

19 June 2007: Wholesale market for voice call termination on mobile networks

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**The Conseil is in favour of continuing regulation
But considers however that the risks of competition imbalances identified
shall also be dealt with more structural actions on the retail market**

>French version 

Following a referral by the ARCEP (electronic communications and postal Regulation Authority), the Conseil de la concurrence has given an opinion today as part of the analysis procedure of the wholesale market for voice call termination on mobile networks.

The opinion follows the consultation procedure defined by Article L.37-1 of the Code of postal and electronic communications, which holds that the ARCEP determines, after publication of the Conseil de la concurrence's opinion, the markets on which it wishes to impose specific ex ante obligations on operators having a significant influence.

The analysis opens a second round of market analysis, which follows the first round during which the Conseil issued 11 opinions between 14 October 2004 and 1 February 2007.

In the second round, the Conseil de la concurrence first indicates to the ARCEP that it is in favour of a more general approach of the sector

The division of the entire electronic communications sector into approximately 20 markets and the sequential approach make difficult to detect the current evolutions in the sector, notably the vertical merger and integration transactions of players and the greater convergence between the different services.

That is the reason why the Conseil de la concurrence stresses the need for a more general approach of the sector of electronic communications in this second round so as to start a strategic reflection on the sector's competitive issues, the targeted objectives and the link between general competition and sectorial law, which shall progressively disappear in favour of the first.

The Conseil approves of the ARCEP analysis which concludes for the continuation of the regulation of the level of voice call termination on mobile networks

Although competitive issues changed during the first round (2004-2007), notably because of the end of the bill and keep system, the Conseil approves of the continuation of the regulation set up as part of the first round of analysis. High risks of competitive imbalances linked to the level of voice call termination and to the asymmetry in market shares of the three mobile operators remain on the market for mobile communications.

Notably the obligation of a separate accounting and charges posting that the ARCEP proposes to continue, is essential to enable the Conseil to check the non discriminatory character of call terminations charges invoiced to competitors in relation to in-house transfer prices and the absence of price scissor effect between retail prices and call termination charges.

The Conseil de la concurrence considers however that these risks of competition imbalances have to be dealt with by more structural actions on the retail market

The persistence of a major asymmetry between operators of mobile networks beyond a given period may have causes, which have to be dealt with directly and not exclusively with remedies through the perpetuation of an asymmetry in call termination regulation.

It is appropriate to encourage the flexibility of retail market, which is still characterized by high switching costs. The real implementation of number portability goes into this direction. Other actions, such as the supervision of contract periods and renewal conditions, and more generally the reduction of all switching costs, could be considered so as to promote market flexibility.