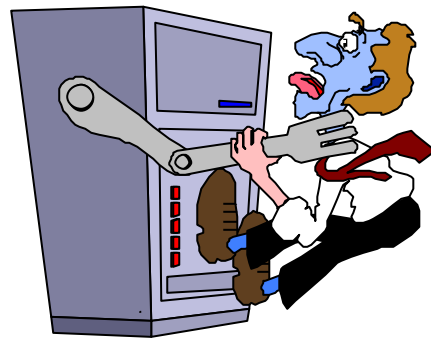


# Strengthening the Multilateral Trading System



From Punta del Este...



...to Marrakesh



# The telecommunication sector (1)

- Telecommunications as a distinct activity
- Telecommunications as an underlying mode of transport



# The telecommunication sector (2)

- 900 million telephone subscribers worldwide (end 1999)
- 410 million mobile communication users
- Annual service revenues US\$792 BN (in 99)
- Contributes around 2.8% of GDP
- Fixed network growing by around 7% p.a.
- Mobile network growing by around 53% p.a.
- Prices falling by around 2.5% p.a.
- Diversified services (voice, data, text, image)



# The Uruguay round (1)

- the 8th one since 1948
- lasted 8 years
- resulted in
  - 500 pages of legal text
  - 20 000 pages of national commitments on market access



## The Uruguay round (2)

- September 1986: Launching of the Uruguay Round Trade Negotiations
- December 1988: Uruguay round mid-term ministerial meeting
- December 1991: The Dunkel Text tabled in Brussels
- April 1991: Signature of the Final Act in Morocco



# The Marrakesh Agreement

Towards an integrated trading system:

- World Trade Organization (WTO) established
- Multilateral Agreements:



# The multilateral Agreements

- Goods
- Services
- Intellectual Property Rights

# The World Trade Organization (WTO)



- Administering the multilateral trade agreements
- Providing a forum for negotiations
- Administering the Dispute Settlement Understanding (DSU) and the Trade Policy Review Mechanism (TPRM)





# Tradability of Trade in Services

“The possibility for the cross border delivery of final services or individual components (intermediate products) in the services-production chain without the movement of the provider or the customer”. (*Source: UNCTAD*)

# Definition of Trade in Services



- Cross-border supply
- Foreign consumption
- Commercial presence
- Movement of natural persons



# The General Agreement on Trade in Services (GATS)

- An extension of the GATT paradigm to trade in services
  - *MFN*
  - *National Treatment*
- An evolving set of rules for trade in services
  - *Bottom approach v.s top down approach*



# The multilateral Agreements

- Goods
- Services
- Intellectual property

# The emerging regulatory framework



- Independent regulators
- Transparency
- Interconnection
- Allocation and use of scarce resources
- Universal service



# The Annex on Telecommunications

- Applies to access to and use of public telecommunications transport networks and services
- Strikes a balance between users and regulators/operators
- does not apply to the distribution by cable or the broadcasting of radio or television programmes

# The Negotiating Group on Basic Telecommunications (NGBT)



- Scope
- time frame
- participation



# The Reference Paper

- Interconnection
- Transparency
- Independent regulatory bodies
- Universal public service
- Tariffs





# The Agreement on Basic Telecommunications

- 69 schedules submitted
- 9 lists of MFN exemptions
- Accounting rates issue to be reviewed by 1 January 2000

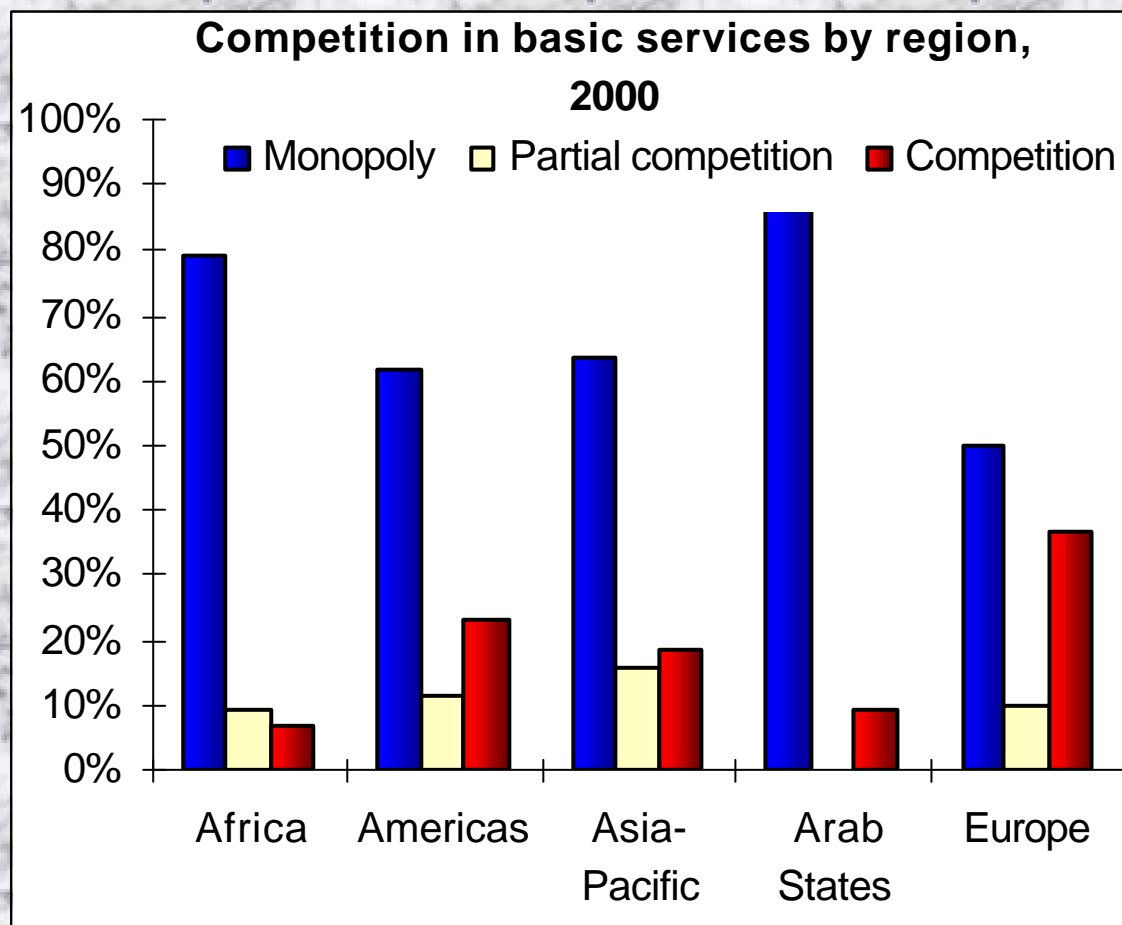
# The Resulting Effects of the GATS



- Changing paradigm for international telecommunications
- Restructuring of the telecommunication sector
- Foreign investment and transfer of technology
- Pressure on the accounting rate system

