



EaPeReg

Eastern Partnership Regulators
for Electronic Communications



Roaming Initiative of the Eastern Partnership countries

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Chair**

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Roaming Expert Working Group and Roaming Initiative: introduction

Roaming Expert Working Group (REWG) and its activity

REWG was established in 2016 at the 7th EaPeReg Plenary Assembly

Main aim

- ❑ to look for **techniques and measures**, which would serve for the establishment of international common roaming space within the EaP and with the EU in the future

REWG Leadership

- ❑ REWG Chair – Ukraine (NCCIR), Vice-Chair – Lithuania (RRT)

REWG Members

- ❑ 6 EaP countries and 7 EU MS

Meetings

- ❑ Regular meeting of the Group per year (spring and autumn)
- ❑ Meetings with stakeholders (operators, ministries) on roaming – on national and international level
- ❑ Meeting with Embassies and Ambassadors

Roaming Expert Working Group (REWG) and its activity

Annual Action Plan

- ❑ REWG develops and approves annual REWG Action Plan
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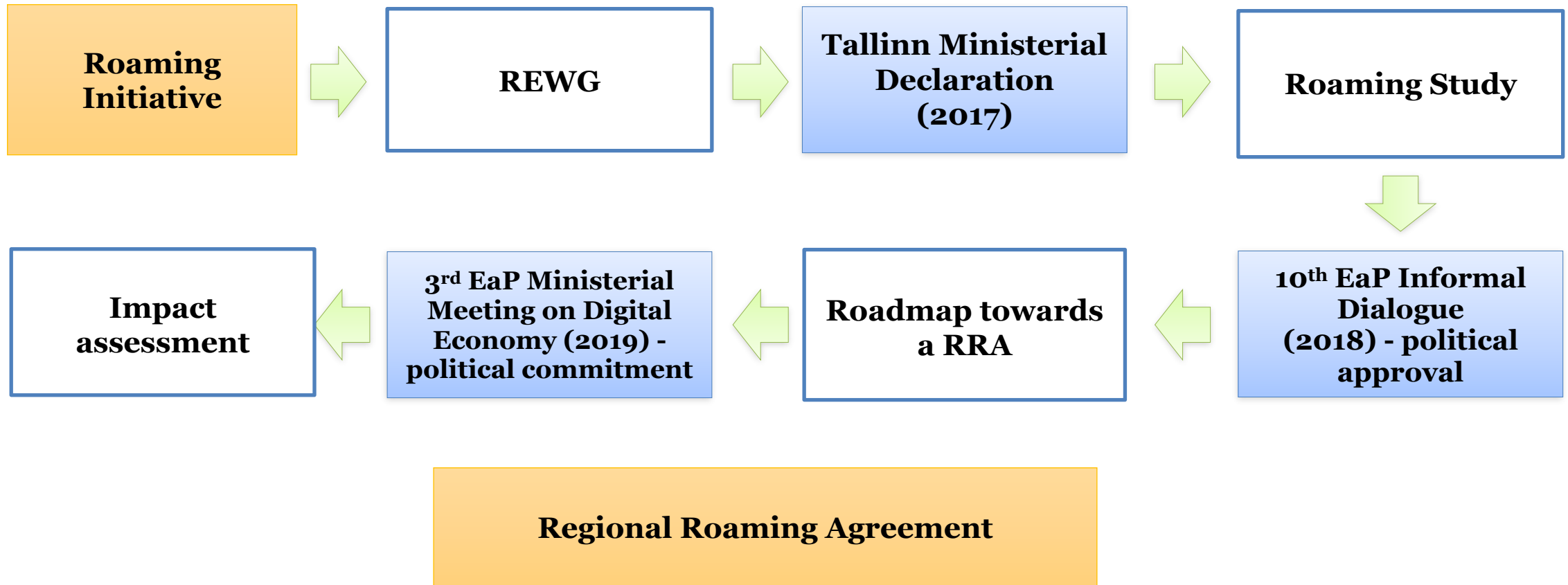
REWG's international cooperation

