



Geneva 16-18 March



## REPORT BY THE CHAIRMAN

### ITU WORLD TELECOMMUNICATION POLICY FORUM

#### TRADE IN TELECOMMUNICATION SERVICES

Geneva, 16-18 March 1998

#### PART I

1 The ITU World Telecommunication Policy Forum (WTPF) was established by Resolution 2 of the Kyoto Plenipotentiary Conference to provide a Forum where ITU Member States and Sector Members can discuss and exchange views and information on emerging telecommunication policy and regulatory matters arising from the changing telecommunications environment. Although Forums are not to produce prescriptive regulatory outcomes or outputs with binding force, they may prepare reports and, where appropriate, opinions for consideration by Members and relevant ITU meetings.

2 By Decision 475, the 1997 session of the ITU Council decided to convene the second WTPF in Geneva from 16-18 March 1998, immediately before the World Telecommunication Development Conference, to discuss the theme "Trade in telecommunication services" with the following agenda:

- a) *the general implications of the World Trade Organization (WTO) agreement on trade in basic telecommunication services for the ITU membership with respect to:*
  - *the telecommunication policies, regulations and regulatory structures of ITU Member States;*
  - *the implications of the WTO agreement for developing countries, particularly with respect to policies, regulations and financial strategies to promote the development of telecommunication networks and services, as well as on their national economy;*
- b) *actions to assist Member States and Sector Members in adapting to the changes in the telecommunication environment including analysing the current situation (e.g. by case studies) and formulating possible cooperative actions involving ITU Member States and Sector Members to facilitate adaptation to the new environment;*
- c) *the evolution of the international telecommunication environment, particularly the accounting and settlement system, having taken into account activities being undertaken by ITU-T study groups;*

the Decision states that *"the Forum shall draw up a report and, if possible, opinions for consideration by ITU Members and relevant ITU meetings"*.

3 The Second Policy Forum was held at the Geneva International Conference Centre from 16-18 March 1998. It was attended by 593 delegates representing 119 Member States (including 31 of the Least Developed Countries) and 64 Sector Members. Mr. Neil McMillan CMG, Director, International Communications Policy, of the Department of Trade and Industry, United Kingdom was elected Chairman.

4 The draft agenda was approved as prepared. The Rules of Procedure adopted at the First Policy Forum, held 21-23 October 1996, were followed.

5 Dr. Pekka Tarjanne, Secretary-General of the ITU, presented his report on trade in telecommunication services. In accordance with Council Decision 475, this report incorporated contributions from the ITU membership and had been prepared to serve as the sole document of the Policy Forum. Earlier drafts had been circulated to the membership in September and December 1997. In addition, an Informal Group of Experts, chaired by Mr. Neil McMillan, held two meetings, on 2 December 1997 and 5-6 February 1998, to revise the draft report and to prepare the draft Opinions.

6 In presenting his report, the Secretary-General underlined the following points which had emerged from Members' contributions:

- a) The telecommunications world has changed fundamentally as a result of the WTO basic telecommunications agreement and the General Agreement on Trade in Services (GATS) which preceded it. The telecommunications industry now operates, for all intents and purposes, under a trade regime.
- b) The basic telecommunications agreement will affect all ITU Member States and Sector Members because the 72 countries which have made commitments collectively account for more than 93 per cent of global telecommunications revenue.
- c) In the transition towards a market-oriented environment, it is important that all countries are able to benefit fully from the new opportunities that a liberalized and dynamic world telecommunications market will create, if they so wish.
- d) Many developing countries currently rely upon the net settlement payments made under the accounting rate system for a share of their total telecommunications revenue and are consequently concerned that the transition to cost-oriented settlement rates might reduce these payments. He emphasized the need for gaining multilateral consensus on accounting rate reform.