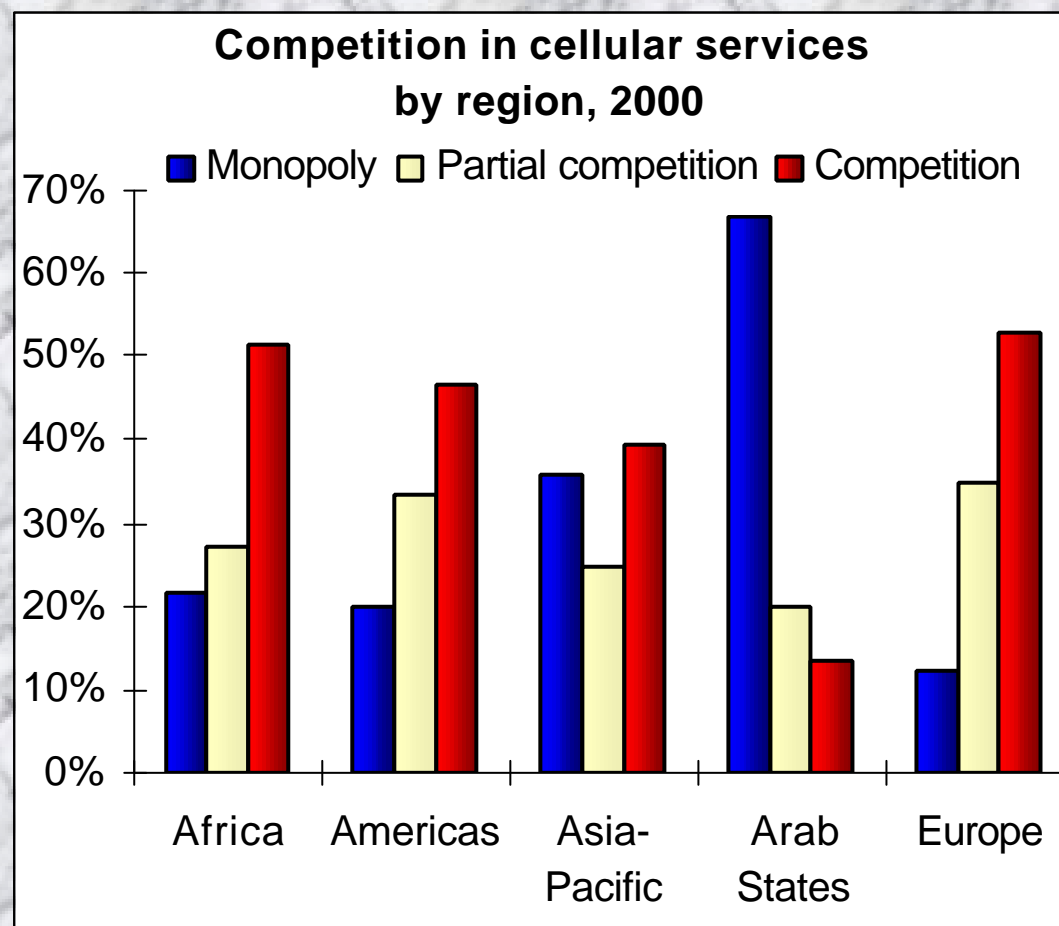


# Competition in Basic Services



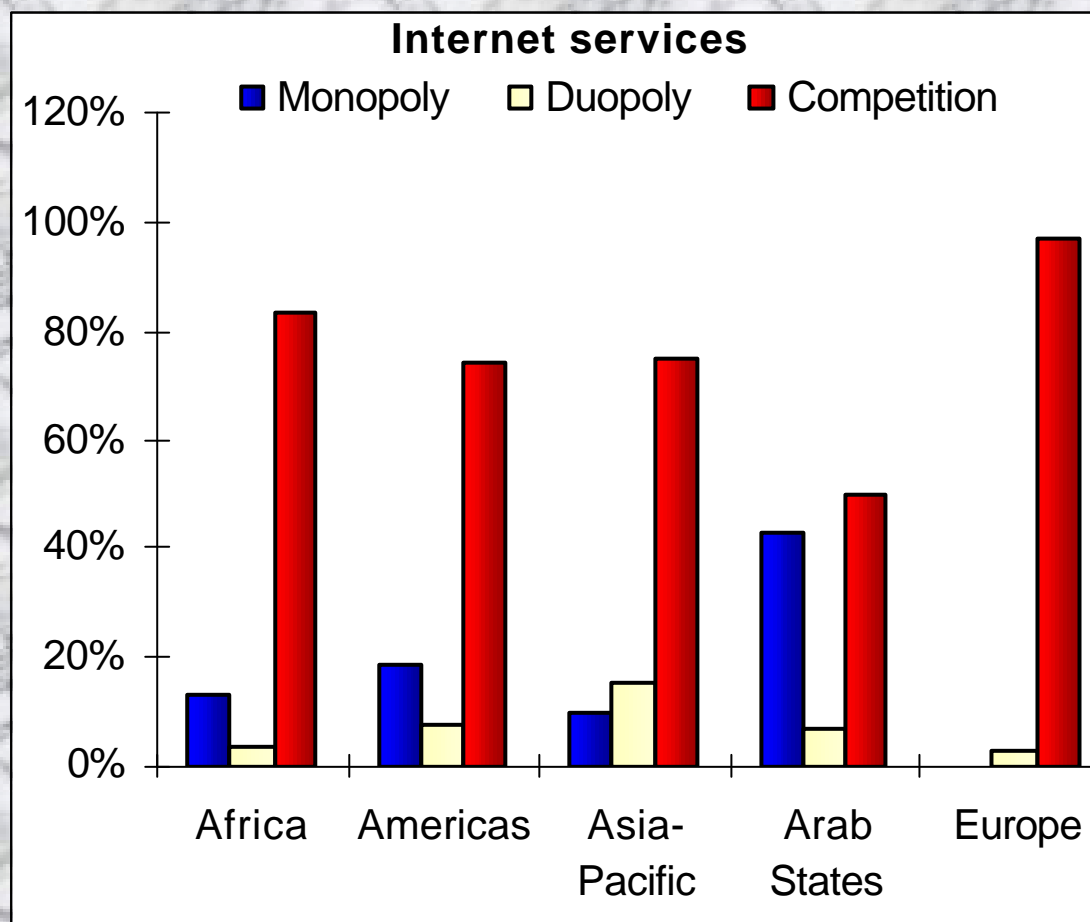


# Competition in Cellular Services



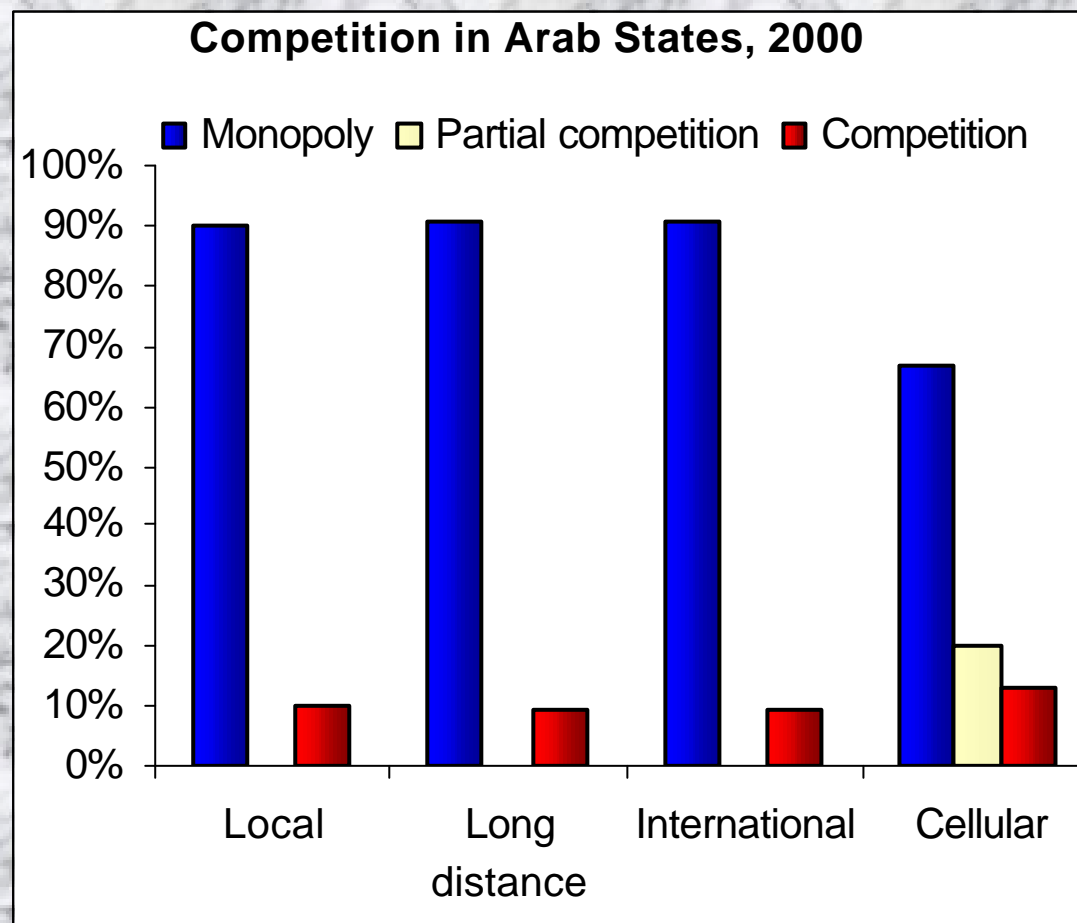


