

## The regulation of mobile telecommunications

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# INTUG contents

- licensing
- roaming
- termination
- number portability
- overall policy goals
- conclusions

# INTUG what is INTUG?

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

# INTUG our aims

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

# INTUG financial markets

- dot.com
  - craze/boom
  - crash/bomb
- the big mistake was that the operators believed that they could be dot coms
- the auctions were only a symptom
- no sign of a reversal in the current market sentiment

# INTUG Goldman Sachs

- financial implications of the imminent regulatory actions
- mobile revenues:
  - roaming is around 10%
  - termination is around 25%
- evaluated cuts of 10%, 20% and 30%
- looking to effects on share prices

[illegible]

# INTUG GSMA sought concessions on

- infrastructure sharing
- spectrum management
- licence conditions
- network roll-out
- m-commerce
- new services and applications



# INTUG licensing

- European Commission
  - a new “communication” on 3G
  - will not relax licence conditions
  - growing scepticism of the business case
  - increasingly technology neutral
- North-East Asia pushing on
  - Japan
  - South Korea

# INTUG competition law

- very clear competition case law from
  - Electronic Programme Guides (EPGs)
  - Customer Reservation Systems (CRSs)
- strong obligation not to discriminate
- consequently it was always difficult to believe that 3GSM operators could get much revenue from services

# INTUG European Union

- a new legislative package was approved in December 2002
- published in April 2002 in eleven languages
- takes effect in all member states 25 July 2003
- also European Economic Area (EEA)
- and Accession Countries (ACs)

# INTUG data protection

- Communications Data Protection Directive is now finalised
- technology neutral
- data retention is a national matter
- right to withhold location information
- spam of any sort allowed only if there is an established relationship
- review of general DP Directive begun
- major issues over legality of LBS

# INTUG users' rights directive

- strong obligations on operators
- contracts
- tariff transparency

# INTUG July 2003 process

1. define service market (by EC)
2. define geographical markets
3. test if (not) competitive
4. test for operators with SMP-2
5. decide on obligations for SMP-2 operators
6. repeat until competitive

Very many public consultations

# INTUG mobile market definitions

- call origination on public mobile networks
- call termination on public mobile networks
- the national market for international roaming services on public mobile telephone networks

These are very likely to be national markets and not subdivided.

# INTUG international mobile roaming

- early 1999 first INTUG data
- DG Competition inquiry:
  - July 1999 launched
  - January 2000 work began
  - November 2000 met with NRAs and NCAs
  - December 2000 working document published
  - July 2001 dawn raids
  - continuing investigations
  - findings 2002 ?July? later?
- will be a market to be analysed by NRAs under the new telecommunications legislation



# INTUG rest of the world

- International Telecommunication Union (ITU)
- Inter-American Commission on Telecommunications (CITEL)
- Asia-Pacific Economic Cooperation Telecommunications Working Group (APECTEL)
- Australian Consumer and Competition Commission (ACCC)

# INTUG unfinished inquiries

- GSM Association
  - Standard Terms for International Roaming Agreements (STIRA)
  - Inter-Operator Tariff (IOT)
- Vodafone Eurocall
- T-Mobile WorldClass

# INTUG termination prices

- call to mobiles represents a growing share of total telecommunication spending
- operators leverage power from termination market into origination markets
- problems:
  - domestic
  - international

# INTUG calling a Belgian GSM

- from BT in UK  
£ 0.15 per minute
- from AT&T in USA  
US\$ 0.20 per minute
- from Telecom NZ  
NZ\$ 0.40 per minute

On top of the fixed line cost

# INTUG Arbinet data (April 2002)

US\$/min	mobile	fixed	Diff.	Diff.
NL	0.1590	0.0104	0.1486	1429%
SE	0.1300	0.0090	0.1210	1344%
BE	0.1480	0.0120	0.1360	1133%
NO	0.1292	0.0115	0.1177	1024%
ES	0.1460	0.0135	0.1325	981%

# INTUG European Commission

- hearing shortly on Worldcom complaint against KPN
- INTUG has written to Commissioner Erkki Liikanen
- we willl raising the issue (again) for Eighth Report
- strong possibility of a formal complaint to DG Competition

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# INTUG number portability

- devious game plans by operators
  - expensive
  - difficult
  - no special offers
- enforced in EU law no later than 25 July 2003
- work on ENUM is very slow
- Instant Messaging looks more interesting



# INTUG European leadership

- this is now lost to Asia:
  - size and growth of markets
  - 3G is being deployed
- probably irrecoverable
- European Commission
  - Competitiveness Report
  - *e*Europe
- “most dynamic knowledge based economy”
- poor operator performance

# INTUG correcting market failures

- international mobile roaming
- call termination prices
- mobile number portability

# INTUG conclusion

- apparent absence of compliance function in mobile operators
- NRAs and governments gradually remedying mistakes of the past
- financial markets have a stranglehold through ARPU
- what if a mobile operators goes into bankruptcy?

# INTUG thank you

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