

Presentation to CEPT Conference

Fixed - mobile interconnection

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Ofel Office of
Telecommunications

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- Background
- UK market reviews
- EC Framework
- Market definition
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Background

- Mobile termination = a contentious issue across Europe
- Most NRAs intervened
- US criticised European rates
- MNOs resist regulatory intervention, eg in Austria, Netherlands and UK

UK market reviews

- Sep 01 Review of Charge Controls
- Dec 02 CC Report
- May 03 National Review
- Nov 03 Art 7 Notification

EC Framework

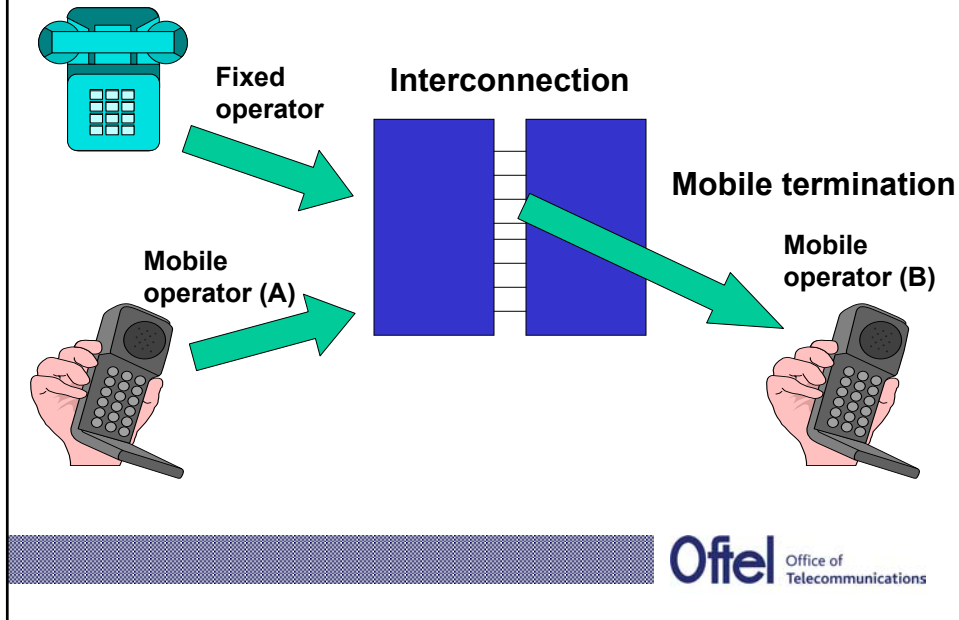
- New Rules
- EC Market Definition =
voice call termination on
individual networks
- Market power
- Remedies

Market definition

Each operator has monopoly for terminating calls on its network

- caller has no choice but to use the network chosen by the mobile user
- cost of call paid by calling party, who has to pay termination charge
- mobile customers don't take into account termination charges when choosing network

Mobile Termination and Calling Party Pays (CPP)



Market Power

Each operator dominant on its own network for mobile termination

- market definition implies this
- charges set at maximum allowed by Ofel's existing charge control
- UK charges set 30% to 40% above 'fair' level

Remedies

- CC proposed one off cut of 15% and then price control of RPI - 15%
- Ofel May market review proposals similar
- IRG PIBs on Mobile termination
- ERG/EC Joint Document on Remedies

Conclusions

- Mobile termination important
- Most EC NRAs have intervened
- Some key documents being published
- If charges excessive
 - consumers pay too much
 - fixed/ mobile calling patterns distorted

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