# Internet Services



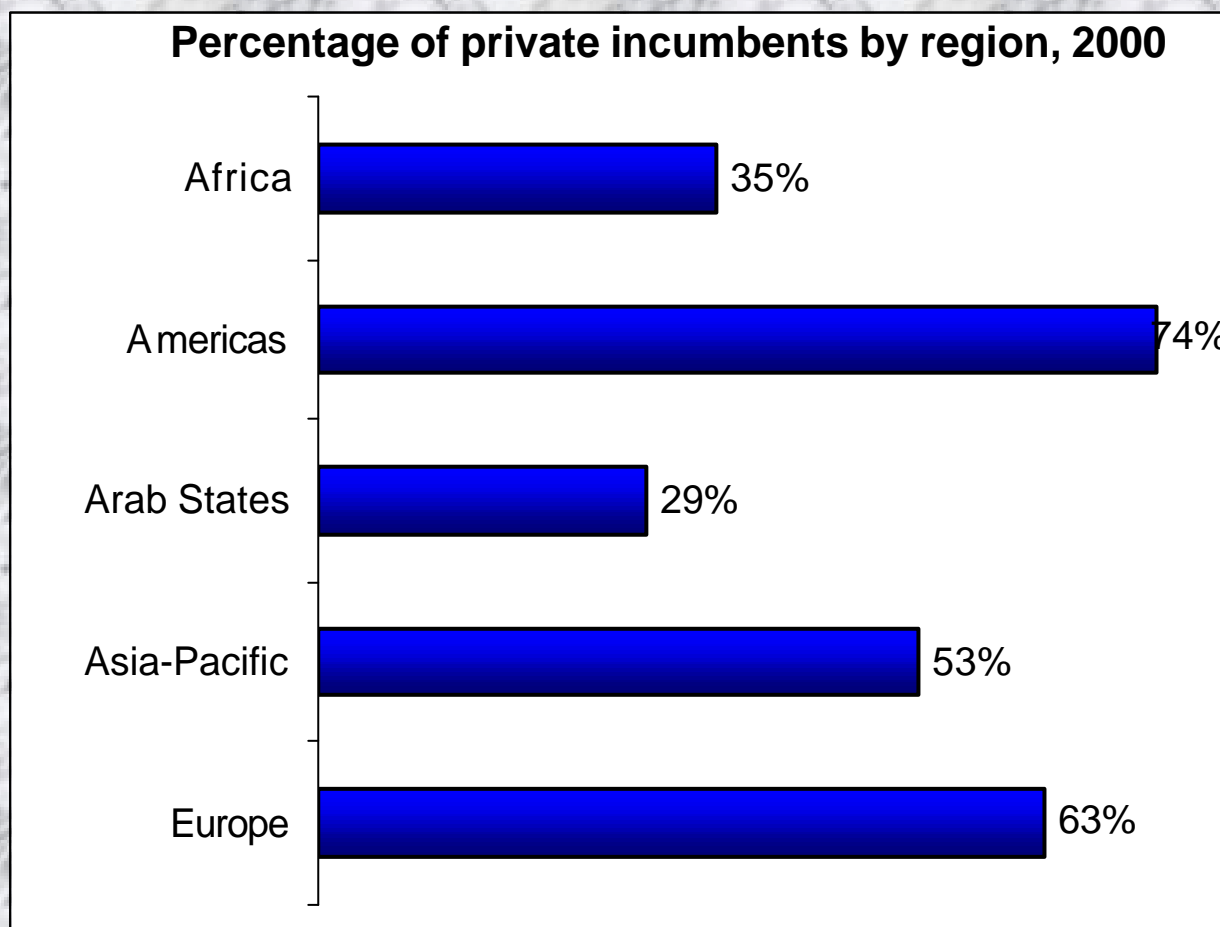


# Competition in Arab States

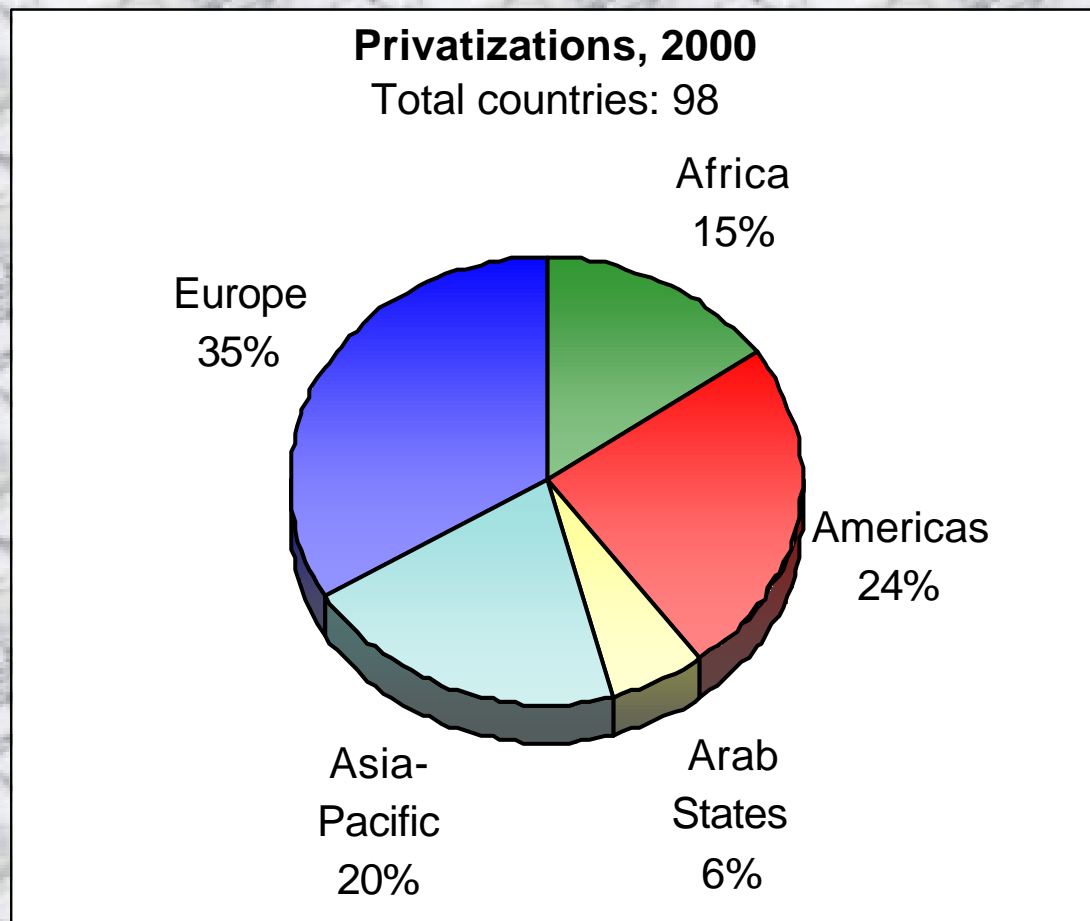




# Private Incumbents



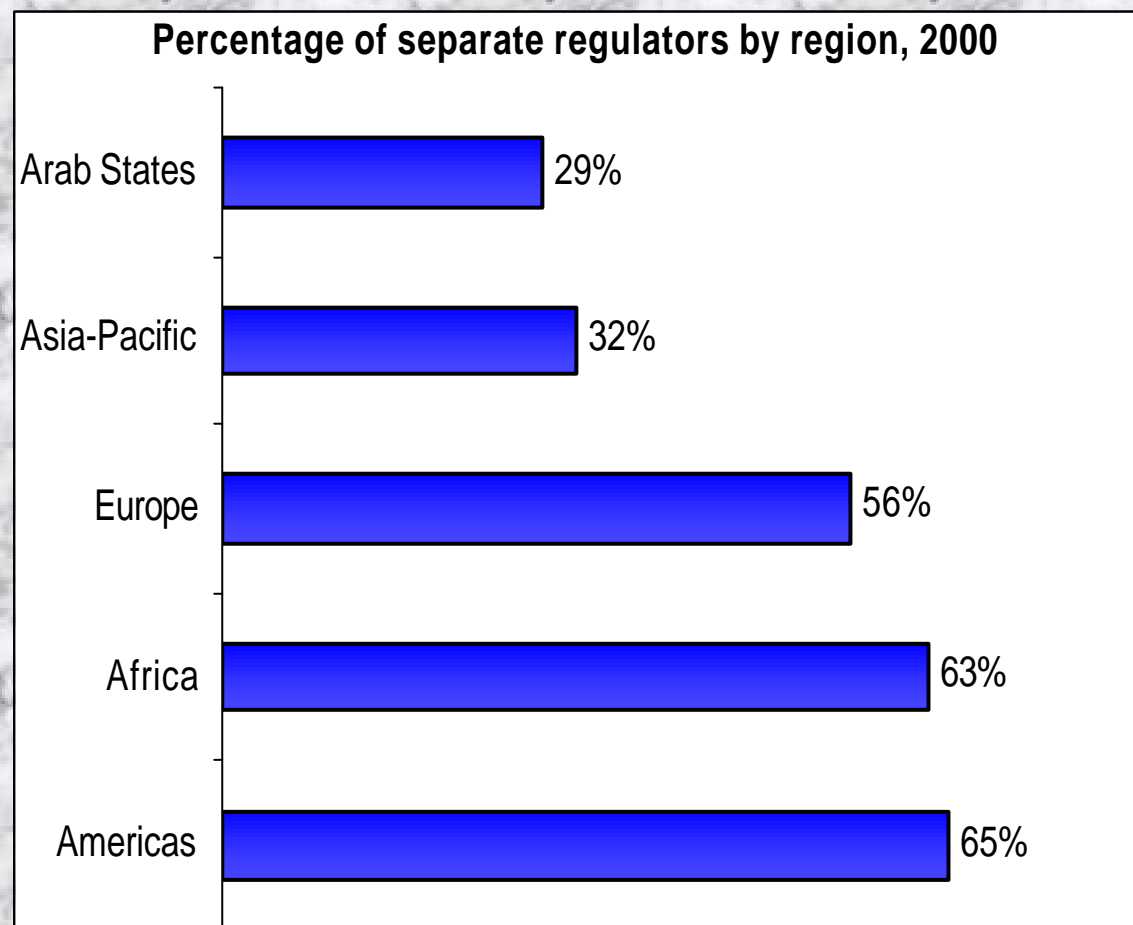
