

Commission adopted Delegated regulation on EU-wide voice-call termination rates

On 18 December 2020, the European Commission adopted a Delegated Regulation setting single maximum Union-wide voice termination rates in line with the European Electronic Communications Code and in time for its transposition.

The Regulation sets the maximum termination rates that operators are allowed to charge each other for mobile and fixed termination services respectively. A single maximum Union-wide rate will reduce fragmentation and ensure a more competitive, cross-border environment, which will ultimately benefit European consumers through lower prices and more varied offers for fixed and mobile calls.

What are Termination Rates?

A voice termination service (fixed or mobile) is necessary for a voice operator to connect a caller with the recipient of a call on a different network. Wholesale termination rates are the rates which operators charge each other for the termination of voice calls on their networks.

Termination services include services provided through any technology used to terminate calls by the termination provider which has legal and technical control of the number called and interconnects with at least one other network.

In line with the Code, the Commission has a legal obligation to define single maximum termination rates by 31 December this year. The Code provides very clear principles, criteria and parameters on how the single maximum Union-wide mobile and fixed termination rates have to be defined, requiring that the rates are cost efficient and ensure cost recovery.

Maximum termination rates defined

For mobile calls, the single maximum termination rate is 0.2 eurocents per min and will be achieved gradually by 2024, facilitated by a three-year glide path. The glide path will allow for a swift implementation while avoiding significant disruptions for operators. During the interim period of 2021-2023, operators from the Member States subject to the glide path may apply different rates than the single maximum Union-wide mobile termination rate. In 2024, all Union operators should apply the same single maximum rate is 0.2 eurocents per min.

For fixed calls, the single maximum EU-wide termination rate is 0.07 eurocents per min. Due to the considerable differences between the current fixed termination rates and the final rate, the Regulation includes a transitional period during 2021 to allow for a gradual adjustment. By 2022, all fixed operators will be subject to a maximum fixed termination rate of 0.07 eurocents per min.

The rates do not apply to calls originating from country numbers outside of the EU. (outside of the Union). There are two exemptions from this rule. The first one applies to the situation where a third

country operator charges the Union operator with equal or lower than those set by the Delegated Act. The second exemption is the possibility for a third country to apply and be listed in the Annex to this Regulation in case its termination rates are set on similar standards as the single Union-wide rates.

Why is the Commission Intervening?

Given the ability and the incentives of providers of termination services to raise prices significantly above cost, mobile and fixed termination rates have been regulated in the Union for around 20 years. In order to bring consistency in price regulation across Member States, in 2009 the Commission adopted a Termination Rates Recommendation (TRR) to guide national regulators on how to calculate the maximum wholesale prices on the termination markets, however the regulated rates continued to differ significantly across the Union. In order to reduce the regulatory burden in addressing competition problems relating to termination markets consistently across the Union, the Commission was entrusted in the Code to establish, by means of a delegated act, a single maximum voice termination rate for mobile and fixed services.

Background

In order to prepare the Delegated Act, in 2019, the Commission conducted a public consultation (the results of which are available on the Commission website). The Commission also set up an Informal Expert Group composed by experts from Member States that provided advice to the Commission.

The rates proposed are based on the results (for mobile and fixed) of two cost models, constructed by external consultants pursuant to strict criteria set out in the provisions of the Code. Both models have been built in close collaboration with BEREC and experts from National Regulatory Authorities (NRAs) as well as subject to multiple rounds of public consultation.

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- Delegated Act on Union-wide voice-call termination rates.pdf
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