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**DIRECTORATE FOR SCIENCE, TECHNOLOGY AND INDUSTRY
COMMITTEE FOR INFORMATION, COMPUTER AND COMMUNICATIONS POLICY**

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Working Party on Telecommunication and Information Services Policies

WORKSHOP ON INTERCONNECTION POLICIES AND FRAMEWORKS

DRAFT AGENDA

OECD / Centro Studi San Salvador, Venice, ITALY : 11-12 November 1999

Delegates to the Working Party will find attached a draft agenda for a Workshop on Interconnection Policies and Frameworks to be held on 11 - 12 November 1999 in Venice, Italy. The workshop will take place following the meeting of the 23rd session of the TISP Working Party (8-9 November). Delegates are invited to bring this workshop to the attention of national experts on interconnection in government or regulatory bodies and their private sector. The Secretariat will be contacting speakers directly but delegations are encouraged to send in suggestions for potential speakers. There will be a limit of about three speakers in each session.

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WORKSHOP ON INTERCONNECTION POLICIES AND FRAMEWORKS

OECD / Centro Studi San Salvador Workshop

Thursday 11 November and Friday 12 November 1999

To be held in Venice, Italy

at the Centro Studi San Salvador - Telecom Italia S.p.A.

Background

1. The OECD (Directorate for Science, Technology and Industry / Division for Information, Computer and Communications Policy), together with the Centro Studi San Salvador in Venice, plans to organise a Workshop on **Interconnection Policies and Frameworks** on 11 - 12 November 1999. Telecom Italia has kindly agreed to sponsor this Workshop at its San Salvadori research centre in Venice.
2. Interconnection has become one of the key regulatory areas in telecommunications. It is also a difficult issue, which with new service development and increased market entry is increasing in complexity. Most of the contentious issues have centred on the requirements to provide interconnection, the timeliness of providing interconnection, on the price structure for interconnection, and points of interconnection.
3. The purpose of holding an OECD Workshop on Interconnection is to obtain an informal and open debate on the problems as viewed from the perspective of new entrants into the market, the incumbent operators, and regulators. An aim of the Workshop is to try and foster better understanding of the requirements, as well as difficulties, in providing interconnection and obtaining a better understanding by the parties involved of the different positions. This would help in facilitating resolution in an area that is important for incumbents by providing a new business opportunity, and for new entrants in order to obtain effective market access. A range of interconnection issues will be examined: these include interconnection between fixed network operators, mobile interconnection, interconnection at the international level and interconnection issues underlying the provision of Internet services. The agenda has been drafted by the Secretariat. **The ICCP/TISP delegates are invited to assist in providing names for participants to the Workshop and providing further comments on the agenda.**

4. The Workshop would include the participation of policy makers and regulators from the OECD, new entrants to the market, as well as incumbent carriers. Participants will be encouraged to provide papers on their perspectives of interconnection for later publication. It would be useful as well for government delegates to submit papers providing an overview of their policies and interconnection price structures. A summary report of the meeting will be provided to the TISP Working Party. This workshop will have relevance for ongoing OECD work in telecommunication policy, as well as areas such as Internet policy, convergence, and electronic commerce where access to networks is important. National delegations are requested to bring this Workshop to the attention of regulatory bodies, the telecommunication industry and Internet Service Providers.

5. The ICCP Committee has already held a number of workshops on telecommunications, such as the Athens workshop on the “Benefits of Telecommunications Infrastructure Competition” in 1994, the Dublin workshop on “Access and Pricing for Information Infrastructure Services: Communication Tariffication, Regulation and the Internet” in 1996 and the Osaka workshop on “The Internet: Convergence and Self governance” in 1998. These workshops were beneficial for Member countries in that they explored new policy issues in the communications field many of which were later the subjects for analytical work prepared for ICCP (see <http://www.oecd.org/dsti/sti/it/index.html>).

