

# ***Interconnection*** **Regulatory & Technical Issues**

Hank Intven

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McCarthy Tétrault

# Summary

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- » Importance of Interconnection
- » Harmonization of Approaches
- » Regulatory Issues
- » Technical Issues

# Importance of Interconnection

- » Major issue in ITU regulatory surveys
- » Interconnection regulatory frameworks:
  - 1990 - very few countries
  - 1995 - 46 countries
  - 2000 - 98+ countries

# Importance of Interconnection

- » Regional interconnection guidelines:
  - EU - 1997 & July 2000
  - APEC - May 1999
  - CITEL - 1999
  - TRASA - May 1999

# Harmonization of Approaches

- » Similar equipment, network architecture, software
- » Standardized approaches reduce regulatory risk & attract investment
- » Reduces regulatory workload & complexity
- » Promotes trade in telecom services (e.g. EU)
- » WTO Telecom Regulation *Reference Paper* promotes harmonization of approaches

# WTO Reference Paper

- » 'Major Suppliers' must interconnect
- » At any technically feasible point
- » In a timely fashion
- » Non-discriminatory & transparent terms
- » Cost-oriented rates
- » Unbundled charges
- » Public procedures, agreements &/or offers
- » Independent dispute resolution

# Regulatory Issues

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- » Advance guidelines
- » Where to focus interconnect regulation
- » Regulating interconnection

# Advance Guidelines

- » *Ex ante* and *ex post* regulation
- » Problems with ex-post regulation
  - Unequal bargaining power
  - Delay
  - One-sided deals
- » *Ex ante* guidelines now the norm
- » Operators negotiate within guidelines



# Focus of Interconnect Regulation

- » Policy goal: ‘any-to-any’ interconnection
- » Regulatory focus: dominant operators
- » Others have little market power
- » Avoid excessive regulation
- » Increasing focus on mobile, cable, Internet networks

# Regulation of Interconnection

- » Transparency - agreements & RIOs
- » Timeliness
- » Non-discrimination
- » Cost-oriented rates
- » Independent dispute resolution
- » Appeals, mediation & technical committees

# Non-discriminatory Interconnect

- » No discrimination between operators
- » No undue preferences to own operations
  - (e.g. unbundled loops)
- » No cross-subsidy
  - (i.e. monopoly to competitive services)
- » No vertical price squeezing
  - (imputation tests)

# Technical Issues

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- » Points of interconnection
- » Dialing parity or pre-selection
- » Infrastructure sharing
- » Collocation
- » Quality of interconnection services

# Conclusions

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- » Interconnection: key to competition
- » Unguided negotiation approach giving way to *ex ante* regulatory guidelines
- » Harmonization of global interconnection approaches
- » Regulation plays key role in success of interconnection and competition