He invited the Policy Forum to adopt opinions, if possible, on:

- the implications of the WTO Agreement on basic telecommunication services for the ITU membership;
- the implications of the WTO Agreement for developing countries and cooperative actions between ITU Member States and Sector Members to facilitate adaptation to the new telecommunication environment;
- the evolution of the international telecommunication environment, particularly the accounting and settlement system.

7 In addition to the presentation of the Secretary-General's report, the Policy Forum heard keynote addresses on the issues identified in Council Decision 475 from Mr. Renato Ruggiero, Director-General of the World Trade Organization, Mr. Theodore Irmer, Director of the ITU

Telecommunication Standardization Bureau and Mr. Ahmed Laouyane, Director of the ITU Telecommunication Development Bureau, in addition to an address by Dr. Tarjanne himself.

8 Following these keynote presentations, the Policy Forum engaged in a general discussion of the Secretary-General's report on Trade in Telecommunication Services. While this report served as the sole working document for the Forum, participants were also provided with the results of nine case studies of the changing international telecommunications environment which covered the Bahamas, Colombia, India, Lesotho, Mauritania, Samoa, Senegal, Sri Lanka and Uganda, which had been commissioned specially for the Forum in-line with Council Decision 475.

9 During the meeting, there were a number of important announcements:

- Mr. Ahmed Laouyane, Director of the BDT, announced that, subject to approval at the World Telecommunication Development Conference (WTDC) in Valletta, the BDT would set aside some SFr 1 million to assist in financing follow-up work to the Policy Forum, notably the activities highlighted in Opinions B and C.
- Mr. Carlos Braga, Director of the *InfoDev* programme of the World Bank, announced that the sum of \$US 250 000 had been set aside to assist in follow-up work to the Policy Forum, notably the organization of regional seminars. A further announcement would be made in Valletta.
- Mr. Yoshio Utsumi, Deputy Minister of Posts and Telecommunications, Japan, announced that it would be making a voluntary contribution of around SFr 100 000 to accelerate the work of ITU-T Study Group 3.
- Mr Alain Servantie, Head of International Aspects of Telecommunications at the European Commission, informed that four additional country case studies have recently been launched by the European Commission, covering Indonesia, Lebanon, Ukraine and Zimbabwe. They are expected to be concluded in time for the meeting of June 1998 of ITU-T Study Group 3.

10 The Policy Forum then considered the draft Opinions contained in the Secretary-General's report and adopted them, with modifications, as presented in Part II of this Report.

## PART II

### **OPINION A - The implications of the GATS with respect to basic telecommunication services for the ITU membership**

The Second World Telecommunication Policy Forum (Geneva, 1998),

*conscious*

- a) that each Member State has the sovereign right to regulate its own telecommunication sector, in accordance with the ITU Constitution and Convention, and to set its own timetable for adapting to market liberalization;
- b) that, in addition, ITU Member States that are also members of the World Trade Organization (WTO) are obliged, under its General Agreement on Trade in Services (GATS), to apply the general principle of most-favoured nation (MFN) treatment to services and service suppliers of other WTO members except where individual exemptions were specified;
- c) that WTO members which have made commitments under the agreement on basic telecommunication services, and which entered, in part or in full, into additional commitments contained in the WTO reference paper, undertook substantial obligations towards liberalization of their telecommunication sector and a predictable regulatory framework, including the operation of an independent regulatory body,

*recognizing*

- a) that effective telecommunication networks and low-cost, high quality services are vital to the functioning and development of modern economies, fundamental to business activity and efficient government, and a critical enabler of the emerging world of electronic commerce;
- b) that implementation of a telecommunication sector adapted to its environment, within a transparent and predictable regulatory framework, has the potential to provide new and improved services and lower prices for consumers, as well as to increase investments in this sector, from both domestic and foreign sources, and should improve the overall business environment for telecommunication service providers and companies using their services;
- c) that the GATS provisions with respect to basic telecommunications will have an impact on all ITU Member States and Sector Members either directly by their participation in the agreement or indirectly through their commercial relationships with operators in countries which have made commitments under the agreement;
- d) that in addressing the challenge of narrowing the development gap, and of the transition from traditional to new structures, account should be taken of different national contexts,

