

FOR IMMEDIATE RELEASE

REGULATORS VOICE CONCERN OVER CALLS FOR A EUROPEAN COMMISSION VETO OVER NATIONAL REMEDIES

24 May 2006

The European Regulators Group (ERG) today expressed concern over recent calls for a possible Commission veto over remedies imposed by National Regulatory Authorities (NRAs).

Following its Plenary meeting in Vienna, Austria on 18/19 May, the ERG said that it welcomed the opportunity to discuss with the Commission its review of the EU regulatory Framework for electronic communications and services. It repeated its call for simplification of the Article 7 notification procedure and adjustments to the process through which NRA decisions may be appealed.

However, the ERG reiterated its belief that the regulatory tools bestowed upon NRAs by the Framework are largely fit for purpose, and that the balance of powers between NRAs and the Commission is broadly right.

The ERG also pointed out that because some NRAs have not yet completed the programme of market reviews, it is too early to conclude that there is a problem concerning harmonisation of NRA remedies.

“Local regulators will always be best placed to understand and appreciate the vagaries of local markets,” said Kip Meek, ERG Chairman. “The Commission has no practical experience in the application of regulatory remedies,” he continued.

International roaming Regulation

The ERG confirmed its support for the Commission’s objective to see the retail price of international roaming substantially reduced and will continue to offer its support to the Commission to help develop workable, effective proposals.

However, the ERG warned that the Commission’s proposal to link the retail cost of international roaming services to the Home Pricing Principle could have a negative material impact on many consumers, and also on industry.

The ERG’s detailed analysis of the Commission’s proposals has revealed that callers may face the threat of higher domestic and international tariffs, the introduction of monthly subscription rates for roaming or the withdrawal of roaming services altogether.

At the same time, the ERG recognised recent initiatives by certain mobile network operators to lower the wholesale and retail price of international roaming services following the Commission’s proposal to introduce a

Regulation. However, the ERG made it clear that industry-led price reductions have not yet gone far enough to avoid the need for a Regulation.

It also welcomed the GSM Association's proposal to build a web-based price comparison engine that will help consumers find the cheapest provider of roaming services in their destination country.

Common position on remedies and development of ERG

The ERG agreed to publish an updated common position on remedies following revisions made as a result of feedback from stakeholders. This will be made available at <http://erg.eu.int>.

Regulators also agreed to begin work on a project to re-examine the working practices of the ERG to improve its operational effectiveness. It will look at how it can make better use of collective knowledge and focus effort on strengthening harmonisation in priority areas.

"The ERG was created to share best practice approaches to regulation and promote harmonisation across the EU where appropriate," said Mr Meek. "We take this important objective very seriously and know there is more we can deliver as a group," he continued.

The project team will be led by the Chairman, Kip Meek, and will develop these ideas further at a workshop in Madeira later this year.

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.

The ERG consists of European National Regulatory Authorities (NRAs). Its full members are the twenty-five EU Member States whilst the four EFTA States (Switzerland, Norway, Iceland and Liechtenstein) and four EU Accession/Candidate States (Bulgaria, Romania, Turkey and Croatia) participate as observers.

International roaming

On 11 May the ERG responded to European Commission proposals for a Regulation on international roaming retail charges. It set out its view that a Regulation should be imposed on wholesale prices, with the option of a retail

price cap held in reserve in case wholesale price reductions are not passed through to consumers. The ERG's proposals can be found at http://www.erg.eu.int/whatsnew/index_en.htm.

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