



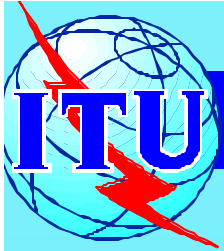
Mobile Interconnection

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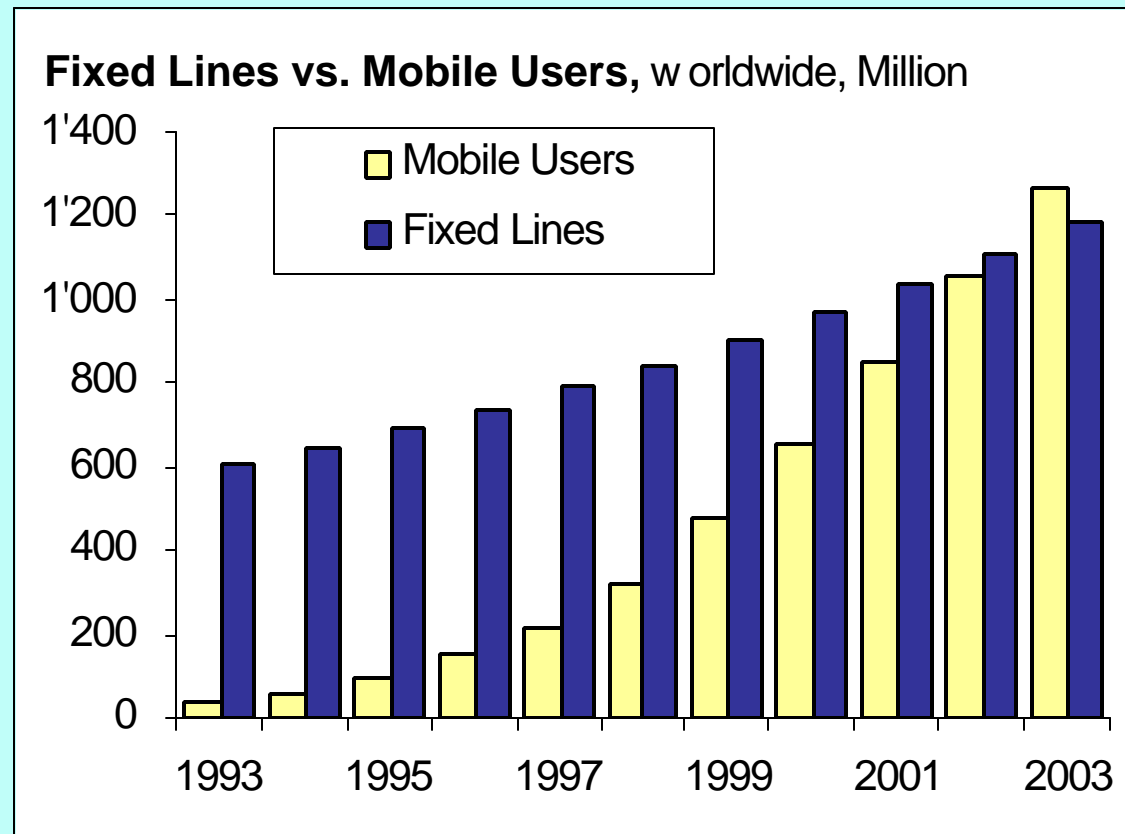


Development Symposium for Regulators
21 November 2000

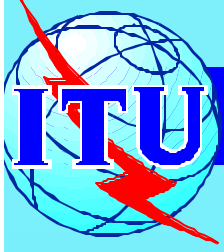
Note: The views expressed in this presentation are those of the author and do not necessarily reflect the opinions of the ITU or its membership. Lara Srivastava can be contacted at lara.srivastava@itu.int



