



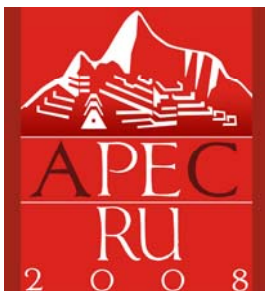
**Asia-Pacific
Economic Cooperation**

2008/TEL38/PLEN/017

Agenda Item: 8

INTUG Voluntary Report

Purpose: Information
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**38th APEC Telecommunications and Working
Group Meeting – Plenary Session
Lima, Peru
15-17 October 2008**

INTUG VOLUNTARY REPORT
APECTEL 38
Lima, PERU
12-16 October 2008

Once again INTUG is delighted to be attending another Tel meeting. We thank the APEC economies for their ongoing willingness to accept us as a guest organisation, and especially our Peruvian hosts for their hospitality in this wonderful setting.

International Roaming Rates for Voice, SMS and Data services.

As issues relating to the copper fixed lines have been progressively dealt with around the region through the efforts of regulators, users' attention is shifting increasingly onto mobile issues. This is especially so for the business and professional users who are often the core of user associations in the Asia-Pacific region.

The excessive cost of mobile roaming is a major concern to users around the world including the Asia-Pacific region. For example, a 20 minute call from a mobile here in Lima, to a fixed line in New Zealand, would cost more than NZ\$100 or USD61.00. It is very clear that such a figure bears no relationship to the underlying cost of the service, and is a major deterrent to the use of mobiles while in foreign countries and therefore, to economic development.

INTUG notes that regulatory authorities in many jurisdictions, including the European Union, have been taking action against clearly excessive roaming charges. We have worked with authorities in Europe to deal with this issue. We strongly encourage the Tel to take any supporting action that it can in the interests of end users.

Mobile Termination Rates

The same issue of inflated termination rates applies to the problem of International Roaming – in fact it is the problem. Carriers inflate these costs, then pass them onto each other and in turn to customers. When regulators look into the prices, the carriers say but the costs are high, i.e. the termination rates from other carriers! This has the impact of creating a large fund of income within the industry which few operators are motivated to address – a classic example of market failure.

Communications Needs

The potential for ubiquitous access to fast broadband to deliver better outcomes from economies for communities is now more evident than ever.

For business and government service agencies fast broadband will allow innovation, growth and improved service delivery.

The issues for end users are access at affordable prices to fast broadband services, ubiquitous availability and coverage, and for businesses, seamless service delivery across economy boundaries.

For all users, trust and confidence in high speed broadband platforms, whether fixed or mobile, is essential. In some rural and remote areas where connectivity is more expensive, there remains a need to demonstrate to users the added value broadband can offer so as to justify the extra cost.

The work of LSG in particular in supporting further efforts by economies to open their communications markets is very important to INTUG. The work of SPSG and the international outreach activities of TEL also contribute to higher quality communications services for end users.

INTUG commends the work of a number of economies to understand consumer needs and market developments through regular research programs. ACMA in Australia and CRTC are just two examples of good practice in this area. It may be useful at a future Tel meeting to have an information exchange session on this topic of identifying and acting on consumer needs and concerns, including capability building for either specialist telecommunications user groups or generic consumer advocacy groups.

Consumer Issues

INTUG welcomes the focus by TEL in the LSG on consumer issues including the TEL 37 presentation to LSG by the OECD of their work on Enhancing Competition in Telecommunications: Protecting and Empowering Consumers, Behavioural Economics and Telecommunications Policy. Approaching consumers as active and positive participants in effective, dynamic markets is an important concept which will deliver positive outcomes for consumers. These concepts were discussed at the Global Forum on Competition, which concluded:

“At the heart of the concept of the Toolkit is the notion that consumers do not only benefit from competition, they drive it – and whether they are able to do that well, is an important question. It is an important question not only for consumer outcomes; ultimately, it’s important for competitiveness of firms and more generally, it is one element contributing to the productivity of a nation.”

Security Developments

The OECD Working Party on Indicators for the Information Society report on

Measuring Security And Trust In The Online Environment: Their published view is:

“The indicators reviewed in this paper suggest that for households and individuals, security and trust concerns are not a major barrier for accessing the Internet. Furthermore, most individuals have taken security measures, often multiple, to protect themselves against virus attacks and other malware. Despite these measures, a substantial proportion of Internet users are plagued by virus attacks or other malware, which continues to evolve at a rapid pace. For most countries, this proportion stood between 20% and 40% in 2005, with extremes of 5% at the low end and 70% at the high end. Even more people reported receiving spam in their mailbox, between 40% and 70% in 2006 for most countries, and for most countries this proportion has been increasing over time.”

INTUG would encourage the collection of data across APEC economies to further inform the work of the Tel in this important area of increasing trust and confidence in the online environment. We welcome the focus at this TEL meeting on security issues around handheld mobile devices which is a topic of significant interest to consumers but not well understood.

FTTH Developments

INTUG is interested in the deployment of fibre networks because of the advantages, to business innovation and efficiency, from the very fast, future-proofed symmetric broadband services that will be made possible.

The number of economies where fibre to the home connections are showing significant gains in the broadband services market continues to expand, according to an updated global ranking issued by the Fibre to the Home (FTTH) Councils of Asia-Pacific, Europe and North America.

Globally, 2007 was the best year yet in terms of numbers of new subscribers to FTTH services, thanks primarily to strong growth in Japan, China and the United States, where a total of nearly 6 million new FTTH households were added for the three countries. The updated ranking shows that Asian economies continue to outpace the rest of the world in terms of FTTH market penetration, with South Korea moving into the top slot with 31.4 percent of households connected, followed by Hong Kong at 23.4 percent and Japan at 21.3%.

Open markets for communications

New regulatory tools are being explored in some markets to ensure emerging competition is supported during the transition to high speed, fibre based broadband networks. In markets where there is evidence that competition is not delivering effective choice for end users new tools to consider include:

- **Equivalence.** This is a regulatory approach which ensures that all service providers are able to buy exactly the same wholesale products, with the same processes and at the same price, as operators with significant market power.
- **Functional separation.** This is an approach which reduces incentives for anti-competitive behaviour while retaining incentives for efficient investment. This is gaining favour in several parts of the world, including New Zealand which was the first economy in the APEC region to implement it and where thus far it has been very successful.
- **Reflecting risk in returns.** Investments in next generation access involve significant commercial risks. Regulation should reflect these risks in order to provide appropriate incentives for investment in the first place.
- **Regulatory certainty.** Regulatory regimes must be transparent with decisions that are clear and in place for a reasonable period of time, to allow investors the clarity that they need to invest with confidence.

Next Generation Network roll-out

As regulators struggle to adapt their approach and meet the changing demands of next generation IP networks, the Policy objective must remain centred on the long-term Interests of end users.

- Affordability is key to take-up. Regulation should support cost effective build. Competition is the strongest tool for delivering affordable prices. An entry level "safety-net" package should be developed.
- Choice – network topology is central to competition and choice. Designs that foreclose competition should not be accepted. When infrastructure competition is not practicable, service competition based on open access and equivalence must be facilitated.
- Customer Experience in the NGN environment must be managed for success, from the initial migration through service contracting to service switching and repair experiences. Service quality and security standards must reflect the key role of the NGN in the lives of end users.

International Telecommunications Users Group
15 October 2008