Deregulation, the Role of the State in the ICT Development & the Security Issues

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WHY ICT?

- Many countries in the Caribbean are diversifying their resource based economies into ICT service economies since ICT has a positive impact on economic development and contributes to growth and productivity.

- However, the development of an information-based society is dependent on the availability and accessibility of physical infrastructure which allows people, business and government to communicate.

PRIOR TO LIBERALIZATION

- Telecommunications services were provided by monopoly operators in all countries in the Caribbean except Dominica Republic.
- Telecommunications operators were owned wholly or partially by Governments.
- In the English speaking Caribbean, C&W was and continues to be the predominant investor in the sector owning between 49% to 100% of the telephone companies.
- C&W had long term exclusive licenses.

REASONS FOR LIBERALIZATION

- Telecommunications costs were high while access and availability was low.
- Citizens and business, which were paying high prices for international calls and leased line circuits while receiving inadequate quality of service, demanded that government act to rectify the situation.
- Trade negotiators and telecomm policy makers realized that to deny competition was against the principle of GATS, CSME and FTAA.

REASONS FOR LIBERALIZATION

- By 1996/7 many governments were starting to contemplate reform of their telecommunications sector and were eager to participate in the WTO negotiations on basic telecommunications.
- They realized that liberalization was a global phenomenon which would encompass the Caribbean and without reform they would be left behind in their efforts to promote ICT economies.

Country	% Foreign Ownership of Operator(s)	Foreign Strategic Investor	Term of Exclusive Licence	WTO Commitment		
				Competition in Basic Telecommunications	Adopts Principles in Reference Paper	Immediate Market Opening
Antigua & Barbuda	100*	C & W	2012	2012	√	VAS, CUG, ISP, satellite-based mobile & fixed satellite, CPE, teleconf.
The Bahamas	0	govt owned	indefinite	no commitment	no commitment	ISP, trunking, paging, CPE
Barbados	85	C & W	2011	no commitment	no commitment	
Belize	23	MCI	2002	no commitment	√	some VAS
Dominica	80	C & W	2020	no commitment	√	CUG, VAS, ISP, mobile & fixed satellite, teleconf.
Dominican Republic	30-100**	GTE Motorola	no exclusive licence	no commitment	√	all subsectors
Grenada	70	C & W	2006	2006	√	CUG, some VAS, ISP, trunking, CPE, mobile & fixed satellite,
Guyana	80	ATN	2010***	no commitment		some VAS, cellular telephone
Haiti	1	govt owned	-	no commitment	no commitment	no commitment
Jamaica	79	C & W	2013	2013	√	some CUG, VAS, ISP, digital cellular telephone, CPE, teleconf.
Montserrat	100	C & W	2013	no commitment	no commitment	CPE
St. Kitts & Nevis	65	C & W	2015	no commitment	no commitment	some VAS
St. Lucia	100	C & W	2001	no commitment	no commitment	no commitment
St. Vincent & The Grenadines	100	C & W	no commitment	no commitment	no commitment	no commitment
Suriname	0	Govt. owned	Indefinite	no commitment	no commitment	no commitment
Trinidad & Tobago	49	C & W	2009	2010	√	VAS, terrestrial and satellite-based mobile, fixed satellite, CPE, teleconf.

C&W'S DILEMA

- C&W acknowledged that maintaining monopolies in telecommunications was going against world wide trends and that change was inevitable.
- New technology made bypass easier and the large difference between local and international rates provided incentives for bypass. The situation was becoming untenable.
- Given the above, C&W decided to agree to renegotiate their exclusive agreements with various governments.

LIBERALIZATION

- By the late 1990s to 2000 most countries begun pro-competitive policies for the sector and initiated negotiations to revise the exclusive arrangements with C&W.
- With the exception of the Dominica Republic, these countries implemented phased liberalization. They allowed immediate competition only in some value added, Internet and other non-basic services.

