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**ECTEL**

EASTERN CARIBBEAN TELECOMMUNICATIONS AUTHORITY



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# Note from Editor



**Embert**Charles

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publication.

**T**his year marks the tenth anniversary of the formation of the Eastern Caribbean Telecommunications Authority (ECTEL). The Treaty establishing ECTEL was signed in Grenada on May 4th 2000 by the Prime Ministers of Dominica, Grenada, St. Kitts and Nevis, Saint Lucia and St. Vincent and the Grenadines. In this current global environment where the lives of institutions and communities appear to be short lived by both natural and man-made disasters, there is every reason to celebrate the tenth birthday of ECTEL.

This special publication celebrates the depth and breadth of the achievements of this multi-island telecommunications regulatory authority whose work in the past decade has been the subject of several studies and discussions on regulation of the sector. The articles therefore contribute to this wider debate about the place of ECTEL and of regulators in this rapidly changing telecommunications and Information Communications and Technology (ICT) environment. As the government and people of the Caribbean attempt to integrate ICTs into their work and social lives, they continue to seek some references for their decisions. We hope that the information in this magazine can answer some of their questions.

The articles represent the depth and breadth of the expertise of the team of Caribbean professionals who are engaged with the regulation of the sector, and are employed at the ECTEL Directorate and the five National Telecommunications Regulatory Commissions (NTRCs). In addition to the information on the changing nature of the sector and the responses of the regulator, we have attempted to use the publication to present some vignettes of the early days of the journey of the countries towards telecommunications liberalisation.

The tenth anniversary magazine is part of a larger pool of information about the work of ECTEL, some of which is published on our website [www.ectel.int](http://www.ectel.int). Additional information is also available through the respective web sites of the NTRCs.

ECTEL extends its gratitude to the citizens of its Member States and the many institutions and organisations within and outside the region who have challenged us to excel. We however dedicate this publication to the numerous individuals who were directly involved in the liberalisation efforts and the setting up of ECTEL and the NTRCs.

Enjoy reading!

# Message From Chairman ECTEL Council of Ministers



**Hon. Joseph Gilbert**

The policy shifts which are required to fully realize the dreams and wishes of the founders of ECTEL must be implemented as a matter of urgency. Through the respective Ministries responsible for Telecommunications and ICT, governments of the region must implement policies and strategies which will continue to make services affordable and accessible to all citizens of our countries. Access must not be limited or constrained by social, economic, political or geographic factors. In addition to simply ensuring that we can all communicate with each other without impediment, the new communications technology must be so affordable that it becomes an integral component of business and entrepreneurship at all levels. But as we celebrate we also reflect on the place of ECTEL in our history.

The tenth anniversary of ECTEL in 2010 presents the ideal opportunity to take stock and assess its impact and relevance to its environment. We are collectively proud that since 2000, ECTEL has led the way in the Caribbean region in the liberalization of the sector. We also share a collective pride in the attainment of a wide range of harmonized actions which could have only been possible with the existence of this multi-state telecommunications regulatory system.

Notwithstanding some of our resource limitations and the challenges that our current legal and political systems present to the dynamic technological environment, we have been responding to the changes in ICTs to make the landscape more friendly to indigenous entrepreneurs.

As we celebrate the tenth anniversary, we must extend our gratitude to those great pioneers for their vision and leadership. All the Prime Ministers of the ECTEL Member States who signed the Treaty in 2000 to create the Authority are deserving of commendation, and by extension the leaders who continued to provide sterling support. The Council of Ministers which serves as the policy making body for ECTEL has been served by a group of Ministers whose commitment to the goals of ECTEL remain unrivaled. In this esteemed group of stalwarts who have served with distinction are Calixte George of Saint Lucia, Jerrol Thompson of St. Vincent and the Grenadines, Gregory Bowen of Grenada, Sam Condor of St. Kitts and Nevis and Reginald Austrie of the Commonwealth of Dominica.

But as we celebrate the great achievements of the past we must also focus on the challenges ahead. We are all aware of the dynamism of the sector. The phenomena of convergence with all its ramifications are real. The implications of

information and communications technologies are real. It is within this new and emerging framework that we must look at regulating the sector.

While we continue to look at, and adapt to, the dynamism in the areas of price regulation, universal service obligations, numbering, spectrum management and domain name management, we must develop the capacity and demonstrate leadership in the areas of Internet governance, cyber-security, Internet protocol migration, Internet exchanges, and broadband deployment.

At the birth of the next decade however, ECTEL will embark on one of the more ambitious and challenging missions to date. We will respond to the challenges of technological and service convergence through legislation which expands the role and functions of ECTEL to undertake regulatory oversight of the wide range of information and communications technologies. This is no easy task. As we embark on this journey during this anniversary year, I appeal to all citizens and stakeholders to participate in the discussions, and above all, to exercise their democratic rights to ensure that the gains from the liberalisation of the sector are not eroded due to our inaction.

My sincere congratulations to Members of the Board of Directors, the staff of ECTEL and the NTRCs, Commissioners, Council Members and the large body of public servants and citizens who have made a contribution to the Eastern Caribbean Telecommunications Authority (ECTEL)

**Hon. Joseph Gilbert**  
**Chairman, ECTEL Council of Ministers**  
**2009 - 2010**

# ECTEL Board of Directors



**Isaac Solomon**

Over ten years ago, the leaders of the countries of the Eastern Caribbean embarked on an ambitious journey to establish a regulatory system for the monopolised telecommunications sector in order that service would become more accessible and affordable to their citizens. This journey took several twists and turns and was supported by several disparate resources – technical and financial support from the World Bank, intellectual guidance and tough leadership from the region’s political leaders, the expertise of skilled Caribbean professionals and the unwavering support of the people of the region.

The outcome of this journey was the establishment of a telecommunications regulatory framework which exceeded all expectations. After ten years, in 2010 the people and governments of five countries celebrated the tenth anniversary of the Eastern Caribbean Telecommunications Authority (ECTEL). These countries are the Commonwealth of Dominica, Grenada, St. Kitts and Nevis, Saint Lucia, St. Vincent and the Grenadines. ECTEL was specifically set up to promote open entry, market liberalisation, a harmonised regulatory regime and the overall development of telecommunications.

There are some visible objective indicators of the impact of ECTEL –

universal service in mobile telephony, increased access to the internet, the added value to the services and manufacturing sector through communications technology and the expanded delivery of government services. The telecommunications and ICT sector has also contributed significantly to the national income of these countries.

What is not visible however to the public, is the extensive capacity in the area of telecommunications and ICT regulation which is the direct result of the operations of ECTEL and the National Telecommunications Regulatory Commissions (NTRCs). There are several citizens of every ECTEL Member State who have been trained, and for the decades have provided high quality advice on matters relating to interconnection, telecommunications pricing, spectrum management and universal service. These citizens of ECTEL have also been engaged, and provided leadership at regional and international levels in organisations such as the Caribbean Telecommunications Union (CTU), the Organisation of Caribbean Utility Regulators (OOCUR) and the International Telecommunications Union (ITU).

Another significant achievement of ECTEL is the operation of a governance structure which exemplified and highlighted some

of the fundamental elements of an effective and efficient regulatory authority. During the past decade the ECTEL Council of Ministers has been convened on a regular basis, and its function of providing policy guidance to the Directorate has not been interrupted by changes in governments or ministerial portfolios at the national level.

Having provided technical advice to the Telecommunications Reform Project from 1998 – 2000, and further serving on the ECTEL Board of Directors from 2000 – 2010, I can also attest to the fact the financial management of the Directorate is a model for the operation of any regional institution. The ECTEL Board of Directors, like the Council of Ministers has functioned for the past decade providing oversight for the Directorate and by extension management guidance to the NTRCs.

ECTEL, through its deliberate attention to the highest standard of regulation utilised all the tools available to make independent decisions which are fair and transparent. This record of our existence will only serve to provide the high levels of certainty which are required for new investments, and the orderly growth and development of the telecommunications and ICT sector.

As we continue our journey onwards, we will continue to build additional capacity to provide regulatory oversight in the new and emerging areas of the sector. ECTEL and the NTRCs together are well positioned to contribute to the overall development of the economies of the ECTEL Member States.

**Isaac Solomon**  
**Chairman, ECTEL Board of Directors.**  
**2009 – 2010.**

# CONNECTING DISPARATE EVENTS: THE LIBERALISATION OF THE TELECOMMUNICATIONS SECTOR IN SAINT LUCIA

## DISPARATE EVENTS

Have you ever wondered how disparate events, seemingly unconnected, eventually acquire meaning and significance in your life? Is it chance or sheer fate that connects these events? What has this to do with the formation of ECTEL and the liberalisation of the telecommunications sector?

Sometime in either 1989 or 1990, I received a telephone call from a young Attorney from Dominica. His name was Anthony W. Astaphan. The conversation went something like this:

“Dr. Anthony, I need some advice. I have a client in Dominica who wants to file a Constitutional action against the state on the ground that his company was denied a telecommunications licence.”

“Really,” I responded. “How is that a constitutional breach?”

“Well, the state has interfered with my client’s right to freedom of speech and to communicate.”

“So, how was your client’s right of freedom of expression breached?”

“You see, by the refusal of the state to consider an application from my client to provide public telecommunication services because it believes that an Act of Parliament compels it to protect the exclusive licence it has granted to Cable & Wireless.”

“So, what are you saying? Is it not reasonably justifiable in a small country like Dominica with a small population to have one telecommunication provider? Surely, that must be in the public interest.

“Not so,” was the reply from Astaphan. “Not if it breaches my client’s freedom of expression and the right to communicate ideas freely.”



I promised to think about the issues, look at the Constitution and the existing legislation, and call in due course. Days later, I would telephone Astaphan that I had concluded that it was possible to initiate a constitutional motion against the State. Many telephone calls were exchanged after that initial conversation. Those phone calls would eventually lead to one of the most enduring friendships in my life. Anthony Astaphan remains a close, loyal and treasured friend.

Unfortunately, his client, Marpin TV Company Limited, decided against filing the constitutional motion as it had no money to meet the cost of what it feared would be a bruising battle with Cable & Wireless.

This early encounter, perhaps more than any other, sensitized me, constitutionally and politically, to the inherent dangers of exclusivity in the telecommunications sector.

### **ENTER THE 1997 ELECTION CAMPAIGN**

Enter the 1997 Election Campaign. Supporters of the Saint Lucia Labour Party, in their thousands, gathered at the Vigie Playing Field in Castries for the launching of the 1997 Manifesto: "New, Vision, New Directions for a New Century." I believe that in those days, although I did not see him, the current Minister of Communications was there, in his red shirt, to witness this historic event.

It was my responsibility to speak on telecommunications. "Cable & Wireless is the most hated company operating in Saint Lucia today," I thundered. The crowd roared with approval. Then, I outlined our policy on Telecommunications. The St. Lucia Labour Party pledged to:

- (a) "Negotiate a flat rate for telephone services as a means of opening up the country and removing price discrimination for people living in rural areas.
- (b) Ensure that each secondary school is provided access to the information highway.
- (c) Require Cable & Wireless to increase its penetration rate by installing telephones not just to communities but to households.

(c) Ensure the introduction of measures to require Cable & Wireless to improve its customer services and the quality of services to consumers.

(d) Abolish tax on local telephone calls.

(e) Expand access to Cablevision (subscriber cable television)

(f) Enhance access to other national television programmes in the region to enable our people to keep in touch with the lives and happenings of other Caribbean people." (Elections, 1997 Manifesto, Page 41).

Cable & Wireless neither forgot nor forgave me for my statement. I was reminded of it from time to time.

### **ENTER THE SLP GOVERNMENT**

On the assumption of Government in May 1997, we learnt that Cable & Wireless had four, but different and exclusive licences. These included:-

1. The Domestic Telephone Agreement of 1980, which expired in September 2000 and was extended to March 31st 2001;
2. The External Licence of 1969, which was due to expire on March 31st 1994, but was extended to coincide with the termination date of the domestic licence, which was set at March 31st, 2001;
3. The Boatphone (Caribbean Cellular) Agreement of 1993, which expired on January 1st 2000, but was extended to March 31st 2001; and
4. The Cable TV Licence of 1986, which expired on October 31st 2001.

It quickly became clear that the expiry of these licences provided us with a unique opportunity to implement our Manifesto promises. Cabinet readily agreed to proceed to liberalise the sector. The next step was to secure the support of the OECS (Organisation of Eastern Caribbean States).

The Government of Saint Lucia raised the issue of liberalisation of the telecommunications sector with OECS Governments, sometime in October 1998. I remember the occasion well. The Government of

Antigua listened but reminded the meeting that Cable & Wireless did not operate in Antigua. Grenada supported the proposal, but cautiously. Dominica announced that since September 1985, Cable & Wireless held an exclusive twenty-year licence covering both national and international licences. A 1995 Act guaranteed Cable & Wireless exclusivity. Dominica thought it was in a bind. St. Kitts and Nevis was strangely silent. Later, I would learn that the telephone company in St. Kitts and Nevis was jointly owned by the Government and Cable & Wireless. Saint Vincent and the Grenadines did not hesitate to support the proposal. The dependencies of Anguilla, Montserrat and the British Virgin Islands reminded everyone of their constitutional status, and so had to toe the imperial line. This meant protecting the vital interests of Cable & Wireless.

I explained, sometimes patiently, sometimes energetically, sometimes persuasively that the end of the Cable & Wireless licences in Saint Lucia provided a historical opportunity to re-negotiate existing arrangements with Cable and Wireless, end its monopoly, and liberalise the sector. I emphasized that we needed a regional approach to insulate each other from the inevitable pressures that would come our way.

Eventually, the Heads of Government agreed, nervously but cautiously, to engage Cable & Wireless and liberalise the sector.

### **SUPPORT OF THE WORLD BANK**

The Governments knew that they had a major disability - lack of expertise. Over the years, the Governments had invested little in training their people in Telecommunications. They too had come to rely exclusively on Cable & Wireless.

It was decided to turn to the World Bank both to provide advice and funding to finance the liberalisation of the sector. The World Bank loaned the participating islands six million EC dollars. Counterpart

funding of four million came from the participating states. The project became operational in October, 1998. Everyone knew too, that the presence of the World Bank provided “a cushion” to contain Cable & Wireless. It was a shrewd move that paid good political dividends.

## CONVINCING CABLE & WIRELESS

Armed with the decision of the Heads of Government, I proceeded to persuade Cable & Wireless that the Government of Saint Lucia wanted a new and different relationship. I reminded Cable & Wireless that it had been part of the Caribbean landscape, was a household name in Saint Lucia and so for all practical purposes, part of our family. Cable & Wireless was not amused. It realised though, that the Government was determined to end its monopoly.

## A LEGAL CHALLENGE

Meanwhile, Marpin decided to challenge the monopoly that Cable & Wireless enjoyed in Dominica. By notice of motion dated October 20, 1998, Marpin sought declaratory and other relief under the Fundamental Rights Provision of the Constitution of Dominica. The proceedings challenged the validity of the Dominica Act and the licence “insofar as the Act authorizes and the licence grants the exclusive licence for Cable & Wireless.” [Cable & Wireless (Dominica) Limited vs Marpin Telecoms and Broadcasting Company Ltd, UKPC, October 30, 2000]. The High Court and later the Court of Appeal, agreed with Marpin that the exclusivity conferred by the licences secured by Cable & Wireless was in contravention of the Constitution.

Every Government in the OECS knew and understood the significance of this case. If Marpin succeeded, then all existing and exclusive licences to Cable & Wireless would be invalid. Cable

& Wireless would not need to be persuaded to end its monopoly. The stakes were high. Cable & Wireless appealed to the Privy Council.

## ONGOING NEGOTIATIONS

Meanwhile, the negotiations with Cable and Wireless commenced. The OECS Government established a Negotiating Team made up of all the participating Governments and readily agreed that Senator, the Hon. Calixte George of Saint Lucia be the Chairman and then Minister, Hon. Cedric Liburd of St. Kitts and Nevis as Deputy.

In Calixte George, we believed we had the perfect pick. Calixte was anti-colonialist, anti-monopolist, fiercely committing to liberalisation and had a solid grasp of the technological issues that would arise in the negotiations. Here was vintage Calixte George at the First Meeting of the Council of Ministers on October 18, 2000:

“It must be stated that our achievements so far could only be attained by our philosophical position, namely, that it was time to put a halt to the exploitation and advantage that was taken of previous Governments in the region who seemed impotent to tackle monopolistic giants who were allowed free reign with rate setting and virtual self regulation of their activities.”

It is little wonder that the officials of Cable & Wireless felt intimidated by Calixte George and proceeded to express their displeasure whenever the opportunity came their way.

### CABLE & WIRELESS REACTS

At the domestic level, I continued, in the background, to dialogue privately with Cable & Wireless, reassuring the Company that we wanted them to be part of the telecommunications landscape but insisting on new arrangements. The discussions were, sometimes, testy.