*recommends ITU Member States*

to consider, where appropriate, whether application of WTO principles, notably those contained in the Reference Paper (attached for information), either in a national framework or by making commitments within the WTO framework, might be helpful in benefiting their economies,

*invites the ITU Secretary-General*

1 to accelerate action required by Kyoto Resolution 1 and, to this effect, while respecting ITU Members' independence of action, to cooperate with the WTO secretariat in identifying areas of common interest, with particular emphasis on regulatory matters, technical studies and development

matters, that may foster the purposes of both organizations, and to utilize and give a higher profile to expertise existing in the Sectors of the Union;

2 to report to the forthcoming Council regarding progress made in this respect;

3 to prepare, in cooperation with the WTO secretariat, a draft cooperation agreement for consideration by the Council and the 1998 Plenipotentiary Conference;

4 to take action, where appropriate, in cooperation with other international organizations, towards facilitating informal dialogue among policy-makers and regulators to foster adaptation to the changing environment,

*invites the ITU Council*

to invite WTO to take account of the urgency attached to the conclusion of a cooperation agreement between WTO and ITU on areas of common interest.

**Attachment:** WTO reference paper

## ATTACHMENT

### WTO reference paper on basic telecommunications<sup>1</sup>

#### Scope

The following are definitions and principles on the regulatory framework for the basic telecommunications services.

#### Definitions

**Users** mean service consumers and service suppliers.

**Essential facilities** mean facilities of a public telecommunications transport network or service that

- (a) are exclusively or predominantly provided by a single or limited number of suppliers; and
- (b) cannot feasibly be economically or technically substituted in order to provide a service.

**A major supplier** is a supplier which has the ability to materially affect the terms of participation (having regard to price and supply) in the relevant market for basic telecommunications services as a result of:

- (a) control over essential facilities; or
- (b) use of its position in the market.

#### 1 Competitive safeguards

##### 1.1 Prevention of anti-competitive practices in telecommunications

Appropriate measures shall be maintained for the purpose of preventing suppliers who, alone or together, are a major supplier from engaging in or continuing anti-competitive practices.

##### 1.2 Safeguards

The anti-competitive practices referred to above shall include in particular:

- (a) engaging in anti-competitive cross-subsidization;
- (b) using information obtained from competitors with anti-competitive results; and
- (c) not making available to other services suppliers on a timely basis technical information about essential facilities and commercially relevant information which are necessary for them to provide services.

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<sup>1</sup> For more information about the WTO basic telecommunications agreement, please see the WTO website at: <http://www.wto.org>

## **2 Interconnection**

**2.1** This section applies to linking with suppliers providing public telecommunications transport networks or services in order to allow the users of one supplier to communicate with users of another supplier and to access services provided by another supplier, where specific commitments undertaken.

### **2.2 Interconnection to be ensured**

Interconnection with a major supplier will be ensured at any technically feasible point in the network. Such interconnection is provided.

(a) under non-discriminatory terms, conditions (including technical standards and specifications) and rates and of a quality no less favourable than that provided for its own like services or for like services of non-affiliated service suppliers or for its subsidiaries or other affiliates;

(b) in a timely fashion, on terms, conditions (including technical standards and specifications) and cost-oriented rates that are transparent, reasonable, having regard to economic feasibility, and sufficiently unbundled so that the supplier need not pay for network components or facilities that it does not require for the service to be provided; and

(c) upon request, at points in addition to the network termination points offered to the majority of users, subject to charges that reflect the cost of construction of necessary additional facilities.

### **2.3 Public availability of the procedures for interconnection negotiations**

The procedures applicable for interconnection to a major supplier will be made publicly available.

### **2.4 Transparency of interconnection arrangements**

It is ensured that a major supplier will make publicly available either its interconnection agreements or a reference interconnection offer.

