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10 years of regulatory trends

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Agenda

- Intro
- First wave of regulatory reform: ICT Market and Regulatory Trends
- Is it time for a second wave?
WTO Reference Paper 1997

Topics covered:
1. Competition
2. Interconnection
3. Universal Service
4. Licensing
5. Independent Regulators
6. Allocation of scarce resources
Regulation in an era of convergence

- Flexibility & forward-looking approach being adopted worldwide, but tailored to local circumstances, towards a converged regulatory framework
- Converging technologies (FMC, etc.)

**Changing focus:**
- From regulating voice towards regulating data services, multimedia, broadcasting: regulatory parity
- From regulating multiple services over multiple delivery platforms towards NGN regulation
- From regulating PSTN to regulation IP
- Infrastructure sharing
- From heavy-handed regulation to light-touch approach, but also functional separation
- Transparency & accountability
- Adopting and enforcing of clear rules
- Complexity vs. simplicity (i.e. interconnection, etc.)
- International cooperation
Effective regulation

Number of regulators worldwide

- 14 (1990)
- 43 (1995)
- 86 (1998)
- 106 (2000)
- 124 (2002)
- 137 (2004)
- 148 (2007)

Percentage of regulators in each region, 2007

- Europe: 89%
- Asia-Pacific: 85%
- Africa: 83%
- Americas: 59%

Source: ITU World Telecommunication Regulatory Database

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Competition

Growth in competition and in nb of subscribers, selected services

Source: ITU World Telecommunication Regulatory Database

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Private ownership worldwide, 2007

Source: ITU World Telecommunication Regulatory Database
Sector reform

Privatizations of incumbent operators worldwide, 1997

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Source: ITU World Telecommunication Regulatory Database

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Sector reform
Privatizations of incumbent operators worldwide, 2007

Source: ITU, Trends in Telecommunication Reform 2007: The Road to NGN.

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Functional Separation

- A new kind of re-structuring?
- Separation of legacy fixed line operators’ non-replicable or bottleneck assets into a new business division which provides wholesale access
- This wholesale access division is kept separate from the incumbent’s own retail divisions
- Australia, Ireland, Italy, Mongolia, New Zealand, Sweden and U.K.
Licensing

- Technology and service neutrality
- Transparency (criteria, procedure time, terms, etc.)
- Expansion in the number of services that are subject to only minimal or even no licensing, and
- Development of converged licensing frameworks that break down traditional service-based and technology-based licensing distinctions.
- Ensuring a level playing field between legacy operators and new market players
- What about Voice over IP?

Interconnection Trends

- **Who has to provide?**
  - Different countries may require interconnection from **incumbents** or **dominant operators** or **operators with SMP**
  - Increasingly, countries take a technology neutral approach and impose interconnection obligations on **all network operators**
  - Still **asymmetric regulation** places heavier interconnection obligations placed on major suppliers

- **When is it provided?**
  - Immediately through Reference Interconnection Offer
  - Deadlines (e.g. 3 months – to 135 days from time of request)

- **How much does it cost?**
  - Cost-oriented rates, using fully allocated costs, LRIC or others
  - Benchmarking
  - Privately negotiated

- **What information is available?**
  - Role of regulators’ websites to publish RIOs

- **Dispute settlement**
What interconnection information is made publicly available?

IXPs and International gateway liberalization

Number of IXPs and number of countries with and without IXP, by region, 2007

Source: ITU World Telecommunication Regulatory Database

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Universal access

• Universal Service Obligation
  - Traditional Approach Implemented By Placing Obligations on Fixed Line Monopoly Operator
  - Goal: universal household connections
  - Largely achieved in developed world

• Universal Access Opportunity
  - First step: Sector reform measures
  - Use of funds and smart subsidies combined with competitive auctions
  - Goal: promote public access to un-served areas
  - Mobile communications have reached more voice users than through fixed line USO programmes
  - New steps needed to promote broadband

Competition, Price and Technology

- Competitive bidding keeps subsidy, if any, low
- Lack of competition for access services will impact financial viability
- Price of services to end users and from incoming calls can make or break financial viability
- Technology choice can push forward the envelope of financial sustainability and affordability
Towards the second wave of sector reform

- Liberalize the international gateways and VoIP to promote IP services
- Leverage on the success in the mobile market to migrate to IMT technologies
- Leapfrog to fiber backbone and backhaul networks, by providing financial and fiscal incentives to encourage the deployment of backbone infrastructure
- Create national IXPs
- Continue to use market liberalization and competition as a force for development
- Think outside the box
  - encouraging network deployment with incentives
  - supporting small-scale deployment in rural areas
  - Using infrastructure sharing and open access models to promote deployment
- Promote cross-border harmonization for issues like international mobile roaming
- Remember where we started? . . . Convergence!
- First steps taken to address convergence; new issues arising for new applications and services like IPTV and mobile broadcasting
Six degrees of sharing:
Innovative infrastructure sharing and open access strategies to promote affordable access for all

Coming soon!
Trends in Telecommunication Reform 2008: Open Access & Infrastructure Sharing

http://www.itu.int/GSR08/
Thank you!

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