



Regional Seminar on Costs and Tariffs for Member Countries of the Tariff Group for Asia and Oceania (TAS)

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FINAL REPORT ON THE SEMINAR

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1. Purpose

In line with the implementation of the BDT Istanbul Action Plan (2006), Programme 4, Economics and Finance, including costs and tariffs, in conjunction with ITU-T Study Group 3 and the Ministry of Internal Affairs and Communications of Japan, organized a seminar on costs and tariffs in Tokyo, Japan on 16 and 17 May 2006. 54 delegates from 11 countries participated.

The event was organized for countries of Asia, Oceania and Arab States, and brought together national regulatory authorities as well as network and service operators, with the aim of achieving the following objectives:

- Increasing the level of awareness among the countries of the region regarding the impact on economies in general, as well as on individual organizations, of technological progress and the global telecommunication/ICT services trade environment, especially in the field of charging, accounting principles and interconnection regimes.
- Providing a forum for the exchange of opinions and points of view in regard to policies, strategies, and financial aspects of IP-telephony in the region and other initiatives in the area of new technologies.
- Identifying practices that are commonly applied within the region and private sector initiatives in that regard.

During the opening ceremony Mr Ishida, Director General of the Ministry of Internal Affairs and Communications of Japan, welcomed all the participants. He emphasized the importance of this meeting the outcome of which can be influential for the whole region. Mr Saxena, TAS Chairman, said that Asia is becoming the leader in the telecommunication sector as the countries of the region had made enormous progress in management and technology. Finally, Mr T. Matsudaira, former Chairman of ITU-T Study Group 3, was appointed as Chairman of the seminar.

The seminar was followed by the TAS meeting organized by ITU-T Study Group 3.

2. Outcomes

Presentations were made by representatives of regulatory authorities (Telecom Commission of India, National Telecommunication Commission of Thailand (NTC), Ministry of Posts and Telematics of Viet Nam and the Ministry of Internal Affairs and Communications of Japan), network and service operators (Lao Telecommunications Company) and scientific and a research institution (Electronics and Telecommunications Research Institute (ETRI) of Korea).

New tariff situation in Lao

An overview of the promotion policy on investment in the telecommunication sector in Lao PDR was presented. This policy is encouraging local and foreign investors to compete and cooperate in investment in

construction, development and expansion of telecommunication (ICT) networks and services in the whole country.

The tariff rebalancing process and its implication on national tariff reductions was discussed in detail, taking into account new policies applied by the Government.

Indian mobile industry: New paradigms in telecom tariffs

India is undergoing enormous expansion in mobile telephony which is transforming peoples lives. The presenter gave an overview of the mobile telecommunication environment based on the privatization of the sector in the country. Mobile is the major contributor to teledensity in India, in fact it constitutes approximately 61% of current national teledensity.

Regarding the application of tariffs in rural areas, these are lower than in urban areas because they are subsidized by urban area tariffs and the revenue from the high volume of traffic between rural and urban areas helps to finance the costs of development in these areas. Discussions centred on the situation of fixed line development in the country and the situation of the incumbent operator, as India is trying to push it toward the implementation of broadband. The applications of broadband in the country are being developed rapidly, e.g. telemedicine, e-governance.

Charging and accounting principles for Next Generation Networks (NGN)

ETRI is doing research on the application of NGN technologies especially on how to charge services and access. Some national projects of research were presented and discussed, e.g. CATI (Charging and Accounting Technology for the Internet) and INDEX (Internet Demand Experiment). These projects take into consideration ITU-T Study Group 13 Recommendations.

ETRI suggested developing a new recommendation on NGN charging to be presented and approved on a global basis, taking into consideration quality of service (QoS), the combination of charging mechanisms of circuit switches, packet switched and information management system (IMS), and finally, the architectural framework of billing, charging and accounting subsystems. One of the concerns voiced was how to negotiate charges between one operator using the old system and another using NGN, and the related tariff regulatory matters. Delegates were informed of the work being done by BDT Study Groups on this matter and of the new questions approved during the WTDC namely, 4 questions related to NGN research and studies (Q6-2/1, 10-2/1, 12-2/1 and 19-1/2).

