

ICT DEVELOPMENT

PROMOTING AN ENABLING ENVIRONMENT

This philosophy may prove useful to discussions, and demonstrate solid commitment to seeing the benefits of a robust, global information and communications technology (ICT) sector delivered to all of the world's citizens.

It is hoped that all nations join in the policy of efforts to identify and promote a good regulatory environment for ICT development. While this can encompass more than policy and regulation for the communications environment alone, the latter is key to achieving the goal of a global, development-oriented information society.

Building on the fundamentals

Notwithstanding the complexities of today's telecommunications environment and the new challenges introduced by convergence, there are bedrock principles that have defined an optimal policy/regulatory environment for more than a decade. **Liberalization, competition, private investment**, and an **independent regulatory authority** have together underpinned strong growth in the telecom sector. These fundamental principles, though basic, have brought the world closer to the end goal of universal access and service to the public. Consider that a decade ago, only about 40 countries worldwide embraced privatization. Today liberalized markets in 120 countries boast some measure of private investment¹ which spiked global revenue gains from roughly \$500 billion - - 1993 levels - - to more than \$1.1 trillion today.²

These fundamental principles are also embedded in the WTO Reference Paper which has been adopted by the majority of WTO members making commitments in basic telecommunications. A recent study concluded that in virtually every region of the world, those countries that made WTO commitments experienced both higher levels of sector revenues as a percentage of GDP by 2001, as well as higher growth rates in the years since 1997.³

Let the fundamentals serve as guideposts for how to handle these new challenges

¹ Source: ITU World Telecommunications Regulatory Database.

² Source: ITU World Telecommunications Indicators Database.

³ *Telecommunications Trade Liberalization and the WTO*, Kent Bressie, Michael Kende, Howard Williams, /2004.

Expand private investment and competitive models to these new areas. Go forward with an equal commitment to sustain an independent regulatory authority that can transparently and predictably maintain relative certainty and a level playing field. At the same time, redouble the efforts to apply these principles to traditional areas of telecom. This will buttress both the existing and the new. The fundamentals are still the best way to achieve universal service to our citizens - - the public.

This brings the final point: the importance of the user/consumer.

Regulation and the user/consumer

As has been seen all over the world, governments now accept that a competitive model for the communications services market produces better results than a monopoly model. That was a major intellectual leap. Today, it is suggested that policy makers and regulators make consumer benefit a major objective. It seems like a simple thing to ask, but if one considers it carefully, it has a number of major implications.

- ***First, the regulator should be an advocate for the user/consumer.*** In the post-WTO world, many regulators focused on de-monopolization and allowing new entrants into the market. This is important, but the bigger picture is that competition is good because it creates benefits for ordinary citizens. When ordinary citizens can be more productive, the economy grows.
- ***Second, consider defining markets from the user/consumers' point of view.*** The world is nearly at a point where all telecom services – voice, video, audio, data – can travel over all networks – wireline and wireless, cable television, terrestrial television and radio, and satellite. Regulations in any one of these areas affect developments in another. A vibrant cell phone market pulls subscribers away from a wireline market, if a wireline monopoly fails to innovate or compete. Limiting cable television services reduces the possibility of broadband Internet offerings over cable modem service. As telecommunications and broadcasting gradually become indistinguishable from the consumers' point of view, that should trigger bringing together media and telecom regulation into one institution.
- ***Third, make an effort to support trade in equipment that reduces prices for users/consumers.*** If there is great interest in getting competitive services to market, but the price of handsets or computers or network equipment is too high, the communications sector suffers and the economy as a whole suffers. More trade and lower tariffs are often not the direct responsibility of the telecom regulator, but have a huge impact on making the regulator more effective.

- ***Finally, open the market to content.*** Communications networks without content are like roads without vehicles. The whole purpose of communications services is to increase the flow of data and information, which connects people to ideas and opportunities. Economies grow not because of abundant natural resources, but because people are productive. Be an advocate for openness to content. As the gateways are opened, the world will see knowledge, innovation, and a better life.