



3 June 2008

International roaming prices show clear evidence for further regulatory action

At its plenary session in Vilnius, Lithuania, on 29 and 30 May, the European Regulators Group reached conclusions on key deliverables in order to strengthen the European single electronic communications market.

“Following an intensive 6-months work within the group, the ERG has reached common conclusions on critical issues of electronic communications at its plenary meeting. During this period, cooperation with the Commission has been further reinforced.”, said Daniel Pataki, Chair of the ERG. *“Our current priorities relate to mobile termination rates, geographical segmentation of national markets, next generation networks and the future of roaming regulation. We promised earlier this year, to come up with concrete responses to concerns in these areas and we have delivered”*, he added.

International roaming

Latest ERG data indicates the need to extend regulation of voice roaming and to consider new measures to curb excesses in SMS roaming, data roaming and other tariff-setting practices.

Preliminary data for the period October 2007 to March 2008 shows the new Eurotariff has successfully capped voice roaming charges. But it also shows prices clustered just below the cap - indicating no evidence of price competition or tariff innovation.

SMS prices were also stable in the period, in spite of strong evidence that prices are several times the cost of provision and despite strong calls from regulators for significant price reductions.

Data roaming prices are also running at multiples of the cost of provision and regulators have noted repeated consumer complaints about "bill shock" following trips abroad.

Daniel Pataki said: *“Europe’s regulators call upon mobile service providers to initiate urgent and substantial cuts to SMS and data roaming prices”*.



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Service providers must also offer customers sufficient transparency when using data roaming to avoid unexpectedly high bills. Hidden surcharges resulting from the common practice of billing per minute are also alarming.

ERG will shortly be advising the European Commission and the Parliament on the question of further regulation of roaming prices.

Dániel Pataki, ERG Chair also added: *“As things stand, we shall be advising continued regulation of voice roaming along with extension to SMS roaming. The case for retail price control in data roaming is more finely balanced, given the early stage of development of this market and the importance of not stifling incentives to invest. But consumers have a right to expect tariffs which are fair and transparent. Where market forces fail to deliver these outcomes, regulators have a responsibility to step in.”*

Mobile termination rates

The ERG – based on an extensive collection of MTR data in Europe¹ - adopted a common view on mobile termination rates and communicated it to the Commission. In the past four years, average mobile termination rates have fallen by almost 40 per cent under the influence of the glide-paths established by most regulators. Differences in rates across Europe are also narrowing and will continue to do so with MTRs falling further. ERG members are committed to continue along this path and are confident that the reduction achieved in the past can be broadly replicated in the coming three years.

ERG supports the application of cost-based modelling based on established principles that is reflective the costs of an efficient operator, however there should be sufficient flexibility in the model and a best practice approach should be also considered.

Geographical market segmentation

The group has approved its Draft Common Position on “Geographic aspects of market analysis” for public consultation. This proves to be an important step towards deregulation and better targeted regulation in the sector. The ERG believes regional differences of national markets being considered when defining and analysing the markets will further contribute to the development of competition and new services and provides the consumers with clear benefits.

¹ This „MTR snapshot” is publically available on the ERG website. Latest data for January 2008 now published.



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Next Generation Networks

Having thoroughly investigated next generation access questions last year, ERG launches a public consultation based on a consultation document on principles of IP-IC/NGN core in order to collect stakeholders' views on the possible future regulatory approach of the new IP world.

Spectrum

Spectrum continues to be a key issue for the future development of the sector, and remains to be a key component of the Framework Review. The Radio Spectrum Policy Group (RSPG)/ERG chairmanships have agreed to develop concrete roadmap for future cooperation. This plan mirrors the close cooperation of the two groups in the form of a joint working group and will also be presented at the next RSPG plenary meeting. The tasks cover crucial areas of spectrum regulation such as the relation between competition and new spectrum management.

Further results

ERG also approved for publication a timetable for the coming year on monitoring of compliance of implementation of ERG common positions by NRAs. This is an important step towards further harmonisation of regulatory practices in Europe and shows the commitment of ERG members to adhere to common positions.

The Plenary approved the ERG Guidance Report on the application of the three criteria test, which is especially important in the transitory period as the list of markets in the corresponding Recommendation on relevant markets susceptible to ex-ante regulation changed.

The ERG also approved for publication the ERG Report on Best practices on regulatory regimes in wholesale unbundled access and bitstream access.

All documents will be available on the ERG website: <http://erg.ec.europa.eu>.

NOTES FOR EDITORS

The European Regulators Group (ERG) was created to act as an advisory group to help the European Commission develop the internal market for electronic communications and services and ensure the consistent application of the regulatory Framework.

The ERG takes into account in its work the objectives given to NRAs in Article 8 of the Framework Directive (2002/21/EC) to promote competition, contribute to the development of the internal market and promote the interests of EU citizens.



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The ERG consists of European National Regulatory Authorities (NRAs). Its full members are the twenty-seven EU Member States whilst the four EFTA States (Switzerland, Norway, Iceland and Liechtenstein) and three EU Candidate States (Turkey, Croatia and Former Yugoslavian Republic of Macedonia) participate as observers.

For more information please contact the ERG secretariat at erg-secretariat@ec.europa.eu or visit our website at <http://erg.ec.europa.eu>