# Privatizations





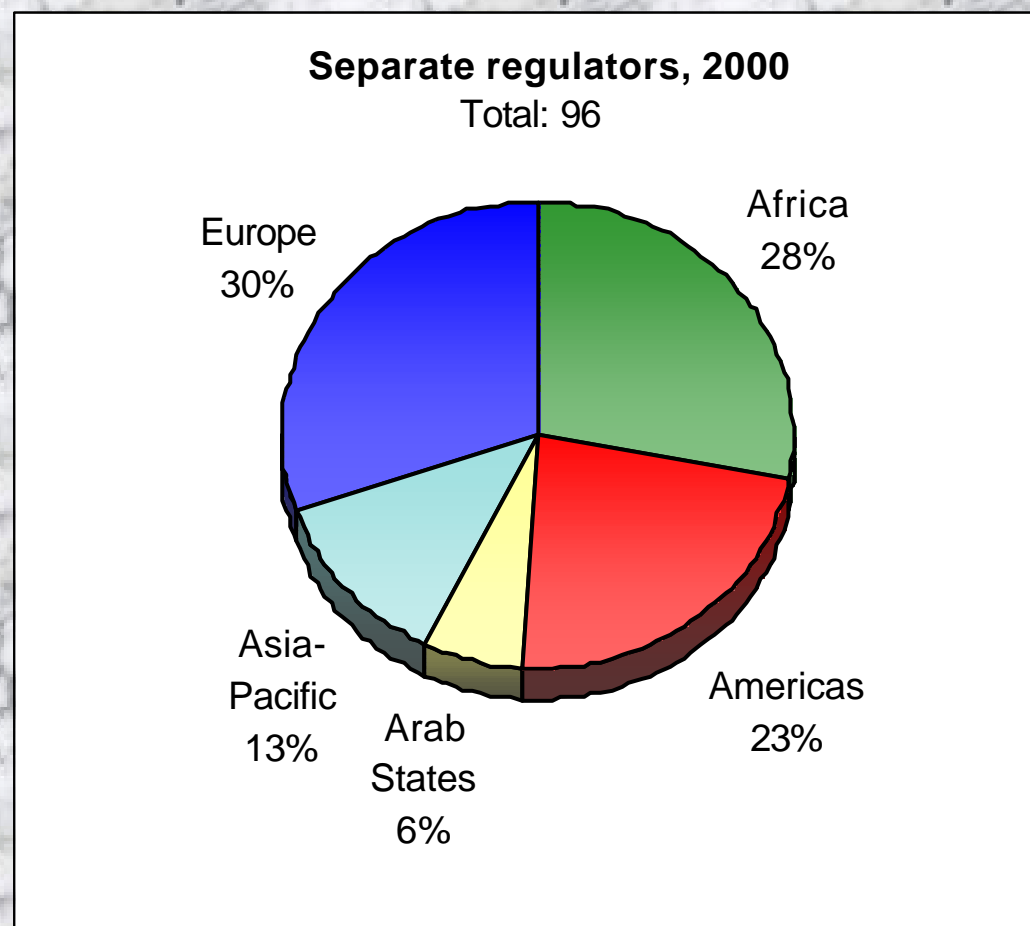


# Independent Regulators





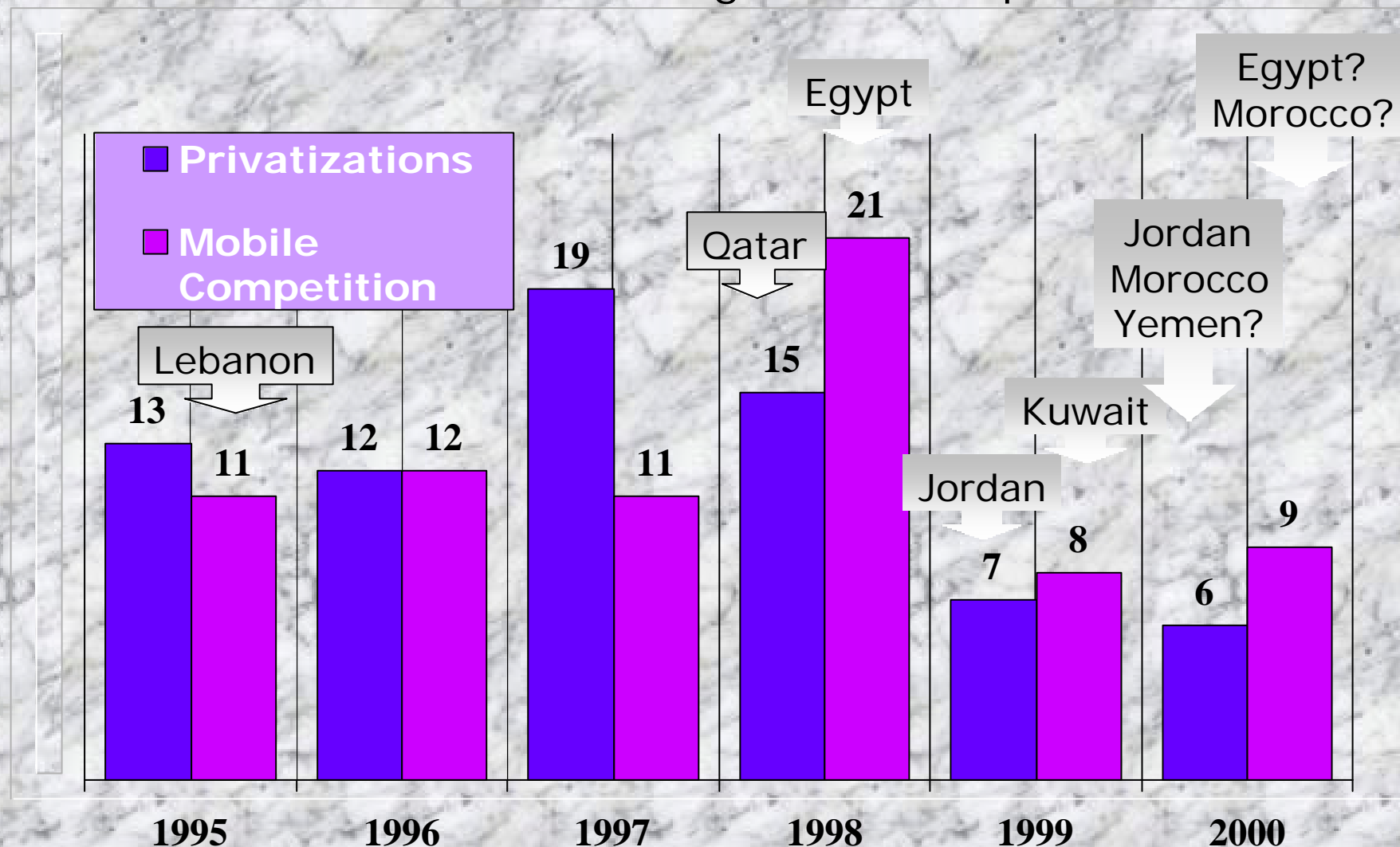
