



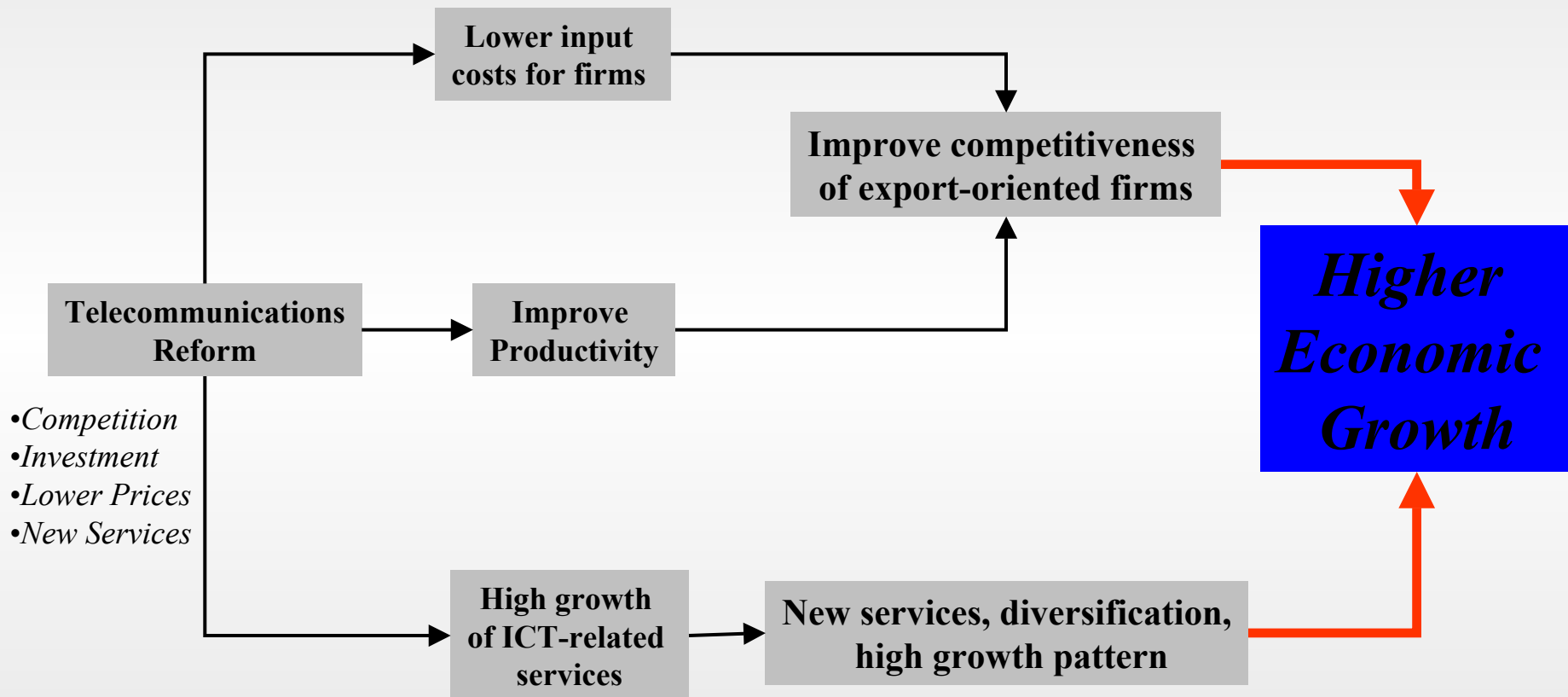
***Integrated Framework and WTO Accession:
Challenges and Opportunities for Poverty Reduction***

Telecommunications Services





Telecommunications Reform and Economic Growth



WTO accession strengthens the regulatory framework necessary for telecommunications reform



Telecommunications Market in Cambodia

- Very good development of mobile communications, through private investment
- Emerging competition in international and data
- There are some pending regulatory issues, notably, on interconnection and fair licensing



Telecommunications Market in Lao

- Government commitment to open up the sector to competition
- Government intention to strengthen the sector regulatory framework
- Potential for private investment



