

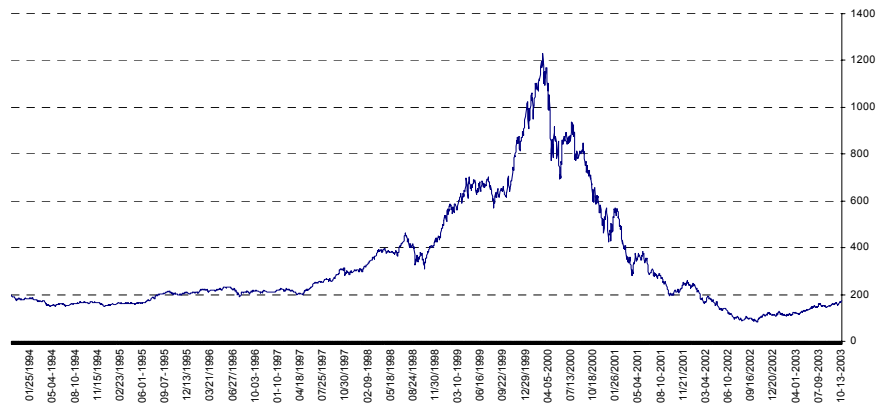


“Industry in Crisis (?)”

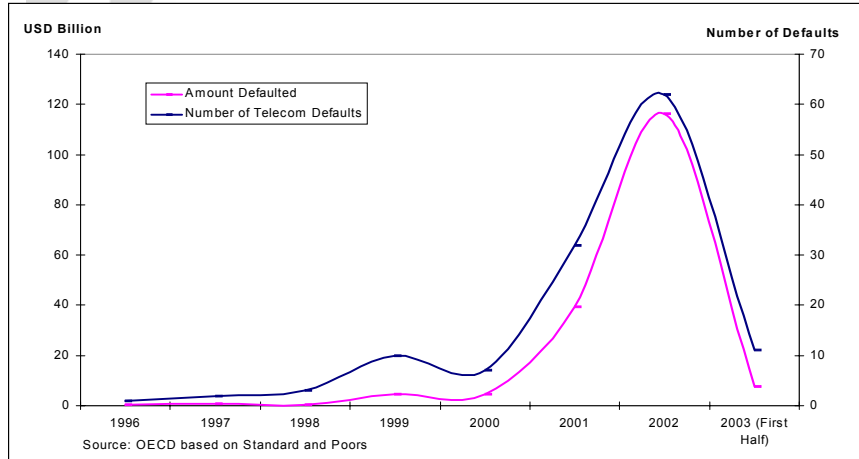
Sam Paltridge,
OECD

11th CEPT Conference
Nice, 24 October 2003

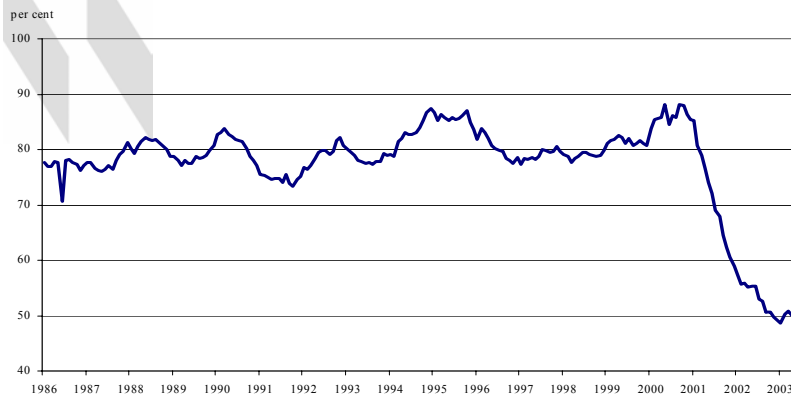
How real is the crisis and is the industry on the road
to recovery?
(NASDAQ Telecommunications Index 1993 - October 2003)



Liberalised Markets have Potential for Market Entry and the Possibility of Market Exit.
Telecom defaults scaled back in 2003.

