Public Consultation
On reviewing the
Tariff Framework for International Mobile Roaming

The Tariff Framework for International Mobile Roaming was issued in 2007. A number of technical, commercial and regulatory developments have taken place since the issuance of said framework. In order to ensure that this framework meets requirements of the day, it is important to review it. Therefore, the TRA has prepared a brief consultation document to seek views and comments of the stakeholders. The TRA is, therefore, pleased to invite all telecom licensees and other interested parties including consumers and the general public to look at the consultation document on “” Tariff Framework for International Roaming available at TRA’s website (www.tra.gov.om) and provide their valuable comments and views by 10 May 2017.

The TRA encourages respondents to support all comments and argument with relevant data benchmarks. Please submit your response in writing through letter or email to the Authority at the following address;

Competition and Tariffs Unit
Telecommunications Regulatory Authority
P.O. Box 3555, P.C. 111
Muscat, Sultanate of Oman
E-mail for this Consultation **TRACTU@tra.gov.om**

TRA shall give due consideration to all comments and contributions received from interested parties; however, incorporation of any proposed changes will be the sole discretion of the Authority.

Introduction

International mobile roaming (IMR) is a service which enables a subscriber to postpaid or prepaid mobile services to continue using their mobile phone and phone number to make or receive voice calls, send and receive SMS and MMS, and download and upload data while travelling to another country by accessing a mobile network in the visited country

Home operators enter into IMR agreements with the foreign operators to provide IMR services to their subscribers. These agreements establish the wholesale rates for exchange of IMR traffic. These wholesale rates are known as Inter-operator tariff (IoT). Based on the IoTs, the home operators set their retail roaming charges for different roaming services.

There are structural problems at both wholesale and retail levels of international roaming services, which inhibit competition[1]. This reality is widely acknowledged on the global scene.

In the wholesale roaming business, the majority of deals are reciprocal. Therefore, where the trade is intragroup or where traffic is relatively balanced, the unit price is of little significance or impact.

On the retail business level, the competitive focus is on domestic services, due to consumer preferences. It is also widely accepted that international roaming does not seem to be given much weight by a customer when choosing a service provider. Therefore, it is not sufficiently significant for most customers to be a factor which might cause them to switch the service provider.

International Developments

International Mobile Roaming prices has been a concern everywhere. The ITU also noted in ITU-T Recommendation D.98 on charging of international mobile roaming service that Member States, regulators and consumers continue to express concern about the high level of charges incurred when roaming internationally. It provided that the Regulators and policy makers, taking into account specific national or regional conditions, may introduce regulatory intervention on international mobile roaming service tariffs for the benefits of users[2].

Due to the lack of effective competition and lack of good substitutes, the situation has not changed much over time and the IMR prices tend to remain high in the absence of appropriate regulation. Many governments have been concerned over international mobile roaming prices appearing to be unjustifiably high. In most countries and regions, the key reason behind regulatory initiatives for international mobile roaming has been the high prices, both at the retail and wholesale levels. Europe has led the way in introducing initiatives for international mobile roaming. The EU's roaming regulation has been a source of inspiration for regulators in other regions.

In the Arab World, international roaming first surfaced as a regulatory concern in 2005 at the 9th Meeting of the Council of ICT Ministers, which proposed to undertake a study of roaming charges in the Arab League countries. In 2006 the Council of ICT Ministers agreed that Arab national regulators at national level should impose obligations on operators that included (1) a reduction of international roaming retail tariffs to a level "that is appropriate and acceptable in accordance with global norms"; (2) a lowering of IOTs in bilateral negotiations; and (3) SMS transparency measures.

[1] BEREC, Body of European Regulators for Electronic Communication, Report: BoR (10) 58
[2] Principle 5.3, ITU-T Recommendation D.98

Prior to 2007, International Roaming Tariffs were not regulated in Oman and both mobile licensees were free to set their roaming prices without regulatory intervention. As a result, International Roaming Tariffs were very high and TRA was receiving complaints and public concerns. In 2007 TRA observed that due to the distinctive nature of the Roaming Service, market forces alone are not effective in putting any downward pressure on roaming prices. In the absence of some form of regulations, it is not possible to protect consumer interest. Therefore, TRA decided to issue a directive to Mobile Operators with a simple framework in order to ensure that arbitrary increases in retail roaming tariffs are well controlled.

