
Recommendations for Policy Convergence re Telecoms/ICT in CARICOM

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Background

1. **CRNM study assessed the state of telecoms market access & access to ICT technologies in 2006**
 2. **Role of ICTs to help Caricom states transition from old industries to new**
 3. **From uncompetitive to competitive**
 4. **From mainly exports of commodities to services**
 5. **Networks critical to new platforms for exports - creative industries, IT, professional services**
 6. **Action plan for change in a Single Market**
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According to various research ICTs impact economic growth in 4 ways:

- 1. Help raise labour productivity through the capital stock (tools) that is made available to workers**
- 2. Through ICT producing activities from data entry to software development and in support of rapid technological progress**
- 3. Help firms enhance performance through efficiency improvements in combining labour and capital (i.e. raise overall productivity), lowering transaction costs, increasing the pace of innovation, expand their product range, customize their service offerings, etc.**
- 4. Enhance services provided by government**
- 5. Make economies more competitive**

The Effect of ICT Use on Enterprise Performance in Developing Countries

Indicator	Enterprises that do not use ICTs	Enterprises that use ICTs	Difference
Sales growth (%)	0.4	3.8	3.4
Employment growth (%)	4.5	5.6	1.2
Profitability (%)	4.2	9.3	5.1
Labour productivity (value added per worker US\$)	5,288	8,712	3,423
Total factor productivity (%)	78.2	79.2	1.0

Source: World Bank

Basic requirements for development of an information-based industry/economy

- 1. The availability of physical infrastructure which allows people, businesses and governments to communicate**
- 2. Ease of access to networks at affordable prices and adequate quality of service**
- 3. Embrace new technologies**
- 4. Appropriate regulatory regime**

The situation in Caricom region:

- 1. Telecommunications markets have been liberalized in most countries**
- 2. There is competition in the cellular market in most countries but inter-connection is costly and not optimal**
- 3. International calling rates have declined in some countries but are still very high by North American and European standards**
- 4. Many regulators currently do not have sufficient resources and professional staff to regulate adequately**

The situation in Caricom (cont.)

- 4. International leased circuit prices and the costs for business and Internet users are high in a large part due to limited access to submarine fibre optic cable systems. The situation is changing but too slowly.**
- 5. Former monopolies continue to dominate especially in the fixed network.**
- 6. New entrants, especially local investors are disadvantaged vis-à-vis the incumbents.**
- 7. Many regulators currently do not have sufficient resources and professional staff to regulate adequately in this situation.**
- 8. Most SMEs cannot afford to use online networks in their businesses**
- 9. Great differences in regulatory regimes for ICTs in Caricom**

Situation re access

- **Fixed penetration rates are stable; mobile penetration rates are growing exponentially; wide discrepancies remain across the Caribbean**
- **Wide discrepancies in Internet access and use - still very low compared to North America**
- **Large number of submarine fibre optic cable systems; however, access to them remains a problem. This is changing.**
- **Good satellite coverage but this is an expensive solution.**

Situation re access (cont.)

- Limited deployment of wireless access technologies; FWA in Barbados, Jamaica and Trinidad & Tobago; MMDS in Jamaica; LMDS in Barbados; WiFi
- Cable modem in Dominican Republic, The Bahamas, Trinidad & Tobago
- New technologies are not accessible in all countries - VOIP, SMS, MMS - and government approach to new technology is varied and inconsistent

Regulatory, administrative and other barriers to investment in ICT networks

Barriers which relate to regulatory institutions

- **A newly established competitive environment where one dominant “major supplier “ continues to operate & makes access & interconnection difficult for new entrants**
- **Real or perceived political interference in the functioning of the regulator**
- **Lack of experience and training in dispute resolution**
- **A lack of sufficient expert resources within the regulatory body.**

Barriers which result from deficiencies in the legal and regulatory framework

- **Unpredictable and sometime unstable regulatory environments**
- **Absence of harmonized regulations and policies in the region**
- **Inadequate licensing, interconnection and facilities sharing arrangements**
- **Absence of well defined publicly known timetables and conditions for liberalization**

Barriers which result from deficiencies in the legal and regulatory framework (cont)

