Telecom Myths: The International Revenue Settlements Subsidy


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*Mythology is the song.*

*It is the song of the imagination,*

*inspired by the energies of the body.*

Joseph Campbell, *The Power of Myth*,


**Abstract**

The US FCC claims that 70% of its net settlement payments to foreign operators is a subsidy, and has used this as a basis for its 1997 Benchmarking Order determining price cap settlement rates that US operators should pay to foreign operators for terminating US traffic. The evidence shows this is not a subsidy, but monopoly profit. However, the margin of monopoly profit (price minus unit cost) is lower than the margin realised by US operators for terminating traffic from other countries. These margins, in turn, are lower than the mark-up of price over cost that is charged to consumers of US international services. Imbalances in traffic flows between countries are a normal part of international trade in any industry, and with the possible exception of US-Mexico relations, the 1990s international telecom trends are explained by the success of the US economy, particularly in exporting services, and the direct actions of the FCC and US operators. As the FCC benchmarks are implemented, high cost countries, including many poor developing countries, will be required to subsidise the monopoly profits of US operators, introducing a major constraint on the capabilities of these countries to develop national networks. The ITU has taken a more constructive approach to reform, based on consensus and a more detailed examination of termination costs in different countries. But this is unlikely to be supported by the US as its operator’s benefit more under the umbrella of the FCC order. Ultimately the settlement rate system will have to give way to a uniform structure of termination rates in each country for traffic coming from any other country. This will benefit consumers and efficient network development at all levels. But the path to get there is likely to be a difficult one, with substantial resistance from the most powerful interests reaping monopoly profit from the existing system.
Introduction

All cultures and societies are sustained by myths that help interpret the world. These myths may or may not have a foundation in reality, but they do have an influence on beliefs and behaviour. Telecom has developed its share of myths, and most of the major debates on telecom policy revolve around telecom mythology, often the challenging of old established myths and the creation of new ones. For example, the myth of “natural monopoly” has been successfully challenged and a new mythology about “competition” is being established. In a rapidly changing environment, different interest groups do their best to shape the new mythology to their advantage. One purpose of independent research is to test the myths, old and new, in light of evidence and analysis.

In recent years, a claim that the US is subsidising most other countries by its net settlements payments for international telecom traffic (which reached a peak of $US 5.8 billion in 1996) has received widespread acceptance. It began with assertions by AT&T and other US carriers and their lobbyists, which were surprisingly accepted, and even embellished by the US Federal Communications Commission (FCC). "[The FCC calculated that roughly 70% of the total net settlement payments represented a subsidy paid by US consumers to foreign carriers" (Cowhey, 1998, p.902). Former FCC international bureau chief Scott Harris has even referred to this claimed subsidy as a “settlement rate rip-off” (Harris, 1996). Following a 1997 FCC decision to “correct” this apparent unjustified subsidy by establishing maximum “benchmark” settlement rates that US operators should pay to foreign country operators (FCC, 1997), and continuous repetition in the press and even the scholarly literature (Telecommunications Policy, 1998), the subsidy claim is now on the verge of becoming internalised by most people, accepted without critical examination, or even serious thought, i.e., of reaching mythical status.

This paper attempts to refocus the debate on this important issue by drawing attention to the economic principles underlying international telecom, and their implications for the development of an efficient global telecom network. Elementary economic analysis demonstrates that this subsidy claim has no foundation whatsoever. In fact, it diverts attention from the important issue of designing a new system for pricing termination services for international telecom traffic. Moreover the FCC Benchmarking Order, based on the subsidy myth, serves as an anti-competitive barrier to achieving an effective restructuring of the existing accounting rate system that will promote efficiency and global network development in an increasingly competitive environment.

Subsidies

A subsidy is a direct transfer of wealth or income from one group to another. Subsidies are normally granted to help defray high costs. In telecom, those users paying prices below the cost of serving them are the recipients. In the US, high cost geographical areas, disabled, and low-income people receive between $US 5 to 10 billion per annum in subsidies. The precise estimates depend upon the assumptions about cost causation. For recent estimates of a major component of the subsidy, see USTA (1999), and Rogerson
and Kwerel (1999). Detailed cost analysis has shown that the highest cost areas in mountainous and thinly populated regions in the US have unit costs that are many times higher than the lowest cost areas; and households with low income levels can be served at reduced, subsidised rates. Nearly all countries provide social subsidies in order to try to achieve a universal service, or in the case of less developed countries, to try to extend their only partially developed national networks and reduce the length of the waiting lists for a basic connection.

