GATS and Telecom Market Evolution

Eric H. Loeb
Vice President, AT&T
International External and Regulatory Affairs
Agenda

- AT&T Global Business and GATS after 10 Years
- GATS as Catalyst for Market Growth and Diversification
- Corporate View on Conditions for Market Entry
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AT&T Global Business Services in 2008

**Employees**
40,000 on six continents

**Customers**
140,000+, including all Fortune 1,000

**Wholesale**
Carrier’s carrier + bilateral arrangements

**Retail**
Go where MNCs go

- Retail: 57%
- Wholesale: 43%
Globalizing Customers Drive our Business Strategy

“Reach Where I do Business”

“Need for Consistent Service”

“Support Me Locally”
How We Go To Market for Retail Business

**Own and Operate:** we own and operate in-country nodes and core backbone, with an extensive list of facility and competitive access suppliers

**Examples:**
- UK
- Japan
- Brazil

**Local Service Provider Agreements:** absent available licenses, we work with local licensed providers as business partners, with AT&T-defined, pre-agreed operations

**Examples:**
- Thailand
- Indonesia
- Saudi Arabia

**Equity Joint Ventures:** where regulation requires and strategically justifiable, we invest in joint-ventures with “AT&T inside”

**Examples:**
- India
- China
- Mexico
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Core GATS Impact on Sector Growth

• Market Opening

• Legal Stability

• Virtuous Circle of Investment

• Expansion of Market Participants

• Unbound “Me-Too” Emerging Markets
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Critical Conditions for Market Entry

✓ **Commitment** - nice; **Implementation** - necessary
  - Speed, thoroughness
✓ **Independent Regulator and Transparent Process**
  - Objective, efficient, non-discriminatory
✓ **Foreign Direct Investment**
  - 100% ideal; majority control avoids non-market oriented JV
  - National champions need competition, not protection
✓ **Broad Market Access Commitment**
  - Full-service market access on both facilities and resale basis
✓ **Safeguards to Prevent Anticompetitive Practices**
  - Abuse of customer information attained from competitors
  - Withholding commercially relevant technical information
✓ **National Security Reviews**
  - Narrowly tailored
The Next Ten Years . . .

• **1997-2007** has brought competition to scores of countries and most of the existing telecom economy.

• **2008-2018** should complete the potential of deep commitments, and fluid global competition

• **Demand-driven regulations** will allow carriers to meet the constantly evolving needs of their customers.
  - Convergence, Collaboration, Competition
  - Provide customers what they want, where they want it