INTUG

EVUA-INTUG, Zurich 22 i 2004

www.INTUG.net

International update

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INTUG contents

- INTUG
- mobile markets
- European Union legislation
- broadband Internet access
- IP telephony
- numbering
- conclusions

INTUG priorities

1. open access to global mobile networks
2. regulatory best practice
3. liberalization
4. universal access
5. broadband
6. leased lines
7. IP telephony
8. numbering

INTUG mobile networks

- **International Mobile Roaming (IMR)**
  - **significant reductions in charges**
  - **availability of a range of services, including global and multi-country tariffs, without necessarily having to pay roaming charges**
  - **regulatory action to end the cartel of mobile network operators**
- Fixed-to-Mobile call termination (F2M)
  - cost orientation of wholesale prices
  - wholesale price reductions speedily passed onto users
- Mobile Number Portability (MNP)
  - availability on demand
  - inexpensive or free
  - no consequential loss of facilities or special offers
- Short Message Service (SMS)
  - interconnection of all operators
  - significant reductions in prices
- regulatory action to end the cartel of mobile network operators
- national mobile roaming
  - availability in areas of low population density
  - availability to support introduction of new operators and new technology

INTUG abuse of market power

- sheltered from competition by
  - inter-operator arrangements
  - absence of market entry
  - inappropriate regulation
- extremely high voice charges
- new & outrageous GPRS charges
  - why charge by the Megabyte?
- what is next?
  - EDGE, video telephony and 3G

INTUG EC sector inquiry

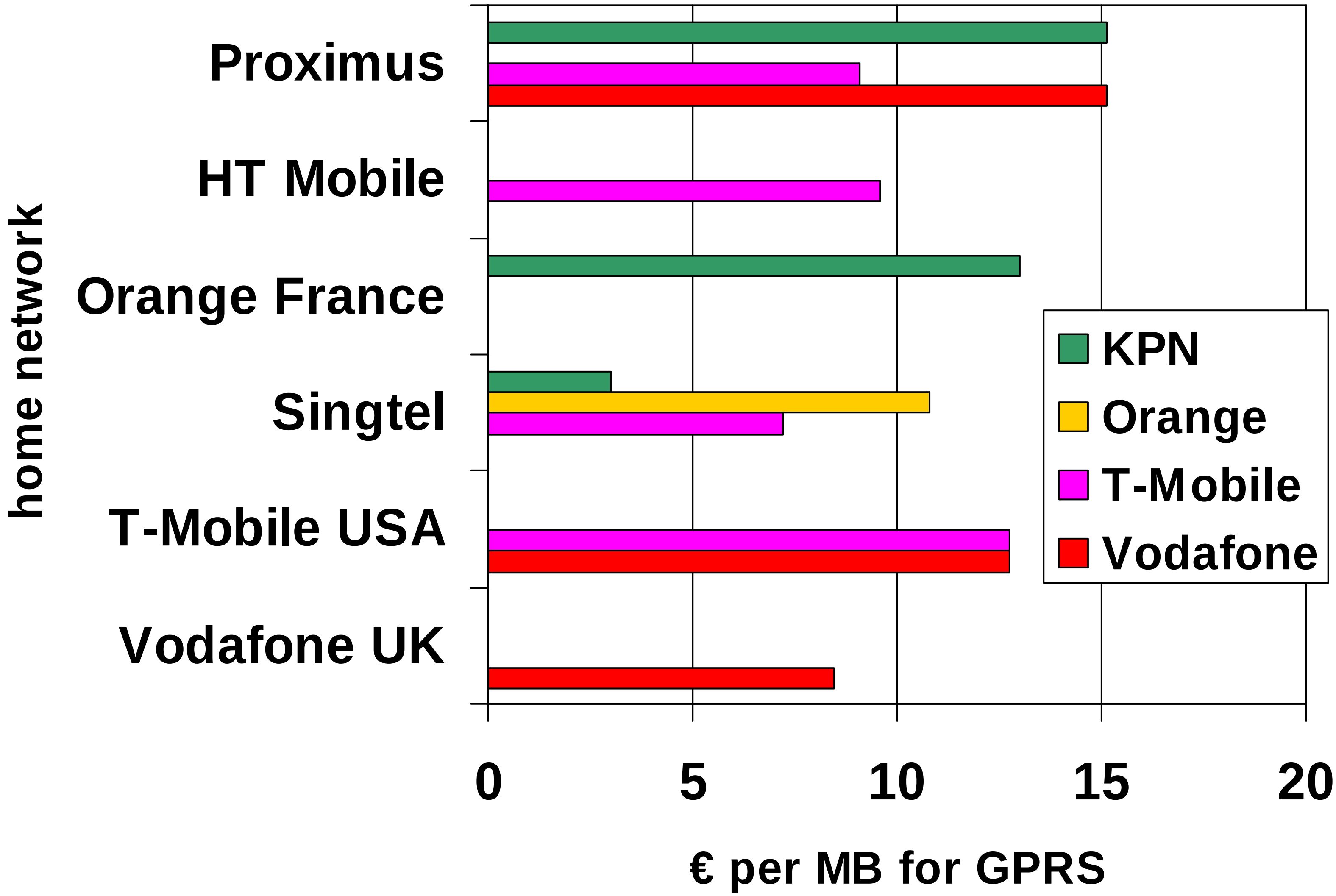
- complaint first aired in February 1999
- launched in July 1999 by Karel van Miert
- mobile no longer seen as one indivisible and competitive whole
- working document at end of 2000
- some speeches by DG Competition
- loss of the Air Tours case caused all joint dominance cases to be reviewed
- little visible progress
- what next?

