

Telecommunications Services

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Why are they Important?

- ⊕ Backbone industry for entire economy
 - ⊞ Enormous sector in itself
 - ⊞ Cheap telecoms essential to Internet uptake and e-trade opportunities
- ⊕ BUT also vital to all other sectors
 - ⊞ Efficient telecoms essential to trade in many services
 - ⊞ Transports many other services (e.g., computer services, professional services)
 - ⊞ Telecoms liberalization strongly associated with faster growth and development (esp. mobile telephony)



Policy Drivers

- ✦ Globalization and regionalization of trade and investment
- ✦ Desire for seamless communications on a global basis (esp. intra-corporate)
- ✦ Emergence of telecoms as a key enabler and as a sector of growing importance in its own right
- ✦ Push by the user community (financial services)
- ✦ Technology and regulatory innovation challenging antiquated market structures (natural monopoly under siege)
- ✦ Privatization and liberalization prompt early movers to seek market access symmetry



What role for trade policy in telecoms?

- ✦ WTO negs galvanized efforts to create consensus on reform at the national and international levels
- ✦ Firm timetables for action by national governments (key to pushing EU forward)
- ✦ All players, incl. incumbents, receive clear signals on what to prepare for and when
- ✦ Investors receive assurances of a predictable, secure and stable rules-based environment
- ✦ Push to create and/or strengthen regulatory institutions to make a success of pro-competitive market opening



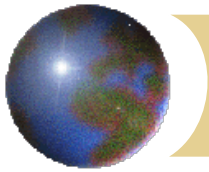
What are Telecommunications Services?

- ✦ Services Sectoral Classification List (W/120),
2. COMMUNICATION SERVICES, C.
Telecommunications services
- ✦ Two categories:
 - Basic telecoms: simple relay of voice or data from sender to receiver
 - Value-added telecoms: where suppliers add value to customer's information



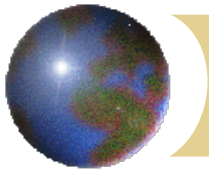
Basic Telecommunications Services

- ⊕ Include all telecoms, public and private, involving end-to-end transmission of information
- ⊕ E.g., voice telephone services, packet-switched data transmission services, circuit-switched data transmission services, telex, telegraph, fax, private leased circuits PLUS
- ⊕ Other: e.g., mobile phones, mobile data services, paging personal communication services (data, paging), fixed satellite services, teleconferencing, video transport.
- ⊕ Commitments cover a range of technologies (i.e., technological means of providing these services) unless otherwise specified



Basic Telecommunication Services

- ✦ Long distance, local, international,
- ✦ Wire-based (all types of cable), radio-based (all forms of wireless, including satellite)
- ✦ Non-facilities based (i.e.: on a resale basis), facilities -based
- ✦ For public (available to public generally) and non-public (sold to closed user groups) use



Value-added Telecommunications Services

- ✦ Suppliers add value to the customer's information by enhancing its form or context or by providing for its storage or retrieval
 - ✦ e.g., email, voice mail, on-line information and database retrieval, EDI, value-added fax services (store and forward/retrieve), code and protocol conversion, on-line information or data processing.



What are NOT Telecommunications Services?

- ❖ Film, radio and television, sound recording NOT included
 - ❖ 2.COMMUNICATIONS SERVICES, D. Audiovisual services

- ❖ However, technological change is blurring some of the categories...



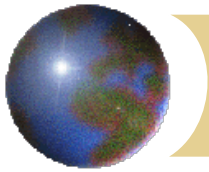
Telecommunications Annex

- ❖ Recognizing that telecoms essential to the supply of other services for which commitments made, gives right of access to and use of public telecoms transport network and services on reasonable and non-discriminatory terms and conditions
 - ❖ Need to distinguish market access from access to and use of networks
 - ❖ MFN, national treatment and terms and conditions as good as any other user in like circumstances
 - ❖ Definition of sectors and sub-sectors (CPC; GNS/120)



Telecommunications Annex

- ✦ Includes telephone, telegraph, telex, data transmission.
- ✦ Does not:
 - ✦ Include cable or broadcast of radio and television
 - ✦ Grant market access in telecoms sectors
 - ✦ Require establishment or supply of networks or services not available to public generally



Telecommunications Annex

✚ Detailed list of rights

- ✚ e.g., buy or lease equipment needed to connect, connect private circuits to public, use public network to transmit information
 - Developing countries can limit this if necessary to strengthen domestic telecommunications infrastructure and service capacity and increase participation in international trade BUT must schedule.



