



# Mobile Termination Rates and its impact on retail rates in the ECTEL Member States

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# Preamble

- In March of 2009, ECTEL made a recommendation to the National Telecommunications Regulatory Commissions (NTRCs) on cost-oriented interconnection rates in the ECTEL Member States.
- ECTEL proposed that an adjustment be made to the Mobile Termination Rates charged to providers on the islands.
- A three-year plan for the reduction of the MTRs using a 'glide path' concept, commenced on April 1, 2009.
- The ECTEL recommendation resulted in setting cost-oriented termination rates (as is the case for fixed and mobile networks) and hoped to influence a downward shift in retail mobile to mobile on-net and off-net rates across the ECTEL MEMBER STATES.

The complete recommendation and methodology can be accessed from ECTEL's Directorate or found online at [www.ectel.int](http://www.ectel.int)

# ECTEL Region Facts

## (Pre-introduction of single MTR)

- MTRs differed based on call origination: calls originating from local mobile, local fixed and international networks attracted different termination rates. This is illustrated in the Figure 1 below.
- The average MTR for calls originating from an international network, a fixed network and a mobile network were U.S \$0.20, U.S \$ 0.22 and U.S \$0.20 respectively.

Table 1

Call Origination	2003	2004	2005	2006	2007	2008
International Network	0.20244	0.20244	0.13582	0.13582	0.13582	0.13582
Fixed Network	0.22452	0.22452	0.22452	0.22452	0.22452	0.22452
Mobile Network	0.20244	0.20244	0.20244	0.20244	0.20244	0.20244

# ECTEL Region Facts

## (Post-introduction of single MTR)

- The average rate declined to U.S \$ 0.135 in 2009, U.S \$0.115 in 2010 and U.S \$ 0.09 in 2011.(See Figure 2)

Table 2

Rate Type	2009	2010	2011
Mobile Termination rate	0.13582	0.11539	0.09496

- One Mobile Termination Rate was put in place of the mobile termination rates for calls originating from an international network, fixed network and mobile network.
- The current average MTR among the ECTEL Member States stand at E.C \$ 0.251 (US \$0.093).The table in figure 3 below shows each Member State's current MTR and were each ranked in order of highest (1) to the lowest (6) rate.

Table 3

Member State	USD	XCD	RANK
St. Kitts/Nevis	0.105	0.285	1
Dominica	0.095	0.258	2
Grenada	0.092	0.250	3
St Vincent	0.089	0.242	4
St Lucia	0.082	0.223	5
Average Rate	0.093	0.251	6

# ECTEL Region Facts

## (Post-introduction of single MTR)

- The average MTR of the ECTEL Member States is seven percent higher than the average MTR of 17 other LAC studied. Table 4 shows the comparison of the averages of ECTEL Member States against these 17 LAC countries.

Table 4

LAC	MTR US\$	Range
Aruba	0.156	HIGH RATE
Turks and Caicos	0.150	
Barbados	0.128	
Anguilla	0.111	
Cayman Islands	0.108	
<b>St. Kitts and Nevis</b>	<b>0.105</b>	
Suriname	0.102	
<b>Commonwealth of Dominica</b>	<b>0.095</b>	
Jamaica	0.094	MEDIUM RATE
<b>Grenada</b>	<b>0.092</b>	
<b>St. Vincent and the Grenadines</b>	<b>0.089</b>	
<b>Average</b>	<b>0.088</b>	
<b>Saint Lucia</b>	<b>0.082</b>	
El Salvador	0.080	
Dominican Republic	0.070	LOW RATE
Guyana	0.068	
Trinidad & Tobago	0.063	
French Guiana	0.054	
Guadeloupe	0.054	
Martinique	0.054	
BVI	0.050	
Honduras	0.048	