INTUG welcome to Belgium!

- Vodafone Australia on Proximus
  - €0.18 to send an SMS (AU$ 0.29)
  - €0.58 to call Belgium (AU$ 0.95)
  - €1.31 to call Australia (AU$ 2.15)
- Orange France (on all 3 networks)
  - €0.34 for incoming call
  - €1.00 to call Belgium or France
  - €2.40 to call Australia
- T-Mobile Deutschland on Proximus
  - €0.32 to send an SMS (free to receive)
  - €0.69 to receive a call from Germany
  - €1.03 to call Belgium
  - €1.28 to call Germany

per minute
except SMS

INTUG welcome to the Netherlands!



INTUG GPRS roaming charges

- Vodafone UK on Vodafone NL
  - £5.88 (£10.28 on Blackberry) €8.47
- T-Mobile USA on T-Mobile and Vodafone
  - US$ 15.00 €12.75
- Singtel
  - KPN Mobile € 3.00 (charging unit 1 kB)
  - T-Mobile € 7.20 (charging unit 100 kB)
  - Orange € 10.80 (charging unit 10 kB)
- Orange France on KPN
  - €13.00
- HT Mobile (Croatia) on T-Mobile
  - HRK73.20 per MB (€9.58)
- Proximus
  - KPN and Vodafone €15.13
  - T-Mobile € 9.08

Source: operators web sites 25 November 2003

INTUG meanwhile in Japan and USA

- KDDI Au Win in Japan
  - cdma2000 1X EV-DO
  - ¥4,200 (€33) monthly unlimited
  - up to 2.4 Mbps downlink and 144kbps or more uplink (best efforts)
- Verizon
  - "national" cdma2000 1X coverage
  - US$ 79.99 (€68) monthly unlimited
  - 40-60kbps, bursting to 144kbps
- AT&T Wireless
  - "national" GPRS/EDGE
  - US$ 79.99 (€68) monthly unlimited
  - 100-130kbps, bursting to 200kbps

INTUG change your behaviour

- leave your mobile phone at home
- use a calling card
- tell someone to call you back on a landline
- set your “away messages” to say send me electronic mail
- provide Internet access for visitors
- explore Wi-Fi for e-mail and voice

Have an INTUG/EVUA “roaming free” day.