### **2.5 Interconnection: dispute settlement**

A service supplier requesting interconnection with a major supplier will have recourse, either:

(a) at any time or

(b) after a reasonable period of time which has been made publicly known to an independent domestic body, which may be a regulatory body as referred to in paragraph 5 below, to resolve disputes regarding appropriate terms, conditions and rates for interconnection within a reasonable period of time, to the extent that these have not been established previously.

## **3 Universal service**

Any Member has the right to define the kind of universal service obligation it wishes to maintain. Such obligations will not be regarded as anti-competitive per se, provided they are administered in a transparent, non-discriminatory and competitively neutral manner and are not more burdensome than necessary for the kind of universal service defined by the Member.

#### **4 Public availability of licensing criteria**

Where a licence is required, the following will be made publicly available:

- (a) all the licensing criteria and the period of time normally required to reach a decision concerning an application for a licence and
- (b) the terms and conditions of individual licences.

The reasons for the denial of a licence will be made known to the applicant upon request.

#### **5 Independent regulators**

The regulatory body is separate from, and not accountable to, any supplier of basic telecommunications services. The decisions of and the procedures used by regulators shall be impartial with respect to all market participants.

#### **6 Allocation and use of scarce resources**

Any procedures for the allocation and use of scarce resources, including frequencies, numbers and rights of way, will be carried out in an objective, timely, transparent and non-discriminatory manner. The current state of allocated frequency bands will be made publicly available, but detailed identification of frequencies allocated for specific government uses is not required.



**OPINION B - The implications of the GATS with respect to basic telecommunications for developing countries and cooperative actions between ITU Member States and Sector Members to facilitate adaptation to the new telecommunication environment**

The Second World Telecommunication Policy Forum (Geneva, 1998),

*considering*

- a) the mission handed down to the Union under the ITU Constitution (Geneva, 1992), in particular in Nos. 3, 4, 9 and 16 of Article 1;
- b) that the International Telecommunication Regulations and various ITU Recommendations constitute a framework, agreed among Member States of the Union, governing tariffs and accounting in international telecommunications;
- c) that the General Agreement on Trade in Services (GATS) and the successful conclusion in February 1997 of the landmark agreement among 69 WTO member countries to progressively liberalize their basic telecommunication markets confer a new status on telecommunication services, which are now viewed by many as a tradable commodity, while still remaining a means of delivery for other valuable services;
- d) that many developing countries, which have the right under the GATS to exercise appropriate flexibility in making market access commitments, were party to this agreement and that the effects of the agreement will be widely felt in all countries that made market access commitments to progressively liberalize their basic telecommunication markets, as well as in the countries with which they trade;
- e) that the application of the provisions of the GATS with respect to basic telecommunications were agreed against a backdrop of other regulatory, technical, commercial and financial changes sweeping the telecommunication sector;
- f) that developed and developing country operators benefit from network expansion and performance improvement in developing countries,

*recognizing*

- a) that many countries have liberalized their telecommunication markets and that traffic is flowing to a growing extent outside the traditional settlement arrangements;
- b) that liberalization of the global telecommunication market can be expected to lead to a lowering of settlement rates and reform of the international settlement system;
- c) that the arrival of new entrants can attract new investment resources, particularly in developing countries, subject to possible economic constraints in those markets, and that sustainable competition can, in the medium term, lower tariffs, making telecommunication services more accessible and less costly;
- d) that the situations regarding telecommunication regulation are different from one country to another and that their evolution will take into account each country's GATS commitments;
- e) that private stakeholding in the equity capital of incumbent operators in a number of developing countries has in the past often been accompanied by an agreed period of exclusivity;

f) that many administrations, particularly in developing countries, are currently dependent on net settlement payments for a significant proportion of overall revenues to support infrastructure development and universal service goals, and that a sudden reduction in these resources could slow investment, in the absence of alternative sources of financing;

