

# GSR 2008 Discussion Paper

Comments are welcome and should be sent by 13 April 2008 to [GSR08@itu.int](mailto:GSR08@itu.int)



## GSR 08: Session 7 International Mobile Roaming Regulation: An Incentive for Cooperation

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## International mobile roaming – what it is all about?

International mobile roaming services allow customers of a home mobile network operator to use mobile services when traveling abroad.

- The number of worldwide mobile subscribers surpassed 3 billion in August 2007;
- The number of air travelers worldwide reached 4.4 billion a year in 2006.
- The market is huge and it is still growing!



# Price – is what makes international mobile roaming less attractive

Example:



Which mobile phone should I use while visiting Thailand?	Calling Home (peak)	Calling locally (peak)	Receiving a call (peak)	Sending an SMS
Lithuanian operator	2.36 USD	0.94 USD	3.63 USD	0.53 USD
Swiss operator	4.80 USD	4.80 USD	2.88 USD	0.43 USD
Thai pre paid (activation fee - 6 USD)	To LT – 1.22 USD To CH - 0.68 USD	0.06 USD	free	National – 0.09 USD International - 0.16 USD

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# What makes international mobile roaming expensive?

➤ Costs?

Call type	Cost elements
Retail charge for international call (call from mobile phone)	Mobile origination + International transit + Mobile or fixed termination + Retail costs
Retail charge for outgoing international mobile roaming call	Mobile origination + International transit + Mobile or fixed termination + <b>Roaming-specific costs</b> + Retail costs

**Roaming specific costs** – costs incurred by operators for roaming-specific services, e.g. contracting, billing other operators, testing, specific signaling, etc. 1-2 euro cents, according to the EC.

## What makes international mobile roaming expensive?

➤ or operators' cooperation?

**International roaming agreements** are an essential precondition for international mobile roaming provision. Among other technical specifications, they set **Inter-Operator Tariffs (IOT)**, which are agreed bilaterally between the home and visited network operators.

International mobile roaming services are usually **vertically integrated**, meaning that both network and service operations are carried out by the same operator, thus giving greater control to mobile operators over their customers.

This creates a **challenging task for regulators** – getting information and calculating international mobile roaming costs.

## International mobile roaming tariff regulatory strategies

After analyzing international mobile roaming costs and actual prices charged, regulators might choose one of the following strategies:

- **No direct regulation** of any international mobile roaming tariffs;
- Regulating **wholesale** international mobile roaming rates only;
- Regulating **retail** international mobile roaming charges only;
- Regulating both **wholesale** and **retail** international mobile roaming rates.

## International mobile roaming regulatory practices

- There is little practice of regulating international roaming rates across the world except:
  - *the “Eurotariff” (the EU) – regulates both retail and wholesale rates*
  - *IDD-based in Arab States (AREGNET recommendation to regulate both retail and wholesale rates);*
- Other ways of dealing with International mobile roaming rates issue:
  - *”Plastic roaming” (across the world);*
  - *“One network” (some African countries, planned in Arab States, Conexus Mobile Alliance in Asia);*
  - *One SIM card with 2 or 3 numbers (China, Hong Kong, China and Macau, China).*

## Some insights

- The important role of **transparency**;
- **Be ready to debate and discuss** - the final outcome of the EU regulatory debates was a compromise between all stakeholders. The Arab region is currently in the middle of this process, and is working to allow the voices of all parties concerned to be heard.
- **Share regulatory practices** - regional cooperation between regulators as well as appropriate legal instruments will play a vital role for the successful finalization of any regulatory process. This could be very important for strengthening regulators' negotiating power.
- The success and final result of any regulatory approach depends largely on **how closely different stakeholders cooperate and how openly they discuss and debate the issues**.
- The **customer** is the one that we should all care about.



International mobile roaming is, in fact, possible because of cooperation between operators. This suggests that international mobile roaming regulation is only possible through cooperation among regulators.



The GSR may be the best opportunity  
to start the discussions!

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**Thank you!**

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