WTO Principles

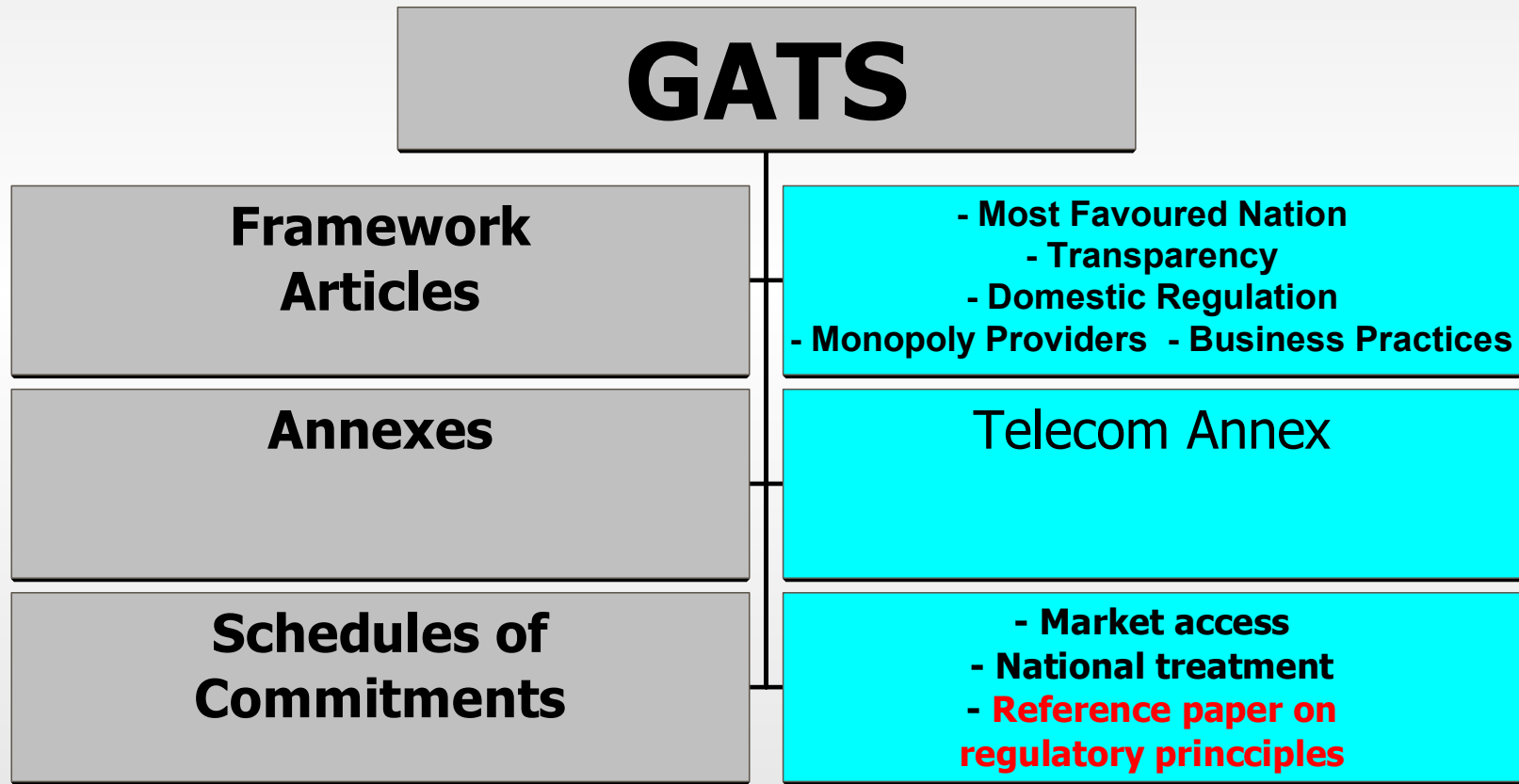
Applicable to Telecommunications

- Rules Applicable to All services
 - General Agreement on Trade and Services
 - MFN
- Telecommunications-specific documents
 - Telecommunications Annex
 - Reference Paper

What do they mean for the policy and regulatory framework in the sector in Cambodia and Laos?



