



**GSMA Position on Roaming
Telecoms Single Market Proposal
13 April 2015**

While the Roaming III Regulation remains in force and the future roaming IV is under discussion, the roaming market continues evolving across the European Union. There are indeed more and more offers available in the retail markets that include some roaming services at domestic prices, or where roaming services are available at domestic prices following a daily/weekly/monthly fee. This clear trend is driven by competition and by the move towards a data-centric economy where operators also wish and need to incentivise the use of data services by their clients while roaming. In this sense, commercial offers based on add-ons are increasingly successful, meeting customers' needs and satisfaction.

The GSMA is at the policy makers' disposal in the coming days to further elucidate, if needed, the technical complexity mentioned below.

1. To avoid the risks attached to the RLAH scenario on domestic markets, there is a need to opt for a RLAH+ solution

The risks attached to RLAH

The European Parliament supports the imminent abolition of roaming, whilst, the Council has opted for a transitory move towards this goal whereby operators are able to have a small regulated surcharge beyond basic allowance thresholds, following the [report](#) by BEREC at the end of last year.

RLAH creates several substantial risks as there is currently too wide a discrepancy between costs and tariffs in the European Union, which would mean in a RLAH scenario:

- High end customers (travellers) will be subsidised by low end customers (non-travellers) across the EU28;
- Current domestic tariff viability was not conceived with "roaming services" included. Therefore, operators may have to adapt their tariffs to the new commercial conditions that the Regulation will establish in the near future, and;
- Competitive national markets could be potentially distorted by means of offers based on permanent roaming –putting at risk investments in infrastructure.

As rightly concluded by BEREC in its report:

- The removal of retail roaming surcharges across Europe is currently not sustainable or feasible in practice, given the significant variations in a number of important parameters across Member

States, including (but not limited to) the levels of retail tariffs, costs, and travelling and consumption patterns;

- The situation is made more complex by differences between operators, and between customer-travel patterns within individual Member States;
- Consequently there is no perfect “one size fits all” approach towards a RLAH specification.

The RLAH+ scenario

The proposed Roam Like at Home ‘plus’ (“RLAH+”) solution based on an additional fair and small surcharge to the domestic retail price for the consumption of roaming services would avoid various problems identified by BEREC.

It represents a valuable option for avoiding the negative side effects of the RLAH obligation, as it takes into account ‘cost structure’ differences between different Member States and both national and roaming cost structures. It is economically speaking justified to opt for an RLAH+ scenario where the “+” remains however low - current wholesale roaming caps – and regulated.

It is also an option favourable to consumers as in practice the Council proposal is rather significant: The retail data caps will indeed be reduced from currently 0,2€/MB to 0,05€/MB (plus domestic charge) for data services. Beyond the basic allowance, this sharp reduction will have a strong positive effect for consumers, also considering the fact that operators are competing on roaming offers.

The basic allowance

Finally, the Council proposal attaches to RLAH+ the concept of basic allowance where domestic prices will apply for a certain amount of volume over a certain period.

If it is to remain in the text, it should be limited and remain basic; otherwise it would indeed mean reintroducing the concept of RLAH with fair use, whose drawbacks have been clearly highlighted by BEREC in its aforementioned report. When deciding on its level, policy makers should notably have in mind the figures delivered by BEREC regarding EU average, especially when considering the number of days while roaming. Finally, the text should remain proportionate and flexible in terms of implementation – for instance: the Council proposes to define the number of days per year while operators’ billing systems typically work on a monthly basis. Similarly it imposes to deliver a certain number of days and volumes without considering the possibility for operators to combine in a more flexible way days and/or volumes to better match customers’ needs while respecting the basic allowance criteria.

The concept of domestic price will also have to be carefully defined, notably to avoid negative side effects on domestic bundled offers, to take into account national and international call rates and needs of different type of customers.

2. Timing; entry into force by December 2015 is not technically feasible whilst June 2016 still remains tight due to implementation challenges.

