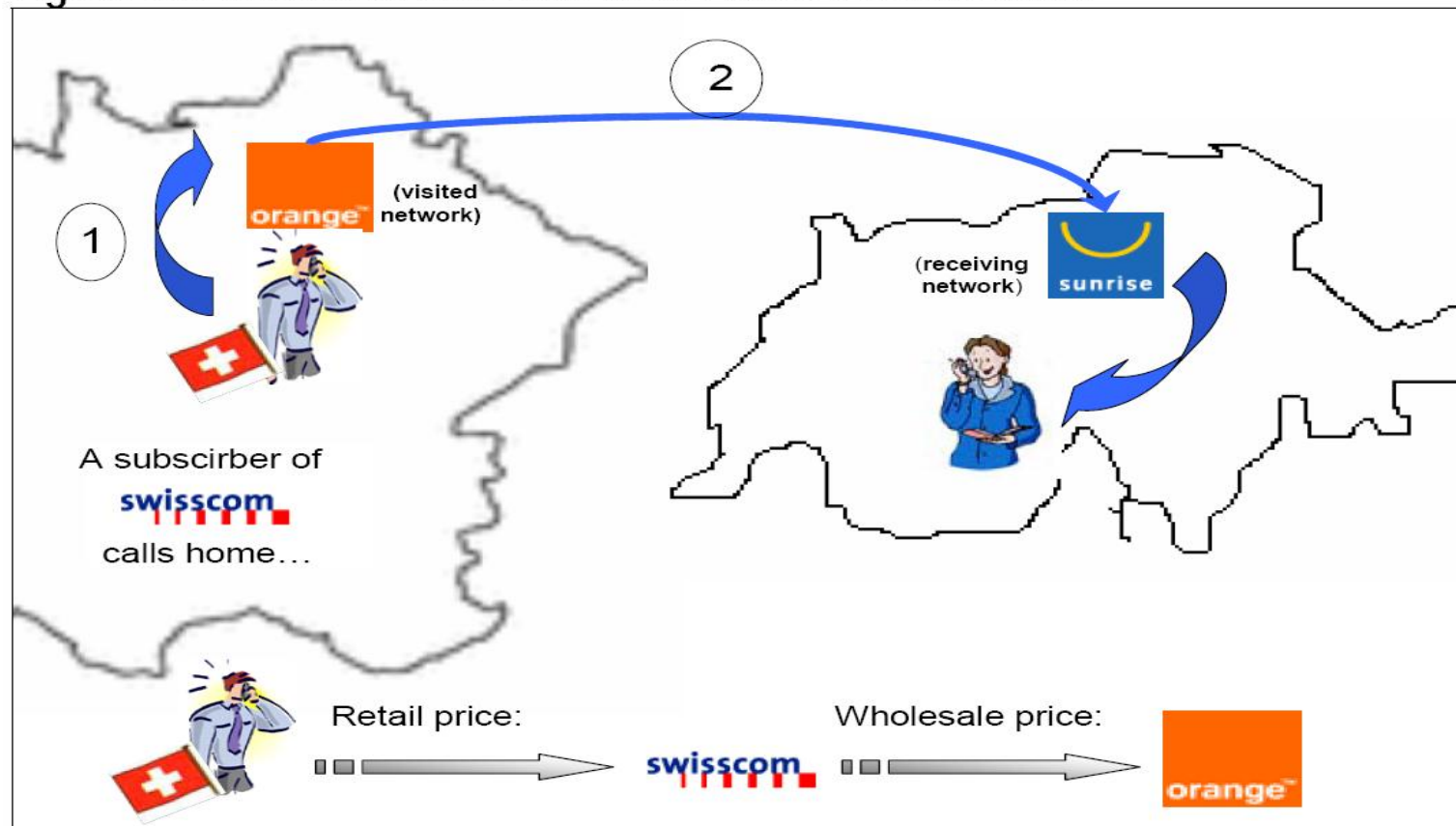


International Mobile Roaming: the OECD perspective

Agustín Díaz-Pinés, OECD
WTO Symposium
Geneva, Switzerland
22 March 2012

International Mobile Roaming: The concept

Figure 1: A Swiss end-user calls from France to Switzerland



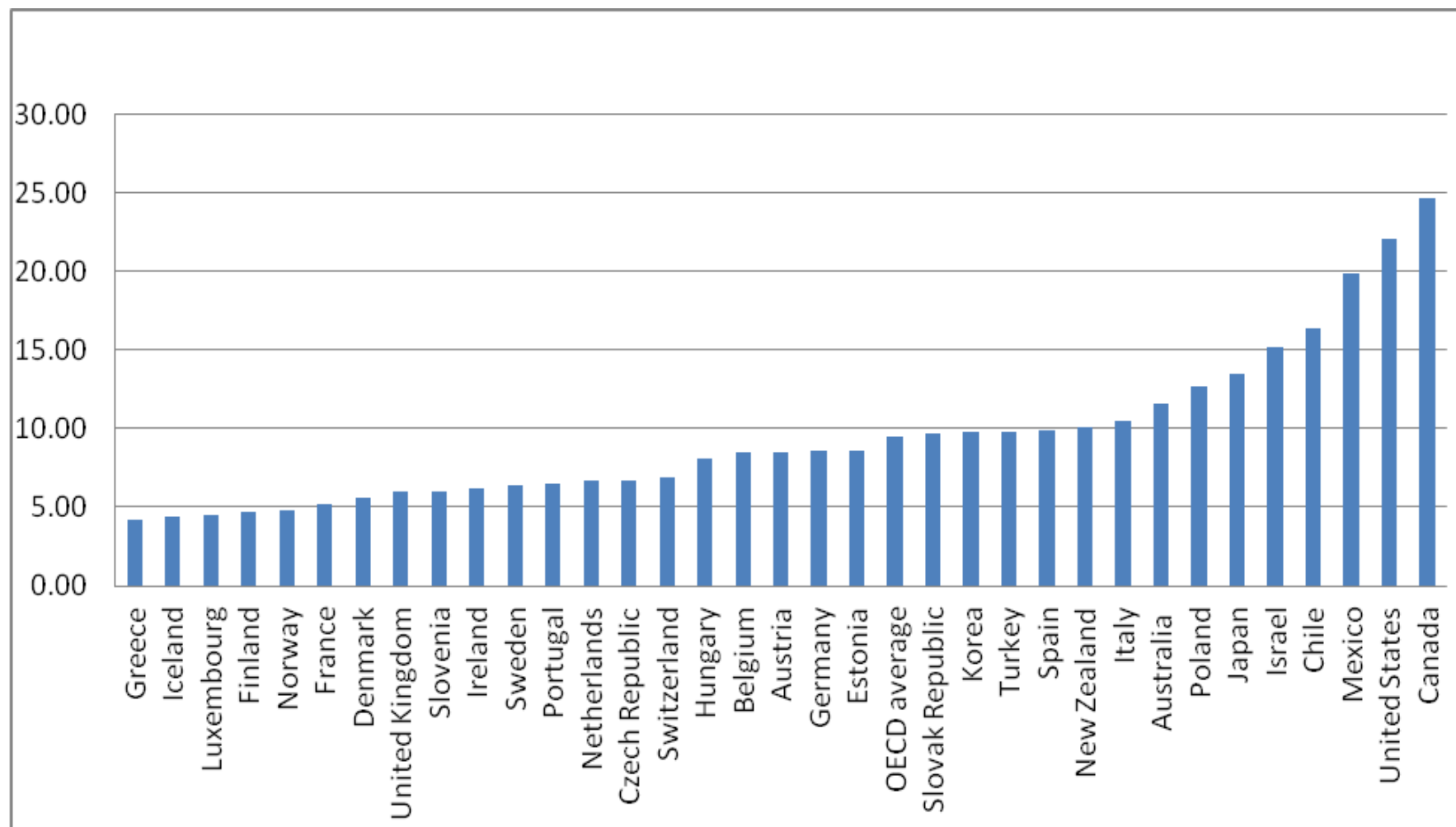
Source: Copenhagen Economics

The facts (I)

- **USD 8** for a 3-min call roaming in OECD
- Apple's iPad roaming:
 - Difference between domestic UK price and roaming in the EU: **6000%**
 - Difference between domestic UK price and roaming in other regions: **13000%**
- Up to **20 times** more expensive than international mobile call (OECD area)

