



Responding to high IMR prices

Session 3

ITU High Level Workshop on Regulatory
and Economic Aspects of IMR

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Some progress, but insufficient

- Recognition of problem of high IMRS prices in most regions but different pace in searching for resolution;
- Regulators taking action;
- Companies reacting to pressure: lowering prices, special roaming packages;
- Technology developing & “near” (but not perfect) substitutes diffusing;

IMR price trends

General downward trend in IMR prices in regions

(Percent of countries in region experiencing a downward trend in prices)

Region	Decline in IMR retail price of voice	Decline in IMR retail price of SMS	Decline in IMR retail price of data	Number of countries in region
Africa	13%	20%	18%	44
Arab States	28%	28%	28%	21
Asia & Pacific	15%	12%	17%	40
CIS	33%	33%	41%	12
Europe	56%	53%	53%	43
The Americas	20%	23%	11%	35

Source: ITU ICTEye: www.itu.int/icteye

Prices keep changing: an example

OPTUS Travel Pac: \$10/day (USD9/6.8€)

➤ OPTUS(Aus):

New plans – simplified: 2 international zones instead of 5.

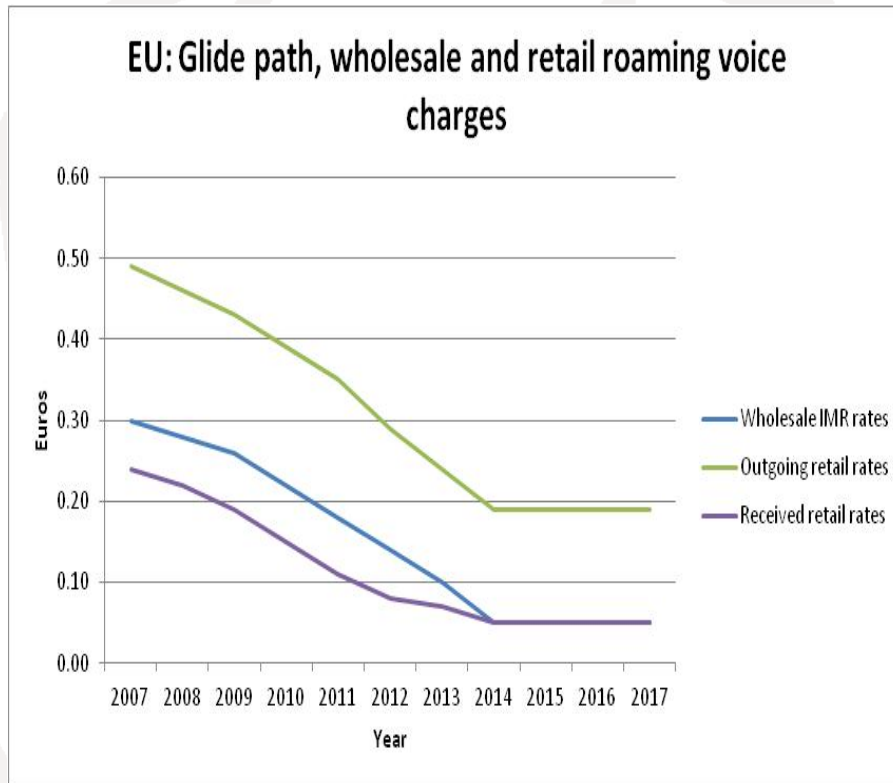
➤ 3UK: abolished IMR charges in 7 countries (i.e. roam like at home).

	ZONE 1
Text	Unlimited
Voice	Unlimited
Data	30MB/day (≈ 120 web pages)

	Zone 1	Zone 2
TEXT	50c / text	\$1 / text
TALK (send and receive)	\$1 / min	\$2 / min
DATA	50c / MB	\$1 / MB

AUD1=USD1.1; EURO.68

Room for adjustment



- EU Wholesale:
2007 = 0.3€
2013 = 0.1€
2014 = 0.05€
- Australia: Average wholesale AU\$0.46, retail margin AU\$2.29
- Vodafone: roaming accounts for 5% of group revenues



Actions needed to respond to IMR prices

- Regulatory action to reduce wholesale & retail prices, impose obligations on mobile operators toward subscribers & develop competition;
- Protect & empower subscribers to manage their usage of mobile services when abroad & ensure they have full information;
- Eliminate any obstacles in market maximising opportunities to create competition;
- Initiate & engage in bilateral/multilateral actions to develop a competitive IMR service market.



Regulatory action to reduce prices

- **Retail margin** on IMR services (can be regulated by home regulator);
- **Fixed/mobile termination** in home country (usually regulated);
- **Mobile origination/termination in visited country** (not under control of home country);
- **International transit** (difficult to regulate, but distance is not an important cost factor). Methodology: benchmark



Price Regulation

- Government authorities need to have legal power to enforce price regulation;
- Regulate wholesale rates or retail rates, or both?
- Transparency of wholesale prices;
- Action only against wholesale rates assumes market is working & will pass on price reductions to end users;
- Experience shows that this happens but very slowly;
- Action against retail could lead to margin squeeze;
- Action at wholesale & retail level has rapid results;
- **BUT**..actions not very effective unless undertaken with partner country(ies);



Price Regulation (2)

- Wholesale mobile roaming prices are **high** (and well above costs) even though "...**the costing elements are substantially the same for fixed line network termination and mobile network termination**" *5th meeting of SG3 (2002)*;
- Need to determine methodology to reduce wholesale and retail rates (with partner country) – benchmark with termination rates?
- For retail use 'At home' prices – similar or different prices between partner countries?
- Glide path or one-off reduction?

Price regulation lowers prices - does not solve long term problem



Mobile operator obligations: Phase out 'bill shock'

- Need to provide information to change usage behaviour;
- Transparency of prices;
- Appropriate warnings (prices in visited country, turn off data roaming, etc., usage limits for data roaming);
- Provide information on alternatives e.g. purchase local SIM, use WiFi, other messaging applications
- Measures to prevent inadvertent border roaming



Eliminate obstacles in market

- Unlock phones
- Facilitate market entry of MVNOs
- Technology neutral policies– e.g. prevent MNOs from blocking VoIP apps on Smartphones
- Encourage new technologies e.g. over-the-top services e.g.:
 - **TextNow**: IP-only mobile voice and data service (MVNO) - USD19 per month includes 500MB data, unlimited texting, unlimited inbound calls, & 750 minutes of outbound calls. Subscriber receives a standard US, or Canadian, telephone number
- Encourage development of Wi-Fi
- Liberalisation of international gateways;



Bilateral/multilateral actions

- No need to reinvent the wheel – much good work has already been done;
- Direct action e.g. instruct operators to reduce tariffs;
- Regulatory action: need good co-operation between regulators and support at higher level;