On one occasion, I received what I considered to be a rather rude letter from one of its new and young executives, fresh from the United Kingdom. The letter sought to question the motives and

commitment of the Government of Saint Lucia. I decided not to reply but called in the Manager and advised him that under no circumstances would this young executive be tolerated in meetings with me or other officials of the Government of Saint Lucia. He was quickly withdrawn and returned to London.

## PRIVY COUNCIL RESPONDS

On October 30th, 2000, the Privy Council delivered its judgment in the Marpin case. In what can only be described as a “whobbly” judgment, the Privy Council said that, “whether or not the results reached in the court below were right, they were reached after an over circumscribed approach. “ Therefore, the matter must be remitted to the courts below as the case “is one calling for an appreciation of local conditions” and an “evaluation of the evidence based on the correct principles.” [Page 14].

While the judgment in favour of Marpin was not upheld, it was, in some ways a pyrrhic victory because the Privy Council agreed that there was a valid question to be answered, that is, “whether in authorizing and granting exclusivity, the Act and the licence make provision that is reasonably required for the purpose of protecting the rights and freedoms of other persons.” [Page 13]. The writing was on the wall.

## CABLE & WIRELESS STRIKES BACK

In early 2001, Cable & Wireless went on the offensive. It announced it was considering withdrawing from Saint Lucia. (Ref: Page 13 of the Saint Lucia Star Newspaper, 14th February, 2001). Fortunately, at the time of the announcement, the OECS Heads of Government had gathered in Barbados for a regional meeting.

I requested an urgent meeting. Some Heads were determined to proceed, others were nervous and uneasy. Sometimes, I wondered whether they were saying to themselves, “what mess did Saint Lucia get us in.” In the end, we agreed to issue a statement with

one message: if Cable & Wireless chose to pull out of Saint Lucia, then it must make an exit from all states. The message was simple and direct: "Touch one, touch all."

Meanwhile, Trevor Clarke, a Barbadian and former Cable & Wireless executive waded in. In a statement widely reported in the region, he suggested that the OECS should follow the approach of the Government of Barbados and adopt a gradual approach. We declined his advice. Many felt that Mr. Clarke was unduly patronizing.

On February, 18, 2001, I addressed the nation on the threat by Cable & Wireless. I reviewed the issues, including the status of the negotiations, and announced that the Government would make contingency plans in the event of a pull out. I addressed the workers of Cable & Wireless directly. This is what I said:

"It is very unfortunate that some groups have decided to use Saint Lucian workers to create an atmosphere of hostility against the government. Such groups, if they have Saint Lucia's interest at heart, should show greater sensitivity to the fears and concerns of workers. They should move quickly to put an end to the psychological warfare, which they have waged against these workers and the people of Saint Lucia, and should remove the uncertainties that currently exist in the minds of these workers, many of whom have given years of dedicated service to the company. If Cable & Wireless is one of these groups it should be open and honest with its workers and should let Saint Lucians know that its decisions are cold commercial decisions, and are not due to a particular Saint Lucia peculiarity.

I would like to say to the employees of Cable & Wireless that the government is very aware of your concerns. I urge you to be strong in the face of threats, rumour and innuendo. I want you to realise that you are now fully competent to take over the running of the

telecommunications industry in Saint Lucia. Your competence is the direct result of the policy of this and previous governments, which pleaded with Cable & Wireless to employ more locals in the running of the industry. Today, there is only one non-national at the managerial level employed with your Company in Saint Lucia. I may add too, that there are Saint Lucians abroad who have both the technical and managerial capabilities to run telecommunications companies such as Cable & Wireless.

I want to urge you to have more confidence in your own strengths and capacities. Just as Saint Lucia created the National Commercial Bank and the Saint Lucia Development Bank after the withdrawal of Chase Manhattan Bank, so we should not place limits on our capacity to manage the telecommunications industry in St. Lucia. I want to urge you, the workers of Cable & Wireless, not to allow yourselves to be used against the interests of your country. You must attempt at all times to grasp and understand the issues in a broad and holistic way, and should give due consideration to the long-term interests of your country.

Finally, I want to re-assure you that your company has not closed the door on a continued presence in Saint Lucia. Your reactions should therefore be guided by the facts, and you must try to overcome defeatism and negativity in this period.

Employees of Cable & Wireless, you must remember that your skills will be needed in any post-Cable & Wireless environment. This period, therefore, calls for the highest levels of professionalism and commitment on your part, as prospective companies will be monitoring how well you respond to this challenge. You owe it to yourselves to give a strong account of your stewardship."

These exhortations were of no avail. The workers, understandably, became uneasy, frightened and even more worried about their future. A solid majority is reported to have voted against The Saint Lucia Labour

Party in 2001 and 2006. We paid a political price.

In the end, Cable & Wireless backed away. It withdrew its threat of a pull out and negotiations resumed. Perhaps, I should conclude by mentioning two particular experiences during the negotiation process.

#### THE "HOUSE SLAVE" COMMENT

The first is the famous comment by Calixte George that the Legal Advisor to Cable & Wireless behaved like a "House Slave". The comment wounded her, deeply.

I knew the Legal Advisor, Lisa Agard, exceedingly well. In fact, she was a student of the Faculty of Law when I lectured there.

The setting was a negotiating meeting in Saint Lucia between officials of the OECS Governments and Cable & Wireless. Calixte George was in the chair.

The night before the meeting, I met Calixte and Petrus Compton, the Attorney General, to discuss the agenda. I reminded Calixte that as Chairman he needed to guide the meeting carefully, allow the other Ministers to do the talking and crucially, remain calm in the face of provocation. We agreed and went our separate ways.

Next day, all hell broke loose when Calixte uttered his now famous or infamous statement, depending, naturally, on how you look at it. The media had a field day. I guess Calixte had had enough of the sniping, innuendos, and attacks on his person, intellect, and integrity.

There was a sequel to this episode. Calixte appeared at my home the next day, sad and remorseful. He looked at me and said, "Chief, I am sorry that I let you down." I hugged him and told him, I understood!

This sub-region owes a huge debt of appreciation and gratitude to Calixte George and the former Minister of Telecommunications in St. Kitts and Nevis, Cedric Liburd. It saddens me that we have never been able to thank him for leading and guiding the negotiations with



Prime Ministers of Ministries of Telecommunications of the ECTEL Member States during the early stages of liberalisation

Cable & Wireless. It was truly a crowning achievement.

#### THE IRISH MEETS THE ENGLISH

The next episode, I shall never forget is the encounter between Digicel and Cable & Wireless, to resolve issues of inter-connection. Cable & Wireless had accepted liberalisation, albeit, reluctantly. As had happened elsewhere, Digicel and Cable & Wireless could not agree on inter-connection between them. It became an explosive issue. Cable & Wireless was determined not to repeat the experience in Jamaica. I was invited to help to resolve the impasse.

A meeting was summoned for the Royal Saint Lucian Hotel. The meeting commenced in the early hours of the evening and did not end until 4:00 a.m. the next day. By now, Calixte George and I had become familiar with the negotiating style of the English and in particular, executives of Cable & Wireless. We were totally unprepared for the Irish.

They were tough, savvy and unrelenting. The negotiations were a replay of the historical tensions between the Irish and the English. All manner of insults and innuendos were hurled across the table. I had to stop the meeting on several occasions to cool tempers and to allow for negotiations, informally. For some, the chairs provided comfort, to sleep and rest in between bouts of insults and intemperance. Ironically, Calixte George and I had to protect Cable & Wireless against the Irish onslaught, much to the displeasure of the Irish who felt that we should have united against what one of them described as “the common oppressor.”

In the end, at 4:00 a.m. in the morning, the two parties agreed to meet privately in Miami on an agreed date to resolve their differences. Surprisingly, they succeeded. As always there are powerful lessons to be gathered from these experiences, some personal, others for the collective good. I believe that the most powerful, if not the most resonating

lesson, is in the simple and well-known adage: “Unity is strength.”

#### LESSON OF UNITY

At every critical stage of the development of this process was the unity of purpose and action among the participating states. We seized the right moment. The conjuncture was perfect.

It started with the negotiations with the World Bank to fund the Telecommunications Reform Project. The regional approach and the establishment of a regional regulator were two factors that convinced the World Bank to provide the six million US dollar loan over a four-year period to finance the project.

It was the offer of a market of half a million persons as compared to a hundred thousand that convinced investors and maintained their interest in the region. The development of our legislation, regulations and licences have been on a regional basis.



Dr. Kenny D. Anthony, Prime Minister of Saint Lucia unveiling the plaque at the opening of the ECTEL Headquarters in Saint Lucia - June 03, 2002

#### ECTEL A MODEL FOR THE WORLD

ECTEL has been a pioneer for regional regulation in telecommunications. It has been used as a model the World Bank and by the International Telecommunications Union as an example for other countries to follow. This is something we as a people need to be proud of.

While some persons have mistakenly labeled us as nations of copycats, the truth need to be told of our innovation and creativity in the Arts, Culture, Finance, Economics, Telecommunications Regulation, and Integration. After all, we are the people who pioneered the establishment of a single currency to

serve several states, who fashioned a regional approach to the delivery of justice and the control of our air space.

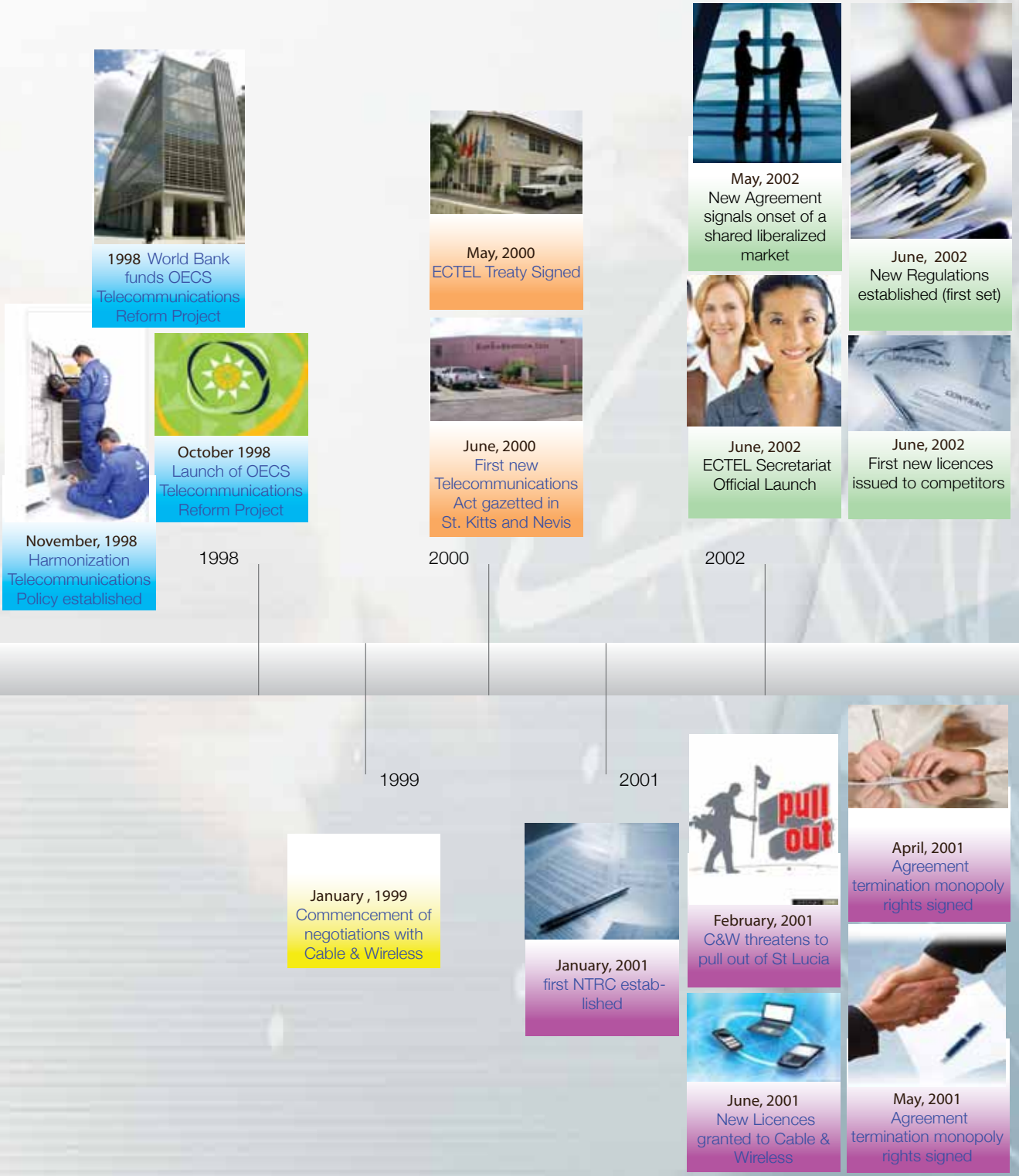
Consistent with that spirit, allow me in closing to honour Calixte George. He said at the launching of ECTEL, "[ECTEL] has evolved from our experiences. There are those who believe and in fact have stated that we are incapable of understanding the complexities of the Telecommunications Industry. To those persons I say that the result of testing our capability is manifested in what we are doing today."

I thank you for this honour of addressing you.

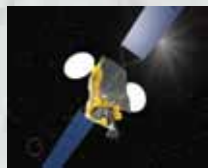
**Dr. Kenny D. Anthony served as Prime Minister and Minister of Finance of Saint Lucia from 1997 – 2007. He was an integral part of several government negotiating teams which were engaged in the introduction of telecommunications liberalisation and the establishment of ECTEL. The speech was delivered at the launch of the ECTEL 10th anniversary programme in Saint Lucia on February 25th 2010.**

# EASTERN CARIBBEAN TELECOMM

## MILESTONES 1998 - 2010



# UNICATIONS AUTHORITY (ECTEL)



**May, 2004**  
 Agreement between C&W and OECS Contracting States which set out a form of Price Cap regulations for all services dominantly supplied by C&W



**July, 2004**  
 Signing of Price Cap Implementation Plan



**December, 2004**  
 Price Cap introduced in the ECTEL Member States



**May, 2006**  
 Antilles Crossing lands in St Lucia

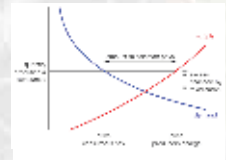


**July, 2008**  
 Embert Charles appointed as Managing Director of ECTEL



**January, 2008**  
 The Telecommunications Universal Service Fund is deemed to come into effect

**May, 2010**  
 Reaffirmation of Ministers to ECTEL Treaty



**May, 2010**  
 Second Price Cap Plan becomes effective in ECTEL Member States

2004

2006

2008

2010

2003



**February, 2003**  
 Commencement of litigation by Cable & Wireless



**April, 2003**  
 First Interconnection Agreement signed



**May, 2003**  
 Launch of services by first cellular operator



**August, 2003**  
 First strategic retreat concluded

2005



**July, 2005**  
 Price Cap becomes effective in St Lucia



**September, 2005**  
 Agreement termination monopoly rights signed

2007



**May, 2007**  
 40th Board of Directors Meeting agrees that the Broadcast Licence should be classified as CLASS

# REFLECT

The pleasure of being part of a dream come true and to realize that the culmination of that dream has brought positive changes in the lives of others, is indeed a self gratifying process.

Having been part of the formation of ECTEL from the conceptualization of how to totally change the then existing telecommunications landscape, the bringing together of five small Eastern Caribbean countries; (Dominica, Grenada, St. Kitts & Nevis, Saint Lucia and St Vincent and the Grenadines) in a harmonious project of telecommunications reform and implementation of a pioneering regulatory environment has been a life changing experience. ECTEL as a regional telecommunications authority was a pioneering and radical concept that in its coming of age is now international best practice.

Many were the naysayers with multiple reasons why the big bad monopoly could not be persuaded of the overwhelming economic reasons for implementation of reform to bring the benefits to all, including the monopoly themselves. The first hurdle was therefore convincing the political leaders to take on Cable & Wireless (C&W) in negotiations; and that was the easy part. The rocky road to our present day success was the actual fight to come to an agreement on the future landscape, working with the World Bank coordinating the implementation of the Reform Project, while developing a unique, first in the world regional regulatory institution. The road to success was not easy and as with most revolutionary ideas it is not the revolutionary act that is difficult but managing the post –

revolutionary period. In celebrating our tenth anniversary and reflecting on the journey I must say that it was a wonderful experience and as was said in song ..... “regrets I have had a few - but then again too few to mention”.

The original dream of Caribbean unity has become stultified in bureaucracy and now diluted as simply a lesser goal of economic integration. The fleeting, now elusive dominance in cricket and experimentation of a single airline carrier are now passé. The dream of the possible is now being given new life through five small countries expressing their sovereignty and determination to achieve a better way of life by integrating, ceding some of their sovereignty to achieve a better life for their citizens.

A pragmatic approach, the initial concept was to involve all the Members of the Organisation of Eastern Caribbean States (OECS) in a process of economic reform.

