



# **International Mobile Roaming: A view from Latin America**

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# Asociación Interamericana de Empresas de Telecomunicaciones (ASIET)



ASIET is the most important association of telecommunications companies in Latin America, with more than 30 years dedicated to favor public policies that promote the sector development and the Information Society.

Our mission is to promote the development of the telecommunications industry, ensuring the common interests of our partners through the public-private dialogue.

We are a diverse and representative association dedicated to positioning the sector as a strategic ally of the countries and society, and to establish a high level dialogue with all stakeholders on how to address the shared challenges for the regional digital development, supporting public policies and regulatory frameworks that contribute to this objective.

For this reason we have launched the Center of Telecommunications Studies of Latin America, cet.la, with an ambitious plan of studies and the realization of activities of high level.



Our members



# From the past to the present (I)

Some data from the region to better understand the situation...

- The volume of travelers in Latin America is significantly lower than in other regions. Limited number of international travelers, 3% of the population compared to 42% in EU and 14% in USA. (IIRSA/Value Partners, 2006).
- But in 2015 Latin America attracted 16% of international travel, equivalent to 192 million people, an increase of 5% with respect 2014. The figure will reach 199 million of passengers in 2020. (WTO).
- However, the percentage of tourists in Latin America is lower in comparison with other regions as Europe (52%) or Asia Pacific (23%), but is one of faster growth. (WTO).
- 37% of latam travelers are business (3.8 million) and generated between 80% and 90% of the total roaming traffic. IIRSA/Value Partners, 2006.

# From the past to the present (II)

But the panorama changes...

- Although the traffic in roaming in the region was related to business activities, according to the WTO this dependence can change, given that globally 52% percent of trips are made by leisure, recreation and holidays; 27% for health, religion and other matters and only 14% for business and professional purposes.
- Worldwide, the number of subscribers who use roaming in 2017 will represent 18.6% of the total, while the 4G-LTE roaming growth is 68%. (Syniverse)
- Regarding to Latin America, mobile roamers will spend from 21.7 million in 2013 to 32.5 million in 2018. (Syniverse)

# Border Population

To indicate, just for evaluation of the relevance of cross-border roaming, that in 2006 the population living in border territories was only the 4% of the total population (IIRSA project) percentage that has not changed at the time being significantly.

2006, Millones de personas, Porcentaje



Top 5 Ciudades fronterizas

Ciudad	País	Hab.	% s/total fronterizo
1 Cúcuta	Colombia	0,7	46,7%
2 Asunción	Paraguay	0,5	31,3%
3 Posadas	Argentina	0,3	9,4%
4 Foz de Iguazú	Brasil	0,3	10,3%
5 Ciudad del este	Paraguay	0,2	12,5%
<b>Total</b>		<b>2,0</b>	<b>12,6%</b>

□ Baja concentración\*  
● Puntos de alta concentración

País	Población fronteriza**	% sobre población total
Argentina	3,2	8%
Brasil	2,9	2%
Venezuela	2,1	8%
Perú	1,8	7%
Paraguay	1,6	27%
Colombia	1,5	8%
Chile	1,4	3%
Bolivia	1,0	11%
Uruguay	0,4	12%
Guyana	0,0	5%
Surinam	0,0	5%
Ecuador	n.d.	n.d.
<b>Total</b>	<b>15,9</b>	<b>4%***</b>

\* Zona de Selva Amazónica en fronteras significa baja concentración de personas

\*\* Estimado al 2008



# Difficulties identified in the roaming process (I)

**Roaming is affected by a number of external and internal factors that difficult to improve the service.....**

- By effect of the double taxation of VAT and other sectorial taxes applied in most of the countries of the region the price of the international roaming service is approximately between **35%** and **60%** more expensive than a price without taxes. Source: IIRSA project.
- Many actors are involved at the end-to-end service. The mobile operator has no control of the entire chain, since they are involved among others, the long-distance operators. ...
- The cases of fraud pose between the **3%** and the **5%** of the operator incomes, and a **25%** of these losses correspond to that produced in roaming scenarios....
- Higher risk of fraud is due to the delay in the exchange of information between operators.
- Complex schemes of rates, by type of call, by country and by operator discourages use....
- The different technologies initially deployed by mobile operators in the region as well as the different attribution of frequency bands, delayed the development of the service and conditioned the use of more expensive terminals...

