

Telecommunications Sector Briefs
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The significant development over the last quarter has been the beginning of the end phase of the liberalization process with the entry of new operators providing international service. So far, over 66 international carrier and service provider license applications have been received and processed. The 37 carriers included will eventually be seeking interconnection with CWJ for the termination of incoming international traffic based upon its Reference Interconnection Offer #5 (RIO 5). CWJ has provided copies of seven (7) such agreements to the OUR. These carriers will also seek access arrangements whereby wire line and wireless customers can access their facilities to deliver calls to international destinations. CWJ now offers a toll free wholesale product that service providers and other businesses can use to enable Equal Access, on par with CWJ, to fixed line or mobile customers. The OUR is currently studying the CWJ pricing of this product and is preparing to begin administering Toll Free number resources by the end of 2003.

It is expected that the increased competition will continue to produce a downward pressure on prices for outgoing international calls to the benefit of Jamaican consumers and businesses. We have already seen where one provider went as low as J\$10 per minute for outgoing calls. Although there are some benefits to low prices for incoming international calls it is in the countries interest that the prices paid by international carriers do not fall below the actual cost of terminating such calls on domestic networks. This is clearly being recognized internationally by the higher prices being asked and being paid for termination on mobile networks.

International Carrier Facilities

The OUR is seriously concerned that the country is severely limited in its fiber optic connectivity options and capacity and that what capacity exists is entirely owned and controlled by CWJ. Fiber optic capacity is the preferred international transmission media based on transmission quality, performance and cost. Satellite service is the higher priced alternative in the absence of cable. Unfortunately, in Jamaica it's the reverse and this has resulted in higher prices and poorer quality for Internet bandwidth and as a consequence Internet access from ISPs are higher and relatively few Jamaican homes are connected to the Internet. The high telephone usage costs is also a very significant factor in low Internet access. The OUR is working towards flat rate telephone service for Internet access in Jamaica, similar to what prevails in many other countries.

The OUR has been working closely with the FCC to encourage additional investments by international carriers in fiber optic capacity in Jamaica but local carriers must become active in this area to support and gain from these initiatives. The magnitude of the problem is illustrated by the fact that 2MB of capacity from Jamaica to Florida is priced by CWJ at US\$16,000 per month while a similar capacity from Columbia is about US\$7,000 and could be even as low as US\$5,000. The prices are quoted from the Capacity Price Tracker magazine, May/June 2003 edition.

Competition in the Domestic Market

So far, Digicel has been the only robust competitor in the domestic market for voice services and it is hoping to replicate its success in other Caribbean markets. Having exploited its advantages by maintaining high prices (by resorting to the courts) in the face of weak competition it now senses that the green field access market is coming to an end and must now market for usage because the average call is less than 2 minutes in duration. Oceanic Digital Communication (ODC) expects to complete its network build-out by late 2003 and we expect it will have an attractive voice product and a very attractive 120 KB Internet product for both fixed and wireless subscribers. Gotel promises a fixed wireless product offering both voice and Internet access and eventually a push-to-talk, walkie-talkie service.

Universal Access/Service

We have completed the first phase of consultation where we looked at general issues relating to the current level of access and the different approaches to improving access. We intend to be definitive on issues such as adequacy of current voice coverage and emphasize the provision of broadband Internet access to public facilities such as schools, clinics, libraries and post offices. The availability of access and adequate capacity to these public facilities will spill over to residents and businesses in these areas. The Universal Service Fund will address unserved areas as a priority and awards will be made to qualified providers on a competitive basis from funds levied on the gross revenues of all telecommunications provider.

Dominance

In order to invoke regulatory authority on various aspects of operators' activities, the law requires OUR to declare them dominant where appropriate. We intend to make a determination on dominance in fixed line services by August 20th and proceed from there to look at the markets for mobile voice services, mobile termination and for international facilities.

Interconnection

The OUR will be proceeding to assess the non-pricing issues of the RIO5 issued by CWJ and proceed to the pricing issues when the matters in the courts have been resolved. We would give notice here that the interconnection contracts referred to above are subject to the final determination by the OUR after the usual consultation process.

Indirect Access or Subscriber Carrier Selection.

The OUR is currently engaged in consultation to decide on a form of indirect access whereby fixed line customers can access the domestic long distance and/or international carrier of their choice. There are costs involved in upgrading the fixed networks to provide this functionality so it's doubtful whether this service will be available before the end of 2003.