COMMISSION OF THE EUROPEAN COMMUNITIES

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COMMISSION STAFF WORKING PAPER

Technical Annexes of the

Ninth Report on the Implementation of the Telecommunications Regulatory Package

CORRIGENDUM

{COM (2003) 715 final}

ANNEX 1

MARKET OVERVIEW

3.2 FIXED-TO-MOBILE INTERCONNECTION CHARGES

This section shows the per-minute interconnection charges for fixed call termination on the networks of mobile operators.

In the following charts information is shown for 50 mobile operators in the EU (representing almost 100% of the EU mobile market). A total of 16 operators in the EU have been designated as having significant market power (SMP[1]) in nine national markets for interconnection: Belgium, Denmark, Greece, Spain, France, Ireland, Italy, Finland and Sweden. SMP operators cover 45% of the EU mobile market (in terms of subscribers).

26 operators have been designated as SMP on the national mobile market (SMP-mobile) in 13 Member States: the 9 countries with SMP operators in the interconnection market plus Luxembourg, Netherlands, Portugal and the United Kingdom. In Germany and Austria there are no operators designated as SMP or as SMP-mobile either.

Charges are for calls originating in the same countries, except for Finland, where charges for mobile termination of international fixed calls are considered**.**

The per-minute interconnection charges are based on the first three minutes of a call at peak rate, except for the Netherlands, Finland and Sweden where the average peak/off-peak rate set by the NRA has been shown.

Except for Germany, the figures have been collected by the NRA, and give the situation in August 2003. Data for Germany are not publicly disclosed by the NRA and the figure shown in the chart was provided by Cullen International.

The following chart shows the evolution of the weighted average fixed-to-mobile interconnection charges for SMP and non SMP mobile operators, since August 2001[2].

The difference in charges between the two classes of operators has arisen mostly during the past year as a result of regulatory intervention by NRAs to bring about cost orientated charges for SMP operators. Since August 2002, the average interconnection charge for SMP operators has decreased by 15.3%, while for non-SMP operators they have remained more or less stable.

The difference between the level of the charges for SMP and non-SMP operators can be explained by the increased number of SMP operators (which now account for 45% of EU subscribers compared to 41% in 2002), but mostly by the cost orientation requirement for interconnection charges on SMP operators.

It should be noted that even for non-SMP operators in the national interconnection market, interconnection charges are sometimes set by the NRAs, for example as a result of intervention on the basis of a competition enquiry or to set price ceilings to avoid excessive of tariffs. Furthermore, in some countries NRAs intervene in setting the charges for non-SMP operators in order, for example, to resolve a dispute between market players.

It should be noted that notwithstanding the decrease, the level of fixed-to-mobile interconnection charges remains on average more than 9 times higher than that of fixed-to-fixed interconnection charges (double transit).