WORKSHOP AGENDA

Wednesday 10 November 1999

18:00 **Registration**

19:30 **Welcome Reception and Dinner**

Thursday 11 November 1999

9:00 – 9:30 **Opening Remarks**

9:30 – 10:50 **Session 1: Interconnection and Fixed Networks**

Interconnection has become a key regulatory issue in countries that have opened their markets to competition. It has become standard practice among a number of OECD countries to require the dominant carrier to provide interconnection to new entrants, as and where requested, and to publish standard interconnection charges. In a number of countries, interconnection problems have revolved around the determination of prices. An increasing number of OECD countries are adopting the long run average incremental cost (LRAIC) methodology to determine costs and interconnection prices, however, in many cases there has been a delay in implementation. As a consequence, some countries, especially in the European Union, have resorted to use of best practice benchmarking as an interim measure. The resort to best practice reflects difficulties in obtaining information on cost allocation in telecommunication, and a general belief that historical costs should not be used. Despite the increasing use of benchmarks, a wide range in prices still exists and high prices are still viewed as retarding effective entry by new entrants.

Another issue with respect to interconnection has to do with the network termination points being offered and the amount of payment required by new entrants at points other than the network termination points offered to the majority of users. Dominant carriers have, on the one hand, been making the minimum network points available, and on the other hand, tried to maximise charges for the cost of providing additional facilities. Partly in response to this strategy, new entrants have tended to aggregate traffic in a minimum number of points. In turn, this has created bottlenecks.

The purpose of this session is to examine how best to develop economically efficient interconnection frameworks for the future while balancing the interests of new entrants as well as those of incumbents. The methodology and continued use of benchmarking has, in itself, also become an issue.

10:50 - 11:10 **Coffee break**

11:10 - 13:00 **Session 2: Interconnection and International services**

The development in competition in the provision of international telecommunication services over the last few years has led to new forms in the termination of international traffic. This has impacted on the accounting rates system which, for some relationships have been transformed into access charges. Further changes are expected as end-to-end facilities are developed at the international level. Problems of interconnection have been cited as occurring in particular with access to cable landing and backhaul

facilities. This session will explore some of these issues, and examine whether further regulatory safeguards are necessary.

13:00 - 14:30 Lunch

14:30 - 16:30 Session 3: Interconnection between Mobile and Fixed Networks

Significant growth in cellular mobile services in OECD countries has also stimulated traffic growth between fixed and mobile subscribers. Retail (and wholesale) prices for calls from fixed to mobile networks remain high in most OECD countries. The question of whether the fixed to mobile prices should be subject to regulated cost-based interconnection charges needs to be examined. High fixed to mobile charges has led to so-called “tromboning” of traffic whereby traffic originating on fixed networks and destined for termination on mobile networks is sent via a second country. Such practices, reminiscent of refile of international traffic, indicate price distortions and lack of cost based pricing. This session will examine how cost-based interconnection pricing can be improved for traffic relations between fixed and mobile networks as well as between mobile networks.

16:30 - 16:50 Coffee break

16:50 - 18:30 Session 4: Interconnection as a Business Opportunity

Interconnection provides a significant business opportunity, not only to incumbent operators but also to new entrants. In many cases, however, interconnection is viewed as a burden or an imposed obligation rather than an opportunity. This session will try to highlight, through case examples where possible, the opportunities in providing interconnection on reasonable terms.

Friday 12 November 1999

9:00 - 11:00 Session 5: PSTN Interconnection and Internet Service Providers

A recent issue in some countries, with respect to interconnection, relates to the revenue sharing rules that exist. For example, in the United Kingdom, and increasingly in other European countries, there has been a growing number of Internet Service Providers offering ‘free’ Internet access whereby the user only pays the cost of the local call with no subscription charge. Such ‘free’ access can be offered because of the structure of revenue sharing between operators originating the Internet session and those providing the Internet service (terminating the call). Cheap access to the Internet, and electronic commerce, need to be encouraged. At the same time revenue sharing structures should not lead to distortions in market structures. The interconnection frameworks between ISPs and public telecommunication operators need to be examined more closely to ensure that they are fair and reflect costs. This session will examine the background of revenue sharing schemes, their sustainability and potential evolution given the development of cost-based interconnection frameworks.

11:00 - 11:20 Coffee break

11:20 - 1:00 Session 6: Internet Protocol Traffic Exchange

Discussion of Internet traffic exchange is important because some parts of the communication industry are asking governments to address an increasing number of regulatory issues in this area. Local telecommunication carriers are seeking redress for inequities they believe are arising from the final delivery of Internet traffic for dial-up users in respect to regulation aimed at telephony. Some smaller Internet service providers (ISPs) claim that arrangements for traffic exchange with larger ISPs are not transparent and non-discriminatory. Some international facilities-based ISPs argue that they are not being fairly compensated for carrying traffic for other parties. The nature of traffic exchange on the Internet, relative to the PSTN, does not easily lend itself to past commercial settlement models. Industry needs to find solutions to the new issues being raised by the rapid growth of Internet traffic, while it is important for governments to stay abreast of these discussions and support industry-led solutions.

