

**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**

**SUBMISSION BY SINGAPORE TELECOMMUNICATIONS LIMITED**

**29 May 2009**

**1 INTRODUCTION**

- 1.1 Singapore Telecommunications Limited (**SingTel**) refers to the Info-communications Development Authority of Singapore's (**IDA**) public consultation paper (**Consultation Paper**) in relation to its proposed revisions to the regulatory requirements on the resale of international leased circuits (**RILC**) and international simple resale (**ISR**).
- 1.2 SingTel welcomes the opportunity to make its submission to the Consultation Paper.
- 1.3 SingTel's submission is structured as follows:
- Section 1 – Introduction;
  - Section 2 – Executive Summary; and
  - Section 3 – Specific Views and Comments.

## 2 EXECUTIVE SUMMARY

### 2.1 Our views and comments may be summarised as follows:

- The degree of liberalisation and competition in the telecommunications market varies widely from country to country. While some countries have been gradually liberalising their telecommunications markets, other countries have continued to remain relatively closed. For example, while the level of competition in the international capacity services market in Singapore has increased rapidly since liberalisation, the levels of liberalisation and competition in some countries have largely remained unchanged.
- Differences in the degree of liberalisation and competition from country to country mean that overseas operators whose telecommunications markets remain largely closed and/or overseas operators who hold significant market power in their domestic markets can potentially take advantage of the more liberalised and open telecommunications market in Singapore to engage in anti-competitive practices to the detriment of Singapore operators.
- The regulatory requirements currently imposed for the RILC and ISR have been put in place specifically to ensure a level playing field for international telecommunication services; particularly Singapore operators affiliated with overseas operators from largely closed markets or overseas operators with significant market power in their domestic market. Such regulatory requirements are similarly adopted by regulatory authorities in other countries to address similar competition concerns.

- The lifting of the existing regulatory requirement imposed for the RILC and ISR would provide the opportunity for overseas operators from largely closed markets and overseas operators with significant market power in their domestic market to unfairly undercut Singapore operators who compete with these overseas operators to provide international telecommunication services to end users.
- By retaining the existing regulatory requirement for RILC and ISR will serve to provide the appropriate incentives to regulatory authorities in largely closed telecommunication markets to liberalise their domestic markets in order to enjoy the benefits of competition.
- So long as there are differences in terms of the degree of liberalisation and competition from country to country, *ex-ante* regulatory measures are required to safeguard Singapore operators against such anti-competitive behaviour by operators affiliated with overseas operators from largely closed markets or overseas operators with significant market power in their domestic market and to create a level playing field. SingTel strongly submits that the IDA should continue to ensure that the existing *ex-ante* regulatory measures are retained.
- Relying solely on *ex-post* regulatory measures should not be contemplated until such time as the disparities in terms of the degree of liberalisation and competition from country to country no longer exist.
- In summary, SingTel submits that the existing regulatory requirements for the RILC and ISR are crucial to ensure fair competition in the international services markets and should be retained.

### 3 SPECIFIC VIEWS AND COMMENTS

- 3.1 SingTel provides the following specific views and comments in response to the IDA's queries.

*Question 1*

*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?*

*Question 2*

*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.*

- 3.2 As the IDA has noted, the level of competition in the international private leased circuit (IPLC) market in Singapore has increased. In fact, we believe it is highly competitive. Notwithstanding the reduction of IPLC rates across the board by more than 90%, IPLC rates for the corresponding half-circuit IPLC in less liberalised markets remain high.
- 3.3 We provide, in Annex 1, a table comparing Singapore half-circuit IPLC rates with some overseas half-circuit IPLC rates for the IDA's reference.
- 3.4 The large disparity in the half-circuit IPLC rates in markets that remain largely closed and/or where the overseas operators who hold significant market power strongly indicates that there is considerable scope for those overseas operators to unfairly compete with Singapore operators by undercutting their own half-circuit

- prices when selling to end users. As such, *ex-ante* regulation of RILC should be retained.
- 3.5 As long as there are differences in terms of the degree of liberalisation and competition from country to country, the imposition of *ex-ante* safeguards is still warranted and is required to ensure fair and effective competition in the international telecommunication services market and to guard against anti-competitive behaviours by operators affiliated with overseas operators from largely closed markets or overseas operators with significant market power in their domestic markets.
- 3.6 Relying solely on *ex-post* regulatory measures should not be contemplated until such time the disparities in terms of the degree of liberalisation and competition from country to country no longer exist.
- 3.7 The retention of the existing regulatory requirements for RILC also serve to provide the appropriate incentives to regulatory authorities in largely closed telecommunication markets to liberalise their domestic markets in order to enjoy the benefits of competition.
- 3.8 SingTel submits that the existing regulatory requirements for RILC remain relevant and appropriate and should be retained to ensure fair and effective competition in the international telecommunication services market.

### *Question 3*

*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?*

*Question 4*

*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.*

- 3.9 As the IDA has correctly pointed out, the provision of International Telephone Services (ITS) is extremely competitive in Singapore. There are numerous operators licensed to offer a variety of international voice-related services through traditional and alternative means.
- 3.10 However, regardless of the level of development of the ITS market in Singapore, there remain differences in the level and degree of liberalisation and competition from country to country.
- 3.11 Given these differences, overseas operators whose domestic markets remain largely closed are able to engage in ‘whipsawing’ and ‘one-way bypass’ to extract higher international settlement rates and/or obtain a greater share of international revenue. By engaging in ‘one-way bypass’, Singapore operators also lose the traffic volumes that are necessary to negotiate with overseas operators for lower termination rates which in turn affect the IDD charges to end users.
- 3.12 In view of the above, we strongly submit that there is a need to retain *ex-ante* regulatory measures to protect Singapore operators against such anti-competitive behaviour by operators affiliated with overseas operators in largely closed markets and/or overseas operators with significant market power in their domestic market.
- 3.13 SingTel supports the retention of the classification of countries into two (2) categories. The classification of routes into those that are fully liberalised destinations versus those that are not fully liberalised is still relevant for assessing

- the risk of, and maintaining a regulatory vigilance against anti-competitive behaviour.
- 3.14 The imposition of *ex-ante* safeguards is still relevant and is required to ensure fair and effective competition in the ITS market and to guard against anti-competitive behaviours by operators affiliated with overseas operators from largely closed markets or overseas operators with significant market power in their domestic market.
- 3.15 Relying solely on *ex-post* regulatory measures should not be contemplated until such time the disparities in terms of the degree of liberalisation and competition from country to country no longer exist.
- 3.16 Retaining the existing regulatory requirement for ISR also serves to provide the appropriate incentives to regulatory authorities in largely closed telecommunications markets to liberalise their domestic markets in order to enjoy the benefits of competition.
- 3.17 SingTel submits that the existing regulatory requirements for ISR remains relevant and appropriate and should be retained to ensure fair and effective competition in the international telecommunication services market.