



REPUBLIC OF THE PHILIPPINES  
**NATIONAL TELECOMMUNICATIONS COMMISSION**  
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**MEMORANDUM CIRCULAR**

No. 05-07-2018

Subject: **INTERCONNECTION CHARGE FOR SHORT MESSAGING SERVICES AND VOICE SERVICE**

WHEREAS, The 1987 Constitution fully recognizes the vital role of communication in nation building and provides for the emergence of communication structures suitable to the needs and aspirations of the nation;

WHEREAS, Promotion of competition in the telecommunications market is a key Objective of Republic Act 7925 (RA7925), otherwise known as The Public Telecommunications Policy Act of the Philippines, which mandates that *“a healthy competitive environment shall be fostered, one in which telecommunications carriers are free to make business decisions and to interact with one another in providing telecommunications services, with the end in view of encouraging their financial viability while maintaining affordable rates”*;

WHEREAS, Republic Act 7925 further defines the role of the government to *“promote a fair, efficient and responsive market to stimulate growth and development of the telecommunication facilities and services”*;

WHEREAS, Sec. 5c of RA7925 directs NTC to *“Mandate a fair and reasonable interconnection of facilities of authorized public network operators and other providers of telecommunications services through appropriate modalities of interconnection and at a reasonable and fair level of charges, which make provision for the cross subsidy to unprofitable local exchange service areas so as to promote telephone density and provide the most extensive access to basic telecommunications services available at affordable rates to the PUBLIC”*;

WHEREAS, MC02-10-2011 and MC09-11-2016 reduced the interconnection charge for short messaging services (SMS) from PHP0.35 to PHP0.15 per SMS and for voice service from PHP4.00 to PHP2.50 per minute, respectively;

WHEREAS, in India, the interconnection charges for short messaging service (SMS) and voice service are INR0.02 (PHP0.0154) per SMS and INR0.06 (PHP0.067) per minute<sup>1</sup>, respectively;

WHEREAS, in Australia, the interconnection charges for short messaging service (SMS) and voice service are AUD0.0003 (PHP0.012) per SMS and AUD0.017 (PHP0.067) per minute<sup>2</sup>, respectively;

<sup>1</sup> [economictimes.indiantimes.com](http://economictimes.indiantimes.com)

<sup>2</sup> [telecomasia.net](http://telecomasia.net) May 15, 2018

WHEREAS, based on the report from International Journal of Computer Networking Wireless and Mobile Communications (IJCNWMC)<sup>3</sup> (2016), the mobile termination rates in the following ASEAN countries are:

Thailand	:	PHP0.56 per minute
Malaysia	:	PHP0.48 per minute
Singapore	:	no charge
Myanmar	:	no charge
Indonesia	:	PHP0.93 per minute
Cambodia	:	PHP2.42 per minute
Vietnam	:	PHP1.26 per minute
Brunei	:	no charge
Laos	:	PHP0.73 per minute

WHEREAS, based on the Annual Reports submitted pursuant to CA 146, as amended (Public Service Act) using cost allocation based on revenue contribution, the average cost of interconnection in the last three (3) years for mobile voice services and SMS is PHP0.486 per minute and PHP0.044 per message, respectively;

WHEREAS, the prevailing interconnection charges for voice service and SMS are high compared to most of the ASEAN countries;

WHEREAS, Department Order No. 002 series of 2018 of the Department of Information and Communications Technology (DICT) directs the National Telecommunications Commission to formulate concrete measures that will ensure that the interconnection rates for both mobile voice and short message service are reduced to minimum taking into consideration the best interest of the ordinary Filipino consumer;

NOW, THEREFORE, pursuant to RA 7925, Executive Order 546 series of 1979, and to reduce communication costs, maintain and foster fair competition in the telecommunications industry and in order to make voice and SMS more affordable to the general public, the National Telecommunications Commission hereby promulgates the following guidelines:

Section 1. The interconnection charges for voice service and SMS shall be PHP0.50 per minute and PHP0.05 per SMS, respectively.

Section 2. Network providers shall comply with the prescribed quality of service or service performance standards.

Section 3. Each of the parties to the interconnection shall provide the required interconnection links or circuits and facilities with sufficient capacity required to carry their respective voice and SMS traffic in a timely manner.

Section 4. The PTEs shall amend their respective interconnection agreements to comply with this Circular within ten (10) days from the effectivity of this Circular. The new interconnection charge shall be imposed not later than twenty (20) days from the effectivity of this Circular.

<sup>3</sup> International Journal of Computer Networking Wireless and Mobile Communications (IJCNWMC)  
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Section 5. Violations of herein prescribed guidelines shall be imposed penalties pursuant to existing laws, rules and regulations.

Section 6. This memorandum circular shall take effect fifteen (15) days after publications in a newspaper of general circulation, and three (3) certified copies furnished to the UP law Center.

Quezon City, Philippines, 19 July 2010



**GAMALIEL A. CORDOBA**  
Commissioner



**EDGARDO V. CABARIOS**  
Deputy Commissioner



**DELILAH F. DELES**  
Deputy Commissioner