# Independent Regulators





# Liberalization

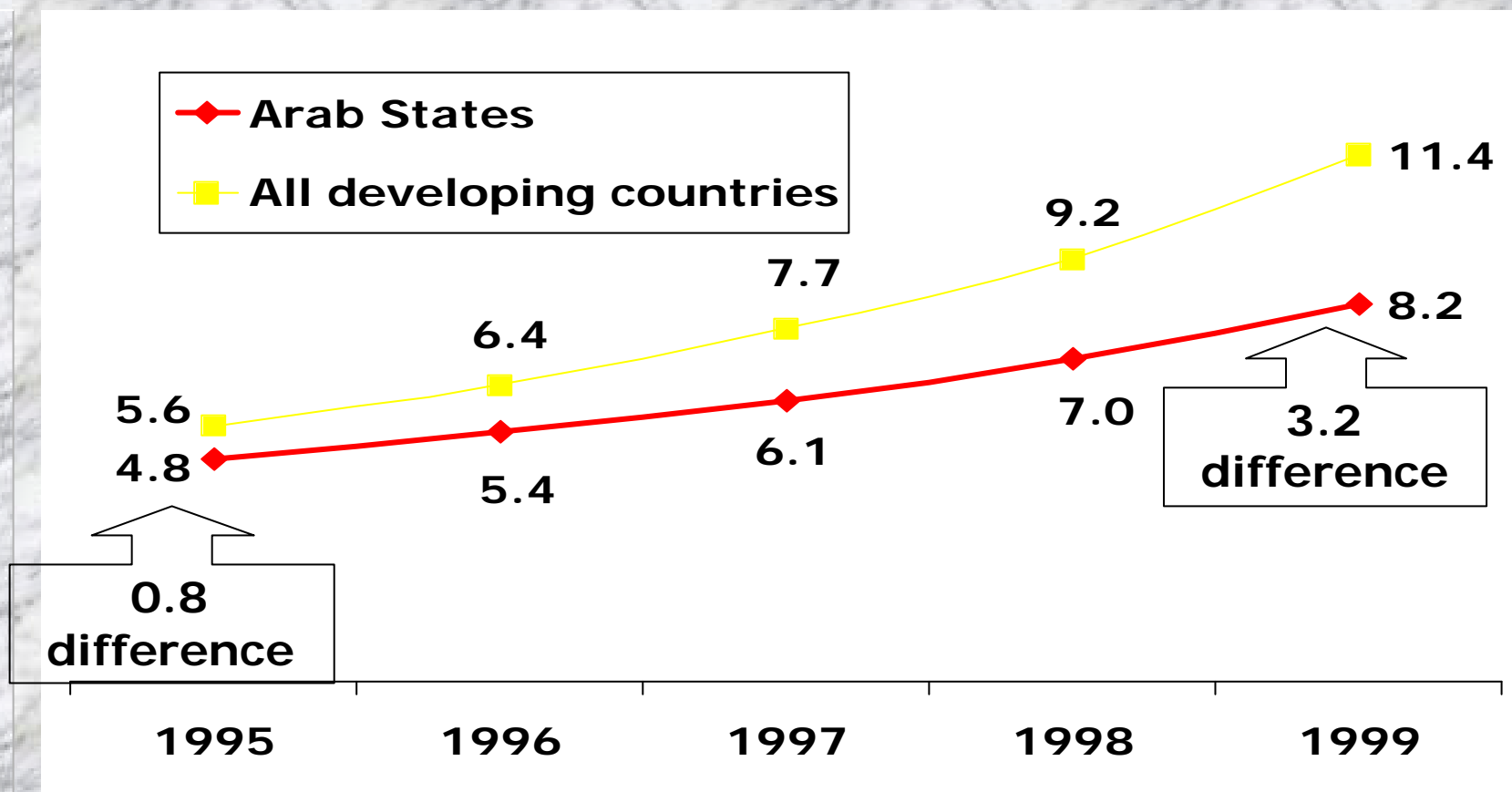
Number of privatizations of telecom operators in the world  
Number of countries introducing mobile competition in the world



