

WORLD TELECOMMUNICATION POLICY FORUM WTPF-01

SOURCE: CUBA Ministerio de la Informática y las Comunicaciones

TITLE : Observations to the Draft Report of the Secretary General on IP Telephony

Our Administration celebrates the WTPF-01 as a very important interchange of information and opinions in a subject with an ever-increasing importance.

No other place as appropriate as ITU in which are represented practically all the world to examine this Global issue of strategic importance for every country and specially for developing countries less prepared to assimilate in a positive way the challenge imposed by the irruption of IP Telephony.

Observations to Draft Report

In doing our observations we consider that the best way of redacting this report is to expose the facts and possible implications and lets every country to make their own conclusions.

Reasons for the proposed changes are annexed in red

Impact of IP Telephony on Universal Service schemes

3.21 IP Telephony can be an important issue for telecommunication regulatory regimes that redistribute funds from one segment of the market to another in order to subsidise prices in the latter. In many countries, particularly developing ones, revenues from outgoing international telephone calls charged at above-cost rates, together with net settlements levied for incoming calls, are used to subsidize domestic network development and basic local access. In both cases, associated revenues may be reduced if ~~calls can be originated and terminated by means other than traditional operators and services~~ and this become a risk for the achievement of the USO goals.

In this way we concentrate better in the main idea of this paragraph.

Special issues for developing countries

3.27 In this scenario, the developing country does not benefit directly from a permissive IP Telephony policy (or lack of enforcement of a prohibition). Rather it is the foreign PTOs. that benefit from lower cost and these savings may be passed on to their customers. ~~Thus, customers and PTOs in those developing countries whose governments have acted to prohibit outgoing IP Telephony tend not to gain from the spread of IP IP Telephony to nearly the same degree as consumers and PTOs in developed countries, particularly those where international IP bandwidth is cheap and IP Technology is widely available.~~

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To have higher termination cost for incoming calls puts developing countries PTOs in the situation to obtain much less net profit for terminating a call than PTOS of developed countries, situation that is worsened by IP Telephony with lower rates and specially if illegal By-pass occurs.

It is recognised in plenipotentiary 98 and in SG3 that the cost for terminating a call differs considerably between developed and developing networks and this is an important fact that must be expressed in the paper.

3.29a In the case of Internet Telephony the full cost of the international connection and access is paid usually by the developing country even when it has more incoming than outgoing traffic in difference with the shared cost used in traditional Telephony.

Substitutability

4.9a A new form of Call-Back employing IP Telephony is developed in which establishing a connection with an ISP in other country, this one provides telephone calls to thirds countries at reduced rates. It looks very difficult to control this without the collaboration of all countries even when Call-Back is forbidden in the majority of the countries .

Impact on public telecommunication operators

4.11 ~~Arguably erosion of monopoly power on over-priced international routes would happen anyway, even without IP Telephony.~~ Markets for international calling are shrinking in value as, on one hand, prices fall precipitously while, on the other hand, traffic is routed on least cost routes and settlement rates are forced closer to cost to lower rates. PTOs in developing countries may ~~be better advised think about~~ to embrace IP Telephony, and bear the consequences of reduced per minute revenues from long distance and international services, ~~than to against the risk of~~ missing the opportunity to generate revenues in future IP related growth areas.

According to SG3 cost are very difficult to determine and not known in most of the countries, so is not appropriate to speak of rates closer to cost.

4.13 The public Telecommunication operatorbe sustained. Future PTOs will need, instead, to ensure that their local access networks are largely self-financing. This will require substantial and urgent tariff rebalancing to bring the price of local and international calls much more closer together. to consider this situation in order to develop new policies and tariffs more appropriate to deal with this challenge

Situations, facts and forecast must be made in this paper, but solutions must be left to administrations according to their situation.

4.14 While IP Telephony may bypass certain parts of a carrier’s operations, where the price structure is not cost-oriented, it will not take away the need for local networks. Indeed

For the same reason as 4.11

AVENUES FOR INTERNATIONAL COOPERATION

- Identify the chain of cost of the Internet and IP connections and provide developing countries with elements to trace their best politics for the new situation.

La Habana 1 de Diciembre de 2000