1:00 - 14:30 Lunch

14:30 - 16:00 Session 7: Roundtable: Future Frameworks and New Initiatives

Are present developments taking place in interconnection sufficient? Do regulators need to take further initiatives or can industry find its own solutions? Is there a role in the future for benchmarking of interconnection charges? Are further initiatives required at the international level? Is there a need to expand on the WTO's Reference Paper in the context of the agreement on basic telecommunication services? This final session will attempt to answer some of these questions and synthesise the outcomes of the other sessions.

Working language: English.

Practical arrangements

Date : Thursday 11 November and Friday 12 November 1999

The Workshop Venue

Centro Studi San Salvador - Telecom Italia S.p.A.

San Marco 4826 - 30124 Venice, Italy

tel. +39 041 5213260

fax +39 041 5232245

E-mail: annaflavia.bianchi@telecomitalia.it

<http://www.telecomitalia.it/cstudi/>

Registration (no charge)

Due to the limited capacity of the Workshop facility, attendance will be by **invitation only**. Delegates from Member countries interested in attending should contact the Secretariat. The **attached** form can be used for registration.

Hotels

Please book your own hotel. A list of hotels is included as an appendix to this paper. Those marked with (TI) after their name provided a Telecom Italia special rate. Please indicate when booking that you want this rate. Hotels closest to the conference site are those in the Piazza San Marco. Hotels near the Railway station are 8 minutes by Vaporetto (motorboat) or 15 minutes on foot from the conference site.

Contact for Practical Arrangements

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REGISTRATION FORM

1 Please register me for the Workshop on Interconnection Policies and Frameworks (Venice, 11-12 November 1999):

Family Name/First Name/Mr./Ms./Dr _____

Position/Organisation: _____

Address: _____

City: _____ Post Code: _____ Country: _____

Tel: (+) _____ Fax: (+) _____ E-mail: _____

2 Reservation for Accommodation

I have made a hotel reservation at: Hotel _____

I will/will not attend the dinner on Wednesday 10 November 1999 (please delete as appropriate)

Signature Date

RETURN THIS REGISTRATION FORM BY 29 OCTOBER 1999 TO:

Takashi YAMADA

Information, Computer and Communications Policy (ICCP) Division, OECD

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Hotels followed by (TI) obtain a special Telecom Italia rate

Hotel	Address and location in Venice	Telephone and Fax (prefix for Italy: +39)	Indicative Telecom Italia special rates for single-use rooms thousand Italian Lire (ITL)
*** Arlecchino	Fondamenta delle urchielle, 390 zone: Railway Station-Venezia	Tel: 041.710723 Fax: 041.710965	140
*** Olimpia (TI)	Santa Croce, 395 zone: Railway Station-Venezia	Tel: 041.711041 Fax: 041.5246777	140
*** Al Sole Palace (TI)	Santa Croce, 136 zone: Railway Station-Venezia	Tel: 041.710844 Fax: 041.719061	150
*** Capri (TI)	Santa Croce, 595 zone: Railway Station-Venezia	Tel: 041.718988 Fax: 041.719061	150
*** San Marco (TI)	San Marco, 877 zone: Piazza San Marco	Tel: 041.5204277 Fax: 041.5238447	150
*** Continental (TI)	Lista di Spagna, 166 zone: Railway Station-Venezia	Tel: 041.715122 Fax: 041.5242432	150
*** Giorgione	Cannaregio, 4587 zone: Piazza San Marco	Tel: 041.5225810 Fax: 041.5239092	160
*** Pantalon	Strada S. Pantalon zone: Railway Station-Venezia	Tel: 041.710896 Fax: 041/718683	160
*** Gardena (TI)	S. Croce, 239 zone: Railway Station-Venezia	Tel: 041.2205000 Fax: 041.2205020	160
*** Ala	Campo S.Maria del GiGiglio, 2492 zone: Piazza San Marco	Tel: 041.5223111 Fax: 041.5206390	180
*** Santa Chiara (TI)	Santa Croce, 548 zone: Railway Station-Venezia	Tel: 041.5206955 Fax: 041.5228799	180
**** Carlton Executive (TI)	S. Croce, 578 zone: Railway Station-Venezia	Tel: 041.718488 Fax: 041.714636	180
**** Carlton Executive	Santa Croce, 578 zone: Railway Station-Venezia	Tel: 041.718488 Fax: 041.719061	190
**** Amadeus (TI)	Lista di Spagna, 227 zone: Railway Station-Venezia	Tel: 041.715300 Fax: 041.5240841	200
**** Cavalletto & Doge Orseolo	San Marco, 1107 zone: Piazza San Marco	Tel: 041.5200955 Fax: 041.5238184	200
**** Principe (TI)	Lista di Spagna, 146\7 zone: Railway Station-Venezia	Tel: 041.715022 Fax: 041.713350	200
*** Abbazia (TI)	Calle Priuli, 68 zone: Railway Station-Venezia	Tel: 041.717333 Fax: 041.717949	215
*** Rialto	S.Marco, 5149 zone: Ponte di Rialto	Tel: 041.5209166 Fax: 041.5238958	217
**** Bellini	Cannaregio, 116\A zone: Railway Station-Venezia	Tel: 041.5242488 Fax: 041.715193	220

