COMISIÓN NACIONAL DE LOS MERCADOS Y LA COMPETENCIA

EMERG Report on the state-of-play of MVNOs in the Euro-Mediterranean region

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Basic data

- ✓ **Sources of information:**
  - Responses to a questionnaire from the following countries: Egypt, Jordan, Lebanon, Morocco, Tunisia, Cyprus, France, Portugal, Spain and Switzerland.
  - International workshop held in Barcelona (October 2013) with the participation of regulators, stakeholders and researchers.
- ✓ **Goals:**
  - Assess regulatory intervention.
  - Examine MVNO benefits for competition in the mobile sector.

Overview of the MNO/MVNOs in EMERG countries (I)

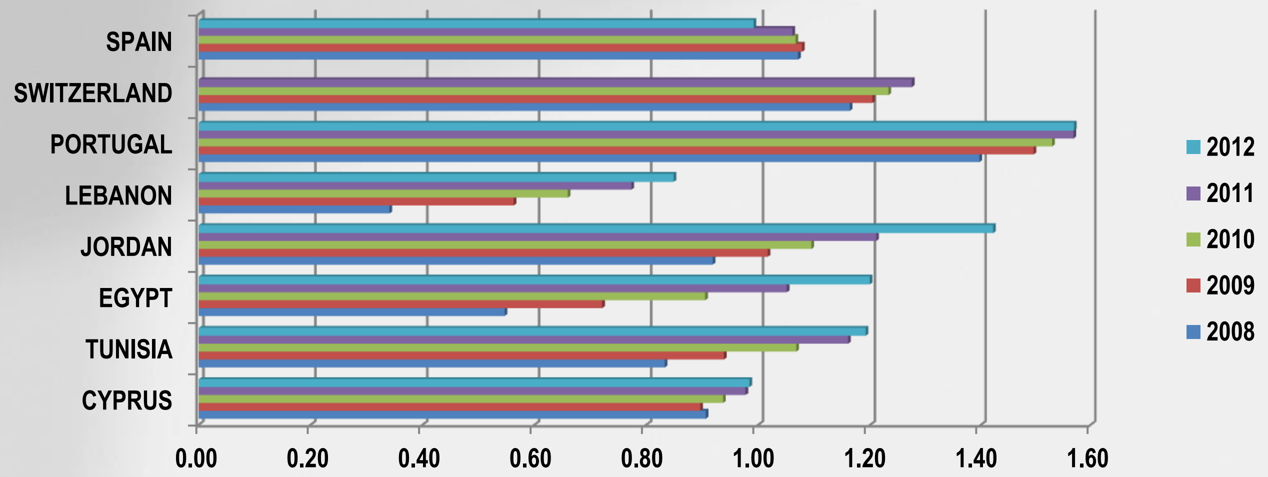
Number of MNOs

Similar both in European and MENA countries,(average of 3-4).

Number of MNO lines

A trend to increase over the years, except in the Spanish case, where MNO lines are slightly decreasing since 2009.

