

REVIEW OF FIXED-MOBILE INTERCONNECTION

RESPONSE BY NORTEL NETWORKS

Abstract

The world is divided into countries that have either CPP or MPP. On the surface, a CPP regime appears to encourage higher rates of mobile phone ownership and usage while MPP with calling number display can lead to some calls being rejected by the mobile party. Given that the purpose of any policy framework is to stimulate further growth in the market, any fundamental change in Singapore's telecommunications policy has to be analyzed in the light of where the local market is today, and where it is headed.

1. Current State

Singapore's mobile penetration rate is now ~40%. This represents an approximate 2-fold increase in penetration rate since competition was introduced in April 1997. This is evidence that the current regulatory regime and competitive climate has achieved its purpose of growing the local cellular market. In addition, the competitive cellular air-time rates and schemes (first x seconds free on in-coming calls) currently offered by existing operators have to a large extent encouraged high-usage among subscribers.

2. Further Competition

The introduction of a 2nd cellular operator in April 1997, proved to be a catalyst in the growth of the local market. The introduction of a 3rd cellular operator in April 2000 will surely spur further growth in both the variety of innovative services offered and in the affordability to end-users.

3. Greater Flexibility to Operators

FMC is an important consideration with services such as "Home Zone" becoming available. Such services would allow consumers to use their mobile telephone as their fixed phone when in their home zone. To aid in the growth of such services, the removal

of price controls (if any) on these services will provide mobile operators with the flexibility to price such services according to demand.

4. Conclusion

Given that the purpose of any policy framework is to further stimulate the market for further growth, implementing CPP would represent a major and fundamental change in the local FMI regime and could prove potentially confusing to the market, with little benefit.

In summary:

- 4.1 The current FMI regime (together with other TAS policies) appears to be serving Singapore's cellular market very well.
- 4.2 Should a change to CPP be implemented, the global experience is that it should apply to all operators. To do otherwise would lead to a great deal of consumer confusion (e.g. they would need to know whether they were calling a CPP or MMP person) and make settlement of charges between operators more complex than a single system.
- 4.3 Should the change be implemented, the CPP system should apply to all operators for fixed to mobile services.