



WORLD TRADE ORGANIZATION  
ORGANISATION MONDIALE DU COMMERCE  
ORGANIZACIÓN MUNDIAL DEL COMERCIO

# **Symposium on Telecommunications**

to Commemorate the  
10<sup>th</sup> Anniversary of the  
Fourth Protocol to the GATS

Fact Sheet:  
TEN BASICS ABOUT TELECOM & THE WTO

20-21 February 2008,  
Geneva, Switzerland

## TEN BASICS ABOUT TELECOM & THE WTO

1. The WTO Symposium on Telecommunications, 20-21 February 2008, marks the 10<sup>th</sup> anniversary of the entry into force of the results of the WTO negotiations on basic telecommunications (1994-1998). The results, consolidated in the *Fourth Protocol of the General Agreement on Trade in Services* (GATS) entered into force in February 1998.
  2. The Fourth Protocol, sometimes referred to as the "basic telecommunications agreement", is not actually an "agreement" in its own right. Rather, it was a legal instrument used to amend the Members' national Schedules of Commitments from the Uruguay Round (1986-1994) to include their commitments on telecom.
  3. When the GATS came into existence in 1995, only 22 governments had commitments on telecommunications. Most of these covered services often referred to as value-added or enhanced telecommunications, such as e-mail or on-line data-base access.
  4. At the end of the WTO negotiations on basic telecommunications, 69 governments agreed to open their telecom markets to competition in basic services like fixed and mobile voice telephony. They committed to do so immediately or, in the case of some developing countries, on a phased-in basis. Most of commitments to phase in reforms (ranging between 1999 and the mid 2000s) have now been implemented.
  5. The results of the negotiations also included commitments by 57 governments to provisions containing telecom regulatory obligations, known as the *Reference Paper*. It set out basic legal principles for a regulatory framework that would underpin the market access commitments they made.
  6. *Today*, 107 WTO Member governments have GATS commitments to open some or all segments of their telecommunications markets to participation by providers from around the world and 80 WTO members commit to the *Reference Paper*. Most of the additional commitments resulted from the accession of new Members to the WTO.
  7. The Members commitments on the *Reference Paper* include competition and interconnection safeguards and rules to promote transparent and fair mechanisms for licensing, universal service and allocation of scarce resources such as radio spectrum. It also requires having a regulator that is independent of the entities that operate telecom networks or otherwise supply the services.
  8. The GATS commitments extend not only to foreign investment in telecom companies in one another's markets, but also to cross-border trade by means such as international simple resale, capacity wholesaling, and global data networks. In many cases, Members made what are known as "technology neutral" commitments that apply even as new technologies become available to supply the committed services.
  9. Reforms often galvanized and locked into place by WTO commitments have led to substantial reductions in prices for international calls. For example, the cost of a three-minute call from Mauritius to London declined by 60% between 2000-2006.
  10. Reforms have also increased global teledensity from below 15% in 1996 to above 60% and 2006 and mobile phone subscribers have increased 20 fold, representing 70% of all telephone subscribers by the end of 2006. Also, between 1996 and 2006, world telecom services revenues increased from US \$620 billion to over US \$1.4 trillion and internet use increased by 1500%.
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## PRESS RELEASE

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### SYMPOSIUM ON TELECOMMUNICATIONS

## WTO DG Lamy celebrates benefits of opening trade in telecoms

Director-General Pascal Lamy hailed liberalisation of trade in telecoms services as a vital tool in economic growth and development on the occasion of the WTO Symposium on Telecommunications organized in Geneva to commemorate the 10<sup>th</sup> anniversary of agreement among WTO members to open basic telecommunications services.

"The impressive results we have seen in 10 years of opening telecommunications markets shows how crucial liberalising services trade can be for economies. It is a good reminder to all of the importance of accelerating the services negotiations that are so vital to the success of the Doha Development round," said Mr. Lamy.

"Since the results came into force ten years ago this month, global access to telecommunications has increased from below 15 percent in 1996 to above 60 percent in 2006, and revenues have risen from US\$620 billion to US\$1.4 trillion during the same period. Telecommunications are an essential prerequisite for a wide range of economic activities in any national economy, developing or developed, from agriculture, travel and tourism to mining and manufacturing. Opening telecommunications has been a win-win game," said Mr. Lamy.