*noting*

that the case studies in respect of the nine countries studied indicate that termination costs and charges differ from country to country,

*believing*

a) that these developments in the global telecommunication marketplace will prompt changes in policy with respect to telecommunication regulation in developing countries and that a new, market-oriented approach to financial, policy and regulatory strategies will serve to ease the transition from the existing situation to the new environment within which their economies will operate;

b) that settlement rates between liberalized and non-liberalized markets will increasingly tend to be dictated by effectively competitive markets, and that sources of financing supplementary to settlement revenues should be sought for infrastructure development and universal access;

c) that ITU, and in particular ITU-D, is ideally placed to assist developing countries in managing this transition,

*invites ITU Member States and Sector Members, including those in developing countries*

1 in conformity with national realities and national development goals, to continue taking appropriate steps to ease the transition to the new telecommunication environment, by considering the progressive liberalization of their telecommunication markets and by encouraging private investment for instance by developing effective policies that are transparent, non-discriminatory and competitively neutral for the funding of universal service obligations;

2 to share experience with one another in the adaptation of national policies, including implementation of the GATS with respect to basic telecommunication services and of the reference paper principles and methods of ensuring that any new investment, domestic or foreign, leads to the mutual benefit of investors, the national economy and consumers;

3 to further develop appropriate cooperation, particularly during any transitional period, to support developing countries in adjusting to the new trade in telecommunication services environment by gradually implementing tariff policies with a view to reducing dependence on revenues from accounting rates;

4 to mitigate the effects of settlement rate reform on developing countries, and in particular on the least developed countries, *inter alia* by encouraging competition for transit traffic and a substantial reduction in transit rates as a result of the significant decrease in accounting rates;

5 to apply to transit rates the principles of transparency, non-discrimination and cost orientation in all situations in which the transit service provider holds a dominant position;

6 to utilize the opportunities for flexibility in scheduling commitments allowed for under the GATS, as these relate to the conditions for the increasing participation of developing countries,

*further invites the ITU Member States and Sector Members, especially those in developed countries*

- 1 to facilitate the transfer of technology and manufacturing know-how in developing countries on a partnership basis;
- 2 to promote cooperation among national, regional and global telecommunications operators and service providers in a mutually beneficial relationship;
- 3 to seek to ensure that the growth of telecommunications is not hindered in countries that are likely to be severely affected by the changes, and to take into consideration difficulties that may be experienced by developing countries with a view to reducing or eliminating their effects to the maximum extent possible;
- 4 to mitigate the effects of settlement rate reform on developing countries, and in particular on the least developed countries, *inter alia* by encouraging competition for transit traffic and a substantial reduction in transit rates as a result of the significant decrease in accounting rates;
- 5 to apply to transit rates the principles of transparency, non-discrimination and cost orientation in all situations in which the transit service provider holds a dominant position;
- 6 to encourage telecommunication operators and service providers which are not Sector Members to apply the above;
- 7 to support the development of Centres of Excellence in conformance with Council Resolution 1111,

*invites the ITU Council and the ITU Secretary-General*

to take account of the concerns of developing countries and the general impact of the GATS provisions with respect to basic telecommunications when drafting the ITU Strategic Plan,

*invites the Director of BDT, in cooperation with the Secretary-General and the other Sectors of the Union*

- 1 to continue and expand programmes and information seminars which outline the impact of the GATS provisions with respect to basic telecommunications services for developing countries and to provide those countries with practical guidance with a view to the possible opening of their markets to competition;
- 2 to foster telecommunication development and reform by further facilitating the effective collection and dissemination of data, from all sources, on a wide range of issues, to which end it would be useful to include data with respect to levels and trends in payments made for delivering international traffic, both terminal and transit, and issues relating to tariff rebalancing, interconnection, rural telephony and universal service obligations, and to support the establishment of databases and Web pages for this purpose;
- 3 to encourage and facilitate partnerships for development and human resource training and to develop, on a regional and worldwide basis, information seminars and assistance plans relating to the implementation of principles identified in relevant ITU-D recommendations - notably regarding transparency, investment, provision of universal service/access, establishment of fair competition, promotion of a culture of innovation, development of the network, and operation of an independent regulatory body - and Policy Forum opinions; and to make use, *inter alia*, of the centres of excellence or other human development centres;

