



**INFO-COMMUNICATIONS DEVELOPMENT AUTHORITY OF SINGAPORE**

**PUBLIC CONSULTATION PAPER**

**ON THE PROPOSED REVISIONS TO THE REGULATORY REQUIREMENTS  
ON THE RESALE OF INTERNATIONAL LEASED CIRCUITS AND  
INTERNATIONAL SIMPLE RESALE**

**29 April 2009**

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**PROPOSED REVISIONS TO THE REGULATORY REQUIREMENTS ON  
THE RESALE OF INTERNATIONAL LEASED CIRCUITS  
AND INTERNATIONAL SIMPLE RESALE**

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**PART I: INTRODUCTION**

1. This paper provides an outline of IDA's proposal to revise the existing terms and conditions for resale of leased circuit (RLC) services and international simple resale (ISR) services.

**PART II: BACKGROUND**

2. RLC refers to the resale of circuits that have been leased from Facilities-based Operators (FBOs). The RLC services can be used to provide companies with direct, point-to-point leased circuit connections for corporate communications, or to provide services such as ISR.
3. ISR is an alternative International Direct Dial (IDD) service provided using international transmission facilities, such as leased circuits. In the case of outgoing calls originating from Singapore, the ISR provider collects traffic from the public telecommunication network of any FBO which owns international transmission facilities, transfers it to a leased circuit and passes it over to a public telecommunications operator in an overseas country who will then deliver the calls to their destination.
4. For the resale of international leased circuits, the Licensee must provide documentary proof from either :
  - a. the relevant authorities in the foreign country that the RLC services between Singapore and the foreign country is permitted and approved; or
  - b. a licensed operator in the foreign country that the overseas licensed operator is authorised to provide RLC services in the

foreign country and that the overseas licensed operator would treat all similarly-situated operators licensed in Singapore on a non-exclusive and non-discriminatory basis.

5. For ISR, IDA gives approval for the provision of such services on a route-by-route basis. Licensees are not permitted to operate ISR services between Singapore and any foreign destination unless the law and/or policies at that destination permits or does not prohibit the operation of such services.
6. The restrictions are intended to ensure a level playing field for our operators to enter foreign markets and compete for customers that require international connectivity. We want to prevent a case where foreign operators from non-liberalised countries are able to obtain a licence in Singapore to provide RLC and ISR services to their home country, but Singapore's other licensees were not permitted to do the same in these overseas markets. IDA also wants to prevent such licensees from leveraging on the dominant position of their foreign affiliates to unreasonably restrict competition in Singapore. For example, such licensees may be able to unfairly undercut other Singapore-based operators providing leased circuits or RLC services to the said non-liberalised country.
7. In December 2006, IDA relaxed the requirements under the International Settlement Regime following a public consultation<sup>1</sup>. In view of the evolving market and technology, IDA believes that it is timely to review the restrictions on the resale of international leased circuits and ISR.

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<sup>1</sup> See the Public Consultation and Decision issued by IDA on the Proposed Revisions to the Guidelines on the International Settlement Arrangements Relating to the Provision of International Telephone Services, available on the IDA website.

### **PART III: REVIEW OF THE RESTRICTIONS ON RLC**

8. Since the telecom market was fully liberalised in 2000, the level of competition in the international private leased circuit (IPLC) market has increased. Singapore-based operators have been able to respond by reducing their IPLC rates by more than 90% across the board, and are thus in a better position to compete with potential foreign operators offering RLC services.
9. At the same time, market developments have also curbed the effectiveness of the restrictions in addressing our concerns. SBOs are able to bypass our restrictions to provide RLC services to non-liberalised countries via other liberalised jurisdictions which do not impose similar restrictions on RLC as IDA.
10. Given that Singapore-based operators are in a better position to compete with potential foreign operators offering RLC services to non-liberalised countries, and the fact that the RLC restrictions can be bypassed, IDA is of the view that it is time to remove the restrictions on RLC. Having a more liberal telecoms market can also serve to boost our position as a hub as traffic would be able to be routed through Singapore to reach non-liberalised countries. Potentially, the liberalisation may also benefit consumers as prices may drop further with increased competition arising from the entry of new RLC players.
11. In removing the restrictions, IDA will relax its ex ante safeguards. However, it can still fall back on the general ex post measures should there be genuine cases of anti-competitive behaviour such as a player being able to leverage on the market position its affiliates in foreign market to compete unfairly in Singapore. IDA can take enforcement action against that licensee though the provisions in the Telecom Competition Code.

- Q1. *IDA invites views on market and technology trends and developments in the international capacity services market. In particular, are there other important developments that IDA would need to take into consideration when reviewing the RLC restrictions?*
- Q2. *IDA invites views on whether the restrictions on the resale of international leased circuits should be lifted, and if so, whether there is a need for any other restrictions to prevent anti-competitive behaviour.*

#### **PART IV: REVIEW OF THE RESTRICTIONS ON ISR**

12. With full liberalisation, the prices of international calls, including those to non-liberalised countries have also fallen significantly. With IP telephony, operators now have another option to provide cheap international calls.
13. Given that the international call prices are already very competitive, there is less need to have restrictions on ISR to prevent anti-competitive behaviour. Indeed, lifting the ISR restrictions may help to further increase competition in the international telephony services market, and further drive down prices, to the benefit of consumers. In any case, since ISR is usually provided using RLC, lifting the RLC restrictions as proposed would make it difficult to maintain our ISR restrictions. Hence, IDA proposes that the restrictions on ISR be lifted together with the RLC restrictions.
- Q3. *IDA invites views on market and technology trends and developments in the international telephony services market. In particular, are there other important developments that IDA would need to take into consideration when reviewing the ISR restrictions?*
- Q4. *IDA invites views on the proposal to remove the requirement for route-by-route approval by IDA for the provision of ISR services and whether there is a need for any other restrictions to prevent anti-competitive behaviour.*

## **PART V: INVITATION TO COMMENT**

14. All views and comments should be submitted in writing and in both hard and soft copies (Microsoft Word Format), and should reach IDA by **12 noon, 29 May 2009**. Respondents are required to include their personal or company particulars, correspondence address, contact number and email address in their submissions. IDA will make all or parts of any submissions made in response to this consultation paper public and disclose the identity of the source. Any part of the submission which is considered commercially sensitive must be clearly marked and placed as an annex to the comments raised. IDA will take this into account in its review. All comments should be addressed to:

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**AND**

Please submit your soft copies via email to [IDA\\_consultation@ida.gov.sg](mailto:IDA_consultation@ida.gov.sg)