

Telecommunications has become ...

- Essential to all economic activity
 - "infrastructure of infrastructures"
- A vehicle of all global trade
- The foundation of the digital economy
 - Including e-commerce/digital trade
- Key to resilience (pandemics, natural disasters)

Telecoms as Digital Enabling Services

- Services form the digital infrastructure and are key enablers of trade
 - Technological advances have enhanced the tradability of services, made it profitable for outsourcing to take place, and for GVCs to be managed and operated
 - Broadband access for Internet and other data networks to use or offer services requiring large quantities of data
 - Backbone for key pillars of e-commerce
 - Reduce trade costs and helps integrate SMEs into global trade
- Services trade plays an important role in digitally-enabling services.
 - Telecoms: 10% of world services trade (BOP basis) and 7% of global inward FDI stock
 - Top telecom MNEs have 66% of their assets based outside their home countries, and to make about 57% of their sales abroad (UNCTAD)

Government Policies in relation to trade & investment in telecom services affect prospects for digital trade

- **Countries that introduced effective pro-competition regulation have registered greater success than others in stimulating market growth and digital readiness** (ITU, 2017). A study of 165 countries between 2001 and 2012 shows, for example, that mobile broadband penetration was 26.5% higher in countries with competitive markets (UN, 2013).
- **Measures that restrict trade in services show a strong inverse correlation with different indicators of performance in the telecommunications sector.** Services trade restrictiveness in telecoms is associated with higher prices for broadband and lower subscriber density for broadband (adjusted for income per capita) (Nordås (2022)).
- In short, facilitating policies in relation to trade and investment in telecom services is key to bridging the digital divide and to taking advantage of opportunities in digital trade.

Telecom Services - definitions

- Telecom services:
 - “Transmission and reception of signals by any electromagnetic means” (GATS Telecom Annex)
- Basic telecom (PTTS):
 - real-time transmission of customer-supplied information between two or more points without any end-to-end change in the form or content of the customer's information (Telecom Reference Paper)

| Sector or Sub-sector | Limitations on Market Access | Limitations on National Treatment | Additional Commitments |
|----------------------|------------------------------|-----------------------------------|------------------------|
|----------------------|------------------------------|-----------------------------------|------------------------|

2.C. Telecommunications Services

The commitments scheduled by in this sector are based on the principles in the following two documents: "Notes for Scheduling Basic Telecom Services Commitments" (S/GBT/W/2/Rev.1) and "Market Access Limitations on Spectrum Availability" (S/GBT/W/3)

- (a) Voice telephone services
- (b) Packet switched data transmission
- (c) Circuit-switched data transmission
- (d) Telex services
- (e) Telegraph services
- (f) Facsimile services
- (g) Private leased circuit services
- (h) Electronic mail
- (i) Voice mail
- (j) On-line information and data base retrieval
- (k) Electronic data interchange (EDI)
- (l) Enhanced/value-added facsimile service
- (m) Code and protocol conversion
- (n) On-line information and/or data processing
- (o) Other

Key scheduling/classification principles

A listed service covers, *unless otherwise stated*:

- local, long distance & international service
- any wire-based or wireless technology
- facilities-based or resale-based supply
- public or non-public (CUG) services

The Chairman's Note on scheduling basic telecoms

A closer look . . .

Geographic

- local service
- long distance service
- international service

Technology

- wire-based (all types of cables, & includes radio portions of fixed infrastructures)
- radio-based (all types, including satellite)

Means of supply

- on a resale basis (supplier leases capacity, rather than using own facilities- a.k.a. non-facilities based supply)
- facilities-based (supplier builds, owns and/or operates network infrastructure)

Types of users

- for public use (serving the general public)
- for non-public use (e.g. services sold to closed user groups)

Some common Misunderstandings

Resale-based

-Service is supplied over network transmission capacity that has been leased, e.g. by use of leased circuits

For non-public use

-Means allowing intra-corporate or other closed user groups services to be SOLD to companies. NOT to be confused with: the leasing of circuits restricted to self-use by businesses. In the latter, no one is being allowed to supply a service !

(g) leased circuit services

Caution! ... As defined in Chairman's Note on scheduling basic telecoms ... is sale of transport capacity

The Reference Paper

Part of the scheduled commitments

Telecom Regulatory Principles

- **Competition** - avoid abuse of dominance
- **Interconnection** - guarantee fairness
- **Regulator** - independent of operators
- **Universal service** - competition friendly
- **Finite resources** - administer fairly
(e.g. spectrum, numbering, rights of way)
- **Licensing** - added transparency

P+ Commitments

- Cook Islands, Niue, and Tuvalu have no specific commitments on telecommunication services
- Kiribati, Samoa, Solomon Islands, Tonga and Vanuatu have commitments across the sector, and also subscribe to the telecom reference paper (additional commitments).

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| C. Telecommunication Services ⁶ | 1) Unbound 2) Unbound 3) Unbound | 1) Unbound 2) Unbound 3) Unbound | |
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⁶The Cook Islands has interest in introducing competition in the telecommunications market and in further developing appropriate regulatory frameworks, including to ensure universal service. Relevant assistance for this purpose will be sought through the Chapter on Development Assistance of PACER Plus after entry into force of the Agreement. Should competition be introduced and adequate regulatory frameworks be introduced in the future, the Cook Islands would consider reflecting these under PACER Plus through an amended schedule of specific commitments on Trade in Services.