Telecommunications Annex

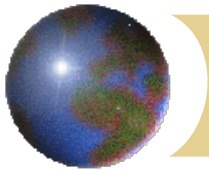
✚ Transparency

- ✚ All relevant information (e.g., tariffs, technical specifications, conditions, licensing requirements) publicly available

✚ Technical cooperation

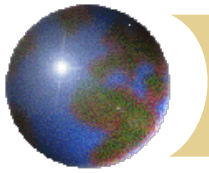
✚ International standards

✚ Cooperation with relevant international organizations, e.g., ITU



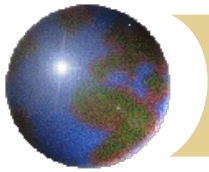
Agreement on Basic Telecoms

- ❑ 55 schedules (69 Members) annexed to GATS
 - over 40 developing countries
 - 91% global telecoms market
- ❑ Developing countries active participants, many using pre-commitments to phase liberalization
 - many commitments on mode 3 to attract investment
- ❑ Commitments made in, e.g.,
 - voice telephony (63 governments)
 - data transmission (65)
 - other types of mobile services (62)
 - satellite related communications (53)



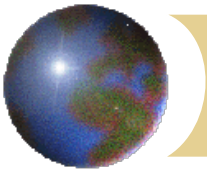
Reference Paper on Pro-Competitive Regulatory Disciplines

- ❖ Need for regulatory framework to underpin and safeguard market access commitments
- ❖ Scheduled as additional commitments (Article XVIII) on a voluntary basis (in whole or in part)
 - 63/69 governments committed to regulatory disciplines; 59 to the whole or most of Reference Paper
 - Today adopted in full by most Members



Reference Paper

- ❖ Competitive safeguards (abuse of dominance)
 - e.g., anti-competitive cross-subsidization or use of information gained from competitors
- ❖ Interconnection
 - any technically feasible point in network
 - non-discrimination re terms and conditions
 - cost-oriented rates, sufficiently unbundled
 - interconnection agreements publicly available
- ❖ Transparent licensing, i.e, availability of
 - criteria
 - time normally required for decision
 - terms and conditions individual licenses



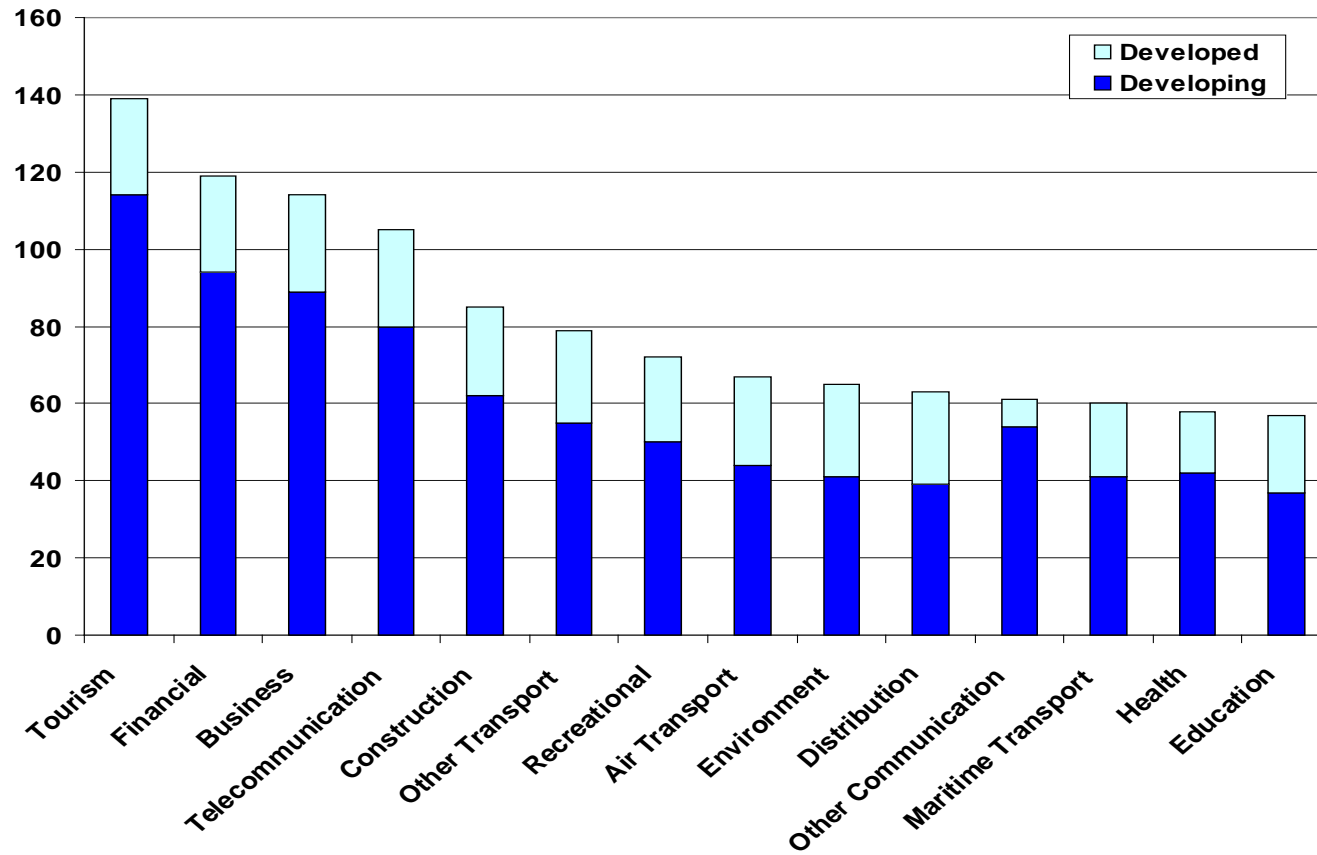
Reference Paper (continued)

