POSITION OF LIKE-MINDED MEMBER STATES REGARDING THE LEVELS OF THE REGULATED ROAMING WHOLESALE CAPS

The proposed wholesale caps are too high to secure a sustainable introduction of Roam-Like-At-Home and should be significantly lowered. Already today retail offers across the EU are much lower than the proposed data wholesale cap. If the caps are kept at the currently proposed level, it will unnecessarily hamper the introduction of RLAH, and there is a real risk that it will hurt competition and lead to market distortions and waterbed effects to the detriment of end users.

Elimination of roaming surcharges within the European Union is a logical and important step and one that has been a long time coming. Eliminating roaming surcharges will help achieve the objective of the Digital Single Market to the benefit of European consumers and businesses alike.

Thus, we welcome the approach of the review of the wholesale caps launched by the European Commission and wholeheartedly support the *Roam Like at Home* (RLAH) model.

We believe, however, that RLAH cannot be introduced in all Member States without a significant reduction of the wholesale caps to levels much closer to the actual cost of production. This is especially the case for data, but also to a lesser degree the case when it comes to voice and SMS. Also, this can be done while still leaving room to cover joint and common costs. While we understand that the Commission has to balance differing costs of production throughout the Member States, the proposed caps contain a wide margin above the actual costs of production without fully arguing the share of joint and common costs. The high wholesale cap for mobile data risks distorting domestic markets, hurting competition and unnecessarily limiting the roll out of RLAH to the detriment of European consumers and businesses.

The proposed wholesale cap for data is set at 8.70 €/GB (0.85 €c/MB). Unfortunately, this level does not come close to reflecting the actual cost per unit – even when taking seasonality into account. This is confirmed by TERA's estimates of total wholesale roaming data costs that lie in the range of 0.28-0.67 €c with a majority of Member States under the 0.50 €c-mark¹. The proposed data cap is almost three times higher than the average wholesale costs of operators in Member States with the lowest costs. This gives the impression that the Commission has used the wholesale costs of operators in Member States with the highest costs as the benchmark, which means indirectly favouring less efficient operators. Although we understand the need to leave some room for further commercial negotiations, the room created by the proposed cap is too excessive. It should be noted that an above-cost cap is not the designated instrument to prevent permanent roaming. The proposed wholesale caps are meant to last until 2022, but already today retail offers across the EU are much lower than the proposed wholesale data cap. Furthermore, the gap between the costs of production and the proposed wholesale cap will increase significantly as volumes rise and production costs fall.

Already today some operators – usually the larger ones – are able to negotiate wholesale prices that are lower than the proposed caps. This indicates again that there is significant room (especially for data) for setting lower wholesale caps than proposed by the Commission. At the same time, some smaller operators, including MVNOs, are often buying wholesale roaming at – or very close to – the regulated wholesale caps. Setting wholesale caps too high will, thus, have a negative impact on a number of operators that today bring competitive pressure to domestic markets.

Under the proposed wholesale caps for implementation of RLAH operators in those countries will be pressed to raise domestic retail prices in order to avoid losses or not include roaming services in

¹ Impact assessment, figure 10, page 39.

some of their retail offers. Considering such a scenario, domestic markets are at a risk to be distorted, without taking into account operators' effectiveness and evolution of network development, which were the main key factors to ensure the decrease of mobile communication services prices in the last decade. Abolishing the roaming tariffs in Europe should not entail the negative side-effect of less competition on the domestic markets.

To summarise, we think that a sustainable end to retail roaming surcharges requires a more ambitious and future proof approach to the review of regulated roaming wholesale caps.

Finally, in order to find a sustainable solution to RLAH, the wholesale review should proceed in conjunction with the implementing acts defining Fair Use Policy limits and the sustainability mechanism.

Belgium, Denmark, Estonia, Finland, Latvia, Lithuania, Netherlands, Poland, Romania, Slovenia, Sweden and United Kingdom.