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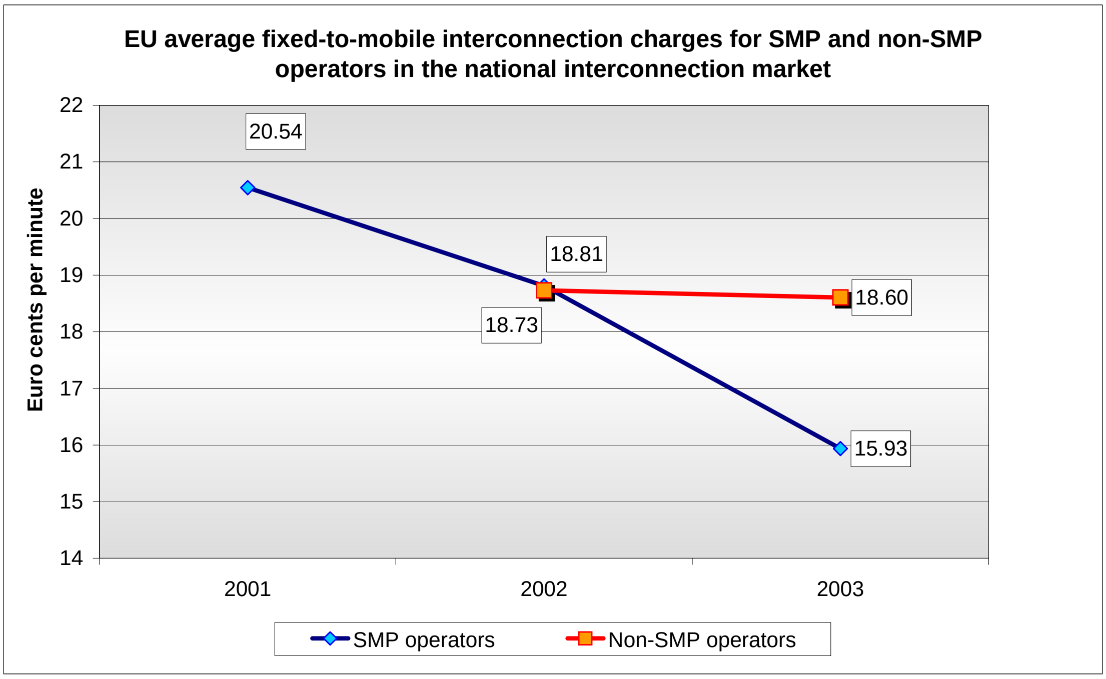
[1] In the following document, SMP operators means operators designated as having significant market power in the national markets for interconnection, while SMP-mobile operators means operators designated as SMP on the national mobile market.

[2] Figures are not comparable with previous reports, due to the use of weighted averages instead of simple averages; furthermore, the 2003 exchange rates have been applied to the previos years 2000-2002 for the non euro-zone countries. Figures for 2001 for non-SMP operators are not available: the EU weighted average for non-SMP operators representing 36% of the subscribers of total non-SMP operators' subscribers was 20.9€-cents.

The EU weighted average of fixed-to-mobile interconnection charges for 50 European operators is 17.45€-cents.

Figure 21



The following charts show the fixed-to-mobile interconnection charges for 50 mobile operators in the EU, the national weighted average[3] for SMP and non-SMP operators and the trend since August 2002.

With the exception of all operators in France and Portugal, one operator in Spain and two in Greece, mobile termination charges do not vary according the type of network in which the call is originated (fixed or mobile). In France, mobile-to-mobile interconnection charges are based on the "bill and keep" principle, so mobile operators do not define termination charges.