- ❑ Universal service obligations
 - maintain whatever you want BUT must be
 - administered in transparent, non-discriminatory and competitively-neutral manner
 - not more burdensome than necessary.
- ❑ Independent regulator
- ❑ Allocation scarce resources
 - e.g., spectrum, numbers
 - timely transparent and non-discriminatory



Sector pattern of commitments

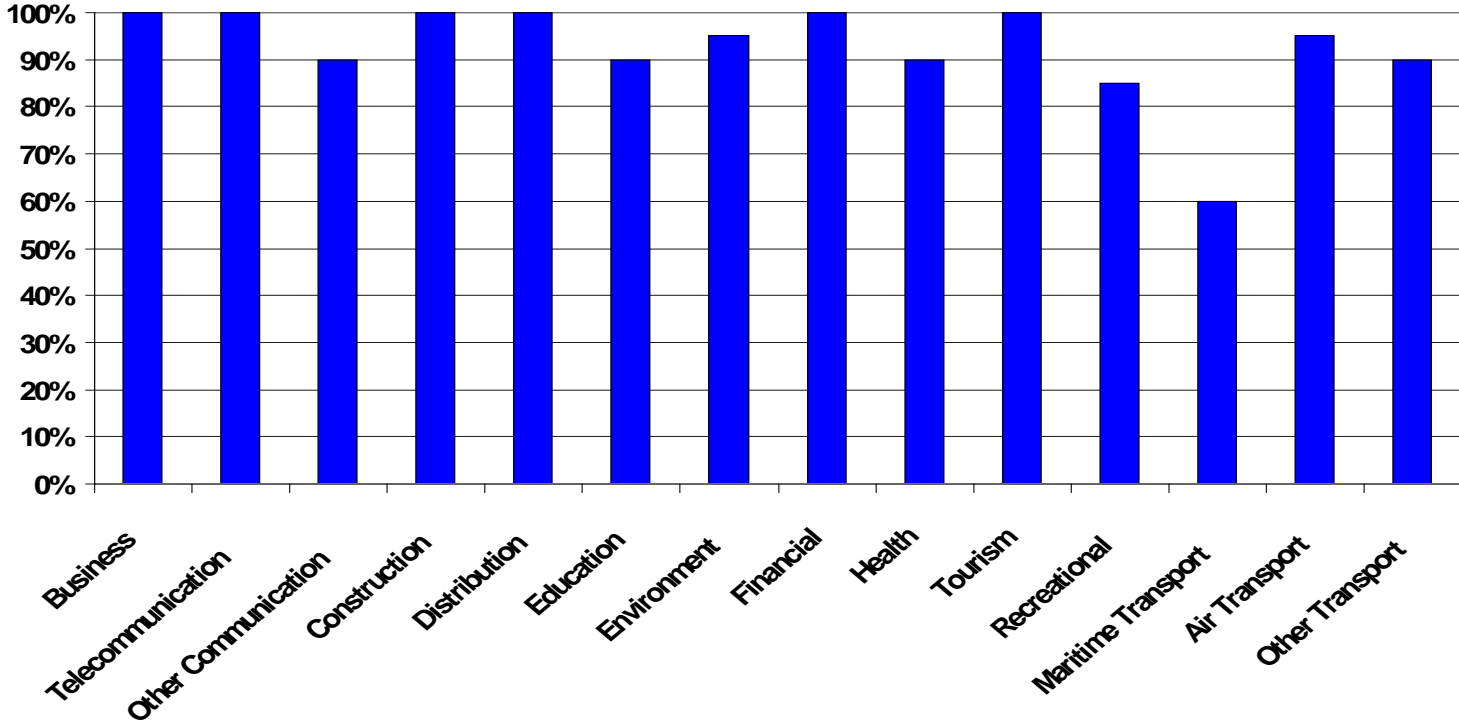
(All Members, January 2005)