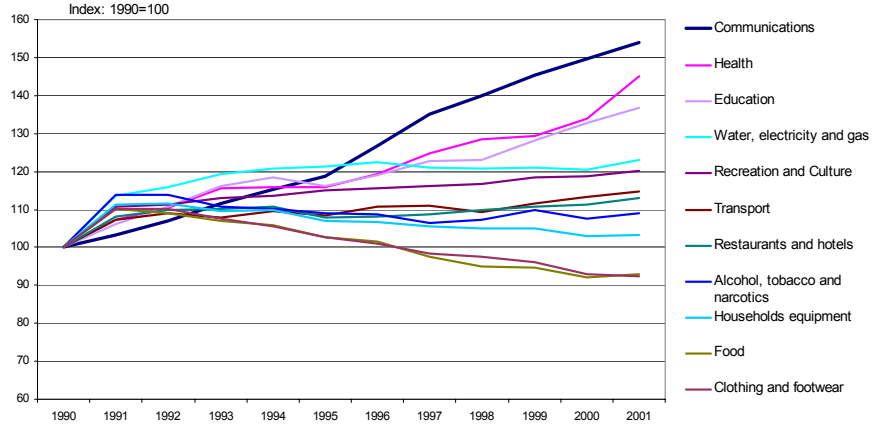


The end of the financial bubble had severe upstream effects on equipment suppliers
(Capacity utilization rate of the communications equipment suppliers in the United States)

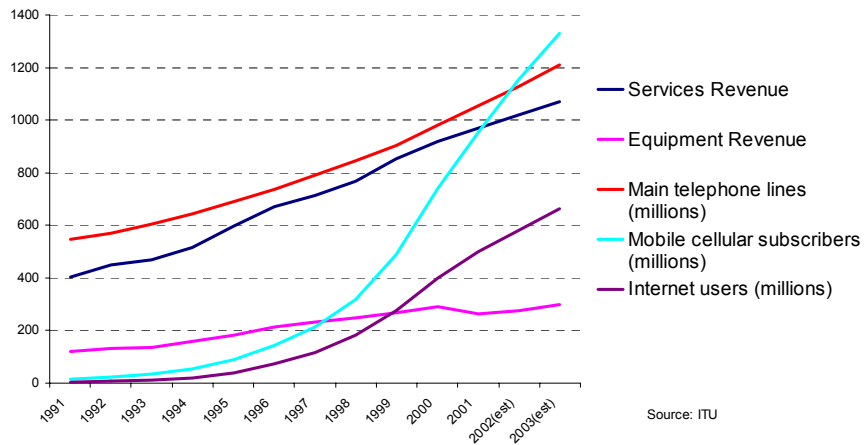


The financial bubble did not result from a lack of demand for telecommunication services. Rather it was the result of inflated expectations of ever increasing demand for equipment and services.

(Changes in the proportion of Communication in disposable households incomes)

