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Minneapolis and the future

Interview with Pekka Tarjanne, ITU Secretary-General

As the City of Minneapolis prepares to welcome the international telecommunication community to what will be the last Plenipotentiary Conference of the 20th century, ITU News talked with Pekka Tarjanne about what it means to lead the Union through a period of tremendous change. This interview focuses on the last four years, during which the Union has been fulfilling its mandate by implementing the 74 Resolutions, Decisions and Recommendations of the 1994 Kyoto Plenipotentiary Conference. It looks at key issues that will be on the table in Minneapolis and sheds some light on the future. Indeed, what happens in Minneapolis will determine, in a significant way, how the one hundred and thirty-three-year-old organization will survive in the 21st century.

■ **Mr Tarjanne, one of your legacies as Secretary-General of the Union, since November 1989, has been the profound restructuring of the Union for which you have received several awards. What in your view have been the most significant changes in the telecommunication sector since the Kyoto Plenipotentiary Conference and how have your restructuring efforts paid off?**

Many rapid changes have characterized the telecommunication industry in recent years. Notable among them are convergence, restructuring and growth. Convergence has many facets. The much-heralded convergence of telecommunications, computing, broadcasting, and entertainment is well and truly happening and affecting our daily lives. Convergence has a tremendous impact on the structure of the industry and on the growth of services, including the birth of what we now commonly call multimedia.

Nearly everywhere in the world today, new technology and market forces are causing governments



to rethink the role of the State. The pressure to innovate and respond to the needs of the marketplace has sparked restructuring: a wide-ranging process which includes a variety of trends. Among the famous ones that we often talk about are liberalization, deregulation or reregulation, competition and privatization. These trends have been very dominant in the last few years and will certainly continue to shape our industry for some time to come.

As for growth, one might want to mention the tremendous explosion of the Internet. No less impressive has been the growth in the traffic of World Wide Web services. These new international services have put into question the present system for pricing international telecommunication services and for sharing revenue.

If we look at what has happened this year alone, we could almost talk of the beginning of another telecommunications revolution. In particular, two specific events have marked 1998 or will do so: the World Trade Organization's agreement on liberalization of trade in telecommunications which

came into force in February and the imminent bringing into service of the first global mobile personal communications by satellite, better known as GMPCS. The new era of big low-Earth orbiting (LEO) satellites, as we call this new generation of GMPCS, promises to bring new hope, new opportunities, and new potential for all the world's inhabitants. We in the ITU take pride in having organized our first-ever World Telecommunication Policy Forum (October 1996) on the theme of GMPCS.

To respond to the wind of change, what we have tried to do in the ITU is to make sure that our Union reflects the real world. This is not an easy task. We have succeeded in some activities better than in others where we have been a little slow. But the change that we have seen during the 1990s is only the tip of the iceberg. The situation in the years to come will be even more challenging and more difficult.

■ ***Amid these relentless challenges, do you anticipate more reforms in Minneapolis?***

Yes, certainly. The main signal which the 1994 Plenipotentiary Conference sent to the world was that the ITU needed to change. In particular, we need to strengthen the rights and obligations of the private sector in the work of the Union, if we are to remain responsive and relevant to the telecommunication industry. Since Kyoto, a lot of work has been done, the most famous effort being the ITU-2000 project.

While ITU-2000 has come up with many proposals for Minneapolis, it is probably no secret that I have been somewhat impatient and that I consider the ITU-2000 proposals to be an absolute minimum. In other words, they represent only one step or, at best, a good start. This means that the work has to go on. It will be up to the Minneapolis Conference not only to adopt the proposals of ITU-2000, but also to make sure that the process continues during the next period. To this end, I have appealed to our Members to look at the situation in the same way that I have. I am expecting, between now and the time of the Conference, additional proposals from our Members to make sure that all positive, realistic, and constructive ideas

are on the table in Minneapolis. Then, it will be up to the plenipotentiaries to decide the way forward.

■ ***Is there a possibility that the ITU itself could be privatized one day to mirror the privatization in the industry it serves?***

It is a very interesting question that has not yet been studied seriously. But perhaps the time has not yet come. I am sure that, one day, this question will be more timely and acute and I hope that that kind of study can be made well in advance of a tremendous need in crisis.

Let me add that in my advisory group known as the World Telecommunications Advisory Council (WTAC), a great idea has been launched by the top world leaders in telecommunications who make up WTAC: Why not treat some of the ITU activities "as if privatized", particularly in the Standardization Sector, in the field of publication, TELECOM exhibitions, and the list goes on. I agree. It would be a good start!

■ ***What do you think of privatization in general?***

Privatization is not a magic word that will solve all problems. It is part of the restructuring process that is going on in the world. In some countries it is clear that privatization is a good thing. Other countries, because of their traditions, cultures, and economic situation have had to wait and still have to wait. I have sometimes quoted the great liberal philosopher Adam Smith, who, more than two hundred years ago, said that public monopolies are terrible. That they are slow, bureaucratic, inefficient and so on. But private monopolies are all of this, and in addition, greedy. There have been cases in the world where countries in a rush or in a crisis and wanting to get the cash have sold their public monopolies, which have then become private monopolies, leading to big problems.

On the other hand, in the vast majority of cases in the ITU experience, privatization has been successful and will continue to be so in the future. In principle, privatization is a good thing if it is introduced in a controlled manner and on the basis

of good legislation and good political decision-making. Sound privatization must aim to establish a competitive situation, with the possibility of government regulating what should be regulated to give the consumer protection and make sure that the competition is fair. The ultimate goal must be to give customers — the end users — many good services, freedom of choice, and reasonable tariffs.