Reality check eliminated the British Dependencies of Anguilla, British Virgin Islands and Montserrat as it was felt that involving them in a pitched confrontation with a British multinational would not be the best strategy. Antigua was to be included; again pragmatism dictated that it would be better to have them join later. Their standing with the World Bank was not the same as the other remaining five and there would have been lengthy delays in accessing World Bank funding. The approach to act expediently and at the pace of the fastest, letting this create a pull for the slower ones was a characteristic of the embryonic stages of ECTEL. The focus on telecommunications was a realization that it would be more

effective to address this underlying structure to economic development.

Once it was decided that the five countries would be the participating Member States then unity was the prevailing principle. This was eloquently expressed by Dr. Keith Mitchell the then Prime Minister of Grenada, when he was quoted as saying “.... touch one touch all..” ECTEL was founded on this principle and was a source of personal and collective pride to be involved in a process where political leaders were effectively sacrificing some national sovereignty for the benefit of the collective. Dr. Kenny Anthony, then Prime Minister of Saint Lucia, was resolute in his offering of the leverage of the imminent termination of the Cable & Wireless agreement in Saint Lucia, in 2000, as leverage in negotiations to bring to early termination the agreements in the other territories like St. Kitts & Nevis where the agreements should have run until 2020.

The early days of negotiations were intellectually stimulating and personally satisfying. The then Senator Calixte George, Chairman of the negotiating team and Chairman of the embryonic stages of ECTEL, dubbed “the pit bull” due to characteristic forthrightness and never letting go of an issue once he had his teeth in it. Calixte showed leadership and courage in dealing with a large British multinational company. The negotiating team showed astuteness in addressing the fundamental issue of compensation for relinquishing their monopoly by compiling a counter claim of economic loss through the stranglehold of monopoly provision of service.

It will always be remembered that

# CTIONS

## on the formation of ECTEL

in the process of providing support to the negotiating team the feeling in the camp was always that there was full support at the highest level and that the leadership was on the right track. Anecdotally, Calixte's outburst and personification of what he considered to be the mendicant attitudes of Caribbean nationals in the C&W team and his subsequent removal was a rallying point. The Heads of Government demonstrated their support by appointing one of their own team, Dr. Mitchell as leader of negotiations and reinforced the commitment of the team. The negotiating team refused to be sidetracked by this and to focus rather on the real issues.

The choice of the name of ECTEL is an interesting one. There were others: ECTRA – Eastern Caribbean Telecommunications Regulatory Authority; and ECTA – Eastern Caribbean Telecommunications Authority. ECTEL was chosen simply

because it sounded better even though it created the confusion by sounding like a telecommunications company and there being in existence at the time in Europe: EC-Tel; EcTel and ECTEL.

This is not a history of ECTEL, which history, needs to be properly recorded. This is a personal account and before closing I need to acknowledge contributions to the formation of ECTEL. My personal list of the persons to be acknowledged will not reflect the official list; again I leave that to the official historians.

A moment to consider those departed: Joe Alexander first, very short lived, Chairman of the Project Implementation Committee; Perry Mason responsible for the establishment of the Spectrum Management Plan, and Glen Dear the ever willing and capable researcher. Comrades you are not forgotten. Heartfelt appreciation to Spencer Thomas and Isaac Solomon, throughout thick

and thin, from conception, inception and implementation you remained as true friends. Your wise counsel is well appreciated. There are others and you know who you are and there will be a time and place to express my feelings.

This has been a journey in the formation of ECTEL. We must take pride that as small nations we are pioneers in the concept of regional regulation in telecommunications. We have come of age; we are now part of international best practice. That we have exported this expertise to the Pacific must not be under estimated in its significance. Thanks ECTEL, in this journey in which I have been privileged to be part, I have been made a better person experienced pride and joy and found many true friends.

**Donnie Defreitas**



**Donnie Defreitas**

A Caribbean national, born in St. Vincent and the Grenadines; he has a long and successful career both in development of Telecom Policy and in Regulation in the Caribbean. Graduated with a Masters Degree in Electronic Engineering from the Institute Superior Jose Antonio Echeverria, Havana, Cuba, Mr. De Freitas has been; a policy advisor to the government of St. Vincent and the Grenadines, elected as Vice President for the Americas in the International Telecommunications Union, instrumental in establishing the unique Regional Regulator body ECTEL and now the Telecommunications Regulator in Samoa.



The Challenges of

# Regulating the Multi-Island Provider

Are National Solutions Still the Best Option?

Like the rest of the world, the Caribbean telecommunications landscape has undergone rapid transformation. Change drivers such as market liberalisation, technological changes, convergence and changing customer demands have made their impact.

Several new players have entered the market where Cable & Wireless now trading as LIME, was once the sole telecommunications provider in almost all the islands of the English speaking Caribbean. With the phenomenal growth of mobile telephony, Digicel is now operating in the Caribbean and some countries in Latin America and is now present in more countries than LIME. Karib Cable and Flow are also multi-island providers even though they operate in fewer countries. Capacity is now abundant with several cable systems now linking the islands of the Caribbean – Antilles Crossing, GCN to name a few. Competition is fierce as providers seek to maintain or grow market share and the technology

is now providing opportunities for providers to deliver services from a single platform whilst licences still seek to make distinctions between discrete platforms such as fixed or mobile. In order to benefit from economies of scale, operators provide service in multiple islands across the Caribbean managing all the islands as one business. Both of the key players in the Caribbean, LIME and Digicel, manage their Caribbean business in this way.

As required by the World Trade Organisation (WTO), most countries in the Caribbean have established independent National Regulatory Agencies (NRAs). However, NRAs face challenges such as human resource, skill level and financial constraints. These challenges were envisaged by the policy makers and so the Eastern Caribbean Telecommunications Authority (ECTEL) was created. ECTEL serves as an advisory body on policy formulation and other technical aspects of regulations, which are highly specialised, while the NRAs in the

Member States retain decision making powers. The ECTEL model is intended to achieve economies of scale and scope among regulators through the pooling of resources, regulatory costs and technical expertise. Importantly, ECTEL's role facilitates harmonization of key aspects of ICT regulations.

From an operator perspective, this approach has worked reasonably well since the regulatory environment in all the ECTEL countries is reasonably predictable.

On the down-side, regional regulatory solutions could dilute national priorities of individual states. For the regional approach to work effectively, countries have to be willing to give up some level of autonomy in regulatory decisions to the regional body. The ECTEL model has sought to strike a balance by allowing the NRAs to retain decision making powers. However, if the NRAs are not proactive in ratifying ECTEL decisions, this can lead to lack of clarity. This is most evident where there has been a delay in some jurisdictions in



the implementation of the draft ECTEL led legislation into local laws.

In terms of the experience of regulated companies, one of the challenges with the regulatory processes of ECTEL is the limited interaction between the regulated companies and the staff of the regional agency unless expressly requested (by ECTEL or by the companies) or through consultations. This lack of communication between the architects of the decisions and the providers can result in misunderstanding by ECTEL of the issues facing providers and may disallow an appropriate balance of the interest of providers and consumers. It also creates an unnecessary time lag when providers may have no recourse but to seek reviews of decisions or seek audience with ECTEL in order for their views to be heard.

There is also a need for more focus by ECTEL on ensuring that the regulatory environment is conducive

for providers to earn a reasonable return on investment with incentives for them to continue to invest in the telecommunications infrastructure..

In spite of competition in the market, there has also been a dearth of competition legislation except for Jamaica, Barbados, Trinidad and Guyana, even though the CARICOM Competition tribunal has been established in Suriname. The absence of competition legislation has been reported to be a concern by providers since the rules for competition are not predictable or published. The absence of competition legislation undoubtedly entrenches regulation. Regulation should be a proxy for competition so once competition exists, competition law should apply, rather than ex ante regulation. The absence of competition rules is also noticeable where a provider operated across several countries. What is the market? What is the rule for determining dominance? These issues

need to be addressed forthwith.

The effectiveness of the regulatory regime, however, is not determined by its structure - whether there is a regional or national regulator. The effectiveness of a regulatory regime is determined by the effectiveness of its policies in achieving the desired outcome. In this regard ECTEL needs to recognise that lighter touch regulation is necessary to enable operators to be responsive to customer demands within the context of a converged market place, especially where customers can obtain services from several sources and use different technologies.

In spite of the challenges, ECTEL has done a tremendous job in managing different providers and advising NTRCs across five islands. In celebrating its tenth anniversary it is hoped that ECTEL will consider adopting the lighter touch regulation in its future dealings with providers.



The Caribbean Association of National Telecommunication Organizations (CANTO) was founded in 1985 as a nonprofit association of telephone operating companies in the Caribbean. CANTO's objective, then and now, is to establish a forum through which Caribbean Telecommunication Organizations may exchange information and expertise pertaining to the telecommunications field, generate inputs for orderly growth of the sectors, formulate policy and consider matters of mutual interest to its members.



When we focus **FIRST** on the customer,  
**ALL** else follows.

# Is the **Current Regulatory Framework** Enabling Local Entrepreneurship?

**T**he Telecommunications Act of 2000 came into effect as a consequence of the Treaty establishing ECTEL, to promote open entry, market liberalisation and competition in telecommunications<sup>1</sup>. The Act established a commission whose function it is, among other things, to monitor anti-competitive practices and report the same to the anti-competitive authority in Dominica<sup>2</sup>.

In Dominica this regime ushered the entry of a local company Marpin Telecoms and Broadcasting Company into the fixed-line telephone market and a myriad of cellular providers into the mobile market. Whilst this framework liberalised the market and allowed for competition some hurdles to new entrants were still evident. Even under

this legal umbrella there was difficulty in preventing some anti-competitive practices. Several cases relating to the alleged delays in interconnection for instance have been contested in the law courts in the Caribbean and beyond.

This liberalisation of the telecommunications sector was also intended to facilitate the nurturing of indigenous service providers. Local entrepreneurs bring immense benefits to a community by using innovations to improve our quality of life, create new jobs and improve our position in global economic competition.

Entrepreneurs create economic growth and new wealth for reinvestment<sup>3</sup>. In small island states, local entrepreneurs are disadvantaged

as they lack the financial and technical resources of the international and regional conglomerates.

Local entrepreneurs would benefit immensely if the concept of dominant and non-dominant carrier was developed beyond being referenced in the wholesale regulations and interconnection regulations. The FCC(Federal Communications Commission USA) defines firms exerting market power as “dominant carrier”<sup>4</sup>. Market Power is often defined as the ability to maintain prices unrelated to the cost or service in question<sup>5</sup>. The categorization was created to ensure that the regulatory requirements imposed upon non-dominant carriers would be substantially reduced or even eliminated. Lengthy delays in



processing applications, inappropriate licence classes, lack of non-dominant classification can present barriers to the entry of small indigenous enterprises.

The adoption of the principle technological neutrality forced ECTEL treat VoIP as a fixed service licence class. This appeared to facilitate the incumbent which used its dominant position and fixed licence to provide a service that could be easily provided by local entrepreneurs. International VoIP providers like Vonage, Skype and MagicJack who do not have to contend with local regulations can increase their footprint into our local market, easier than our local entrepreneurs. The U.S. District Court for the District of Minnesota sided with Vonage, concluding that Vonage was an information service provider, exempt from Minnesota Commission regulation.<sup>6</sup> Also, Commissioner Susan Kennedy, the most vocal of California's Commissioners regarding VoIP regulation, stated, "Someday these new technologies will be mature enough to carry their share of the social contract expected of other indispensable utilities. But until then, regulators should just keep their hands off."<sup>6</sup> ECTEL should follow suit.

The deployment of internet protocol (IP) in virtually all infrastructures and services enables the fundamental separation between the transmission layer and the service and application layer below.<sup>7</sup>

Services that run over the networks like text messaging, voice, data, video and other services unforeseen as of now should be available from a number of service providers. Divestiture of

the dominant providers may not be necessary but vertical separation of their facilities is crucial in the ECTEL States as most services can now be developed with innovation and some ingenuity.

In the current environment of dynamism in the technological landscape, it is highly recommended that a general service license be established for all services running on top of networks. Entrepreneurs must be allowed access to the networks and test beds for development of these services. Regulators, with the best intentions cannot predict all the services before they are envisioned. Further, trying to fit services into clearly defined categories are time consuming and disadvantageous to the entrepreneur.

In order to stimulate increased indigenous investment in the telecommunications and ICT sector, there should be the deregulation of the ISM band and the introduction of Number Portability. Opportunities to exploit the free WiFi band in the USA have lead to amazing innovations like community WiFi, mesh networking, and disaster networks using CU WIN. Number portability is also crucial for the service providers. The intrinsic value of a number should not chain a subscriber to any one provider. The past ten years allowed multi-million dollar corporations to compete. The future must increase the avenues for local entrepreneurs to enter the arena.

It is entrepreneurship and not regulation that has caused the proliferation of VoIP, the reduction in long distance service and immense

benefits to the consumer. Regardless of the regulatory model adopted, it is essential that telecommunications and ICT policies be guided by the underlying principles of competition in order for markets to develop for the benefit of consumers. Competition will not simply bring about lower prices. It will also bring more price dispersion, increased consumer choice, more rapid innovation, new services and new competitors. Competition is always better than regulation<sup>8</sup>. The telecommunications and ICT policy makers and ECTEL however must go further and ensure that local entrepreneurs can compete otherwise we will be relegated to consumers and the ever elusive role of service providers will continue to escape us.

- 1 **Telecommunications Act, 2000 Part 1 Preliminary**
- 2 **Telecommunications Act, 2000 Section 12 (1) (m)**
- 3 **NATIONAL COMMISSION ON ENTREPRENEURSHIP WHITE PAPER**
- 4 **Law and Regulation of Common Carriers in Communications Industry, Daniel L. Brenner p96**
- 5 **Law and Regulation of Common Carriers in Communications Industry, Daniel L. Brenner p96**
- 6 <http://www.igigroup.com/holiday/VoIP.Regulation.pdf>
- 7 [http://www.observatoriatelecom.org/documentos/impact\\_of\\_new\\_technologies\\_on\\_regulatory\\_regimes.pdf](http://www.observatoriatelecom.org/documentos/impact_of_new_technologies_on_regulatory_regimes.pdf)
- 8 **Local Competition: What Does It Mean In Canada?**



This article was contributed by the National Telecommunications Regulatory Commission (NTRC) of Dominica. The NTRC came into effect by the passing of the Telecommunications Act in September 2000. The NTRC is the telecommunications regulator at the national level in the Commonwealth of Dominica. It is responsible for the processing of applications and advising the Minister on the award of licences.

# Should **Tariff Regulation** only apply to the Incumbent Fixed-Line Services Provider?

When the telecoms market was liberalised in the period 2001-2003 the policy position taken at that time was to continue to regulate only the domestic fixed line services of the incumbent and not to continue regulating mobile tariffs (the mobile domestic rate was capped prior to liberalisation and required Ministerial approval to change). The view at the time was that mobile services of the incumbent would have been subject to competition from pending new entrants but the fixed line market would not see effective competition in the near term.

This view was also taken in the context that the incumbent held at the time that their domestic fixed line rates were being subsidized by international revenue which would be eroded by competition from new entrants that were not interested in providing fixed line services. Additionally, the total telephone subscriber base in St. Vincent and the Grenadines (SVG) was around 29,000 broken down as follows: fixed line 26,000 (21,000 residential and 5,000 business) and 3000 mobile subscribers. In short, fixed line customers represented 90% of the market. Noting this, the decision at the time to continue to regulate the fixed line market via a Price Cap Plan (PCP) mechanism was the correct approach.

Competition came to the mobile market in SVG in March 2003 with Digicel, followed by AT&T in July of that same year. Prior to market liberalisation the domestic rate for a one (1) minute call (mobile to mobile) was \$1.10EC. This rate immediately went to 79 cents for Cable & Wireless, 75 cents for Digicel and 72 cents for AT& T with the introduction of competition. AT&T never got a substantial share of the mobile market and the company was finally bought by Digicel in 2006. As such we presently have a case of a duopoly market that after 7 years of competition the domestic retail rate for a mobile to mobile (across network) call is at 98 cents for Digicel and 86 cents for LIME (Cable & Wireless) and 85% of our telephone consumers are now mobile instead of being fixed line. In short the market has changed considerably; fixed line customers are now 21, 000 (16,000 residential and 5,000 business) with mobile at 120,000.