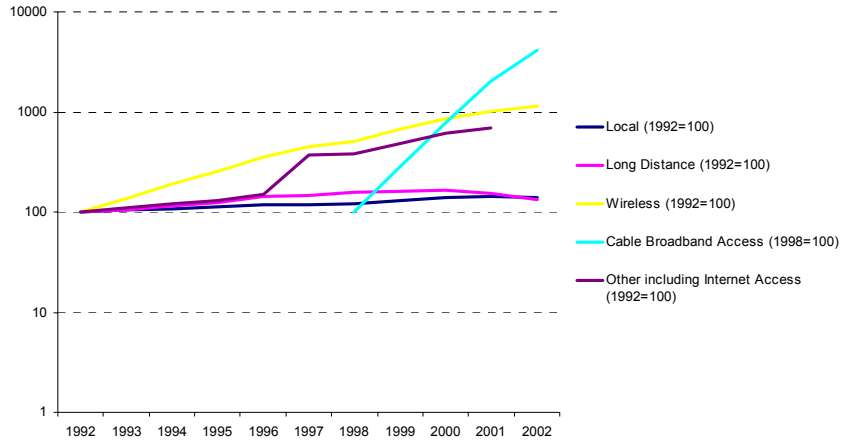


Worldwide Trends and ITU Projections

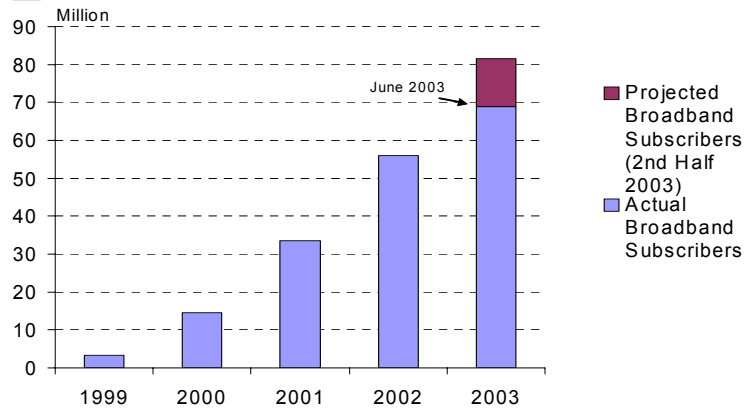


Source: ITU

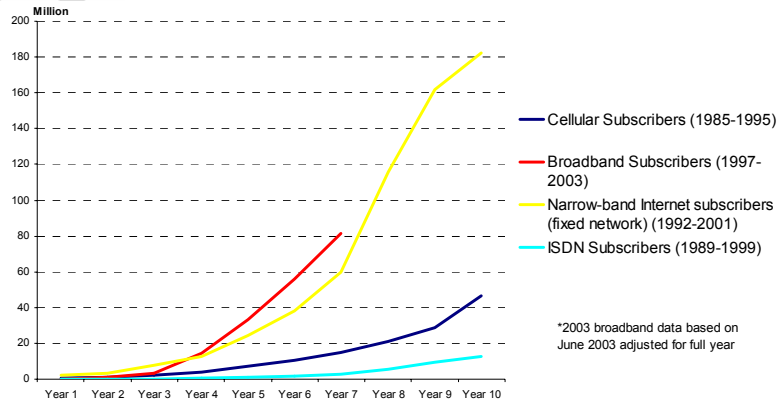
United States Revenue Growth by Industry Segment.
 Wireless revenue is still growing and increasing substitution is occurring in long distance markets. Broadband access revenue increasing but some substitution for second lines.



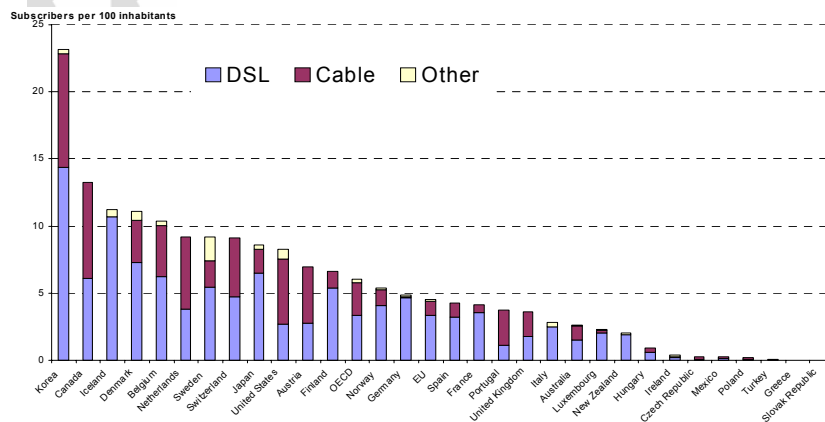
Will new services and technologies provide the answer? OECD should at least exceed 82 million broadband subscribers by end 2003



