Alternative calling procedures

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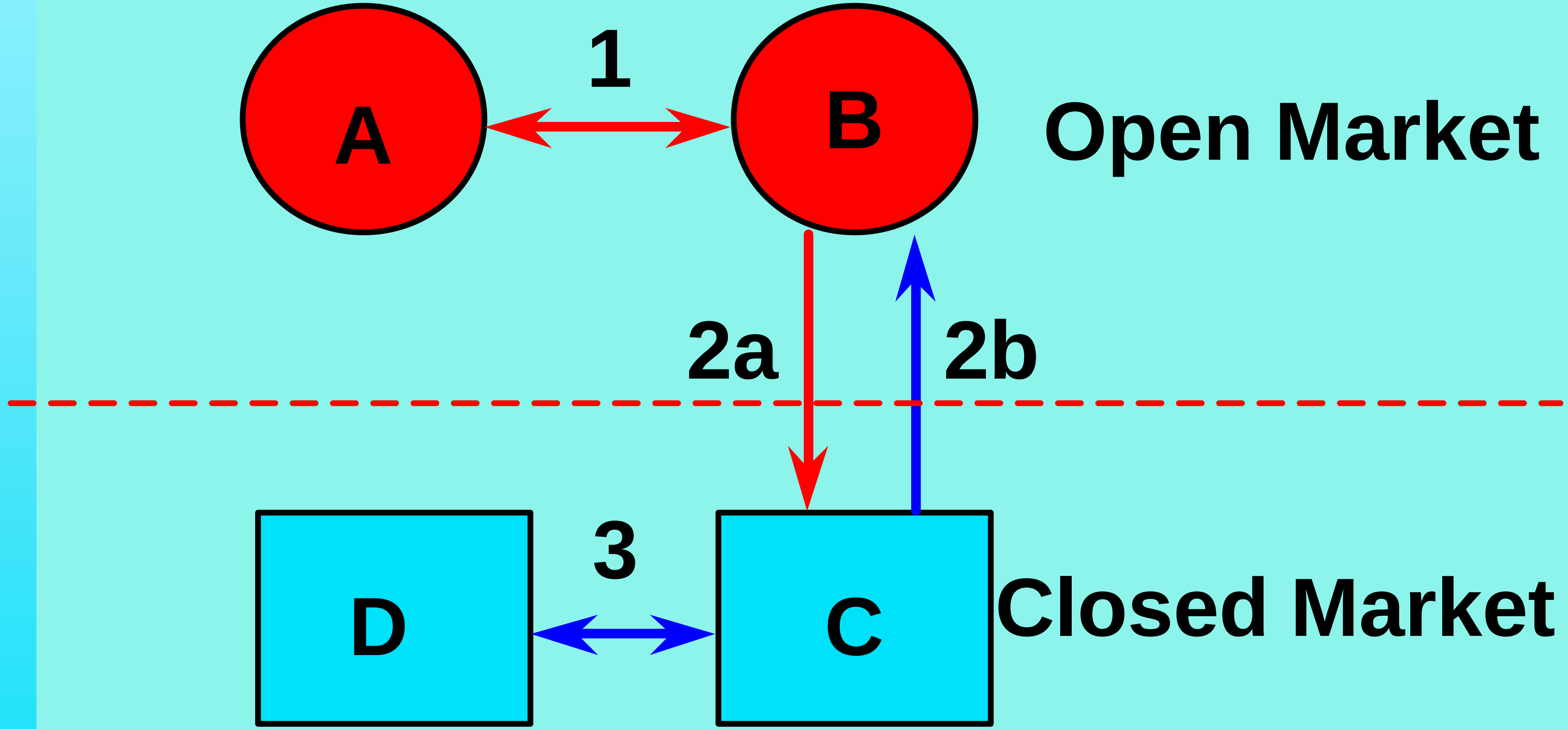
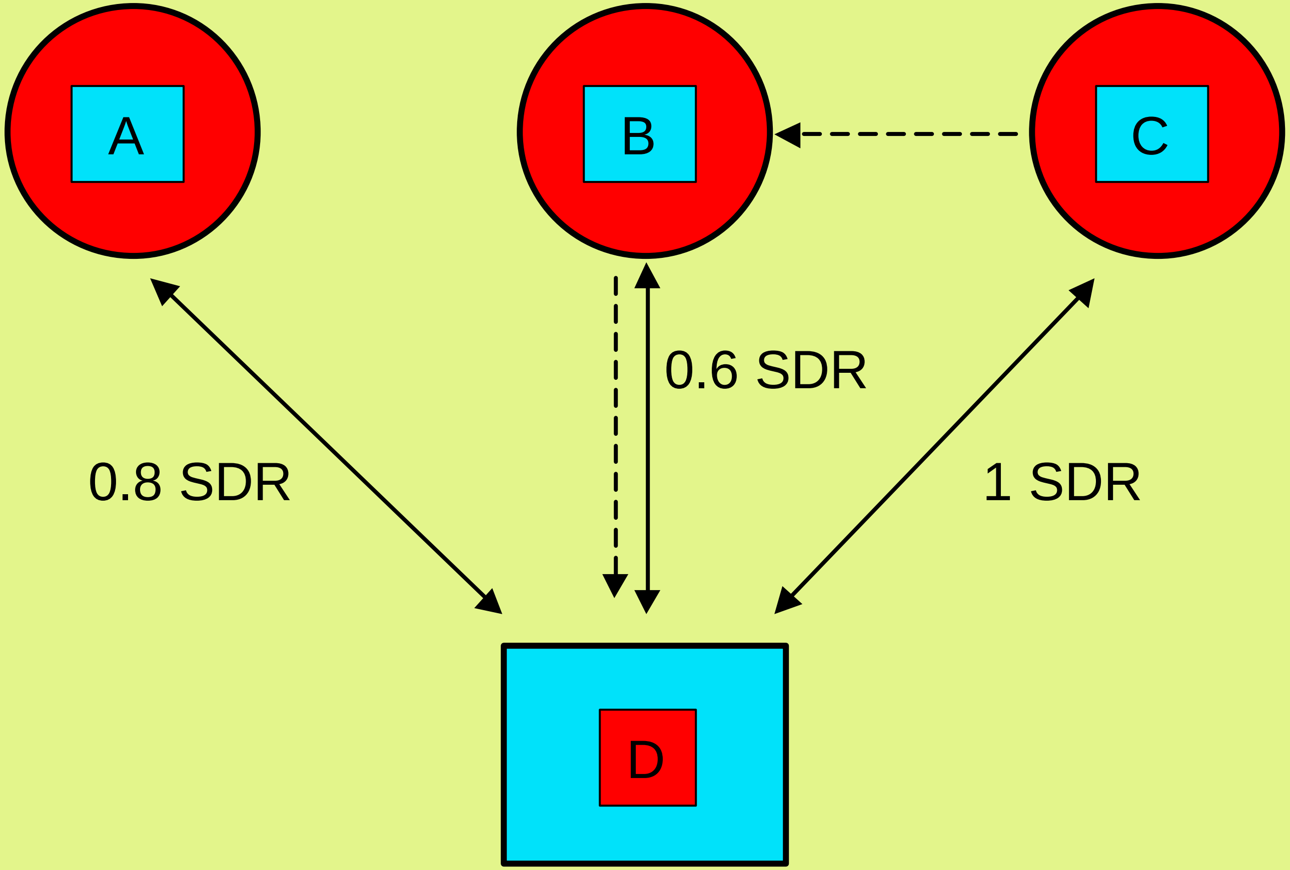
New Telecommunication Environment