Mobile is overtaking Fixed

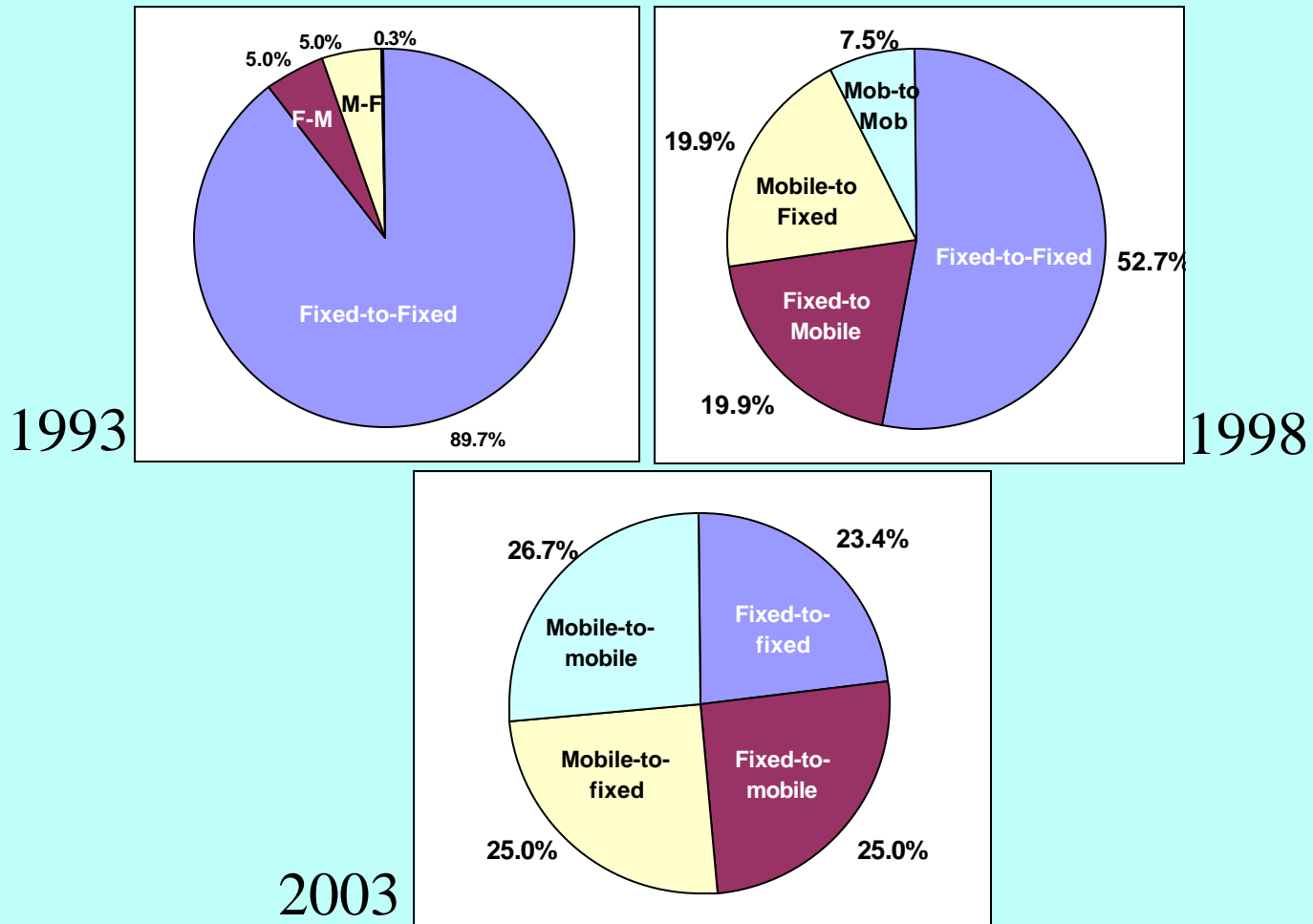


Source: ITU



A wealth of calling opportunities

Among mobile and fixed-line users, worldwide (1993, 1998, forecast 2003)



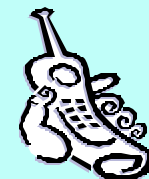
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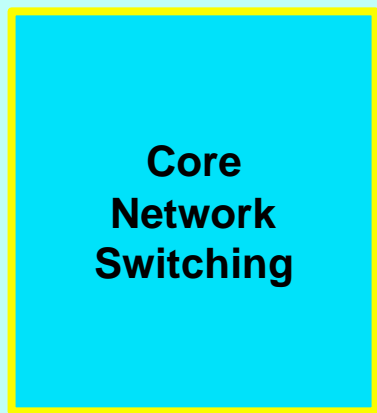
Components of a Fixed to Mobile Call



Calling Party
(FIXED)



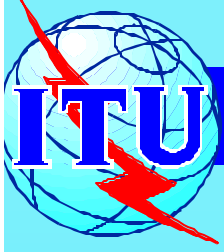
Called Party
(MOBILE)





Interconnect Call Termination

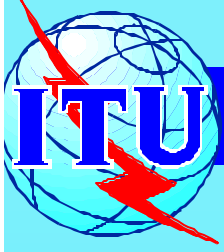
- **Calling parties seek to terminate calls at addresses (numbers) controlled by specific operators**
 - ⇒ **No practical alternatives available**
- **Operator in control of the more valuable or larger set of addresses has the incentive to:**
 - ⇒ **Refuse interconnection**
 - ⇒ **Set high prices for interconnection**
- **Interconnection regulation focused on dominant fixed operators**
 - ⇒ **unintended consequence: mobile carriers have increased negotiating power**