In 2010, the GCC Telecommunications Ministers Committee determined setting price-caps on wholesale and retail mobile roaming tariffs within GCC countries. This Regulation became fully effective by February 2012. Additional measures to reduce the risk of consumer bill shock were also introduced to be implemented. The GCC ministers called for a review of all other international mobile roaming services (including data, SMS, MMS and video calls) in order to determine whether further regulation is needed. After an extensive study and a public consultation on the subject, further caps were imposed on all roaming services within the GCC in 2016. The details of these regulations are available on the TRA website. The initiative at the GCC level has brought the roaming prices down for roaming within GCC, however, its scope is limited to the GCC only. There remains a strong need to address the issue for the remaining destinations.

International Roaming Tariff Framework

As mentioned above, the International Roaming Tariffs framework was issued in 2007 in Oman. This framework as shown below introduced a markup on the wholesale roaming charges to cover retail costs of the service providers. The service providers were required to file their roaming prices to demonstrate that the mark-up caps are met. In this way, considerations were given to keep some flexibility for the operators to set their retail roaming prices at the same time ensuring that they cannot arbitrarily increase their roaming prices in the absence of competition.

The Existing Framework :

1- The mobile operators shall observe a tariff ceiling for International Roaming (IR) charges for their subscribers to be determined as below:

IR Tariff Ceiling = (IOT + Mark-up) + Royalty

Later on formulated as follows:

IR = (IOT x mark-up)/ (1- Royalty %)

Where:

- The "IOT" is the Inter Operator Tariff being paid to the international roaming partners in case CAMEL system is used. In cases where the operator uses the Unstructured Supplementary Service Data (USSD) system to support international roaming, the IOT would be replaced by the actual payment made by the operator to the International operator for connecting the international call.

- The "Mark-up" shall be up to 15% of IOT.

- The "Royalty" shall be as per rates announced by the Sultanate of Oman.

2- The above ceiling will apply to voice and GPRS roaming charges for (i) Local Calls, (ii) Calls to Oman, and (iii) International calls,

3- The mobile operators may charge the tariff on per minute basis,

4- The operators shall fix the tariff based on each IOT of the foreign networks for the GCC countries. For rest of the world, the operators may use the highest IOT in a country for a duration of six months to be reviewed based on weighted average IOT of a country.

5- While setting the tariff, the operator may apply natural rounding to the nearest 10bz.

The above framework remained helpful for some time in addressing major roaming tariff issues. However, due to existing regulatory and market developments, as listed below, the current framework has become less than fully effective:

(i) Licenses were granted to Mobile Resellers, who have also started offering International Roaming to their subscribers. The existing framework does not effectively address the Resellers' arrangements.

(ii) The GCC has issued a determination capping IMR prices. Although, it applies only to GCC roaming yet it may be important to see if it has any implications on the framework.

(iii) The existing framework does not clearly address the bundling of services and flat rate options.

(iv) Availability of OTT services as substitute of IMR due to spread of alternative means of access through public WiFi networks.

(v) The industry is witnessing new trends in roaming products like flat rates, one-rate for a zone or region, bundle-offers for short periods like one day or one week and offers for a specific country, etc. The licenses are demanding flexibility in the framework to design more innovative roaming products.

Keeping in view the above developments, it has become imperative to study the issue afresh and review the IMR Tariff Framework.

Consultation:

The TRA intends to review the existing framework. The objective of this exercise is to ensure a balance between providing sufficient flexibility to service providers to enable them to design innovative offers and safeguarding the consumer interest. Before TRA takes up the required revision of the existing arrangements, it is considered appropriate to seek the views of the service providers and stakeholders in order to have a workable framework. Therefore, the service providers are requested to provide their views and suggestions for a practical solution. They may also provide their views on the following aspects:

(i) How far has the existing IMR Tariff Framework been effective in controlling the trend of high international roaming prices in Oman.

(ii) Are there sufficient market forces available currently to put required pressure on prices so that regulations can be relaxed or modified accordingly?

(iii) How technological developments are affecting roaming services and what viable options or substitutes are available to be considered in order to relax or remove the regulation?

(iv) The licensees, at their own and on the request of TRA, have introduced a number of initiatives to avoid bill-shock and to inform consumers about applicable charges. Should these be made part of the framework/regulation to ensure consistency and uniform implementation.

(v) How would you like to amend the existing framework? Please provide clause by clause amendments along with rationale of the proposed changes.