



EUROPEAN COMMISSION
IMPACT ASSESSMENT BOARD

Brussels,
D(2011)

08 AVR. 2011

Opinion

Title

DG INFSO - Impact Assessment on: Policy options in relation to the review of the functioning of Roaming Regulation

(draft version of 9 March 2011)

(A) Context

The Regulation on roaming on public mobile telephone networks (Regulation (EC) No 717/2007, revised by Regulation (EC) No 544/2009) was adopted to contribute to the smooth functioning of the internal market while achieving a high level of consumer protection, fostering competition and transparency in the market. The Regulation contains a mixture of price controls and transparency measures. This impact assessment examines options arising from the Commission's review of the functioning of the Roaming Regulation. In particular it examines whether it is necessary to extend the regulatory intervention beyond its current expiry date of 30 June 2012, and the options for any such intervention.

(B) Overall assessment

The report provides a comprehensive and sufficiently clear analysis overall, although certain issues should be explained in a more detailed and transparent fashion. Firstly, the report should provide a more fully developed analysis of the EU market for mobile roaming services, and should on that basis strengthen the baseline scenario. Secondly, the report should analyse and to the extent possible also quantify the costs that telecom operators and service providers will have to bear to implement the structural elements of the preferred option, given that the suggested solution appears to be costly, time-consuming and technically challenging to implement. Thirdly, the report should improve the comparison of options by clarifying the scoring method used and explaining its conclusions. Fourthly, the report should transparently reflect the different positions of the stakeholders. Finally, the report should improve the robustness of the quantitative analysis.

(C) Main recommendations for improvements

(1) Present a more fully developed market analysis and baseline scenario. The report should provide a more detailed analysis of the EU market(s) for mobile roaming services (number and economic importance of actors and their interactions, market structure/entry

barriers, cost structure of roaming services, differences in margins in SMS, voice and data sectors, etc) and the level of competition in the relevant markets. The availability and use of alternatives to roaming should also be discussed in greater detail. The baseline scenario should be strengthened by assessing expected innovation and technological developments and related changes in consumer behaviour (e.g. possible shift from voice to data services). The report should provide greater clarity on the most affected stakeholders (including categories of users who are most affected by current roaming costs) and on the existing regulatory distortions between Member States. On that basis, the intervention logic should be improved, for instance by better linking specific objectives 1 to 3 (related to small operators) and specific objective 4 (related to the competitiveness issues) to the identified problem drivers.

(2) Better assess the cost and implementation impacts of the preferred policy option.

Given that the suggested solution appears to be costly, time-consuming and technically challenging to implement, the report should analyse in greater detail and to the extent possible also quantify the implementation costs that telecom operators/service providers will have to bear. The expected long-term impacts of the structural solution should be assessed more thoroughly, including potential impact on innovation resulting from lower operators' margins.

(3) Improve the comparison of options. The scoring mechanism used for comparing the policy options and its conclusions should be explained, and the assigned scores should be fully aligned with the qualitative assessment of options. The table summarising the overall assessment of options should also include economic considerations (e.g. social welfare, magnitude of compliance costs, administrative costs) in order to improve the comparability of the shortlisted options. The IA should clarify how the chosen option fits with the digital agenda target on closing the gap between local and roaming calls price.

(4) Present the positions of the main stakeholders and explain how they have been taken into account. The stakeholders' views should be reflected throughout the report, in particular where they diverge significantly. The positions of consumers' organisations should be reported in greater detail, to reflect consumer expectation that there should be no difference in costs between domestic and cross-border mobile use in a single market.

(5) Improve the robustness and presentation of the quantitative analysis. The report should discuss the technical analysis underlying the quantitative estimates and the robustness of the resulting estimates in greater detail. In particular, it should explain why the expected impacts of the structural solution are not modelled and should provide a more complete explanation of the estimated cross-price elasticities, in particular where they appear to diverge from the reported qualitative observations.

Some more technical comments have been transmitted directly to the author DG and are expected to be incorporated in the final version of the impact assessment report.

(D) Procedure and presentation

All procedural elements appear to be respected.

(E) IAB scrutiny process	
Reference number	2011/INFSO/001, 2011/INFSO/032
External expertise used	No
Date of Board Meeting	6 April 2011