Sector patterns of acceded Members

(March 2005)



Source: Adlung, R. & M. Roy, *Turning Hills Into Mountains? Current Commitments Under the GATS and Prospects for Change*, WTO Staff Working Paper ERSD-2005-01, WTO.

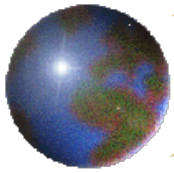


Phase-in Commitments

(Per cent of participants)

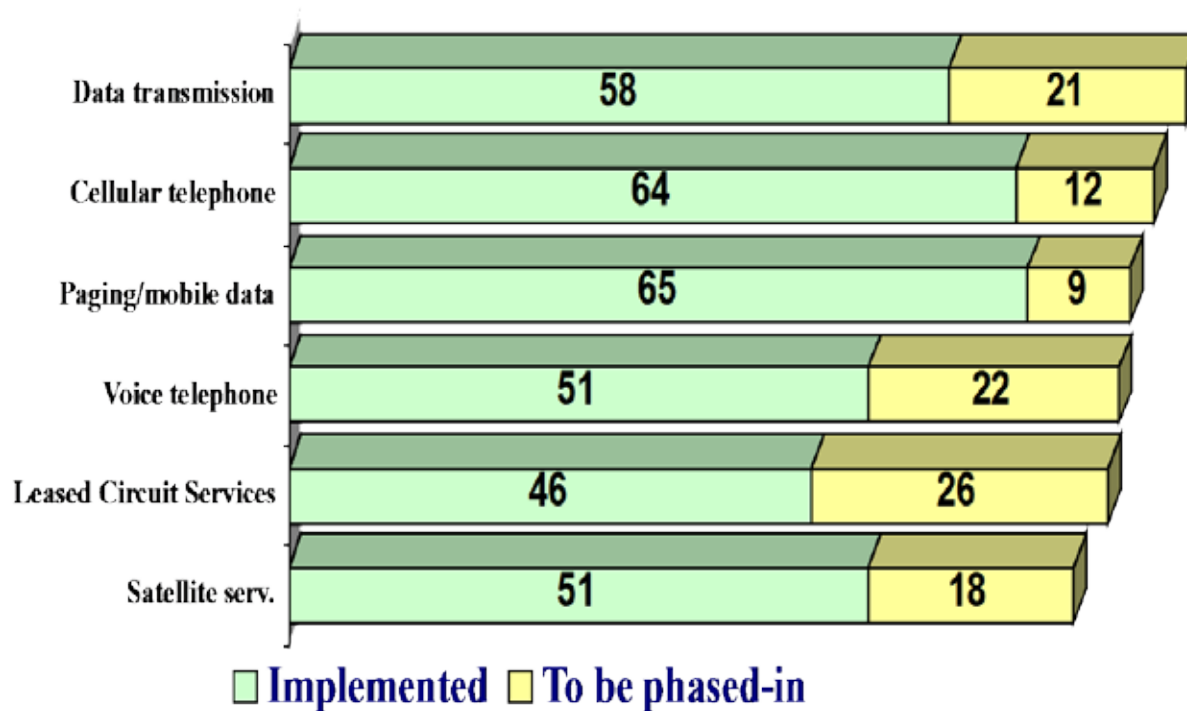
n Uruguay Round (1993/94):	13 %
n Doha Round Offers (2003-2007):	9%
n Extended UR negotiations (1997)	
-Financial Services:	3 %
-Basic Telecom:	60%
n Preferential Agreements (2001-06):	67%
n WTO Accessions (1996-2007):	86%*

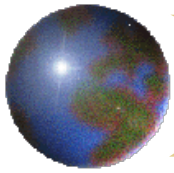
* Sector focus: Telecom, Banking & Insurance, Distribution, Business Services, Postal & Courier Services, Construction