MNO Lines per Inhabitant in EMERG countries

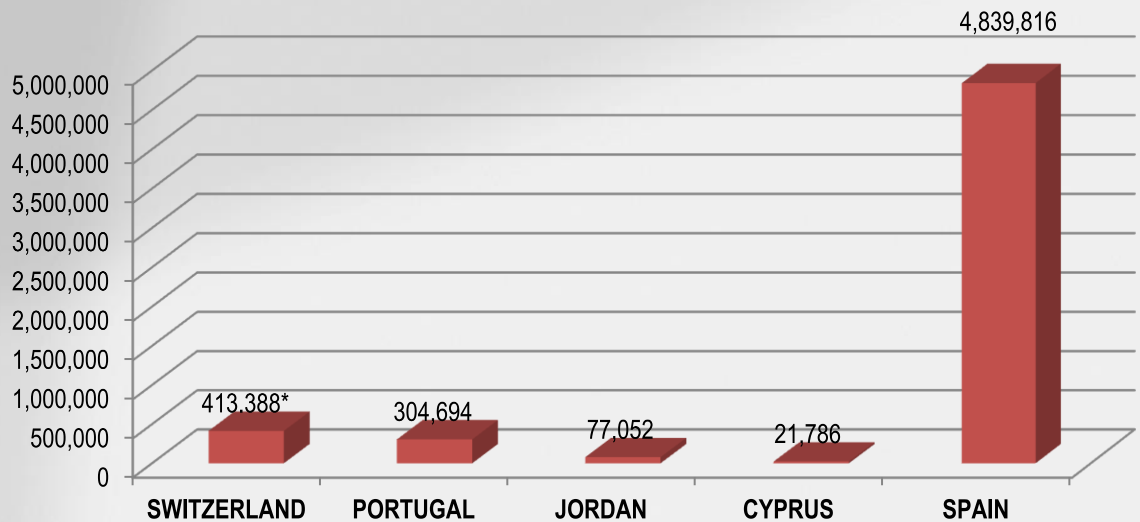


Overview of the MNO/MVNOs in EMERG countries (II)

Main differences EU / MENA countries

- ✓ The main difference is the absence of MVNOs in most of the MENA countries, except Jordan case- Freindie agreement with Zain. Tunisia approved a decree on the introduction of MVNOs in January.

MVNOs mobile lines (*data from 2011)

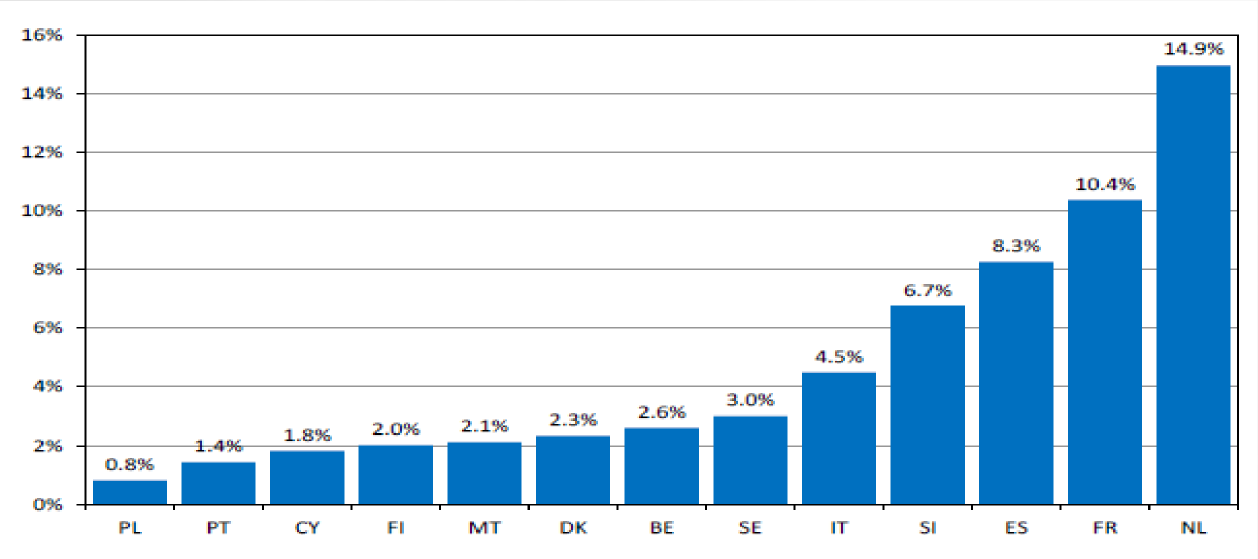


Overview of the MNO/MVNOs in EMERG countries (III)

