

- incumbent operator resisted – 3D:
 - denied
 - delayed
 - degraded
- sequential challenges to:
 - FCC regulations
 - state implementations
- FCC finally removed unbundling obligations on fibre networks
 - to encourage investment

INTUG USA - trade

- trade policy is seen as a means to open foreign markets to US manufacturers and operators:
 - World Trade Organisation (WTO)
 - bilateral trade agreements
- United States Trade Representative (USTR):
 - annual “1377” reports
 - invites criticisms of foreign governments from market players
 - has repeatedly condemned other countries
- has had two trade disputes:
 - USA versus Mexico
 - Antigua versus USA
- pressure on selected countries to sign bilateral Free Trade Agreements (FTAs)

INTUG European Union

- liberalisation in the 1990s:
 - gradual introduction of competition
 - additional GSM operators
 - opening of fixed networks
- *ad hoc* processes under the “Open Network Provision” (ONP) system
- 1999 review:
 - consultants’ reports
 - public consultations
 - implemented as directives in 2002
 - were to be transposed by July 2004
 - moved closer to competition law
 - further review due shortly

INTUG market analyses

- a list of markets defined by the EC:
 - e.g., mobile call origination, fixed call origination
- each national regulator analyses each market to identify problems
- designates operators with dominance
- specifies remedies for the market
- notifies the European Commission and other NRAs (sometime vetoed)
- decisions taken to legal appeal by operators
- repetition after a couple of years

INTUG France – mobile call origination

- two big operators:
 - in 800 MHz band
 - weak third in 1800 MHz band (Bouygues)
- analysis showed “joint dominance” of SFR and Orange
- public consultation by the regulator
- opinion obtained from national competition authority
- European Commission has already approved a similar decision for Ireland
- will be contested by operators to the highest courts

INTUG coordination mechanisms

- Council of ministers
- EU presidency meetings
- EC legal measures
- Communications Committee (COCOM)
- Article 7 procedure
- European Regulators Group (ERG)
- Radio Spectrum Policy Group
- implementation reports
- infringement proceedings

INTUG implementation reports

- annual report comparing the performance of the member states
- now in its tenth year
- naming and shaming
- can go to infringement proceedings:
 - action in European Court of Justice

INTUG competition law

- a broad set of policies to ensure markets work correctly
- after the fact, except for merger controls
- National Competition Authority (NCA)
- coordination through OECD and International Competition Network (ICN)
- they often see telecommunications regulators as too close, too involved and inadequately pro-competitive

INTUG networks of power

- inter-governmental bodies:
 - ITU, OECD, European Union
 - name and shame based on data
 - sharing best practice
- national politico-regulatory “games”:
 - manufacturers, operators, service providers, users
 - regulatory processes
 - competition authority processes

INTUG universal service

- a very old concept from the USA
- alternatives include:
 - public service
 - universal access
- developments now challenge:
 - funding mechanisms
 - scope of the “service”
 - the extent to which support is needed

INTUG competition policy

- need to ensure universal service policy increases competition and not the reverse
- frequently used to protect the incumbent operator
- sometimes large transfer of money to incumbent operator from competitors
- need to disaggregate universal service:
 - different elements
 - geography
- invite in more players

INTUG United States of America

- enormous schemes:
 - rural subsidies
 - e-rate for schools and colleges
- funded from federal taxes:
 - on long distance and international calls
 - but on a rapidly declining tax base
 - so rising tax rates
- not sustainable in the medium term
- will need to cut spending

INTUG European Union

- rules covering state aid for infrastructure:
 - obligatory tendering process for transparency
 - subsequently open access
- 2002 legislation:
 - obligation on countries to assign an operator
 - operators may request a universal service fund
 - however, the “burden” is often unfunded
 - many intangible benefits
 - minor change in the scope
- review due in 2005:
 - will it add broadband access?
(but what speed? what price? will it be indexed?)
 - will mobile operators be eligible to receive payments?
 - is there new money from general taxation?

INTUG conclusions

- enormous variations in practice:
 - cultures
 - legal procedures
 - attitudes to competition and foreign operators
 - system of appeals
 - negotiation amongst actors
- significant sharing of experiences amongst countries

INTUG thank you

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