

Lessons from Singapore's Telecom Regulation

Presented to World Bank and Moldova

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Agenda

- **Introducing Competition**
- **Current Regulatory Regime**
- **Results of Market Liberalisation**
- **Conclusion**

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Introducing Competition



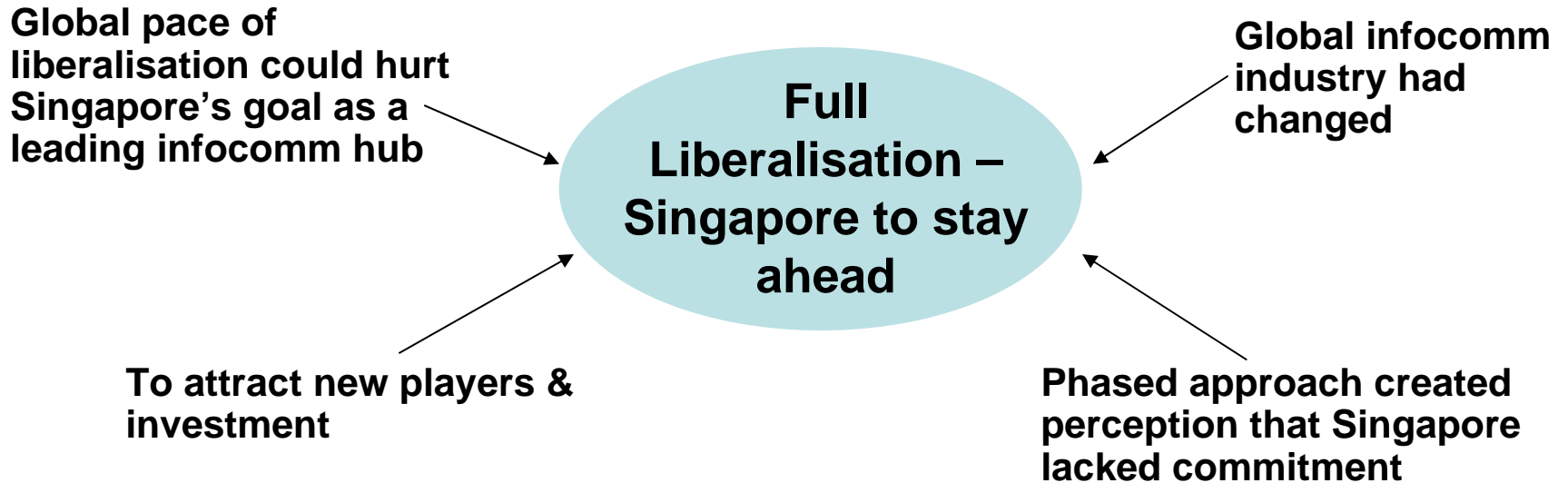
Telecom Market Liberalisation

- **Phased Liberalisation: Gradual introduction of competition since 1992**
 - Apr '92: SingTel is corporatised - gets 5-year monopoly for mobile services; 15-year monopoly for basic telecom services
 - May '96: Govt advances SingTel's 15-year monopoly for basic telecoms by 7 years, from 31 Mar '07 to 31 Mar '00
 - Apr '97: Second mobile operator (M1) & 3 new paging operators (M1, ST Sunpage & Hutchinson Paging) offering services
 - May '98: StarHub awarded second basic telecom service and the third mobile service licence



Full Market Liberalisation

- **1 April 2000: Government advanced full market liberalisation**



What Market Liberalisation Means

- **No foreign equity limits**
- **No limit on number or type of players, except when there are physical/resources constraints**
 - Deployment of wireless-based networks licensed via a market-based approach, e.g. 3G auction, 2G auction
- **Players free to decide on types of networks, systems, facilities and preferred technology platform to offer services**

Challenges in Transition From Monopoly to Full Competition

- **New entrants face strong incumbent**
- **New entrants need incumbent's cooperation to interconnect networks and to share bottleneck facilities**
- **Incumbent has no incentive to cooperate**
- **Incumbent could use market power to restrict competition**

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Current Regulatory Regime



Telecom Competition Code (TCC)

- > **First issued in September 2000**
- > **Sector-specific competition management framework**
 - developed in close consultation with the industry
 - sets clear boundaries for competitive behaviour in the telecom market
 - provides a regulatory framework to facilitate the rapid entry of new competition in Singapore and a strong incentive for companies to invest in infrastructure
- > **Subject to review every 3 years**
- > **Code revised and effective from March 2005**



TCC - Key Regulatory Principles

> **Reliance on market forces**

- Where markets are effectively competitive - only minimal requirements for consumer protection and preventing anti-competitive behaviour
- Where markets are not effectively competitive - balance between ex ante (before the fact) and ex post (after the fact) regulation

> **Asymmetric regulation**

- Heavier regulation of Dominant Licensees

TCC - Key Regulatory Principles

- > **Promote effective and sustainable competition**
 - Remove or minimise entry barriers and eliminate anti-competitive behaviour

- > **Emphasis toward facilities-based competition**
 - For sustainable competition
 - Balance between facilities-based and services-based competition

- > **Technology neutrality**

- > **Efficient, transparent and reasoned decision-making**

Interconnection - The RIO

- **What is the Reference Interconnection Offer (RIO)?**
 - An Offer
 - Providing the prices, terms & conditions that a Dominant Licensee must offer for interconnection services to other licensees;
 - With Pre-set Prices
 - RIO prices are determined & approved by IDA using cost-based principles.
- **Required of Dominant Licensee under the Code**
- **Facilitates entry of competing operators to promote effective competition in an multi-network multi-operator environment**

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Results of Market Liberalisation



Results of Market Liberalisation

> A vibrant market

- 41 Facilities-Based Operator (FBO) licences (up from 13 in yr 2000);
- 942 Services-Based Operators (Individual and Class) licences granted (up from 414 in yr 2000)

> More capacity and connectivity

- > 25 Gbps of direct internet connectivity to over 20 countries
- Total potential submarine cable capacity of ~28 Tbps



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Conclusion



Overcoming Challenges

- **Ensuring fair play as players vie for market share**
 - Telecom Competition Code to guide the market
- **From regulating an entrenched player to promoting competition in a multi-player environment**
 - E.g. Number portability, Fair interconnection
- **Facilitating new players while motivating incumbents**
 - RIO to lower entry barriers

Looking Ahead

- **New Competitive Landscape**
 - Next Gen National Broadband Network
 - Catalyses more service/application-based competition
- **Convergent services**
 - Traditional telecom platforms now carry content
 - Broadcasting over 3G
 - IPTV
 - 700MHz band for convergent applications

⇒ New regulatory challenges ahead!

THANK YOU