

# **Mobile termination & international roaming rates**

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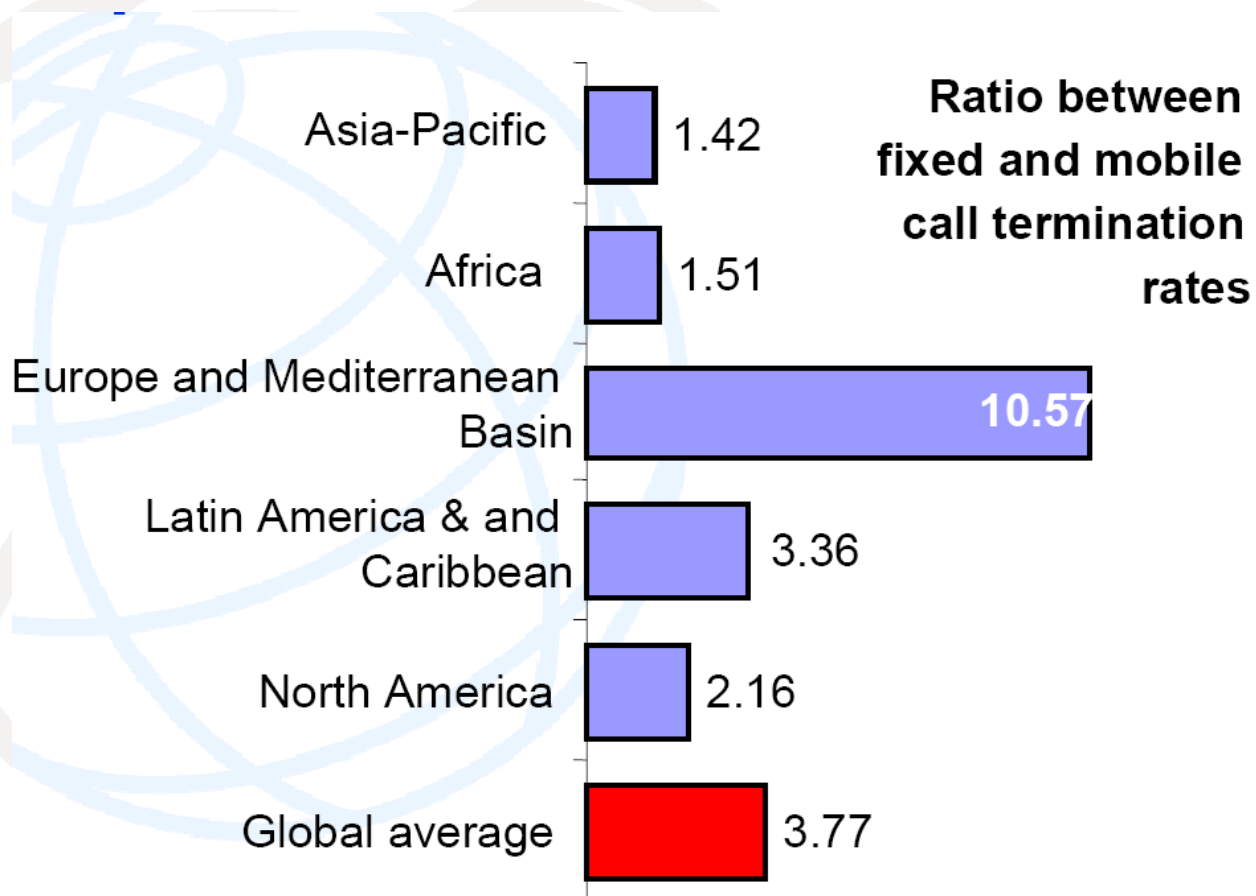
Regulatory & Market Environment Division  
Telecommunication Development Bureau  
International Telecommunication Union

## Termination rates worldwide

Termination rates in US cents per minute	Average fixed rate	Average mobile rate
Asia-Pacific	11.69	16.58
Africa	13.62	20.57
Europe and Mediterreanean	3.11	32.86
Latin America and Caribbean	4.88	16.43
North America	2.81	6.07
<b>Global average</b>	<b>5.77</b>	<b>21.76</b>

Source: ITU-T, based on survey of regional tariff groups.

