

## PRICE POLICY IN THE TELECOMMUNICATION SECTOR

The price policy covers the constraints and procedures linked to price setting.

Whereas prices on a competitive market usually take account of cost, demand and competition, on a regulated market account must also be taken, *inter alia*, of regulation.

Thus on the telecommunication market in Togo, prices are set freely or are subject to a regulatory regime depending on the market segment.

For market segments subject to a declarative regime, such as Internet and data transmission, prices are set freely by operators since the conditions required for pure competition appear to be present (free entry, atomicity of providers, etc.).

For market segments subject to authorization, such as the telephone service, prices are regulated. There are usually at least three regulatory regimes:

- price blocking, pure and simple;
- the price taxation regime, the objective being to limit price increases;
- conventional freedom regimes: prices are free, but monitored.

A single regime can apply, as can all regimes simultaneously, depending on the market segment.

To date, the *Autorité de Réglementation des secteurs de Postes et de Télécommunications* (ART&P) has applied a conventional freedom regime, in other words it monitors the prices set freely by operators. Nevertheless, in the future, ART&P intends not only to monitor prices, but also to limit their increase over time. The policy envisaged consists in:

- ensuring that the prices set by operators are cost-orientated;
- regulating the capital cost return;
- limiting price increases over time (price capping).

To this end, ART&P has already carried out one action, and two are under way, namely:

- a study on determining costs and tariffs carried out in 2006 with the operators. The model used is the ITU cost model COSITU. Obviously each operator is free to adopt the model of its choice in order to set its tariffs. Nevertheless, no control is possible on a consensual basis if two different methods are used by the two parties (regulator and operator) and are liable to produce different results. For this reason, ART&P will reach agreement with the operators on a basic model for control purposes.
- an audit of operators' costs (under way), as it is important for operators' costs to be known, and necessary to ensure that the operators optimize their costs so that consumers do not pay the price of inefficiency and inappropriate costs.
- a draft decree is under development providing for the submission of tariffs to ART&P prior to any publication.
- a text enshrining the principles for tariff setting and authorization will define the framework of this policy.