- ❑ Close cooperation with BEREC Roaming working group, ITU, Regional Cooperation Council of the Western Balkans countries
 - ❑ Representation at the HDM Panel
 - ❑ Participation in international events on roaming issues
-

REWG's achievements

- ❑ **Roaming is priority stream within EU4Digital Project**
- ❑ Roaming Study and impact assessment
- ❑ Roadmap towards a Regional Roaming Agreement and RRA
- ❑ Involvement in drafting of EaP-EU Ministerial Declarations on digital economy (2017, 2019)
- ❑ **REWG plays key role in coordination and implementation of the Roaming Initiative**

Roaming Initiative: the way to Regional Roaming Agreement



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Roaming Study and Impact assessment

Roaming Study: key findings (1)

May 2017 - May 2018 - Initial Roaming Study on «a harmonised approach to roaming pricing and reduced roaming tariffs among the EaP partners»:

- The study proved overall financial benefit for EaP markets
- Provided for a harmonised wholesale and retail roaming approach in EaP, incl. voice, SMS and data services
- Regional roaming agreement (RRA) form as a governmental level arrangement was suggested

Roaming Study suggests **3 viable options**:

- 1 EU Roaming regulation model**
based on the EU Roaming regulation, which would regulate wholesale rates (setting them at the same level as in the EU) and eliminate retail roaming tariffs through a Roam-Like-At-Home (RLAH) model
- 2 Amended EU Roaming regulation model (AERRM)**
partially based on the EU Roaming regulation, which would regulate wholesale rates (setting them at the same level as in the EU) and set the retail rates equal to RLAH rates and charge to wholesale rate on top
- 3 Clear wholesale and retail rates model**
based on a detailed costing study to establish specific EaP rates for wholesale and retail tariffs

Roaming Study: key findings (2)

Regulation model alternatives analysed in the Roaming study

As a result of the analysis the **Amended EU Roaming regulation model (AERRM)** is proposed as optimum, given the circumstances.

The suggested approach under the AERRM would imply a glidepath (timeline) with that would allow full implementation of the AERRM over five years, while ensuring a coherent decrease of roaming charges and giving the operators time to adjust accordingly.

Criteria	EU model	Amended EU model	EaP specific model
Implementation	5	5	2
Regulatory fit	1	4	5
Customer impact	5	3	3
Operator impact	1	5	5
Future perspective	5	5	3
Total	17	22	18
Ranking	3rd	1st	2nd

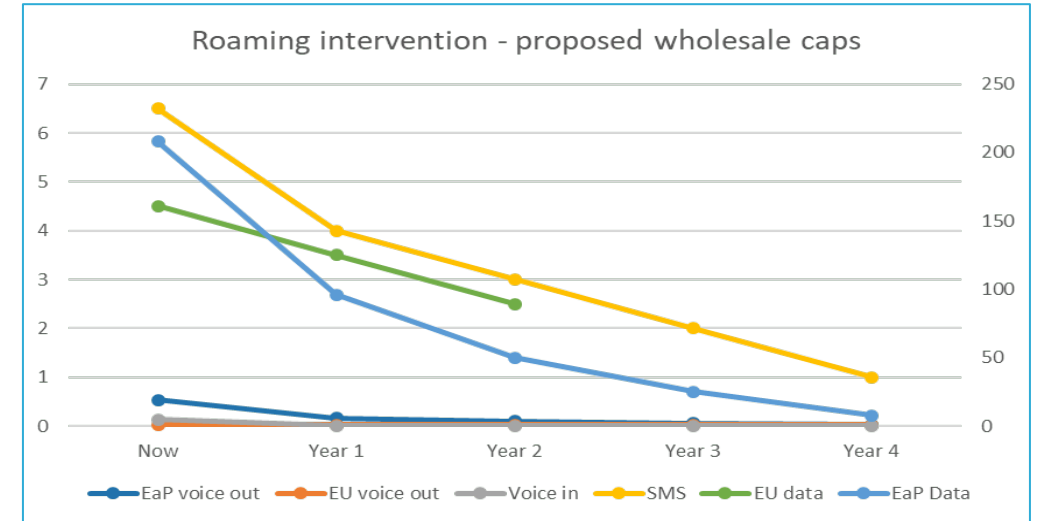
Roaming intervention – proposed wholesale cap