- **Accounting rate revenue division procedure will disappear**
- **Telecommunications are no more jointly provided between 2 operators**
- **Telecommunication is no more public services, it is now traded services**
- **Many services by-pass accounting rates**
- **Arbitrage opportunity increase when accounting rates are not cost oriented**

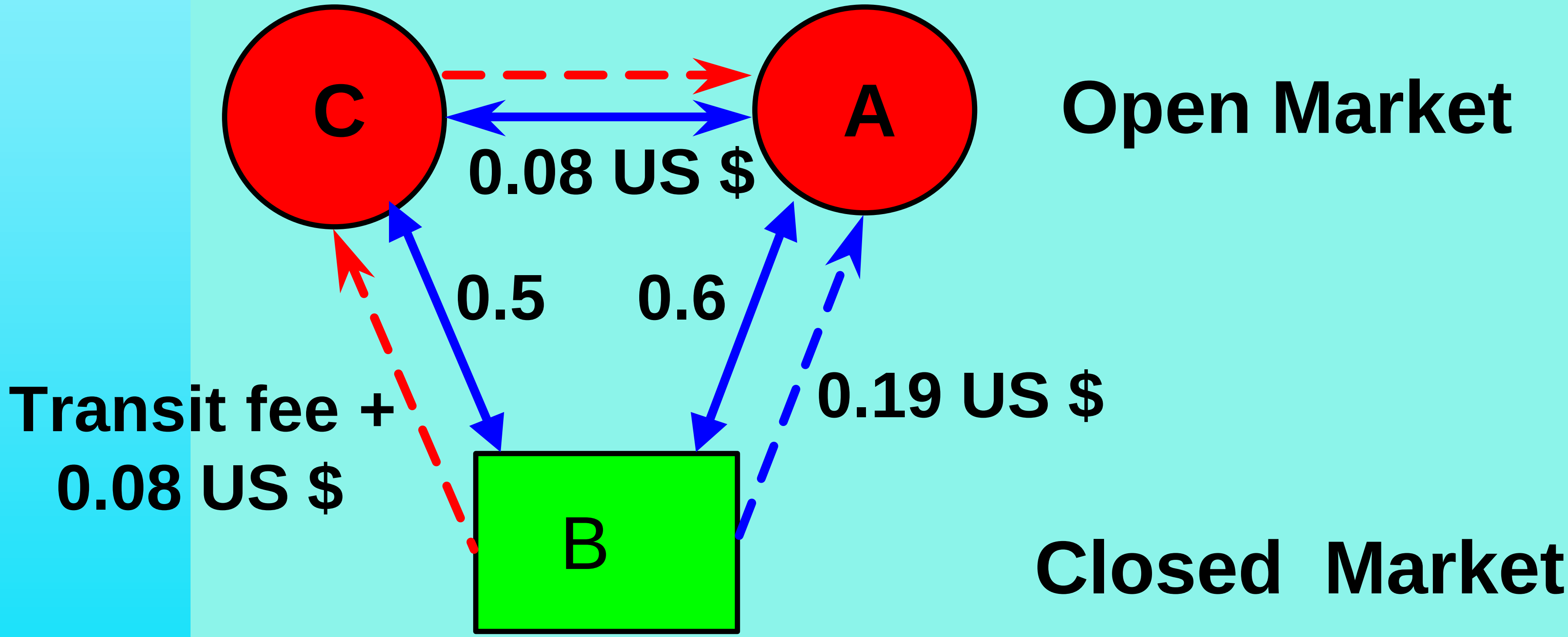
Co-existence of multiple systems



Arbitrage opportunity



