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Trade and competition policies in telecommunications

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CARICOM COMPETITION COMMISSION



TRADE AND COMPETITION POLICIES IN TELECOMMUNICATIONS

THE EXPERIENCE OF CARICOM



TELECOMMUNICATIONS REFORM IN CARICOM



- In CARICOM, liberalisation of the telecommunications industry was motivated by two factors:
 - Economic programmes supported by the IMF and other international financial institutions; and
 - Compliance with the General Agreement on Trade in Services (GATS) which most Member States signed on to in the late 1990s.

CHRONOLOGY OF REFORM

Initiating Year	Country	Policy Framework
1998	Suriname	Telecom Authority
2000	Jamaica	Legislation
2000	Dominica Grenada St. Kitts & Nevis St. Lucia St. Vincent & the Grenadines	<ul style="list-style-type: none"> • Established ECTEL in 2000; • Agreement between ECTEL Member States and C&W Limited in 2001
2001	Barbados	Legislation
2001	Trinidad & Tobago	Legislation
2002	Belize	Legislation
2011	Guyana	Telecom Bill but entry of additional mobile companies since 2006

MOBILE SECTOR

The CARICOM Competition Commission has been monitoring the regional mobile sector in particular:

- In most countries this was the first telecommunications sector where barriers to entry were reduced;
- The relaxation of barriers to entry into the sector has over the past decade resulted in significant investments from new players such as Digicel, Claro and AT&T/Cingular Wireless, all competing with incumbent service providers.
- Analysis done using: (a) country statistics from the International Telecommunications Union and (b) customer survey in Suriname.