INTUG termination rates

- market definition is now clear
- but the struggle continues
- if you regulate us:
  - there will be no 3G
  - the sky will fall in
  - competition will kill the smaller operators
- there is a real problem for MNOs is that younger users who might consider the new services cannot afford the expensive handsets

Vodafone

3.23 In its response to the May consultation, Vodafone has argued that competitive pressures prevent it from *lowering* termination rates, as to lower these would only serve to lower the costs incurred by other MNOs (leaving them more funds to compete for subscribers, such as through lower call origination rates). Vodafone argues that it therefore does not have the freedom of action characterised by European case law and competition in fact forces it to maintain termination rates at ‘excessive’ levels.

http://www.ofcom.org.uk/legacy_regulators/oftel/mobile_call_termination/chapter3.pdf

INTUG European Union

- telecommunications legislation
  - political agreement December 2001
  - published April 2002
  - took effect 25 July 2003
- but had to be transposed
  - none of founding EC members
  - infringement proceedings underway
  - France and Germany badly delayed
  - new Member states claim to be on time

INTUG process

- pass the legislations
- define markets
- assess each market
- identify operators with SMP
- designate remedies
- public consultation
- obtain consent of EC and other NRAs
- defend decision on appeal

INTUG fixed-to-mobile

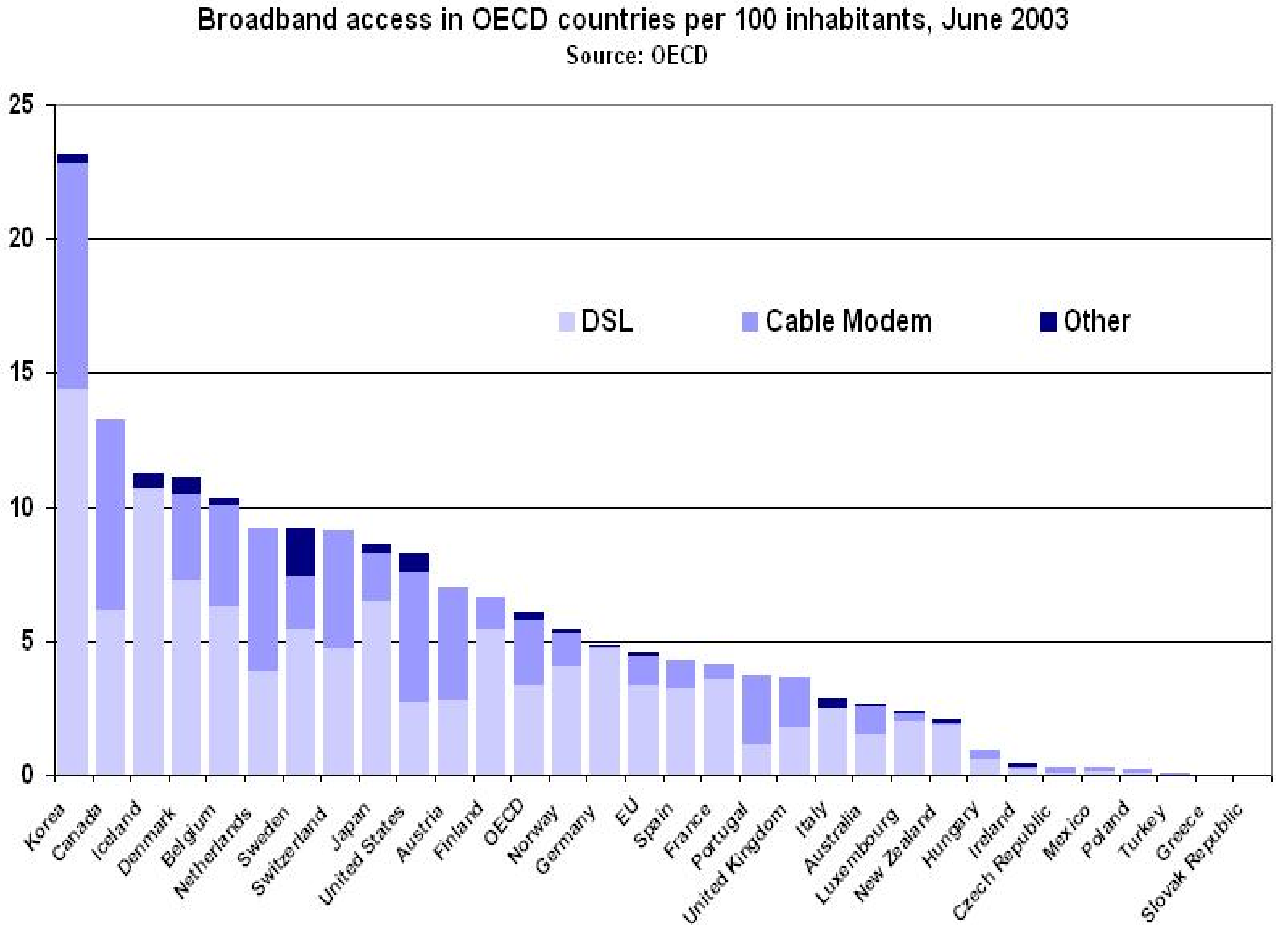
- abuse spread to small fixed carriers
- Germany still rejecting any regulation
- very slow progress
- hundreds of pages of complex documentation
- worries about:
  - killing smaller operators
  - further delays to 3G
  - effects on manufacturers

