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ITU

Report Details Continued Growth in Regulatory Agencies Worldwide

GENEVA — The number of telecommunications regulatory agencies worldwide continues to increase, with many of these agencies focusing more attention on consumer protection issues, the United Nations' International Telecommunication Union (ITU) said in its latest *Trends in Telecommunication Reform* report.

The report, released to coincide with the ITU's Telecom World 2003 industry convention in Geneva October 12-18, 2003, noted that the number of regulatory agencies stood at 123 in mid-2003, up from 114 in 2001 and 93 in 1999. Among the countries that have created new regulators since the start of 2002 are Bahrain, Bangladesh, Benin, Cyprus, the Democratic Republic of Congo, Denmark, Mauritius, Oman, Romania, Rwanda, Saudi Arabia, Senegal, and Trinidad and Tobago.

In addition, a further 28 countries have indicated their intention to establish a separate regulatory agency for their telecom sectors in the coming years, the ITU said.

Most of the new regulatory frameworks include dispute resolution procedures, with the primary areas of intervention related to disputes over interconnection, abuse of a dominant position, frequency allocation, pricing and numbering, service quality, licensing fees, and consumer complaints.

Over the past year an increasing emphasis has been placed on consumer protection issues. "Some 80 percent of countries have put into place general consumer protection legislation, and 50 percent have enacted sector-specific protections for telecommunication consumers," the ITU said. "The most common policies are those that set up complaint-resolution processes and give regulators the power to fine operators."

These regulators are responsible for an increasingly competitive telecom market. More than half of countries worldwide had fully or partially privatized their state-owned/monopoly telecom service providers by the beginning of 2003, the ITU said, with a further quarter introducing private sector participation through the licensing of new operators. As a result, the number of new operators worldwide leapt from fewer than 200 in 1992 to more than 600 by the end of 2002.

A Series of Shocks

The growth in regulatory agencies is taking place despite the fact that the global telecom industry has undergone a series of shocks in recent years. "Perhaps the biggest shock is that the industry is witnessing a decline in growth rates," the ITU said, adding that the annual increases in the number of new telephone subscribers worldwide witnessed over the past 20 years dropped sharply in both 2001 and 2002.

The ITU said some signs have emerged that market saturation in developed countries has taken a toll on growth, noting that the number of fixed telephone lines in these countries decreased in 2002. "This was largely due to the replacement of fixed lines by mobile subscriptions and the decline in demand for second telephone lines because of increased availability of broadband connections," the U.N. agency said.

While growth rates in developing countries have also declined, "they are nonetheless still above levels of the early 1990s, suggesting that there is still room for expansion," the ITU added.

The slowdown in growth has also touched the previously red-hot mobile cellular sector. The number of mobile phone subscribers worldwide hit 1.155 billion in 2002, surpassing for the first time the number of fixed-line subscribers. Nevertheless, the number of new mobile subscribers has been declining since 2001. "For the first time since the launching of widespread mobile cellular networks some 20 years ago, fewer mobile subscribers were added than in the previous year," the ITU said.