

**UNDER THE ROYAL PATRONAGE
OF
HIS MAJESTY KING ABDULLAH II BIN AL-HUSSAIN**

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A BRIEF INSIGHT ON ICT DEVELOPMENT ROLE

BY

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Ladies and Gentlemen:

I seize this opportunity to thank the Arab ICT Regulators' Network, and the Telecom Regulatory Commission (TRC) of Jordan, in particular, for giving me the chance to be with you today.

INTRODUCTION:

An efficient telecommunications network is the foundation upon which an information society is built. There is a global consensus, achieved through the United Nations Information and Communication Technologies Task Force (UN ICT TF) and the U.N. World Summit on the Information Society, that information and communication technologies are fantastic tools to promote economic and social development. This, I am sure, comes as no surprise to you as ICT regulators.

I am particularly glad to be here with you today, since I sincerely believe that you have played, and will continue to play, a critical role in ensuring that the Arab world can maximize the advantages of ICT, whether for the creation of business or for access to health care and education.

I am speaking to you as:

1. The Vice-Chairman of the UN ICT Task Force, the first truly multi-stakeholder body within the UN with representation from governments, civil society, and business;
2. The Chairman of the E-Business, IT and Telecoms Commission of the International Chamber of Commerce; and
3. More personally, as the CEO of a large business user of telecommunications throughout the Arab world.

The most urgent challenge before us today is how can we ensure that ICT's can be mobilized to promote economic and social development in the Arab world? The answer can be summarized in a single word: COMPETITION. Promoting effective competition is the most fundamental and basic building block to creating an information society.

As a business user of telecommunications and the Internet, my group of companies relies on efficient and effective communication networks. To remain competitive in today's global economy and to continue to expand my business beyond the Arab world, reliable and affordable access to communication networks is not simply a helpful tool, it is essential. Moreover, the expansion of Arab businesses globally will provide both social

and economic benefits here at home through employment, tax revenues, technology transfer, etc.

Given the vital importance of reliable and affordable communications networks, I would like to spend the remainder of my time providing you with my views on what, I believe, we must work together to achieve so that the Arab world's potential can be optimized. As noted above, competition is the cornerstone. It is my firm conviction that competition is the only way to ensure such reliable and affordable communication networks, and its resulting social and economic benefits. Competition encourages private sector investment, which is necessary to ensure robust infrastructure deployment and product and service offerings that business users demand.

Competition can only be achieved through a liberalized marketplace, for both domestic and international players, functioning in a stable political and legal environment. The best mechanism to promote such liberalization is through the World Trade Organization (WTO). I would like to work with all of you to more fully integrate all Arab states into the global economy through membership in the WTO and its rule-based global trade regime.

International competition and investment are an important source of capital, investment, employment, and technology, spurring local business creation. In the telecommunications sector, countries that have liberalized markets have benefited from:

1. New Investment;
2. Upgraded Infrastructure;
3. Improved Efficiency and Productivity;
4. New Jobs;
5. Improved Universal Access;
6. Improved Services; and
7. Innovation.

TELECOMMUNICATIONS LIBERALIZATION:

Liberalization of the telecommunications sector in the United States, for example, created a viable marketplace for the Internet to flourish as a medium for commerce. Several Arab states are in the process of liberalizing their telecommunications markets. I encourage all Arab states to follow. As you move toward liberalization of your telecommunications markets, both basic and value-added services, I would like to outline the highlights of a framework for liberalization that business users identify as the key to success.

First, you must have the political will to succeed. There are entrenched interests that will oppose liberalization notwithstanding its benefits, which have been documented well by the International Telecommunication Union (ITU).

Second is to prepare a timeline for liberalization with the goal being full liberalization by a certain date and the removal of foreign ownership restrictions.

Third is the creation of a pro-competitive regulatory framework consistent with the principles set forth in the WTO Reference Paper for Basic Telecommunications, namely:

You, as the regulators, will be the promoters of success. A regulator independent from any market actor and from the political branches of government is essential to ensure that incumbents do not use their dominant position in the market to forestall competition. The regulator must have:

1. A clear legal mandate;
2. Strong enforcement powers; and
3. Sufficient financial and human resources to fulfill the legal mandate.

Approximately fifty percent of Arab states have an independent communications regulator. Our goal must be one-hundred percent.

