

Investment and Competition Workshop

Competition Policy and Investment

PERU

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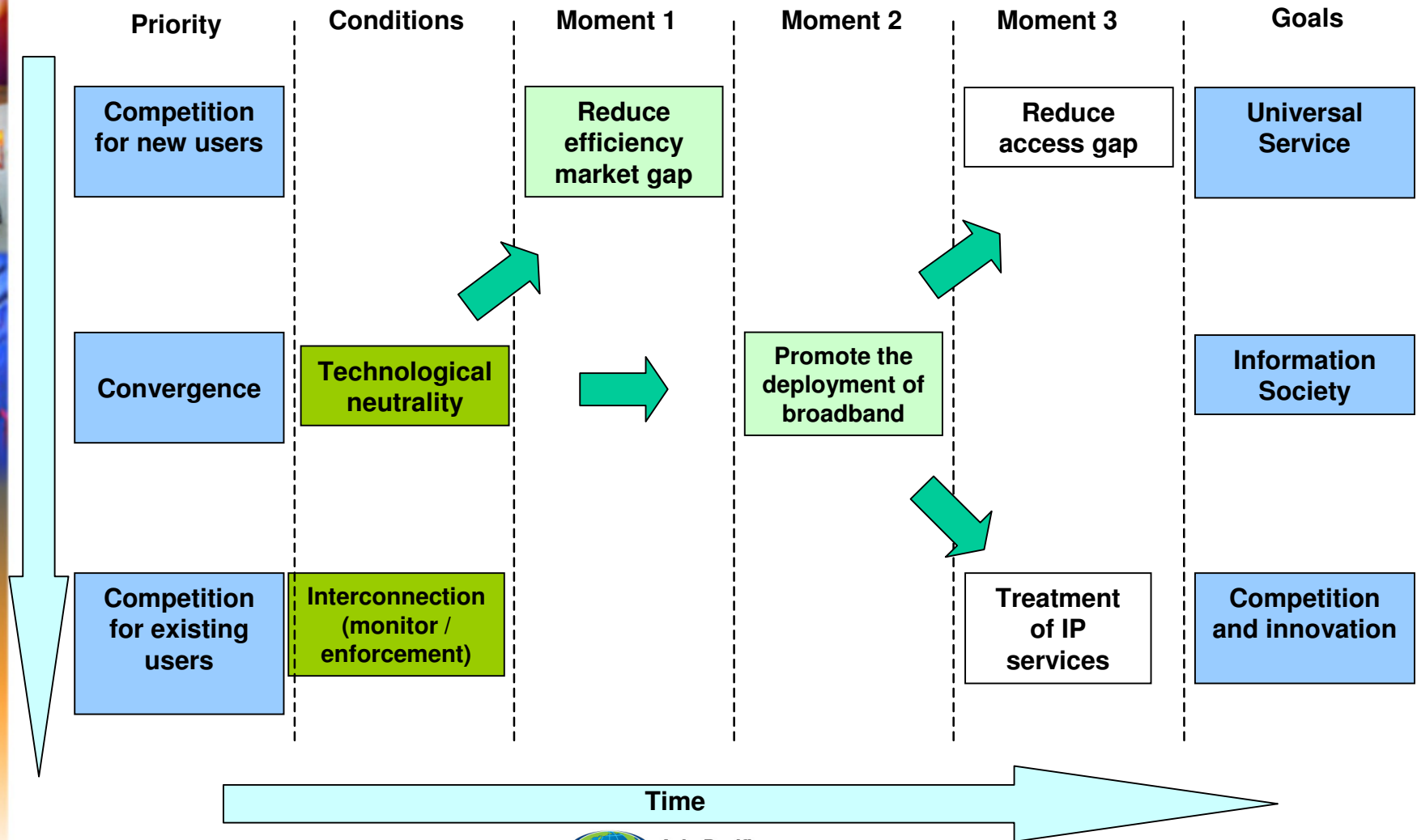
Vision on Industry Development

- ✓ After 10 years of structural reforms, a favourable performance in the industry can be observed: investment recovery, increase in access, more services, lower rates, and better conditions for competition. Performance is especially important in the mobile services.
- ✓ However, it is essential to continue expanding household telecommunication services access. This is a very important problem in those urban areas different to Lima, urban-marginal, and rural areas.
- ✓ Many policy strategies are being designed and applied in order to face this problem. In order of importance:
 - Development of competition for the provision of services in uncovered areas and new users.
 - Convergence of services and technologies.
 - Development of competition for the provision of services to already attended users and areas.

Vision on Industry Development

- ✓ Our very first priority consists on the provision of services to users who haven't been attended. Therefore, it's necessary to give incentives to the competition that will reach this segment of the population.
- ✓ However; the competition for users that already have service, should be also promoted in order for them to access to new services, lower prices and better quality of services.
- ✓ An analysis, in the sense of the proper opportunity time sequence for their application, should be considered to articulate all these policies. (Optimal sequence of policies).

Summary of Priorities and Main Goals



Promotion of Competition for New Users

- ✓ New technologies plays a crucial role on the deployment of networks due to their lower costs.
- ✓ telecommunication basic needs can be attended on the short run with prepaid mobile telephony.
- ✓ Policies for the promotion of reductions of network deployment costs:
 - Essential facilities access charges revision.
 - Reductions on taxes costs (radio electric spectrum fees). This should be extended to all fixed wireless services.
 - Reduction of any municipal or regional barriers to siting towers.
 - Promote the infrastructure sharing scheme.
- ✓ Design and application of policies that promote the network deployment on rural areas.

Promotion of Convergence Policies

- ✓ Convergence and new technologies allow a broader deployment of access networks and convergent services based on those access.
- ✓ The adoption of the convergence should assure that conditions of fair competition are preserved.
- ✓ To promote convergence, it is required to implement these policies:
 - Technological neutrality (It is already a fundamental principle of the Peruvian legal framework).
 - It must be assured that the regulatory framework deregulate when higher competition is achieved, before imposing new regulation on new services.

Promotion of Convergence Policies

- Network neutrality (prohibit to ISPs to cut or degrade the quality on services supported by their IP networks).
- Facilitate the access to multi-service operators to the market (Unique Concession Regime; Law N° 28737).
- It is required a clear definition of the regulatory policy on Voice over IP and IPTV.
- Increase ownership of personal computers with low cost PCs (reduction of barriers and importation duties).
- Incentive competition from alternative operators of broadband service: cable and wireless networks.

Promotion of Competition for Existent Users

Short-run policies:

- ✓ Interconnection charges regulation oriented to costs (measure on time or capacity).
- ✓ Elimination of the default pre-selection, obligating users to choose their long distance operator. Reduction of long distance prices caused by competition between telecommunication companies.
- ✓ To facilitate negotiations between networks with clear reference processes with interconnection public offering.
- ✓ To monitor and punish anticompetitive behaviours in general and particularly on the interconnection regime.
- ✓ Prevention to diverse discriminatory behaviours. Tests such as price squeeze.

Medium-run policies:

- ✓ Numeric portability on mobile networks.
- ✓ Unbundling of network elements.
- ✓ Promotion of the use of IP services, particularly Voice over IP, in order to create competition based on services :
 - Provision of naked DSL, without fixed telephone service.
 - Numeric portability between users from the conventional telephone network to Voice over IP.
 - Establishment of clear rules on numeration, consumer privacy and access to emergency services.

Thank you

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