Mobile telecommunications
competition and regulation

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INTUG **A wild success**

- 170 million customers in Europe
- > 500,000 employees
- Nokia largest capitalisation in Europe
- re-vitalising old PTTs
- bringing in new players
- extending reach to new social groups

also a lobbying giant

Political boosting of

- e-commerce
- m-commerce
- SMEs
- job creation
- competitiveness
- over-taking America

Industry policy

- constant search for new industries
- GSM Memorandum of Understanding
- European Commission
  - GSM Directive
  - UMTS Directive
- an "infant" or "emerging" industry

What is an infant?

- a tradition of support for infant industries
- this industry is re-inventing and always emerging
- many of the individuals have long track records in telecommunications
- life-cycles in mobile are very brief
- no sense of conventional maturity
- 3G is a revolution compared with 2G

3rd generation infant

- is 3G/UMTS to be treated as an infant industry?
- they lobby for it
- but do they really need it?
- how different is 3G from 2G and 2.5G?

INTUG Which policy measure?

- they already have all the capital they need
- they voluntarily pay fees to governments
- so no tax breaks or subsidies
- ease the regulatory regime?
- MUST NOT be to raise prices
- oligopolgy
  - GSM is a quadraopoly
  - UMTS is to be a pentaopoly

INTUG **Business needs**

- much lower costs
- decent customer care
- effective choice of operator
- global seamless service
- management information
- integration with VPNs
- number portability
- carrier selection

EC - the 1999 Review

- documents issued in November 1999
- 550 people at 2 days of hearings
- 120 submissions
- synopsis due in April
- Directives due in June
- co-determination by Member States and European Parliament
- due to begin in about 2003

Mobile licencing

- no change for the foreseeable future
- subsidiarity
  - fragmented
  - un-harmonised
  - linked to industrial and fiscal policies
- some positioning for European services
  - buying up operators
  - bidding for 3G licences

INTUG Auctions

- liked by finance ministries
- transparent and resilient
- beauty contests out of favour
  (n.b. ghastly example of Ireland)
- a barrier to smaller operators
- a stealth tax on users

INTUG **lobbying very, very hard**

- GSM Europe claims they are
  - dynamic
  - competitive
  - creating jobs
  - still a young industry
- claiming they are not like old evil PTTs
- ask to be allowed to get on with it
- otherwise they will not invest

Competition law

- operators say they want this
- Article 86 successful actions
- Articles 81 and 82
  - anti-trust and merger approvals
    - Vodafone and Mannesmann
  - investigations
    - July 1999 in telecommunications
- no sign of decline in telecoms regulation

INTUG Roaming survey

- original survey in Feb-May 1999
- wild variations in prices
- super-profits
- lack of interest from GSM Europe
- picked up by Competition DG
- picked by the press in many countries
- being repeated in March/April 2000

INTUG 2000 data

- http://www.intug.net/surveys/gsm/
- still very hard to find data
- the same call varies by 500%
- a call that costs $0.15 charged at >= $2
- would be very helpful to know the costs of call from here back to your home countries - fax me the data!

INTUG 2000 data

- record is UK Vodafone Serbia to Kazakhstan $10 per minute
- lowest is Finland to Denmark $0.45
- 68 pages to download from Proximus in Belgium

A Belgian in France calling to Brussels

	Itineris	SFR	Bouygues
KPN-Orange	n/a	1.21	0.60
Mobistar	0.97	0.97	n/a
Proximus	1.21	1.21	0.62
Non-roaming	0.53	0.45	0.32
	Call-box	**FT**	**Viatel**
fixed line	0.13-0.51	0.18	0.09

Euros per minute at peak rate, excl. VAT

INTUG **Future of Roaming**

- no data for pre-paid cards
- no prices for W@P roaming
- no prices for SMS
- what is UMTS roaming?

Vodafone mergers

- turning point for the industry
- chance to get things changed
- danger of oligopoly
- preferential roaming
- how will rivals respond?
- Where do VPN operators stand?
- Undertakings to the Competition DG

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Termination charges

- agreed this market is not competitive
- extremely messy
- refiling traffic on accounting rates
- MCIWorldCom has a complaint with Competition DG
- Information Society DG will come to this in late 2000

Conclusions

- **not** meeting the needs of business
- **holding back** innovation by business
- roaming charges are **outrageous**
- there is **no** effective competition
- some **anti-competitive** practices
- very real risk of **oligopoly**
- market **fragmentation** blocks services
- mobile industry lobbying **hard**

Regulatory outcomes (1)

- international roaming investigation results in September (?)
- Vodafone merger decision in April (?)
  - divestiture of Orange plc
  - carrier selection?
  - other concessions?
- slow roll-out of mobile number portability
- no immediate signs of MVNOs

INTUG Regulatory outcomes (2)

- companies paying enormous sums for 3G licences
- post-2002 regime should be clear by end of 2000
- Need to lobby the European Parliament
- clearing the desks of e-commerce regulations
- frequencies for 3G may not be globally uniform