LIBERALIZATION OF OTHER IMPORTANT SECTORS:

Other important components to the creation of the infrastructure for a true information society include:

- Removing customs duties and quota restrictions on IT products, both hardware and software, to ensure that all have access to the best products at the lowest prices; and
- Full liberalization of computer and related services, which include applications that help the infrastructure function effectively and efficiently and allow the Internet to be used for commerce.

FORBEAR FROM REGULATING NEW TECHNOLOGIES AND EVOLVING SERVICES:

While a pro-competitive regulation is essential in the basic telecommunications market during the transition to true competition, it is important not to automatically extend legacy regulations to new technologies and evolving service offerings. These new technologies provide another platform for competition, thereby decreasing costs, increasing innovation, and allowing the developing world to leap-frog into the

information society. Wireless technologies, including WIFI, and Voice over Internet Protocol (VoIP) are incredible tools for business users, and should be encouraged to flourish without undue regulatory burdens. Only when a clear market failure is identified should regulation be imposed.

It is interesting that as liberalization and competition in telecommunications become the global norms, some governments, including some represented here, are proposing some form of international regulation over the Internet.

The first such proposal calls for the imposition of a mandated settlement regime for Internet traffic among ISPs. While this does appear, at first blush, to be an attractive means of reducing costs, empirical data refutes this. The Organization for Economic Cooperation and Development (OECD) has issued a study on the flow of Internet traffic and revealed that a liberalized telecommunications market, rather than a regulated Internet market, is the solution. Regions with liberalized telecommunication markets experience significant increases in intra-region traffic, thus reducing the amount of traffic that travels through the United States. The International Telecommunication Union's (ITU's) data supports this argument. This makes our work toward liberalization even more critical. In the interim, I am working in the Arab world to create regional Internet traffic hubs so that we can create sufficient economies of scale to bolster the negotiating leverage of Arab ISPs in commercial negotiations. I am a firm believer in market and commercial negotiations.

The second such proposal is a call to transfer some of the management functions of the Internet's names and addressing system to an inter-governmental organization. The Internet Corporation for Assigned Names and Numbers (ICANN) manages this system. ICANN is a multi-stakeholder private sector body with a governmental advisory committee. The bulk of ICANN's work is technical and managerial. Matters directly related to this technical work are negotiated among the interested stakeholders in an open and transparent process with the active participation of technical experts. As a business user, I support ICANN and its model of private sector leadership and do not support transferring its functions to an inter-governmental body. I should highlight the importance I place on launching multi-lingual domain names, and my colleagues and I are working within ICANN on the IETF and the Multilingual Internet Names Consortium.

In closing, I would like to say a few words about the current debate on Internet Governance, taking place within the U.N. as a result of the World Summit on the Information Society. Governments, through WSIS, asked the U.N. Secretary General to create a working group on Internet Governance. The Working Group is tasked with:

1. Developing a working definition of Internet Governance;
2. Identifying the public policy issues related to Internet Governance;
3. Developing a common understanding of the respective roles of governments, existing intergovernmental organizations and other forums, as well as the private sector and civil society from the developed and developing countries; and
4. Preparing a report on the results of this activity to be presented to the second phase of the WSIS in Tunis.

I am pleased to Chair the Advisory Committee organizing the UN ICT Task Force's Global Forum on Internet Governance next week in NY. As a businessman, I look forward to working with all stakeholders to find common ground on this important issue. I have been an active participant in the international discussions on Internet Governance, both within the business community and with governments. Defining it will be a challenge, indeed. As we move forward, I believe that it is essential that we recognize the invaluable contributions of existing expert bodies, both governmental and non-governmental, that are effectively and skillfully addressing the issues related to the information society. I believe it would be unwise to create redundancies and therefore, I encourage you to support the existing expert bodies and, in the forthcoming debate on Internet Governance, focus on those issues that are not adequately addressed by an existing organization.

The ultimate objective of the UN ICT Task Force is to further global development. To this noble end, we in the Task Force have adopted the UN Millennium Development Goals (MDGs) as our strategic objectives. I urge you to refer to the attached UN ICT TF Working Paper to see how ICT relates to the UN MDGs.

Thank you and I look forward to being a partner with you as we move toward an Information Society for all.

Talal Abu-Ghazaleh