Interconnect Call Termination (cont'd)

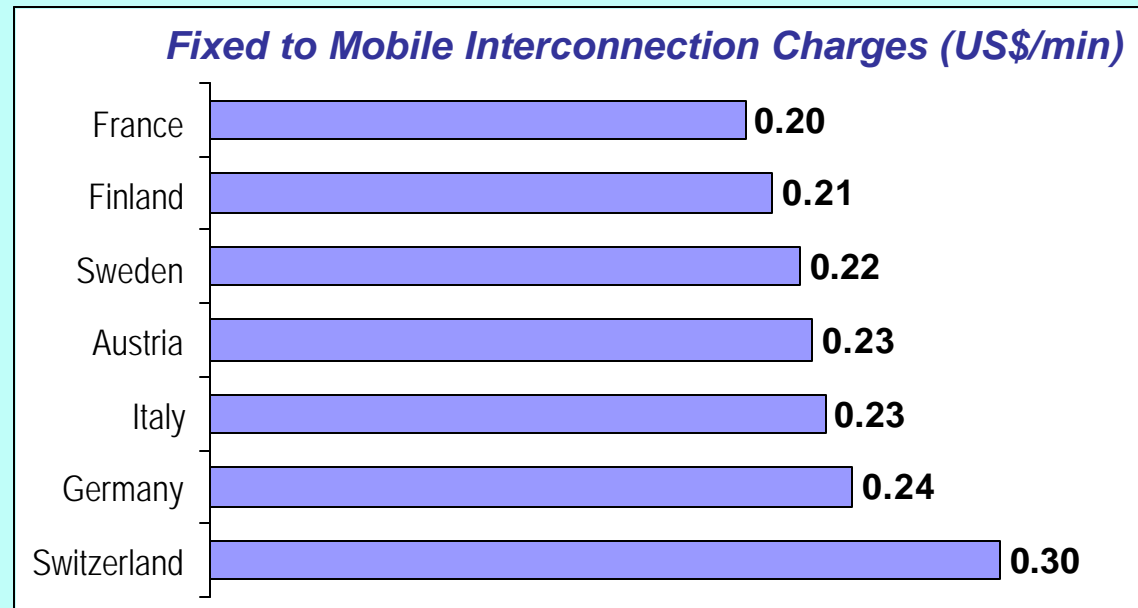
- **Problem exacerbated in the CPP context:**
 - ⇒ **Lack of tariff transparency further reduces incentives to lower prices**
 - ⇒ **Mobile operators not subject to commercial consequences of keeping rates high**