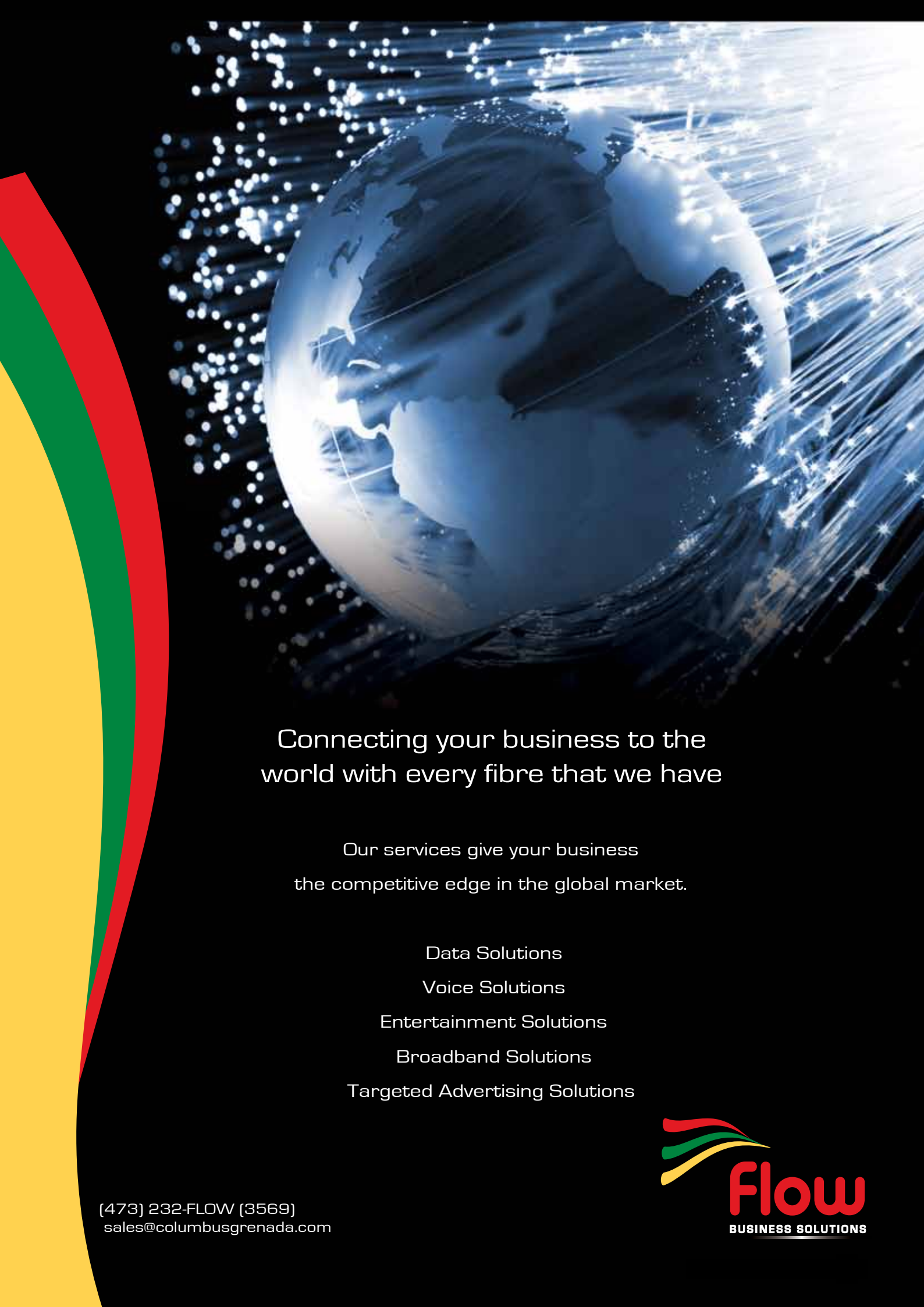
One may reason that the small decrease in mobile retail rates over the period is due to the existing wholesale cost of such a call. This may have had some merit in the past due to the absence of appropriate costing data but the recent costing models developed by ECTEL show that this is

not the case. The actual interconnection rates in the new Interconnection Agreement that came into effect in May 2009 confirms that these retail rates are far from cost and have resulted in increased profit margins, since except for a small reduction of 5 cents (6%) by LIME, the mobile domestic retail rates have remained unchanged despite the wholesale rates being cut by 50%.

The mobile termination rate in effect as of October 2009 is 31 cents. It is then evident that current mobile retail rates are not cost oriented and are approximately 10 times the rate of a fixed to fixed retail rate as outlined on our website [www.ntrc.vc](http://www.ntrc.vc). It would seem that if at this time, the mobile market is our dominant market and the retail rates are not cost oriented then it will be a case of the market failing to regulate itself (which can be expected in a duopoly). The logical solution to this is for regulatory intervention via appropriate mechanisms where the objective will be to bring mobile retail rates in line with cost. It cannot be logical to continue to regulate only the fixed line retail rates of the incumbent in which the fixed line market is now only 15% and the average retail rate is 10 times lower than that of the mobile market with 85% market share.



This article was contributed by the National Telecommunications Regulatory Commission (NTRC) of St. Vincent and the Grenadines. The NTRC came into effect by the passing of the Telecommunications Act in October 2000. The NTRC is the telecommunications regulator at the national level in St. Vincent and the Grenadines. It is responsible for the processing of applications and advising the Minister on the award of licences.



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## The History and impact of Price Cap Regulation in ECTEL countries over the last 10 years.

“...You know what? We have been at this conversation for 5 minutes now and it is costing me an arm and a leg, I’ll call you when I get to the office...” The year is 1998 and this could be part of a conversation between any two persons on their fixed line phone in a soon to be ECTEL Member State. The conversation would be even shorter if the call were to a cellular phone.

What a difference liberalisation and price regulation has made.

### Price Cap Plans Defined

The Organisation for Economic Co-operation and Development, OECD defines a price cap plan as a system for regulating the prices of a bundle of services of a regulated firm under which the individual price for each service is not controlled but there is a ceiling on the weighted average of all the prices in the bundle. Under a price cap plan, the maximum price level for a service or group of services is set and constraints

are placed on how the rates for these services can be increased or are expected to decrease in a given year. Thus prices or the cost to consumers are regulated. Initial rates are typically the existing rates, and once the cap is set the company must maintain prices at or below regulated rates. The company is expected to make annual efficiency gains which can be passed on to consumers through reduced prices. The company has an incentive to operate as efficiently as possible as profits are not directly regulated. Price cap plans therefore aim to harness the power of the profit motive to generate lower rates for consumers.

### Price Cap Plan in the ECTEL Member States

The signing of the Treaty and the formation of ECTEL in 2000, paved the way for the termination of the exclusive licences of Cable & Wireless, and the liberalisation of the telecommunications

sector. On May 20, 2002, an agreement was signed between Cable & Wireless and the governments of the ECTEL Member States, which opened up all telecommunications services to competition and set forth the initial framework for regulation of services offered by Cable & Wireless which would not be subject to adequate competition. Importantly, this agreement provided a jumping off point for the first price cap by establishing caps and setting out pricing rules for fixed residential and business access as well as usage charges for fixed calling. The agreement also included agreed upon rates and rules for international direct dialed calls, though international service was deemed to be unregulated.

Two years after the initial pricing rules were agreed, Cable & Wireless and the ECTEL Member State governments successfully negotiated the first Price Cap Plan which came into effect on

December 1, 2004 in all Member States except Saint Lucia where the plan took effect in July 2005.

The highlight of the plan was the pricing rules for fixed residential voice services. The plan set residential access charges which were fixed for the duration of the plan, which was four years, and allowed for business access to be increased by the rate of inflation. The rates for fixed to fixed and fixed to mobile calling were set on a downward trajectory. Under the May 2002 Agreement peak fixed to fixed rates were set at \$0.09 per minute, which was a significant departure from a rate of \$0.28 per minute which was charged for calls between exchanges or zones in Dominica prior to liberalisation of the sector. All ECTEL Member States had experienced similar favourable rate changes. With the newly negotiated price cap plan, customers experienced a further 22 per cent rate reduction in the peak rate for fixed to fixed calls which was at a maximum of \$0.07 for the duration of the plan. With respect to fixed to mobile, the peak calling rate was initially set at \$0.76 reduced to \$0.71 from the second year of the plan.

The rates for other regulated services, including internet access were on average expected to be reduced by an expected productivity gain of 2.5 per cent less inflation. Over the period of the price cap plan the rate for internet access and in particular broadband access saw a steady decline from an average rate of EC\$229 per month for 256 Kbps to EC\$79 per month for 1 Mbps.

### **Socio-economic impact of the Price Cap Plan**

Worldwide fixed voice subscription has been on a steady decline while mobile services have experienced phenomenal growth. In 2009, global mobile penetration was estimated at 67 per cent compared to 17.8 per cent for fixed line penetration. In the ECTEL

Member States fixed services faced a similar trend. However over the period 2005 to 2009 while the price cap plan has been in force, activity in the market for fixed services has been relatively stable though on a slight downward trend. Between 2005 and 2009, fixed line voice penetration experienced an annual decline of 1.26 per cent and averaged 28 per cent and local fixed call volumes averaged 670 million minutes per year. The stability in the fixed market may not be attributable solely to the price cap plan, however, stable prices ensured by the plan have contributed to the continued use of fixed services by business users in particular. In a 2008 survey conducted by ECTEL titled Use of Information and Communications Technology by Small and Medium Enterprises in the ECTEL States, 97 per cent of firms indicated they had fixed line service, and a significant majority, 83 per cent, indicated that they would not likely give it up. Additionally, 40 per cent indicated that fixed to fixed calling rates were priced right though there were major concerns about fixed mobile calling rates. The fixed line was still the main channel used for international calling, used by 67 per cent of businesses surveyed. Clearly fixed voice services are still viewed as very important by small to medium enterprises (SMEs), which are vital to any economy. Price cap regulation has ensured that this still important means of communications remains affordable for residential and business consumers alike.

### **Conclusion**

Globally, internet access and in particular broadband access is now viewed as crucial for social and economic development and essential for capturing the immense benefits of being part of the information age. However growth of internet penetration has been muted in the ECTEL States. Over the period 2005 to 2009, internet

penetration grew from 7.7 per cent to 13.5 per cent and ADSL is the main method used for internet access though cable modems service is increasingly available. This low internet penetration also highlights the continued importance of the fixed lines as a comparison of fixed line and internet penetration reveals that a significant number of subscribers still use their fixed line mainly for voice service.

Few among us can imagine life without modern information and communications technologies as they have had such a profound impact on the way we live, work, and socialize. From teleconferencing and video conferencing, to social networking to having the comfort of knowing that we can reach our friends, family and even business partners at any place, any time. [In the ECTEL Member States, liberalization of the telecommunications sector, regulation of the sector to ensure that basic telecommunications services remained affordable, and the creation of an enabling environment for innovation and competition in the sector has ensured that citizens of our region can participate in the new information society.] The price cap plan was but one pillar of the regulatory regime which was instituted with liberalization of the sector and so it is difficult to isolate its direct impact. Nevertheless it is clear that the measures adopted by policy makers in the ECTEL Member States has resulted in a strong and vibrant telecommunications sector which has enabled an number of other productive sectors to innovate and thrive in the new information society.



### **Cheryl Hector**

Ms Hector is the Senior Financial Analyst at ECTEL, a position she has held since 2005. Prior to joining ECTEL, she was the Intermediary Relations Officer with the Eastern Caribbean Securities Exchange in St Kitts and Nevis.

She holds an MBA in Finance from the University of Minnesota and a BSc in Mathematics and Computer Science from the University of the West Indies.

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2009-2010



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## From Cable & Wireless to LIME

# A Decade of change

LIME traces its history back to a number of British telegraph companies founded in the 1860s trading as Cable & Wireless. This company played a major part in the establishment and development of telecommunications around the world and gained international recognition.

In the Caribbean, the name Cable and Wireless has been closely interlinked with our history since the 1880s as the company known for providing state-of-the-art technology, reliable networks and, generally, for being a strong leader in communications. The Company is a strong contributor to Caribbean societies in general, serving as the backbone of the Caribbean by supporting security and air-to-ground safety services, services to hotels, hospitals and schools and also to emerging economic sectors such as call centres. The Company has invested in its communities by sponsoring major cultural, sports and educational activities which make a difference to the lives of all Caribbean people. For many years the words "cricket" and "Cable & Wireless" were synonymous and the company's focus has now evolved to the more popular youth track and field events with its recent sponsorship of CARIFTA games. Up until the year 2000, the Company was the sole provider of fixed and mobile voice and data services in the

Eastern Caribbean operating under a number of exclusive licences. This model served the Caribbean well at the time, by attracting much-needed investment in infrastructure when few companies were willing to invest.

At the beginning of the 21st Century there was a push by governments for liberalisation since the five ECTEL (Eastern Caribbean Telecommunications Authority) Member States had become members of the World Trade Organisation in the mid-1990s. The Company agreed to give up the unexpired period of its exclusive licences without seeking any compensation – asking instead only for the implementation of a fair and predictable regulatory regime which would allow the Company to compete on a level playing field – and by 2001 all of the Company's exclusive licences had been replaced with non-exclusive licences. Despite certain unfortunate suggestions, ECTEL and the National Telecommunications Regulatory Commissions (NTRCs) have managed the liberalisation process effectively. Indeed a legal challenge by a new entrant that competition had been improperly delayed was recently dismissed by the High Court of London on all counts.

Today, that process of liberalisation has been completed, and consumers in the ECTEL States have, in each

country, a choice of service providers for all telecommunications services. With the rapid change in technology consumers have seen an explosion in the variety of new plans and options available allowing them to select services to suit their specific needs and budgets. Customers have a choice of technologies for delivering services, with mobile and fixed wireless networks largely replacing fixed line networks as the primary means of providing voice services, and have seen a dramatic increase in the value for money delivered by their service providers, either through lower prices or improved services.

Following liberalisation, Cable & Wireless was transformed from a predominantly landline company, to the provider of choice of landline, Internet, mobile and entertainment services. In keeping with its early history, the Company continued to be an innovator--introducing new technologies like GSM mobile, ADSL Internet, and VoIP, and new high-value plans like NetSpeak, Cheap Chat and AllTalk, while increasing value for money to its customers. For example, line rental prices remained relatively flat in real terms, increasing on average less than \$6 per month from 2000 to 2010, in line with inflation over the same period. During the same period, IDD prices declined significantly, prices

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for calls to the US falling by some 40%, or more for customers of plans like NetSpeak.

As competition increased, the Company found it necessary to reorganise itself to deliver further efficiencies. In 2008, Cable & Wireless undertook a massive restructuring of its operations and introduced a fresh approach to the market with the objective of addressing our customers' needs. To signal this fresh, more customer-centric approach Cable & Wireless renamed itself 'LIME'—which stands for the company's four main line of business—Landline, Internet, Mobile, Entertainment.

LIME is now actively building, from its existing operations across the Caribbean region, a single, pan-Caribbean telecoms business to deliver world-class products and customer service to the people of the Caribbean. This pan-Caribbean approach is driven by LIME's wish to:

1. offer a more consistent suite of services for all customers,
2. provide seamless, world-class customer service at every customer touch point
3. respond in an agile manner to competitive pressures, and
4. capitalise on advances in technology, which enable the provision of faster, better and cheaper services.

As a world-class Pan-Caribbean Business, LIME can now leverage its economies of scale across the region so that it consistently delivers better value for customers across the Caribbean, while ensuring that ownership of the LIME customer experience stays "on-island" - as close as possible to the customer—delivering nothing less than world-class customer services.

LIME will also benefit our economies, particularly as it can operate a

Caribbean sourcing programme – purchasing all the goods and services it needs from regional suppliers wherever possible. LIME continues to invest in new infrastructure in the region, upgrading both its fixed and mobile networks, and building new cable systems, like East-West Cable, to ensure a robust and redundant network within the Caribbean.

Today, the reshaped business is focused on ensuring that Caribbean customers receive levels of customer service comparable with the very best businesses in the world.

The NTRCs and ECTEL have been critical in the evolution of the market and in contributing to shaping Cable & Wireless / LIME over the last 10 years. During the last decade the Company has responded to customer demands and their changing expectations. It has also responded to the environment created by the policies established by ECTEL.

The ECTEL model, of establishing national decision-makers in the NTRCs, with a shared base of expertise and knowledge in ECTEL, has been a good one for any investor operating across several islands. From LIME's perspective, this approach has increased regulatory certainty and allowed for a reasonably consistent set of regulations across all five ECTEL States-- effectively guiding the market through the liberalisation process to full competition.