### Key

**Segment 1 (Low):**  $\$0.048 \leq \text{MTR} \leq \$0.068$

**Segment 2 (medium):**  $\$0.074 \leq \text{MTR} \leq \$0.094$

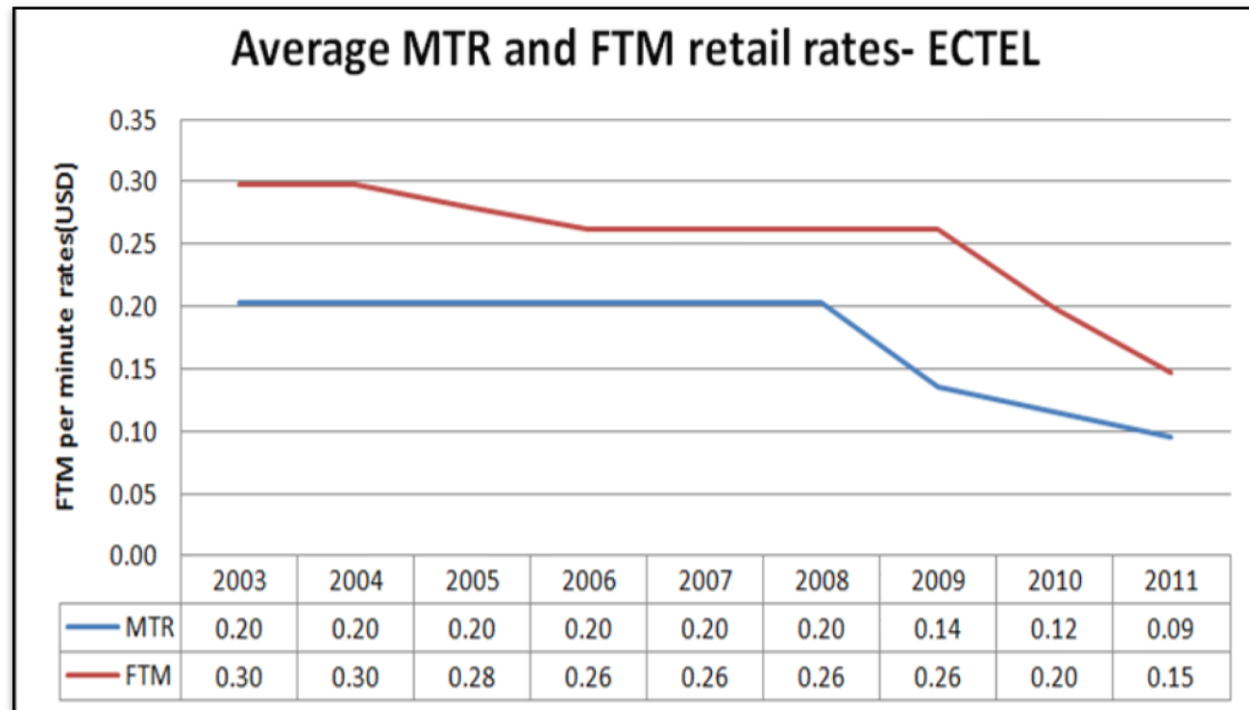
**Segment 3 (High):**  $\$0.095 \leq \text{MTR} \leq \$0.156$

# Effects of the reduction in MTR in the ECTEL MEMBER STATES

- MTRs declined from an average of U.S \$0.23 per minute by the end of 2009 to an average of U.S \$0.09 per minute by 2011, a 14 cents or 61 percent reduction in whole sale per minute rates over the three year period.
- As a result of the reduction in the MTRs in 2009, ECTEL was able to take further regulatory action in 2010 to reduce FTM retail rates across Member States.
- In Rule 12 of the current Price Cap Plan (PCP), Basket 6 establishes the maximum prices which LIME (the incumbent carrier) is able to charge for a FTM call. These maximum rates were outlined by ECTEL in the PCP which came into effect on April 15, 2010.
- Fixed to mobile (FTM) retail rates declined from U.S\$0.26 per minute to U.S \$0.15 per minute. A U.S \$0.11 or 42 per cent reduction in FTM per minute rates over the same period 2008-2011.
- See Figure 1