## Termination rates worldwide



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## Termination rates worldwide

EU25 – all countries regulates FTR, usually using cost-oriented approach to price regulation.

### Principles for calculating interconnection charges in the EU

- The EU member states have adopted quite different methods (combination of cost base and cost standard) for their cost calculations;
- Although every country has taken its own approach, it follows from the table that most countries use a version of either FDC or LRAIC.

Country	Cost base	Cost standart
Belgium	Historic/Current	FDC
Denmark	Forward-looking costs	LRAIC
Germany	Forward-looking costs	LRAIC
Greece	Current	LRAIC
Spain		Capacity-based model
France	Current	LRIC+mark-up for common costs+specific costs
Ireland	LRAIC	LRAIC
Luxembourg	Historic	FDC
Austria	Current	FDC
Portugal	Historic, forward-looking and current	FDC
Finland	Historic/Current	Company specifics
Italy	Forward-looking	LRAIC
Sweden		LRAIC hybrid model
Netherlands	Current	EDC – for originating access tariffs, BU-LRIC – for terminating access tariffs
Czech Republic	Forward-looking	LRAIC
Cyprus	Current, Forward-looking	FDC – for retail services, LRAIC – for wholesale services
Lithuania	Current	LRAIC

Sources : EC, Center for Tele-Information, CMT

## Termination rates worldwide

	Africa	Arab States	Asia-Pacific	Europe&CIS countries	Americas
<b>% of countries regulating MTR</b>	43%	80%	33%	52%	14%

Source: ITU World telecommunication Regulatory Database

➤ **Current EU regulation of interconnect based around two principles:**

- Any-to-any interconnect for established end-to-end services (like voice telephony)
- Calling party pays

➤ **Together these principles lead to terminating monopoly problem:**

- Only one path to terminate - terminating network is the only route to the called party
- Subscribers care more about what they pay than what those who call them pay
- Terminating operator has monopoly power
- Incentive for terminating network to set high fees

EU25 -100%

## International mobile roaming

	Africa	Arab States	Asia-Pacific	Europe&CIS countries	Americas
% of countries regulating IRT	14%	20%	22%	57%	?

Source: ITU World telecommunication Regulatory Database

EU27 -100%

### Different approaches to reduce tariffs

One Network  
(*market players*)

Negotiation  
(market players -  
regulators )

Euro Tariff  
(*EC*)

## International mobile roaming

- Key issues – awareness and transparency. Examples of possible solutions:

<p><b>National or international websites for consumers</b></p>	<p><b>Advantages:</b> Would provide a one-stop shop for information and comparisons of retail roaming prices for operators. Consumers could consult the site anywhere where Internet access available.</p> <p><b>Disadvantages:</b> Might be difficult to find appropriate methodology for the comparison of numerous combinations of different and complex offers. Legal uncertainty- who is responsible for the accuracy of the information.</p>
<p><b>To inform customers by SMS</b></p>	<p><b>Advantages:</b> Simple and easy to implement (in many cases operators already provide some information via SMS). Information can be updated quickly and will be delivered to the mobile phone directly.</p> <p><b>Disadvantages:</b> Relatively short messages might be delivered if compared to information available. Requires some basic awareness from the end user, e.g. how to switch network.</p>

## International mobile roaming

Information in paper form	<b>Advantages:</b> Easy to implement.
	<b>Disadvantages:</b> Information might be lost. Operators may have to meet additional costs for producing, updating and distributing information.

### ■ Other possible regulatory intervention:

- Strengthen regional and international cooperation among regulators;
- Promote the usage of local SIM cards when travelling;
- Regulate wholesale tariffs (Inter Operator tariffs);
- Regulate retail tariffs.

#### Detailed analysis required:

- Subscribers' roaming traffic volume (minutes of usage);
- Routes of Calls (to which roaming partners);
- Roaming subscribers segmented into prepaid and postpaid;
- Etc.



# Example of the EU

## Step No 1



## Step No 2

Income group	Summer 2007	Summer 2008	Summer 2009
Maximum limit for the Eurotariff for calls made abroad	0.49	0.46	0.43
Maximum limit for the Eurotariff for calls received abroad	0.24	0.22	0.19
Maximum Inter-Operator tariff	0.30	0.28	0.26

Source: European Commission

Thank you!  
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