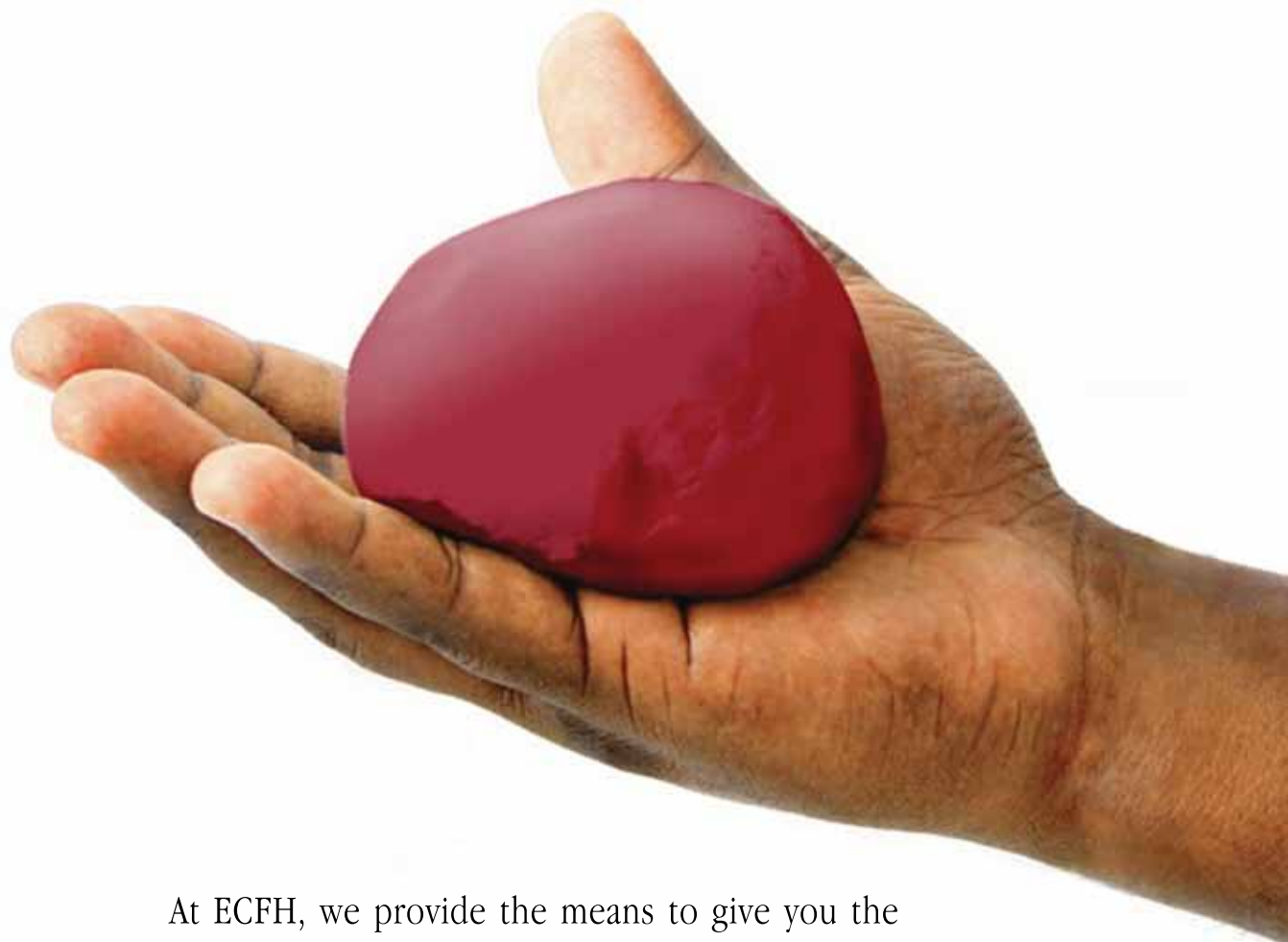
Now that the market has reached a position of effective competition, there is a need to review the regulatory framework to ensure it is not overly burdensome and is much more targeted and "light-touch". ECTEL can now establish rules which focus on further facilitating competition, not on limiting the scope of what the

"previous" incumbent can offer to the public and its customers. We must ask "how long is a new entrant a new entrant who controls more than 50% of the market in some cases". In other words, let market forces work.

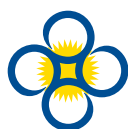
LIME looks forward to continuing to participate in all consultations commenced by ECTEL and to playing a role in shaping the regulatory framework such that competition flourishes, providers are not inhibited from investing in the network infrastructure, and customers continue to enjoy choice at affordable prices. While regulation has a role in protecting the public interest, competition will always be the most effective tool at the disposal of ECTEL to ensure consumers receive the best services for the best prices. ECTEL can also continue to play a critical role in ensuring the market remains attractive for investment, as information and communications technologies are important vehicles for the development of our economies. In particular, the regulator can ensure that the investment of legitimate operators is not abused by non-licensed operators who can damage the industry by providing cheap poor quality services to customers whilst poaching on existing network infrastructure and not paying licence fees.

LIME looks to the future with great optimism. We believe that placing our customers at the centre of everything we do can only make our company outstanding. We have always believed that we have an obligation to make the Caribbean a better place for the people who live here and as such LIME remains committed to the region and the countries we serve. **LIME**

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# DIGICEL'S PERSPECTIVES ON THE IMPACT OF ECTEL & THE LIBERALISATION OF TELECOMS IN ECTEL STATES

Digicel first of all wishes to take this opportunity to congratulate ECTEL on its 10 year anniversary, on the progress it has made in the 10 years and how much has been done for the telecommunications arena and the growth of telecommunications in the region, since its doors opened in 2000. A decade in the life of an institution is a memorable milestone and an appropriate time to look back on its progress, its successes, its challenges and its proposed direction for the future.

When ECTEL embarked on this adventure ten years ago, there was no telling where it would lead. This

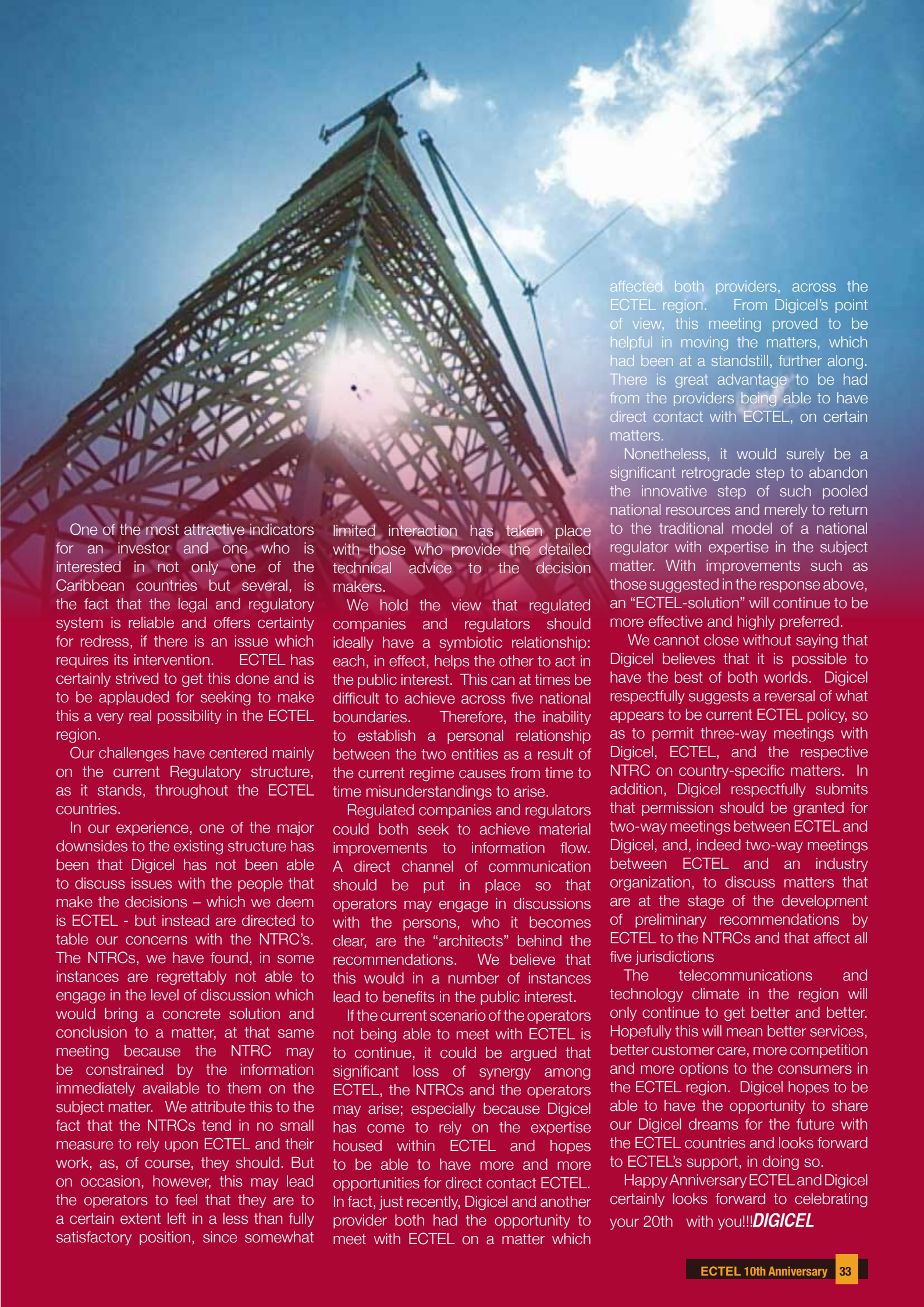
decade by far will prove to have been the most remarkable, as so much change has taken place and consumers' perspectives and demands based on the growth in the market, has created a completely new landscape and requires more stringent and relevant regulation. It is our view that the ECTEL region has come a long way and hopefully has much further to go.

ECTEL has had and continues to have a huge impact on Digicel's success throughout the Caribbean and Digicel

respects, appreciates and looks forward to ECTEL's support and its input and comments, as Digicel seeks to bring more services and products to the burgeoning telecommunications market throughout the ECTEL region.

Digicel is grateful to be able to operate in all 5 of the ECTEL countries because in such an instance, it truly has a pan-Caribbean view of the Regulatory arena and on the ground experience in dealing with all 5 National Telecommunications Regulatory Commissions. On a practical note, this means, that at this point in time, Digicel has formed relationships with most of the Commissioners and staff of the NTRCs and can honestly say that it continues to benefit from open and frank discussions with them, on the various issues confronting such a provider throughout the ECTEL region.

The concept of achieving economies of scale and scope through pooling the resources of several relatively small nations remains a good one. The regional nature of ECTEL has proven itself highly valuable already in that it also gives operators acting on several of these markets a good idea of consistency and "what to expect", i.e. better legal certainty.



One of the most attractive indicators for an investor and one who is interested in not only one of the Caribbean countries but several, is the fact that the legal and regulatory system is reliable and offers certainty for redress, if there is an issue which requires its intervention. ECTEL has certainly strived to get this done and is to be applauded for seeking to make this a very real possibility in the ECTEL region.

Our challenges have centered mainly on the current Regulatory structure, as it stands, throughout the ECTEL countries.

In our experience, one of the major downsides to the existing structure has been that Digicel has not been able to discuss issues with the people that make the decisions – which we deem is ECTEL - but instead are directed to table our concerns with the NTRC's. The NTRCs, we have found, in some instances are regrettably not able to engage in the level of discussion which would bring a concrete solution and conclusion to a matter, at that same meeting because the NTRC may be constrained by the information immediately available to them on the subject matter. We attribute this to the fact that the NTRCs tend in no small measure to rely upon ECTEL and their work, as, of course, they should. But on occasion, however, this may lead the operators to feel that they are to a certain extent left in a less than fully satisfactory position, since somewhat

limited interaction has taken place with those who provide the detailed technical advice to the decision makers.

We hold the view that regulated companies and regulators should ideally have a symbiotic relationship: each, in effect, helps the other to act in the public interest. This can at times be difficult to achieve across five national boundaries. Therefore, the inability to establish a personal relationship between the two entities as a result of the current regime causes from time to time misunderstandings to arise.

Regulated companies and regulators could both seek to achieve material improvements to information flow. A direct channel of communication should be put in place so that operators may engage in discussions with the persons, who it becomes clear, are the “architects” behind the recommendations. We believe that this would in a number of instances lead to benefits in the public interest.

If the current scenario of the operators not being able to meet with ECTEL is to continue, it could be argued that significant loss of synergy among ECTEL, the NTRCs and the operators may arise; especially because Digicel has come to rely on the expertise housed within ECTEL and hopes to be able to have more and more opportunities for direct contact ECTEL. In fact, just recently, Digicel and another provider both had the opportunity to meet with ECTEL on a matter which

affected both providers, across the ECTEL region. From Digicel's point of view, this meeting proved to be helpful in moving the matters, which had been at a standstill, further along. There is great advantage to be had from the providers being able to have direct contact with ECTEL, on certain matters.

Nonetheless, it would surely be a significant retrograde step to abandon the innovative step of such pooled national resources and merely to return to the traditional model of a national regulator with expertise in the subject matter. With improvements such as those suggested in the response above, an “ECTEL-solution” will continue to be more effective and highly preferred.

We cannot close without saying that Digicel believes that it is possible to have the best of both worlds. Digicel respectfully suggests a reversal of what appears to be current ECTEL policy, so as to permit three-way meetings with Digicel, ECTEL, and the respective NTRC on country-specific matters. In addition, Digicel respectfully submits that permission should be granted for two-way meetings between ECTEL and Digicel, and, indeed two-way meetings between ECTEL and an industry organization, to discuss matters that are at the stage of the development of preliminary recommendations by ECTEL to the NTRCs and that affect all five jurisdictions

The telecommunications and technology climate in the region will only continue to get better and better. Hopefully this will mean better services, better customer care, more competition and more options to the consumers in the ECTEL region. Digicel hopes to be able to have the opportunity to share our Digicel dreams for the future with the ECTEL countries and looks forward to ECTEL's support, in doing so.

Happy Anniversary ECTEL and Digicel certainly looks forward to celebrating your 20th with you!!! **DIGICEL**



# Bananas to Blackberries

The successful transformation of the small economies of the ECTEL Member States to full-fledged independent states is largely dependent on the structure of these economies. In the early 1980s the economies in the ECTEL Member States and the region were monoculture-based in that they focused on a few sectors to serve as engines of growth. Following the collapse of bananas and sugar, some of these countries resorted to new alternatives like the service industries, which for at least a decade sustained the economies.

In some instances, these new engines of growth had peculiarities that were similar to the previous pillars of growth in that they were not sufficiently dynamic to sustain shocks and evolve to allow for adaptation and resurgence in these economies. This article takes a closer look at some of those sectors with an aim to get policymakers and regulators to look at the sectors of the economies in a manner similar to the way in which Charles Darwin and to a greater extent Herbert Spencer, described the “survival of the fittest” with the ‘fittest’ referred to as the sectors which are the most suited to survive the volatility and vicissitudes in the domestic and global environment.

The communications sector, in particular telecommunications, may have uniqueness in sustaining itself while contributing to other sectors.

Providers within the industry, the regulators and governments have recognized that we are at the tip of the iceberg with telecommunications and ICTs.

### **The Traditional Pillar Sectors**

In 1980 following the independence of the Member States, there was sustained economic growth, with agriculture contributing between 12.9 per/cent of GDP in St. Lucia to 26.6 per/cent in Dominica. Manufacturing, which during that time seemed to be the hope for our economies, did not make a significant contribution to GDP. In Grenada for instance it was as low as 3.7 per/cent in 1980 and peaked to 7.2 per/cent in 1990. In the 1990s, with globalisation and the removal of preferential treatment the agriculture pillar weakened tremendously as prices fell and the contributions to growth began to diminish. In Dominica, where agriculture seemed to have been the strongest, its contribution diminished from 25 per/cent in 1990 to 18 percent by 2000. In St. Lucia its contribution almost halved from 13.9 per/cent to

6.9 per/cent in the same period.

### **Service Sectors – the New Hope?**

The collapse of the agriculture industries led to a thrust in service industries such as Hotels and Restaurants, Financial Services and Communications. St. Lucia and St. Kitts and Nevis suffered tremendously from the decline in the banana and sugar industries. In St. Lucia, the service sectors in particular hotels and restaurants, were suitable alternatives with an increase in the sector’s share from 10.2 per/cent in 1980 to a maximum of 13.6 per/cent in 2005. Wholesale and Retail remained strong at 11.1 per/cent. Communications although beginning at a low level of 2.9 per/cent in 1980 is the third largest contributor to GDP at 11.9 per/cent in 2009. In Grenada, communications and Banks and Insurance grew significantly with contributions starting at 1.6 per/cent and 4.8 per/cent in 1980 to 12.5 per/cent and 12.8 per/cent in 2009 respectively. In St. Vincent and the Grenadines agriculture continues to contribute significantly at 9.6 per/cent in 2009. Construction, wholesale and retail, transport and communications and banks and insurance continue to contribute largely with shares ranging between 10 and 17.5 per/cent. In St.

Kitts and Nevis, while agriculture's contribution dwindled to 4.6 per/cent in 2009, the traditional sectors such as manufacturing, construction, banks and insurance and transport and communications also continue to drive economic activity. In Dominica, agriculture remains a stronghold at 17.7 per/cent, followed by wholesale and retail and banks and insurance. Communications trails slightly behind at 9.6 per/cent.



### Is Communications Special?

The analysis above reveals that while each country is unique and has its own strengths, communications appears to be lurking and has the potential to emerge as a giant among the pillars. Going back to the history of liberalisation, telecommunications was seen as a necessity. The reduction of the cost of telecommunications would be an added incentives for foreign and local investment in all sectors as communications is regarded as an essential input for production. The Harmonisation of the regulation of the telecommunications sector would make rec - sector more attractive and it would be more viable for investors in telecommunications to strategize and prepare business plans to operate in all of the ECTEL Member States and diminish the disadvantage of small size that would hold if investment was narrowed to a single state.

