

**INTERNATIONAL BEST PRACTICES FOR MOBILE TO MOBILE TERMINATION RATES
REGULATION**

The XXII Meeting of Permanent Consultative Committee I: Telecommunications/Information and Communication Technologies (PCC.I),

TAKING INTO ACCOUNT:

- a) That the Rapporteurship on “Economic aspects of telecommunications/ICTs” resolved to establish a Study Question for the to assess the status of Mobile Termination Rates (MTR) in the Region in order to produce an: “assessment of the status of MTR in the Region; identification and assessment of cost models and methodologies used in the Region for the purposes of setting MTR, where applicable; study and assessment of the competitive impact of MTR in the Region; and identification of best practices for regulation and opportunities for harmonized approaches, where applicable;” ¹
- b) That, in the framework of Resolution PCC.I/RES. 178 (XVII-10), a preliminary work plan was established for the Study Question, which included, among other tasks, to develop a Report, based in part on responses to a Questionnaire on Termination Rates from mobile to mobile; as well as to identify the critical regulatory and economic issues associated with setting MTRs from mobile to mobile;
- c) That within the timeframe between the XVIII and the XXII PCC.I meetings, responses to the Questionnaire on the MTRs regulation were received from 21 Member States, out of 35 countries in the Americas;²
- d) That, pursuant to the mandate of the Study Question, and having received answers to the Questionnaire from various Member States³, the United States of America, as Co-coordinator, submitted a comprehensive document entitled “Report based on the Responses to the Questionnaire on MTR” at the XIX Meeting of PCC.I in Salta, Argentina⁴;
- e) That the XIX Meeting of PCC.I decided to convene a half-day Seminar on MTRs Regulation in conjunction with the XX Meeting of PCC.I in Buenos Aires, Argentina to share experiences from regulators and the industry, and raise awareness of regulatory developments within the Region⁵,

CONSIDERING:

¹ CCPI-TIC/doc. 2873/13

¹ PCC.I/RES. 178 (XVII-10) “Development of a study on Mobile Termination Rates (MTR) in the region.”

² Responses were received from Antigua and Barbuda, Argentina, Brazil, Canada, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Saint Vincent and the Grenadines, United States of America, Uruguay, and Venezuela.

³ The following countries responded to the Questionnaire: Argentina, Brazil, Canada, Colombia, Costa Rica, Dominican Republic, El Salvador, Mexico, Peru, the United States of America, Uruguay, and Venezuela. Canada has also submitted a general input to the MTR Study Question.

⁴ CCP.I-TIC/doc. 2344 (XIX-11) “Report based on the Responses to the Questionnaire on MTR.”

⁵ Resolution PCC.I/RES. 193 (XIX-11).

- a) That the conclusions of the Seminar on MTR Regulation are included in the final report of the Policy and Regulatory Group (WGPR) of the XX Meeting of the PCC.I⁶;
- b) That the XX Meeting of the PCC.I decided that the Co-coordinators of the Study Question would update the Final Report on MTRs submitted to the XIX Meeting of PCC.I, as well as identify best practices and opportunities for harmonized approaches to address MTRs Regulation, in order to reduce costs for consumers and enable a fairer, more competitive mobile services market⁷;
- c) That, by means of Resolution PCC.I/RES. 178 (XVII-10) and Decision PCC.I/DEC. 139 (XX-12), a complete study on MTRs regulation in Member States, as well as the feasibility of adopting international best practices toward MTRs Rates in the Americas region, has been developed and submitted to the XXI Meeting of PCC.I in Salvador, El Salvador,

CONSIDERING FURTHER:

- a) That, as a product of the Final Report, it was found that harmonization initiatives for MTRs regulation have been developed in various regions around the world over the last several years, including through sub-regional organizations such as the Eastern Caribbean Telecommunications Authority (ECTEL), and that this is a relevant regulatory issue specifically in Calling Party Network Pays (CPNP) countries;
- b) That other sub regional groups, such as the Andean Community of Nations (Bolivia, Colombia, Ecuador and Peru) and the Southern Common Market (Argentina, Brazil, Paraguay, Uruguay and Venezuela), have moved to establish common interconnection principles;
- c) That, as evidenced by the responses to the Questionnaire, as well as by the Final Study on MTR regulation, although different approaches exist between Member States in setting mobile termination rates, as the mobile market has matured in the Region, a trend has evolved in many Member States to develop MTR regulation in line with international best practices;
- d) That the findings of the Final Report suggest it is of the utmost importance for the Region's countries, in particular those operating under the CPNP system, to identify and enable the use of similar principles and methodologies to determine the cost of mobile termination, leading to more efficient regulation, a fairer, more competitive mobile services market; and lower prices for consumers,

RECOGNIZING:

- a) That it is within the mandate of the Rapporteurship on "Economic aspects of telecommunications/ICTs" to "develop studies on the economic aspects and principles governing rates and/or prices of telecommunications/ICT services and analyze the need for new or adapted charging and accounting mechanisms for the delivery of those services in the Region;"
- b) That it is also within the mandate of the Rapporteurship on "Economic aspects of telecommunications/ICTs" to conduct surveys of "best practices that can be considered in the regulatory frameworks of the member countries,"

⁶ CCP.I-TIC/doc. 2664/12 (XX-12).

⁷ Decision PCC.I/DEC. 139 (XX-12).

NOTING:

That the Final Study found that:

- a) Most countries with CPNP systems have policies or regulations that follow the principle of cost-orientation with regard to interconnection and MTR regulation;
- b) A trend has developed to implementing efficient economic cost modeling when adopting MTRs;
- c) In the region, countries are shifting to an international best practice principle based on long run incremental costing (LRIC) in order to exclude costs that are not directly attributable to the service;
- d) In countries with robust competition, and in the receiving party pay regime, the MTRs are significantly lower than the countries without competitive mobile markets;
- e) On another hand, there are countries that have been using the concept of Bill and Keep for the purposes of determining termination charges,

RECOMMENDS:

1. That CITEL Member States, according to their possibilities and taking into account their particular market conditions, as well as the pertinent national policies, may incorporate the following principles and approaches when developing MTR Regulations or Policies, that are founded on international best practices:
 - a. MTRs that are regulated by competent authorities should be cost-oriented.
 - b. When determining MTRs, regulatory authorities should prefer models that reflect costs of a hypothetical operator.
 - c. In countries that adopt long run incremental costs (LRIC), it would be preferable that regulatory authorities that determine MTRs allocate costs that are attributable only to mobile termination service and exclude non-attributable costs.
2. That CITEL Member States can complementarily adopt other models and principles that allow them to strengthen the development of efficient commercial mobile services.
3. That CITEL Member States consider establishing the necessary regulatory measures to adopt and implement such principles and approaches abovementioned.

INSTRUCTS THE CITEL SECRETARIAT:

To send the present Recommendation to the Member States for dissemination and information.