FULL LIBERALIZATION

- Jamaica, Barbados, Dominican Republic, Trinidad & Tobago and the five Organization of Eastern Caribbean States (OECS) implemented new legal and regulatory frameworks, including the establishment of independent national regulators and in the case of the OECS, regional and national regulators.

BAHAMAS

- Passed a new telecommunications law in 1999, amended its Public Utilities Commission Act in 2000 and issued a Telecommunications Sector Policy in 2001(amended in 2002). However, its attempts to privatize the state-owned monopoly telephone company ended in failure.

- BTC has exclusivity for mobile and is one of two fixed voice telephone licence holder. All other service are open to competition.

GUYANA

- Never fully implemented provisions of the Telecommunications Act of 1990 because Guyana Telephone and Telegraph Limited, 80% owned by Atlantic Tele-Networks (ATN) and 20% government, has a 20-year exclusive licence for all public telephone, radio telephone, payphone services, sale of phone directory advertising and all private line services.

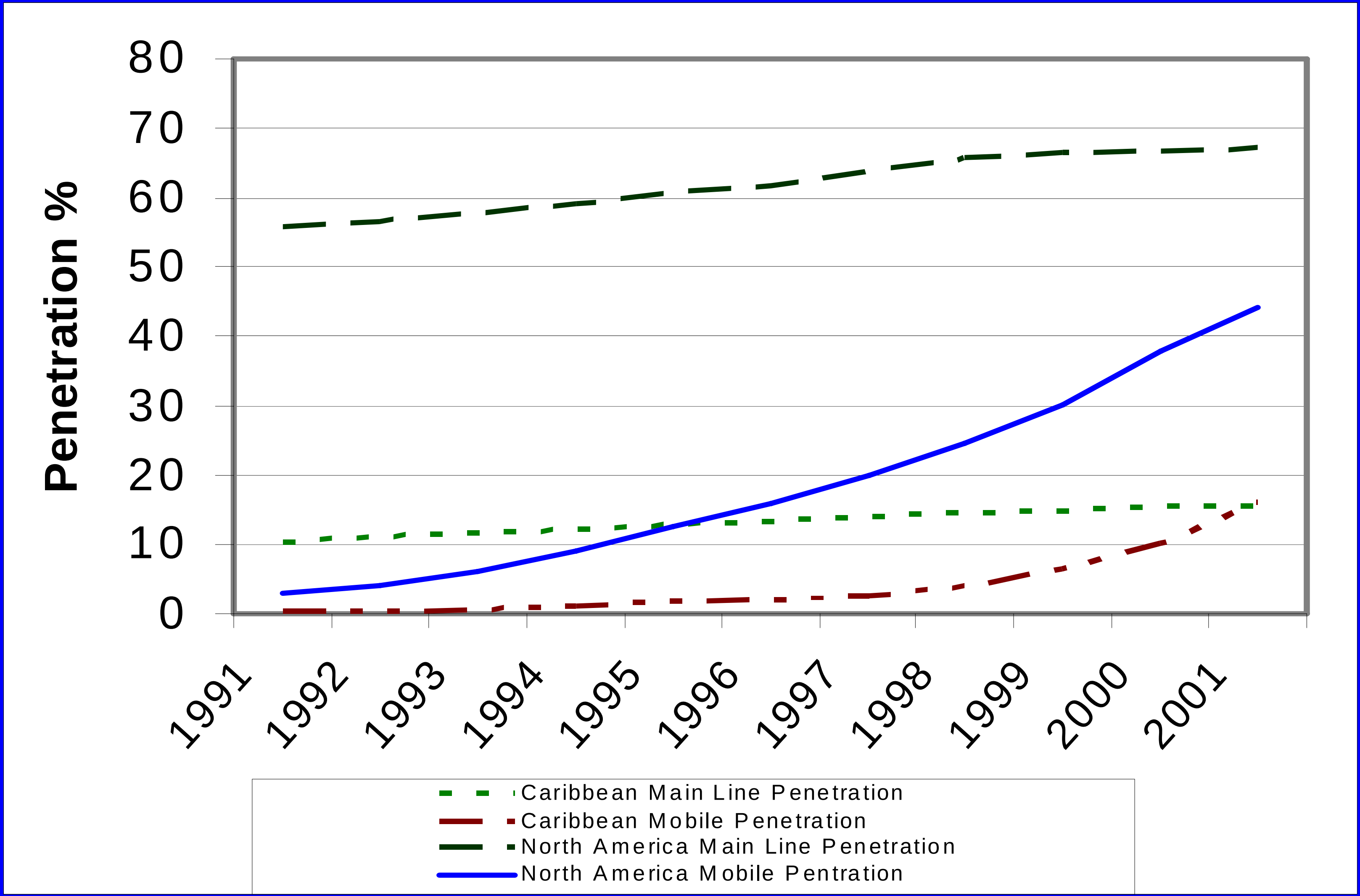
- The exclusivity ends in 2010 but its renewable for another 20 years at the request of the company.