The **average wholesale charge** that the visited network operator may levy on the roaming provider for the provision of regulated data roaming services by means of that visited network **shall not exceed a safeguard limit of EUR 7,70** per gigabyte of data transmitted.

That **maximum wholesale** charge shall **decrease** to:

- EUR 6,00 per gigabyte on 1 January 2018
- EUR 4,50 per gigabyte on 1 January 2019
- EUR 3,50 per gigabyte on 1 January 2020
- EUR 3,00 per gigabyte on 1 January 2021
- EUR 2,50 per gigabyte on 1 January 2022

It shall **remain at EUR 2,50 per gigabyte** of data transmitted **until 30 June 2022**. The Article 19 requires the European Commission by 15 December 2019 submit to the European Parliament and to the Council, accompanied, if appropriate, by a legislative proposal to amend the maximum wholesale charges for regulated roaming services. Effectively this means a **deviation** in levels of **applicable wholesale rates** within the **EU and EaP** countries.

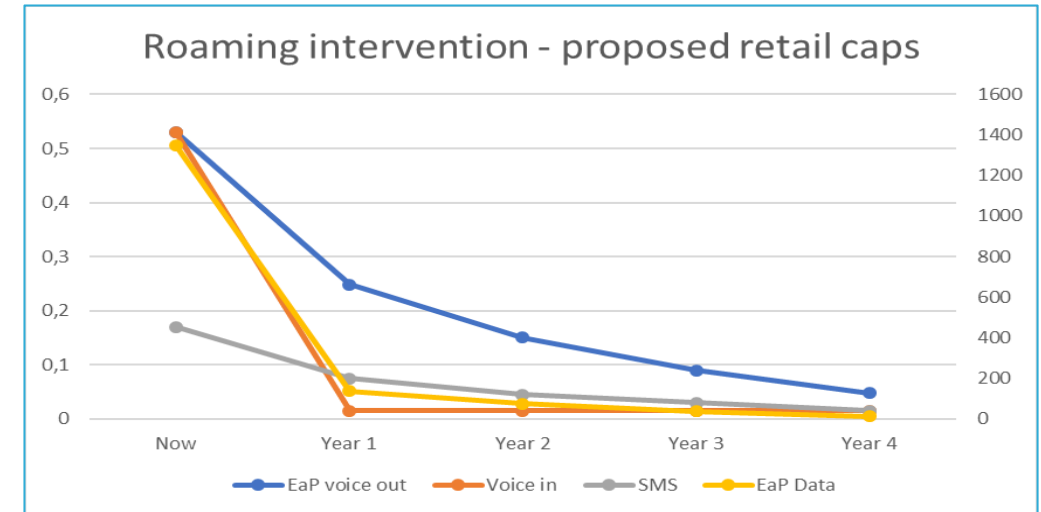


	Now	Year 1	Year 2	Year 3	Year 4	Year 5
Voice out (EUR ct. per min)	16.5 – 53.0	16.5	10.0	6.0	3.2	New EU rate
Voice in (EUR ct. per min)	1.0 – 13.0	1.0	1.0	1.0	1.0	New EU rate
SMS (EUR ct. per SMS)	4.0 – 6.5	4.0	3.0	2.0	1.0	New EU rate
Data (EUR per GB)	96.0 – 208.0	96.0	50.0	25.0	7.7	New EU rate

Roaming intervention – proposed retail cap

Retail prices would be set according to following formula: **applicable wholesale rates plus domestic rates**, effectively ensuring a transparent mechanism whereby the **per unit cost consists of domestic rate and a surcharge equal or less than stipulated wholesale rate.**

Prices would reach **EU wholesale roaming prices of 2017 in Year 4** and would further decrease to the **then-new EU wholesale roaming rate in Year 5**. Retail roaming charges are set with a 50% mark-up from wholesale cost and would gradually move in **Year 5** to the **then-current wholesale level, plus the effective national price** applied at that time.