Those required to pay higher prices in order to finance the subsidy are the providers of the subsidy. That usually includes most or all the other regions, services and users who pay prices slightly above costs so this desirable subsidy that implements national policy can be provided. When people around the world make international calls to the US, they are helping to fund the US universal service obligations. They are subsidising the extension of service to high cost regions and low income households in the US as measured by US standards (see FCC, 1999).

Not all subsidies are designed and implemented for justified reasons. If a dominant public telecom operator (PTO) prices its monopoly services significantly above cost for the precise purpose of subsidising its competitive services which are priced significantly below cost, as AT&T did for many years before its divestiture in 1984, this is an anti-competitive subsidy and unlawful in many countries. Telecom regulators attempting to promote a competition policy must be alert to this possibility of predatory pricing through cross-subsidy and must attempt to prevent it.

However, if a PTO realises excess profits from charging consumers prices for its monopoly services that are substantially above cost, this is generally not considered to be a subsidy of the PTO by its customers, even though it is an uneconomic and unnecessary transfer of wealth from consumers to the PTO. Rather, the excess profit is referred to as monopoly profit or economic rent. Most national telecom regulators attempt to protect consumers of monopoly services by ensuring that prices are reasonably related to costs, but include the subsidy cost of national network extension to implement universal service policy objectives as a legitimate and appropriate cost.

Settlement Rates and Monopoly Profits

International telecom traffic originates in one country and is terminated in another. The originating country operator sells the service and bills the customer. The operator in the country terminating the traffic provides a service to the originating country operator and charges a fee, typically a price or rate per minute terminated. This is the settlement rate. For each pair of countries a single settlement rate is negotiated for traffic going in both directions between them. Settlement rates vary widely in the many different agreements.

1 To be precise, the system is called the international accounting rate system. The accounting rate is the rate agreed by the operators of two countries exchanging traffic as applicable to a complete end-to-end call between them. The settlement rate for terminating traffic in either country is one-half the accounting rate. As the accounting rate is not necessary for this analysis, it is not used. For a more detailed and precise explanation, see A. Thuswaldner, "The International Revenue Settlement Debate" this issue; and Thuswaldner, 1998.
one country will have with all the others. For example, the rates are relatively low between the US and Sweden ($US .06 per minute), and very high between the US and Bangladesh ($US .80 per minute). But in each case the rates are the same in both directions. The US charges a low termination rate for traffic from Sweden and a very high termination rate for traffic from Bangladesh.

The evidence that the US is subsidising other countries rests entirely on the fact that the US is making large net settlement payments to a number of other countries – mostly developing countries, and the widely accepted claim that the settlement rates between the US and these countries are far above cost. These two facts are well documented. We can conclude these countries are charging monopoly prices for terminating US originated traffic. US operators are the consumers of these terminating services and are paying the monopoly prices.

But this clearly doesn’t qualify as a subsidy. If it did, US consumers of international services could claim they are making subsidy payments to AT&T and other international operators, as US consumer prices for international services are far above cost, even when the high settlement payments are included in the cost calculations. The average price per minute paid by US consumers is more than twice as high as the average cost to US operators of providing the calls (Kelly, 1997, p.10), and about 12 times AT&T's long run incremental cost for terminating international traffic (Cave and Waverman, 1998). In each case, it is simply pricing substantially above cost to achieve monopoly profit. If the US operators pay lower termination rates, this will simply transfer some of the monopoly profit realised by foreign operators to US operators.

Under the settlement agreements, US operators charge the identical rate per minute for terminating traffic from a particular foreign country, as that country charges the US operators for US originated traffic. If the rates for terminating US originated traffic in certain other countries are too high (e.g. Bangladesh at $US .80 per minute), then the same rates for terminating the traffic from the other country in the US (e.g. Bangladesh at $US .80 per minute) must also be too high. In fact, as the US has significantly lower unit costs of origination and termination than other countries, the monopoly margins of price above unit cost must be higher for US operators than they are for operators in the other countries, and in many cases significantly higher. Using US–Bangladesh traffic as an example, we can estimate Bangladesh profit from terminating US traffic at 80 cents per minute (the settlement rate) minus 55 cents per minute (estimated termination costs), equals 25 cents per minute. The US operator profit from terminating Bangladesh traffic is 80 cents per minute minus 7 cents per minute, which equals 73 cents per minute. The US profit per minute is almost three times as high as the Bangladesh profit per minute.

