

COMMUNICATION FROM CUBA

Negotiating Proposal on Telecommunications Services

The following communication has been received from the delegation of Cuba with the request that it be circulated to the Members of the Council for Trade in Services.

I. INTRODUCTION

1. Cuba submits this negotiating proposal¹ as an initial contribution to the discussion on telecommunications services in the framework of the special negotiating session of the Council for Trade in Services.
2. This document is intended to promote measures to facilitate the growing participation of developing countries in telecommunications trade, by having regard for their economic situation and development, trade and financial needs.
3. It is also intended to promote an assessment of the impact of the GATS in strengthening the capacity of developing countries to provide telecommunications services through better access to technology, distribution channels and information networks.

II. RESULTS OF THE CHANGES IN THE TELECOMMUNICATIONS SECTOR

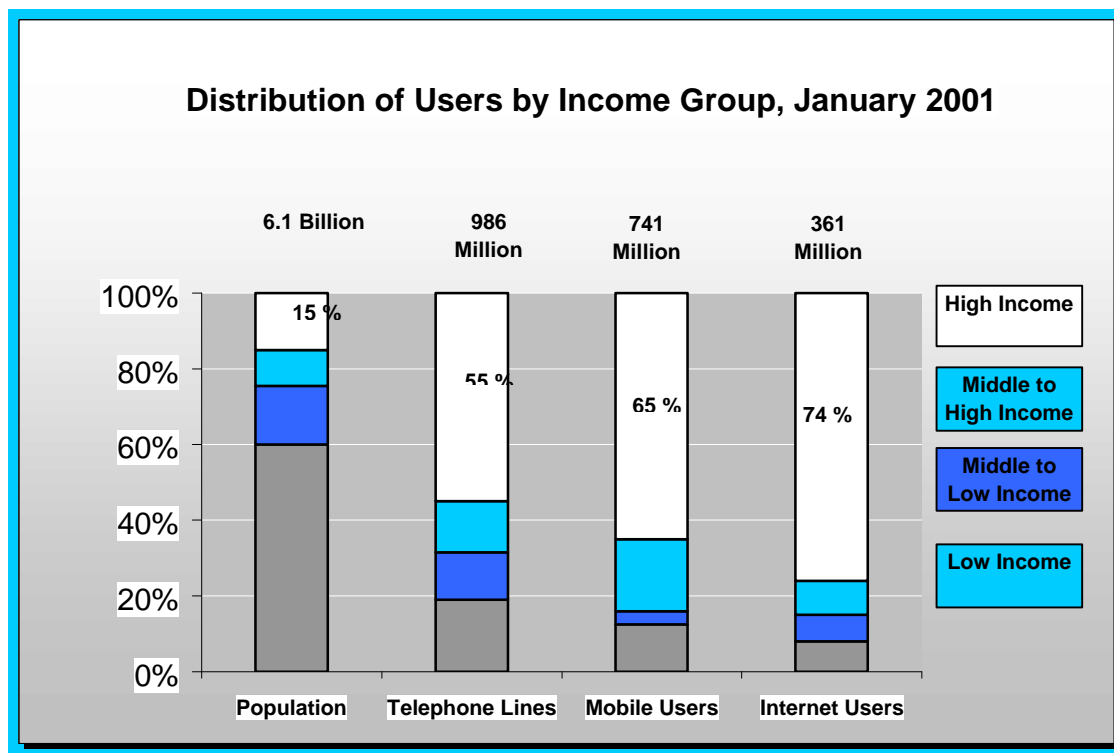
4. The 1990s were characterized by profound technological changes in the telecommunications sector, by the gradual disappearance of the state-owned enterprises that dominated the sector in the 1980s and by the emergence of the current situation in which private enterprises prevail, and in which 89 countries with over 90 per cent of global revenue have made liberalization commitments with regard to some or all telecommunications subsectors.
5. At the same time as the technological and structural changes to the telecommunications sector have taken place, its impact on other sectors, such as finance, information technology and tourism, has grown. The future development of these sectors is nowadays inextricably linked to the development of global telecommunications systems and networks and the growth of world trade.
6. Although private sector participation in telecommunications sector financing in certain developing countries in the 1990s has reflected the increasing coverage of telephony in these countries, the technological divide which separates them from the developed world has not been

¹ Cuba reserves the right to amend this proposal, which does not prejudice its final position on subsectors or services not included in the analysis, at any time.

bridged, adequate access to information and communication technologies has not been provided, particularly in rural and remote areas, and this continues to present a barrier to the potential of these countries to participate in world trade on an equal footing.

7. The liberalization process that has taken place in the sector has failed to resolve all of the problems in response to the telecommunications needs of many developing countries. Furthermore, the fulfilment of universal service obligations has not been achieved with equitable coverage, which leads to inadequate access to information and technology networks.

8. The following chart shows that, at the beginning of 2001, high-income countries, which are home to only 15 per cent of the world's population, accounted for 55 per cent of fixed telephone lines, 65 per cent of mobile telephones and 74 per cent of internet users, while the remaining countries, home to 85 per cent of the world's population, accounted for only 45 per cent of fixed telephone lines, 35 per cent of mobile telephones and 25 per cent of internet users, and that the imbalance was significantly greater in the case of low-income countries, which contain 60 per cent of the world's population.



Source: ITU, World Telecommunications Indicators, database.

III. OTHER ASPECTS TO TAKE INTO ACCOUNT IN THE NEGOTIATIONS

9. Many countries that have privatized and liberalized telecommunications still require satisfactory regulation of the sector in order to ensure harmonious national development. In addition, when Members acquire foreign capital, they seek to strengthen national capacities with new technologies guaranteeing their development. The right of Members to regulate and introduce new regulations was reaffirmed by Ministers in paragraph 7 of the Doha Declaration.

10. Another issue examined in relation to the telecommunications sector that constitutes a matter of particular interest for developing countries concerns the Understanding on Accounting Rates,

which Cuba considers to be in force while Members fail to reach consensus on the existence of the conditions which led to its adoption.

IV. EXPECTED OUTCOME OF THE NEGOTIATIONS

11. The negotiations should take into account the development disparities between the various Members, granting differential treatment to developing countries, pursuant to Articles IV and XIX.2. The aim of these negotiations should be to seek a balance whereby the developed countries fulfil their commitments, application of which will mean improved access for developing countries to new information and communication technologies, with a view to strengthening their national capacity in the sector and participating in trade on a more equal footing.

12. Lastly, Cuba recognizes the importance of global telecommunications trade to the economic and social development of developing countries and proposes that the negotiations take this into account by applying Article XIX:2 of the GATS² to the letter.

² The process of liberalization shall take place with due respect for national policy objectives and the level of development of individual Members, both overall and in individual sectors. There shall be appropriate flexibility for individual developing country Members for opening fewer sectors, liberalizing fewer types of transactions, progressively extending market access in line with their development situation and, when making access to their markets available to foreign service suppliers, attaching to such access conditions aimed at achieving the objectives referred to in Article IV.