INTUG

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www.INTUG.net

Competition, pricing, regulation and roaming

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INTUG about us

- members
  - national associations
  - corporations
  - individuals
- influencing policy
- 25 years old
- working with ITU, WTO, OECD, EU and APEC

INTUG introduction

- dissatisfaction/anger about roaming charges
- senior executives telling staff not to use mobiles when abroad
- absence of competition
- absence of regulation
- stirrings of political awareness

INTUG market deficiencies

- high termination rates
- high roaming rates
- national oligopolies
- beginnings of a global oligopoly

INTUG operator tactics

- obstructing mobile number portability
- creating inordinately complex tariffs
- offering “free” or “subsidised” handsets
- exploiting roaming prices
- cross-subsidising from termination
- pricing calls at accounting rates and roaming rates which are "on-net"

INTUG customer demand

- one supplier
- one bill - consistent management data
- one account manager
- no more roaming
- integration with VPNs
- completion of the internal market

INTUG EVUA RfI

- European VPN Users Association
- ca 75 companies spending more thanb 10M Euros per annum
- request for pan-european services
- Euros 2 billions per annum
- ca. 750,000 handsets
- only smaller players responded (e.g, Mint-tele.com, RSL.com and GTS Group)

INTUG roaming

- divide and conquer strategy
- very hard to find information
- denial of responsibility
- outrageous prices and profits
- beyond competition
- beyond regulation

INTUG agreements

- GSM Memorandum of Understanding
- Standard Terms for International Roaming Agreements (STIRA)
- Inter Operator Tariff (IOT)
- Transfer Accounting Protocol 3 (TAP3)
- facilitated by brokers

  (e.g., Comfone, Mach and Roameo)

INTUG roaming prices

- incredibly complex
- difficult to find information
- information is qualified
  - foreign operators change prices
  - exchange rates fluctuate
- prices are very high
  - high national tariff
  - IOT plus 15 to 25 per cent

INTUG France to Belgium

	Buoygues	Itineris	SFR
Belgacom	1.40	-	2.72
Mobistar		2.18	2.18
KPN Orange	1.35		2.72
non-roaming	0.72	1.19	1.01

Fixed prices: Call-box 0.29-1.15, France Telecom 0.40 and Viatel 0.20 March 2000

2’15” call

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Inter Operator Tariff

- IOT was to be the solution
- in fact it is much worse
- operators have no reason to reduce IOT under any conceivable set of circumstances
- operators are clearly try to “own” the customers and mazimise revenue flows
- they are looking to GPRS and UMTS

INTUG regulatory deficiencies

- specifically created national markets
- delays favouring incumbents, notably in introducing competition (e.g., MNP, MVNOs, CPS)
- antiquated accounting rates
- protracted delay in the regulation of mobile termination rates
- refusal by mobile operators to deal with non-licence holders

INTUG european parliament

the high roaming prices and the higher prices for calls from the fixed network to the mobile network than from the mobile network to the fixed and than calls from the mobile network to the mobile network are clear examples of market imperfections; the Commission should consider possible ways of lowering those prices to acceptable and transparent levels;

Report on the Commission communication to the Council, the European Parliament, the Economic and Social Committee and the Committee of the Regions entitled: 'Towards a new framework for Electronic Communications infrastructure and associated services – The 1999 Communications review' (COM(1999) 539 – C5-0141/2000 – 2000/2085(COS)). A5-0145/2000

INTUG DG Competition inquiry

- picked up early results of the INTUG roaming study
- launched sectoral investigation July 1999
- issued questionnaires in January 2000
- long process of analysis
- results due by end of 2000

INTUG regulatory solutions

- wholesale benchmark price of 0.35 eurocent/minute
- introduction of carrier selection
- introduce and ensure initial survival of MVNOs
- “joint dominance” and Article 86 “special rights”
- consumer protection action on information
- on-screen price display

INTUG many different markets

- retail
- pre-paid
- pan-European business
- international calls
- roaming
- call termination
- hand-sets

INTUG conclusions

- competition is largely froth and hype
- operators are exploiting unregulated and non-competitive parts of the market
- regulators have waited too long to intervene
- competition law is presently a very weak tool forcing reliance on regulation