

Dec 27th 2006

Ms. Gloria Blue
Executive Secretary, Trade Policy Staff Committee,
Attn: Section 1377 Comments
Office of the United States Trade Representative
1724 F Street, N.W.
Washington, DC 20508

Dear Ms. Blue:

ALLVOICE NET appreciates the opportunity to express ALLVOICE views regarding the operations and effectiveness of trade agreements that impact the provisioning of telecommunication service particularly the Voice over Internet Protocol (VOIP) which we try to introduce at non-saturated markets around the globe as an alternative to the regulated incumbent service.

ALLVOICE strives to offer alternative international termination service to US carriers, who are no longer interested in having to work with limited exclusive resources in the Middle East to provide last mile connection. Particularly, when such incumbents around the globe are using VOIP technology to terminate their calls over the Internet to the US and from there, they are free to use as many as what the open US telecom market has to offer in terms of flexibility and wide competition. Unfortunately, these incumbents take advantage of the open competition in the US while restricting US telecom companies to use only their net work by classifying any other alternative as an "illegal" method of termination which could incur severe penalties and or imprisonment on any US investors willing to provide such alternatives on a foreign country soil.

The problem we encountered lately in Egypt which in our opinion went too far into discrimination by the Egyptian Ministry of Communication, as well as National Telecom Regulatory Authority in Cairo who recently drafted and made active a law that classifies VOIP origination and termination interconnection with any land line or GSM network in Egypt as a crime with penalties up to 1 year in prison.

Keeping in mind, that during WTO negotiations, committee agreed to grant the incumbent, Telecom Egypt (TE) an exclusive right to send and receive international calls to and from Egypt until the end of 2005, the regulatory body of telecom in Egypt (NTRA) are not publishing any licensing procedure for foreign investors willing to provide an alternative termination, rather, they are making it more difficult on competition by coming up with news that they will only allow competition in the international telecom via a bid on limited number of licenses for gateway operators in

spite that so far is not even announced, but we expect it to be discriminating and
Page 2 of 2

NTRA do not seem to care that such restriction is a violation of WTO commitment that calls for transparency in licensing especially after the expiry of the incumbent's protective period.

Moreover, NTRA is encouraging the opening of call centers throughout Egypt that offer customer service and telemarketing calls for US companies. However, these call centers need be tied up with an agreement to use only TE for their traffic and they do admit that TE is allowed to use VOIP to terminate and originate calls for these call centers. ALLVOICE applied to open a call center in Egypt and obtained a verbal confirmation that if ALLVOICE will only serve it's own customers in the US via this call center, ALLVOICE is not tied up to use the incumbent. However, ALLVOICE is still waiting for an "exceptional" approval to do so by NTRA with equipments being held at the customs for the past two weeks pending NTRA release which is being so far delayed with no clear schedule.

Conclusion:

It looks like Egypt is still willing to protect their incumbent and is working hard to make it difficult for independent service providers to provide alternative VOIP networks bypassing Telecom Egypt while granting Telecom Egypt the exclusive right to use VOIP for their traffic to the US and rest of the world. TE who provides the Egyptian back bone of Internet service to Egyptian ISPS monitors IP traffic for VOIP and when a VOIP network is detected, TE together with NTRA and police attack the location, destroy or hostage all gateways found on the scene, arrest workers and prosecute owners for "fraud". A new law permits up to one year in prison and heavy fine.

Should this practice continue, Telecom Egypt will be benefiting from the nature of the US open competition in telecom and forbid competition on their soil with the aid of their regulatory bodies that are there to protect the incumbent not the consumer. However a serious enforcement measures could result in forcing TE to accept independent competition, such measures may include implying a heavy fine on foreign incumbent telecom company who participate in VOIP banning, should they use VOIP for termination on US soil either directly or via a third party. Such restrictions by the US means TE will no longer be able to offer cheap US terminations to its call centers and that in turn could hurt the Egyptian unemployment rate. After all, our aim is to allow competition fairly within WTO members and not be wide open to competition selling our air time to incumbents who dictate their rates on us.