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

What is this case about?

Mobile termination rates (MTRs) are the wholesale tariffs charged by a mobile phone company for connecting ("terminating") a call it receives to the mobile phone of one of its customers. This tariff has to be paid by the calling party's mobile phone company. MTRs represent an important part of the price control remedy and play a key role in ensuring effective competition in the EU telecoms market.

In its present notification, the Danish telecoms regulator, IT – og Telestyrelsen ("NITA"), is proposing to reduce the maximum MTRs for 2010 following an update of the Long Run Average Incremental Cost (LRAIC) model. As regards the three largest mobile network operators (TDC, Telenor and TeliaSonera) the new maximum price is set at 0.43 DKK/min (EUR 0.05). With respect to the fourth operator, Hi3G, the maximum price is instead set at 0.51 DKK/min (EUR 0.06). The revised termination rates will only be applicable as of 1st May 2010, whereas the current maximum rates, respectively 0.54 DKK/min (EUR 0.07) for the three main operators and 0.74 DKK/min (EUR 0.11) for Hi3G, will still apply for the period 1st January 2010 – 30 April 2010.

What has the Commission said in its letter sent today?

The Commission has commented on the fact that NITA allows Hi3G to charge higher – asymmetric- termination rates than the other mobile phone companies. Whilst acknowledging the greater reduction imposed on Hi3G's MTRs compared to other operators as well as NITA's intention to phase out the asymmetry in the next price decision, the Commission stressed that asymmetric rates may not remain in force for in general for more than four years following market entry, unless justified by objective reasons outside the control of the operator concerned. It thus urged NITA to bring down the MTRs which Hi3G is allowed to charge to a level which reflects the cost of an efficient operator as quickly as possible unless it finds any objective reason justifying higher rates.

The Commission also invited NITA to take into account the Recommendation of the Commission on the Regulatory Treatment of Fixed and Mobile termination rates in the EU when adopting future price decisions, and encouraged NITA to undertake a new market review as soon as possible.

What does the national telecoms regulator of Denmark have to do now?

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

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