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Telecoms: Commission comments on Slovenian regulator's proposal on mobile termination rates

What is this case about?

Slovenia's national telecoms regulator, the Post and Electronic Communications Agency (APEK), has reviewed the mobile call termination markets in Slovenia. Call termination happens when telecoms operators connect incoming calls to subscribers located on their networks. Mobile termination rates (MTRs) are the tariffs charged for this service, paid by the caller's telecoms operator to the mobile phone company receiving the call.

Based on the results of its review, APEK intends to continue to regulate mobile termination services of the two larger mobile phone companies Mobitel and Si.mobil and proposes to impose regulatory obligations on two new mobile network operators, Tušmobil and T-2. All four operators would be required to offer other operators access to their services on a transparent and non-discriminatory basis. They would also be subject to price control and cost accounting obligations. As to price control, APEK's cost model calculated efficient MTRs in Slovenia at the level of €0.0324 per minute. The largest mobile operator, Mobitel, has estimated its own costs at €0.03 per minute.

The Slovenian regulator proposes to impose a starting level for MTRs at €0,0523 for the two largest operators and at €0.0785 for the two smaller companies, and to gradually reduce them reaching €0.0324 for all operators only on 1 January 2013. APEK justifies this temporary departure from prices based on efficient costs as a proportionate move towards fully efficient and symmetric prices for all four operators.

What has the Commission said in its letter sent today?

The European Commission has underlined the importance of addressing competition problems in the mobile call termination markets by applying an effective price control mechanism. While noting APEK's views on the appropriate gradual reduction of regulated MTRs, it also notes that allowing the largest mobile operator to charge significantly above its own reported costs could give it an unfair competitive advantage over smaller operators. The Commission called on APEK to reconsider this gradual reduction of MTRs so that efficient termination rates could be applied as soon as possible. It also called on APEK to review its underlying cost model sooner than envisaged, and Mobitel's costing methodology may prove to be a useful reference point in this context.

What does Slovenia's national telecoms regulator have to do now?

Under EU law, the Slovenian telecoms regulator is required to take utmost account of the Commission's comments before adopting its final measure.

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