

# INTUG

EVUA, Brussels 5 December 2001  
[www.INTUG.net](http://www.INTUG.net)

## *Mobile telecommunications: regulatory issues*

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# INTUG contents

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[www.INTUG.net](http://www.INTUG.net)

- what is INTUG?
- market developments
- international roaming charges
- mobile number portability
- call termination prices
- new EU legislation
- data protection issues
- conclusions



# INTUG what is INTUG?

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[www.INTUG.net](http://www.INTUG.net)

- members
  - national associations
  - corporations
  - individuals
- activities
  - ITU and WTO
  - OECD
  - APEC TEL, CITEL and EU



# INTUG our aims

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[www.INTUG.net](http://www.INTUG.net)

- real and effective competition
- genuine choice for users
- lower prices
- higher quality
- more innovative services
- constructive co-operation with
  - international bodies
  - governments
  - regulators



# INTUG our recent presentations

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[www.INTUG.net](http://www.INTUG.net)

- ITU 3G Licensing Workshop Geneva
- IIR Global Roaming London
- IBC Global Roaming Amsterdam
- EVUA Brussels
- ITU-T SG3 Geneva
- all on the web site

<http://www.intug.net/talks.html>



# INTUG market developments

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- USA and Canada
- Asia
  - South Korea
  - Japan
- Europe
  - European Union
  - Accession Countries



# INTUG USA and Canada

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- continental GPRS available:
  - AT&T Wireless
  - Cingular
  - Voicestream
- growth of WLANs:
  - Airports (Admirals Club & DFW, YVR)
  - Hilton, Marriott, Sheraton, etc
  - Starbucks
- beginnings of a mass market



# INTUG Asia

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- continuing widespread adoption
- shift of handset manufacturing to Asia, notably Sony-Ericsson
- China overtook USA in August as having most cell phones (Europe in 2003?)
- specific developments in
  - South Korea (CDMA/3G)
  - Japan (PHS/PDC/3G)





# INTUG Japan

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- NTT DoCoMo has launched:
  - FOMA/3G
  - location-based i-mode
  - released the standard for i-mode
- i-mode remains highly illegal under competition law
- Vodafone
  - acquired control of J-phone
  - now competing with i-mode



