

REGULATION-ANTITRUST RULES, MARKETS AND COMPETITION IN THE TELECOMMUNICATION SECTOR IN LATIN AMERICA

1.0 INTRODUCTION

With the deregulation of several telecommunications markets, in the last few years many companies quickly invested in Latin America's telecommunication sector based on the assumption that this sector presents opportunities to generate profits in the short term. Certain companies did not consider the design of their networks and the structuring of their business, all the prevailing regulatory and antitrust issues, and structural aspects of the markets (market concentration, dominant positions, etc.). Due to the lack of consideration of regulatory and antitrust aspects, a considerable number of companies did not prove to be profitable, but as a consequence these companies experienced losses which resulted from large sums of payments for interconnection and traffic-handling fees to the incumbents (dominants) companies.

The dynamic technological change in the area of the communications has forced the regulatory agencies to adapt and modernize its regulatory framework to reach a series of objectives. Certain countries have advanced very quickly in an efficient manner regarding regulation and competition. Not all countries have advanced at the same pace, there are some countries that have not had the resources, necessary human capital and in some cases the political desire to modernize their regulatory frameworks.

2.0 DESCRIPTION AND OBJECTIVE OF THE COURSE

This course is mainly focused on the following aspects: (1) revision of some basic theoretical concepts on regulation and antitrust; (2) revision on important advances in regulatory reform carried out in some countries of Latin America; (3) revision and critiques of inefficient regulatory aspects applied in the region; (4) analysis of effective regulations, effect on the competition and prices; (5) identifying regulatory failures and its effects on competition and implicit risks for operators and investors; (6) problems and current fundamental restrictions of some countries that are key for the development of effective regulation; (7) analyzing regulatory tendencies and future challenges of the sector.

The main objectives of this course can be summarized as follows:

- To familiarize students with the terminology of economics of regulation and competition.
- To introduce students with important real world experiences to help understand the regulatory policies, antitrust and prices in the telecommunications sector in Latin America.
- To give a broad vision of the lines of economic thought, political factors and human capital that affect the development of telecommunication regulations in Latin America.
- To familiarize the students with the implicit risks that face some regulatory institutions for the investment and development of business in the region.
- To provide students with the qualitative and quantitative tools so that the participants can incorporate in their demand and revenues projections (for business plan development) the regulatory and antitrust aspects.

4.0 AUDIENCE

This course is aimed at the personnel of regulatory agencies in Latin America, international operators, investors, consultants, managers in charge of decisions, and professionals involved in the industry of telecommunications. .

5.0 REQUIREMENTS

None. Some basic knowledge of some regulatory and antitrust issues is highly desirable.

6.0 COURSE LENGTH

Two (2) days

8.0 COURSE OUTLINE

1.0 Introduction and Revision of the Course

- 1.1 Objectives of the course
- 1.2 Details of the course and focus

2.0 Introduction to the Telecommunications Industry

- 2.1 Natural monopolies and the industry of the telecommunications
- 2.2 Specific aspects to the telecommunications, institutional environment and performance
- 2.3 Privatization, regulatory agencies and regulatory policies
- 2.4 Tendencies and patterns in the world and Latin America.

3.0 Understanding the changes in the Telecommunications Industry and Regulation

- 3.1 Market structure, technological change, infrastructure and competition
- 3.2 Review of market structure, demands and costs
- 3.3 Cellular telephony: tendencies, prices and technology
 - 3.3.1 Long distance
 - 3.3.2 Value added services
 - 3.3.3 Internet services
 - 3.3.4 Others
- 3.4 Market structure in some Latin American countries
- 3.5 Technological change, market for new services, spectrum and regulation
 - 3.5.1 Broadband
 - 3.5.2 Wireless service and spectrum
 - 3.5.3 Others
- 3.6 Tendencies of the new services in Latin America

4.0 Regulatory developments: Evolution in the industry

- 4.1 The Telecommunications Act of 1996 and its Effect on Latin America
- 4.2 Tendency, changes in the regulatory modes of Latin America
 - 4.2.1 Revision of highly deregulated markets (e.g. Chile, Argentina, etc.)
 - 4.2.2 Revision of partially deregulated markets (e.g. Panama)
 - 4.2.3 Revision of highly regulated markets (e.g. Costa Rica)

5.0 Regulatory Framework and Competition in Latin America

- 5.1 Competitive Local Exchange Carriers (CLECS) and Local Incumbent Carriers (LIC)
- 5.2 Competitive environment in long-distance
- 5.3 The last mile frameworks (WLL, LMDS)
- 5.4 Review of Regulations and Services in Some Countries (Brazil, Argentina, Chile, Panama,
 - 5.4.1 Operators of Local Service (Local exchange carriers)
 - 5.4.2 Operators of long distance services
 - 5.4.3 Value added services
 - 5.4.4 Internet
 - 5.4.5 Last mile
 - 5.4.6 Others

6.0 Regulatory Failures, Technological Change, Competition and Prices

- 6.1 Revision of Dominant Position and Essential Facility
- 6.2 Revision of Some Regulatory failures in Latin America
- 6.2 Regulatory failures and Technological Changes
- 6.3 International agencies and some competition policies aspects

7.0 Regulatory framework in Latin America and Strategic Planning (Case studies)

- 7.1 Regulation in Latin American countries, Discrimination and Risks
- 7.2 Market opportunities

- 7.3 Regulation and potential competition versus effective competition
- 7.4 Regulation and definition of non-discriminatory markets
- 7.5 Regulatory failures and strategies for market penetration
- 7.6 Multiple services (bundled services)
- 7.7 Resale versus Vertical Integration
- 7.8 End to end connectivity solutions implicit costs
- 7.9 Regulation, network design, price setting and strategy

8.0 Future Challenges and Tendencies in Market Regulations

- 8.1 Regulatory aspects and competition policies
- 8.2 Rent-seeking activities and the Existing Monopolies
- 8.3 Privacy and security issues
- 8.4 E-commerce
- 8.5 Globalization and regulatory changes
- 8.6 Predictions and future challenges