- **Inconsistency in legislation creates confusion and gridlock**
- **Conflicting mandates among different institutions responsible for setting policy and for regulating the sector**
- **Deficiencies in the legal structure and organization of the regulatory body (e.g. conflict of interest, lack of transparency,..)**
- **Absence of a well defined, well structured, transparent policy setting process**

CARICOM's fragmented ICT policy environment

- **Several institutions all created by Conference of Heads of Government each with responsibility over some aspect of telecoms and ICTs**
- **Complex structure where mandates sometimes intersect leading to fragmentation and sometimes competing approaches**
- **Work of committees and sub-committees of these institutions is sometimes at variance with that of the Secretariat**
- **Complicates by fragmentation at national level where responsibility for ICT and/or telecoms is shared among several ministries and other government bodies**

CARICOM Regional Institutions Involved in ICT and Telecommunications Development and Policy Making

- **The Conference of Heads of Government**
- **Institutions established by The Conference of Heads of Government**
 - **CARICOM Secretariat,**
 - **CARICOM Sub-Group on Telecommunications**
 - **Caribbean Telecommunications Union (CTU)**
 - **Caribbean Knowledge and Learning Network (CKLN)**
 - **CARICOM Centre for Development Administration (CARICAD).**
- **Other institutions not all created under the impulse of the Conference of Heads of Government.**
 - **Caribbean Regional Negotiating Machinery (CRNM)**
 - **Eastern Caribbean Telecommunications Authority (ECTEL)**
 - **Organization of Caribbean Utility Regulators (OOCUR)**
 - **Caribbean Association of National Telecommunication Organizations (CANTO), a non-governmental trade association**

Recommended Action Plan

Three-pronged approach

1. Streamline jurisdiction over telecoms/ICT policy and regulations at the national level
2. Establish a more rational regional structure for policy setting and harmonizing laws, regulations and administrative rules for ICTs and telecoms.
3. Use this same structure to harmonize telecoms and ICT policies, laws, regulations and administrative rules in CARICOM, to empower private sector and other stakeholders to help shape policies on integration and trade, and design a market access legal platform for electronic commerce and cross border trade in a Single Market.

Basic principles - Governments should:

1. Agree that it is critical to have the most efficient & affordable ICT services
 2. Agree that all telecoms services (basic & value added) be liberalized across CSME
 3. Agree that it is counter-productive to have different regulations & standards for ICTs in a Single Market
 4. All adopt & implement the provisions of the Reference Paper on Basic Telecoms
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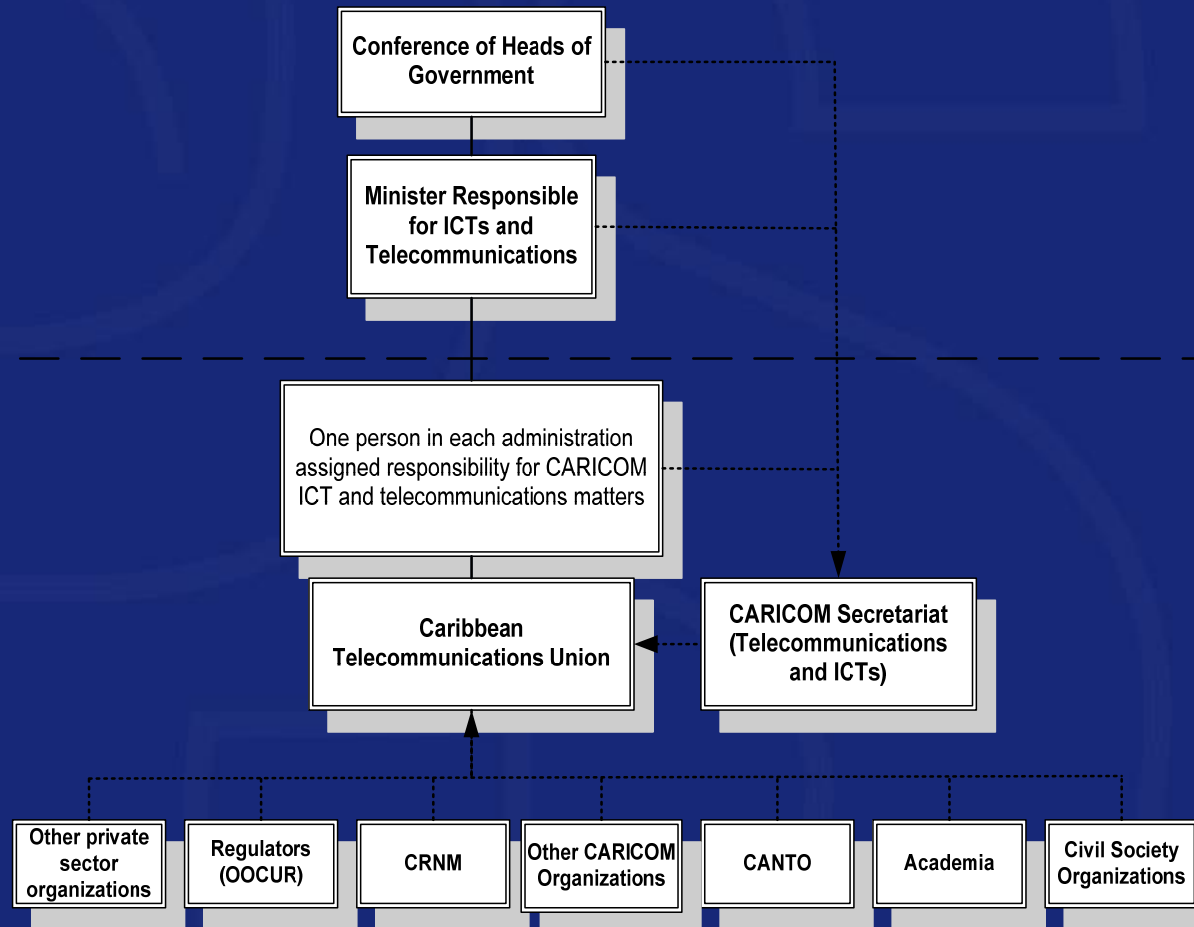
Basic principles (cont'd)