4 to make every necessary effort to facilitate the transition to a fully competitive trade in telecommunications regime, and to finalize and/or validate cost models which can be used to assist the transitional process;

5 to develop a programme of regional seminars in collaboration, where appropriate, with regional bodies to support Member States in operation of regulatory bodies independent from telecommunication operators;

6 to continue the use of case studies such as those carried out in connection with this Forum through further detailed studies, including elasticity studies, and to develop possible models for progressively implementing cost-oriented tariffs;

7 to provide assistance to developing countries that wish to introduce analytical accounting and a cost-oriented tariff system;

8 to assist countries most in need in this transitional period by:

- further facilitating relationships with the World Bank and other international and regional development agencies (international organizations, non-governmental organizations and the private sector), with a view to providing technical and financial assistance for developing countries during a specified transitional period;
- fostering the exchange of information on methods of privatization of national operators, promotion of private ownership and investment, and development of a competitive, multi-carrier regulatory environment, with a view to facilitating access to private capital markets;

9 to continue to play a key role in assisting developing countries in implementing provisions of the GATS provisions with respect to basic telecommunications and in the processes of data collection, analysis and solutions, noting the intention of developing countries to make an effort to contribute constructively to their transition,

*invites the World Telecommunication Development Conference (Valletta, 1998) and the Plenipotentiary Conference (Minneapolis, 1998)*

to ensure that the above actions are taken into consideration and incorporated in ITU work programmes.

## **OPINION C - The evolution of the international telecommunication environment, particularly the accounting and settlement system**

The Second World Telecommunication Policy Forum (Geneva, 1998),

*considering*

- a) the terms and spirit of the International Telecommunication Regulations (Melbourne, 1988);
- b) that ITU-T Recommendation D.140 calls for the establishment of rates for the settlement of accounts which are cost-orientated and applied in a non-discriminatory manner,

*recognizing*

- a) that, following the implementation of the commitments in basic telecommunications made under the GATS, three-quarters of global outgoing international traffic is now provided under competitive market conditions, but that many countries have not made commitments;
- b) that, given the uneven pace of market liberalization, the number of asymmetric relations between competitive, partially competitive and non-competitive markets is likely to increase in the short term;
- c) that with increased competition in the global telecommunications market, several methods for settling international traffic will coexist;
- d) that these circumstances create additional urgency to the work of ITU-T Study Group 3 in reforming the international accounting and settlements system;
- e) that each country's level of telecommunication development and cost structures is different;
- f) that ITU-T Study Group 3 has proposed transitional arrangements as an initial step to cost-orientated rates (in the form of a proposed new Annex to Recommendation D.140) and is also considering expanding the menu of remuneration options included in Recommendation D.150,

*noting*

- a) that between certain countries where competition has been introduced, rates for the termination of international traffic are already as low as 0.05 SDR per minute;
- b) that the nine case studies carried out for this Forum show a range of indicative costs for terminating international calls, and reveal that further analysis and verification is needed,

*aware*

- a) that many developing countries are concerned that too rapid a reduction in settlement rates could also lead to a reduction in settlement payments and, as a result, would endanger or reduce their ability to meet network development targets and fulfil universal service obligations, and that to mitigate these negative consequences, transitional arrangements based on a country's special circumstances have been recommended by ITU-T Study Group 3;
- b) that a cost-orientated accounting rate system may be asymmetric, i.e., with higher costs for terminating calls in some countries than others,

*invites all ITU Member States and Sector Members*

- 1 to endorse the work of ITU-T Study Group 3 in developing transitional arrangements as an initial step towards cost-orientated rates;