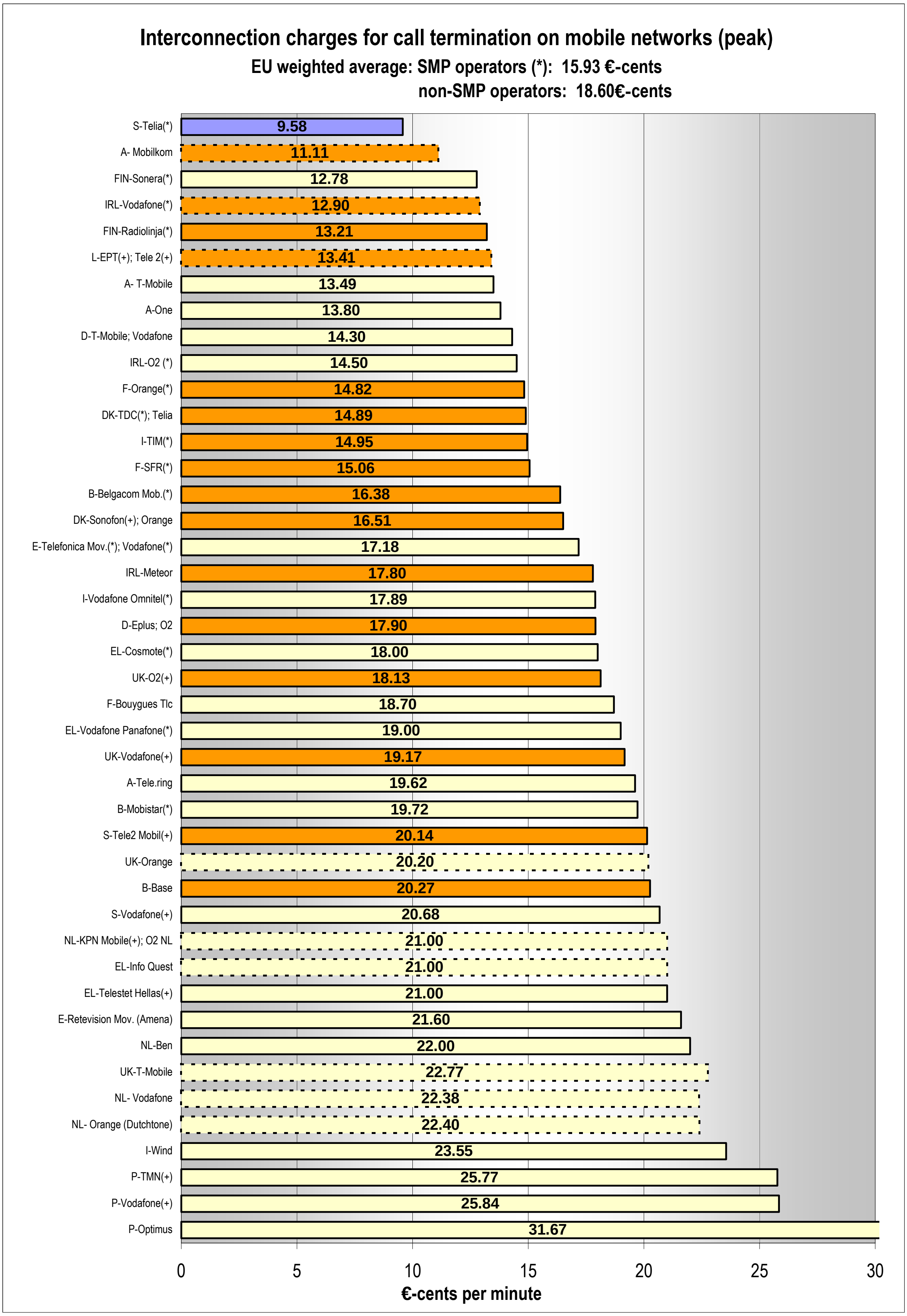
Data for Finland indicate the interconnection charges for an international fixed call to a mobile network (interconnection charges also apply to mobile-to-mobile calls). No mobile wholesale termination charges exist for calls originating on a national fixed network; instead, so-called “end-user” charges are levied. The originating fixed operator charges a customer a fixed network retail charge and a mobile network retail charge (to be forward to the mobile operator). Both fixed and mobile operators determine the charges for their own segments. An example of a fixed-to-mobile retail call charge (at peak rate including VAT) is 24€-cents for Sonera and 26€-cents for Radiolinja.

The main decreases in the charges since August 2002 have been achieved in Italy (-25% for one SMP operator), in France and Spain (around –18% for both SMP operators), in Ireland -13% for the SMP operator Vodafone), in Belgium (-14% for one SMP operator) and in Greece, where charges have decreased on average by 9% for the four non-SMP operators, after intervention by the NRA. On the other hand, fixed-to-mobile interconnection charges have increased by 10% for one operator (SMP on the national mobile market) in the Netherlands.

The figures for Portugal published in the 8th report are not comparable with the 2003 figure; moreover, the NRA has estimated an average decrease of 8% since last year.

[3] Average of the interconnection charges for the different national operators weighted on the basis of their subscribers.

Figure 22



- The figures for the Netherlands and Sweden are not strictly comparable with the others since they represent an average peak/off-peak rate.