Some of the significant developments over the last decade or so in global telecommunications services sector include:

- Reforms often galvanized and locked into place by WTO commitments have led to substantial reductions in prices for international calls. For example, the cost of a three-minute call from Mauritius to London declined by over 60% between 2000 and 2006.
- Reforms have also increased global teledensity from below 15% in 1996 to above 60% in 2006. Mobile services, in particular, connected many more people. By the end of 2006, mobile phone subscribers had increased 20 fold, representing 70% of all telephone subscribers. In Africa, for example, mobile growth rates are now over 50% annually, among the highest in the world. For example, average mobile subscriptions increased 200% annually in Liberia and 250% in Niger between 2001-2006.
- Also, between 1996 and 2006, world telecom services revenues increased from US\$620 billion to over US\$1.4 trillion and internet use increased by 1500%. By 2006, Internet user penetration had risen well above the world average of about 8%, reaching 24% in Peru, 20% in Morocco and 17% in Vietnam, compared with their single digit rates only a few years ago (approx 7% for Peru and 1% for Morocco and Vietnam in 2001).

- Information and communication technologies (ICT) development generated by telecom reform accounts for a growing share of investment and trade. In Egypt, for example, mobile subscriptions increased by 45% per year and Internet users grew from 600 thousand to over six million from 2001- 2006 and the Egyptian ICT sector's success in attracting foreign investment and outsourcing contracts resulted in US\$548 million in exports of communications, computer and information services in 2006.
- Small and medium-sized enterprises also benefit. Today, for example, a barber in South Africa can now deposit his customer receipts over a mobile phone by means of "M-banking", rather than spend several hours of his time walking to the nearest bank.

#### Background notes on the WTO negotiations on basic telecommunications (1994-1998)

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- The Fourth Protocol, sometimes referred to as the "basic telecommunications agreement", is not actually an "agreement" in its own right. Rather, it was a legal instrument used to amend the Members' national Schedules of Commitments from the Uruguay Round (1986-1994) to include their commitments on telecommunication services.
- When the GATS came into existence in 1995, only 22 governments had commitments on telecommunications. Most of these covered services often referred to as value-added or enhanced telecommunications, such as e-mail or on-line data-base access.
- At the end of the WTO negotiations on basic telecommunications, 69 governments agreed to open their telecom markets to competition in basic services like fixed and mobile voice telephony. They committed to do so immediately or, in the case of some developing countries, on a phased-in basis. Most of commitments to phase in reforms (ranging between 1999 and the mid 2000s) have now been implemented.
- The results of the negotiations also included commitments by 57 governments to provisions containing telecom regulatory obligations, known as the *Reference Paper*. It set out basic legal principles for a regulatory framework that would underpin the market access commitments they made.
- Today, 107 WTO Member governments have GATS commitments to open some or all segments of their telecommunications markets to foreign suppliers and 80 WTO members have committed themselves to the *Reference Paper*. Most of the additional commitments resulted from the accession of new Members to the WTO.
- The Members' commitments on the *Reference Paper* include competition and interconnection safeguards and rules to promote transparent and fair mechanisms for licensing, universal service and allocation of scarce resources such as radio spectrum. It also requires having a regulator that is independent of the entities that operate telecom networks or otherwise supply the services.
- The GATS commitments extend not only to foreign investment in telecom companies in one another's markets, but also to cross-border trade by means such as international simple resale, capacity wholesaling, and global data networks. In many cases, Members made what are known as "technology neutral" commitments that apply even as new technologies become available to supply the committed services.

- Two recently released reports will be showcased at the Symposium: UNCTAD's 2007-2008 Information Economy Report and a study contracted by Telenor on the economic impact of mobile communications in countries where they do business. Summaries of both will be available in hard copy at the symposium.

**END**

*Check against delivery*



WORLD TRADE  
ORGANIZATION

**SYMPOSIUM ON TELECOMMUNICATIONS TO COMMEMORATE  
THE 10<sup>TH</sup> ANNIVERSARY OF THE FOURTH PROTOCOL TO THE  
GENERAL AGREEMENT OF TRADE IN SERVICES (GATS)**

**GENEVA**

**20 FEBRUARY 2008**

**Pascal Lamy**

**Director-General**

Thank you Ambassador Clarke,  
Secretary General Dr. Hamadoun Touré of the ITU,  
Madame Lakshmi Puri, Acting Deputy Secretary-General of UNCTAD,  
Panellists, delegates, Ladies and Gentlemen,

In the last 10 years internet use has increased by 1500%. Mobile phone subscribers have increased 20 fold and world teledensity has moved from below 15% to over 60%.

