

Statement From LIME on Changes To The Terms For Approval Of The Digicel/Claro Merger

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Like the rest of Jamaica LIME, is extremely disturbed at the news that former Prime Minister Andrew Holness took the decision to rescind a critical stipulation in the terms outlined by his predecessor, Mr. Bruce Golding, for the approval of the merger between Digicel and Claro, without concurrently passing the promised legislation to facilitate a meaningful reduction in rates and safeguard the telecoms industry.

We are equally dismayed at press reports attributed to Digicel, that Claro customers will retain their Claro phone numbers when they are involuntarily transferred by Digicel to their network. This would be a clandestine and privileged introduction of local number portability which appears to have been specially granted only to Digicel. This again gives the dominant player in the market an unfair competitive advantage and denies Claro customers of any real choice in the matter.

At every opportunity, LIME made clear to the previous Government and the regulators, that the proposed merger was bad for competition and therefore bad for Jamaica, if the current inadequate legislative and regulatory environment remained unaddressed. Without those regulatory safeguards, which would include a meaningful reduction in the wholesale and retail interconnection rates charged by the dominant player Digicel, after over a decade since the liberalisation of the telecoms industry, Jamaica faces the dim prospect of the creation of a virtual monopoly in the mobile market.

This was also a position which the former Government appeared to fully appreciate when in Parliament in August of last year, Mr. Golding said he approved the merger, only on the basis that Digicel continued to maintain both its current network and the Claro network. At that time, he dismissed as "unimpressive", Digicel's offer to adjust their peak and peak cross network rates by \$3 and \$2 respectively. In light of this, Mr. Golding committed that his administration would be bringing emergency legislation to Parliament within 6 weeks which we, and indeed the entire nation, would have expected to be used to establish a level playing field, and constrain Digicel from continuing to charge exorbitant and prohibitive rates. Eighteen weeks later, there is still no legislation, yet the condition that Digicel maintain separate networks has been removed.

We believe that Mr. Holness' removal of this critical condition, without the passing of the emergency legislation to safeguard the industry, has grave implications for the future of Jamaica's telecommunications industry. This move grants Digicel a free ride considering that virtually the same token and wholly inadequate rate change already condemned as "unimpressive", was subsequently accepted by Mr. Holness, and in our opinion, this is tantamount to a betrayal of the Jamaican consumers who are desperately seeking relief in this harsh economic climate.

LIME is calling on the new Government to immediately implement the emergency legislation and overhaul the regulatory framework of the telecoms industry. We are asking the Government to take this action "with extreme alacrity" in the interest of Jamaican consumers as well as all current and any future telecoms service providers.