



News Release

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MOBILE TERMINATION CHARGES

The Competition Commission's (CC) determination on price control matters in appeals brought against Ofcom by Hutchison 3G (H3G) and British Telecom (BT) has been published today. This determination was sent by the CC to the Competition Appeal Tribunal (the Tribunal) on 16 January. The appeals were brought against Ofcom's March 2007 decision on wholesale mobile phone voice termination charges.

The CC's report is now available on the CC's website: www.competition-commission.org.uk.

The CC was asked by the Tribunal to determine a number of questions relating to elements of the price controls. The CC found that two of the price control matters raised in BT's appeal were well founded—spectrum costs and the network externality allowance—but rejected the price control matters raised in H3G's appeal. The full list of questions is available at: www.catribunal.org.uk/files/Ruling1083_85Hutch_BT180308.pdf.

As a result the CC has determined that the charges for connecting to the O2, Orange, T-Mobile and Vodafone networks should be reduced to 4.0 pence per minute (ppm)¹ by 2010/11. Ofcom had decided that they should fall to 5.1ppm by 2010/11. The CC has also determined that the charge for connecting to the H3G network should be reduced to 4.4ppm by 2010/11. That is 1.5ppm less than the price control under Ofcom's decision.

Notes to editors

1. The H3G appeal has also included non-price control matters, which have been previously considered by the Tribunal. The Tribunal will consider the CC's determination before making a final ruling and giving directions to Ofcom.
2. Mobile phone termination charges are the charges mobile network operators charge other telephone companies for connecting calls to their mobile networks. The appeals followed the announcement in March 2007 by Ofcom of revised mobile termination price controls, to replace the controls which expired on March 31 2007. See Ofcom's news release dated: www.ofcom.org.uk/media/news/2007/03/nr_20070327.

¹2006/07 prices.

3. The Communications Act 2003 provides that the price control elements of certain appeals against decisions by Ofcom must be referred to the CC for determination. The Tribunal referred the price control matters to the CC in March 2008.
4. The CC carried out an investigation into mobile termination charges in 2002 following a reference by the then telecommunications regulator, Oftel.
5. The CC is an independent public body, which carries out investigations into mergers, markets and the regulated industries.
6. The CC's appeal group consisted of Dr Peter Davis (Chairman), Professor John Cubbin, Carolan Dobson, Roger Davis and Fiona Woolf CBE.
7. Enquiries should be directed to Rory Taylor or Siobhan Allen on 020 7271 0242 (email: press@cc.gsi.gov.uk).