Legend:
(*) SMP operators in the national interconnection market
(+) SMP operators in the national mobile market

Figure 45

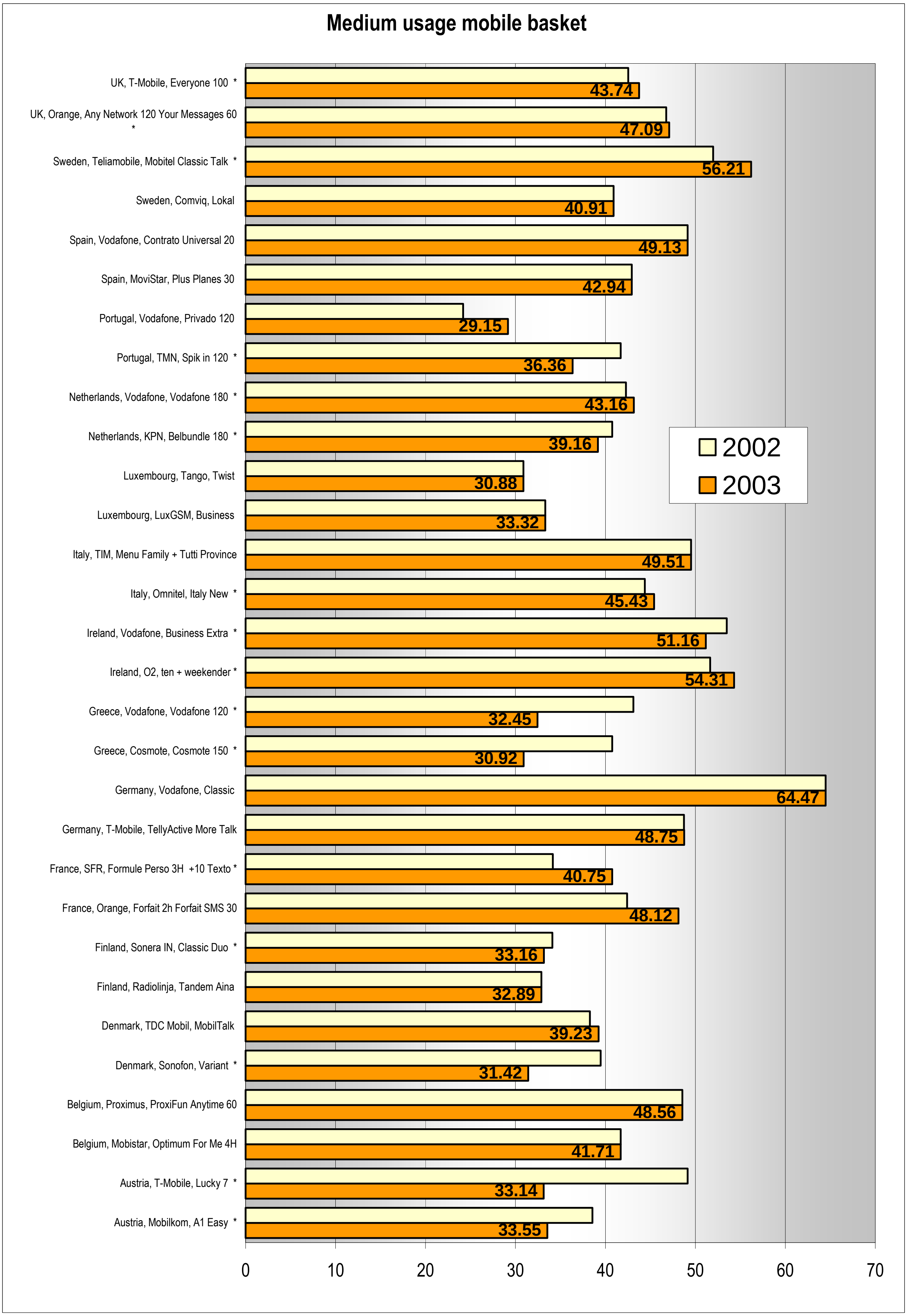
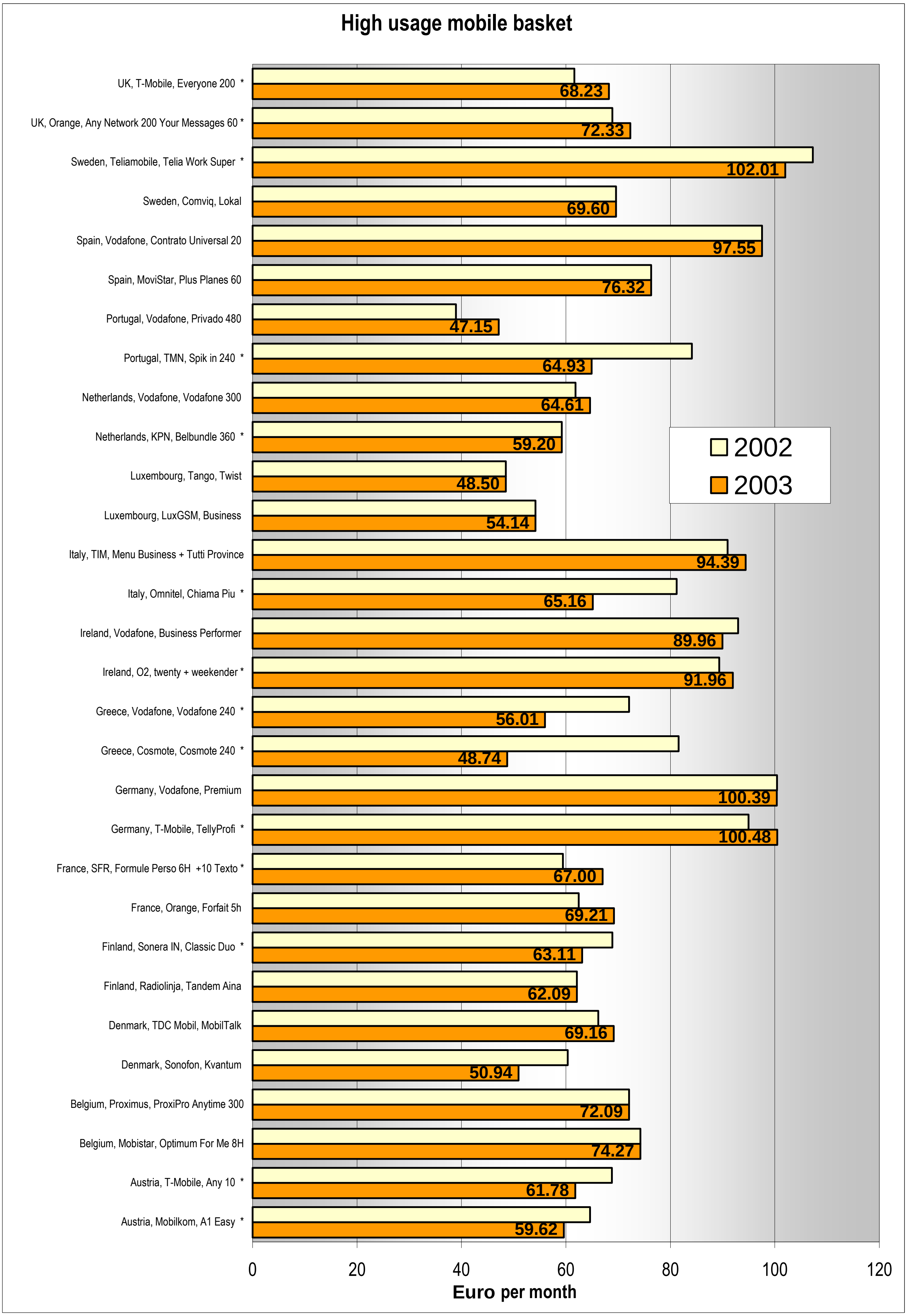