The Building Blocks

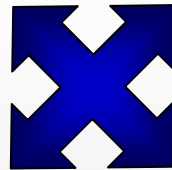




GATS Fundamental Principles

Non-discrimination

Transparency



Competition safeguards

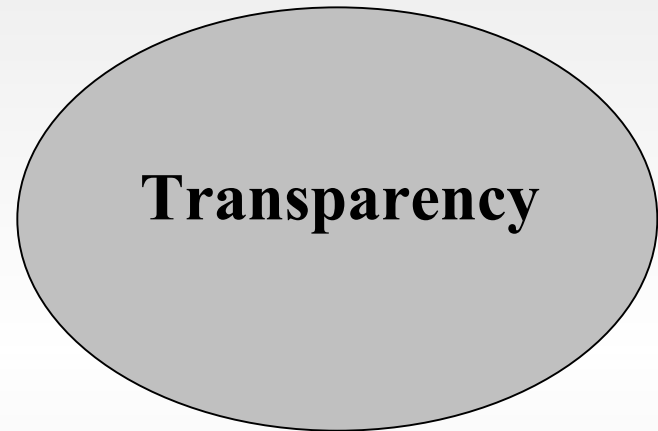
Reasonable regulation



GATS Fundamental Principles 1

Public availability
and dissemination of:

- Sector laws and regulations
- Licensing criteria
- License text
- Condition of service provision





GATS Fundamental Principles 2

- Reasonableness and objectivity
- Objectivity and criteria in awarding licenses
- Administrative review

**Reasonable
regulation**



GATS Fundamental Principles 3

**Non-
discrimination**

- Access to the market (licensing)
- Fair competition principles in telecom regulation
- Non-discrimination in regulatory processes (e.g. interconnection)



GATS Fundamental Principles 4

- Anti-competitive cross-subsidization
- Using information obtained from competitors with anti-competitive results
- Not making available to other services suppliers on a timely basis technical information about essential facilities and commercially relevant information which are necessary for them to provide services

**Competition
safeguards**

Telecommunications



Annex

- Set of commitments to open up to competition different **services**. (...Example from the *Services Sectoral Classification List 2.C Communications Services. MTN.GNS/W/120*)

Voice Telephony

Electronic mail

Packet-switched data transmission

Voice mail

Circuit-switched data transmission

On-line info. and db. retrieval

Telex

EDI

Telegraph

Enhanced/value added facsimile ...

Facsimile

Code and protocol conversion

Private leased lines

On-line information/Others



Hong Kong:

HONG KONG - SCHEDULE OF SPECIFIC COMMITMENTS

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
COMMUNICATIONS SERVICES			Additional commitments on regulatory principles (Details at Annex)
2.C. <u>Telecommunications Services</u>			
I. <u>Local services</u>			
(a) Voice services	(1) None	(1) None	
(b) Packet-switched data transmission services	(2) None	(2) None	
(c) Circuit-switched data transmission services	(3) None other than the following:	(3) None	
(f) Facsimile services	- Chubb Electronics (HK) Ltd has the exclusive right for providing a fire alarm transmission system for relaying fire alarm signals between Fire Services Department (government) and public buildings;		
(g) Private leased circuit services			
(o) Others	- Four licences for local fixed network services were issued in 1995. New licences will not be considered before June 1998. Whether more licences will be issued thereafter is subject to review in 1998.		
Mobile services			
- mobile radio telephone services including Cellular and Personal Communications Services	(4) Unbound except for intra-corporate transfer of general managers, senior managers and specialists as set out in the Attachment to GATS/SC/39.	(4) Unbound	
- mobile data services			
- radio paging services			