INTUG roaming under EU directives

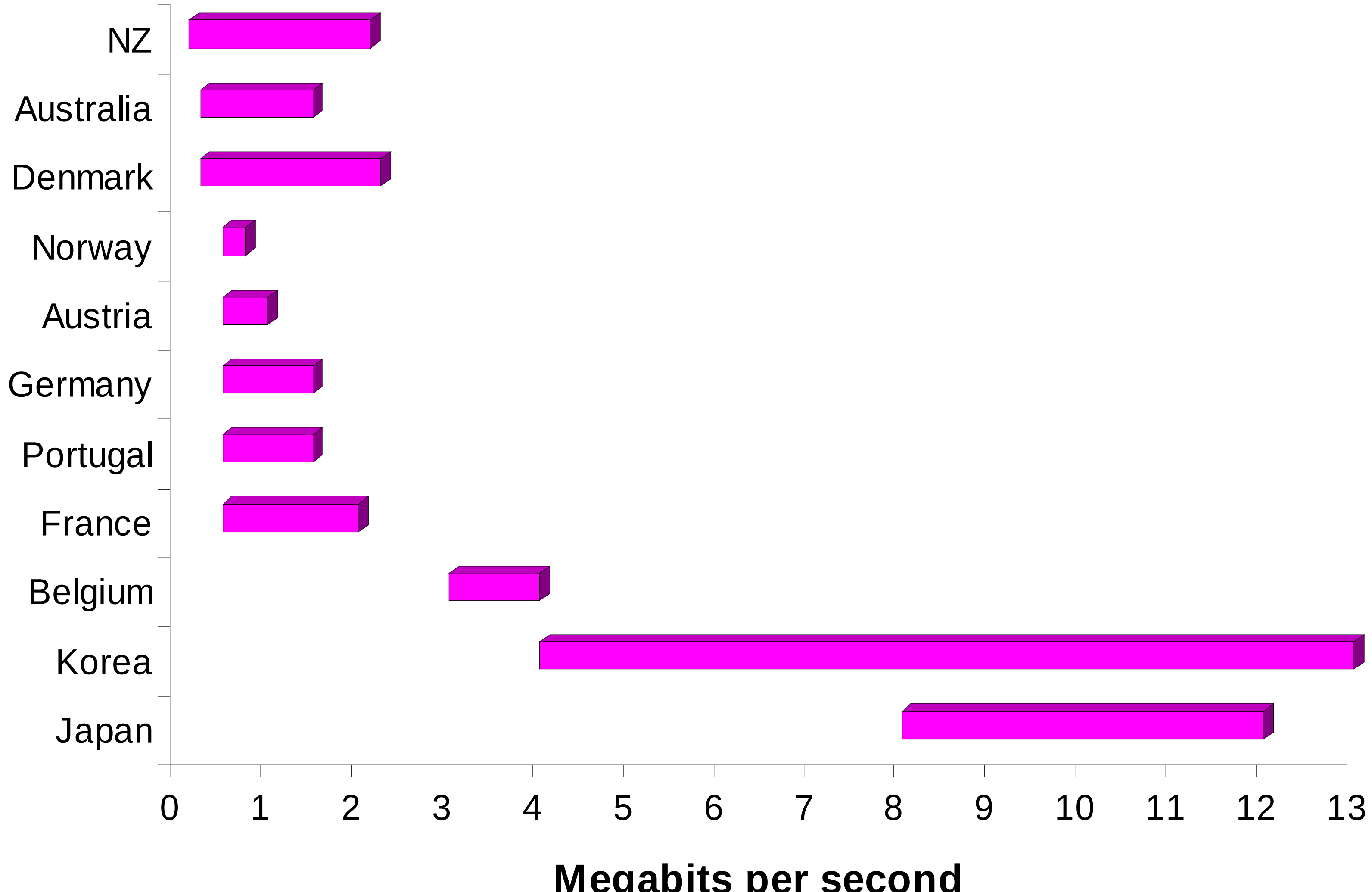
- implementation is late
- wholesale roaming is a designated market, despite strong lobbying by GSM Association, but an issue of direct concern to MEPs
- other problems (not least F2M)
- legal and economic complexity
- wholesale remedies would benefit only "foreigners"

