

GATS and Telecom Market Evolution

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Agenda

-  **AT&T Global Business and GATS after 10 Years**
-  **GATS as Catalyst for Market Growth and Diversification**
-  **Corporate View on Conditions for Market Entry**

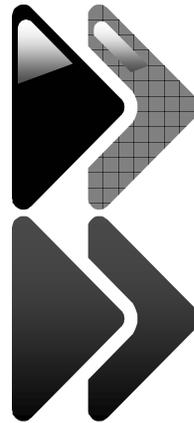
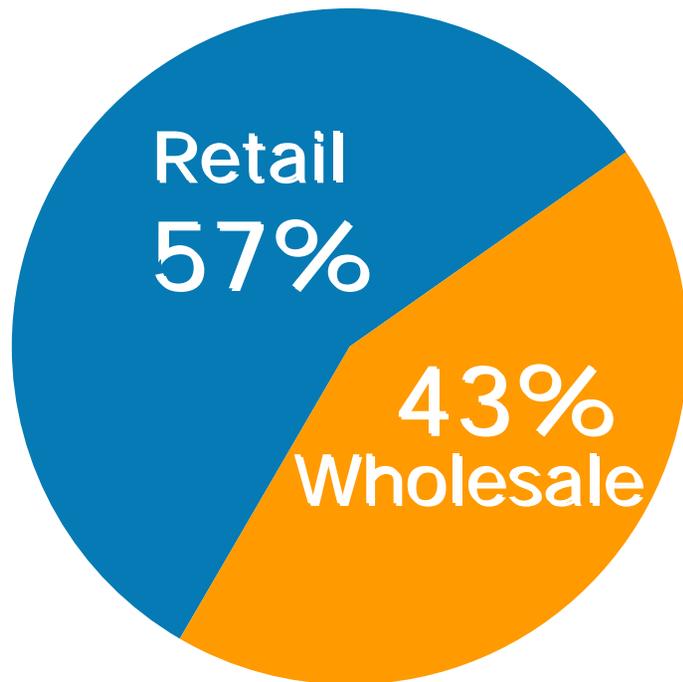
Agenda

 **AT&T Global Business and GATS after 10 Years**

 GATS as Catalyst for Market Growth and Diversification

 Corporate View on Conditions for Market Entry

AT&T Global Business Services in 2008



Employees

40,000 on
six continents

Customers

140,000+,
including all
Fortune 1,000

Wholesale

Carrier's carrier +
bilateral arrangements

Retail

Go where MNCs go

Globalizing Customers Drive our Business Strategy

“Reach Where I do Business”

“Need for Consistent Service”

“Support Me Locally”

How We Go To Market for Retail Business

Examples:

Own and Operate: we own and operate in-country nodes and core backbone, with an extensive list of facility and competitive access suppliers

- UK
- Japan
- Brazil

Local Service Provider Agreements: absent available licenses, we work with local licensed providers as business partners, with AT&T-defined, pre-agreed operations

- Thailand
- Indonesia
- Saudi Arabia

Equity Joint Ventures: where regulation requires and strategically justifiable, we invest in joint-ventures with "AT&T inside"

- India
- China
- Mexico

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Core GATS Impact on Sector Growth

- Market Opening
- Legal Stability
- Virtuous Circle of Investment
- Expansion of Market Participants
- Unbound “Me-Too” Emerging Markets

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Critical Conditions for Market Entry

- ✓ **Commitment** - nice;
Implementation - necessary
 - Speed, thoroughness
- ✓ **Independent Regulator and Transparent Process**
 - Objective, efficient, non-discriminatory
- ✓ **Foreign Direct Investment**
 - 100% ideal; majority control avoids non-market oriented JV
 - National champions need competition, not protection
- ✓ **Broad Market Access Commitment**
 - Full-service market access on both facilities and resale basis
- ✓ **Safeguards to Prevent Anticompetitive Practices**
 - Abuse of customer information attained from competitors
 - Withholding commercially relevant technical information
- ✓ **National Security Reviews**
 - Narrowly tailored

The Next Ten Years . . .

- **1997-2007** has brought competition to scores of countries and most of the existing telecom economy.
- **2008-2018** should complete the potential of deep commitments, and fluid global competition
- **Demand-driven regulations** will allow carriers to meet the constantly evolving needs of their customers.
 - Convergence, Collaboration, Competition
 - Provide customers what they want, where they want it