Interconnection regime and rate in Thailand

The background of the policy framework implemented in Thailand was presented, focusing on interconnection and universal service obligation (USO) policies. The key issues being dealt with by the National Telecommunication Commission of Thailand (NTC) are competition and the interconnection regime for domestic telecommunications. All interconnection issues and negotiations are being undertaken through Telecommunication Organization of Thailand TOT (the incumbent operator) in the present interconnection charges regime.

A cost study is being undertaken to decide which type of model will be implemented for determining a new interconnection regime, and termination charges from mobile to fixed. The challenges for the implementation of this new regime will be the availability of data (cost data, traffic, cost of capital, etc.) and the management of the transition from concession-based interconnection regime to the new interconnection regime. In the interim period a benchmark base interconnection charge rate is being used, by the selection of appropriate benchmark countries.

IP-Telephony in Viet Nam

As IP telephony is becoming more and more relevant in the region and presents a solution for providing affordable telephone access, the experience of Viet Nam was presented. This presentation was divided into two parts: how VoIP is being provided, and the tariff policies defined by the Regulatory Authority.

Presently, the use of VoIP is authorized in the country and 4 operators are providing it in both domestic and international services. One of the principles of the Government is to ensure that the operator having significant market power (SMP) does not abuse this power as a result of its dominant position, and is requested to apply cost-oriented tariff management. With the implementation of IP telephony in the country, in 2006 tariffs were reduced by 4-5 times in comparison with the year 2000.

In Viet Nam it is necessary to set up guidelines for cost-based tariffs both for retail tariffs and interconnection charges, and to negotiate the interconnection issue. The negotiation process is very important as the universal telecommunication service fund will begin operating this year.

In the case of regulation of systems such as Skype or other similar technologies, Viet Nam is regulating operators but there is no control over this type of service. This presentation provided the opportunity to discuss and share experiences on VoIP, QoS and the tariff policies applied.

International ICT standardization for a sound ubiquitous society

This presentation was based on the development of a ubiquitous society that can give access to ICT everywhere, transferring data and power, using contactless technology. The speaker presented a futuristic network which one connects to other applications in the industry and home sectors, reducing spectrum management.

The application of this technology should be global; this is a big challenge, and a consensus is necessary for the future. ETRI remarked that ITU-T should support countries in the standardisation of this new technology. Korea will test this technology with all its operators.

New directions for telecom competition policy in the transition period from PSTN to IP-based networks

The outlook of the Japanese telecom competition policy was presented, focusing on the transition to full IP-based networks and the introduction of competition.

Japanese policy is to reduce regulation in mobile services and to leave the management of prices to the market. Fixed services are provided by a large number of operators. Regulation is therefore very important and SMP is applied.

The fixed operator requires a lot of support from the regulator. The question most asked was why the Japanese do not regulate mobile services? What Japan would like to do is to create competition in both markets and also reduce regulation in the fixed market.

Japan is trying to ensure international compatibility of competition rules in order to avoid regulatory arbitrage between one country and another and is undertaking a study on what other countries are doing. They are open to using whatever tools or mechanisms are necessary to achieve this, for example, the support of ITU or other bilateral or international organizations.

3. Follow-up actions

After an open dialogue between participants, it was decided that ITU can help the region by holding this kind of seminar that permits an exchange of information and experiences between countries. The phenomenal growth of telecom in Asia has definitely shifted the focus to the TAS region and normal aid-related support is not needed from BDT. However, support that brings TAS members together to discuss issues is very welcome. In the course of the debates and discussions which took place during the TAS meeting, emphasis was laid on the following points:

TAS cost model enhancements (LRIC): A contribution was presented by ETRI (Korea) proposing that the bottom-up LRIC model is an efficient cost model to derive relevant cost and it

has several advantages. ETRI accepted responsibility for submitting a new contribution with a better explanation of this model.

International Internet Connectivity: No contributions were received on this point. Korea explained the situation of the study they are preparing on this issue. Japan expressed their concern that IXP is being used more and more to transport high volume traffic therefore carriers need to invest and recover this cost. The TAS group decided to continue working on this issue.

Finally, the TAS Group expressed their thanks to ITU, the Ministry of Internal Affairs and Communication of Japan, and all the operators who sponsored these events, for their hospitality and the excellent support provided in the organization of both events. Countries agreed that the presentation of subjects of interest to the region is very important, and called for the organization of the seminar on costs and tariffs next year together with the regional TAS meeting. Saudi Arabia requested that Numbering Portability be discussed during next year's seminar. Korea suggested presenting the experience in that country.