Example: Charges in Europe

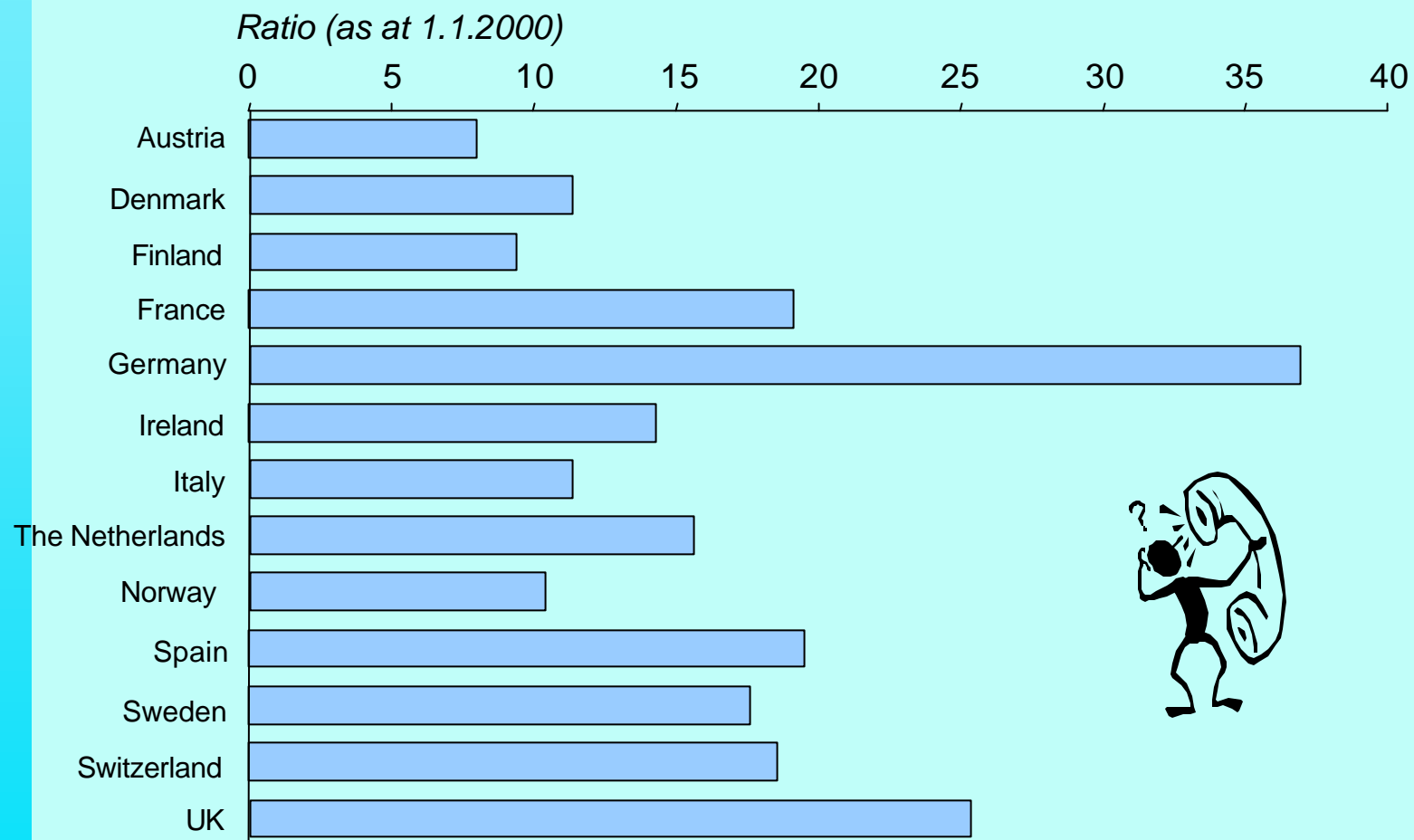
- **Interconnect Regime for Mobile Operators**
 - ⇒ **All operators: right and obligation to interconnect**
 - ⇒ **SMP operators : access, cost-orientation, information, non-discrimination**
- **EU Termination Charges Consistently > Cost**



Source: ITU, Trends 2000



Ratio of Mobile to Fixed Termination Charges in Europe

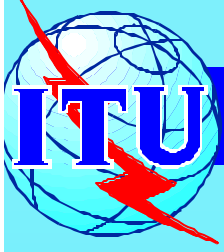


Source: Ovum



But this is not a universal scenario

- **In some cases, powerful incumbents pay little or nothing for connecting to mobile networks**
 - ⇒ ... and this demonstrates the vulnerability of new entrant mobile operators in an unregulated environment
- **Contributing factors:**
 - ⇒ **State-ownership of incumbent operators**
 - ⇒ **Independence of the regulator/policy-maker**
 - ⇒ **Degree of competition**



Technical Aspects

- **Incumbents may have the incentive to limit points of interconnection**
 - ⇒ **This may result in higher charges, and**
 - ⇒ **increased congestion of the mobile network**
- **Implementation of regulation**
- **e.g. India**



The Background Resources Website on FMI

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Fixed-Mobile Interconnection - Microsoft Internet Explorer

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www.itu.int/interconnect

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FIXED-MOBILE INTERCONNECTION: Introduction

This Website has been designed to provide background resources on the topic of fixed-mobile interconnection. It is currently being constructed, so please check back regularly for updates.

Browsing through these pages, you will find, among other things, an overview of the critical issues underlying interconnection between networks, an introduction to interconnect pricing, specific regulatory developments, and examples of current interconnect rates between fixed and mobile networks. You will also have access to case studies conducted by the ITU in selected countries.

Some documents are in Microsoft Word format . If you require a Word Viewer or Reader, they are available [here](#) at the Microsoft site. Other documents are in .pdf format. If you do not have Adobe Acrobat® reader, it is available free of charge from the Adobe web site.



FIXED-MOBILE INTERCONNECTION: Hot Links

FMI WORKSHOP (20-22 September 2000, Geneva)

- [Chairman's Report](#)
- [Press Article on Workshop: CWI \(09/10/00\)](#) **NEW!**
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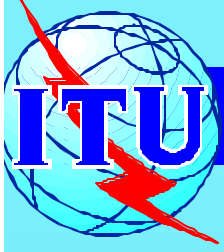
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Questions for Regulators

- **CPP:** Should countries move to the CPP pricing scheme for interconnection?
- **SMP:** Should operators with significant market power be regulated differently from new entrant operators?
- **POI:** In what ways can a regulator help to overcome or avoid frictions in the process of obtaining technical interconnection?
- **ADR:** Is there a role for regulators in the arbitration of fixed-mobile interconnection disputes?