INTUG broadband

- very strange adoption patterns
  - infrastructure competition
  - effective unbundling
  - high PC residential ownership
- remarkably fast uptake
- but wild qualitative differences
  - countries
  - prices
  - speeds
  - download caps
  - competition


Broadband access in OECD countries per 100 inhabitants, June 2003
Source: OECD
25
20
15
10
5
0
DSL
Cable Modem
Other
Korea
Canada
Iceland
Denmark
Belgium
Netherlands
Sweden
Switzerland
Japan
United States
Austria
Finland
OECD
Norway
Germany
EU
Spain
France
Portugal
United Kingdom
Italy
Australia
Luxembourg
New Zealand
Hungary
Ireland
Czech Republic
Mexico
Poland
Turkey
Greece
Slovak Republic

INTUG available download speeds



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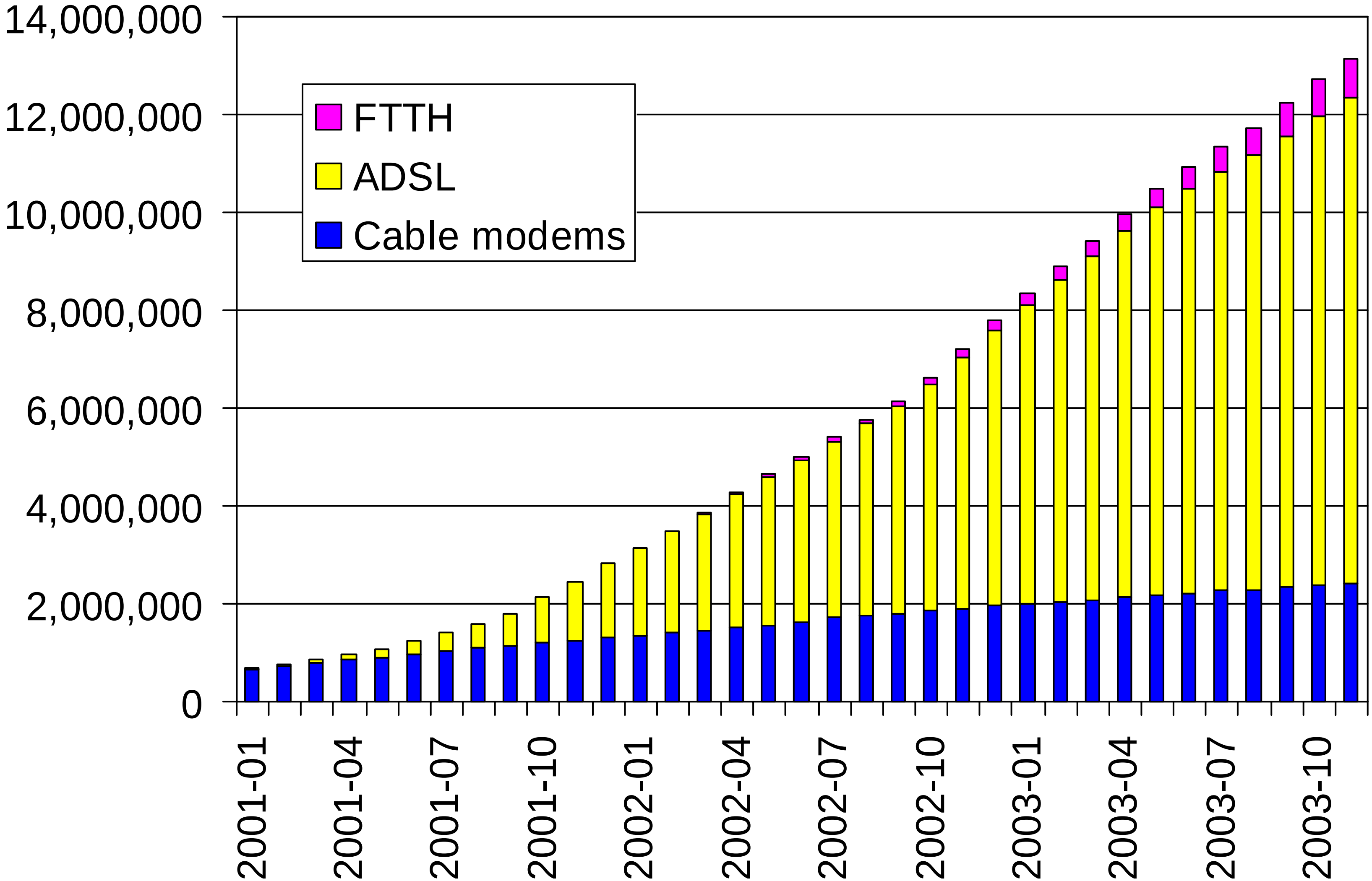
INTUG broadband

