

PRESS RELEASE

EUROPEAN REGULATORS RESPOND TO EC'S PROPOSED REGULATION ON INTERNATIONAL ROAMING

ERG suggests wholesale price cap and Europe-wide index of retail pricing

28 March 2006

The cost of international roaming – a service offered by mobile phone operators to allow the use of mobiles abroad – has for some time been a source of concern to European regulators. However, it has proved difficult to deal with the specific competition problems related to international roaming under the existing EU Framework for the regulation of electronic communications and services.

On 8 February 2006 the EC announced its intention to introduce a Regulation to curtail the cost of international roaming services and invited interested parties to comment. The European Regulators Group (ERG) today underlined its support for the Regulation, and offered a number of suggestions as to how the Regulation might be applied to best effect.

Regulatory best practice

The ERG has identified six principles which it believes should be applied during the development of the Regulation. It should be:

- implemented consistently, and at the same time, across the EU;
- effective in reducing retail roaming prices quickly, and to a substantial degree;
- targeted, mindful of unwanted impact on separate markets;
- simple to implement and free from legal uncertainty;
- flexible enough to encourage continued investment and innovation; and
- subject to review. The Regulation should be withdrawn as soon as it is clear market forces are sufficient to keep costs down.

Remedies

Based on the principles listed above, the ERG has identified a package of remedies to bring down the cost of using mobiles abroad.

1) A single Europe-wide cap on wholesale roaming charges should be applied. The ERG has suggested one possible mechanism for setting the cap, which would lead to reductions in average wholesale roaming charges of around 60%.

2) An index of retail international roaming charges should be built and maintained, with operators required to supply appropriate data on a regular

basis. This would allow a transparent view as to whether cost reductions at a wholesale level are flowing through to retail prices, offering a snapshot as to how much consumers are benefiting from the Regulation.

3) Should the index show that wholesale cost reductions are not reflected in lower retail prices, there may be a need for some form of retail price control.

Next steps

The ERG suggests that more work should be carried out on the detail of the Regulation. Once that work is complete, a regulatory impact assessment should be carried out to determine the cost/benefit analysis of the Regulation's introduction to the market.

The ERG has offered its continued support to the EC in the further development of the Regulation.

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.

For further details please visit <http://www.erg.eu.int/>.

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