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GCC International Roaming Regulatory Initiative

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Structure

- Geographical context
- Historical background
- Initial steps – the AREGNET model
- Regulatory initiatives in Oman
- The need for a regional initiative.
- The GCC initiative
- Options proposed
- Final framework
- Reductions achieved for Omani subscribers
- Future steps

Geographical Context

- The Gulf Cooperation Council (GCC) is a political and economic union comprising of six Arab states located on the Arabian peninsula.

- These are namely, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates. .

- The GCC countries are active members of the Arab Regulators Network of Telecommunications and Information Technologies AREGNET.

- AREGNET has been established in 2003 as a forum for Arab Telecom Regulators to exchange experiences and coordinate regulatory efforts.

Historical Background

- In 2005, consumer complaints highlighted the problem of excessive international roaming charges.
- A study carried out by the General Secretariat of the Arab Council of Telecom Ministers found out that in comparison with national call rates, Arab roamers are paying a price that is higher by 15-500% for a local call terminated on a fixed network and between 15% and more than 700% for a local call terminated on a mobile network within the visited country.
- For making an international call, the roamer would pay a price that is higher by between 5% and 180% in comparison with local subscribers.

AREGNET Model

- The Arab Regulators Network (ARGNET) was tasked to coordinate efforts to alleviate these excessive prices, for the best interest of subscribers roaming across the Arab region.
- In consideration of the number of countries and the differing market characteristics in each , the model developed proposed IOTs that are based on retail prices of similar calls in each country.
- A three years sliding scale formula that allows for IOTs that are 1.5, 1.4, and 1.3 times of respective retail prices.
- A 30% retail roaming markup is then added on top.
- The proposal could not be agreed upon at the Arab level, and therefore was not implemented.

Regulatory Initiatives in Oman

- On the national front, the TRA Oman took a number of initiatives at the local level and mandated the following :

  - Publishing adequate and clear international roaming price information on operators websites. (2006)

  - A Free Push SMS containing the price/ minute for local calls, calls back home, received calls from home, sending an SMS, receiving an SMS and the price of data roaming services/ KB. (2006)

  - Capping retail mark-up added to the IOT at 23% for all roaming charges. (2007)

The Need for a Regional Initiative

- Despite the retail caps imposed on Omani operators, international roaming prices to Omani subscribers were still excessive.

- The cross boarder nature of roaming services and the lack of regulation or incentive to regulate IOTs in visited countries are the main reasons for the excessive roaming prices.

- **Internationally coordinated regulation** was viewed as the appropriate way forward.

The GCC Initiative

In view of the common goal of making international roaming prices more affordable for All GCC subscribers in facilitation of the economic block and the common gulf market, the six GCC countries agreed to pursue the development of the coordinated regulatory framework for international roaming prices.

Options Proposed (1)

A roamer calling another GCC country while roaming within the GCC:

- Retail Tariff Cap = IDD tariff from visited country +15
- IOT Cap = IDD tariff from visited country - 15%

A roamer making a local call within the visited country:

- Retail Tariff Cap= highest / min local call tariff + 15%
- IOT Cap = highest / min local call tariff - 15%

✓ This option was viewed as impractical by the operators due to difficulties of accommodating dynamically varying tariff information on a number of fronts such as billing , agreement management and marketing.

✓ Thus, it was disregarded in favor of a stable fixed caps approach.

Options Proposed (2)

A roamer calling another GCC country while roaming within the GCC:

- IOT capped at the highest /min IDD currently implemented in GCC -15%
- Retail tariff capped at the highest /min IDD currently implemented in GCC+ 15%

A roamer making a local call within the visited country:

- IOT capped at the highest /min local call rate currently implemented in GCC -15%
- Retail tariff for the GCC roamer capped at the highest /min local call rate currently implemented in GCC+ 15%

✓ This option was practical and achieved good price reductions.

✓ Yet, concerns were raised by the operators in preference of a staggered price cap approach to mitigate impacts on margins.

Options Proposed (3)

- As an alternative to caps based on retail rates , such as in options 1 and 2 , and keeping in view that the IOTs , are the highest portion of roaming tariffs, GCC regulators had, each proposed IOT caps in consultation with the licensed operators in their respective countries.

- This option is staggered over two years as follows:

Year 1:

<u>A roamer calling another GCC country while roaming within the GCC:</u>

- IOT capped at the **lowest IOT proposal** for calls to GCC
- Retail tariff capped at IOT+ 15%

<u>A roamer making a local call within the visited country:</u>

- IOT capped at the **lowest IOT proposal** for calls within the visited country
- Retail tariff capped at IOT + 15%

Year 2: implementing the caps proposed in option 2

Final Framework - Phase I

Starting from 1st Sep 2010

International calls made by GCC roamers within the GCC countries:

IOT Cap: US $ 0.78

Retail Tariff Cap: US $ 0.89

Local calls made by GCC roamers within visited GCC country:

IOT Cap: US $ 0.31

Retail Tariff Cap: US $ 0.36

Final Framework -Phase II

Starting from 8th June 2011

International calls made by GCC roamers within the GCC countries:

IOT Cap: US $ 0.50

Retail Tariff Cap: US $ 0.66

Local calls made by GCC roamers within visited GCC country:

IOT Cap: US $ 0.21

Retail Tariff Cap: US $ 0.28

Scope of Reductions

- The Regulatory caps allowed Omani subscribers for example , to enjoy the huge reductions in comparison to prices that were in place a few months before implementation:

- Phase I constituted a reduction of up to 71% and 45% for calls within the visited country and calls to any GCC countries respectively.

- Phase II constituted further reductions reaching up to reduction up to 78% and 59% of the original prices before implementing the regulation.

- Furthermore, competitive offers are also available , which are below the regulatory caps.

Future Steps

- Due to some internal delays in some GCC countries, the full implementation of phase II had been completed recently and announced in Feb 2012.

- Having accomplished the first milestone, and keeping in view, the increasing importance of mobile data services, the GCC roaming working group is currently studying SMS, MMS and data roaming charges, towards developing an appropriate price cap regulation for the same.

Thank You For Your Attention

For any clarifications or further discussions, you are welcome to contact me directly at

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