2 to introduce cost-accounting mechanisms in their network operations to allow them to establish the real costs of providing telecommunications services;

3 to work on a bilateral basis, or on a multilateral basis through the ITU, to achieve cost-orientated accounting rates in accordance with ITU-T Recommendation D.140, noting that this recommendation is subject to proposals for further expansion, along with Recommendation D.150; to facilitate the achievement of this objective within a multilaterally-agreed framework, taking account of the specific needs of the developing countries and in particular the least developed countries;

4 to acknowledge that an increasing number of countries will be evolving to a multi-operator environment and, notwithstanding each ITU Member State's domestic liberalization policies, to ensure that agreements to exchange international traffic with major suppliers can be extended to new entrants of these countries in accordance with principles of cost-orientation and non-discrimination as defined in ITU-T Recommendation D.140;

5 to support the results of country case studies after appropriate validation,

*invites the Director of TSB, in consultation with the Chairman of Study Group 3*

to establish a focus group (WTSC-96 Resolution 23) under the lead responsibility of ITU-T Study Group 3 with the following terms of reference:

a) Membership

The focus group will be open to all participants in the work of Study Group 3, including the chairs and members of the Regional Tariff Groups, together with all interested members of the ITU.

b) Working methods

The focus group should, as applicable, follow the working methods and procedures for focus groups adopted by TSAG (TSAG 1997, Report R2).

Recognizing firstly the need for urgency and secondly the already existing demands on experts in the field of international accounting, the focus group should, to the extent possible, work by electronic means and through the organization of Plenary Meetings allowing optimum participation. Interpretation facilities should, as far as possible, be provided for the Plenary Meetings of the group. The TSB should establish an E-mail reflector for the use of the group. Contributions may also be made directly in correspondence to the Chairman of the group.

The progress and output of the focus group should be available via an appropriate Website. Where resources are earmarked for collection of cost information in a given tariff region, and if the tariff group of this region is in the process of gathering that information, these resources would be used to support the actions of the tariff group.

c) Time-scales

The focus group should be established and begin work immediately.

It is recommended that the final report should be submitted to the Director of the TSB by 6 November 1998 with an interim report to the June 1998 Study Group 3 meeting where the formation of the focus group will be approved. In addition, the final report is to be submitted as a normal contribution to the December 1998 meeting of Study Group 3 for consideration.

d) Objectives and activities

Given that, in many Member States of the Union, the necessary infrastructure does not exist to enable the determining of cost orientation, and pending the development of methodologies for determining the cost orientation of settlement rates (or equivalent), the objective of the focus group will be to facilitate the progress of Study Group 3 at its June and December meetings through a work programme, preferably to be carried out in three steps:

- i) The nine case studies presented to the Second World Telecommunication Policy Forum together with any subsequent case studies.
- ii) Existing analyses of market trends and statistical studies/data including, the results of the Regional Tariff Groups and cost elements, the report of the 7th Regulatory Colloquium, the schedules of reductions submitted in response to the ITU-T Questionnaire, and other relevant reports.
- iii) The development of proposals for solutions for transitional arrangements towards cost orientation beyond 1998, including ranges of indicative target rates, taking into account i) and ii).

The focus group should also take account of the Agenda, Report and Opinions of the Second World Telecommunication Policy Forum,

*invites the Director of BDT*

1 to respond positively to requests from developing countries for assistance in developing cost-accounting systems for telecommunication services;

2 to support the focus group in particular by:

- facilitating the participation of representatives of developing countries, particularly the least developed countries, by the provision of fellowships and the provision of equipment to enable electronic means of working;
- making available all studies and data related to the work of the focus group,

*invites the ITU Council*

recognizing the urgency of the matter, to provide the necessary resources to all Sectors of the Union for the group to meet in a way so as to produce its report to the Director of TSB and ITU-T Study Group 3 in time.

