



17 April 2008

Chairman's Report
Global Industry Leaders Forum (GILF)
Pattaya, Thailand, 10 March 2008

The first Global Industry Leaders Forum, held in Pattaya, Thailand on 10 March 2008, gathered over 350 participants, including executives and experts from the ICT industry as well as policy makers and regulators. The Chairman of GILF 2008 was Mr. Sanjiv Ahuja, Chairman of Orange UK and CEO of Augere, UK. The event was hosted by the Ministry of Information and Communication Technology as well as the National Telecommunication Commission of Thailand. GILF 08 was sponsored by the GSM Association, Nokia/Nokia Siemens Networks, Microsoft, Rohde and Schwartz, Shin Satellite and WiMax Forum.

The GILF programme comprised an opening session plus three interactive sessions for participants to debate and convey their views and make proposals regarding key regulatory and policy issues affecting their businesses in serving their customers and the ICT/telecommunications industry more broadly.

The opening session of GILF included remarks from Mr. Suranan Wongvithayakamjorn, Secretary-General, NTC, Thailand; Mr. Sami Al Basheer Al Morshid, BDT Director, ITU; Mr. Sanjiv Ahuja, Chairman of Orange UK, GILF 08 Chairman; Dr. Hamadoun I. Touré, ITU Secretary-General; and His Excellency, Mr. Mun Patanotai, Minister of Information and Communication Technology, Thailand.

During the interactive sessions, participants addressed key issues related to the following topics: universal access, emergency telecommunications and stimulating investment and business expansion. Panelists were also asked to make written submissions on the topics of the Forum (see: <http://www.itu.int/ITU-D/partners/GILF/2008/agenda.html>).

The Chairman presented the GILF outcomes on the first day of the Global Symposium for Regulators, 11 March 2008. His overall message was that as a regulated sector, the ICT industry recognizes its responsibility to serve the needs of the public, customers and employees as well as shareholders. The industry can and should do more in this respect. If we strike the right balance, only limited regulatory action is required. Our objective is self regulation to the extent possible. Regulators and policy makers should intervene only when self regulation proves ineffective at achieving the proper balance between the public and private interests noted above.

Within this spirit and framework, the following analysis, comments and proposals emerged from the discussions and written submissions of GILF participants.

1. UNIVERSAL ACCESS

Chairman & Moderator: Mr Ph. Jorphochaudom, President CAT, Thailand

The provision of affordable telecom services is widely viewed as essential for a country's development towards universal access to communications. It is also a well accepted fact that improved rural penetration is a key priority area for most developing countries. Most developing economies besides being faced with a very low tele density vis-à-vis developed/mature telecom regimes also face the challenge of increasing ICT coverage in rural and remote areas.

Universal access is a goal adopted by many countries to provide convenient and affordable access to communications, at least on a community basis, through a combination of private and public access facilities such as payphones and tele-centres. Mobile communication already provides universal voice and data services in developed countries and is close to doing so in many developing countries too, as it is sometimes the only viable solution for delivering rural communications. The role of mobile broadband as a complement to fixed networks to help provide access to rich applications and services such as health, education and commerce in underserved markets was highlighted.

The concept of 'Universal Service Obligations' (USO) is based on the premise that telecommunication services play such a fundamental role in economic and social development that everyone should have access to a basic level of telecommunications facilities and services, if they are to participate actively in modern society. Communication networks help bring people together, allow them to be informed citizens, get integrated and be more involved in a democracy.

The resources for implementation of USO objectives are raised through a Universal Service Levy (USL). The contribution by the service providers are generally in the form of a revenue share, and the amount varies with the country. As a fixed percentage of industry revenues, the absolute USO contribution grows significantly each year. The scope of USO objectives determines the size of levy. Participants noted that billions of dollars have been raised for this purpose to date, and by one estimate, over \$5 Billion USD remains unspent (Source: GSMA). These unspent funds represent lost opportunities for relevant consumers.

There was general view that Universal Service Funds (USFs) are not being efficiently used to bridge the digital divide and that the burden of these USF levies fall disproportionately on certain segments of the industry. It was noted that in some countries, USFs are used to compensate fixed line operators for serving non-urban markets, but the funds have not been used to the development and expansion of infrastructure.