- Korea
  - saturated market 10.5 M lines Oct 2002
  - 8 Mbps or more
  - 20% of lines converted to VDSL in 2003 at 20-50 Mbps
- Japan
  - extremely fast growth of ADSL
  - minimum 8 Mbps, some very high speeds, 26 to 45 Mbps
  - very low costs around US$ 30 per month
  - IP telephony is a significant factor
- going quickly for economies of scale
  - for operators
  - for manufacturers of CPE
  - to create markets for service providers
  - to be ready for the next wave
  - to avoid being eaten by larger players

INTUG Japanese broadband



INTUG ADSL market shares

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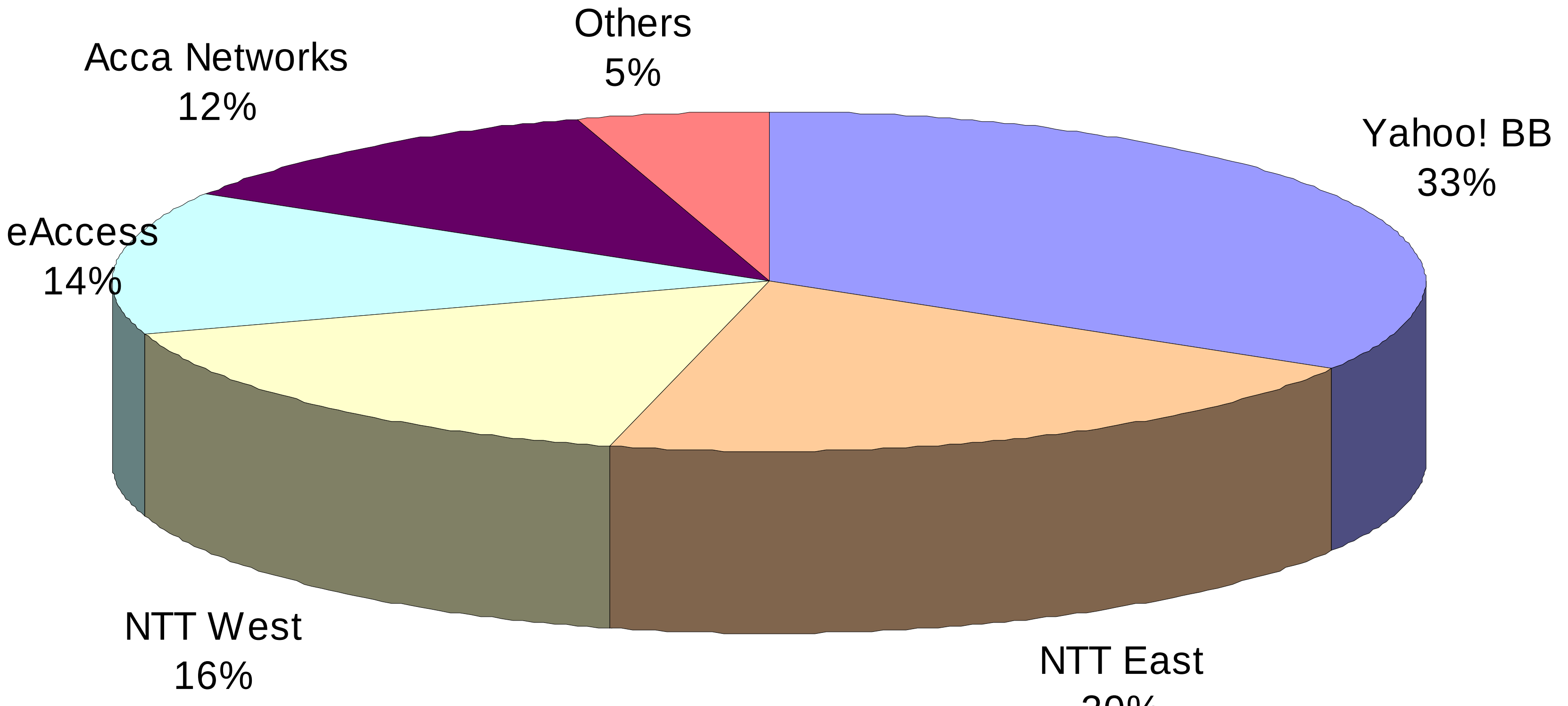
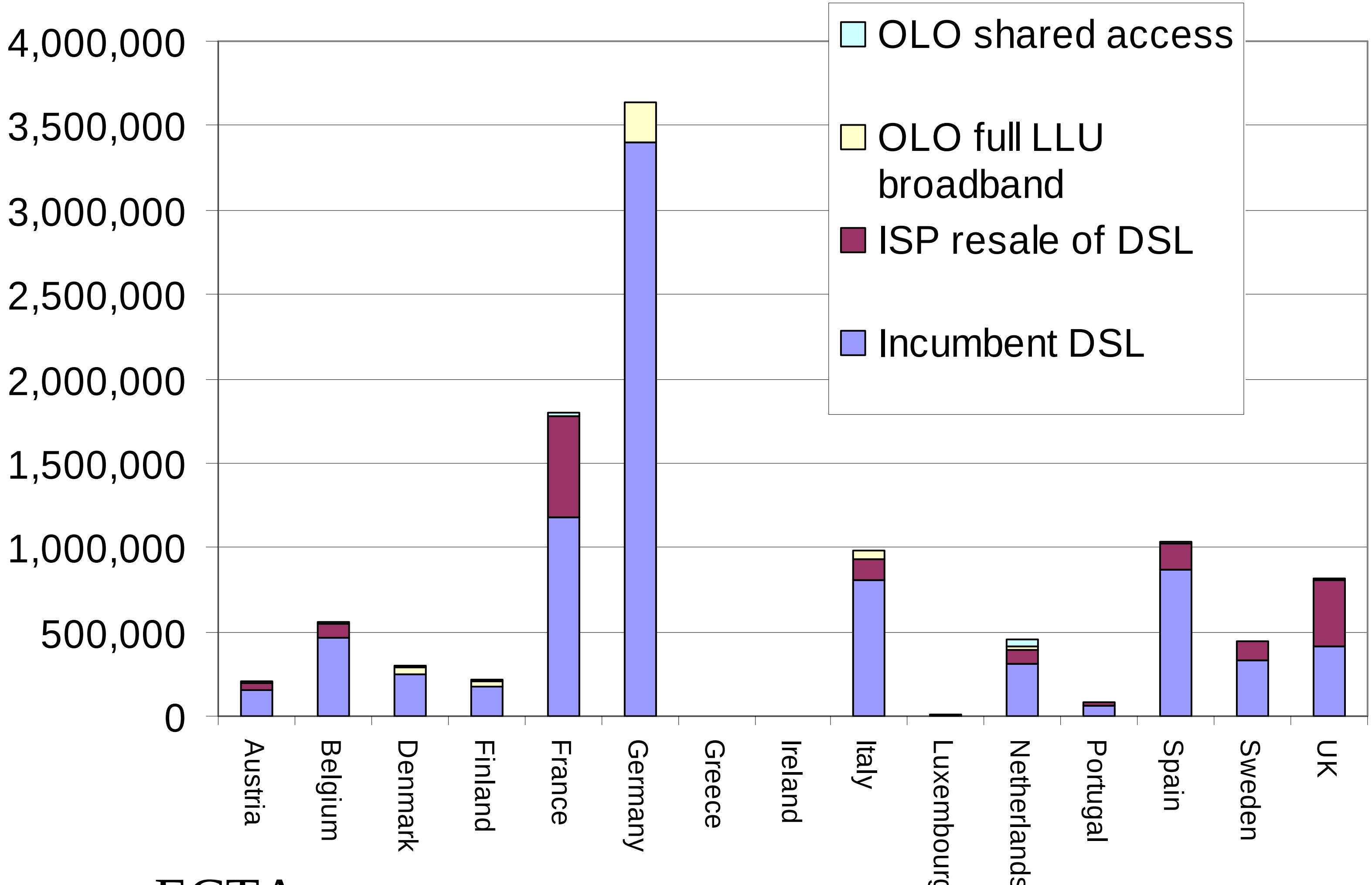