■ *Apart from the strategic challenge of enhancing the role of the private sector in the ITU, two other themes have constantly dominated your messages to the international community: the need to make the right to communicate a fundamental human right and reforming the accounting rate system. How do you see these two important principles evolve?*

These two important processes are both very close to my heart. Let me start with the first one. The right to communicate and universal access to telecommunication services is a long-term process. We have made some progress during the years. We have also received very good support from the whole of the United Nations family, including the UN Secretary-General. That process must go on, at least until universal access reaches everybody on Earth. Unfortunately, as we know, we are a long way from that goal, and much work remains to be done. I think the concept of the right to communicate is in itself an efficient tool. It has become clear that when you discuss this matter, then Heads of State and political decision-makers understand what it means for their citizens. Furthermore, it helps countries to understand that access to communication networks and services has to be given a certain priority in every country in the world.

■ *Do you then envisage creating some kind of fund to give a helping hand to countries which, despite their efforts, are still lagging far behind the rest of the world?*

Personally, I am a little reluctant to propose new machinery that might be too bureaucratic. In my

view, the most important tool in this work is to get the message across to all political decision-makers in big and small countries alike. We in the ITU have been instrumental in creating WorldTel. But WorldTel is not an intergovernmental fund. Rather, it is a private sector company which concentrates on investing in the telecommunication networks and services of the developing countries. One of my hopes is that this ITU child will prove, in practice, to be instrumental in helping to achieve this noble goal. Indeed, while WorldTel cannot alone solve the whole problem, it is an example of the kind of work that is needed. I strongly believe that the right to communicate and universal access to telecommunications can only be achieved, within a reasonable timeframe, in partnership between the public sector and the private sector. Both these sectors are needed in the development process and they both need each other.

Let me turn briefly to the reform of the international accounting and settlement system, which, by the way, is an example of those activities where we have been a little slow. The real world has gone faster than the ITU decision-making machinery. But we have been working very hard. We have made progress with the Second World Telecommunication Policy Forum which we held in March this year on the theme of trade in telecommunication services. For years, Study Group 3 of the ITU's Telecommunication Standardization Sector (the Study Group that deals with tariff and accounting principles including related telecommunications, economic and policy issues) has done valuable work. Still, real life has gone faster and we are entering a very critical phase now. I am expecting that Study Group 3 will finally find the ultimate solution at its meeting in December this year. It is true that if we are unable to agree on a multilateral global system, then the situation with international telecommunication tariffs will become even more chaotic than what it is today. Again, it will be mostly the developing countries and, in particular, certain least developed ones that will suffer the most. It is in our mandate to try to avoid that. I am an optimist and believe that we will.

■ *Let us now talk about your instrumental role in making the ITU a body for the*

exchange of information and discussion of global telecommunication issues through the World Telecommunication Policy Forum you have referred to. Based on the results of the two Forums which the Union has organized since 1994, which direction do you think this "informal" body will take after Minneapolis?

Maybe I should start by saying that my personal role should not be exaggerated. The Policy Forum concept was a Japanese proposal which was made originally at the Kyoto Plenipotentiary Conference. I supported the idea wholeheartedly. But that is another story. I am very happy with the fact that our two Policy Forums — the first on GMPCS and the second on trade in telecommunication services — have been very successful. They have helped to solve crucial problems in these two important fields, including the accounting rate issue. I am confident that the plenipotentiaries in Minneapolis share my view: that this mechanism should be retained. Now when you talk about the informal or formal role of these Forums, they are not completely informal. They are based on a Resolution from Kyoto, so our membership has decided that we should have this kind of machinery. In Kyoto, some people were hesitant about this new concept. But now that we have launched it, many of those who were hesitant now embrace it.

So certainly, in one form or another, a strong message will come out from Minneapolis that we should continue with these activities. As to the question of formality, I hope that if the Policy Forum is formalized in some new way, that will not lead to less flexibility for the Union. I believe that one of the reasons for the successes of these Forums has been the balance between the public sector and private sector and the new kind of role the private sector has had in the work of these Forums. I hope that this will continue and even be enhanced.

■ ***What is your prediction for the telecommunication industry ten years or so from now?***

Ten years is a very long time, and I do not have a crystal ball. But if the convergence and growth

we have seen in the 1990s is anything to go by, then we will see more applications, in particular more multimedia. My favourites to improve the standard of living around the world — especially for the younger generations — are telemedicine, tele-education and tele-electronic commerce. I can only believe that the trends we have discussed will continue well into the third millennium. This whole industry will grow from where it is now, maybe from a little less than USD 3 trillion per year to reach 10 trillion in a few years. It will be the biggest and most dynamic part of the global economy. It will be even easier than before for our industry to act as an engine for growth throughout the years to come and to continue to grow during difficult years, as we saw in the world economy at the beginning of the 1990s.

But then there are very uncertain features too. To be on the safe side, I predict that there will be surprises. Nobody knows what. Let me exemplify with the surprise of the type we have seen in the last few years: the explosive growth of the Internet. Maybe there will be some surprises that will be related to the Internet itself. It is now growing and exploding at such a pace that it has to change its form and role. Coupled with the growth in telecommunications and other related areas, this spells more complexity for the system as a whole. More complexity of the services, more complexity in the network of networks, and more complexity in the tariff structures and in the industry structures.

Unfortunately, there will be complexity from time to time, even in the use of these services, given that instead of one or two, as was the case for our parents, there will be a multitude of services and the customer has to know what he or she needs. This complexity is a fantastic challenge for everybody. Together with the rapid changes that will become even more challenging than before, those who will be at the centre of all this turmoil will really have an interesting life. I must say that for me, it looks already slightly too challenging and complicated. I do not really envy them, but I want to follow very closely what is happening. ■