Under the settlement rate system, the lower cost country in all agreements will realise the highest rate of profit. The US carriers receive a higher profit per minute for terminating international traffic under virtually every settlement agreement it has with every country. Throughout the entire history of international revenue settlements, the US operators have been the greatest beneficiaries of the high settlement rates. They have realised the highest rates of monopoly profit on international traffic.
Under this system, the actual payment of money is determined by comparing the traffic flows in each direction for each pair of countries. If there is an exactly equal flow of traffic in both directions, there will be no payment as the settlement rate for terminating traffic is the same in each direction. Payments are made when more traffic flows in one direction than the other does. The country originating the most traffic pays for the extra or net minutes that are terminated on its behalf. This is the net settlement payment. In recent years the US has originated (and sent bills to customers) for more minutes terminating in other countries than those countries have terminated in the US. So the US is paying for an increasing number of net settlement minutes.

The existence of unbalanced traffic flows in telecom is not new. PTOs around the world make large payments all the time for having their services terminated on another operator’s network. The US international carriers pay much higher amounts to the regional bell operating companies for terminating their international and domestic traffic than they pay to operators in other countries. It is not expected that traffic flows will be balanced between all pairs of operators all the time. Similarly, it would be highly unusual for traffic flows to be balanced between all pairs of countries all the time. The extra traffic is generating revenue for the originating operator, in precisely the same manner as all the balanced traffic. The termination rate for the extra traffic is the same as the termination rate on all the balanced traffic going in both directions. If the balanced traffic is realising high profits, as it clearly is, so is the unbalanced traffic.

What is happening here is that the shifting balance of traffic flows are increasing the monopoly profit in some US corresponding countries faster than for the US operators. The higher profit per minute realised by US operators for US terminations is being counterbalanced somewhat by the fact that some US correspondent countries are terminating more minutes at a somewhat lower rate of monopoly profit. The precise relations between settlement rates and the distribution of monopoly profit are analysed in the paper by Andreas Thuswaldner in this issue of Telecommunications Policy (see also Galbi, 1998).

The claim of subsidy is a red herring. The real issue is about the distribution of the monopoly profits in international telecom and the possible loss by the US operators of their dominant share. The US "consumers" the FCC is protecting in its Benchmarking Orders are the US international operators who purchase foreign termination services. This protection does not extend to consumers who purchase international telecom services from the US operators. The FCC may be correct that 70% of settlement revenue obligations of US operators to foreign operators is monopoly profit in excess of cost. If so, then the mechanics of the accounting rate system require that a much higher percentage of settlement rate obligations of foreign operators to US operators is monopoly profit in excess of cost. But what the FCC should be primarily concerned about is the fact that the US consumers are paying prices for international services that provide revenues to US operators, more than 90% of which is monopoly profit in excess of costs.

**The International Accounting Rate System**
When more than one operator is involved in supplying a service, there are essentially two ways of structuring the inter-operator relationship. The service may be considered to be a joint provision of both operators who agree on the prices to be charged to consumers and the sharing of revenues; or it may be considered to be a service of the operator doing the selling and billing (usually the originating operator), which then purchases the necessary additional network components to complete the service. The former method has been practised most widely in the US and Canada where elaborate systems of revenue settlements based on detailed cost analysis have provided the basis for allocating revenues among operators, as well as among regulatory jurisdictions (see Gabel, 1967). It has often been practised in monopoly markets. The latter tends to be more appropriate in competitive markets, as it involves an unbundling of network components and leaves management of the service in the hands of the operator initiating the service. Under the US Telecommunications Act of 1996, the US is trying to move in the direction of unbundling network components as a way of expanding opportunities for competitive entry.

The system of bilateral symmetrical termination rates for international traffic reflects consideration of both approaches in the design of a method for sharing revenues from jointly provided international services. However some of its terminology has become antiquated, and its very simplicity has lent itself to misunderstanding, misinterpretations (real and contrived) and confusion. Each national operator originating traffic in its home country has needed to obtain termination services in all the countries with which it communicates. No operator wanted a system that would require it to consult operators in other countries about prices to be charged to consumers in its home country, or to be constantly having its costs of terminating traffic examined by operators from other countries. It had to be a simple system, but one that would avoid the risk of opportunistic behaviour in determining termination rates, while at the same time preserving the sovereignty of each country over its own network.

