International Mobile Roaming: the OECD perspective

Agustín Díaz-Pinés, OECD
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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

[Graph showing the average price of 1 MB in one session by origin, with prices for various countries and the OECD average compared to countries such as Greece, Iceland, Luxembourg, Finland, Norway, France, Denmark, United Kingdom, Slovenia, Ireland, Sweden, Portugal, Netherlands, Czech Republic, Switzerland, Hungary, Belgium, Austria, Germany, Estonia, Turkey, Spain, Italy, New Zealand, Australia, Poland, Japan, Israel, Chile, Mexico, United States, and Canada.]
The facts (III)

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

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 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?**
• 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