LCR (Refile/Hubbing) will prosper



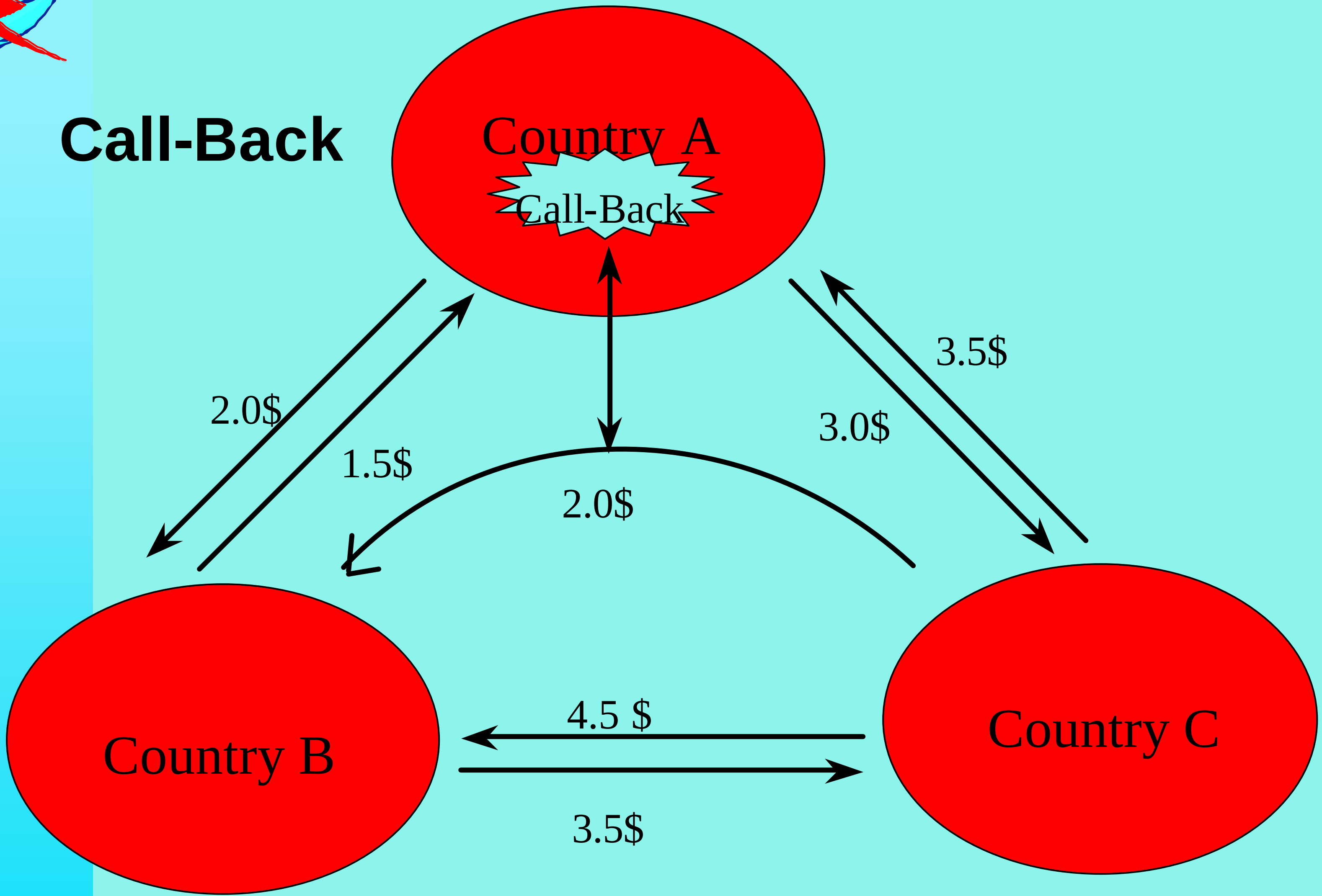
Alternative Calling Procedures

- **ITU defined services**
  - ⇒ **International Free Phone (D.115)**
  - ⇒ **Home Country Direct (D.116)**
  - ⇒ **Credit card call (D.120)**
- **Using ROA's network but not controlled**
  - ⇒ **Call-Back**
  - ⇒ **International Simple Resale**
  - ⇒ **Customer's Private Network**
- **Outside of ROA's network**
  - ⇒ **Voice over Internet**
  - ⇒ **GMPCS**