# Effects of the reduction in MTR in the ECTEL MEMBER STATES

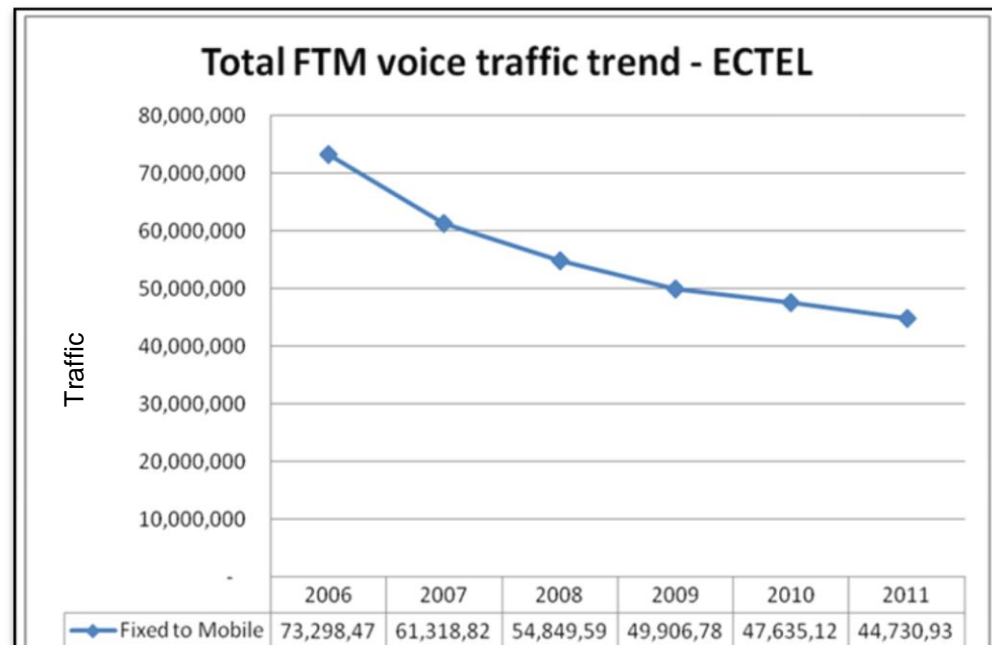
Figure 1



# Effects of the reduction in MTR in the ECTEL MEMBER STATES

- FTM voice traffic activity has been declining at a slower rate since the reduction in FTM retail rates across the ECTEL Member States from 2009 through to 2011. (see figure 2)

Figure 2





# Effects of the reduction in MTR in the ECTEL MEMBER STATES

- MTM rates in majority of the ECTEL Member States were generally not influenced by the reduction in MTRs on the islands.
  - MTM off-net rate trends in some ECTEL Member States remained unchanged despite the reduction in MTRs.
  - MTM on-net rate trends in some ECTEL Member States, already somewhat in line with MTRs, responded with small downward movements.
- See figures 3 & 4 graphical representation

# Effects of the reduction in MTR in the ECTEL MEMBER STATES

Figure 3

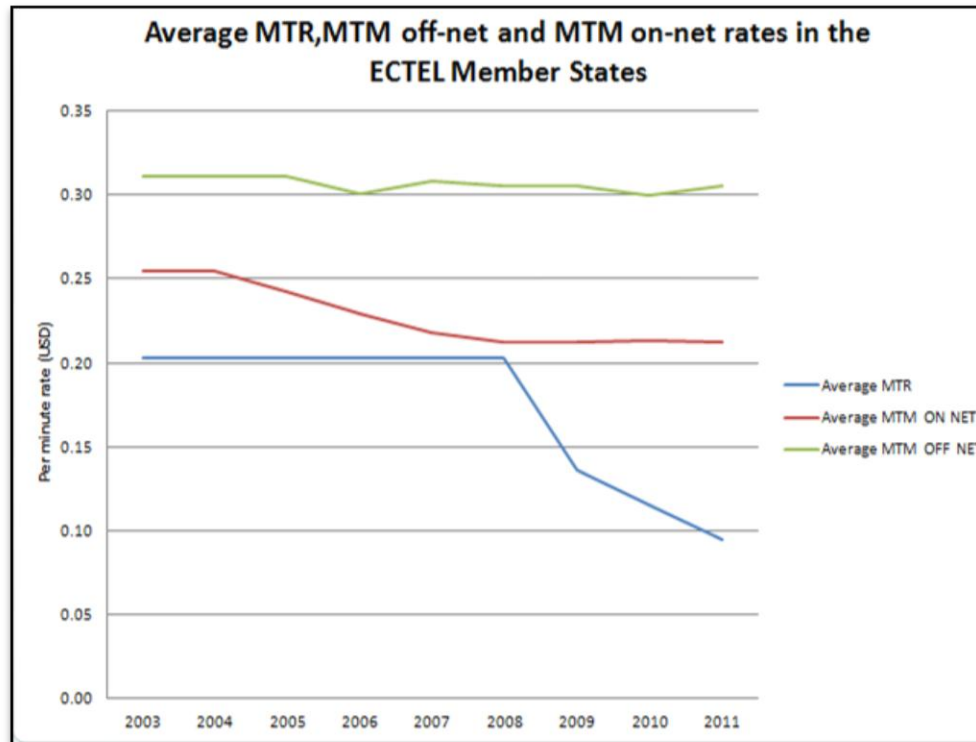


Figure 4

RATE TYPE	2003	2004	2005	2006	2007	2008	2009	2010	2011
Average MTR	0.20	0.20	0.20	0.20	0.20	0.20	0.14	0.12	0.09
Average MTM ON NET	0.25	0.25	0.24	0.23	0.22	0.21	0.21	0.21	0.21
Average MTM OFF NET	0.31	0.31	0.31	0.30	0.31	0.31	0.31	0.30	0.31

# Summary of the ECTEL observation

- MTR rates reduced in an effort to influence downward push on retail prices.
- FTM rates in the ECTEL Member States were influenced downward as a result of the MTR decline.
- On average MTM rates generally not phased by changes in the MTR decline
- On average MTM off-net rates in the ECTEL Member States have not reacted to the change in MTRs and remained flat for the most part.



**Thank You**