

**SHARE PURCHASE AGREEMENT BETWEEN THE INNOVATIVE  
COMMUNICATIONS CORPORATION (ICC) AND THE  
GOVERNMENT OF BELIZE (GOB)**

**Legislative and Regulatory Action Required by GOB to fulfil its  
commitments**

In the context of the purchase by ICC of shares in BTL, the GOB has made certain commitments, as set out in the Schedule attached. The question of what legislative, regulatory or administrative action is required to fulfil these commitments has been discussed with the Chairman of the Public Utilities Commission (PUC), Dr. Gilbert Canton, and ICC's lawyer, Mr. Herbert Sampson. The outcome is summarised below. [The headings follow the headings in the Schedule.]

**1. Voice over Internet**

There is consensus that to criminalise 'voice over the internet', it would be advisable to amend the Belize Telecommunications Act, 2002 ("the Act") so as to make a specific provision to that effect. It would be unsafe for the PUC to use the regulation-making power in section 56 of the Act to achieve this object.

**2. No competing individual licence**

This can be done by amending the licences granted to Intelco and Speednet. These licences are 'subject to modification or amendment in accordance with their terms or in accordance with the Act'. Under Condition 25 of each Licence, the PUC may amend the Licence or issue new Conditions from

time to time where **objectively justifiable**, if the PUC determines that such amendments or conditions are necessary to achieve the objectives of the Act or any relevant Regulations; or **is in the public interest**, taking into consideration the reasonable interest and contractual rights of the Licensee.

Thirty (30) days' notice is required to be given to the Licensee before the licence can be amended.

Dr. Canton is prepared to follow this route if he can be given 'objectively justifiable' reasons for restricting the Intelco and Speednet licences to mobile services only. Mr. Sampson is working on a detailed rationale to assist Dr. Canton.

### 3. **Floor on International Long Distance Calls**

This can be easily achieved by Tariffs Regulations, as part of the rate-setting methodology. Dr. Canton sees no difficulty in this respect.

### 4. **Asset Basis for the Purpose of Rate-setting**

Dr. Canton is of the view that to fulfil this commitment, it would be necessary to amend section 26 (2) of the Act which provides that 'the rates for telecommunication services, except those regulated by the PUC in accordance with this section, shall be determined by the principles of supply and demand in the market'

I am, however, of the view that the Regulations may provide for an asset basis for rate setting without violating the aforesaid section 26 (2).

5. **No duty to share facilities or infrastructure**

This would need an amendment to section 22 of the Act which provides that 'public telecommunications service providers shall enter into agreements governing the interconnection of their facilities, sharing of infrastructure, local number facilities and other inter-networking facilities which the PUC may deem to be in the public interest...'

6. **Change from "Incremental Cost" to "Total System Cost Allocation"**

This would also need an amendment to section 22 of the Act which prescribes a different methodology for determining inter-connection charges.

**Legislative Action – Ministry of Finance**

1. **Business Tax**

Any comparison with **Carlisle** is out of place as Carlisle Holdings Ltd. is a public investment company under the IBC Act and enjoys complete tax exemption. However, the NEWCO will receive the same tax benefits as BTL.

As regards the **rate** of business tax for telecommunications services (19%), this can be varied by a resolution of the National Assembly followed by a validating Act.

2. **Import Duties**

The exemption from import duties can be granted administratively by order of the Minister of Finance.

## Regulatory Action – PUC

### 1&2. Assignment of Amended Licence

These matters are all linked to No. 2 above (see page 1) and would require an amendment of the licences granted to Intelco and Speednet. Once this is done, the NEWCO can be recognised as the only telecommunications provider in Belize with the exception of mobile services, as well as the single international gateway and the sole authority to negotiate accounting rates.

### 3. Cancellation of Intelco and Speednet Licences

Mr. Sampson for ICC has agreed that the proper course of action is to amend these licences under Condition 25, rather than revoking them under Condition 27 which may pose some problems.

### 4. Floor on International Long Distance

This has already been dealt with at No. 3 above (see page 2).

## GENERAL

Dr. Canton is strongly of the view that the new regime, under which the NEWCO will become the exclusive telecommunication services provider except for mobile services, runs counter to the letter and spirit of the Act as well as to the GOB's commitment to introducing competition in the telecommunications industry. He would therefore prefer an amendment to the Act to restrict competition to '**specified services**', as in Jamaica.

The term 'specified services' can be defined to include mobile services only. As the cooperation of the PUC is critical in this exercise, serious consideration would have to be given to Dr. Canton's views.

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