Despite the growth in all the various sectors, our small vulnerable economies have not been able to completely rejuvenate after the various global disturbances including the oil price shocks, the September 11 terrorist attacks, and the recent financial crises. Our crisis pillars have been loosened and rebuilt but off and on you still hear of cries of unemployment, poverty, crime, massive emigration to greener pastures. The question is: Have we as Caribbean leaders been shortsighted in our vision in the development of the economies? It is very clear that the focus on a few sectors have resulted in economic success that has been relatively transient if we look at economic development planning for both current and future generations. These visions were shortsighted as in some instances we have deja vu - of small countries once again struggling to stay afloat as too many eggs are again placed in the wrong baskets.

### An Urgent Need to Refocus Our Energies in the More Resilient Sectors

Let us again refocus, as we look at the past decade to determine where we made mistakes. In all the ECTEL Member States, it is clear that our choice of sector focus have led to us being trapped as agriculture, though providing foreign exchange for the nation as a whole, following its decline would lead to unemployment, to some extent structural by nature, and in some instances poverty to persons who live in the rural communities that could only rely on these traditional industries for their survival. The fall of bananas and the growth in tourism, again had us trapped as following economic recessions and severe exogenous shocks; there was emigration of those whose skills were not easily transferable and the inability of the tourism sector and other sector pillars to absorb those persons.

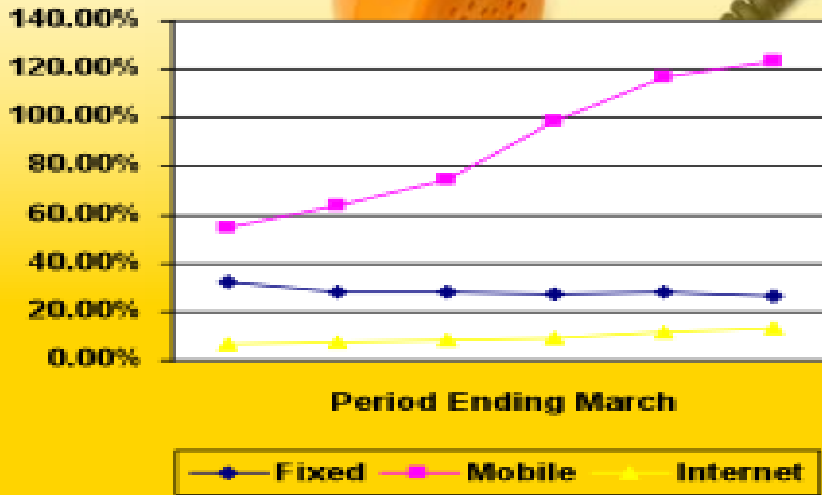
We spoke repeatedly for decades of establishing linkages between agriculture and tourism yet these were not successfully done. Most of the traditional pillar sectors like agriculture, manufacturing, hotels and restaurants, without effective planning lacked the dynamism to easily filter into other sectors for the establishment of strong linkages and engender overall diversified growth. The financial services, wholesale and retail, and construction sectors are vital for the growth and development of the Member States but on their own are substantially vulnerable and dependent on activities generated domestically and globally. The communications sector is unique as in 1980 it started extremely small in all the Member States from 1.6 per/cent in Grenada to 3.7 per/cent in St. Vincent. However, by 2009 it has blossomed to large shares ranging from 9.6 in Dominica to 12.5 per/cent in Grenada and the Grenadines.

This sector is so dynamic by nature in that it contributes significantly and directly to economic and social development. It has its own life

services are vital in the improvement of health, education, reducing crime and exploring entertainment. In addition globally, it has been recognized that

**Is Communications and ICT the Intergenerational Panacea to a Higher Growth Path?**

**Telecommunications Services Penetration in ECTEL**



There is a concern that there may not be sufficient eggs in the communications basket. Firstly, there needs to be a focus on a more centralized strategy and planning for communications and ICTs. More rapidly, separation of telecommunications from other broader communications and ICT services is becoming blurred. Globally, universal internet access through mobiles is seen as the route to the end of the tunnel in communications. This reality is a challenge both to the government, providers and regulators in the region. In ECTEL Member States internet penetration is still below its potential ranging from 10.1 percent in Dominica to 24.9 percent in St. Kitts and Nevis. Only a small percent of the population can afford data compatible devices such as computers and mobile phones. The governments along with the regulators are working towards having public access centres to make this a reality. Yet the answer to achieving the maximum output from communications and ICTs is to have a central focus, and continue and expand the vision that was once started and revealed by our five leaders at the forefront of telecommunications liberalisation.

and strengthens the contributions of other sectors. The economic contributions are well reflected in growth in investment, employment in the sector itself and a major input in the operations of other sectors. The social dimensions of communications are far reaching as voice and internet

given that communications is a vital commodity in everyday life, it is more resilient than other sectors during times of economic difficulty. It has also been acknowledged that following severe crises new discoveries and the dynamics of communications has led to the resurgence of economies.



**Josette Maxwell-Dalsou**

Prior to 2006 Josette served as Economist and more recently, Acting Director of the Tax Unit in the Ministry of Finance and Economic Affairs. From May 2006 till May 2010 she served as the Financial Analyst at the Eastern Caribbean Telecommunications Authority (ECTEL). She now has returned to the Public Service where she serves in the capacity of Chief Economist at the Economic Planning Unit. Mrs. Maxwell-Dalsou holds a BSC Economics Major and Management Minor from the University of the West Indies (UWI) and a MSC Economics from the University of Essex.



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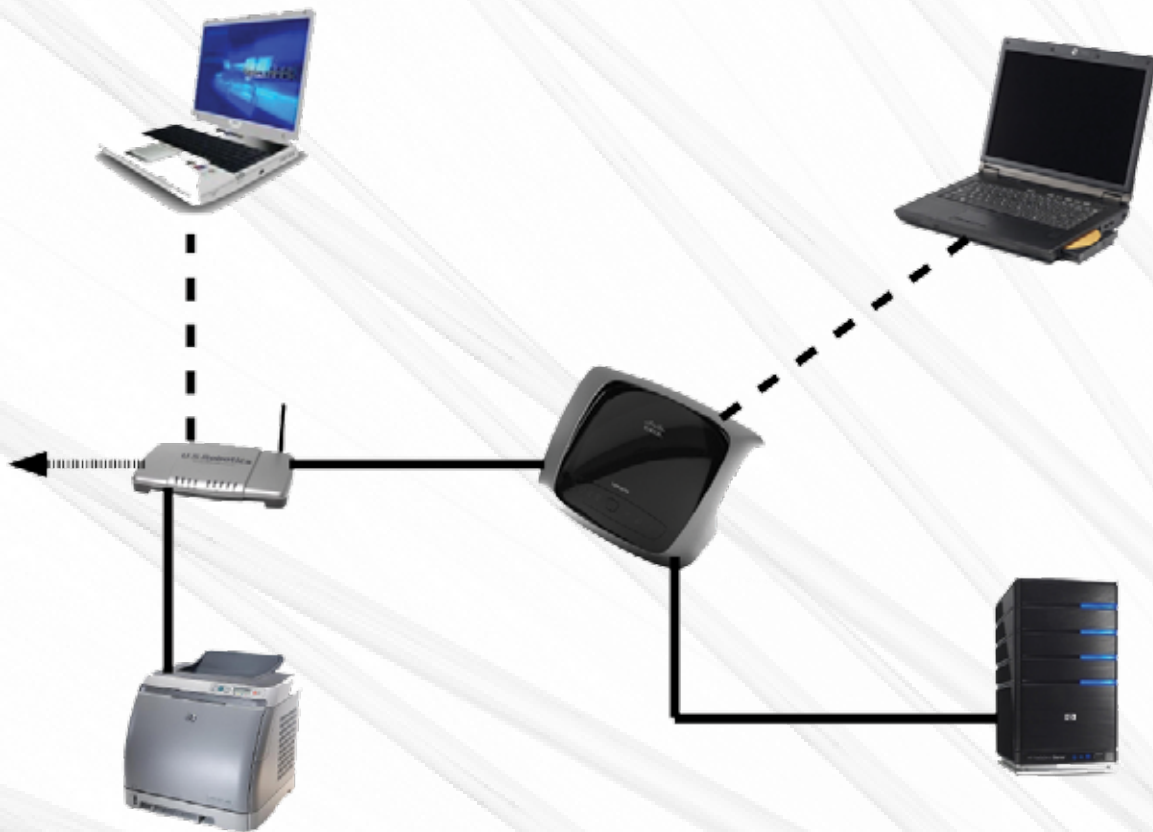


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# SHOULD VoIP SERVICES BE REGULATED IN DEVELOPING STATES?

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Internet technologies and traditional voice communication have converged to the point where voice is now carried as data over the internet. Due to the scope of this article, the writer has decided to concentrate on computer-based Voice over Internet Protocol (VoIP) services such as Skype, Vonage, and MagicJack, which is widely used in the ECTEL Member States.

**VoIP** technology is defined as the routing of a voice conversation over the internet or through an IP based network as illustrated in Figure 1 above.

**The benefits of VoIP include:**

- long term cost efficiency which adds to the savings of consumers and companies; a single network for automatic voice and data routing through a single network;
- the flexibility of being able to take your VoIP adapters anywhere and use your number anywhere there is an internet connection;

- the ability to choose your own area code to facilitate friends and family in a locality;
- the ability to bundle features (call waiting, conference calling, etc.) that normally cost extra with normal phones, and enhanced clarity of the two way transmission of voice since VoIP technology is able to convert the analog voice signals into digital data packets in real-time.

The downside of VoIP is mainly related to reliability and quality of service. Since VoIP phones rely on broadband connections they are vulnerable to power outages. Conversations are interrupted when data packets are lost or delayed at any point in the network, which happens where the connection is broken for any reason. In addition, the problem can be aggravated if the network is congested or being worked on, or long distance calls are made which involves multiple routes over

the internet. It is also perceived that if VoIP becomes more widely used it will become more attractive for hackers to attack, eavesdrop on conversations, disconnect, reroute or even answer other people's telephone calls.

Consumer VoIP offerings do not lend themselves easily to regulation. Even after establishing the degree of regulation to which VoIP should be subjected, a difficulty still exists because VoIP is part-telecoms, part-data and part of the largely unregulated internet. Consequently, VoIP is sandwiched between the heavily regulated voice telephony market and the 'relatively' unregulated data telephony market.

In considering why VoIP services should not be regulated locally, the mantra presented is that "information needs to be free," because information knows no geographic boundaries. Additionally, why are internet telephony communications any different from other real-time communications made

over the Internet? A case in point is instant messenger programs, which allows users to type messages to one another in real time. What is it about voice communications, digitised and transmitted in the same way as other Internet communications, which is somehow different?

On the other hand, in considering why VoIP services should be regulated locally, the following reasons are advanced:

VoIP providers pay no taxes, effectively stealing the revenue of licensed operators;

- they have no offices and employ no local staff;

- they generate no income for the country (government and regulators alike);

- they are able to make and receive telephone calls;

- they use bandwidth of licensed operators for free;

- they are not required to participate in universal service or quality of service;

- their action results in an acceleration in the depletion of scarce numbering resources;

- their actions lead to a stagnation in infrastructure investment, and a lack of accountability;

- their actions result in a lack of consumer protection for small businesses and residential consumers,

and the playing field not being level for all competitors.

In conclusion, in light of technology neutrality, the same level of regulation should apply for both traditional circuit switched voice and corresponding VoIP services. There should be no 'one size fits all' solution, but rather, there should be a policy in place in each jurisdiction to meet the needs of their individual market. The policy should not hinder internet telephony, or become a barrier to entry, but should promote legal VoIP providers.



This article was contributed by the National Telecommunications Regulatory Commission (NTRC) of Saint Lucia. The NTRC came into effect by the passing of the Telecommunications Act in September 2000. The NTRC is the telecommunications regulator at the national level in Saint Lucia. It is responsible for the processing of applications and advising the Minister on the award of licences.

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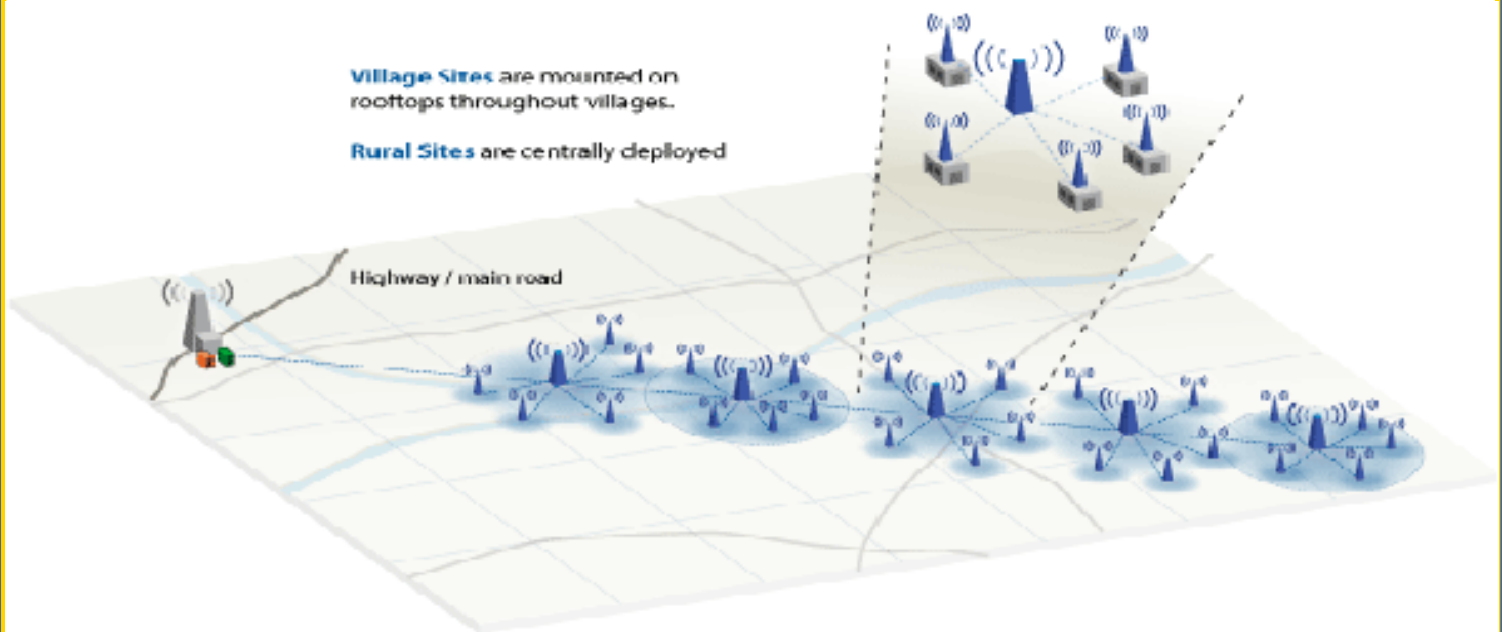
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# “The Challenges of providing GSM Service to Rural Areas”



It is universally accepted that the implementation of rural telecommunications infrastructure is not a profitable proposition and yet it is a commitment of regional governments to deploy Global System for Mobile Communications (GSM) service to rural areas. The higher revenue generated by urban subscribers justifies the higher investment in those areas.

There are many parameters that an operator will consider before deciding to provide cellular coverage in a particular area. This article will concentrate on the following areas:

- **Population distribution**
- **Economic constraints**
- **Sustainability**

One of the main reasons for the lack of interest in rural areas by most GSM operators is the expensive cost of deploying infrastructure to an area where the population is very sparse and telecommunication resources are very scarce and spread out over a wider geographical area. The infrastructure required to support a mask in these areas is greater than the cost of supplying similar infrastructure in a highly dense urban area. To add

to the woes of the rural population, income per head is less than in the urban areas.

Imagine that you are a GSM operator, issued with a licence that allows you to provide cellular service throughout Grenada. From a demographical point of view, odds are that you would concentrate on the well populated urban areas first, since urban subscribers would most likely provide a return on your investment in the short to medium-term.

Alternatively, let us look at the cost associated with installing a mass or Base Transceiver Station (BTS) in a rural area. The majority of the cost goes towards civil engineering structures, typically somewhere in the region of US\$200K- US\$250k. This cost would include concrete platforms, tower structure, engineering survey, backup power supply, perimeter fencing etc. The actual cost of a typical 3-sector antenna, amplifier and transceiver equipment is around US\$25- US\$30. The total cost per sector can be estimated at around US\$77K or \$11K per bearer channel.



