

Mobile roaming charges in the EU - Press Dossier (06 July 2011) -

Press conference by Commissioner Neelie Kroes TODAY 06 July '11 @ 12:30 CET: <http://bit.ly/nNJSEO>

The issue

Roaming surcharges apply when using a mobile phone abroad. Those surcharges are due to the fact that the home network and the visited network have to make agreements and have the technical ability to accommodate foreign mobile phones and route calls correctly. Before the first regulatory intervention of the EU, prices could be as high as 3€ per minute for a call.

In 2007, the first EU regulation on roaming was adopted (in force since 30 June 2007) which introduced price caps for both retail and consumer prices (called the "Eurotariff") which have since been lowered gradually. This led to lower prices for calls and SMS when roaming within the EU. Unlike expected from the European Commission, it did not lead to a strengthening of market forces to lead to even lower prices. Especially, prices for using internet services ("data roaming") when abroad continue to be much higher than in home networks.

Since 1 July 2011, the price caps for end-users are:

Making call	Receiving call	SMS	Data
35 ct + VAT	11 ct + VAT	11ct + VAT	No cap

Even though there are such caps, customers still encounter extremely high phone bills when going abroad: 150€ for one month of phone usage, £3000 for 500 MB of data usage or 25000€ for one user in Austria who was roaming inadvertently. According to ZDNet UK, data roaming charges can be as high as £10 per MB, while providing the service only costs a few pence.

Technical background

Technology website Gizmodo.com offers an overview why roaming is so expensive and complicated:

"International roaming is built on a shoddy patchwork of contracts, negotiated on a carrier-by-carrier basis, totally out of view. If a [...] carrier wants to make sure its customers can use their phones all over the world, they need to ink separate contracts with dozens—if not hundreds—of carriers across the globe. If you place a call in another country, what you pay is based almost entirely on what the native carrier has decided to charge your carrier rent access. [...] The one force that should keep prices down—competition—often doesn't exist. Many countries have highly regulated or monopolistic wireless providers, meaning that a [...] carrier looking for a partner might just have one or two choices." Read more at <http://gizmo.do/ir6TTR>

Current developments in the EU

On 1 July 2011, the existing price caps were once again lowered (see table above).

The current rules are slated to expire in June 2012. Due to this, earlier this year, the European Commission started the process to review the existing roaming regulation in order to assess its effectiveness and propose improvements. The consultation was concluded in February 2011 and the new proposals are expected to be published on July 6.

The main options for the new regulation were:

- extending the current legislation of price caps, with lower prices and new price caps for internet services ("data roaming").
- strengthening market forces by: allowing customers to choose a different operator just for roaming, allowing low-cost mobile network operators easier access to different national networks, and establishing a roaming spot market to replace the current system of long-term contracts between operators.
- introducing a new system of price caps where customers only have to pay prices that are similar to what they also pay at home ("roam like at home").

The new proposals

According to various media reports¹, the new 26-pages proposals the European Commission will officially reveal on 6 July 2011, 12:30 (<http://bit.ly/nNJSEO>) will likely make the following proposals:

- Until 2015, the difference between national tariffs and roaming prices will approach zero.
- The price cap for making calls will be lowered to 32 ct/minute in 2012, 28 ct/minute in 2013 and 24 ct/minute in 2014 (similar to national tariffs) and prices for SMS will be capped at 10 ct (instead of 8 ct as originally planned).

¹ Sources: Reuters, AFP, ZDNet, EurActiv, Europolitics, Suite 101

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- There will be price caps for data roaming, expected to be around 90ct/MB (excl. VAT) from 2012, 70ct/MB from 2013 and 50ct/MB from 2014.
- From 2014 on, customers will be able to choose a different operator just for roaming services.
- Mobile virtual network operators (MVNOs; mostly low-cost operators that do not run their own physical network) will get easier and cheaper access to foreign networks, potentially allowing them to build cross-border networks.
- On the wholesale level, the prices network operators charge other network operators for access to their networks will continue to be regulated.
- The new regulation is expected to remain in force until June 2016, when it will either expire or have to be renewed.
- The European Parliament and the Council of Ministers are expected to discuss and approve the proposals until spring 2012 at latest.

Issues with the new proposals

- Data roaming: 90ct/MB (or even 50ct/MB in 2014) is still expensive, especially when considering data-heavy applications such as viewing images or watching videos and the growing number of internet-enabled smartphones and tablets.
- How will calls be charged when networks switch to new, "IP-only" technology (where all calls are done via the internet)?
- There is a possibility, that existing small operators might be "squeezed" out of the market.

Key players and campaigns

- **The European Commission** is expected to make new proposals for even lower roaming fees from 2012 on (see above).
- **European Parliament:** As the existing roaming regulation is already popular with European citizens, several members of the European Parliament from different political groups have high hopes in the new regulation (eg. Róża Thun, Rafal Trzaskowski, Paul Rübig and members of the IMCO committee <http://bit.ly/ecbt9G>).
- **The Polish EU Council presidency:** The Polish government seems to be eager to implement several measures to strengthen the internal market of the EU in the second half of 2011 and "will give high priority to the review of the roaming Regulation"².
- **Mobile phone operators:** Mobile phone operators are trying to prevent new EU regulation for lower roaming charges and are challenging existing rules, warning that they might not invest in faster networks in return. They went to the European Court of Justice in 2009 to sue against the existing roaming regulation, and lost. There seems to be support for measures that increase competition, but not for retail price regulation. Some operators have also been accused of increasing costs for domestic calls in exchange for lower roaming fees.
- **Campaigns and Organisations against high roaming charges:**
 - ❖ the network "European for fair Roaming" (www.fairroaming.org)
 - ❖ European Consumers' Organisation BEUC (www.beuc.org)
 - ❖ the International Telecommunications User Group INTUG (www.intug.org)
 - ❖ UK technology news website ZDNet UK (www.zdnet.co.uk)
 - ❖ Petition against roaming at www.uniabezbarier.pl

FairRoaming.org: The campaign against roaming charges in the EU

"Europeans for fair roaming" (www.fairroaming.org) was started by Europe United – the European Party as a Facebook campaign as has since expanded to become a network bringing together organisations and citizens from across Europe that represent tens of thousands of concerned Europeans. The network calls on all EU institutions to take steps to end the current unfair practice of mobile phone operators charging high roaming fees when you use your mobile phone in another EU state.

Current state of the campaign:

- A network of 7 organisations representing/reaching ~100.000 people
- Facebook campaign with 1300 supporters, Twitter, Newsletters, etc: several thousand contacts
- Two petitions with about 800 and about 400 signatures
- Constant communication with key players

² Source: 18 month programme of the Council (1 July 2011 - 31 December 2012), <http://pl2011.eu>