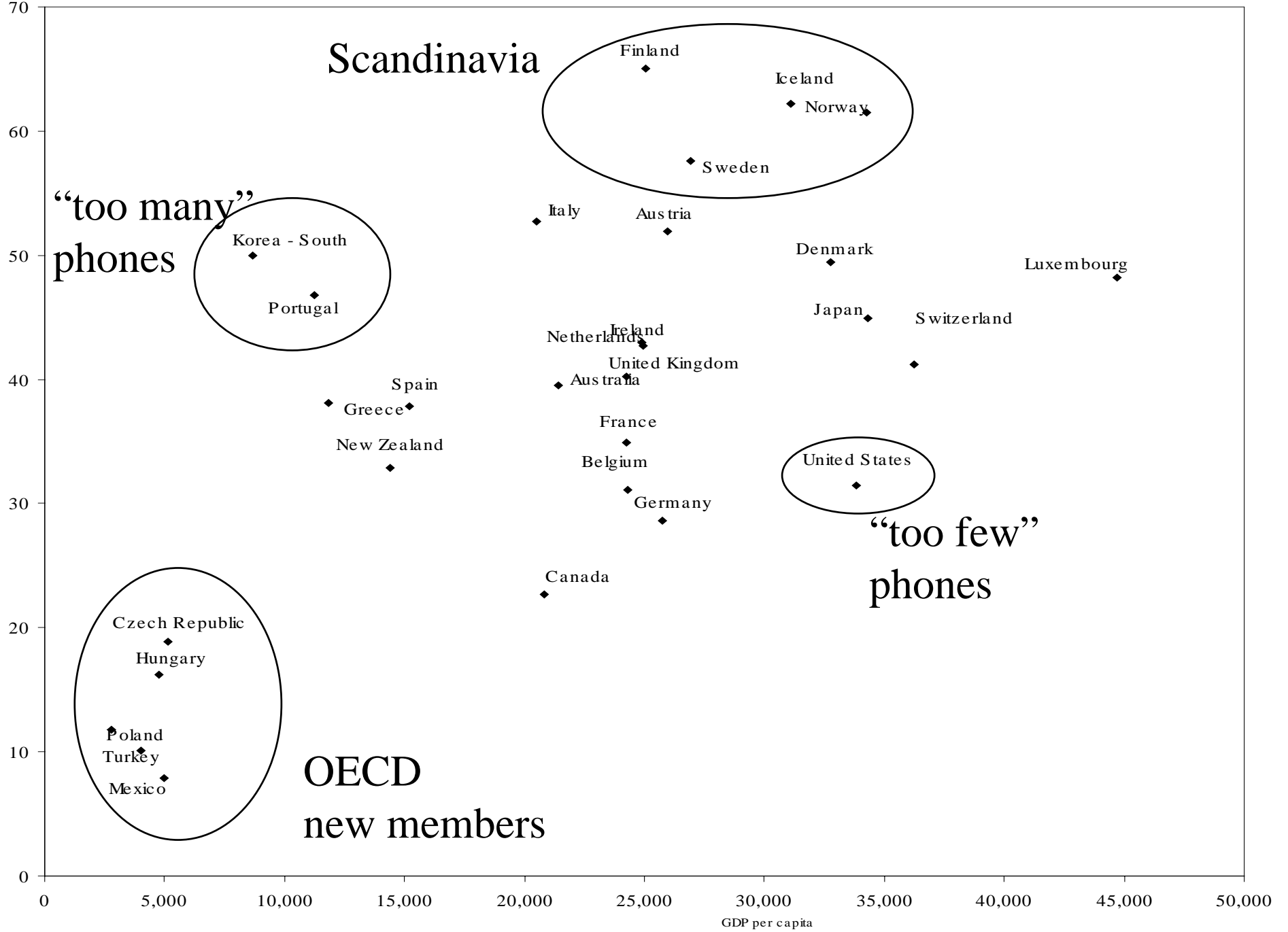
# INTUG South Korea

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- teledensity 59.16% (October)
- > 80% of cell phones Internet-ready
- 3G broadband growth will take over from fixed in 2004
- organised first CDMA roaming conference <http://www.cdma.or.kr/>