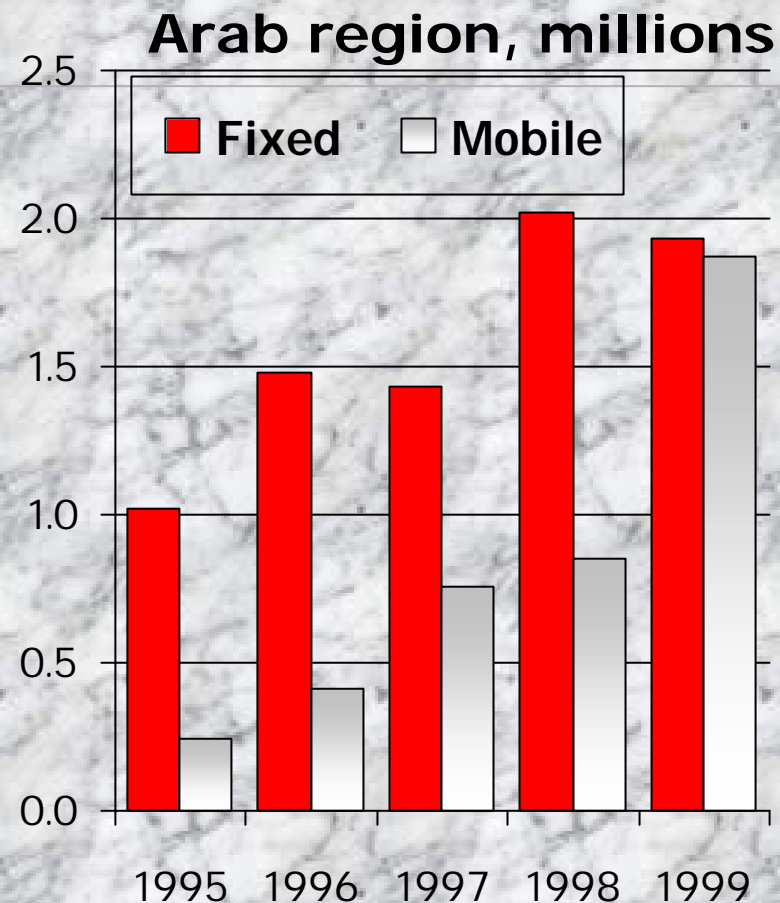
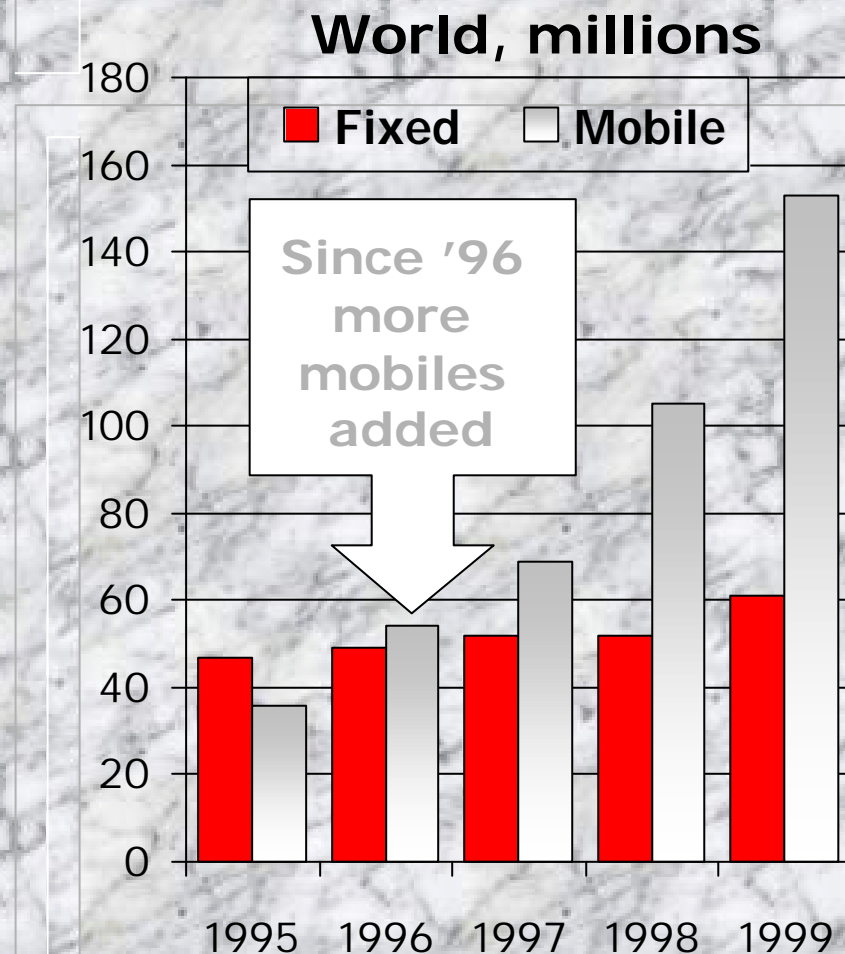


# Network growth

Fixed and mobile telephone subscribers per 100 inhabitants



# New telephone subscribers added

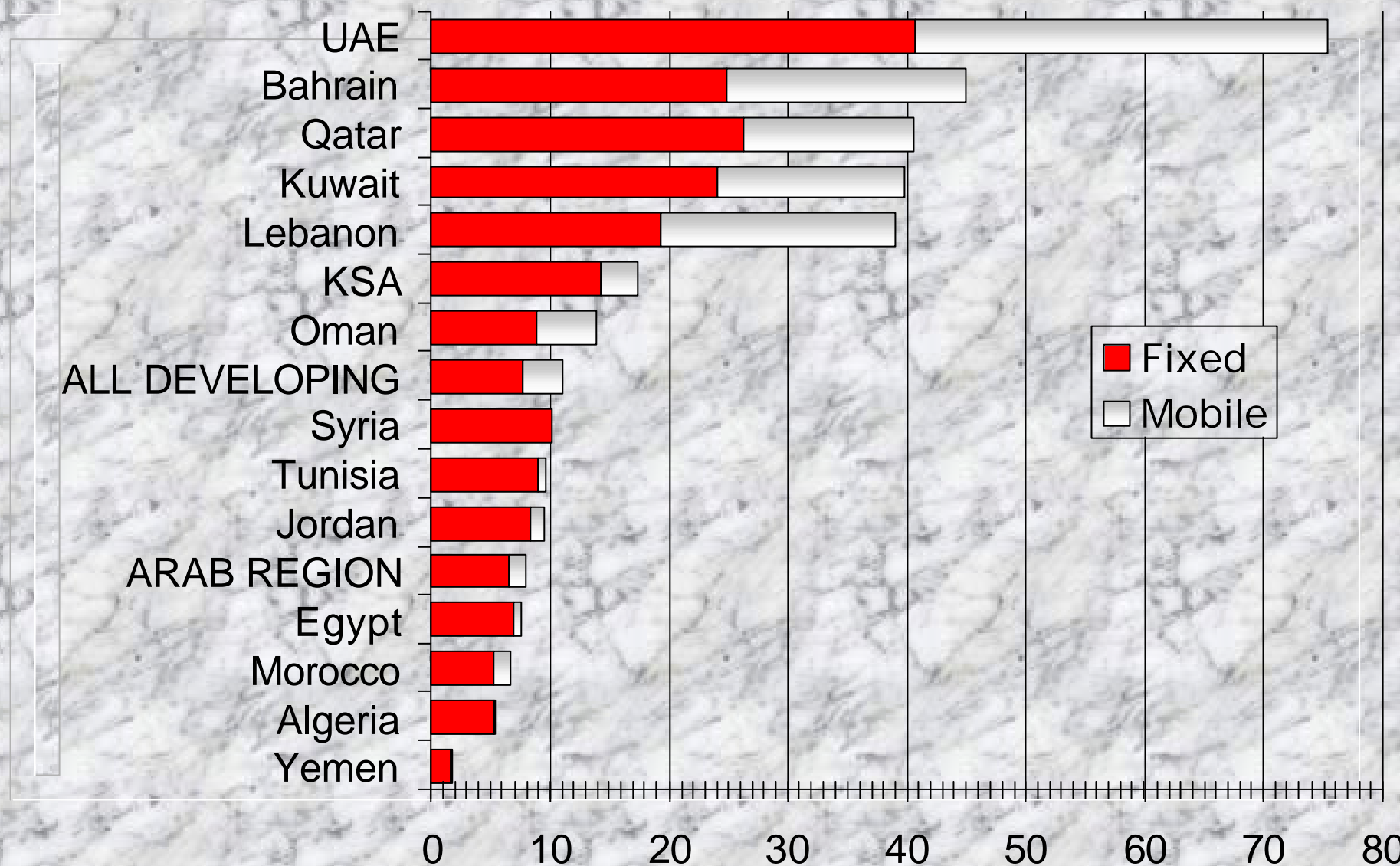


**More mobile countries: Cambodia (93); Finland (98); Uganda, Ivory Coast, Portugal, Venezuela, Paraguay, S. Korea, Italy, Austria, Israel, Botswana (99); Japan, Hongkong, Singapore, South Africa, Phillippines, Ireland ... (2000) but no Arab countries yet**