Now that we have installed and calculated the cost of a bearer channel on our BTS, we need to attach the BTS to the core network in order to provide GSM service. Your typical carrier grade network includes Base Station Controllers (BSC) and Mobile Switching Centers (MSC), located in fully air conditioned data centers. As with the BTS installation, the cost of civil engineering aspects of the installation are significantly higher than the electronics sitting on the shelves of the data center. The average estimated cost of MSC, BSC and location register for our core network comes in at around US\$5K per field, and assuming the civil engineering aspects of the data centers comes in at around twice that, we can see a total per sector of around US\$95K. One BTS transceiver can typically serve around

1000 subscribers. Our overall cost per subscriber comes in at US\$95.

So far we have only calculated the cost of infrastructure, concrete and steel. The costing above does not include support staff, running cost, logistics etc. What the above scenario attempts to illustrate, is the basic economics of providing GSM service to rural areas. The number of subscribers together with their income is what makes the above model viable to an operator.

Universal Service Funds can be utilized to address the problem of GSM technology to the rural areas. The Fund can subsidize the cost of erecting a mass; this would enable residents of these areas to have access to this technology. This is a perfect example of the benefits that can be derived from Universal Service.

In spite of this benefit, Universal Service is not without its challenges. One of the requirements of the Universal Service Fund project is sustainability. The idea is that the Universal Service Fund would be used to support projects that are self-sustaining, thus expanding access to telecommunications. The deployment of GSM services in the context of the Universal Service Fund project, highlights the issue of sustainability; would providers utilize the subsidy to maintain the service or would providers use their own resources to maintain the infrastructure? This and other similar issues are given special consideration during the selection stages of a Universal Fund Project proposal.



This article was contributed by the National Telecommunications Regulatory Commission (NTRC) of Grenada. The NTRC came into effect by the passing of the Telecommunications Act in September 2000. The NTRC is the telecommunications regulator at the national level in Grenada. It is responsible for the processing of applications and advising the Minister on the award of licences.

# Naked on my videophone



*You want me naked?  
If you like me in this position  
You can take me on your videophone*

*Videophone – Beyonce and Lady Gaga*

As Beyonce and Lady Gaga gyrated their scantily clad bodies while crooning this song, their words instantly bring to mind the sundry stories of persons (famous and otherwise) recording their trysts and shenanigans on fancy cell phones and then having the same end up on the Internet. Given that some of the footage of these trysts can be more graphic than a “blue movie” the issue arises whether some entity should engage in the filtering of content on the Internet. Internet content management (sometimes referred to by others as internet censorship) has been and continues to be, one of those sensitive Internet governance issues that must be dealt with. Questions on what content should be managed, who is responsible for management, how should it be managed, who should be responsible for management and how should the balance between content management and human right of freedom of expression be achieved are all questions that must be addressed.

Of course the above are all questions that must be dealt with after one

has rationalized that content on the Internet must be filtered. Thus, the next question becomes what content should be filtered. It is possible to identify content that is universally recognized as unacceptable in societies with any modicum of decency. As such, images of child pornography and child sexual abuse are clearly abhorrent and all attempts at their eradication from the Internet should be made. In the book *Internet Governance: Issues, Actors and Divides*, the authors, also place content that incite or organize terrorist acts and content that promotes violence and racism within this category and as such there is international consensus that there should be filtering of this type of material. Thus the Council of Europe Additional Protocol to the Convention on Cybercrime specifies various types of hate speech prohibited on the internet, including racist and xenophobic materials, justification of genocide and crimes against humanity. It is at this point that global consensus ends.

The authors of the above-mentioned

book note that there is content that is sensitive and offensive for particular countries, cultures and ethnic groups. Therefore, a “youtube” video of Beyonce accoutered in a short sleeved bathing suit with shoulder pads grinding her hips may not be acceptable in a country with a predominantly Islamic culture, but is certainly nothing sensational in the Caribbean where any masquerader in a Trinidad and Tobago carnival band thrusts hips and other body parts with ease. Then there is content that is simply sensitive to some persons and not to others; the ramblings of online gossip columnists may fall within this category. It is within these two final categories that regulation becomes hazy and uncertain.

Assuming that there could be agreement of what content is unacceptable, the entity responsible for management of content must be determined. Is it the regulatory authority? The current Telecommunications Act (the Act) in the ECTEL Member States clearly states that it does not manage content and the proposed Electronic

Communications Bill, which may in time replace the Act, for now maintains this position. In 1999 the Canadian Radio-Television Telecommunications Commission released a statement to the effect that it will not regulate new media services on the Internet.

If not the regulator, should the government manage content on the Internet? Governments worldwide have established policies that encourage Internet industry self regulation, enacted legislation that imposes criminal law penalties on content providers that make available content that is unsuitable to minors and utilized, mandated the blocking of access to content deemed unsuitable to adults and have utilized technology to prohibit access to particular websites. However, government attempts to utilize legislation as a means of control have been met with tremendous resistance from those who advocate freedom of speech and expression. Indeed, no discussion on content management on the Internet can be done without mention of the advocates of freedom of speech, who at their most radical level argue for the unmitigated right of any body, including the loosest of cannons, to disseminate to an innocent and unsuspecting public things that are better left unsaid and unpublished. The more rational of these bastions of freedom recognize that there must be a balance between the right to expression and the right not to be recklessly assaulted by pure foolishness and drivel. That said, legislation which has attempted to treat with content on the Internet, has been defeated on several occasions. In the United States the Communication Decency Act was ruled unconstitutional in June of 1996 and in 1997 was struck down by the U. S. Supreme Court.

In addition to legislation, governments also utilize technology to assist in the management of content and as such engage in public filtering by setting up an "Internet Index" of websites that cannot be accessed by citizens. This filtering is facilitated by router based IP blocking, proxy servers and DNS redirection. Governments in China, Saudi Arabia, Singapore and Australia increasingly practice this type of control. Advocates of unlimited freedom of expression regard the blocking of websites as a threat to the right of freedom of expression. In his article "Internet self-regulation and fundamental rights", Ian Brown postulates that the blacklisting of websites without judicial decision is not in keeping with the US Supreme Court case of Freedman

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\*connectedthinking



vs Maryland which stated that only a judicial determination in an adversary proceeding ensures the necessary sensitivity to freedom of expression and only a procedure requiring a judicial determination suffices to impose a valid final restraint. While one may concede to the validity of that Mr. Brown's position, invoking the authority of the court to treat with this issue places a tremendous strain on the judicial system. Indeed his article acknowledges that the Belgian computer crime unit detects 800-1000 websites hosting child abuse images each year but hardly takes judicial steps to have them blocked because the procedures are too burdensome. As such content advocating and promoting the abuse of children will

remain available to satiate the desires of pedophiles until a judicial procedure that can satisfy the "freedom of speechers" can be established.

Another entity that plays a role in the management of content is the Internet Service Provider (ISP). There is a view that ISP's are mere conduits and should not be held to task for the transmission of objectionable content and as such they are urged to practice self-regulation. However, this self-regulation is infused with a great deal of pressure from Governments. The Dutch government approved a code of conduct that encourages ISP's to remove undesirable and harmful information .

In conclusion, the regulation of content on the Internet is a Herculean task. Decisions on the type of content that must be filtered and the responsible agency for undertaking the task are not easily made especially in the face of objections from proponents of freedom of expression. Therefore, while regulators and governments grapple with these crucial questions, the author inspired by Beyonce and Lady Gaga will be searching the shops of Castries for an outfit in which to make her videophone debut.

# B.L.O.



## Ro Ann Wright

Ro Ann Wright was admitted to the practice as an Attorney-At-Law in Trinidad and Tobago in 2003 after having successfully obtaining an LLB from the University of the West Indies and an LEC from the Hugh Wooding Law School. Ms. Wright commenced her career at the Tobago House of Assembly where she held the position of Legal Officer II from 2003-2007. In 2008, she obtained an LLM in Information Technology, Media and E-Commerce from the University of Essex, England. At present, Ms. Wright is the Legal Officer attached to the Eastern Caribbean Telecommunications Authority.



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# RECOMMITMENT

May 04, 2010



Member of Council for St Vincent & the Grenadines  
Dr. Hon. Jerrol Thompson signing the Statement of Commitment  
in Grenada on May 4, 2010



Hon. Ambrose George



Hon. Joseph Gilbert



Hon. Glenn Phillip



Hon. Guy Joseph



Hon. Jerrol Thompson

## ECTEL Forum in Grenada - May 04, 2010



Panel on the evaluation and operations of the telecommunications regulatory system. L-R: Dr. Spencer Thomas, Mr. David Cox, Mr. Isaac Solomon (Moderator) and Mr. Apollo Knights



Panel on experiences of service provider. L-R: Mr. Dave George - AisleCom, Ms Helga McIntyre - Digicel, Mr. Donald Austin - LIME, Embert Charles - Moderator, Mr. Kurleigh Precod - Flow, Grenada



Council Members at the Forum in Grenada



A section of participants including service providers, regulators and stakeholders in the ICT section in the region

# REFLECTIONS

May 04, 2010



Prime Minister of Grenada Hon. Tillman Thomas delivering the feature address at the ceremony to mark 10 years of signing of ECTEL Treaty. St. Georges, Grenada - May 4, 2010



Delegates, ECTEL Directors and specially invited guests at the ceremony to mark the tenth Anniversary of the signing of the ECTEL Treaty - St. Georges, Grenada - May 4, 2010

# 'Regulating Your Services – Our Success Speaks'

**O**n May 4th 2000, five prime ministers from the OECS came together in Grenada to sign the Treaty which laid the foundation of the establishment of the Eastern Caribbean Telecommunications Authority – an organization we all now know as 'ECTEL'.

This historic moment - like many others in the history of our region – may have been taken for granted by some, but it was the turning point of a journey which started about three years earlier. This journey really started with the pronouncements of OECS governments, in their own respective ways, of the desire to bring an end to a century old monopoly in the provision of telecommunications services.

Today, we are here to celebrate the establishment and operation of a regulatory system which is globally unique - with one regulatory authority for multiple sovereign jurisdictions. By putting their signature to the Treaty, five sovereign countries devoted their collective will to regulate the telecommunications sector for the benefit of all of the citizens of five nations.

The governments of the Commonwealth of Dominica, Grenada, St. Kitts and Nevis, Saint Lucia, and St. Vincent and the Grenadines committed their parliaments to introduce legislation which gave effect to the operation of ECTEL in these five states. And we all do deserve credit for this accomplishment.

ECTEL was thus established to promote:

- a) Open entry, market liberalization and competition in the telecommunications sector;
- b) Harmonized policies on a regional level for telecommunications;
- c) Universal service, so as to ensure the widest possible access to

telecommunications at an affordable rate;

d) Fair pricing and the use of cost-based pricing methods by the telecommunications providers; and

(e) The introduction of advanced technologies and increased range of services to our residential, business and public sector consumers.

Ladies and Gentlemen, ECTEL was charged with the mandate to implement, through the use of the required regulatory instruments, all of these policy goals. The operation of a multi-state institution is not an easy task. However the ECTEL region has demonstrated the resolve to make things work for us. Our commitment has resulted in effective, functional cooperation and facilitation in many areas - health, sports, education and trade - to name a few.

Our shining illustration of course is the Eastern Caribbean Central Bank. ECTEL endeavours to maintain this record of success. Ladies and Gentlemen, I am happy to report that the OECS has been in the forefront of telecommunications regulations in the region. Some member states in the wider region opted for the graduated approach to liberalization, but we took bold decisions and they have paid off.

A critical component of the establishment of any regulatory authority is the promulgation of regulations, which give both teeth and muscle to the parent legislation. It is noteworthy that the legislation which established the new ECTEL regulatory authority was passed in each member state within six months following the signing of the Treaty in May 2000, in Grenada.

We must celebrate the collective efforts of the ECTEL Directorate, The Council of Ministers and the NTRCs. During the past decade, ECTEL has been able to achieve quite a lot, however we look to the

future and the challenges of the next decade. We must move faster in the establishment of Universal Service Funds. These funds are designed to extend ICT service to areas which may be deemed unreachable due to financial, economic or operational reasons by the providers.

Under the ambit of a project funded by our governments and the World Bank, pilot projects are being implemented to build the required capacity at the NTRCs for the implementation of universal service in ICT services. It is my hope that diverse projects will be implemented in each Member State so that maximum benefit can be made from this learning experience.

In the past decade there has been a rapid expansion in the provision and use of mobile telephone services. The level of penetration in the ECTEL Member States has grown from about 9 percent in 2002 to over 120 percent in 2010. In other words there is a mobile phone for every person in our population.

While this is commendable, governments are also concerned about the negative effects of the irresponsible use of mobile phones. Our citizens must be mindful of the tremendous costs involved and the negative impacts that careless cell phone usage can have on their financial resources, especially in these difficult economic times.

However, we can also see today as an opportunity for us to look at innovative ways in which the mobile phone can be used for greater economic benefit. I call on our young people to look into innovating useful mobile applications, which we can export to the rest of the world.

We must express our concerns and work collectively to address some of the negative effects of this dynamic ICT environment. I speak particularly of the negative impact of the internet,

in particular, the issues of cyber-crime and the invasion of peoples' privacy.

In this regard, we must continue to fully support the initiatives of OECS governments, working closely with the wider Caribbean region. Our governments have been reviewing a number of pieces of draft legislation designed to address electronic transactions, electronic evidence, data protection, cyber security and freedom of information, among others.

Pursuant to Article 67 of the Revised Treaty of Chaguaramas, and the CARICOM commitments to the WTO General Agreement on Trade in Services (GATS), as well as obligations under the EU EPA, CARICOM member states are obligated to harmonize ICT policies, Legislation and Regulations.

This initiative, now known as the Harmonization of ICT Policies, Legislation and Regulatory Procedures (HIPCAR) Project, is being funded by the ITU and the EU. Among other things, this initiative would certainly help to enhance our competitive edge in the Caribbean. ECTEL is once again playing a key role in this initiative.

When these pieces of legislation are passed in the respective countries, they will strengthen the regulatory powers and authority of ECTEL and the NTRCs, as well as allow us to conduct business online in a more secure way.

We also look forward to the establishment of the Competition Commissions in all of the member countries, to add some more clout to the regulator and ensure that the environment for competition and entry into our respective markets are inkeeping with international best practices.

We must now move to quickly establish Internet Exchange Points in each member country and indeed for the region. Our Internet traffic should not have to go to the USA or any other country, before it can reach a neighbor next-door, simply because they use a different provider. Here in Grenada we should have an IXP established within the next few months.

It is also unacceptable that ten years into liberalization, we are yet to have Number Portability. Consumers

should be able to change provider and retain their telephone numbers, which they may have had for decades. Liberalization will not be complete without this capability. I challenge ECTEL to work with the providers to have this in place with urgency.

As ECTEL commences its second decade of operations, the need to respond to electronic convergence will become a priority. No longer can we maintain the narrow focus on 'Telecommunications'. We are now called to broaden our vision and look seriously at ICT Services.

ECTEL has completed a new draft 'Electronic Communications Bill' which will soon be the subject of national consultations in each of our respective member countries. This new bill is designed to expand the mandate of ECTEL and the NTRCs. It will simplify the way we do things, making it easier for the smaller providers who take advantage of modern technologies to deliver services to our people. We are committed to the consultations and eventual passage of this bill following the reviews by the respective arms of our government and Houses of Parliament.

The achievements in the past decade would not have been possible without the sterling and tireless work of a wide range of individuals and institutions in our respective countries and beyond. Today I wish to publicly acknowledge their contributions. I wish to thank especially:

1. The present and past members of the ECTEL Council of Ministers who have provided policy guidance and continued to articulate the principles and goals of the authority at the regional and national level;

2. The present and past members of the ECTEL Board of Directors who at the behest of their respective countries have skillfully provided management oversight to the ECTEL Directorate based in Saint Lucia; and

3. The Commissioners who served and are now serving on the five NTRCs The staff members of the ECTEL Directorate and the NTRCs.

There are some colleagues who are not with us today and we also want to publicly recognize their contributions on that journey. Above all we must collectively congratulate ourselves as a people of this sub-region in the

Caribbean with a population of less than one million for taking this bold step and for continuing to engage government to keep these policy goals alive.

As we move onward onto the next decade, our people must continue to benefit from this extensive investment in the regulatory sector. In fact, I look forward to the day when we will be able to enjoy prices for ICT services which will not marginalize any section of our populations, irrespective of where they live and how much they earn. It is my desire that our ECTEL jurisdiction will also become one village so that a call from Grand Anse to Grenville within Grenada, will be the same price as a call from St. George's in Grenada to Castries in Saint Lucia or to Roseau in Dominica.

We all look to the day when all of our citizens will have access to affordable broadband service. When our farmers or fishermen will with ease and at affordable prices, use their mobile phones or their laptops to send prices and pictures of their fresh produce to markets and hotels.

Let us celebrate ECTEL's 10-year milestone today. Let us continue to participate actively in the development of this area, which indeed impacts on every productive sector of our economies. Let us collectively wish ECTEL a 'Happy Birthday' as we look forward to an even more rewarding future for the people of our region. Ladies and Gentlemen, may you productively enjoy the rest of your time in Grenada; and be sure to return soon and often. May God Bless Us All!

