International Overview (USA)

- Traffic: Accelerated growth
- Deficit: Accelerated growth

International Settlements

Source: ITU data, 1991
International Calls: USA

International Minutes: USA

International Settlements

International Settlements

International Settlements

Money Flows

Settlements does not always remain with the PTT
Settlement Rates

- NOT equal to cost
- Bilateral negotiation
- Arbitrary
- Monopoly rents

Revenue Sources

<table>
<thead>
<tr>
<th>Source</th>
<th>International</th>
<th>Domestic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jordan (1985)</td>
<td>68.7%</td>
<td>31.3%</td>
</tr>
<tr>
<td>CODETEL (1986)</td>
<td>76.1%</td>
<td>23.9%</td>
</tr>
</tbody>
</table>

International Rate Differences

- Asymmetrical rates creates imbalances
- Calls more expensive to than from the US

Price/Traffic Relationships

International Accounting Rates

Source: FCC Data, 1988

Source: FCC data, 1991
Summary of Demand Studies

- Overall Demand Elastic
- Becoming More Elastic
- US Originating Traffic Acceleration
- US Terminating Traffic Grow Slower

International Settlements

Ten Percent Reduction in ROW Prices

International Settlements

Forty/Sixty Split

International Settlements

Ten Percent Decrease in Accounting Rates

International Settlements

Ten Percent Shift in Demand

International Settlements

Ten Percent Decrease in Prices