This paper studies international roaming markets in Europe. The object of this paper is to conclude why international roaming prices are very high. The main question is whether the prices are high because of collusion or because of some other reasons. I approach this question by modeling different factors that might raise prices. I use the following three articles in modeling: Shy (2001), Kultti and Leppämäki (2004) and Salsas and Koboldt (2003). Other important references of this paper are: Economides (1996) and Laffond and Tirole (2000). I also study if collusion can be equilibrium in international roaming markets and distinguish different factors that favor collusion. In addition I use the related industrial organization, access pricing and network economics theories in my analysis.

In chapter four I discuss that self-sustaining collusion can work for MNOs in international roaming and is more consistent with reality than the fully competitive example. In addition, I distinguish many factors that favor collusion in international roaming markets. I also reason that a collusive strategy across and inside country borders can be equilibrium.

On the other hand, I show that inter operator tariffs (IOTs) can be high in competitive markets yet because of imperfect traffic direction systems. Bulk discount are used aside with traffic direction. Modeling bulk discounts prevails that bulk discounts probably increase the usage of roaming services. It is not clear how they affect to prices. In addition I reason that consumer behavior and negotiations rules have features that mute competition and thus probably raise prices. Modeling alliances prevails that it is probable that alliances increase wholesale prices. This reflects to retail prices as well. In addition the prices that alliance MNOs apply are probable higher than what non alliance members apply. Even though international roaming markets have many features that might raise prices I come to the conclusion that mobile network operators are engaged in tacit collusion in Europe.

**Avainsanat-Nyckelord-Keywords**
- roaming
- access pricing
- network economics
- collusion

**Säilytyspaikka-Förvaringsställe-Where deposited**

**Muita tietoja-Övriga uppgifter-Additional information**