INTUG unbundling

- a *really* tough policy to implement
- slowly getting there in the EU
- incumbents are still resisting:
  - Hong Kong SAR
  - New Zealand
- alternative and complementary:
  - bitstream access
  - Wholesale Line Rental (WLR)

INTUG unbundling in the EU



Source: ECTA.

INTUG Hong Kong and New Zealand

- review of Type II interconnection
- mainly about access to wiring cabinets
- cheap and fast 1.5, 3 and 6 Mbps
- e.g. 6M 200 hour plan HK$398 (€40)

- LLU rejected
- too little political support, too much opposition
- some alternative technologies
- 256kbps for 500MB for NZ$ 50 (€ 27)

The same pro-incumbent documents submitted to both, many from the USA.

INTUG leased lines

- 25th anniversary paper to ITU
- minimal progress by countries in the implementation of ITU-T D.1 which should ensure:
  - cost orientation
  - non-discrimination
- Asia-Pacific issues at OECD and APECTEL
- recent ECTA scorecard on interconnect leased lines

INTUG IP telephony

- biggest regulatory question of 2004
- in the USA:
  - financial effects on operators
  - contribution to universal service fund
  - how will FCC decide?
- in Europe
  - it should depend on market definition
  - is it in the same market as traditional telephony?

INTUG IP telephony

- regulatory uncertainty in so many countries
- success of
  - Skype (Sharman Network) - free
  - Vonage – fixed monthly fee
- Japan
  - government assigned 050 range
  - Yahoo! BB phone > 3M customers
  - free on-net calls
  - JPY 60 to PSTN in Japan and USA
  - rivals now “peer” traffic

INTUG numbering

- good progress on MNP:
  - South Korea 1 January 2004
  - USA 24 November 2003
  - Japan out to consultation
- fierce resistance to ETNS/+3883
- “universal” number ranges comatose
- may see action to open cross-border access to numbers in other EU countries
- and after ten years still nobody knows if we need IPv6 (or 7 or 8 or?)

INTUG conclusions

- slow progress in the face of bitter resistance by established operators
- increasingly a political "game" to control
  - pace of liberalisation
  - entry of competitors
- need to combine:
  - politico-regulatory activity
  - commercial negotiation
  - behaviour of users
- users are outgunned in lobbying, need to more effective

INTUG thank you

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