Regulatory intervention in the EU

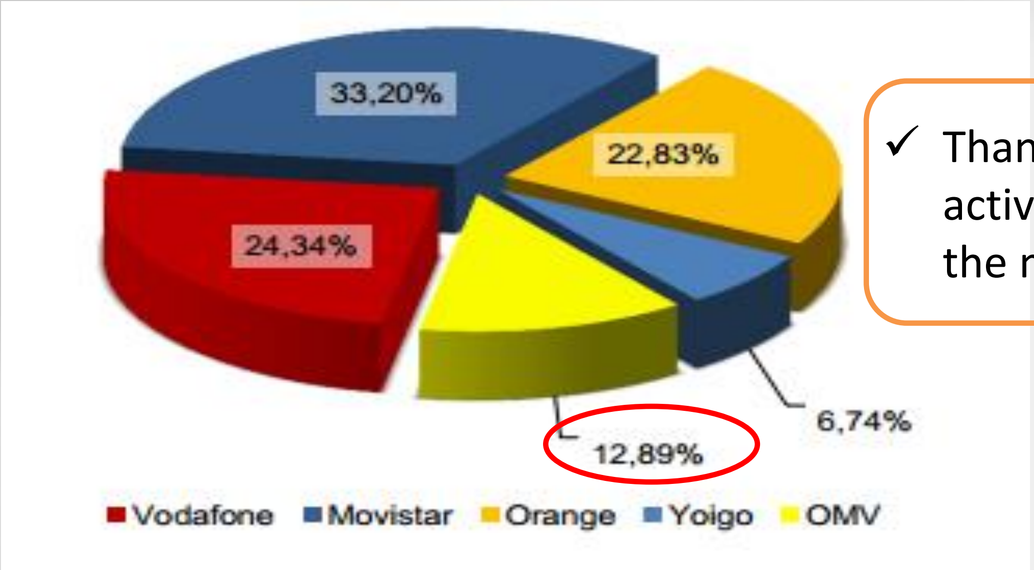
- ✓ **Spain**: wholesale access obligations.
- ✓ **Other EU countries:** e.g. Cyprus, Portugal, Germany and France, obligations using spectrum allocation procedures.
- ✓ **MVNOs market shares** : not linked to regulatory action.

Share of MVNO SIM cards in the EU (October 2012)



Country case: Spain (I)

- ✓ **MNO market:** 4 operators, Movistar, Vodafone, Orange and Yoigo.
- ✓ **Procedure to introduce MVNOs (2006):** obligation for SMP operators to provide third parties the elements to provide retail services without spectrum (wholesale access).



- ✓ Thanks to regulation, **a total of 22 MVNOs** active in Spain, overall **share near 13%** of the mobile market.

Country case: Spain (II)

FULL MVNOs

- movistar, ONO, DIGI.mobil, Lyca mobile, fonYou
- vodafone, euskaltel *, BT *, R, TeleCable
- orange, JAZZTEL