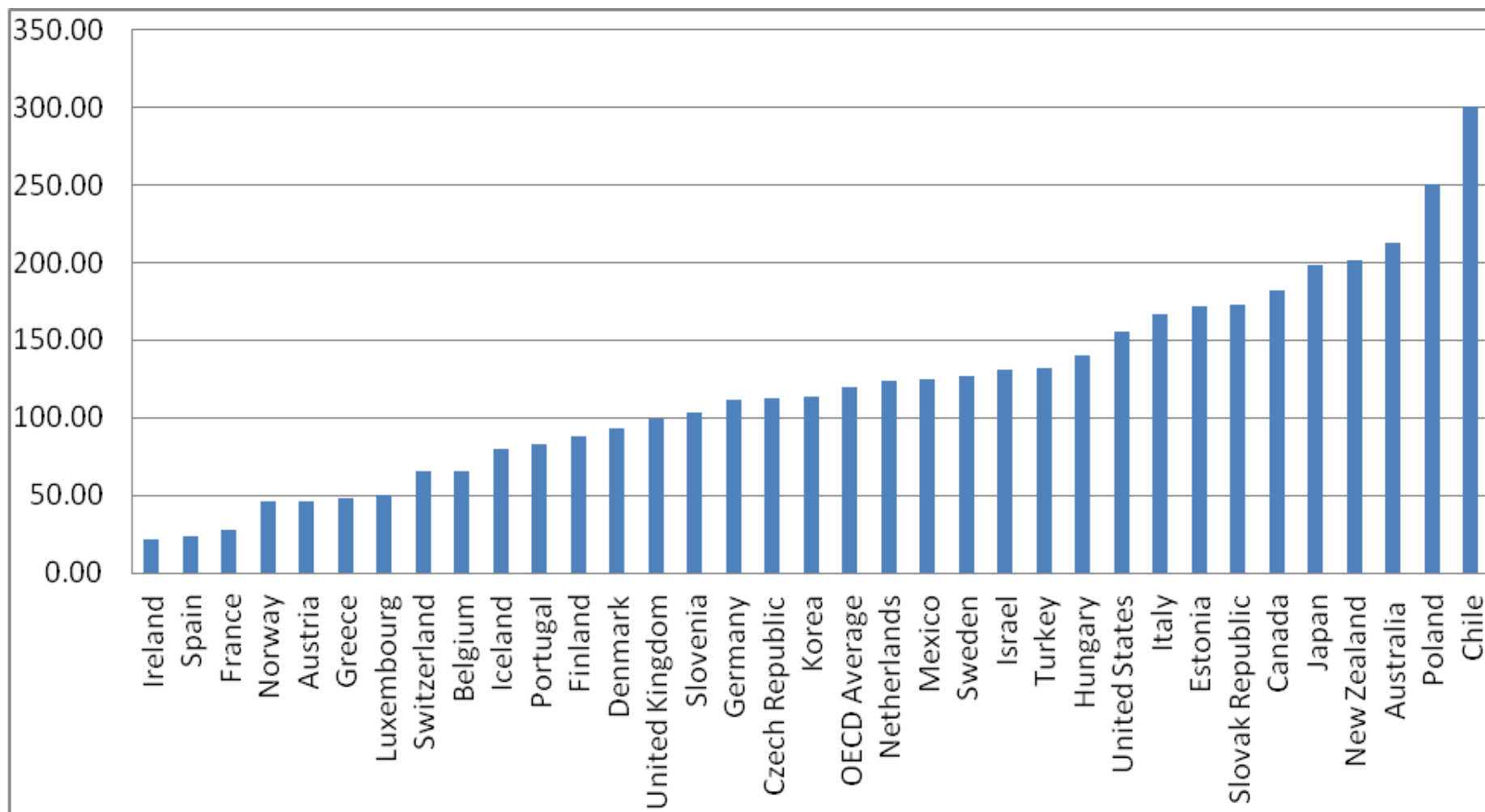
The facts (II)

1 MB in one session – average price by origin – USD PPP – Sep 2010



The facts (III)

20 MB in one session – average price by origin – USD PPP – Sep 2010



**ROAMING PRICES ARE MANY
TIMES HIGHER THAN
COMPARABLE DOMESTIC SERVICES**



The problems (I)

- Awareness/transparency, etc.
- Information about substitutes
- Bundled purchase + roaming is not a competitive tool



The problems (II)

- Jurisdiction issues + incentive to regulate (very little if it doesn't benefit my citizens)
- Likely to be addressed by regional solutions
- Wholesale charges as a potential barrier to lower retail tariffs

Why is this a problem?

- Consumer protection/empowerment
- International trade and travel
- Smartphones...broadband!
- Internal market concerns (e.g. the EU)

At the wholesale or retail level?

BOTH!!!

- *"Wholesale caps are essential to drive down wholesale prices"*

(John Blakemore, Hutchinson Europe)

- *"...since experience has shown that reductions in wholesale prices for Union-wide roaming services may not be reflected in lower retail prices for roaming owing to the absence of incentives for this to happen"*

(EC proposal for Roaming Regulation III).

OECD Council Recommendation

- Draws on previous OECD work on roaming
- Adopted by OECD Council in February 2012
- Non-binding set of measures to be considered by countries:
 - Price awareness and transparency
 - Substitutes
 - Structural measures: localisation and regulated rates, small operators.
 - Transparency of IOTs and wholesale rates
 - Liaising with the WTO
 - Wholesale and retail price regulation

Wholesale arrangements

- **Wholesale price regulation: bi- and multi-lateral agreements**
 - Addresses the “lack of jurisdiction”
 - Regulator of country A intervenes in wholesale rates charged by operators in country A. Likewise for country B.
 - Retail rate regulation does not need bi-lateral agreements – even though usually included



(Potential) wholesale bi- and/or multilateral agreements

- European Union/European Economic Area
- Israel (requested to join EU regulation)
- AREGNET/GCC
- Russia-Poland, Russia-Finland
- ASEAN - Singapore-Malaysia
- Australia-New Zealand (ongoing market investigation)

WTO framework and roaming (I)

- **Annex on telecommunications:**
 - Wholesale rates should be reasonable and non-discriminatory (Section 5a)
- **Telecoms Reference Paper:**
 - May visited networks be essential facilities?
- **Roaming seen as interconnection service?**

WTO framework and roaming (II)

- **Discrimination? Most-favoured-nation (MFN)**
- **FTAs/Economic integration**
- **Relevant when discussing roaming agreements**

In short....

- Solution for the roaming issue needs some sort of government intervention
- Lack of jurisdiction problem:
 - Bi- or multilateral roaming agreements are needed
- Possibility of using WTO framework (at least) to raise awareness
- WTO should promote agreements, not prevent them

Thank you