5. Agree that the principle of technological neutrality applies in the provision of telecoms networks & services in the Single Market
 6. Adopt common market access and regulatory approaches across Caricom regarding new technologies & applications - VOIP, SMS, MMS, etc.
 7. Adopt similar e-commerce regulatory regimes & promote use of online business models by SMEs
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- 1. Establish a new regional structure for policy setting and harmonizing**
 - i. A more rational and efficient institutional and political structure for policy setting and harmonizing laws, regulations and administrative rules for ICTs and telecommunications in CARICOM**

Possible structure



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- ii. A permanent framework for regional collaboration among telecommunications regulators in the region**

III) Establish a **virtual network of academics and experts** in policy and regulation

- Use University of the West Indies (campuses at St. Augustine, Mona and Barbados) as a platform
- Example: in USA (PURC at University of Florida, CITI at Columbia University, Institute of Public Utilities, Michigan State University,)
- Academics and outside experts are independent, have the necessary analytical capabilities, have the time and can teach
- Functions: analyze complex issues and give opinions; train; organize conferences, seminars, courses; be a sounding board; give independent advice

IV) Establish a **regional forum for consensus building and dispute resolution**

- Seek consensus for agreement on business and commercial issues (e.g. interconnection, pricing, use of rights of way, local loop unbundling, site sharing and collocation) – industry players
- Develop proposals for new policies, legislation, regulations and procedures and suggest modifications to existing instruments – industry players along with government officials and regulators

2. Actions to be undertaken under the new structure

- i. Harmonize policies, laws, regulations and rules for ICT and telecommunications in CARICOM in order to diminish uncertainty and simplify procedures for investors**
- ii. Empower the private sector leadership to shape and influence policy on regional integration and trade as it relates to ICTs and telecoms.**
- iii. Establish a market access platform for local commerce and cross-border trade**

Rules on Telecoms in EPA- Arts 94-102

1. WTO Reference paper on telecoms
 2. Independent regulator
 3. Competitive safeguards
 4. Interconnection & access to networks
 5. Cost based rates for connection
 6. Allocation of scarce resources
 7. Universal services
 8. Dispute settlement
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THANK YOU

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