

OPINION
of the
Standing Committee on Foreign and European Affairs
of the
House of Representatives
of the
Republic of Cyprus

On the «Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) No 531/2012 as regards rules for wholesale roaming markets» and the Proposal for the implementation of Regulation 2120/2015 as regards the rules for wholesale roaming markets.

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The Standing Committee on Foreign and European Affairs (hereinafter «the Committee»), examined, in its meeting held on the 25th October 2016, the proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) No 531/2012 as regards rules for wholesale roaming markets. The Committee, following an in-depth examination of the abovementioned proposal for a regulation, the Committee expresses the following positions with regard to the establishment of rules for wholesale roaming markets:

- The Committee finds that the proposal for a regulation imposes an obligation on the providers of mobile networks operating in Cyprus to allow the use of their network by the subscribers of other providers visiting Cyprus at a wholesale price lower than the actual cost, with potential damaging effects on the said providers. Taking into consideration the absence of an accurate assessment of the potential increase in the volume of use of the national network from visitors and its potential effects on the national service providers, the Committee expresses its concern with regard to the potential loss in revenue incurred by the providers, which could trigger a chain of negative effects on the services offered to national subscribers and on investments in networks, infrastructure and services.
- The Committee finds that the mechanism for the limitation of economic damage sustained by mobile network service providers provided for in the proposal is based on the assumption that the providers shall have to incur damage arising from international roaming which can amount up to 5% of the turnover of the said providers. Furthermore, the proposal provides that any damage exceeding 5% of the turnover of mobile network service providers, shall be borne by national subscribers. In the light of the above, the Committee expresses the concern that the perplexity of the aforementioned mechanism may constitute its implementation very hard, since national subscribers may choose to circumvent it and resort to the increase of national retail prices of the services provided, in an effort to cover the losses incurred from the implementation of the roam like at home proposal. Such a likelihood

is expected to cause an unfair increase in the national retail prices of mobile network services in the Member States of the EU which are expected to be more affected from the implementation of the said measure, where in practice, national subscribers may be called upon to indirectly subsidise the roaming services utilised by visitors.

- The Committee indicated that the implementation of the roam like at home proposal in the absence of limitations to the volume of voice and data calls made, along with the imposition of a low wholesale charge, may lead to a substantial increase in the national prices of mobile services. The aforementioned increase in prices may lead to an abuse of the roam like at home initiative from persons who, despite the relevant prohibition, may purchase subscriptions from service providers located abroad and use the said subscription in their country or residence (the permanent roaming phenomenon) with the aim of saving money at the expense of other subscribers. The Committee stresses that such a possibility shall create a serious distortion in the national market and will cause a serious loss of income by the national mobile service providers.
- The Committee indicates that the absence of an accurate assessment of the potential increase in the volume of usage of the existing national network from visitors, in conjunction with the absence of restrictions in the volume of voice and data usage, raises concern over the capacity of the network to support the increased volume of use without negatively affecting the speed and the quality of the services offered by national providers.

In the light of the above, the Committee calls upon the institutions of the European Union to contribute to the shaping of the proposal for a regulation for the implementation of Regulation 2120/2015 in conjunction with the shaping of the proposal for a regulation as regards the rules for wholesale roaming markets to include a glide path to the reduction of wholesale prices to avert: (a) the possibility of sudden economic loss for national mobile service providers for at least the first two years of the implementation of the roam like at home initiative and (b) the shaping of the implementing act in a way that will avert the possibility of permanent roaming and the distortion of national mobile services markets. Furthermore, the Committee suggests the inclusion of a transitional period in the implementation of the roam like at home initiative in order to provide time for national service providers to proceed to the necessary preparations (dimensioning and enhancement of the quality of networks and regulation of national retail prices taking into consideration the increased volume of roaming) in order to avert the possibility of economic losses for the mobile service providers.