# Difficulties identified in the roaming Process (II)

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It is important to take into account that the degree of integration of the countries of the region is substantially different in volume compared to that of European countries (e.g.: societies, economies, Governments and freedom of movement).

Therefore the absence of supranational institutions in the region makes essential the public-private partnerships to advance in the development of the service...

# Market Solutions

To face the challenge posed to meet the needs of its customers, companies are reacting....

- In April 2015 America Movil removed roaming charges with some of the Central American countries where operates (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama).
- In 2016 expanded the elimination of tariffs for international roaming clients in Argentina, Brazil, Chile, Colombia, Ecuador and Peru.
- Movistar has also responded in the region with the elimination of tariffs between Costa Rica, El Salvador, Guatemala, Nicaragua, Panama and Mexico.
- Movistar also offers a package of Internet roaming allowing postpaid clients, besides unlimited browsing in the countries of Latin America where Movistar operate, an amount of 200 MB daily to navigate in the networks of AT&T and T-Mobile in the United States.
- AT&T has removed the rates between United States and Mexico, as well as plans for data and SMS unlimited.

And all this reactions without regulation... Just market competition



# Some conclusions

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The above said leads us to point out the following conclusions...

- The number of users of roaming shows an increase despite the crisis affecting the region.
- Although the region still presenting rates below other regions It should be noted that it is one of the fastest growing regions. (WTO)
- This increase has been favored by the actions that have been taken by the telecommunications operators.
- These actions have been motivated by the strong competition in the sector and not by an ex-ante regulation.
- The market has shown to be an effective way for go achieving an environment more favorable to the interests of the users.
- The above leads us to consider that regulation should not focus to the single issue of rates but to other key factors that have been mentioned and this regulation should be harmonized in all countries.
- The non-existence of a supra-national regulatory authority hinders the coordination and harmonization of regulation, hence the need to work in order to achieve a greater regional integration on this issue as well as to foster a strong public - private dialogue for moving forward

# ASIET positioning



ASIET has reached a common position on international roaming among all its members, which is presented in its Regulatory Handbook. Main points:

- The industry and the regulators should prioritize to establish transparent and clear information to the consumers in matter of prices and develop control mechanisms of diverse nature to avoid situations of over-consumption of roaming services not desired.
- The regulatory intervention of prices not seems appropriate taking into account that the market is constantly offering new solutions that benefit to the consumers.
- The potential of the competition to help reducing prices proves that the regulatory intervention relating prices doesn't seem the best solution.
- The authorities have to focus their initiatives in trying to eliminate the barriers (double taxation, fraud, technical limitations) that restrict the adoption of the service
- Introducing roaming regulation while the referred obstacles remain in force, could lead to negative consequences for the development of the sector.
- Regulation can generate additional imbalances, since if a regulation that could be implemented in country A is not implemented in other countries in a reciprocal manner, it will only benefiting to the operators (clients) of other countries when visiting country A.
- Minimize the effects of the border roaming in order to protect users from these areas.
- Improve the current exchange information systems to real-time exchange system between operators in order to optimize roaming agreements and to help the fight against fraud.

# ASIET proposals (I)

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## Immediate challenges to overcome:

- It would be desirable to move forward under schemes of self-regulation in the establishment of common quality standards among all operators involved in the provision of service.
- To work to minimize the negative effects produced by the border roaming to the inhabitants in border areas. To study the creation of mechanisms that warn these users when its terminal changes of operator involuntarily or study the possibility of create special plans of prices for the customers of these areas.
- Improve the current information systems to allow shorten the timing for exchange of information between operators related to the roaming agreements and thus to improve the fight against fraud.
- It is necessary to evolve towards schemes that allow to reduce the high tax burden on roaming services.

# ASIET proposals (II)

To tackle this challenges, ASIET propose:

- The maximum collaboration in order to reach a consensus among all parties concerned and thus achieve greater development and implementation of the service, and for this:
  - Foster the public-private collaboration for achieve the maximum agreement.

In this sense, we value positively the work of the Regional Group LAC (SG 3 ITU T) as well as the recommendations that proposes on future activities in this issue, particularly its proposal: "To work in jointly with operators and associations of operators, such as ASIET, CANTO, CTU and the GSMA."

- To continue working and cooperating in the ongoing work of the SG 3 of ITU T related to international roaming issues.

One of its results is the proposal of recommendation D 97 "On methodological principles to determine the international roaming rates" to be approved in the next WTSA 2016 in Tunisia.