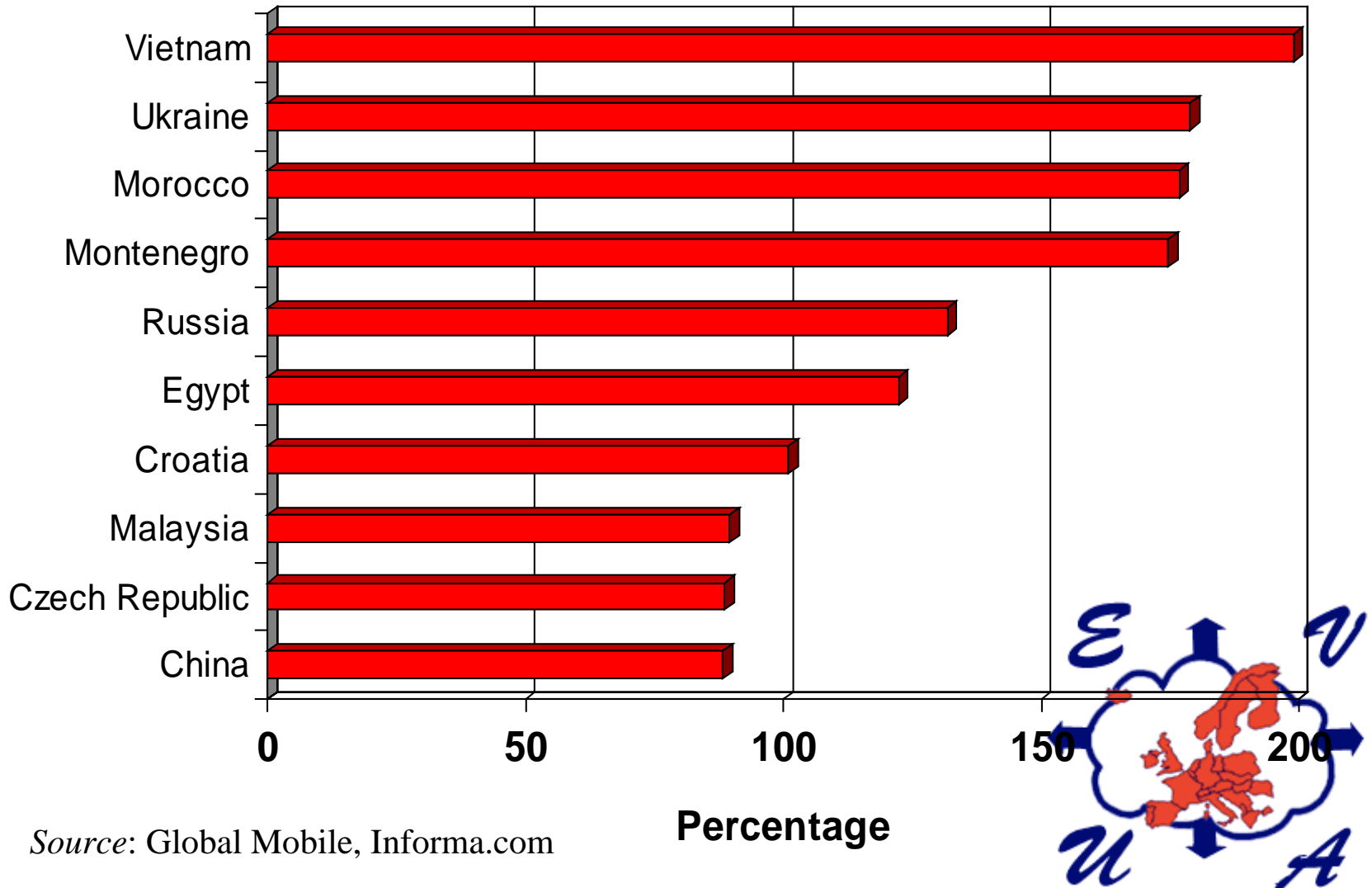
Mobile tele density



# INTUG growth in the year to end Q2/2001

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# INTUG Europe

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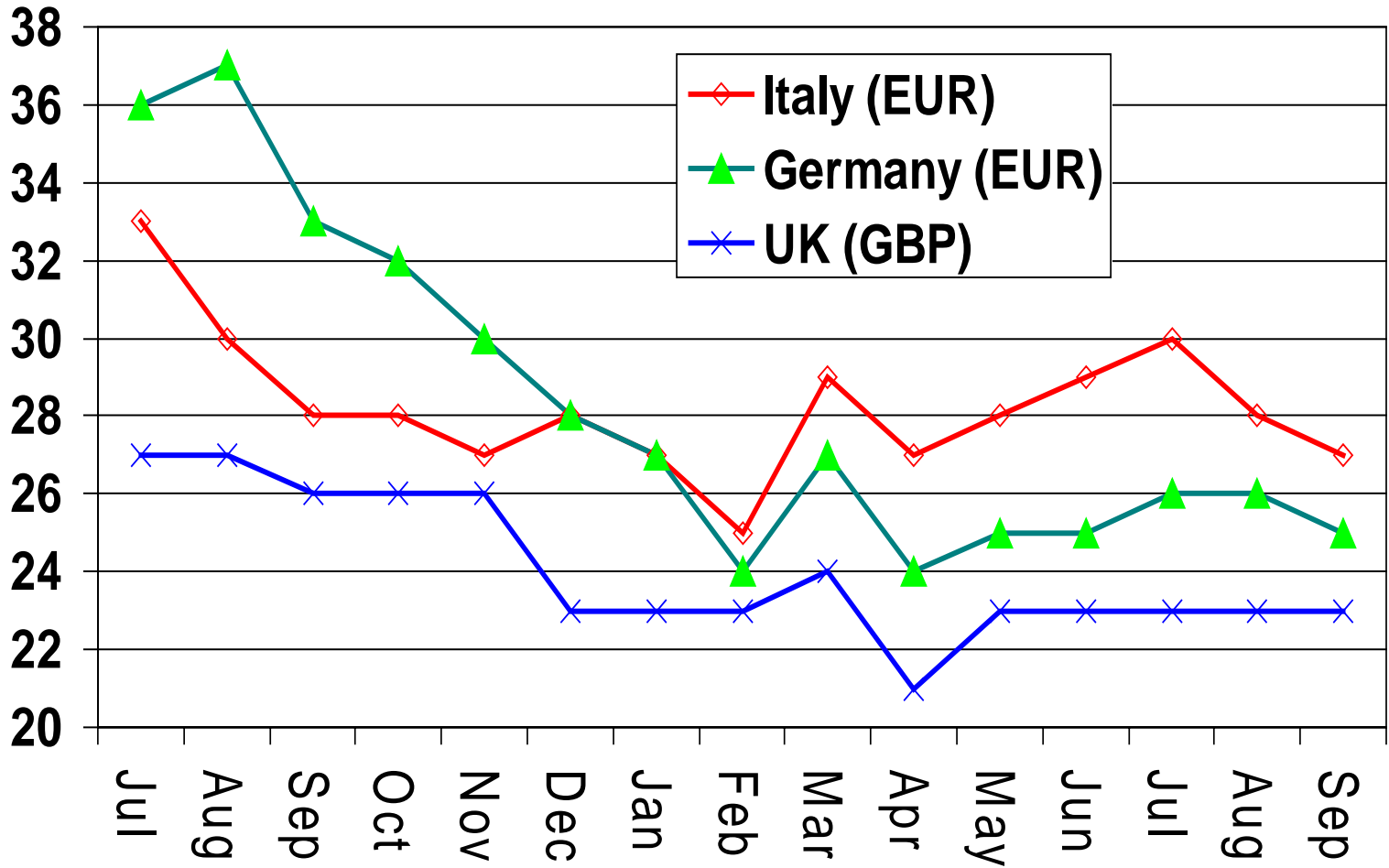
- debt of some operators exceeds Brasil
- diminished expectations from 3G
  - revenues
  - data rates
- operators trying to push up ARPUs
- consolidation is on hold
- growth of pre-paid roaming
- no European GPRS roaming



