



## GSM Association

*Competition in International Mobile Roaming*

*ITU Global Seminar, 1 September 2006*

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## The GSM Association



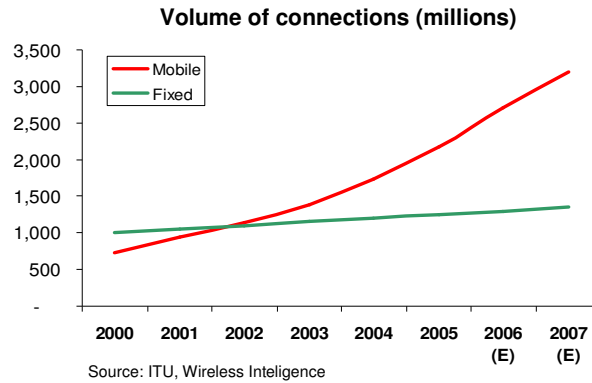
**213 countries and territories, more than 690 operators  
and over 180 vendors/suppliers**

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## Massive growth in GSM subscribers



- 1000 new connections every minute
- 2 billion GSM connections in Q2 2006
- Since 2002, number of mobiles exceeds number of fixed lines

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## Competition delivering consumer benefits

- Operators are continuously tailoring and improving their packages to best meet consumer needs:
  - Prices for services are constantly falling
  - Affordability of handsets continues to increase
    - Low cost handsets
    - Low pre-pay denominations
  - Range of new voice and data services launched
  - Improved handset capabilities
- This is further supported by massive ongoing network investment:
  - GSM networks cover almost 80% of world population<sup>1</sup>
  - Investment of US\$50 billion per year worldwide<sup>2</sup>

<sup>1</sup> Source: World Bank 2005

<sup>2</sup> Source: Gartner

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## Market forces driving improvements in roaming propositions

- Within the EU, the average price for roaming calls has been falling over recent years, and innovative tariffs launched. This trend accelerated in 2006:
  - A number of operators announced significant retail price reductions of over 40%
  - Industry agreement to cap IOTs at €0.45 (Oct. 2006) down to €0.36 (Oct. 2007), committing to pass on savings to consumers
  - Vodafone announcement to reduce reciprocal IOTs to €0.45
  - These initiatives will deliver considerable retail roaming price reductions to almost 300 million subscribers in Europe
- Furthermore, operators are undertaking specific initiatives to improve transparency of roaming prices:
  - European Union: mobile operators have launched website that enables consumers to compare roaming prices
  - Arab Region: operator code of conduct under development that includes transparency measures

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## European Commission proposals to regulate roaming are unwarranted

- Competition is delivering significant retail roaming price reductions – operators should be allowed to continue their own pricing strategies tailored to their national markets and consumer requirements
- Imposition of a single, per minute price cap for every operator across the EU removes, rather than enhances, competition and innovation
- Ignoring fundamental differences in market conditions, costs and consumer needs means that certain operators will be disproportionately affected
- The proposed regulation will result in a series of wider, unintended consequences, negatively affecting consumers, industry and the wider economy

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## Regulators should follow a careful process when analysing roaming services

- Detailed analysis of industry and consumer requirements, given that roaming is part of a bundle of services
- Evaluation of the entire value chain, including international gateway providers
- Transparent process that involves all stakeholders from outset and allows sufficient time for discussion and open consultation
- No straight transfer of regulatory solutions from one region to another, given considerable differences in market characteristics and consumer requirements
- Detailed impact assessment of regulatory options, carefully analysing and weighing all costs and benefits

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# Thank you

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