The settlement rate system does all that. In essence, terminating minutes are traded at equal value between country pairs. The extra minutes are purchased at the agreed settlement rate, which is applicable in both directions. Each country has complete sovereignty over its own costs and the prices it charges consumers in its own country. Bilateral agreements allow consideration of different conditions and policy priorities in different countries. This method is very similar in principle to the peering arrangements that have developed in exchanging Internet traffic.

The bilateral settlement agreements arise from voluntary negotiations. These agreements are generally made under the auspices of the International Telecommunication Union (ITU), which facilitates co-operative and consensual resolution of international telecom issues. However, the ITU provides no constraints whatsoever on how countries establish their settlement rates, how they are structured, or when and how they are changed. The ITU has no mechanisms for legal enforcement. The current system has arisen from generally accepted historical practice in a monopoly environment. As one would expect, the dominant players in these negotiations always have been the developed country
operators that generate the largest volumes of international traffic, and particularly the US. Many smaller and developing countries are heavily dependent on US traffic and settlement revenues. They are in very weak negotiating positions. If the dominant developed countries simply withhold settlement payments, as they have occasionally done and still do, the dependent country operators can be readily brought to the negotiating table or penalised severely. The dominant developed country operators could change the accounting rate system of net settlement payments very rapidly if they wanted to do so. But, why should they risk losing the enormous monopoly profits this system yields? It is better to find a way of getting an even larger share of the profits generated by the existing system.

Net Settlement Payments and Trading Relations

It would be quite surprising for traffic flows between all pairs of countries to be balanced, and highly unusual for it not to shift over time. Telecom traffic depends on many factors, including economic activity, trading relations, family relations, income levels, consumer prices, and the manner in which services are provided and billed. Wealthier countries have always generated more traffic than poorer ones. In the past, the imbalanced traffic flows that required the US to make net settlement payments to other countries have been explained by the fact that the US is the world’s dominant economic power full of immigrant families calling home and firms trading around the world, all at lower consumer prices because of its more advanced telecom system that is readily accessible by its entire population. The enormous success of the US economy throughout the 1990s, and its increasing role in the global economy, should be expected to stimulate more traffic originating in the US.

The purchases of telecom termination services in foreign countries by US operators are imports to the US and exports of the foreign countries. All countries import and export telecom termination services as part of telecom trading relations. In fact, termination import and export patterns are influenced heavily by import and export patterns in other sectors of the economy, but often in reverse relation. US exports in computing, engineering, management and financial consulting services, for example, have grown dramatically throughout the 1990s. The annual net payments made to the US by other countries for unbalanced trade in services of all kinds, including telecom services, has grown substantially to more than $60 billion. The services industries are intensive users of telecom services, most of which are generated from the US. This undoubtedly has stimulated an imbalance of termination requirements in other countries and an increase in net settlement payments by the US operators. If one suggested that the volume of exports and imports for every good and service in a national economy should be balanced within a narrow range between every pair of countries, economists would suggest that this would defeat the whole purpose of trading. A major expectation of international trade is that export/import imbalances will be created in particular sectors as firms export to expand markets and import to reduce costs. Imbalanced telecom traffic flows leading to an excess of termination imports over exports and net settlement payments is not inherently undesirable. As with other trade, it may be beneficial to all parties, and should be examined in the same manner as one would examine international trade in any other
industry. When this done, increasing import of termination services in other countries by US operators should be expected. With the possible exception of Mexico, which has made up about 20% of the US net settlement deficit, the trade deficit is hardly significant when compared to other industries.

**Competition and Regulation**

A direct cause of the imbalance in US international traffic flows throughout the 1990s has been the development of various devices by primarily US and developed country operators to compete for the international traffic that would normally originate in other countries. In the language of international trade, this is import substitution. AT&T introduced reverse billing (USA Direct), which soon after was taken up by all major US international carriers. Applications of new computer technologies made call-back services effective. These devices simply reclassify traffic that is really originated in foreign countries as US traffic for customer pricing and billing purposes. Thus, instead of the foreign operators collecting customer payment and incurring a settlement obligation to US operators, the US collects the customer payment and incurs a settlement obligation to foreign operators. The settlement rate between the countries is the same no matter which way the traffic flows, or which country collects the customer payment. Should one be surprised that the success of reverse billing and call-back in attracting originating traffic away from other countries to the US will change the balance of traffic flows? Would the US operators have initiated such action if it weren’t profitable? They can reverse the traffic flows any time they wish, simply by abandoning these services. Or do they want to capture the monopoly profit from both ends of the international traffic? (see Sullivan, 1997).