Proposals: Universal Access

Participants made the following proposals to help achieve universal access:

- 1. If and when needed, Universal Service Funds should only be used to extend networks to areas where it is not commercially viable to do so in the short term. They should be viewed as a short to medium term policy tool and be phased out when their objectives have been achieved;**
- 2. Invest the billions in dollars that have been accrued by USFs to extend access to voice and broadband ICT access in rural, remote and sparsely populated areas. Allocate these funds in a transparent and technology neutral manner, in consultation with industry participants. Consider in particular, innovative projects in areas such as backhaul infrastructure, alternative power solutions;**
- 3. Conduct a global study of funds available and best practices on allocation and uses of USFs. Consider this as a potential theme for GILF/GSR 2009;**
- 4. Reduce barriers to ICT investment and usage, such as ICT specific taxes, excise duties, regulatory fees and licensing regimes and educate policy makers (especially finance ministries and revenue authorities) on the negative impact of taxes on ICT investment and development;**
- 5. Lower tariffs in markets with currently above average rates; and**
- 6. Pay special attention to the role of ensuring dependable energy sources, including non-conventional sources, for local connectivity, and relevant content and applications to encourage use.**

In addition to these proposals, infrastructure sharing, the major focus of the Global Symposium for Regulators 2008, emerged as a dominant theme of the GILF discussions on universal access. This topic generated much discussion and debate, as well as a number of proposals.

Participants generally agreed that infrastructure-based competition is costly and encourages duplication of investments, which limits network investments to highly populated areas able to justify such spending among multiple operators. An estimated 70 per cent of network development/deployment expenditures are related to infrastructure, so participants recognized that the sharing of these investments – if done correctly – could help stimulate further network roll-out and more affordable prices for the users of the service.

There was particular support among GILF participants for the approach of sharing “passive” network infrastructure (i.e. towers, pylons, buildings, real estate and energy sources etc). Participants noted that regulators could put in place incentives to facilitate this type of sharing among operators of both existing infrastructure, and new infrastructure that needs to be built for the underserved markets.

It was noted that regulatory interest in infrastructure sharing is three-fold: a) investment, b) competition and c) environmental aspects. Infrastructure sharing may have a number of positive effects, including: increased service coverage/faster roll out; improved capacity/quality of service; lower costs and retail prices; and optimising use of scarce economic and environmental resources.

Proposals: Infrastructure Sharing

To help stimulate infrastructure sharing and ensure its fair and effective use, the following proposals were put forward:

- 1. Encourage infrastructure sharing through incentives for operators and/or establishing a separate company/agency, in a way that serves the needs of all stakeholders, including investors/operators, customers, and the general public; and**
- 2. Set clear ground rules and frameworks to ensure competition, wide coverage, quality of service, and fair prices and environmental practices.**

2. EMERGENCY TELECOMMUNICATIONS

Chairman & moderator: Mr Reza Jafari, Vice-Chairman & MD, Eaton Telecom

In today's world prone to increasingly more frequent natural disasters and emergency situations, the ability to communicate in such emergency cases is becoming more crucial for rescue and relief efforts. The overall message emerging from this session was it is essential to be prepared *before* disaster strikes. This means establishing close, ongoing collaboration between all stakeholders including industry and regulators and NGOs to address key issues that will expedite response efforts when the need arises.

It was suggested that regulators and operators work together to prepare a mapping of available resources and coordination plan for emergencies, and in particular, cooperate in the following areas:

1. Provision of reliable communication channels for advanced warning systems
2. Allocation of spare capacity for the emergency communication
3. Rapid deployment of mobile equipment for emergency telecommunication
4. Rapid recovery and restoration of communication channels
5. Establishment of a centralized call centre for queries of emergency situations

Proposals: Emergency Telecommunications

To ensure effective and efficient planning and response, GILF participants put forward the following proposals:

- 1. Harmonize rules and regulations among countries to facilitate trans-border emergency relief and disaster recovery services. Encourage administrations to become signatories and active participants in the implementation of the ITU Global Mobile Personal Communications by Satellite MOU;**
- 2. Ensure administrations to become signatories and ratify the Tampere Convention on Emergency Communications to support free circulation and use of equipment intended for emergency communications;**