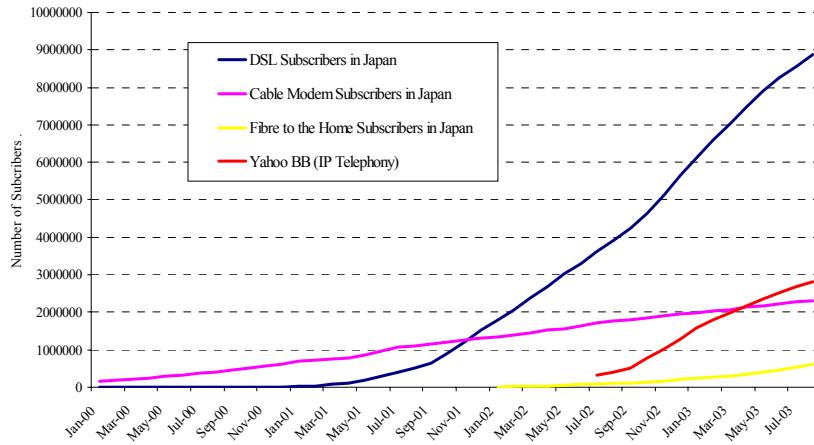
Broadband Access is among the fastest growing of all communication services



On the other hand broadband penetration is very uneven across the OECD

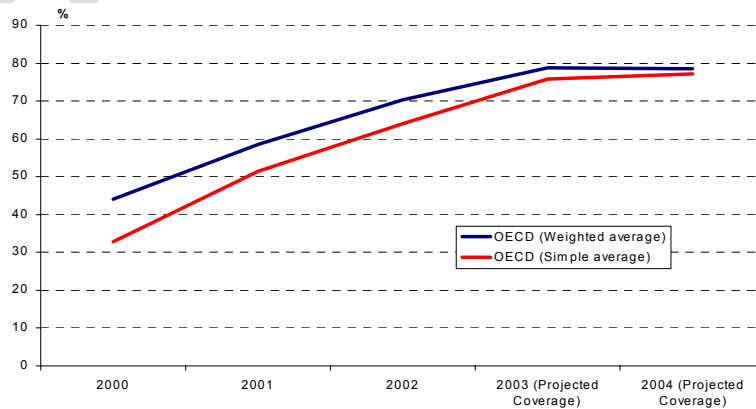


The Future: IP Telephony and Broadband Development in Japan



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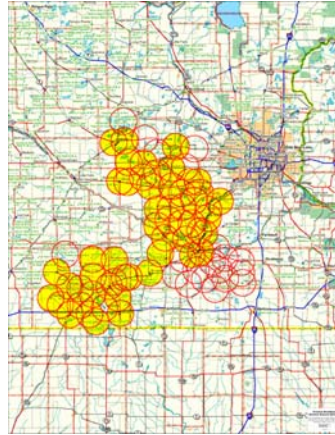
Is financial assistance appropriate? (Availability of DSL in the OECD area)



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Fixed Wireless is rapidly emerging as a viable platform for rural broadband

- This map shows one wireless ISP (Xtratyme) covering 17% of the geographical area of Minnesota in the United States.
- In some OECD countries fixed wireless broadband networks have lower prices and a higher capacity offers in rural areas that DSL or cable modems in urban areas. Use by new entrants and incumbents.



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Thank you and for further information

- OECD (ICCP Committee) Statement on Broadband “Broadband Driving Growth: Policy Responses” (October 2003)
- ...and for reference:
- OECD 2003 Communications Outlook
- “After the Telecommunications Bubble”, OECD Economics Department Working Paper 361, Patrick Lenain and Sam Paltridge, June 2003.
- “ICT and Economic Growth”, OECD, 2003
- OECD Telecommunications Reports are freely available at: www.oecd.org/sti/telecom

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