



8 May 2003

Info-Communications Development Authority of Singapore
8 Temasek Boulevard
#14-00 Suntec Tower Three
Singapore 038988

**BY POST AND
FAX: 6211 2116**

Attn: Industry Regulation

Dear Sirs,

PUBLIC CONSULATION ON REQUEST OF SINGAPORE TELECOMMUNICATIONS LIMITED (“SINGTEL”) FOR EXEMPTION FROM DOMINANT LICENSEE OBLIGATIONS WITH RESPECT TO THE INTERNATIONAL TELEPHONE SERVICES (“ITS”) MARKET PURSUANT TO SECTION 2.6.1 OF THE CODE OF PRACTICE FOR COMPETITION IN THE PROVISION OF TELECOMMUNICATIONS SERVICES (“CODE”)

Reference is hereby made to your letter dated 21 April 2003 on the above-captioned matter.

We write to register our objections to SingTel’s requested exemptions from its dominant licensee obligations.

The information provided does not, in fact, demonstrate that SingTel is no longer a “Dominant Licensee” as described by section 2.2.1 of the Code. SingTel clearly remains in position, by virtue of its near monopolistic dominance in respect to local leased lines and premise access, to ensure that there is a significant barrier to entry to rapid and successful entry by an efficient competitor. Further, SingTel will be clearly in position to raise prices above competitive levels for telecommunication services to end users over those facilities.

The facts and figures laid out by SingTel in their application only serve to endorse the implementation and maintenance of the Code and the classification of SingTel as the Dominant Licensee. The facts and figures evidence a competitive market place. We would submit that that is the case in no small part due to the present operation of and adherence to the Code.

Our objection to SingTel’s requested exemption is exemplified by its attempt to be exempted from its duty to provide unbundled telecoms services (section 3.3.5) and derives from the fact that SingTel still overwhelmingly dominates the local market for premise access and for local leased lines. Given so, without the restraint of the regulatory duty, it is open to SingTel to provide super competitive rates to customers through bundling that smaller telecommunications companies like ourselves would not be able to match. A further fear is that such bundling would allow SingTel to cross-subsidize its ITS in such a



manner that no one else, not having SingTel's dominance in premise access and local leased lines, could emulate.

The second issue of concern arises also from SingTel's dominance of premise access. If SingTel is not obliged to allow resale of end user services – specifically, resale of local telephone services - SingTel would have no incentive to do so and thereby would easily shut out all competing players. We understand that StarHub, being the principal alternate market participant, does not come close in providing access to customer premises for providing the basics of telephone service.

In our considered view, if SingTel's request for exemptions from its dominant licensee obligations is acceded to, end users would ultimately suffer from a lack of options and the telecommunications market in Singapore would become less competitive.

Consequently the goals of the Code as expressly stated by section 1.1 would be defeated. In particular, the exemption would not promote, or maintain, a fair and efficient market conduct and effective competition between persons engaged in commercial activities connected with telecommunication technology in Singapore. In fact, it would actively discourage investment in the information and communications industry in Singapore as it will be recognized that the incumbent dominant player ultimately controls the market. Industry participants will not be encouraged to be market participants, instead they will be forced to contract to SingTel as the most cost efficient course – that is assuming they do not forgo the Singaporean market completely.

We would be happy to provide clarifications on the views expressed herein should the IDA require such.

Yours faithfully,
XA Alliance Pte Limited

Helen Ching
Legal Counsel