



Policy and regulatory actions

Session 5

ITU High Level Workshop on Regulatory
and Economic Aspects of IMR

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Policy & Regulatory Actions

- Empowering users – potential reduction in IMRS charges and bill shock;
- Creating competitive conditions in market (including facilitating substitutes);
- Structural solutions aimed at developing effective wholesale and retail price competition –complex and requires intrusive regulation but can lead to a longer term solution and lifting of regulations;
- Taxation

Empowering users:

Increasing awareness

- Technological limitations (different standards, locked phones);
- Pricing structures when roaming different compared to home;
- Easily accessible information on prices for IMR;
- Price structures should ensure that users do not pay for services which are not rendered/used.
- Information on how to manage data roaming;
- Personalised SMS on arrival in visited country detailing prices;
- Protection in place for inadvertent roaming in border regions;
- Provide information of data consumption by mobile apps;
- Information on substitute technologies/services for roaming;
- Dispute resolution procedures to resolve billing problems arising from roaming.



Price Regulation

- Regulation needs to cover voice, SMS and data;
- Simplicity and ease of administration;
- Regulation of IMR prices have been mainly undertaken using price caps - a well defined "glide path" for future price reductions can be used providing certainty;
- Regulators may choose in a bilateral/regional agreement to have asymmetric prices (retail and or wholesale) where markets differ;
- Regulators need to collect wholesale & retail data to benchmark progress & co-ordination between regulatory authorities is essential;
- Regulated mobile termination rates can be used as a benchmark for setting wholesale roaming charges; If cost models are not available a 'retail minus' methodology can be used to determine wholesale rates;
- Eliminate double taxation;



Taxation

- General principle that the taxation of consumption should take place where consumption takes place. In the case of roaming services obtaining consensus as to where the services is performed and consumed is more complex;
- The EC Directive (from 1 January 2015) value-added tax on telecommunication services provided by a supplier located in EU will be charged in the jurisdiction where the customer belongs;
- Some countries (e.g. India) argue that the service is consumed in visited country hence inbound roamers should be taxed;
- GSMA has estimated that double taxation applies to 72 percent of routes in Latin America & impact of double taxation results in increase of prices between 35-60 percent;
- WCIT - tax shall normally be collected only in respect of international services billed to customers in that country;
- Conflict between desire of telecommunication authorities to ensure that prices are competitive and benefit users and the taxation authorities concerned with raising revenue;

Creating competitive conditions in IMR market

- Level of mobile competition in visited country is important – but does not guarantee low IMR prices;
- Encourage new technologies – network neutrality (use of apps on smartphones);
- Liberalisation of international gateways;
- Provide dedicated web site with information on substitutes & drawbacks of substitutes;
- Encourage shift to flat rate packages;
- Carrot & stick: EU 'Roam like at home';



Structural Measures

- Separating home and visited market (EU). Implies that a subscriber can choose an IMR service before leaving home country (keep number);
- "Local break out" for mobile data services allowing visitor to choose a data service provider in visited country (EU);
- Creating IMR as a separate market - allow domestic MVNOs to have access to network resources in the home market (at local termination rates)...
- ... and agree with authorities of visiting countries that these MVNOs can access visiting country markets on a non-discriminatory basis;



Bilateral, regional, multilateral actions

- Responsibility of regulators must be well defined: authority to take action, methodologies, sharing information, monitoring, future action;
- Bilateral/regional agreements should provide for third party membership on condition that participating countries are legally able to ensure full compliance with all the requirements of the framework;
- WTO – determine applicability of existing commitments to IMR & encourage regional economic integration agreements to open up the mobile roaming market to competition (clarify MFN);
- WTO Basic Telecommunications Agreement - nondiscriminatory terms and conditions for interconnection?
- ITU can help in developing and diffusing best practice regulation for IMR & exchange experiences based on lessons learned by those countries that have already taken action;



Regional/Bilateral Initiatives (2)

- GCC (AREGNET), EU – Consumer protection & price regulation;
- APECTEL & APC: 3 sets of guidelines - *provision of consumer information, for regulators & operators to provide information*;
- ASEAN: Record of Intent - roaming across the 10 member countries at same charges as in home country;
- CRASA & ECOWAS: Increased transparency
- Latin America (e.g. CITELE), Caribbean Community: under study; African Union Commission;
- BILATERALS
 - Singapore, Brunei, Malaysia;
 - Australia & New Zealand;
 - Israel, Russia;
 - In general bilaterals more rapid than regional or multilateral arrangements (GCC & EU the exception);