*** Panada	Calle Specchieri, 646 zone: Piazza San Marco	Tel: 041.5209088 Fax: 041.5209619	220
**** Sofitel Venezia	Santa Croce, 245 zone: Railway Station-Venezia	Tel: 041.710400 Fax: 041.710394	280
**** Starhotel Splendid Suisse	Mercerie, 760 zone: Ponte di Rialto	Tel: 041.5200755 Fax: 041.5286498	280
*** Bisanzio	Castello, 3651 zone: Piazza San Marco	Tel: 041.5203100 Fax: 041.5204114	280
**** Concordia	Calle Larga San Marco, 367 zone: Piazza San Marco	Tel: 041.5206866 Fax: 041.5206775	296
**** Saturnia & International	Via XXII Marzo,, 2398 zone: Piazza San Marco	Tel: 041.5208377 Fax: 041.5207131	302
**** Metropole	Riva degli Schiavoni, 4149 zone: Piazza San Marco	Tel: 041.5205044 Fax: 041.5223679	310
**** Luna Baglioni	San Marco, 1243 zone: Piazza San Marco	Tel: 041.5289840 Fax: 041.5287160	330

Hotel	Address and location in MESTRE	Telephone and Fax (prefix for Italy: +39)	Indicative Telecom Italia special rates for single-use rooms thousand Italian Lire (ITL)
*** Club Hotel (TI)	Via Villafranca, 1 MESTRE zone: Mestre	Tel: 041.957722 Fax: 041.983990	85
*** Kappa (TI)	Via Trezzo, 8 MESTRE zone: Mestre Loc. Carpenedo	Tel: 041.5343121 Fax: 041.5347103	90
*** San Giuliano (TI)	Via Forte Marghera, 193/a zone: Mestre	Tel: 041.5317044	110
*** Garibaldi	V.le Garibaldi, 24 MESTRE zone: Mestre-Centro	Tel: 041.5350455 Fax: 041.5347565	115
**** Ramada (TI)	Via Orlanda, 4 MESTRE zone: S. Giuliano Mestre Minibus shuttle to Venice at ITL 7000 p.p.	Tel: 041.5310500 Fax: 041.5312278	145
**** Ambasciatori (TI)	C. so del Popolo, 221 MESTRE zone: Railway Station – Mestre	Tel: 041.5310699 Fax: 041.5310074	150
*** Venezia (TI)	Via Teatro Vecchio, 5 MESTRE zone: Mestre- Centro	Tel: 041.985533 Fax: 041.985490	160
**** Afi Venezia (ex Forte Agip) (TI)	Rotatoria, uscita autostada zone: Mestre uscita autostrada	Tel: 041. Fax: 041.	180
**** Plaza (TI)	Viale Stazione, 36 MESTRE zone: Railway Station – Mestre	Tel: 041.929388 Fax: 041.929385	185
**** Michelangelo (TI)	Via Forte Marghera,, 69 MESTRE zone: Mestre-Centro	Tel: 041.986600 Fax: 041.986052	220