Press release

MOBILE NETWORK SHARING

Extension of Zeop Mobile roaming on the Orange network in Réunion: Arcep concludes that a request for changes to the amendment will not be necessary

Paris, 6 October 2021

In 2017, Zeop Mobile and Orange signed a roaming agreement for Réunion as part of Zeop Mobile's entry into the Réunion mobile market. This sharing agreement structures Zeop Mobile's ability to roam on Orange 2G, 3G and 4G networks in Réunion for a period of three years, starting on 1 April 2019.

In July 2021, Zeop Mobile and Orange signed an amendment to their roaming agreement for Réunion which was notified to Arcep

This contractual amendment gives Zeop Mobile a three-year extension (from April 2022 to March 2025) on voice, SMS and high-speed data roaming on the Orange network, under the same technical terms and conditions as the initial contract.

Arcep issued a <u>press release in July 2021</u> to inform market stakeholders of the signature of the amendment, and asked them for feedback. In response to this call for comments, Arcep received the observations of the firm, SRR, which it is making public.

Arcep is authorised by law to request changes to mobile network sharing agreements, particularly if it proves necessary to achieve the regulatory objectives¹. It was to this end that Arcep examined the contractual amendment and opened an adversarial phase with Zeop Mobile and Orange, which is protected by business secrecy.

After a detailed examination, Arcep concluded that it does not appear necessary to request that Zeop Mobile and Orange make changes to the amendment extending their roaming agreement to March 2025.

Indeed, the Authority has concluded that extending voice, SMS and high-speed data roaming up to March 2025 is not likely to create an obstacle to achieving the regulatory objectives set forth in CPCE Article L. 32-1, notably fair and effective competition between operators for the benefit of users, and stimulating investment in the electronic communications sector, particularly in light of:

- The current pace of Zeop Mobile's investment in its own network, to be able to provide voice and texting services to its customers over its own 4G network;
- The steady decrease in the proportion of Zeop Mobile roaming traffic since 2017, and the decrease in the volume of voice, SMS and data traffic forecast by the amendment during the three years of the extension;
- The state of the market, notably the level of 4G network coverage in Réunion being provided by Zeop Mobile's rival operators, these operators' supply of voice and SMS services over their legacy 2G/3G networks, and the current low rate of penetration for 4G voice and SMS-compatible devices in the Réunion marketplace.

Beyond March 2025, the amendment gives Zeop Mobile the ability to request two successive one-year extensions for voice and SMS roaming and "possibly for remaining low-speed data tied to voice service use". Each of these two possible one-year extensions will require a contractual amendment that must be submitted to Arcep for examination. In such an eventuality, Arcep will examine the contractual amendments it has been notified with respect to regulatory objectives.

The Authority will continue to closely monitor Zeop Mobile's ongoing investment in the deployment of its own network.

¹ This power is stipulated in Article L.34-8-1-1 of the French Postal and Electronic Communications Code (CPCE), introduced by Act No. 2015-990 of 6 August 2015 for Growth, business and equal economic opportunity

Associated document:

Observations of the firm SRR

Arcep at a glance

The Regulatory Authority for Electronic Communications, Postal Affairs and Print Media Distribution (Arcep), a neutral and expert arbitrator with the status of independent administrative authority (IAA), is the architect and guardian of internet, fixed and mobile telecoms and postal networks in France.