Hong Kong (Cont.)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
<p>II. <u>International services</u></p> <p>(a) Voice services (resale based only)</p> <p>(b) Packet-switched data transmission services (resale based only)</p> <p>(c) Circuit-switched data transmission services (resale based only)</p> <p>(f) Facsimile services (resale based only)</p> <p>(o) Others</p> <ul style="list-style-type: none"> - Call back services or alternative calling procedures (resale based only) 	<p>(1) None other than:</p> <ul style="list-style-type: none"> - Public external telephone service¹ is not allowed; - For self-provision of external satellite circuits, connection to the public-switched telephone network (PSTN) at the Hong Kong end may be restricted; - For virtual private network service, connection to the PSTN at the Hong Kong end may be restricted; - For mobile satellite service, gateway station for mobile satellite traffic is not allowed. <p>(2) None</p>	<p>(1) None</p> <p>(2) None</p>	
<ul style="list-style-type: none"> - Self provision of external satellite circuits <p>for a company if the messages originated from or received at the Hong Kong end are intended for the company, its holding, subsidiary or affiliated companies; or</p> <p>for an organization if the messages originated from or received at the Hong Kong end are intended for the common business or</p>	<p>(3) None other than:</p> <ul style="list-style-type: none"> - Public external telephone service² is not allowed; - For self-provision of external satellite circuits, connection to the PSTN at the Hong Kong end may be restricted; - For virtual private network service, connection to the PSTN at the Hong Kong end may be restricted; - For mobile satellite service, gateway station for mobile satellite traffic is not allowed. <p>(4) Unbound except for intra-corporate transfer of general managers, senior</p>	<p>(3) None</p> <p>(4) Unbound</p>	

¹"External telephone services" only include person to person voice communications with places outside Hong Kong.

²"External telephone services" only include person to person voice communications with places outside Hong Kong.

Foreign equity participation, degree of competition, and nature of pre-commitment in fixed telecom networks, East Asia

Country	Limitations on foreign direct investment	Degree of competition in fixed networks	Pre-commitment
Hong Kong	None	Oligopoly of five in domestic, monopoly in international	Promised to consider issuing more than the existing four licenses for local fixed network services in June 1998
Indonesia	GATS: 35 percent	Regional monopolies with scope for joint operating schemes	Policy review upon the expiry of the exclusive rights: exclusivity expires in 2011 for local service, in 2006 for long-distance services, and in 2005 for international service
Japan	20percent in NTT and KDD	Full competition	
Korea	Variable: Facilities-based: 33 percent Korea Telecom: 20 percent Resale-based: 0 percent	Full competition, phased in over several years	Will increase foreign equity limits: Facilities-based: 49 percent in 2001 Korea Telecom: 33 percent in 2001 Resale-based: 49 percent in 1999, 100 percent in 2001
Malaysia	GATS: 30 percent	Increasing competition; discretionary licensing	
Philippines	GATS: 40 percent	Full competition; discretionary licensing	
Singapore	GATS: 73.99 percent (direct: 49 percent, indirect: 24.99 percent)	Monopoly	Oligopoly of three or more after April 2000
Thailand	Limited, in build-transfer-operate (BTO) arrangements	Monopoly, with some BTO arrangements	Will introduce revised commitments in 2006 when new law comes into force

Source: Patrick Low and Aaditya Mattoo, *Approaches to further liberalization of trade in services*.



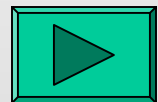
Reference Paper

Negotiating Group on Basic Telecommunications

(24 April 1996)

- Commitments to introduce a fair, transparent regulatory framework in the sector:
 - [Competitive Safeguards](#)
 - [Interconnection](#)
 - Universal service
 - [Public availability of licensing](#)
 - Independent regulators
 - Allocation of scarce resources

Implementation





Network Interconnection

- Scope
- How interconnection is provided
 - Under non-discriminatory terms
 - In a timely fashion
 - Upon request, at specific points
- Publicly available
- Transparency
- Dispute Settlement
- (cost orientation)



What Cambodia and Laos Need

- The Governments need to :
 - Undertake *negotiations*
 - *Implement* policy and regulatory reform

- The Governments need :
 - Technical expertise to undertake policy and regulatory reform
 - Training and Capacity Building Activities

Thank you

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Questions and Comments