3. **Issue necessary licences to service providers well in advance of emergencies to avoid unnecessary delay when disaster strikes and when such delay can cost lives. This includes establishing a transparent and fair licensing process for relevant equipment, spectrum and deployment;**
4. **Establish a licensing fee structure which encourages needed investments from industry to improve emergency response and takes into account commercial sustainability of last resort services;**
5. **Periodically review and recommend requirements for specific technology and gateways in light of technical developments and cost-saving opportunities;**
6. **Investigate the feasibility of a single global emergency number in collaboration with operators and other stakeholders;**
7. **Promote the use of multilingual operators for use in emergency situations to coordinate and facilitate rapid response from different countries;**
8. **Raise awareness and capacity to apply the various existing radio communication technologies and applications available for use in emergency situations;**
9. **Investigate potential uses of Universal Service Funds to support investments in ICT networks and access that would facilitate emergency response in developing countries; and**
10. **Identify best practices globally where regulatory and policy barriers have been effectively addressed. This includes eliminating barriers, such as requirements for local incorporation in every country of service, which inhibit relief efforts.**

3. STIMULATING INVESTMENT AND BUSINESS EXPANSION

Chairman & moderator: Mr Kuldeep Goyal, Chairman & MD, BSNL, India

Over the past decade, a large number of countries worldwide have initiated reforms in their telecommunication sector by establishing a national regulatory body, introducing competition and at least partially privatizing their operators, among other measures. However, much of the world's population still remains without basic access to ICT services, as further key reforms have yet to be undertaken. Policy and regulatory frameworks need to be retooled with a pro-investment orientation if we are to achieve the WSIS connectivity targets – and thus “connect the unconnected” – by 2015.

Participants in the GILF session focused on stimulating investment and business expansion, highlighted the unique opportunity to build on the success of initial sector reforms which have helped fuel an explosion in mobile services in recent years, especially in emerging markets and developing countries. Building on this progress, technological advances in broadband wireless access technologies and new business models can help achieve the WSIS connectivity targets, provided that an enabling environment is established to support investment in the development of ICT networks and services.

Looking beyond connectivity, some participants noted that while industry was doing a remarkable job of developing new technical solutions to serve lucrative markets in developed countries, more could be done to develop equipment and devices that meet the unique needs of the poor, along with relevant applications. Participants did point to progress on this front, namely the growth in low cost handsets, and the development of applications such as m-banking, which has become popular in some developing country markets. Some also cited the growing number of players designing low-cost computers, with an emphasis on distribution to children in schools. Despite these success stories, it was recognized that there was still much more untapped potential for such initiatives, involving industry, governments, international organizations and NGOs.

Proposals: Stimulating Investment and Business Expansion

With the aim of stimulating investment and business expansion, participants emphasized the need for each country to develop and communicate a clear technology neutral policy and regulatory framework that focuses on minimizing risks, promoting innovation and public-private partnerships and encouraging sustainable investment through stable and predictable environment. Within this general view, the following proposals were offered:

- 1. Introduce fiscal incentives to stimulate infrastructure investment in low income and rural/isolated areas, including tax rebates, low interest loans, reductions in licensing fees etc.**
- 2. Reduce mobile and ICT specific taxes and duties on handsets and telecom equipment and services.**
- 3. Ensure a stable, independent and transparent regulatory regime that lowers uncertainty and risk and the cost of capital;**
- 4. Release unused spectrum for productive, new commercial uses.**
- 5. Implement measures to protect intellectual property.**
- 6. Invest in education at all levels to ensure qualified and well-trained domestic workforce capable of implementing ICT development plans and strategies.**
- 7. Lower barriers to trade and foreign investment with the aim of stimulating joint ventures and technology transfer, reducing business costs, and facilitating the movement of ICT equipment in and out of the country.**

Conclusion

In concluding the GILF discussions, the Chairman highlighted the clear willingness of the group to work together with regulators and policy makers to achieve universal access, or “connect the unconnected.” He noted that this goal has evolved over time to mean not just voice but also broadband services to support demanding applications in health, education, emergency communication, commerce and e-government. Expectations are high, but the goal can be achieved.

The Chairman added that connecting the unconnected was not really a technology problem. There are many solutions available, and they are getting more effective and affordable with each passing day. Instead, implementation is the key challenge, and for this, GILF participants agreed that a true public-private partnership based on mutual respect and understanding is required, including an appropriate balance between the roles and responsibilities of regulators and the industry.