Medium usage mobile basket
UK, T-Mobile, Everyone 100 *
UK, Orange, Any Network 120 Your Messages 60 *
Sweden, Teliamobile, Mobitel Classic Talk *
Sweden, Comviq, Lokal
Spain, Vodafone, Contrato Universal 20
Spain, MoviStar, Plus Planes 30
Portugal, Vodafone, Privado 120
Portugal, TMN, Spik in 120 *
Netherlands, Vodafone, Vodafone 180 *
Netherlands, KPN, Belbundle 180 *
Luxembourg, Tango, Twist
Luxembourg, LuxGSM, Business
Italy, TIM, Menu Family + Tutti Province
Italy, Omnitel, Italy New *
Ireland, Vodafone, Business Extra *
Ireland, O2, ten + weekender *
Greece, Vodafone, Vodafone 120 *
Greece, Cosmote, Cosmote 150 *
Germany, Vodafone, Classic
Germany, T-Mobile, TellyActive More Talk
France, SFR, Formule Perso 3H +10 Texto *
France, Orange, Forfait 2h Forfait SMS 30
Finland, Sonera IN, Classic Duo *
Finland, Radiolinja, Tandem Aina
Denmark, TDC Mobil, MobilTalk
Denmark, Sonofon, Variant *
Belgium, Proximus, ProxiFun Anytime 60
Belgium, Mobistar, Optimum For Me 4H
Austria, T-Mobile, Lucky 7 *
Austria, Mobilkom, A1 Easy *
43.74
47.09
56.21
40.91
49.13
42.94
29.15
36.36
43.16
39.16
30.88
33.32
49.51
45.43
51.16
54.31
32.45
30.92
64.47
48.75
40.75
48.12
33.16
32.89
39.23
31.42
48.56
41.71
33.14
33.55
2002
2003
0
10
20
30
40
50
60
70

Figure 46


High usage mobile basket
UK, T-Mobile, Everyone 200 *
UK, Orange, Any Network 200 Your Messages 60 *
Sweden, Teliamobile, Telia Work Super *
Sweden, Comviq, Lokal
Spain, Vodafone, Contrato Universal 20
Spain, MoviStar, Plus Planes 60
Portugal, Vodafone, Privado 480
Portugal, TMN, Spik in 240 *
Netherlands, Vodafone, Vodafone 300
Netherlands, KPN, Belbundle 360 *
Luxembourg, Tango, Twist
Luxembourg, LuxGSM, Business
Italy, TIM, Menu Business + Tutti Province
Italy, Omnitel, Chiama Piu *
Ireland, Vodafone, Business Performer
Ireland, O2, twenty + weekender *
Greece, Vodafone, Vodafone 240 *
Greece, Cosmote, Cosmote 240 *
Germany, Vodafone, Premium
Germany, T-Mobile, TellyProfi *
France, SFR, Formule Perso 6H +10 Texto *
France, Orange, Forfait 5h
Finland, Sonera IN, Classic Duo *
Finland, Radiolinja, Tandem Aina
Denmark, TDC Mobil, MobilTalk
Denmark, Sonofon, Kvantum
Belgium, Proximus, ProxiPro Anytime 300
Belgium, Mobistar, Optimum For Me 8H
Austria, T-Mobile, Any 10 *
Austria, Mobilkom, A1 Easy *
68.23
72.33
102.01
69.60
97.55
76.32
47.15
64.93
64.61
59.20
48.50
54.14
94.39
65.16
89.96
91.96
56.01
48.74
100.39
100.48
67.00
69.21
63.11
62.09
69.16
50.94
72.09
74.27
61.78
59.62
2002
2003
0
20
40
60
80
100
120
Euro per month