

# **Regional seminar on costs and tariffs for TAL Group member countries**

Paramaribo (Suriname), 10-13 May 2004

## **Market, Economics and Finance (MEF) Unit**

### **FINAL REPORT ON THE SEMINAR**

#### **1 Purpose**

The purpose of the seminar on costs and tariffs was to provide Member States with information regarding the impact of technological progress and the global telecommunication/ICT services trade environment on the economy in general and on individual organizations. The seminar was held within the framework of the activities planned under Programme 4 of the BDT Operational Plan (Economics and finance, including costs and tariffs).

The seminar was followed by the meeting of the Regional Tariff Group for Latin America and the Caribbean (TAL Group). Both events were organized in collaboration with ITU-T Study Group 3.

#### **2 Opening**

The Minister of Transport, Communication and Tourism of Suriname, H.E. Mr Castelon, participated in the seminar's formal inauguration, cordially welcoming all delegates to the seminar and to Suriname. The representative of the Permanent Secretary of the Ministry, Ms Harris, the Group of Directors and personnel of Telesur and the Telecommunications Authority of Suriname also participated. Ms C. Prado officially opened the seminar as the representative of ITU/BDT, and outlined the seminar's content and structure. The Chairman of the TAL Group, Mr C. Thomas, thanked the organizers of the two events and urged participants to work together to improve the situation of the countries of the region. The delegates designated Ms Jettie of Olff of the Telecommunications Authority of Suriname as chairman of the seminar.

#### **3 Presentations**

##### **3.1 Global trends in telecommunication development and new challenges for developing countries - S. Tanaka**

The speaker presented an overview of different telecommunication services worldwide, and in Latin America and the Caribbean. The new telecommunication services such as Internet and VoIP were presented, along with their general price trends.

With regard to the challenges facing the developing countries, the new services over the Internet were identified, as were tariffs and technical issues such as alternative calling procedures and public switched networks to IP network. Also of considerable importance were the regulatory aspects of interconnection norms and application of the universal service obligation, which must be analysed with a view to preparing guidelines for the negotiation of traffic-based international Internet connectivity (IIC).

### **3.2 Internet access and service pricing - F. Brown**

Mr Brown presented policy incentives for competition regarding fixed (wire and wireless) and cellular services for international and national voice and data transmission. He also addressed competition regarding the provision of equipment (single line and multiple lines), including Internet access equipment, modems, PCs, etc. He went on to address the Internet access situation in Jamaica at public (schools, post offices, etc.) and private (businesses, competition) levels, highlighting the restrictions and obstacles faced in Jamaica and above all the underdevelopment of the market as regards the marketing of Internet and its derived services.

### **3.3 The Chilean tariff model recently developed by SUBTEL - R. Baltra**

The speaker began by presenting all aspects related to present tariff regulation in Chile based on the Fundamental Principles of Tariff Setting. He went on to explain the Chilean market and evolution in the demand for fixed and mobile telephone services throughout the country. He explained the tariff model developed by SUBTEL and how SUBTEL applies demand evolution in its general context, based also on costs and network design (coverage, capacity and quality of service) to produce a tariff calculation based on economic cost and demand equilibrium. The presentation concluded with the results obtained with new prices (access charges) and the time structure introduced in the country by applying the new tariff decrees based on this tariff model.

### **3.4 Country presentations on new service experiences: pricing, competition regulation**

Three countries presented the existing situation with regard to the regulation of fixed and mobile services and of new services over the Internet. The presentations were made by V. Yerovi Arias, Ecuador, O. Estrada Valle, El Salvador, J. Rodríguez Zapata and I. Zamora Núñez, Nicaragua. This part of the seminar went down very well, as it allowed an exchange of experiences with the other countries present, producing a fairly lively and fruitful discussion forum.

### **3.5 TAL interconnection cost model and TAL access cost model - J. Prince**

This presentation provided a general explanation of the interconnection model and cost model for the TAL Latin America and Caribbean region, highlighting the revision of the TAL access cost model. The speaker noted that the revision had been taken into account in development of the COSITU software (computer program for the calculation of telephone service costs, tariffs and charges), as the software applies the ITU-T D-series recommendations.

### **3.6 Spectrum pricing model - J. Prince**

The radio-frequency spectrum was basically defined as a limited resource of considerable value used for all forms of wireless communications in the commercial and public sectors: mobile, sound and television broadcasting, broadband links, maritime and aeronautical navigation, monitoring and satellite communications. Its basic characteristics were explained, as was the manner in which ITU addresses the economic aspect of spectrum management within the ITU-R study groups and BDT. Account was taken of the main aspects of the market, analysis of basic spectrum demand and indicative costs, allowing for licence fees.

### **3.7 Applying COSITU in the region - C. Prado**

COSITU, the computer program for the calculation of telephone service costs, tariffs and charges, was presented in general terms, with emphasis on how it can be used both by regulators and by operators of fixed and mobile telecommunication services. A brief explanation was given of the different services for which COSITU calculates costs and of the different stages of cost-oriented pricing covered by the software. The presentation ended with the Americas COSITU dissemination

programme, stressing the importance of training four experts for the region to continue working within the programme of the Americas Centre of Excellence.

#### **4 Closing ceremony**

The Chairman formally closed the seminar on costs and tariffs, noting that its success was due to the quality of the information presented and the active participation of all delegates and speakers. The Chairman of the TAL Group, speaking for all the participants, expressed his gratitude to the staff of the Telecommunications Authority of Suriname for all the logistical support provided and to ITU/BDT for organizing the seminar, which provided a meeting place for the countries of Latin America and the Caribbean to share the experiences of the different countries participating and to acquaint themselves with the economic and financial aspects of new telecommunication technologies.

#### **5 Follow-up activities**

The follow-up activities for the region include the organization of two training courses on COSITU, one for Latin America and the other for the Caribbean region, as well as the training of the two experts for the entire region.

In addition, the Spanish version of the software will be finalized, and must be available when the training for Latin America is provided.