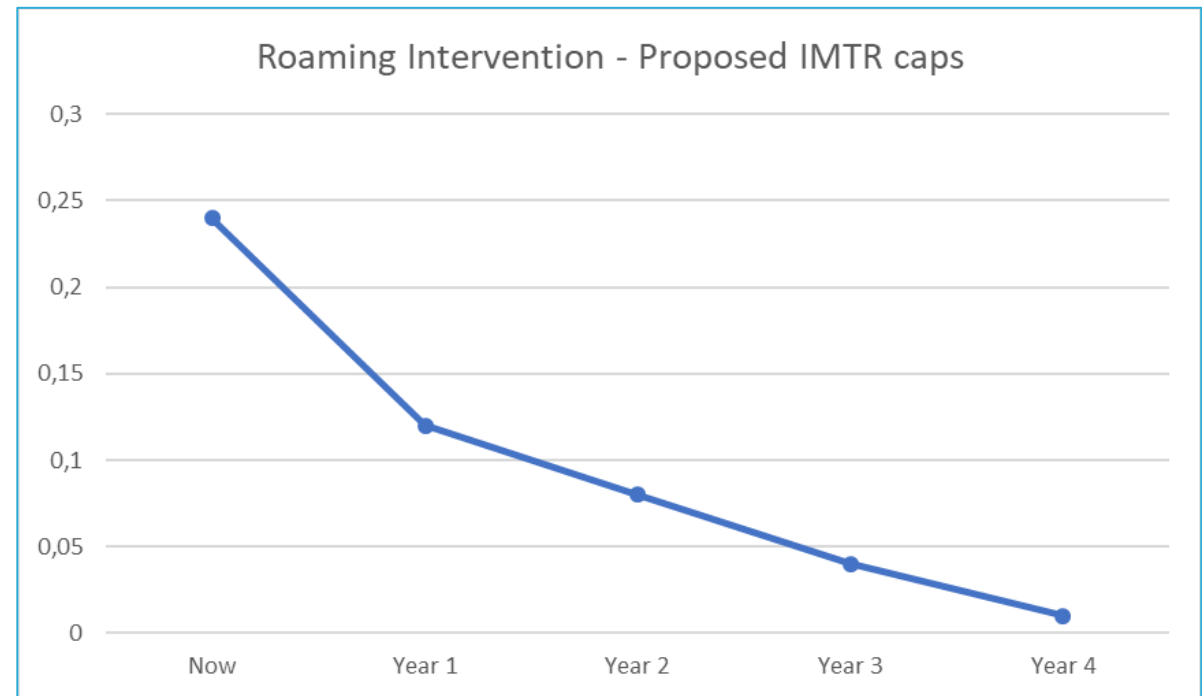


	Now	Year 1	Year 2	Year 3	Year 4	Year 5
Voice out (EUR ct. per min)	39.0 – 53.0	24.8	15.0	9.0	4.8	Wholesale + national
Voice in (EUR ct. per min)	14.0 – 53.0	1.5	1.5	1.5	1.5	Wholesale + national
SMS (EUR ct. per SMS)	7.5 – 17.0	7.6	4.5	3.0	1.5	Wholesale + national
Data (EUR per GB)	137.0 – 1350.0	137.0	75.0	37.5	11.6	Wholesale + national

Roaming intervention – proposed IMTR cap

The Study recommends to gradually decrease international mobile termination rates (IMTR) towards average mobile termination rates in the EU.