# INTUG Vodafone arpu 2000-01

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[www.INTUG.net](http://www.INTUG.net)



<http://www.vodafone.com/>

*Handwritten blue notes:*  
u → A  
v →

# INTUG Independent Regulators Group

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[www.INTUG.net](http://www.INTUG.net)

- seeking to coordinate NRAs in response to efforts by international operators to pick them off
- new legislation:
  - opposed the transparency measure
  - unclear about pan-EU markets
- chair is held by:
  - RegTP (2001)
  - ART (2002)



# INTUG mobile number portability

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- very messy position, e.g.,
  - Hong Kong
  - Australia
  - Germany
- in the new EU Universal Service and Users Rights' Directive - no later than May 2003





# INTUG 3G licensing

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[www.INTUG.net](http://www.INTUG.net)

	€Bn	
Vodafone	20	UK, Germany, Spain, Portugal, Spain, Switzerland, Belgium, Italy, France, Sweden
DTAG	16	Germany, UK, Austria, Poland, Netherlands
mmO <sub>2</sub>	15	UK, Germany, Netherlands
FT	14	France, UK, Netherlands, Switzerland, Belgium, Sweden, Italy, Poland, Germany, Portugal, Austria

Source: [www.cit-online.com](http://www.cit-online.com)

U A

# INTUG easing the burden

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- investigating the auctions
  - European Commission
  - United Kingdom
  - Netherlands
- network sharing
  - Germany
- reducing the fees
  - France
  - Spain



# INTUG UK national audit office

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[www.INTUG.net](http://www.INTUG.net)

- auction was “well designed and efficient”
- marketed the opportunity
- consulted the industry extensively
- managed the bidding process well
- low running costs £8.1million, under 0.1% of the proceeds

Radiocommunications Agency: The Auction of Radio Spectrum for the Third Generation of Mobile Telephones. HC 233 2001-2002

<http://www.nao.gov.uk/pn/01-02/0102233.htm>



# INTUG harmonised spectrum

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- EU Spectrum Decision approved by
  - Parliament
  - Council
- It tries to coordinate decision making on spectrum after 3G debacle



# INTUG WLAN spectrum

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- 2.4 GHz, 5 GHz and 17.2 GHz
- shared with other applications
- some restrictions on availability
- restrictions on uses:
  - UK consultation on commercial use
  - unclear in France and Italy, Portugal

<http://www.radio.gov.uk/topics/pmc/consult/publictele/consultdocfinal181001.pdf>



# INTUG competition law

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- call termination price inquiry
- sector inquiry
- approvals
  - Merger Regulation
  - Regulation 17
- new EU legislative package
- possible new complaints



# INTUG DG Competition

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[www.INTUG.net](http://www.INTUG.net)

- International roaming inquiry:
  - Working Document (12/2000)
  - dawn raids (7/2001)
  - speeches (09/2001 and 10/2001)
  - on-going discussions with NCAs
- Merger Regulation:
  - STIRA and IOT
- Regulation 17:
  - Vodafone Eurocall
  - DTAG WorldClass



# INTUG Oftel - advice

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- change from pre-pay to contract
- use international traveler services for savings
- get incoming calls diverted or barred whilst abroad
- use text messages instead of voice calls (but check the charges)
- select a different network to roam on
- swap the "SIM card" in your phone
- check out the following:
  - do the alternative SIM cards have expiry dates and minimum usage rates?
  - does your UK provider need to unlock your phone first?
  - are the contact numbers you need abroad stored in your phone or your SIM card?
  - buy or rent a different mobile phone to use abroad





# INTUG GPRS roaming

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- a very national product
- Vodafone completed European national coverage in Q3/2001
- Telenor has Scandinavian roaming
  - Denmark, Norway and Finland
- European roaming in Q3 of 2002?
- will you be able to choose the network on which you roam?