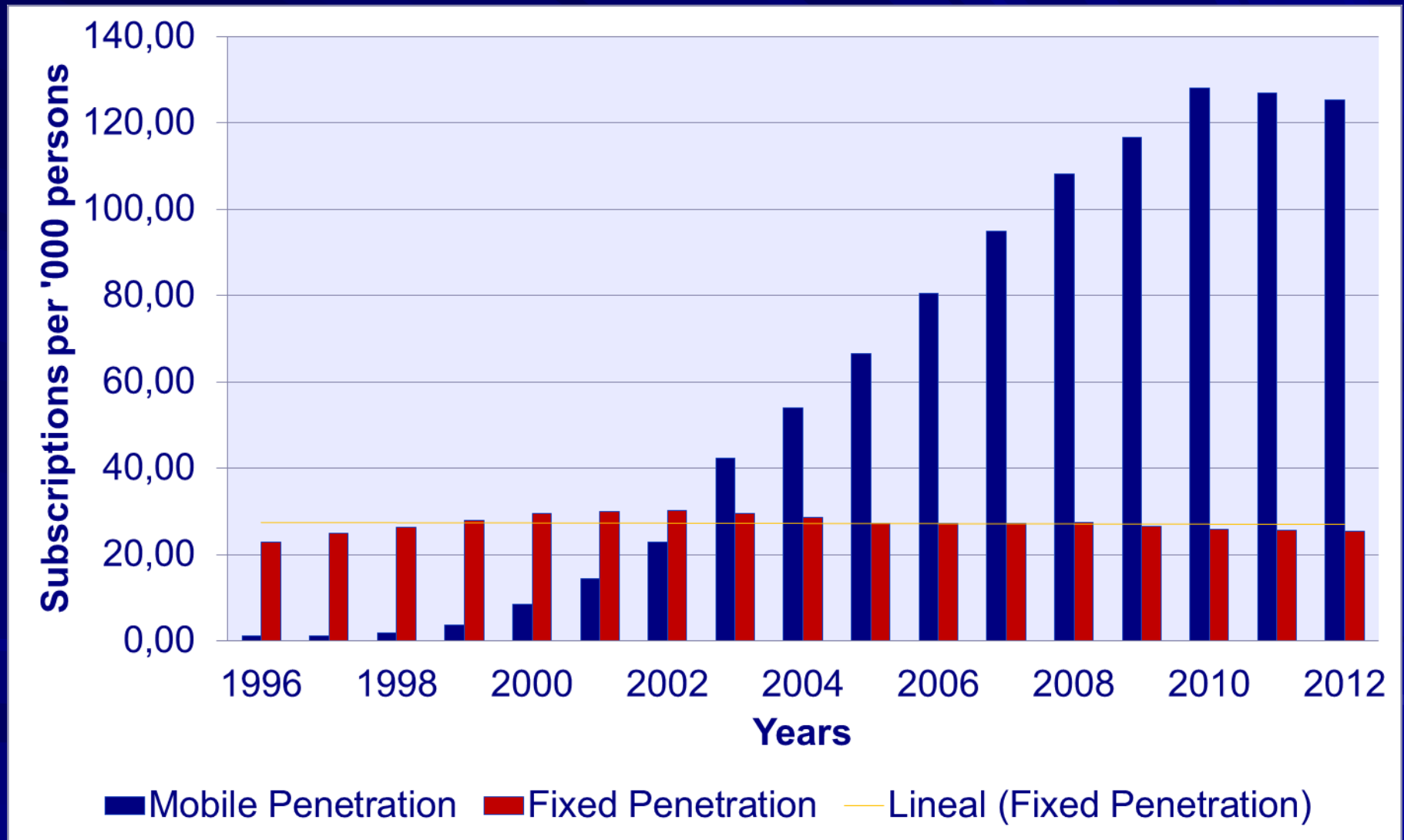
MOBILE SECTOR



CARICOM Statistics:

- Regional mobile subscriptions have grown exponentially since 2001 when most countries enacted legislative reforms
- The growth of the mobile sector has outpaced that of the fixed-line sector where there is less competitive pressure.
- The CCC is cognizant that several factors might influence mobile subscriptions in the region such as real income, competition and fixed-line penetration. Preliminary econometric studies conducted by CCC staff suggest that the introduction of new mobile companies played an important role in the increase in mobile subscriptions in the region.
- Need for pricing data (call charges) to expand the empirical analysis of the impact of competition on the mobile sector.

CARICOM AVERAGE MOBILE VS FIXED LINE PENETRATION



Data Source: International Telecommunications Union

MOBILE SECTOR

Mobile Survey in Suriname (Conducted in 2011)

- Objective was to ascertain whether competition in the sector was benefiting mobile customers. This would feed into the CCC's advocacy programme.
- No country data on some of the various dimensions of performance such as: access rates, affordability of service, productivity in the sector and quality of service.
- Given the dearth of information available a survey was conducted of mobile customers.
- The study did not examine competition enforcement issues such as collusive behaviour (e.g. price fixing), or abuse of dominance issues.

MOBILE SECTOR

Conclusions of the Mobile Study

- 17.4 percent of the respondents did not have mobile phones before the two new companies began operating in Suriname. 20.7 percent of these could not previously afford phones;
- Internet access increased as 37 percent of the respondents indicated that they did not have access to the internet at all before the arrival of the two new companies on the mobile market;
- The number of brands of mobile phones on the market increased along with the introduction of blackberry services;
- Customers observed improvements in call and service quality; and
- Market mainly driven by non-price competition.

WAY FORWARD FOR CCC



- Continue to monitor the developments in the mobile sector, and the telecommunications industry in general, in CARICOM.
 - One area the CCC has already started to examine is the wholesale broadband market.
- Establish an advocacy programme for the telecommunications industry highlighting the benefits of competition enforcement as seen throughout the region.
 - For example, In Jamaica the JFTC investigated Digicel for implementing high termination fees for mobile calls. This resulted in the company being sanctioned and termination fees being reduced from JM 12.00 to JM 1.10 per minute by decision of the Office of Utility Regulations in July 2013.

THANK YOU

DR. KUSHA HARAKSINGH
Chairman

CARICOM Competition Commission

www.caricomcompetitioncommission.com

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