Implementation at retail level

The European Parliament proposal included the abolition of roaming charges by December 15th 2015. In practice, this is not realistic as the TSM process has not been as fast as expected in its early stages and the scope would be too wide to be covered by that time. In that sense, it is worth noting that the European Parliament estimated a one-year period before entry into force to reach December 15th 2015. If the Regulation is approved by June 2015, a one year period will take us mid-2016, partially the Council's proposal.

The Council on the other side proposes a two-step approach to take into account the high numbers of retail offers operators will have to adapt in order to introduce the basic allowance and RLAH+ scenario (for some it is more than hundreds of retail offers that are currently activated in their systems). The Council therefore sets up as a deadline June 30th 2016 for new offers, and the 1st January 2017 for implementing legacy roaming offers.

Although Council's proposal rightly distinguishes between the various types of contracts, its timing will remain a challenge for operators. Most probably, operators will not be able to comply with the proposed new Regulation as it stands today because of the broad scope of the obligation that will cover new and legacy commercial offers in a short period of time, whereas the IT systems of operators are for the most part not currently flexible enough to cope with the new two-part regime from roaming charges under RLAH+. Updating live billing systems is complex with a high degree of business risk and it is inconceivable that the system updates can be procured, developed, tested and implemented in less than a year. Additionally, it will take a number of months to adapt such a significant number of retail offers and migrate existing customers to the new regime.

Were the objective to remain to include basic allowance and RLAH+ in all offers, this would as a minimum require 24-months to be fully implemented, once the text is finally adopted. Were it to be decided to reduce the scope to actual marketed offers, that timing could be reduced to one year after adoption of the text.

The wholesale review

As far as the wholesale market is foreseeable, the GSMA shares the Council Conclusion that no conclusions beyond the review of the wholesale market should be drawn at the moment. We also consider that the Regulation should call for a thorough assessment of the wholesale market, and a consultation of stakeholders, before the European Commission presents a legislative proposal.

3. Operators should keep the ability to offer attractive and innovative commercial offers to their customers

The European Parliament proposal limits operators' ability to opt out from the regulated roaming offer to more attractive and beneficial commercial roaming offers. The Council recognises the beneficial effects of allowing operators the ability to improve on regulated conditions.

There are many commercial roaming offers already available across the EU28 that go beyond the European bodies' expectations, especially for data services. In this sense, operators should be allowed to offer national offers without "roaming" services for non-roamers, or alternative commercial offers that improve commercial conditions already set by the Roaming Regulation.

In that sense, the new Regulation should also encompass some rules allowing consumers to keep their specific roaming offers in case they consider them more interesting than switching automatically to the new RLAH+ offer; similar provisions are foreseen for instance within the Roaming III Regulation.

4. Incoming calls have to remain included in the concept of RLAH+ and basic allowance to avoid fraud

In order to avoid fraud, and due to the lack of harmonisation of mobile termination rates in the EU, it is necessary to include incoming calls within the concept of basic allowance and RLAH+. Not doing so would indeed open the possibility of large fraud, without clear options for the operators to fight against it. For instance, with incoming calls set at zero, roaming customers or companies could use this free service in an abusive way, by using call-back mechanisms, while the operators could not detect an abusive "call-back" system compared to a high usage of received calls while roaming. It would not be justified to treat incoming calls differently from other roaming services. In order to avoid any possible distortion the surcharge should be set to the level of the maximum MTR within EU Member States.

5. Decoupling obligations should be deleted as invalid in an RLAH+ context

The European Parliament proposal keeps single IMSI and LBO obligations in place, as imposed by Roaming III Regulation, and the Council deletes the single IMSI obligation but maintains LBO.

In an RLAH or RLAH+ context, where increasingly roaming traffic will be included in domestic plans, there is no business rationale left for keeping in the Regulation both Single IMSI and LBO providers. Since 2012, when the Roaming III Regulation was approved, there has been no success in both options in a more favourable context without RLAH. Keeping them, or even one of them, creates uncertainties, and possibly maintenance costs, while there is no more justification to have them. In addition, the LBO option can also be counterproductive in an RLAH or RLAH+ scenario as it prevents operators from really negotiating the wholesale prices for voice and SMS, as those services have to be delivered to the LBO providers without alternative.