Baseline: by service and staging of reforms

(by number of governments)

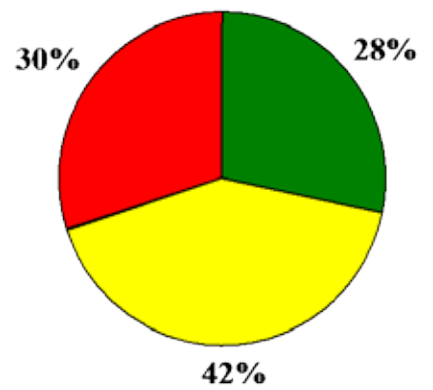




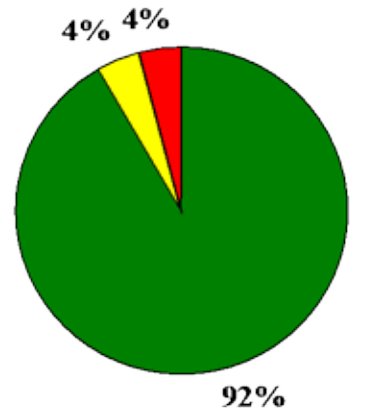
Most common restrictions

Limits on Number of Suppliers

Emerging economies

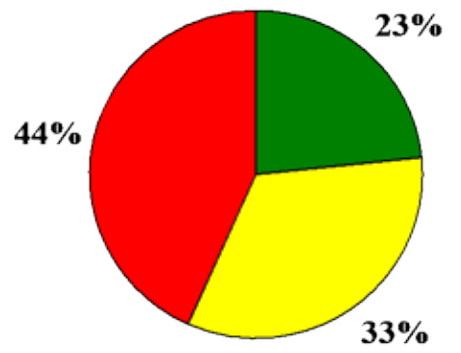


Industrialized Economies

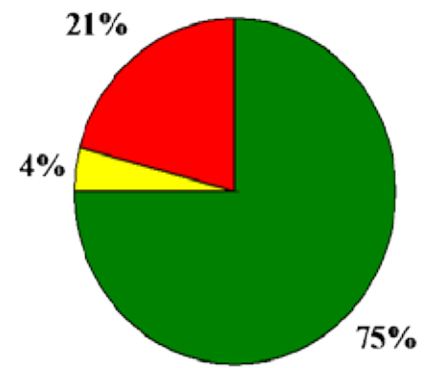


Limits on Foreign Equity

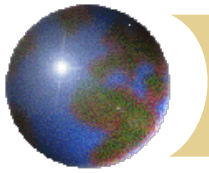
Emerging economies



Industrialized Economies

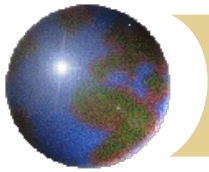


■ No limits ■ Limits to be phased out ■ Limits applied



First GATS Dispute in Telecoms

- ✚ US-Mexico: AT&T vs Telmex
- ✚ WTO panel found against Mexico
 - ✚ Failure to prevent anti-competitive practices (uniform interconnection charges irrespective of traffic favors Telmex)
 - ✚ Failure to provide cost-based interconnection charges
 - ✚ Failure to provide non-discriminatory conditions of access to and use of PTTN in Mexico



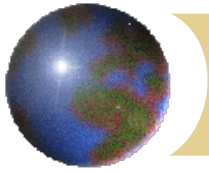
The DDA Negotiations

- ✦ Almost a dozen DDA proposals on telecommunications and one collective/plurilateral request
- ✦ Australia, Canada, Colombia, European Communities and their Member States, Japan, Korea, Switzerland, US.
 - ❏ also mentioned in omnibus proposals by Chile, Japan and Norway.



Telecoms issues addressed in DDA submissions

- ✦ Interpretation and clarification of reference paper; classification issues
- ✦ Replacement of accounting rate system
- ✦ Greater clarity in allocation of spectrum
- ✦ Licensing: development of telecoms rules under Article VI
- ✦ Faster and fuller liberalization of basic and value-added services
- ✦ Formula: no limitations beyond what is necessary to ensure quality of service, universal service and scarce resources
- ✦ Elimination of MFN exemptions, FDI restrictions, QRs
- ✦ Additional commitments on government procurement of telecoms equipment
- ✦ Full adherence to Reference Paper by all Members
- ✦ Maximum commitments on all e-deliverable services



Thank You