



30th August 2004

Elaine Leung
Head of Economics and Regulation
Information and Communication Technology Authority,
P.O. Box 2502 G.T.
3rd Floor, Allissta Towers,
North Sound Way
Grand Cayman,
Cayman Islands

Dear Elaine,

Indirect Access Public Consultation (Ref: CD (2003)7) - Interrogatories

Thank you for the opportunity to reply to question 3 of the above set of interrogatories. We believe that the Cayman Islands has chosen a policy approach which leans against at this time the forms of possible regulatory intervention outlined in interrogatory 3. We explain further below.

The Cayman Islands could have adopted one of two broad policies as a part of the liberalisation process. Either:

1/ believing that major fixed line network competition to the monopolist was a reasonable prospect, to require potential fixed line service providers to make significant fixed network investments before being permitted to provide services; or

2/ believing that major fixed line network competition was unlikely to materialise sufficiently quickly to require C&W to open up access to indirect access providers, other resellers of its service and VOIP providers.

The Cayman Islands appear to have adopted the former policy as significant fixed network roll-out obligations have been imposed on at least some licensees. This policy decision is understandable as infrastructure competition will be far superior if it can flourish given the economics of investing in fixed line technology in the Cayman Islands.

Ms. Elaine Leung
30th August 2004
Page 2 of 2

Well established infrastructure competition will provide fiercer competition, with more innovative services, and with minimal need for ongoing regulatory oversight after the early stages of competitive entry. Competing fixed line providers would as a normal part of a competitive market also wish voluntarily to offer resale to pure service providers where those providers could add value. Service based competition only, in contrast, would be reliant on significant regulatory oversight for the foreseeable future. There would also be less service innovation and fewer benefits for consumers overall.

In the light of the policy decision that appears to have been taken in the Cayman Islands, and to provide economic incentives for those intending to roll out fixed line services, we think that it is incumbent on the ICTA to continue to pursue a policy of significant fixed line infrastructure investment before seeking to regulate pure service based competition in fixed line services.

In the light of the above analysis, Digicel does not have significant concerns currently with respect to the existing restrictions on access to C&W's network outlined in interrogatory 3. The ICTA is entitled to determine that certain forms of fixed network access would defeat the overall objectives of the Act and would, for example, not be in the interests of promoting the greatest overall competition despite the potential of some early wins. In such circumstances the ICTA does not have to require access.

If the ICTA should determine that access to C&W's network by resellers without significant network investment is in the best interests of the Cayman Islands, it will at the same time be necessary to revisit the issue of the fixed network roll out obligations that have been imposed on other licensees.

Yours sincerely,

“SIGNED”

John D Buckley
Chief Executive Officer