Closing Statement

OECD Global Conference on Telecommunications Policy for the Digital Economy

Dubai, 22 January 2002

An *OECD Global Conference on Telecommunications Policy for the Digital Economy* took place in Dubai 21-22 January 2002 to assist non-OECD governments in their policy deliberations and provide guidance for the liberalisation of the telecommunications sector through the diffusion of OECD expertise. The Conference stressed the importance of introducing competition in the telecommunication sector and raised awareness among participants of the need for reform of telecommunication regulation. Crown Prince of Dubai and UAE Minister of Defence General Sheikh Mohammed bin Rashid Al Maktoum attended the opening of the Conference.

The Conference reviewed approaches to liberalisation of telecommunications markets and the role competition can play in reducing the digital divide. At the same time, it highlighted the challenges in introducing competition for non-OECD countries. The meeting recognised the increasing importance of telecommunications as a tool to achieve wider economic and social goals.

Some 250 delegates including ministers, senior government officials, regulators, and representatives of business and civil society from OECD and 20 non-member countries, as well as international organisations, attended the Conference. The Conference was a co-operative project between the OECD and the Dubai authorities, in particular Dubai Internet City. It is part of OECD efforts to share experiences and best practices with non-OECD countries.

The experience of OECD countries over the last decade in liberalising their telecommunication markets and trying to enhance competition in the sector has proved to be very positive. Although this process has not been easy, it has led to significant benefits for business and consumers and has had wider effects on the productivity and growth of their economies. Non-OECD countries can also experience these benefits by implementing appropriate policies.

These benefits have included significant price reductions, improved quality of service and more choice for users. Competition has improved efficiency in the telecommunication industry as well as in user industries and in helping countries to diversify their economies through providing inexpensive and efficient communication infrastructure and access to a greater range of services. More efficient networks and access to competitively priced leased lines are fundamental to meet new demands of electronic commerce. The benefits have not depended on whether a country had a mature communication infrastructure providing universal coverage or if it is still at an earlier stage of development.

Competition in the OECD area has led to improvements in the availability and coverage of universal service. It has played a significant role in the rapid diffusion of new technologies, in particular for Internet access at affordable prices and broadband infrastructure. Telecommunication liberalisation has attracted large amounts of new investment. Competition has also forced former monopoly telecommunication operators to restructure, and improve efficiency and offer new services. The impacts of telecommunication competition have been beneficial in the provision of all public fixed network services (international, long distance and local) as well as cellular mobile services.

There has been a relatively close convergence in policy and regulatory frameworks and processes among OECD countries because of the mutual exchange of experiences and learning between countries. One way by which the OECD countries have improved their regulation in telecommunications is by using “benchmarking” (i.e. to compare best practice) to ensure high quality and effective regulation.

The Conference discussed a number of experiences in telecommunications regulatory reform including those of emerging market economies. Many newer OECD Members recently opened up their telecommunications markets and benefited from OECD models in putting into place new laws, regulatory institutions and the necessary regulatory safeguards. Emerging market economies that have not yet liberalised their telecommunications market can benefit from past experiences in planning their own policy initiatives, legal changes and regulatory structures and processes.

The transition from a monopoly telecommunications market framework to a competitive one requires governments to change their institutional structures and legal frameworks, and implement a number of new regulations to safeguard the process of creating competition. An independent regulatory body that has the legal authority to take action and implement regulations is essential.

The regulator must have a considerable degree of independence from the political process and from the incumbent operator. Without financial and legal independence the regulator will not be able to function effectively and this will have repercussions on the climate of competition.

Regulators need to ensure rules of the game are transparent and well known in advance. *Ex ante* requirements on incumbents, such as for interconnection, can speed up the process of new market entry and the creation of competition. There are wide differences in the speed in which countries have initiated changes from monopoly market structures to competitive structures, but the process can be relatively rapid if the regulatory framework is in place and the appropriate adjustments have been made such as the process of rebalancing prices toward cost.

Countries that have liberalised their telecommunication markets have recognised that there are a number of key regulatory safeguards which need to be put into place. These include the requirement that new entrants can interconnect with the existing networks at reasonable costs and that incumbent telecommunication operators cannot thwart competition. In addition consumer safeguards must not be neglected.