	Now	Year 1	Year 2	Year 3	Year 4	Year 5
Voice out (EUR ct per min)	12.0 – 24.1	12.0	8.0	4.0	1.0	New EU average rate



Roaming Rate Harmonisation Impact Assessment

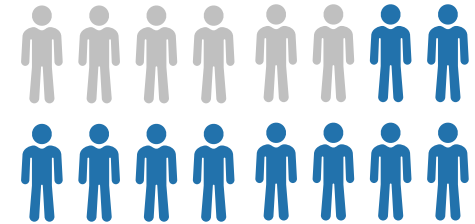
EaP TELECOMMUNICATIONS MARKET IN 2019

Total mobile services market – just under **EUR 2.4 bn**

→ Mobile roaming services amounted to **3.24%** (EUR 76.9 m)

→ EaP retail roaming totalling only **0.28%** (EUR 6.77 m)

- ▶ Just over **80 m** mobile users
- ▶ Ukraine being the largest market with over **EUR 1 bn** of revenues and over **50 m** active connections (more than half)



PRELIMINARY EaP MARKET IMPACT ASSESSMENT DUE TO REDUCED ROAMING CHARGES

- Voluntary decreases of roaming prices are observed, however, substantial reductions are still to be implemented to align with suggested roaming model. On average – **87%** decrease expected
- Initial societal welfare impact assessed at **EUR 5.267 m**. Down from over **EUR 32 m** indicated under Roaming study (2017) mainly due to price decreases but also substantial changes in Ukraine market structure (increase of data usage) which in turn impact majority of EaP market
- Impact assessed on the 5th year of implementation

Total estimated Roaming and IMTR Harmonisation Impact Assessment

Preliminary EaP market impact assessment due to roaming and IMTR

- Total estimated impact is calculated as a sum of monetary impact of reduction of applicable roaming rates and the estimated monetary impact of reduction of applicable IMTR
- As reduction of **roaming rates** is estimated to bring **EUR 5.26m** of societal welfare and proposed glidepath of **IMTRs** would bring a **EUR -0.195m** impact on revenues, the total estimated impact is calculated at **EUR 5.07m**
- Impact is expected to be higher but not significantly for termination part as not all EaP countries provided relevant data to the EU4Digital
- Indicatively, there may be differences between roaming traffic termination revenues and those generated by termination of international traffic on mobile networks

3

The Regional Roaming Agreement (RRA): overview

RRA: key features

Form



- **WTO compliant** Mutual Recognition Agreement type of agreement
- **Not shielding 100% from accession other WTO Members**, however, provides certain decision making discretion

Prices



- Proposes price caps for **customer and operator prices, including IMTRs**
- **More aggressive glidepath was suggested** for incoming voice call retail price reduction
- However, after rounds of consultations, it was agreed to reduce retail price caps at lower scale at the beginning but **keep the rates for final year as primary suggested**. This ensures that benefits estimation remains valid

Benefits



- Overall **positive impact is estimated at EUR 4.64m** (EUR 11.29m of consumer surplus and EUR -6.65m of operators' losses)
- Expected **87% roaming prices reduction** for consumers in the EaP region