# INTUG call termination prices

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[www.INTUG.net](http://www.INTUG.net)

- European Commission
  - DG Competition - Worldcom complaint
  - DG Information Society
- recent decisions by:
  - OFTEL - UK
  - ART - France
- being discussed at
  - OECD
  - ITU
- opportunity for a complaint on cross-border prices



# INTUG Oftel - UK

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- roaming
  - benchmarking
  - advice
- call termination accounts for 24% of total revenue and rising

<http://www.oftel.gov.uk/publications/mobile/mmr0901.htm>  
<http://www.oftel.gov.uk/publications/mobile/ctm0901.htm>



- set maximum price for the 2 operators with SMP, but not Buoygues:
- from 1 March 2002  
1,32 FFR/min **€0.20/min**
- from 1 January 2003  
1,12 FFR/min **€0.17/min**
- from 1 January 2004  
0,98 FFR/min **€0.14/min**



# INTUG EC Reports

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[www.INTUG.net](http://www.INTUG.net)

- 7<sup>th</sup> Report on Regulatory Implementation
- Mobile Network Access (by EuroStrategy)
- Study – Cost structures in mobile networks and their relationship to prices (by Europe Economics)

[http://www.europa.eu.int/information\\_society/topics/telecoms/regulatory/studies/index\\_en.htm](http://www.europa.eu.int/information_society/topics/telecoms/regulatory/studies/index_en.htm)



# INTUG new EU legislation

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- December 2001 - directives completed
  - Framework
  - Authorisation
  - Access and Interconnection
  - Universal Service and Users' Rights
- May 2003 - transposition completed
- ??? - market tests completed
- ??? - first (of many) court cases



# INTUG market testing procedure

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- define the market:
  - product/service (EC then NRA)
  - geography (NRA)
- test for non-competitiveness
- identify operators with SMP 2.0
- impose obligations on them, e.g.,
  - cost-orientation
  - non-discriminatory access



# INTUG lots of work to do

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- inputs to the European Commission
  - Eighth Report
  - market definitions
  - ONP Committee and successor
- inputs to NRAs:
  - geographical markets
  - competitiveness
  - SMP operators
  - obligations





# INTUG location-based services

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- data protection issues in Communications DP Directive
- emergency services:
  - obligation in Universal Service and Users' Rights Directive
  - CGALIES/Locus self-regulation group on how to do it



# INTUG CGALIES

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- “self-regulation” group
- but the Commission will adopt a Recommendation in autumn 2002
- took the issue out of the legislative process
- all industry players were invited
- many possible technologies
- tried to learn US lessons
- confused by the proximity of commercial issues and reluctance to talk



<http://www.telematica.de/cgalies/>

# INTUG FCC and E911

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- 67% of calls with 125 yards
- delayed and postponed
- still not in place
- proposals for very precise and in-building location following 9-11

<http://www.fcc.gov/e911/>



# INTUG data protection

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- European Convention on Human Rights
- OECD Guidelines
- EU Data Protection Directive 95/46
  - broad review to start shortly
- Telecommunication Data Protection
- Draft Communications Data Protection Directive
  - lagging other legislation by several months



# INTUG roaming and data protection

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- you are roaming on Belgian GSM operators who are collecting data but you have no contract with them
- do they comply with the Directives?
- you have rights to access that data
- so do the law enforcement authorities
- location-based services while roaming?



# INTUG LBS the killer app

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- storage of data allowed for:
  - billing
  - law enforcement
- must store and transmit data securely
- roamed operator has different
  - law enforcement obligations
  - competition law obligations
  - data protection obligations
- easier if a 3rd party provider



# INTUG mobile Internet

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- success of Mobile Internet seen as:
  - success of 3G
  - success of 3GSM operators
    - they paid for their licences
    - they are big political players
- not seen as success for:
  - users
  - consumers
- industry policy geared towards:
  - manufacturers
  - operators



# INTUG conclusions

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- a cartel holding up in the face of:
  - political pressure
  - competition law
  - user buying power
- when will it crack?
- will financial markets break them?
- European leadership is now lost





# INTUG European lead now lost

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- USA
  - continental GPRS for business customers
  - WLANs in hot spots
  - building up consumer market
- Asia
  - massive growth in personal markets
  - manufacturing location of choice
  - development of new services
  - pushing towards 3G
  - European operators withdrawing



# INTUG what went wrong?

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- operator delusions:
  - they were like the dot coms
  - they believed their own share prices
- they were locked into cycles of growth and acquisition with share certificates
- consolidated only in name, not in operations
- no idea how to market services



# INTUG prisoners' dilemma

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- international roaming charges
- call termination prices
  - domestic
  - international



# INTUG thank you for your attention

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