Hon. Tillman Thomas was elected Prime Minister of Grenada in July 2008. He holds the portfolio of Prime Minister and Minister for national Security, Public Administration, Information and Communications Technology and Culture. In 2010 he was the lead Prime Minister for CARICOM on Information and Communications Technology (ICT). The speech was delivered in Grenada on May 4th, 2010 at a ceremony to officially observe the tenth anniversary of the signing of the ECTEL treaty.

# Congratulatory

## MESSAGE FROM



As Chairman of the Organisation of Caribbean Utility Regulators (OOCUR), I am extremely pleased and honoured to extend my sincere congratulations to the Eastern Caribbean Telecommunications Authority (ECTEL) on the occasion of its 10th anniversary.

ECTEL being the only multi-state regulatory agency in the region has truly lived up to its vision over the years to promote competition in a fully liberalised telecommunications environment for the creation of socio-economic opportunities within the Eastern Caribbean.

This is accomplished whilst ensuring global network connectivity, and for that the agency must be highly commended.

ECTEL has kept pace with the mission of providing efficient and affordable telecommunications services by implementing applicable laws, treaties and agreements through fair, transparent and independent processes and for all this it must be congratulated. It has provided guidance to the member states in creating an enabling environment to enhance the availability of telecoms service to a wide spectrum of the population at competitive prices.

I once again offer my congratulations to the Board, Council and Staff of ECTEL and wish you well in the years ahead.

**Ahmad Zia Mian**  
**Chairman**  
**Organisation of Caribbean Utility Regulators (OOCUR)**  
**Director-General, Office of Utilities Regulation - Jamaica**

# Race to



# wireless broadband

## Wireless Broadband overview

Mobile phones have become part of our daily lives and the trend is clearly to have broadband connection on the mobile phone. Broadband means 'having instantaneous bandwidth greater than around 1 Mega Hertz (MHz) and supporting data rates greater than about 1.5 Mega bits per second (Mbit/s). Wireless Broadband therefore features speeds roughly equivalent to wired broadband access, such as that of ADSL or a cable modem in your home.

In the ECTEL Member States the major mobile telecommunications providers use the Enhanced Data rates for GSM Evolution (EDGE) and the General Packet Radio Service (GPRS) technology to provide wireless data service at download speeds of 0.384Mbit/s maximum and has an estimated range of about 50 km (30 miles) from a tower. Existing and new providers in the ECTEL Member States are presently seeking frequencies for providing wireless broadband access using Third Generation (3G) technologies such as Long Term Evolution (LTE), Universal Mobile Telecommunications System

(UMTS) and a technology very similar to WiFi called WiMAX (Worldwide Interoperability for Microwave Access) at speeds up to 100 Mbit/s. WiMAX is highly popular in Europe but has not met full acceptance in the United States because cost of deployment does not meet return on investment figures.

The initial intention in most developing states (including the OECS) for the deployment of wireless broadband service is mainly for wireless Internet service provision in rural areas not covered by cable or DSL. The providers would employ a high-capacity carrier, such as a high capacity circuit (T1 connection), and then broadcast the signal from a high elevation. To receive this type of Internet connection, consumers would mount a small dish to the roof of their home or office and point it to the transmitter.

## Mobile wireless broadband

Mobile broadband is yet to reach the bandwidth hungry mobile consumers in the ECTEL Member States. Companies in the US such as Verizon, Sprint, and AT&T offer mobile broadband technologies. Consumers can purchase a PC card, laptop card,

or USB equipment to connect their PC or laptop to the Internet via cell phone towers. This type of connection would be stable in almost any area that could also receive a strong cell phone connection. These connections can cost more for portable convenience and could have speed limitations in all but urban environments. Mobile Broadband would allow customers to check their email download movies and upload pictures at speeds comparable to DSL while on the move.

## Wireless broadband in the ECTEL Member States

WiMAX in the 700 MHz band is one of the latest technologies for wireless broadband services. While there has been a great deal of excitement from providers for the grant of frequencies in the 700 MHz band to offer wireless broadband service, very little is actually known about conditions and critical success factors for successful introduction of the mobile WiMAX service. The providers are now looking at other technologies such as UMTS and LTE. It is understandable why there is a delay in the roll out of wireless broadband services in the ECTEL

Member States. The initial roll out of mobile broadband services such as 3G services in countries where the licence has been completed was disappointing. The penetration of the service was not as rapid as was anticipated.

### Cost to the Consumer

Presently, wireless broadband customers in the ECTEL Member States are anchored strongly in PC usage of services that are easily available or “free”, or are low cost services like Internet Hot Spots. This is common at the airports, hotels and many cafes. Income in the ECTEL Member States will influence the penetration level of mobile technology as well as the optimum combination of different generations of mobile phones or “smart phones” to access mobile wireless broadband. There is a small percentage of customers who would adopt, and would be able to afford, higher prices of this innovation.

In an international context, it can be argued that standard of living and level of economic development influence the adoption, timing, as well as diffusion speed. A certain minimum level of income is therefore a prerequisite for an effective penetration level of broadband wireless mobile technology. For example, third and fourth generation mobile phones are likely to be more attractive for high-income economies than for low-income economies.

In Malaysia for example there is a clear disparity between acceptance level and high interest for 3G applications and services by mobile phone users, and the willingness to pay. It seems very likely that for some years the 3G device will be too expensive for any but the higher end customer.

It is clear from the example above that generally consumers do not care about the infrastructure technology. Generally customers are looking at the availability and price of the smart phones, the usefulness of the applications, and the content of the packages. These are the factors that will drive consumer demand, not the underlying technology that is used to provide it.

### Cost to the Operators:

To the operator cost is always the resource needed to roll out a new broadband wireless network. The cost of setting the infrastructure



for Broadband wireless network deployment could come up to hundreds of million of dollars. To compare the ECTEL Member States to Malaysia, a developing country that embarked on a project to roll out broadband mobile network, it is estimated that the Malaysian companies would have to spend about USD1.2 billion to build the required infrastructure such as trunk facilities, fiber optics, electronics, switching equipment, antenna, power and radio equipment for the development of new Radio Base Stations. Apart from the infrastructure cost, the Malaysian companies would also have to deal with high implementation cost with the initial investment range between USD60 million to USD105 million. Then one will have to consider the cost of developing services and applications.

In the ECTEL Member States the

cost to roll out a wireless broadband network could be overwhelming. There may be a period where the present operators would operate the present GSM network and there would be a transition period from the present GSM network to 3G, WiMAX or another wireless broadband technology. This new network would be rolled out over a period of maybe 10 years. A new provider would roll out a full wireless broadband network. The stakes would be high for all parties concerned, and hence so are the risks involved.

ECTEL however encourages providers to keep up with the rapid advance in technology and to deploy broadband wireless networks to cater for the emergence of Next Generation Networks (NGN) such as 3G and WiMAX. There is encouragement in the ECTEL Member States for the following

reasons:

Firstly, the demand for mobile service has surpassed the demand for fixed services. This demand is evident in the ECTEL Member States.

Secondly, the demand for data and internet on the go apart from the voice service that was offered initially on the mobile network is increasing; providers are now offering internet services on the same network. The trend is that consumers want to be mobile with a faster download speed.

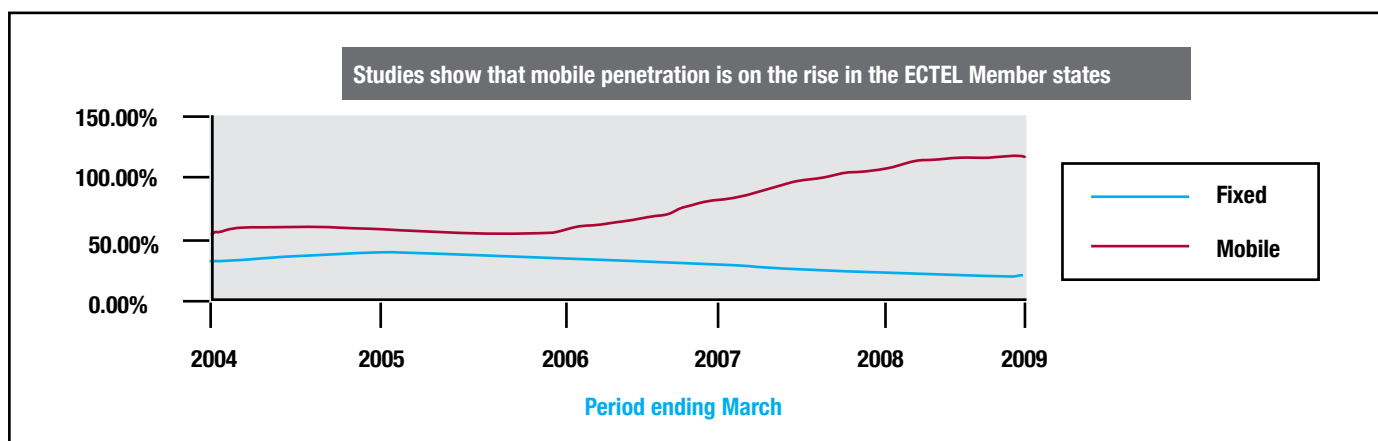
Finally the explosion of the internet growth has also influenced the

as 3G and WiMAX that will make way for broadband wireless technology on a converged platform for voice data and video on the go. Presently most regulators in the Caribbean issue a separate licence for mobile service, fixed service and Cable TV. The focus now will be to develop new policies so that the licence regime can reflect the changed environment to allow for fair competition. Regulators are faced with challenges such as:

1- The unexpected increase in the use of the radio spectrum for wireless broadband services, and the need for

ECTEL has already drafted some policies with regards to the pricing of the radio spectrum for wireless broadband use and the use of the frequencies in the bands that would be used for this type of service.

The future of the regulators is filled with challenges and promise. Regulators have come to the realization that traditional services are becoming blurred and will soon disappear into the new landscape of the converged and digital wireless broadband



service providers; this has led to the internet telephony world (VoIP). This has changed the way providers offer services especially international calls. Recently we saw the launch of a new VoIP service by one major telecommunications provider to compete in the VoIP market.

### Regulators

Regulators are now faced with the challenges to keep up with the evolution of new technology and services such

efficient Spectrum Management as the mobile networks keep up to meet the demand of the consumer;

2- Increased demand for numbering resources as the issue of VoIP and other services emerge from the use of broadband and wireless broadband;

3- Developing a licence that will cover converged services that would be possible with the wireless broadband services such as 3 services (voice, data and TV/Video) provided on one platform and 4- Developing new ways for costing of services.

environment, and we must keep pace with the changing environment. When will it end? Never! Services will constantly be enriched by the users' experience.



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# ECTEL in 2020

Purpose of the article: A look at the potential changes to the ECTEL structure given the prevailing trends in telecommunications regulation.

## 2000 AD

The rationale for the establishment of ECTEL on May 4th 2000 was the economic and social benefits of the liberalisation of the telecommunications sector as a panacea/palliative for the dwindling economic returns from primary crop production. From a political standpoint, ECTEL partly responded to the wishes of the governments of the small island states to ensure that their populations enjoyed the benefits of the modern technologies of information and communication. The landscape painted a picture of rotary dialing phones, local residential and commercial fixed line numbers with only five digits and data transfer mainly by facsimile. The circumstances surrounding the advent of liberalisation seemed like an era gone by.

Following a three-year period of research, analysis and national consultations, five countries established the first multi-state telecommunications regulator in the world. The Eastern Caribbean Telecommunications Authority (ECTEL) was created by Treaty signed by the governments of the Commonwealth of Dominica, Grenada,

St. Kitts and Nevis, Saint Lucia and St. Vincent and the Grenadines. The structure included a regional technical Directorate based in Saint Lucia and a National Telecommunications Regulatory Commissions (NTRCs) in each of the five contracting states. The Authority was primarily established to facilitate open entry and competition in all services, manage the associated resources including spectrum and numbers and levy charges on licencees in order to fund the operations of ECTEL and the NTRCs.

## The First Decade

After a decade of operations as a multi-state regulator, ECTEL has been largely responsible for guarding the environment for open entry and competition in all basic telecommunications services. In a nutshell the core indicators tell the story of success and challenges.

In most of the Eastern Caribbean states in 2000, one telecommunications service provider operated under exclusive long term licences. By the end of 2009 ECTEL had issued 68 licences for the provision of public and private telecommunications networks. The revenues to the state sector

(telecommunications and financial regulatory agencies) grew EC\$1.3 million in 2000 to EC\$3.7 million in 2009 in St. Vincent and the Grenadines for instance. The situation is similar in the other countries which constitute the ECTEL jurisdiction. Revenues generated by the sector as a whole grew from EC\$611 million in 2004 to EC\$790 million in 2007. Among the more telling statistics is outgoing traffic from mobile phones in the five countries which grew from 115 million minutes in 2004 to 621 million minutes in 2008.

From a governance point of view the main institutions, the Council of Ministers, Board of Directors and the Commissions have been fully functional form .... . The regulatory system has maintained some independence and avoided capture due to the provisions governing the establishment of Commissions and the need for full participation of the Members of Council or Board in critical decisions on licensing and adoption of regulations.

The Directorate and the Commissions have been fully staffed with the exception of the Universal Service Fund Administrators. The building of the capacities to manage Universal

Service Funds was ongoing during the later part of the first decade.

The completion of the initial regulatory agenda was equally impressive. The Council of Ministers and the Board of Directors together approved, for promulgation, fifteen regulations including interconnection, spectrum management, numbering, fees, quality of service and universal service. ECTEL however, continues to be confronted by competition issues hinged mainly on delays in the conclusion of interconnection agreements.

The first decade of regulations concluded with a commitment to address the challenge of convergence in the most fundamental manner – the development of new legislation to regulate an industry which has quickly utilized converged transmission platforms to deliver converged services. This draft new legislation is likely to be the pillar a second phase in the regulatory agenda of ECTEL.

### Twenty Twenty

The shape and functions of ECTEL in 2020 would be determined by the trends in the telecommunications sector and the socio-economic and political conditions in the Member States. The Eastern Caribbean Central Bank has called for the governments to implement programmes for transformation and stabilization of their economies in the next decade.

The telecommunications sector will become the electronic communications sector because of convergence. Mobility and increased bandwidth will drive the services while technological innovation will increase the capability and capacity of conventional mobile handset.

Based on the current trends towards the combination of government portfolios of telecommunications and ICTs, there is no doubt that the policy imperatives of the ECTEL States in 2020 may be aimed at a more integral

role for ICTs in the development of the societies. The key elements of these policies are as follows:

- (a) The mainstreaming of ICTs in public and private sector institutional management. This policy will be implemented through national as well as regional initiatives including EGRIP and CARICAN E-Government strategy
- (b) The expansion of broadband as a universal service goal.
- (c) Wider usage of ICTs in the social sectors such as health, and education
- (d) Facilitation of e-commerce as a basis for increased economic activity.

Globally the trends in telecommunications regulations is for less intervention and reliance on market to determine both retail and wholesale prices.

Given the above and considering the residual competition related issues which were noted earlier, ECTEL's relevance and functions in 2020 will be best served by the new legislation perhaps called an Electronic Communications Bill with provisions for the regulation of converged services and enhanced provisions to address anticompetitive behaviour.

This trend towards the integration of the regulation of communications sectors exists in jurisdictions such as the Cayman Islands and the Bahamas and also in Trinidad. The ECTEL Member States have continued to see a special role for broadcasting in terms of governance and public education and have therefore maintained a separate regime for its regulation..

The trend in the next decade is for the competition in the mobile sector to be waged over the new technology and service offerings under the rubric of enhanced "user experience", rather

than price, ECTEL will therefore be charged with the mandate to critically review the movement of retail prices which for almost six years have not been reduced in spite of legislated reductions in wholesale rates. ECTEL and the NTRCs will therefore be paying more attention to concerns of the consumers in the retail market

The ECTEL Directorate therefore will be expanded to include capacities to provide more critical assessment of the competitive environment for all the basic services. There may be a shifting of significant market power to mobile operators in the next few years. The focus of the ECTEL regulatory regime, including the members of Council in their own capacities as Ministers for Telecommunications will be pre-occupied with ensuring that the policy goal for the sector to become a critical elements in social development and a fulcrum from business development.

In 2020, while there will be a reduction in the frequency of regulatory intervention in the market, ECTEL will remain best positioned to manage the resources of spectrum, numbering, access to facilities and other "rights of way". This is due in part to the significant amount of annual revenues the current arrangement continues to generate for the contracting states.

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**March 2010**



Embert Charles was appointed Managing Director of the Eastern Caribbean Telecommunications Authority (ECTEL) in 2008. Prior to this position he served as Director of Information Services with the Government of Saint Lucia and worked as a Communications Specialist with the OECS Secretariat. He is a graduate of the University of the West Indies (UWI) with advanced degrees from the University of Sussex in the UK and the UWI. Mr. Charles is a fellow of the Telecommunications Management Institute of Canada.