

The graphic features the letters 'ERG' in a bold, orange, sans-serif font. The letters are set against a circular, glowing effect that resembles a sun or a lens flare. This circular element is positioned on the left side of a horizontal band. The band itself is composed of a dark blue upper section and a lighter blue lower section, separated by a thin yellow line. The background of the entire graphic is a stylized world map in shades of blue and green, with a grid of latitude and longitude lines. Below the horizontal band, there are several horizontal white lines that create a sense of motion or a trail, extending from the left side towards the right.

**ERG**

# **ERG views on continued development of roaming regulation**

Roberto Viola – Chair, ERG  
23 January 2007

## Objectives for retail price reduction across Europe of 40-60%. How best to achieve this?

- **ERG considers that...**
  - price regulation is necessary, and in consumers interests *but...*
  - ...regulation must be measured – allowing
    - *flexibility and innovation*, and
    - long lasting and *sustainable competition*
- **Expert ERG analysis suggests that a number of important details need reconsideration**
  - Price levels need to be reconsidered to promote development of competition and tariff innovation in practice
  - Possible recognition of different national conditions
- **Possible to deal with these concerns while attaining the desired retail price reduction. ERG would be pleased to address them.**

## **ERG expert analysis**

- **ERG role at this stage to provide expert commentary on proposals put forward in Council and EP, not to take formal position nor to propose new solutions**
- **ERG expert analysis based on *regulatory objectives*:**
  - reduction in currently high wholesale prices;
  - consumer protection against high retail prices;
  - prevention of unreasonably high retail profits; and
  - protection of flexibility and incentives to innovate and compete.
- **Focus today on retail analysis, as differences in approach to wholesale regulation largely around more detailed technical issues**

## Objective: Consumer protection

### *Issue*

- How to ensure adequate consumer protection, whilst maintaining tariff differentiation and innovation?



### *Expert analysis*

- **A Standard tariff** offered at regulated rates by all providers, **with no registration or subscription charges or pre-conditions**, can achieve this:
  - permits considerable flexibility to providers to design other innovative roaming tariffs – stimulating retail competition
  - regulated prices need to be reasonably attractive – but leave room for better deals (e.g. for frequent roamers)
  - maximum effect achieved if tariff very well-publicised – “no need for any consumer to pay more”
  - helps deal with the concern that everyone must benefit from regulation, not only large businesses
  - needs carefully-designed rules to prevent MNOs from neutralizing it

## Objective: Prevention of unreasonably high prices

### *Issue*

- A standard tariff provides consumer protection, but unlikely to guarantee that prices will reduce sufficiently overall – **how might this be achieved?**



### *Expert analysis*

- **A cap on average vs maximum retail prices:**
  - benefits all consumers, not just those paying the highest prices, especially when used in combination with standard tariff
  - might ensure more reductions in retail prices across the board
  - maintains flexibility for tariff innovation – meeting consumer needs and requirements
  - standard technique applied by NRAs across Europe, “tried and tested” method of applying regulation
  - provides clear measure of overall progress
  - leads to more variations in outcomes
  - but more work for NRAs to monitor and enforce

## Objective: Flexibility and innovation

- Issue*
- How to promote a flexible, innovative and competitive retail market, bearing in mind real cost differences across Europe



*Expert analysis*

- All network operators and retail providers need to be able to recover legitimate costs
- In consumer interests for providers to offer a range of tariffs – aimed at different customer interests and usage patterns
- Price caps need to be set with these objectives in mind. Otherwise:
  - lack of competition
  - lack of tariff innovation
  - uniformity of pricing
  - in some countries, market players may cease to offer roaming services if not profitable

## Summary

- **ERG believes regulation** to deal with persistently high roaming prices is **necessary**
- However effective and efficient regulation is a **challenging task**
- ERG thinks that any regulation should:
  - **be quick** to achieve **substantial price reductions** (and be **withdrawn** quickly, if it is clear that it is no longer needed)
  - require **very high tariff transparency** for roaming consumers
  - **be fair and flexible**, to promote the development of **tariff innovation** and **long term and sustainable competition** from which **all European consumers benefit**
  - **maximise the incentives for compliance** and **minimise the enforcement burden**
- ERG hopes its **experience of which approaches work well in practice** and which work less well add value to the debate