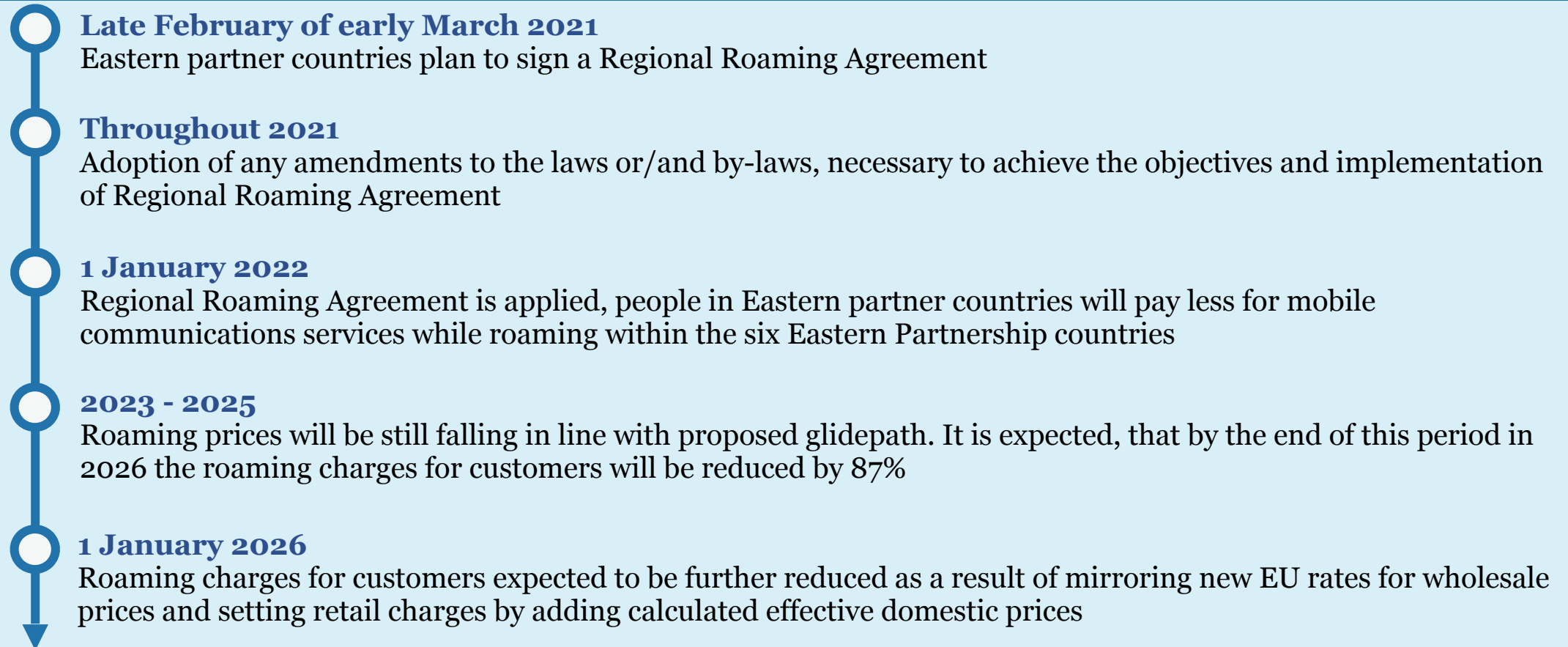
Timeline



- Expected **signature late February or early March 2021**, transition period for rest of 2021 for national procedures, including ratification and changes in relevant national legislation
- RRA shall be applied as of **1 January 2022 - price regulation starts**

Regional Roaming Agreement: timeline

Final version of the draft RRA has been prepared as a result of recently finalised national stakeholder consultations process. The RRA foresees the following timeline:



Regional Roaming Agreement: coordination

IMPLEMENTATION OF THE AGREEMENT

- The EaP countries agree under the RRA to empower their respective national regulatory authorities to impose the measures related to the implementation of the Agreement
- Implementation of the RRA shall be coordinated by EaPeReg and its' Roaming Expert Working Group (REWG)
- The national regulatory authorities will co-operate closely among themselves and with the EaPeReg / REWG to ensure consistent application of the Agreement

FURTHER DEVELOPMENTS

- The EaPeReg / REWG will monitor developments related to harmonisation of international roaming regulatory frameworks and at least once a year report on the matter
- The reporting framework may also be utilised as means of proposing any changes to the Agreement in the future, reflecting the market developments existing at that time



Thank you for your attention!

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