Call - Back

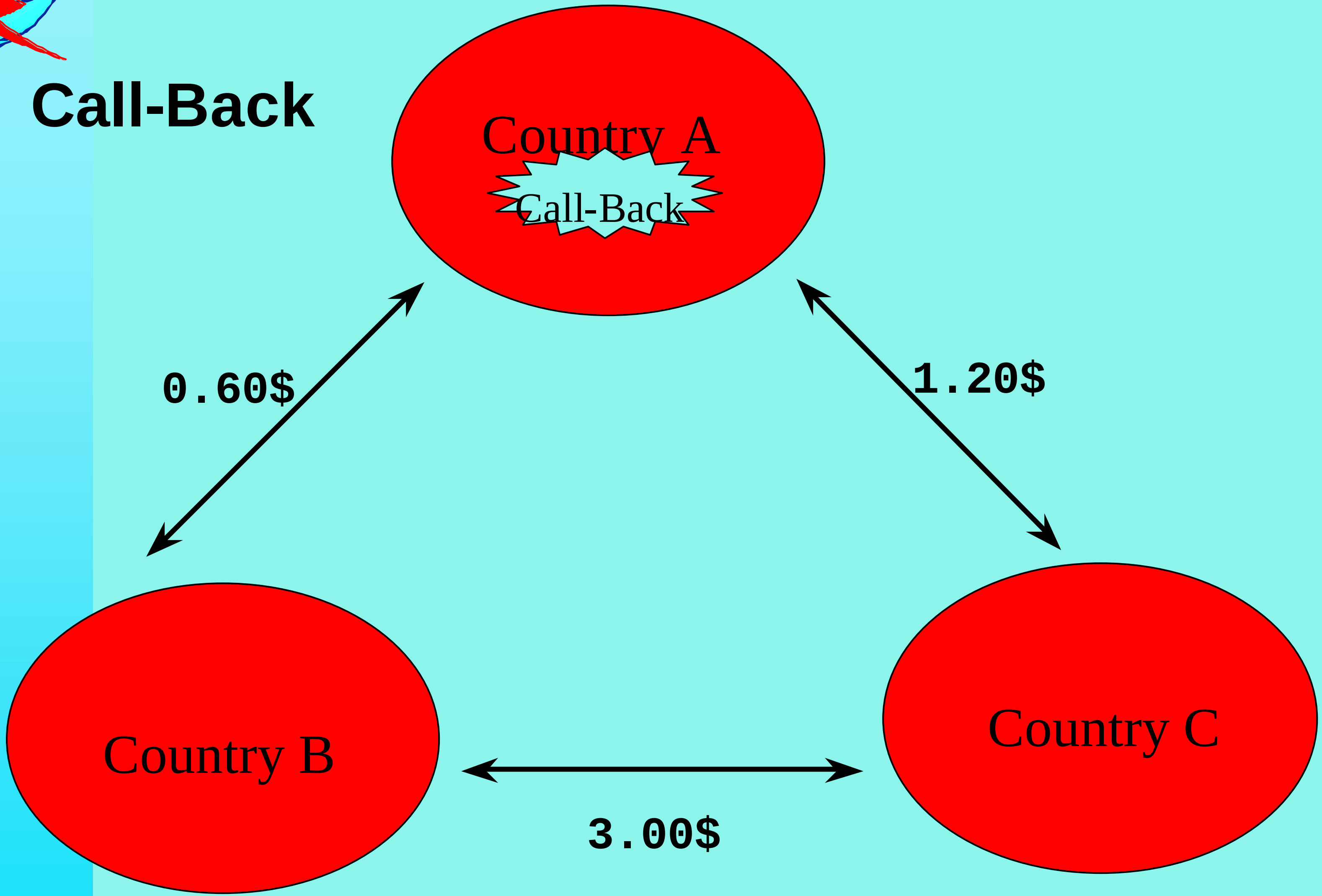
- ITU-T adopted Resolution 29
  - ⇒ Each country may permit, prohibit or otherwise regulate call-back in its territory
  - ⇒ prohibit constant calling and answer suppression
- A guideline has been adopted
  - ⇒ Should make known each country’s position
  - ⇒ Ensure that call back is not provided to the prohibited country
- Study Group 3 developed further guideline (Recommendation D.201)

Call-Back



Collection charge assumption

Call-Back



Accounting rates assumptions

How to protect against Call-Back

- **Self protection**
  - ⇒ **take clear position, law or adm. circular**
  - ⇒ **administrative control**
  - ⇒ **technical control**
- **Use the ITU**
  - ⇒ **notification to the ITU**
  - ⇒ **follow Resolution 29 - settlement of different**
- **Request cooperation to the call-back adm.**
- **Achieve Accounting rate reform, cost based rates**

International Simple Resale Customer's Private Network

- Guiding principles in Recommendation D.1
  - ⇒ The customer may subdivide and sublease subject to national laws
  - ⇒ Access to public networks is subject to national laws
- Different safeguards adopted
  - ⇒ One way by-pass of accounting rate
  - ⇒ gradual liberalization
- Terms and Conditions for Customer's Private Network

Voice over Internet

- **Substantial threat or new opportunity?**
  - ⇒ **by-pass accounting rate**
  - ⇒ **competition with new service providers**
  - ⇒ **impact on PSTN services' price**
- **Telecommunication Operator's choice**
  - ⇒ **protection through regulation**
  - ⇒ **modifying price structure**
  - ⇒ **join in the fray**
- **ITU activities**
  - ⇒ **cost sharing of Internet circuit**
  - ⇒ **Impact of Internet telephony on PSTN services**

GMPCS

- **Opportunity not substantial threat**
- **Successful 1st Policy Forum 1997**
  - ⇒ **Adopted 5 opinions**
  - ⇒ **Developed MoU**
  - ⇒ **73 administrations/companies signed MoU**
- **Group of experts have been created**
  - ⇒ **impact on PSTN services and on revenues**
- **Study Group 3 has developed a Recommendation on GMPCS tariff issues**

What does it mean for ROAs

- **Settlement payments to developing countries amount to around US$5 billion**
- **Fear that this could be suddenly reduced:**
  - ⇒ **Developing countries reject threat of unilateral action and ask for longer transition period**
  - ⇒ **Move away from 50;50 split could benefit developing countries, but direction of call-back could be reversed**
  - ⇒ **ACP is major reason for increased settlement payments to developing countries**
- **Main threat to the ROAs is by-pass of accounting rates, not reform of accounting rates**