SURINAME

- Established an independent regulator by decree in 1998 which was given effect in September 2004 when the new Telecommunications Act was passed.
- The new Act and enabling rules, decrees and resolutions need to be promulgated.
- GOS intends to license two or three new operators to compete with the government company (Telesur).

ANTIGUA & BARBUDA

- C&W has exclusivity (until 2012) for international communications and the fully government-owned Antigua Public Utilities Authority (APUA) maintains a monopoly for local fixed line services.
- There are three mobile operators and the new government is contemplating introducing a new legislation which will liberalize the market.



Penetration %
80
70
60
50
40
30
20
10
0
1991
1992
1993
1994
1995
1996
1997
1998
1999
2000
2001
Caribbean Main Line Penetration
Caribbean Mobile Penetration
North America Main Line Penetration
North America Mobile Pentration

CURRENT ISSUES

- Lack of Interconnection policies and agreements
- Access to fibre optic submarine cable.
- High cost of leased circuit capacity, internet and international calls.
- Anti-competitive practices of the incumbent or dominant provider.
- Deficiencies in the legal and regulatory framework
- Deficiencies in the regulatory institution.

POSSIBLE SOLUTIONS

- Strengthening the Regulatory Institution so that it is independent of operators and government interference.
- Training and resource sharing for Regulators.
- Establishing mechanisms (national or regional) for removing elements that cause unpredictability or instability in the legal framework.
- Promotion of harmonized policies and regulations in the region.

POSSIBLE SOLUTIONS

- Implementing competitive safeguards to prevent anti-competitive practices of the incumbent including the drafting of rules and/or regulations and establishing a mechanism to monitor compliance with these rules and to enforce them.

- Promoting competition and entry by facilitating local loop unbundling, facilities sharing, and the establishment of a fair, transparent and non-discriminatory numbering plan.

SECURITY

- At the fifth annual Conference on Information Law and Policy for the Information Economy held June 16 – 18, 2005, the matter of Critical Information Infrastructure (CII) Protection was discussed.
- Four key elements were identified: prevention, detection, response and recovery.

SECURITY

- The vulnerability of information infrastructure and its interdependence with other infrastructures obliges us to secure it as optimally as possible given the costs and benefits.
- The Conference concluded that the industry lacks an incentive to fully address the matter but government regulations would probably be ineffective since technology moves too fast and it would distort the emphasis from real security to regulatory compliance.

ROLE OF INSURANCE COMPANIES

- Insurance should be used to transfer risk, aggregate liability and to create a market for uncertainty by providing incentives for companies to invest in protecting infrastructure, while minimizing the impact of potential failures.

- A key obstacle is that insurance companies require detailed knowledge of the risk but infrastructure owners are unwilling to share information about their vulnerability due to antitrust concerns for fear of potential liability.

GOVERNMENT'S ROLE IN SECURITY

- Create an environment that facilitates information sharing and coordinated action for both the insurance and infrastructure players.
- Indemnify the insurance companies for catastrophic CII failures. (Possible in the US, doubtful in the Caribbean).
- To fund long-term research into IT security.
- Use purchasing criteria to create a market for products that conform to certain security standards.

THANK YOU

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