These figures are a stark reminder of the collective vision of WTO members when 10 years ago they agreed to open trade in telecommunication services.

The rapid evolution of the telecommunication sector, both from regulatory and technological perspective, has brought about lasting changes to our economies and societies at large and is one reason that this sector merits our special attention today.

The dedicated negotiations on basic telecommunications - whose 10<sup>th</sup> anniversary we celebrate today - were born out of an initiative taken during the final year of the Uruguay Round of Multilateral Trade Negotiations. At the time, there was a very real prospect that basic telecommunications might be carved out of the new agreement then taking shape, the General Agreement on Trade in Services (GATS). Very few governments had offered commitments on

these services, deterred by what appeared to be a yawning gap between the openness of some markets and long-entrenched restrictions to trade in many others. Though a number of major players were contemplating opening trade in this sector at the time, these were still surrounded by a considerable degree of uncertainty.

At Marrakech in April 1994, Ministers thus agreed to launch the telecom negotiations – and these began within a month. By the end of the these *sector-specific* negotiations – a rare occurrence in the history of the multilateral system – sixty-nine governments had committed to open their telecom markets either with immediate effect or subject to specified implementation dates. This was a very impressive result when you consider that only eight countries permitted any competition of foreign operators in the sector when the negotiations began in 1994.

The participants in these extended negotiations demonstrated a unique dose of enthusiasm, reflecting both the seismic policy shifts away from closed markets and the galvanizing forces of the WTO negotiating process. The momentum has continued since. At present, over 100 WTO Members have commitments to open markets in some or all telecommunication services. And this increase in numbers is due not only to commitments agreed in the WTO accession process, but to autonomous improvements offered by current Members that had not initially participated in the extended negotiations. Again, the fact that countries volunteer commitments - out of economic self-interest - is



a rare event in an organization that usually relies on (mercantilist) "exchanges of concessions" between negotiators.

I am happy to see that the enthusiasm remains alive as demonstrated by your presence here today.

WTO Members from all regions and at all levels of development have commitments in place that allow companies from around the world to invest in their telecommunication sector and that eliminate restraints on cross-border communications. The commitments normally entitle new entrants to supply the most essential services, such as fixed and mobile telephony, Internet and leased-line capacity. A great many Members have also committed to telecom-specific regulatory obligations. These market access and regulatory commitments permit global networks and facilitate the emergence of global markets for the benefit of all WTO Members, and their businesses and consumers alike.

Telecommunications are emblematic of the highly integrated nature of modern economies: while the sector's own economic momentum depends on the existence of dynamic user industries, world-class communication links are today a *sine qua non* for a wide range of economic activities within services and beyond. Open and competitive markets are clearly decisive in this integrated environment. Indeed, sectors such as computer services and mobile telephony are thought to have experienced remarkable growth precisely because they were introduced in an environment relatively free of trade restrictions.

Lower-cost access to advanced communication services and equipment promotes growth across virtually all sectors, from agriculture and mining to manufacturing, by linking producers with customers in a timely and efficient manner. Activities such as E-commerce, on-line travel and hotel reservations, financial services, transport, professional services, and a host of business support services, are but a few examples.

The benefits from opening trade in telecoms cuts across developed and developing countries. In recent years, information and communication technologies have enabled economies from India to Ireland to develop and rapidly expand international outsourcing. In Egypt, for example, mobile subscriptions have increased by 45% per year and Internet users have grown from 600 000 to over six million from 2001 to 2006. The Egyptian success in attracting foreign investment and outsourcing contracts in these sectors has resulted in over \$500 million in exports of communications, computer and information services in 2006.

Small and medium-sized enterprises in many economies have also benefited from the adoption of IT and mobile telephony to improve their business and trade prospects. Today a barber in South Africa can deposit his customer receipts over a mobile phone (so called M-banking) rather than spending a half day walking to the nearest bank.

The WTO's General Agreement on Trade in services (GATS) created a new paradigm for trade in services and provided a legal framework for the opening of such trade among Members. It provides the stability and predictability of regulatory conditions needed to facilitate the expansion of services trade. It offers an effective framework to consolidate wide-ranging policy reforms, which often take many years, much political will, and hard work to put into place.

As we blow the ten candles for the basic telecommunications agreement, I would like to encourage all of you to follow this example in the on-going services negotiations under the Doha Round. Your presence and enthusiasm here today can and must inspire trade negotiators to make a quantum leap in the services chapter of the Doha Round. Your economies need modern services whether in finance, distribution, energy or the environment. By committing to further open trade in these sectors and by improving your domestic regulations in these areas you are investing in the future.