# Telephone density

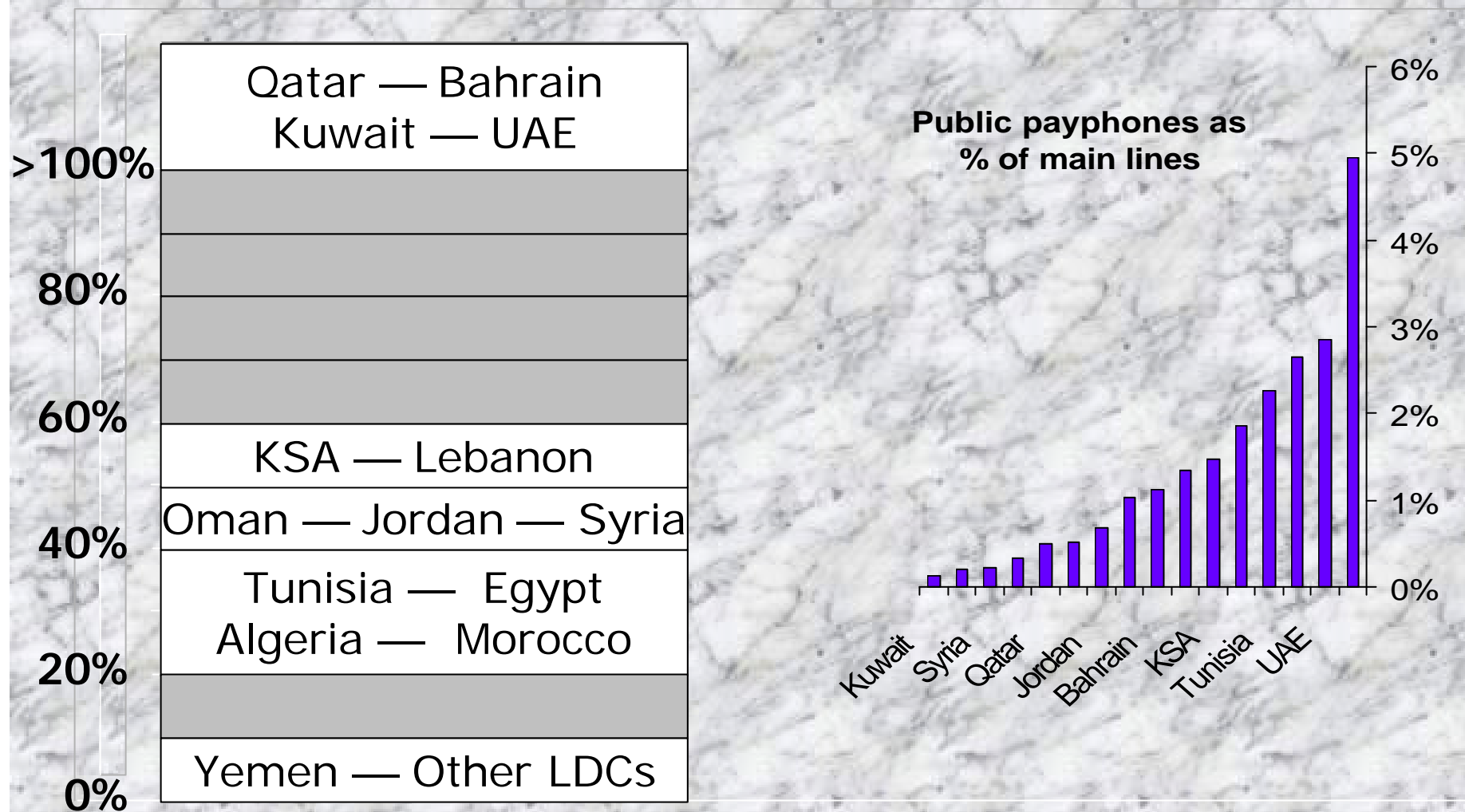
Fixed and mobile telephones per 100 inhabitants, 1999





