

**Contribution from the Fair Trading Commission, Barbados to the GSR-17
Consultation**

**Lifting Barriers to Affordable Information & Communication
Technology (ICT) Services Access.**

While there has been significant progress worldwide with respect to the diffusion of and universal access to ICT services, there still exist underserved areas, for example, more remote and/or rural areas of certain countries. The virtues of access to the new converged ICT space have been extolled to such an extent that a lack of access is now being seen as a significant disadvantage. New developments in the sector have been happening at a startling pace and the world has moved from an era where telecommunications policy focused mainly on the development of fixed line telephony, to one where mobile telephony, internet protocol (IP) communications and media/broadcast technologies have converged. This has significant implications for access to content and information. As a result, telecommunications policy now has to make way for overarching ICT policies which seek to ensure that mobile, broadband and IP technologies are available to as wide a cross section of users as possible.

It is a widely held theory among economists and other researchers that the more widespread and well-developed the level of ICT is in a particular country, the greater the rate of that country's economic growth. According to the theory, ICT has a number of positive effects on a country's society and business environment. Higher productivity and a widened scope with respect to potential markets for products and services are two notable effects.

The prevailing school of thought in the published literature on the subject is that, for ICT to grow and flourish in a country and thereby facilitate greater economic opportunity, the regulatory environment in said country must be conducive to access and innovation. One of the most important steps in this process is the promotion of robust competition in ICT sectors. Increased competition can open the door for new

providers and services, such as Over the Top (OTT) services like Whatsapp and Skype, to drive down ICT costs and facilitate increased access. Regulators need to continually monitor and guard against anti-competitive behaviour in ICT markets. Low rates of broadband penetration observed in various Caribbean territories are said to be as a result of minimal competition, lack of infrastructure and high prices for services. The following is a brief discussion of various ways in which regulators can positively influence the level of access and uptake of ICT services in their respective countries.

As alluded to above, one of the major factors which serves to restrict access is price. Regulators can play an active role in advancing measures aimed at reducing retail prices for ICT services and devices. Directly connected to pricing is the issue of creating regulatory frameworks that encourage fair competition. The absence of competition gives rise to monopoly power, which in turn leads to higher prices, reduced access and potentially lower quality of service. In response to these issues, regulators have a number of tools at their disposal including:

- Removing barriers to entry especially in markets related to international gateways and submarine cables.
- Reductions in license fees.
- Incentives for infrastructure sharing. This often has the effect of lowering costs to service providers, which can then be passed along to the consumer.

To promote greater access to ICT services across the board, several additional factors come into play. From the regulator's point of view, every effort should be made to compensate for and mitigate against the absence of a fully competitive market. A dominant incumbent provider should always be required to provide wholesale, unbiased access to its network for the purposes of interconnection, which facilitates competition. This was observed in many Caribbean territories, most notable of which is Jamaica where the mobile sector was characterized by robust competition between Digicel, Claro and C&W prior to Digicel's purchase of Claro's operations. Additionally, countries must work to ensure that legislation is in place to afford regulators the power

to make important decisions. For example, the OUR and FTC in Jamaica did not have the power to block the Digicel/Claro merger in the same way that the FCC had the power to block AT&T's bid to purchase T Mobile in the US. Regulators must also be able to effectively set and monitor interconnection rates and provide for the existence of number portability if a competitive environment is to be created and sustained. A dominant provider must not be allowed to charge unnecessarily high termination rates as was the case with Digicel in Jamaica at one stage. Since the dominant provider has the largest number of subscriptions, under these conditions, more and more consumers may be encouraged to switch in order to avoid the higher charges, resulting in potential decimation of any existing competition.

Arguably one of the most significant ways of encouraging ICT development lies in attracting direct investment and ensuring investors' confidence in the regulatory environment. There may be a need to review and reform spectrum allocation systems. Incumbent providers often try to discourage this new as entrants are potential threats to their profitability. However regulators ought to incrementally reform the traditional model of spectrum allocation, which has a high cost of access, to make market entry and growth simpler. Another potential measure is eliminating the restrictions on technology which often form parts of spectrum licenses. This can aid in allowing regulations to be in concert with the new converged ICT environment and remove barriers to growth and innovation.

Perhaps one of the simplest tasks of a regulator in creating a more enabling regulatory framework is understanding that regulation itself is not the end. Where certain regulatory measures, for example, maintaining strict regulations on an incumbent provider even after the development of effective competition in the market, become obsolete, regulators need to recognize that taking a step back may be better for the market. There is a tendency for the pace of technological development to outstrip that of legislation and regulation and this gap needs to be bridged as often as possible,

especially in an environment where traditional voice telephony is now confronted with both mobile telephony and IP technology.