

**JAMAICA'S  
TELECOMMUNICATIONS  
INFRASTRUCTURE – BUSINESS  
OPPORTUNITIES•**

Competition in communications is important in enhancing a country's ability to enter the global market place. It provides opportunities for service providers, consumers and governments.

For service providers it presents new opportunities for research and development and investment. Research and development is necessary for the purpose of diversifying the market by developing new products for deployment in the market as complements to or substitutes for existing products and services. In communications these include wireless communications as a substitute for wired communications or convergence technologies such as the Internet Protocol suite which enables several services to be carried over the same network such as voice, video and data communications. The investment opportunities are presented because the opening of the market for telecommunications services means that there are at least ostensibly no or lower barriers to market entry.

Consumers benefit from the competition because there is a wider menu of tariffs for services as well as a greater range of providers and suppliers to choose from. Quality of service becomes a key factor in enhancing consumer satisfaction. It becomes the core factor or key for competing effectively in the market. Consumers become *king* because they choose not only the lowest prices but also benefit from better products and services.

Governments gain because greater consumer satisfaction means more spending and more taxes thus bolstering the economy. They also benefit from greater foreign investment from persons who are encouraged by the

legislative framework for the development and delivery of telecommunications services.

This provides the background against which to give an overview of Jamaica's relatively new Telecommunications Act 2000 (hereinafter the Act). The Act came into effect on the 1<sup>st</sup> day of March 2000. It made it possible for Jamaica to offer telecommunications services that were not contemplated under the previous Telephone Act 1893. The Telephone Act contemplated wires only for the delivery of telecommunications services. This determined the regulatory and market structure for telephone services. Prior to the passage of the Act the telecommunications industry was characterised by five (5) licences. These were issued to the now defunct Telecommunications of Jamaica in 1988 for a period of twenty-five (25) years with an option to renew for a further period of twenty – five (25) years. In regulatory terms the market was a monopoly and the rate of return regulation. This meant that services were not priced on the basis of costs or efficiency.

International obligations such as the World Trade Organisation's Agreement on basic Telecommunications 1998, globalisation and local pressures from other providers who wanted to enter the telecommunications market contributed to the decision put the Act into effect in 2000.

The Act provided for the liberalisation of services on a phased basis culminating in full liberalization of services and networks in March 2003. It formalised the obligation on the part of the existing telecommunications carrier to provide *interconnection* so that new service providers can connect with its network on favourable terms to reach the consumers and provide new services such as Internet connectivity.

The passage of the Act means that there are new opportunities for investors such as:

- a. The wholesale or retailing of *domestic voice services*.
- b. The wholesaling or retailing of *international voice services*.
- c. The provision of *Internet Services*.
- d. Entry into the *wireless services/network infrastructure market*.
- e. *Internet Access* over cable.

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The new regulatory framework is based on a system of *licensing*, it is cost-based so that quality of service is at its core. Investors with an interest in the market can decide whether they want to enter into carrier or provider services. The *carrier* will be required to set up a network of some kind whether to offer domestic or international network connection. A carrier who wants to offer services must also obtain a service provider licence. Licences are obtained by completing the prescribed forms and paying the requisite fee of J\$65, 000.00 (US\$1, 000.00).

A service provider can either set up facilities or lease facilities from an existing carrier. The various types of licences available are:

- a. Data Service Provider;
- b. Domestic Carrier;
- c. Domestic Voice Service Provider;
- d. Free Trade Zone Carrier;
- e. Free Trade Zone Service Provider;
- f. International Carrier;
- g. International Service Provider;
- h. International Voice Service Provider.
- i. Internet Service Provider.
- j. Internet Service Provider/Subscriber.
- k. Television Operator.

The Office of Utilities Regulation is the entity that processes these licenses. An additional application will have to be made to the Spectrum Management Authority for a licence to set up a wireless network. There is currently a move afoot to merge the administration of spectrum with that of the other utilities. This is expected to be included in the amendments to the Act.

Currently there are opportunities with great prospects for return on investment (*ROI*) in building out a fibre network into the island to facilitate international carrier services as well as direct internet access network into the island as the market for the resale of these network access

services is still a monopoly notwithstanding the passage of the Act.

It is strongly recommended that new entrants into the market employ the services of an Attorney-at-Law to obtain independent legal advice on the process of obtaining the relevant licences and an overview of the market.