

Message of the ITU Secretary-General for World Telecommunication Day

TRADE IN TELECOMMUNICATIONS

17 May 1998

On the 17th of May each year, the ITU celebrates World Telecommunication Day to commemorate its founding in Paris in 1865. This year, we have chosen an important and timely theme for this event – ***Trade in Telecommunications***.

I say timely, because 1998 will be remembered as the year during which telecommunications transformed itself from a sector dominated by largely state-run monopoly providers, operating within closed, local markets, to a liberalized market, where private and public operators compete freely with one another, offering a wide range of services to customers around the world.

Market liberalization is now well and truly upon us, but what this will ultimately mean for the telecommunications industry is not yet known. We face an uncertain and unpredictable future, which presents challenges and opportunities for incumbent telecoms carriers and new players alike.

Traditional carriers, often state-owned or recently privatized companies, will certainly endure a period of ‘culture shock’ as they come to terms with the new competitive environment. But experience shows that these organizations have nothing to fear from a fully liberalized market.

Carriers who have already suffered the pain of losing their monopoly position have found in practice that they exchange market share for higher profits. Competition stimulates growth.

New operators, meanwhile, may start out feeling they face an uphill battle against the established market incumbent, which usually has a stronger economic base and the advantage of customer confidence. These new players, though, are often more flexible, more innovative, and more responsive to customers’ needs. For those who succeed in winning a share of the increasingly lucrative telecoms market, the rewards promise to be great.

The winds of change now sweeping through the world of telecommunications are necessary for the development of a truly global economy, in which all countries can participate as equal partners. As we come to rely more and more heavily on telecoms in our everyday lives – in a work environment, certainly, but more and more in our personal lives as well – we will want to shop around for the most competitive services, at the cheapest prices. More importantly, if we are not happy with the service provided, we will want to change our telecoms service provider, just as we would change our grocer, baker or plumber.

The ultimate winner will undoubtedly be the consumer. Greater variety, more innovative services and cheaper prices will spur the development of the Global Information Infrastructure, and bring cost-effective, user-friendly communications tools and services within the reach of more and more people throughout the world.

The development of the Internet over the last three years or so is an excellent example of what can be achieved in a free market. This system, based on a network of networks spanning the globe, has grown in just three short years from an exclusive domain for the computer-literate to a mainstream marketing and sales tool used by hundreds of thousands of businesses world-wide.

Like the fax before it, the Internet has made itself so indispensable that it is now hard to imagine life before it existed. But it is unlikely indeed that such a system could have evolved from within a government-run or large private enterprise. Freedom and competition have been the key to the Internet's development, and I hope to see the development of many more, equally useful tools as a result of global telecoms liberalization.

At the ITU we recognize that, exciting as the prospect of a new, freer marketplace might be, some will find it hard to come to grips with the changes now upon us. The break-up of the old accounting rate system, in particular, will be a source of concern to many operators, particularly those in the developing world. For this reason, the ITU recently held a World Forum on the theme of Trade in Telecommunications, with the aim of smoothing the passage to new pricing structures and a new regulatory environment.

The Forum brought together representatives from the world's telecoms carriers and other concerned parties, who worked to forge new strategies aimed at meeting the challenges of the coming years.

As a result of that work, as well as the ITU's efforts, both in the past and into the years ahead, the future looks very bright indeed for the development of the global telecoms industry. Let us hope that these changes ultimately bring about greater opportunity and improved communications for all the world's people, and lead to a better quality of life for everyone.



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