It is in therefore in your hands to create a more open and balanced trading system and to lay sustainable foundations for growth and development in the 21st Century.

My best wishes for a fruitful Symposium.



**Dr. Hamadoun I. Touré**  
**Secretary-General**

GENEVA, SWITZERLAND -

20 February 2008

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**“10<sup>th</sup> Anniversary of the Fourth Protocol to the GATS, WTO”**

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Excellencies, distinguished delegates, Ladies and Gentlemen,

I would like to thank Mr. Pascal Lamy, the Director-General of the World Trade Organization for inviting me here today to join you in celebrating the 10<sup>th</sup> Anniversary of the Fourth Protocol to the GATS and I am pleased to see Mrs. Lakshmi Puri, Acting Deputy Secretary-General of UNCTAD, here with me for the Opening Session.

Ten years doesn't seem that long, but in the world of telecommunications the last 10 years have been exceptional. In 1998 the international telecom environment shifted from a framework based on bilateral relations to one of a multilateral nature, and from closed to open markets.

The Agreement that heralded that shift did not come easily. Some countries, not only developing countries, but developed too, feared that by opening up their markets to competition and foreign investment they would lose control of a strategic industry. Yet, in the end most of these countries actually exceeded their liberalization commitments. The telecom sector evolved into the ICT sector and became an ever expanding sphere.

The benefits have been seen not only in the developed world, but even more so in developing countries where we witnessed double digit, and even triple digit growth in both subscriber numbers and revenues. A recent article in the Financial Times talks of how “.. the move over the last decade to provide billions of people in developing countries with mobiles is creating a new world order in telecoms”. We now see developing country operators investing in other developing countries. Africa has given birth to a series of pan-African mobile operators like Orascom and MTN. Countries around the globe have moved from being reluctant partners in the Basic Telecommunication Agreement (BTA) to embracing its principles and even going beyond its confines.

The BTA was not only a watershed event for the telecom sector, but a significant marker in the history of the ITU, bringing with it a strengthened cooperation between ITU and WTO. In March 1998 the ITU held the World Telecom Policy Forum, where the WTO's Reference Paper was incorporated into Opinion A and the ITU Secretary-General was called upon to identify areas of common interest for cooperation with WTO. At the 2002 ITU Plenipotentiary Conference, member states approved a Cooperation Agreement with WTO.

Of course the liberalization of the telecommunication markets changed the nature of ITU's work. The BTA prompted the move to develop effective regulatory frameworks and ITU followed by providing platforms for regulators to further develop those frameworks. In 2000, four years after the introduction of the BTA, ITU pioneered a Global Symposium for Regulators, which is now an annual event. The world's regulators come together at the highest level, to exchange best practices and the discussions frequently mirror the broad regulatory principles of the WTO Reference Paper. In fact the next global gathering of regulators takes place in Thailand from 11-13 March 2008.

Our work on market and technological trends continues and we are organizing a World Telecom Policy Forum in 2009 to review the International Telecommunication Regulations, taking into account Convergence, Next-Generation Networks, and Emerging regulatory and policy issues.

In 1998 the goal of trying to connect all of the world's people seemed impossible. But look at how much has happened since then: the mobile boom, the Internet and now an era of Fibre to the Home, IPTV, mobile broadcasting, Wi-Fi, Wimax and so much more. Of course, these changes are due to technological innovation, but technology on its own is not enough. The environment that enabled the implementation of these new technologies was created through regulatory reform.

With technologies evolving so fast, what will the next 10 years bring? We will be communicating in ways that are yet to be imagined. Perhaps through a chip implanted under the skin? Or perhaps, as nanotechnology evolves, just from one brain to another, without the need for anything at all?

We have seven years left until 2015 to meet the Millennium Development Goals. ITU and WTO share these goals and each have their role to play. While ITU is committed to meeting the targets on ICT access agreed by the World Summit on the Information Society, WTO seeks a successful outcome to the Doha Development Round. At ITU we also think of Doha when we think of development, because our last World Telecommunication Development Conference took place there and we are now implementing the Doha plan of action.

Today as we look back over the last 10 years, we can also look at the next seven years and the challenge of ensuring that the benefits of the information society are shared by all.

I look forward to our continued cooperation with WTO.

Thank you