# Universal service / access

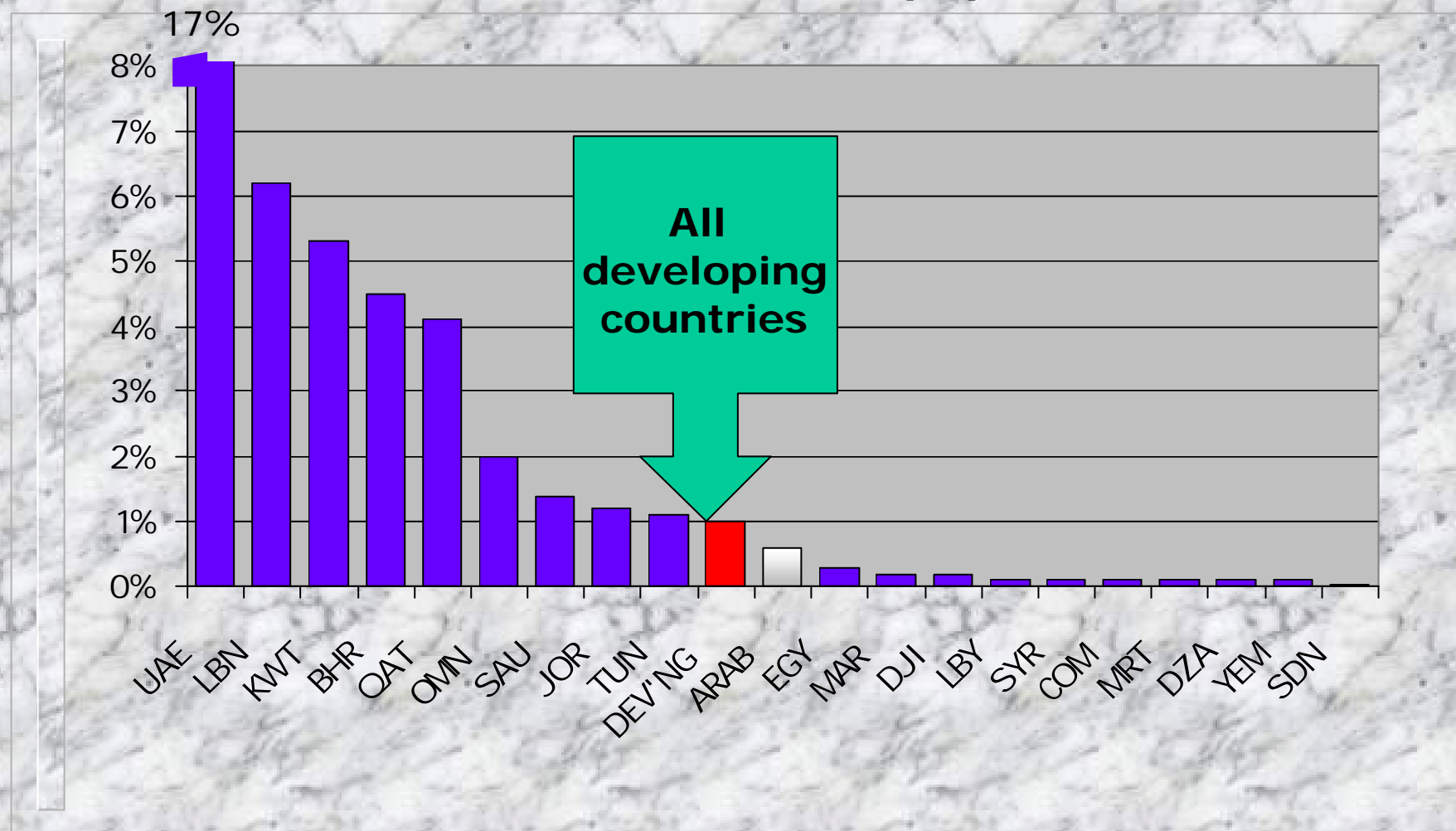
## % Households With Telephone Service





# Digital divide in the Arab region

Internet users as % of population

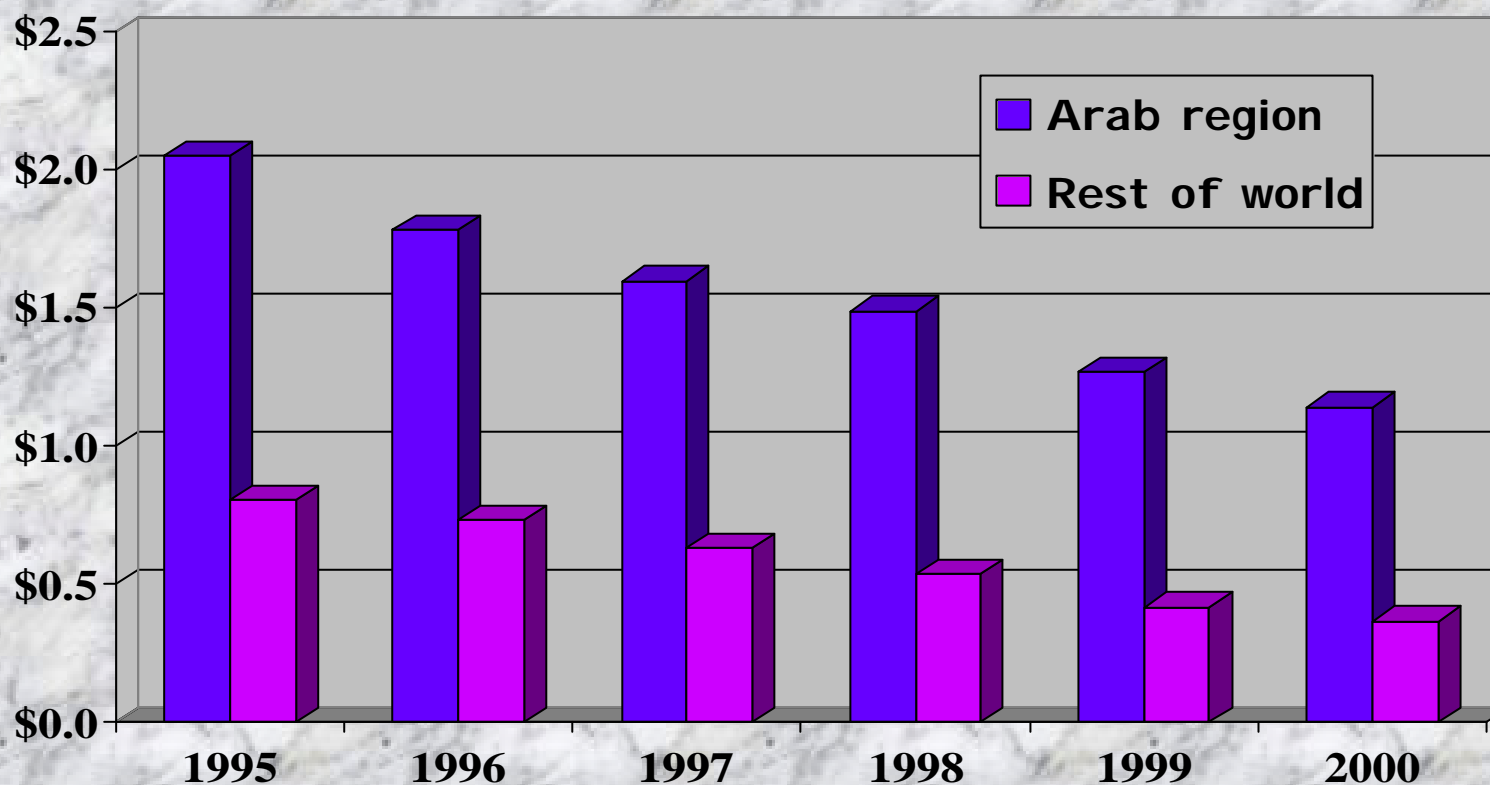






# Accounting rates

Average accounting rate with US, per minute, US\$



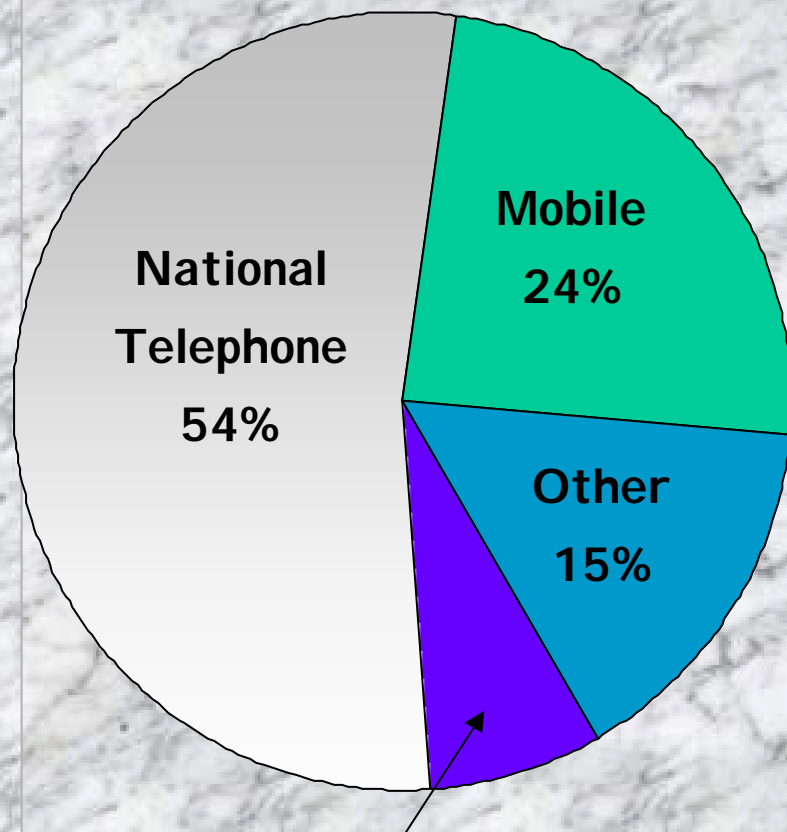
Source: FCC.



# Telecom revenue

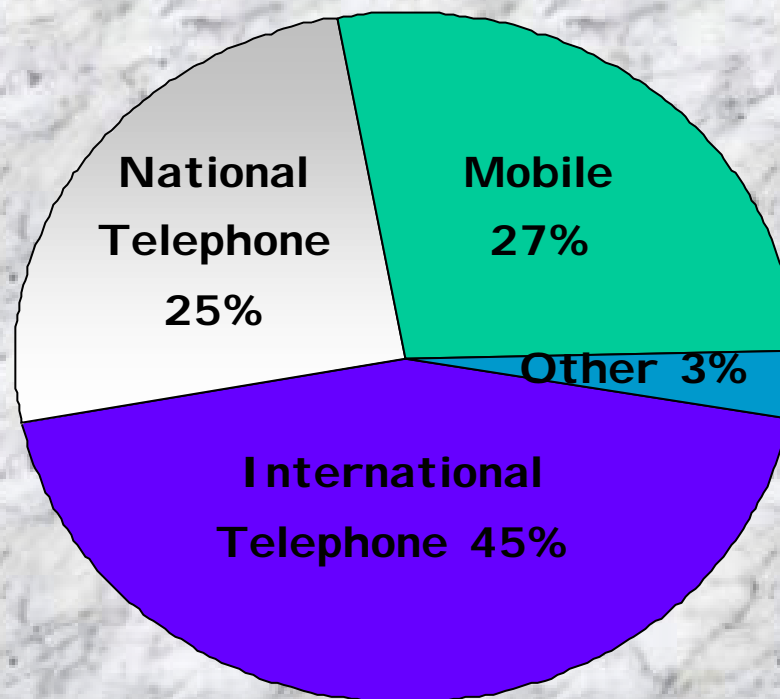
## Distribution of telecom revenue 1999

World



International Telephone 7%

Arab region



US\$ 13.1 billion 1999  
1.6% of world total



# Emergence of a new paradigm

- National (mid-1980s): *privatization, liberalization, competition*
- Regional (late 1980s): *Harmonization of regulations, market access*
- International (early 1990): *ITU, GATT/WTO*



# Old regime (pre-1980)

- International telephony a jointly-provided service
- Monopoly service provision
- Government ownership or control
- Traffic mainly over PSTN
- Voice traffic dominant
- Balanced traffic flows
- Exchange rate stability



# New regime (post 1990)

- International service a traded service
- Competitive service providers
- Private ownership
- Traffic over PSTN leased lines, private nets, internet, ISR, etc...
- Multimedia traffic
- Imbalanced traffic flows
- Exchange rate instability

# Global Telecom: The Policy and Regulatory Challenge



## **For Policy-Makers**

- **Globalization is a threat**
  - loss of national sovereignty
  - loss of national revenue
- **But also an opportunity**
  - service extension
  - investment

## **For Global Operators**

- **Regulation is an opportunity**
  - Market access
  - Fair competition
- **But also a threat**
  - Public service obligation
  - Cost of regulation