



MINISTRY OF INDUSTRY, TECHNOLOGY, ENERGY & COMMERCE (MITEC)

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Any reply or subsequent reference to this communication should be addressed to the Permanent Secretary and the following reference quoted.

Ref.
January 12, 2007

Ms. Gloria Blue
Executive Secretary
Trade Policy Staff Committee
ATTN: Section 1377 Comments
Office of the United States Trade Representative
600 17th Street, N.W.
Washington, D.C. 20508

Dear Ms. Blue

Re: Australia, China, Columbia, France, Germany, India, Italy, Jamaica, Japan, Mexico, Spain and Sweden WTO General Agreement on Trade in Services

Pursuant to Section 1377 of the Omnibus Trade and Competitiveness Act of 1988 (19 U.S.C. 3106) (Section 1377), the Ministry of Industry, Technology, Energy and Commerce of Jamaica ("the Ministry") hereby provides its response to comments made by COMPTTEL, on December 15, 2006, regarding Jamaica's compliance with its WTO General Agreement on Trade in services obligations.

COMPTTEL contends that the Universal Service Charges, payable in relation to all incoming international calls into Jamaica, are discriminatory and not competitively neutral and, as such, Jamaica is in breach of her WTO obligations.

It is significant to note COMPTTEL's admission, however, that the charges, on the surface, "looks non-discriminatory and competitively neutral because it applies to all in-bound international traffic so foreign carriers and Jamaican carriers are both subject to the surcharge for terminating traffic on the Jamaican Network." COMPTTEL erroneously concluded, however, that the charges treat foreign carriers in a discriminatory manner and are not competitively neutral because "the benefits of the surcharge go only to Jamaican carriers. In effect the Jamaican carriers recoup the surcharge through receipt of universal service funds in Jamaica."

The error in COMPTTEL's conclusion lies in the fact that Jamaican carriers do not recoup Universal Service Charges through receipt of universal service funds.

Pursuant to Ministerial Order of April 19, 2005 and the Annex to Ministerial Order, May 31, 2005, Jamaica's Universal Service regime is not a model that requires any carrier to finance universal service projects and, thereafter, receive compensation for such projects.

PORTFOLIO AGENCIES AND DEPARTMENTS: Anti-Dumping & Subsidies Commission, Bureau of Standards Jamaica, Central Information Technology Office, Construction Commission, Department of Cooperatives & Friendly Societies, E-Learning Company Ltd, Electricity Division, Fair Trading Commission, Factories Corporation of Jamaica, Food Storage & Prevention of Infestation Division, Free Zones, Jamaica Business Development Centre, Jamaica Exotic Flavours & Essences Company, Jamaica Intellectual Property Office, Micro Investment Development Agency, National Commission on Science & Technology, Petrojam Ltd, Petroleum Corporation of Jamaica, Petrojam Ethanol Ltd, Petroleum Corporation of Jamaica, Post & Telecommunications Department, Companies Office of Jamaica, Rural Electrification Corporation Ltd, Scientific Research Council, Spectrum Management Authority, Trade Board Ltd, Universal Access Fund Company Ltd, Wigton Windfarm Ltd.

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The broadband network project is expected to incur capital cost of approximately US\$2M and recurring costs of approximately US\$30,000 per month. The capital cost to be incurred in the provision of telecommunications infrastructure to High/Secondary schools is estimated at US\$50M. An even greater amount will be necessary to provide the requisite infrastructure to primary and early childhood institutions, given the number of these facilities.

The Government is compelled and obliged to fund universal service projects, including the above stated, from the Universal Service Charges collected by the UAFCL.

As demonstrated by the above, the sum of US\$29.5M collected by the UAFCL as at December 31, 2006, is not more than necessary and is incapable of funding the several universal service programmes that must be implemented if the telecommunications possibilities and opportunities, offer by universal service and access thereto, are to become available in Jamaica. These opportunities are anticipated to benefit both domestic and international carriers, arising from the expected increased in demand and use of telecommunication's services.

It is worth noting that the international Auditing Firm, KPMG, has been appointed the independent external auditors of the financial operations of the UAFCL.

In relation to the cited projects, bids were invited and received from both national and international companies, including United States based companies. The evaluation and selection process is being finalized in order to award the projects to the most responsive bidders.

The Ministry hopes that the USTR finds the foregoing comments to be satisfactory in response to the comments made by COMPEL and stands ready to provide any additional comments or explanation deemed necessary.

Yours Sincerely,



Jean A. Dixon, PhD, MBA.
Permanent Secretary