Refile services go a step further in that they introduce changes in traffic flows to arbitrage differences in settlement rates between different pairs of countries. If the settlement rate between Greece and the US, plus the rate between the US and Japan is less than the rate between Greece and Japan, then Greece-Japan traffic will be refiled through the US. Although refile artificially distorts traffic flows from the actual communication patterns taking place, it introduces a degree of competition that tends to eliminate major distortions in the range of any country's settlement rates with all other countries, and bring an improved economic rationality to the overall settlement rate structure. The refiling of traffic opens new opportunities for routing and managing traffic that can change the balance of traffic between any pair of countries quite significantly.

The imbalances in traffic flows throughout the 1990s have also been accentuated by the FCC regulation requiring US operators to distribute traffic coming from foreign countries in the same proportion as traffic going from the US to those countries. This prevents competition among US operators for terminating international traffic and provides an artificial incentive for US operators to try to secure market share rights to terminate return traffic at high settlement rates. It has encouraged US operators to charge very low prices to the large resellers for US originating traffic, even below US settlement rates. The high profits from terminating the incoming traffic more than compensates for the losses on the outgoing calls. This qualifies as a subsidy, an anti-competitive cross-
This unfortunate FCC regulation provides an artificial stimulation of US originated traffic, which creates an imbalance in traffic flows that increases US net settlement obligations. In addition, it provides an artificial competitive advantage to US operators for traffic originating in, and refiled through the US. It is in contravention of WTO competition policy.

**Future Developments**

It is apparent from John Ure's paper (this issue) examining the implications of international simple resale in Hong Kong, and related evidence, that the international accounting rate system cannot last much longer, at least in its present form. When seen in the light of the growth of internet telephony and the enormous increases in capacity on the horizon for the global telecom network, the inefficiencies in the inherited system will be removed, either by policy decisions or by a continuing series of chaotic opportunistic responses to the openings provided by the changing international marketplace, as new and old service providers find their way around the increasingly artificial and inefficient restrictions. This response began in the 1990s and is now picking up speed. Government policies will either facilitate or promote a constructive transition to the new international telecom economy, or continue to provide inefficient barriers and distortions until they gradually become ineffective and irrelevant.

It is now evident that the existing revenue settlement system creates two fundamental distortions to the development of an efficient global telecom system. The first is the symmetry of the settlement rates between countries. Clearly the cost of terminating traffic varies widely across countries, just as it varies widely across regions within countries. This creates enormous discrimination against high cost countries with underdeveloped telecom networks. Termination costs in Bangladesh are obviously far higher than they are in the US. Thuswaldner has demonstrated (this issue), that as the settlement rate between countries is reduced symmetrically, the condition where both countries are making a monopoly profit is changed to one where the high cost country is subsidising monopoly profit for the low cost country. There must be an unbundling of the symmetry relation in settlement rates. There have been, and may be even now, asymmetric rates in very special circumstances. The ITU specifically acknowledges the possibility of asymmetric rates. But the low cost countries are resisting asymmetric rates. Moreover, they are only a step in the direction toward the complete unbundling of the linkage between the termination rate in one country and the termination rate in another country as part of a bilateral agreement.

The second distortion is the discriminatory structure of termination rates charged in all countries. The cost of terminating international traffic in any country doesn't vary much in relation to where the traffic originated. In developed country networks, it may not vary at all. It is certainly an unjustified discrimination for the US operators to be charging termination rates of US 6 cents per minute for calls from Sweden, 80 cents per minute for calls from Bangladesh, 38 cents from Columbia and 60 cents from Sri Lanka; especially
when the cost of providing the termination service is about 4 or 5 cents a minute. This wildly discriminating structure of termination rates, that exists in all countries, is a fundamental violation of the principles of international trade, and will eventually be declared unlawful by the WTO. The way forward is obvious. Each country needs to establish a termination rate structure that is applicable to all traffic entering the country.

