

USTR NEWS

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Schwab Announces Results of Annual 1377 Review

Washington, DC - U.S. Trade Representative Susan C. Schwab today announced the results of the 2008 annual review of the operation and effectiveness of telecommunications trade agreements under Section 1377 of the Omnibus Trade and Competitiveness Act of 1988 (“1377 Review”). The 1377 Review identifies barriers facing U.S. telecommunications service and equipment suppliers, evaluates progress towards resolving ongoing problems, and lays out specific telecommunications-related issues on which USTR will focus its efforts this year.

“Open and competitive telecommunications markets are an important element of U.S. trade policy,” said Ambassador Schwab. “Barriers that impede U.S. telecommunications operators and equipment manufacturers from effectively competing abroad ultimately hurt the global economy by slowing down innovation, deterring investment, and stifling development. This year’s 1377 Review identifies practices that serve as impediments to achieving our goals of an open and competitive telecommunications market.”

This year’s 1377 Review focuses on country-specific concerns, as well as more general issues of concern. Country-specific concerns include: (1) access to Telstra’s telecommunications network in Australia; (2) impediments to market access in China; including high capitalization requirements and limits on joint venture partnerships; (3) problems interconnecting with a major supplier CTE in El Salvador; (4) access to elements of Deutsche Telecom’s network in Germany; (5) continued problems interconnecting with a major supplier Telgua’s network in Guatemala; (6) concerns related to the application and administration of Jamaica’s universal service program; (7) telecom equipment testing requirements in Mexico; (8) delays in licensing basic telecommunications services in Oman; and (9) access to leased lines in Singapore.

This year’s 1377 Review also identifies general issues of concern in several countries, including: (1) regulatory frameworks that hinder the development of competitive telecommunications markets; (2) elevated mobile termination rates; (3) continued barriers to use of Voice over Internet Protocol (VoIP) technology; and (4) conformity assessment requirements relating to telecommunications and information technology equipment.

In addition to the problems identified in this year's 1377 Review, USTR also marked progress in key markets on issues identified in past years' reviews, including: (1) Colombia, which drastically reduced its high licensing fee for long distance service that had long served as a barrier to market entry; and, (2) India, which eliminated its Access Deficit Charge, a fee that increased the costs to U.S. carriers sending telecommunications traffic to India.

BACKGROUND

USTR will continue its efforts to open markets and expand trade opportunities in telecommunications through a range of activities including: engaging bilaterally and multilaterally with trading partners to ensure they fully implement their existing commitments; negotiating and adopting strong disciplines, including in the Doha WTO services negotiations, to eliminate or prevent the emergence of trade distorting barriers; and where warranted, initiating dispute settlement action.

The Telecommunications Annex of the General Agreement on Trade in Services (GATS) includes obligations to ensure reasonable and non-discriminatory access to and use of public telecommunications networks. The Annex is often complemented by additional commitments by WTO Members in their GATS services schedules to adhere to the WTO Reference Paper, which establishes pro-competitive rules in the telecommunications sector to ensure, among other things, interconnection with dominant carriers at cost-oriented rates and the impartiality and transparency of regulatory processes. To bolster the obligations under the WTO agreements, USTR has negotiated strong telecommunications provisions in U.S. free trade agreements (FTAs). These FTA provisions are designed to further promote effective market access for U.S. telecommunications providers. To the extent that these agreements are in force, USTR will continue to use them to assist in opening markets to give U.S. companies the ability to supply new and innovative services abroad.

For the full results of the 2008 Section 1377 Review, click:
http://www.ustr.gov/assets/Trade_Sectors/Telecom-E-commerce/Section_1377/asset_upload_file386_14697.pdf