

Newly Capped Mobile Charges

On 30 June, a new regulatory regime entered into force in all the member states of the EU by virtue of measure called Regulation on Public Mobile Telephone Networks within the Community. This Regulation, which has direct effect across the EU and is immediately binding, aims to limit prices for European users roaming with their mobile phones to other EU countries.

This Regulation came about due to a compelling need felt in the Community to curb the high, sometimes exorbitant charges, levied when travelling abroad in the Community either by the foreign host network operator or customer's own network operator. The public, especially students and business travellers, bore the brunt of paying on average four times higher rates whilst abroad than domestic rates, thus being unduly penalized for crossing borders within the EU.

The new legislative measure adopted by the EU rectifies this situation by introducing a "Eurotariff", whereby wholesale and retail prices are not allowed to exceed set price ceilings. These Eurotariff price caps, set as average maximum per minute charge, will be further reduced in 2008 and 2009.

All mobile users, whether on a pre-paid or post-paid contract, are in for cheaper calling rates. Indeed, by the end of July 2007, operators have to offer customers the Eurotariff. Without any additional costs customers will be allowed to choose a simple roaming tariff, which cannot exceed the Eurotariff, and they will start benefiting therefrom by the end of August 2007. Customers who do not choose a roaming tariff will still benefit from the Eurotariff thresholds since the Eurotariff will apply automatically by the end of September 2007.

Below the maximum Eurotariff prices, mobile operators are allowed to compete with each other in order to provide consumers with the most attractive roaming charges. Consumers will therefore benefit from rates lower than the Eurotariff prices once competition is allowed to take its course.

Besides setting maximum prices, the new Regulation also demands transparency of prices so as to enable customers to make informed decisions when using their mobile phones abroad. Mobile operators are required to provide customers with full information on applicable roaming charges when subscriptions are taken out and to update consumers regularly about these charges. Moreover, mobile operators are obliged to alert consumers when they enter other EU countries by means of instant message service with basic personalized information. Consumers can also ask for information on roaming charges free of charge either via SMS or voice call.

The Regulation vests national regulatory authorities with powers to monitor and supervise compliance with the Regulation by mobile operators in their territory.

This new piece of legislation is exceptional given that it constitutes a direct intervention by the EU on the telephony market. Yet, this interference was deemed necessary in order to address the high level charges imposed mobile telephony operators and offer protection to the interests of roaming customers.

The Roaming Regulation will expire in 2010. By then the Commission will have assessed the results achieved by the Regulation. On the basis of these results, the Commission will decide whether the Regulation should be extended in time and scope to cover other mobile phone services such as SMS and MMS messages.

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