

Roaming Regulation: The 2008 Review

Ewan Sutherland

<http://www.3wan.net/>

Introduction

- Beyond Europe
- The roaming saga
- Corporate purchasing
- Voice prices
- SMS price controls
- Data and Internet price controls
- Conclusions

Solutions from beyond Europe

- Hong Kong SAR and China:
 - one country, two systems
 - one SIM Card, two numbers
 - intelligent networks route the calls
- UAE, Saudi Arabia and Indonesia:
 - Prepaid Local Number (PLN)
 - visiting roamers can get a local prepaid number, then buy local top-up cards
- Africa (from the Atlantic to the Indian Ocean):
 - Celtel (part of Zain Group)
 - no additional fee for pre-paid or post-paid
 - receive and make calls at domestic rate
 - can buy local top-up card in any country
- Bridge Mobile Alliance (Asia):
 - Daily rate for data or Internet roaming

The saga of roaming

- GSM Directive (87/372/EEC)
- DG Competition:
 - letter of comfort 1997 & 1999 – Art. 81 (3)
 - merger controls
 - sector inquiry 1999
- Framework Directive (2002/21/EC):
 - some NRA investigations
- The tragedy:
 - no robust market definition
 - no robust economic model
- The remedy:
 - Roaming Regulation (717/2007/EC)

Europe is not a single market

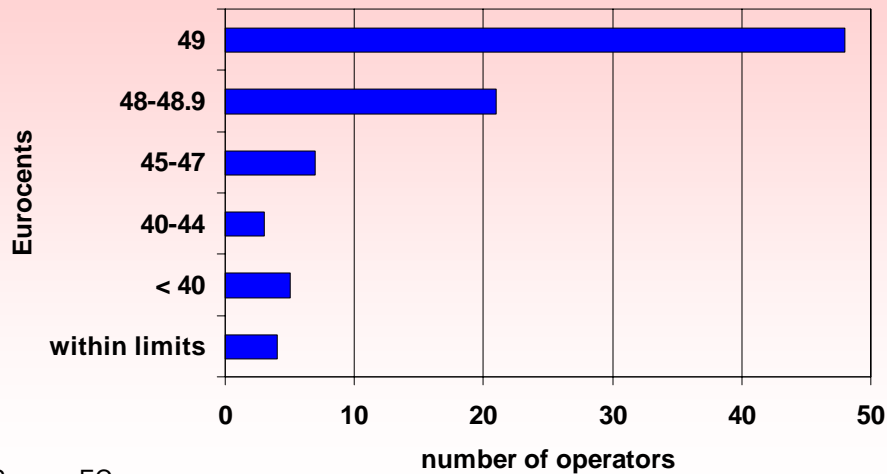
- Enormous variations in every measure except teledensity
- Percentage of pre-paid customers
- Average Revenue Per User (ARPU)
- Minutes of usage
- Mobile Termination Rates (MTRs)
- Market concentrations (HHIs)
- Influence of visitors

Corporate customers

- Seeking trans-national services:
 - impossible because of operator fragmentation
 - they charge country-by-country
- Seeking simple tariffs for data service:
 - different home and roaming rates
 - different rates for:
 - phone
 - Personal Digital Assistant
 - Blackberry®
 - data card
- Buyer power:
 - exists in national markets
 - is expended in call origination (and maybe call termination) rates

No evidence to date of deals being negotiated since the Roaming Regulation.

Operator roaming tariffs



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20.xi.07, European Parliament

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After the Roaming Regulation?

- Experience and economic evidence suggest tendency to raise prices
- When controls end, how quickly will prices move upwards?
- No mechanisms in 2002 directives exist (or they would have been applied)
- No additional measures in 2007 proposals
- Scenario:
 - best case: prices will remain at 2010 prices
 - worst case: rapid price increases

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Text messaging

- Omission of SMS from the Regulation was anomalous
- Strong case for controls
- Some very high prices
- We have a market definition
- We have pricing data
- Setting wholesale and Eurotariff would be easy:
 - inbound €0.01 retail
 - outbound €0.03 wholesale and €0.05 retail

Data or Internet access

- Wide ranges of prices and practices
- Some slow movement towards daily charges
- High prices are suppressing demand:
 - nationally
 - within the Single market
- However, regulation would be very hard:
 - there is no market definition
 - inclusion of Wi-Fi hot spots?
 - data service or also applications?
 - there are no cost data, so no benchmark prices
 - some very limited evidence of third party access

Vodacom Tanzania

Tariffs quoted in Tsh, exclusive of VAT, applicable on Vodacom Prepaid and Post-paid options. 1MB=1024KB, 1GB=1024MB, 2GB=2048MB.

Internet/WAP charged at accumulated uplink and downlink volume per KB (kilobyte) including any control or session establishment packets, all packet header data and formatting data.

Data usage includes any information automatically sent or received by the cellphone or other device, such as application and system tool automatic update checks and downloads etc, whether they are background or foreground (visible or not visible) processes.

One unit equals one byte of data.

Mobile television

- This could be the next area for roaming abuses
- Need to ensure market structures and practices do not allow this
- Need to build on our experiences

Conclusions

- Markets are fragmented on national lines
- Operators appear to be compliant
- But with no signs of retail competition
- SMS is a very good candidate for retail price regulation
- Data roaming would be tough to regulate
- Other parts of the world have found their own (much cheaper) solutions

Thank you

Ewan Sutherland

<http://3wan.net/>

3wan [at] 3wan.net

+44 141 416 0666

skype://sutherla

