Trade Policy and Regulatory objectives in Telecommunications and ICT Services

SESSION # 3

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TRADE POLICY AND REGULATORY OBJECTIVES IN TELECOMMUNICATIONS AND ICT SERVICES

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• Flitto
Trade and regulatory policy – adversaries or hand in hand?

- **GATS:**
  - Scheduled commitments
  - The references paper (often scheduled) pro-competitive regulation

- **Example of RTAs – the TPP**
  - Cross-border trade and investment chapters cover trade in telecommunications
  - Chapter 13 covers behind the border pro-competitive regulation:
    - Access and use
    - Interconnection
    - Resale of public telecommunications services
    - Access to network elements on an unbundled basis
    - Co-location and rights of way
    - Access to landing stations of sub-sea cables
    - Provision of leased circuit services.
    - Cross-border data flows (also in the e-commerce chapter)
    - International mobile roaming
    - The regulator must identify suppliers with significant market power and impose necessary obligations on them to prevent abuse of market power.

- In the past it was argued that opening to FDI in LDCs could see the establishment of a foreign dominant supplier which the local regulator (if any) did not have the capacity to regulate. The leapfrog into mobile may have shifted the balance?
OECD STRI: TRADE AND REGULATORY POLICIES GO HAND IN HAND
Coverage of the ICT sectors in the STRI

- Regulatory database and STRI indicators for telecommunications, computer services, broadcasting and other audio-visual services;
- Horizontal measures related to ICT
  - Regulations related to cross-border transfer of data;
  - Regulations related to localization of data
- ICT-related measures in “non-ICT” sectors
  - E-commerce in the distribution sector
  - Cross-border lending, borrowing and payment in financial services
  - Commercial presence requirement for providing on-line services
  - License requirement for cross-border trade in digitized professional services (design, images, processes)
STRI for telecommunications results for 2014 and 2015
Regulation, connectivity and use

Fixed broadband

Internet users
Reform

- Reform telecommunications: e.g. introduce pro-competitive regulation and apply the automatic route to FDI
- Would bring the STRI on telecommunications down to the OECD average

Direct impact

- Would raise fixed broad band penetration by more than 50% over the long run

Indirect impact

- Associated with about 15% higher export prices of manufactures through higher quality products
- Expansion of export volumes and export diversification

Policy experiment relevant for Make in India
Concluding remarks

- Telecommunications are the backbone of the digital economy
- There is evidence that connectivity and use stimulates growth and innovation
- Trade and regulatory policies need to take into account not only the protection of the telecommunications sectors and consumers, but also the economy-wide impact
THANK YOU!

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