What are the barriers to moving to such a system? First, is the uncertainty that such a drastic change would destroy the flows of revenue settlement payments provided in the existing system? This could be minimised significantly by calculating the termination rate for each country on the basis of the average revenue per minute that countries collect now. This doesn't address the monopoly profit problem, but would establish a more efficient international termination rate structure as a foundation for constructive improvement over time as competitive market forces expand.

Second, is a concern about strategic opportunistic behaviour. Will some countries have an incentive to preserve a monopoly at home and maintain very high termination rates while benefiting from low termination rates in other countries? The existence of a single rate structure for termination of all international traffic reduces the potential rewards, and increases the potential costs, of such behaviour. As telecom costs are an increasingly important factor affecting the efficiency of entire national economies, especially in an age of Internet and electronic commerce, such a policy is likely to become self-defeating very fast. Moreover, as the existing settlement rate system is characterised by rampant strategic opportunistic behaviour, at the very least it would be reduced and directed in less distorting directions.

Third, the major reason is that the very powerful interests benefiting from the existing system have a powerful incentive to resist fundamental reform. The FCC Benchmarking Order makes continuing reference to cost-based rates, but proposes to leave in place the bilateral symmetric settlement structure, which prevents settlement rates from being based on costs. The Order preserves the status quo, but under conditions more favourable to the US operators relative to foreign operators (Tyler, 1997). The rate for terminating traffic in the US is being capped in a range from 15 to 23 cents per minute, when the termination costs are 4 to 5 cents a minute. The rate US operators can pay for termination in other countries is capped at the same range, regardless of the costs of termination in the other country. This Order simply transfers profit from operators in other countries to the US operators without addressing the fundamental structural problem. For countries like Bangladesh, and many other developing countries, with costs that are higher than the FCC benchmarks, they will be subsiding the US operators. It is now unlikely the US operators will agree to any real reform to the international accounting rates system until they have maximised the benefits they can achieve under the FCC order, which will take several years.

The ITU has taken a more constructive approach to the problem (ITU, 1997). It is examining the possibilities for shifting to asymmetric settlement rates. It is encouraging countries to undertake cost studies to obtain more realistic benchmarks for assessing the reasonableness of settlement rates. As would be expected, the evidence gathered so far
demonstrates that termination costs vary widely across countries because of the very different characteristics and circumstances among them. Indeed, if the range of traffic termination costs among the different regions of the US is from less than one cent per minute to higher than 30 cents per minute, it is hardly surprising that the costs in many developing countries range much higher. For example, a recent independent study of four South Pacific island countries found termination costs ranging from 45 to 90 US cents per minute (see Withers, 1999). Thus, even the more realistic proposal of the ITU (Utsumi, this issue) to establish benchmark settlement rates ranging from US 6 to 45 cents per minute based on more recent, relevant, and detailed assessments of individual country costs, cannot encompass the circumstances of the highest cost, and usually the poorest countries. Ultimately the standard for determining termination rates for each country must be the costs in that country.

Conclusion

The international revenue settlement subsidy, as asserted by the US operators and the FCC is not only a myth, it is a harmful and pernicious myth. The so-called subsidy payments are monopoly profits realised by operators in foreign countries from termination traffic at high prices, a common practice in all countries, including the US. Unsatisfied with realising the highest rate of profit of any country from terminating international traffic, the US operators have gone after the profits of the operators terminating US traffic in foreign countries, and particularly the developing countries. The FCC Benchmarking Order facilitates that objective extremely well, even to the point of requiring many high cost poor countries to subsidise the termination of US traffic in their countries.

In contrast, the ITU has undertaken a more constructive approach to reforming the international accounting rates system, based on international consensus and more detailed examinations of conditions in different countries and the actual range of termination costs among them. But it is unlikely the US will withdraw the FCC Benchmarking Order in favour of the ITU initiative as this would significantly weaken the privileged position it has created for US operators.

Ultimately, the international accounting rate system will have to be abandoned in favour of a uniform structure of termination rates in each country for traffic coming from any other country. This will not only simplify matters, it will stimulate greater efficiency for operators, lower prices for consumers and prepare a foundation for the development of a global telecom network that can achieve the objectives of national telecom policies and respond to the needs of the global information economy. Unfortunately, the transition will not be an easy one. There is still an enormous amount of monopoly profit in the inherited system to defend.
References