SERVICE PROVIDERS MVNOs

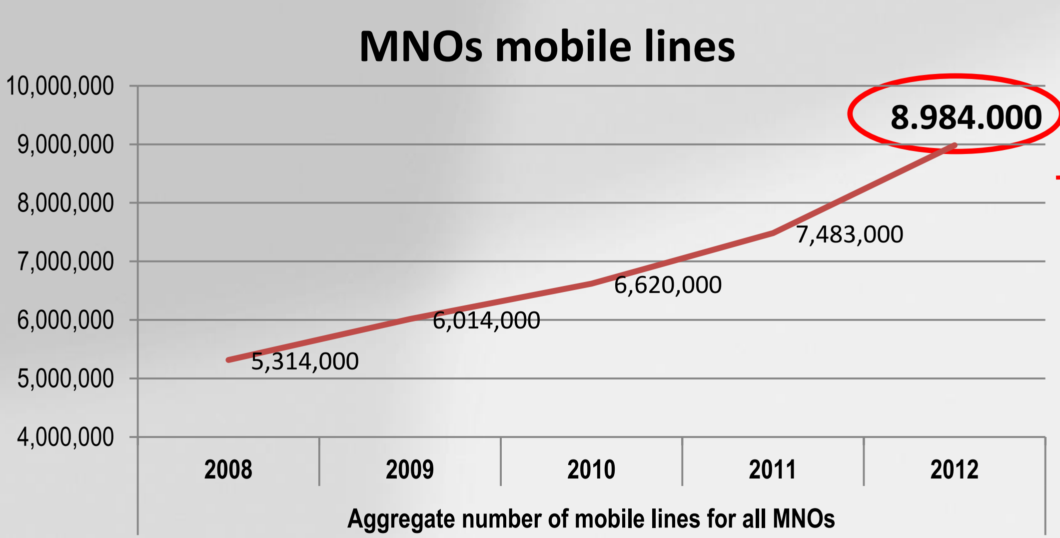
- TUENTI MÓVIL *, ocean's *
- LEBARA MÓVIL, neo SKY, hits mobile, EROSKI MÓVIL, RACC, ORBITEL, pepephone.com
- MÁSMÓVIL, ibercom, happy móvil, Dia %, aire networks, DTV TELECOM, MOREminutes, YOU MOBILE

*Expected changes

Country case: Jordan

- ✓ **MNO market:** 3 operators, Zain, Orange and Umniah.

- ✓ **Procedure to introduce MVNOs:** MVNOs are free to enter in the market on a mutual consent with any host MNO. No obligation to provide wholesale access.



- ✓ Only **77,052 lines** corresponds to **MNOs**

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Questions to be answered

- ✓ Does the regulatory intervention introduce MVNOs activity?
- ✓ To which extent MVNOs contribute to convergence?
- ✓ Is a mature market an obstacle for the introduction of MVNOs?
- ✓ Does MVNOs contribute to build a more dynamic and innovative market?

Does the regulatory intervention introduce MVNOs activity?

- ✓ **Facts:** different regulatory options: Wholesale access via ex ante market regulation (Spain) vs. spectrum licenses (other EU countries) or merger control (EC in Austrian case).

- ✓ **Conclusion:** different ways to introduce MVNOs can effectively drive competition.

Recommendation: EMERG countries to assure the best available tool and its effective implementation.

To which extent MVNOs contribute to convergence?

- ✓ **Facts:** relevance of convergence (fixed/mobile services) in the future, where MVNOs are present (also niche in ethnic segment).

- ✓ **Conclusions:** MVNOs **as tool for alternative fixed operators to set up bundled tariffs** (convergence).

Recommendation: The ongoing convergence highlights the **need for operators to offer both fixed and mobile services** to be able to create a competitive offer in retail markets.

Is a mature market an obstacle for the introduction of MVNOs?

- ✓ **Facts: MVNOs limited market shares and penetration rates**, but not the only relevant indicator.
- ✓ **Conclusions:**
  - MVNOs market shares not only resulting from regulatory intervention (e.g. other non regulated EU countries vs. Spain).
  - Penetration rate is not the only indicator to measure new entrants' difficulties (e.g. one operator only may have a high penetration rate).

Recommendation: High penetration rates in a market should not be understood as an obstacle for operators in EMERG countries to move forward, as far as there is available spectrum.

Does MVNOs contribute to build a more dynamic and innovative market?

Facts: mobile average prices decreased after MVNOs entrance in EU countries:

- price transparency for consumers (price and discount plans, offers),
- service providers/secondary brands/co-operations,
- new price schemes (flat rates),
- lower on net/off net offers,
- convergent packages

Conclusions: MVNOs target specific consumers (international, low cost), enhancing commercial offers, consumers' choice.

Recommendation: MVNOs will build a **more dynamic market** and foster competition, thus **appropriate conditions to introduce them will benefit competition in EMERG countries**.

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Gracias por su asistencia.