

GSMA Response to the European Parliament vote on EU Roaming Regulation

London, 23rd May 2007: The GSM Association (GSMA), the global trade association for mobile operators, believes that the proposed EU regulation of roaming services, which was approved by a vote in the European Parliament today, is unnecessary, will curb competition and risks long-term harm to consumers.

The regulation is unnecessary because operators are delivering increasingly good value to consumers on roaming services. The average cost of making and receiving calls while travelling in Europe is now 29% lower than during 2005, according to the European mobile phone industry's roaming Retail Price Index. Across the EU, the average cost of a roaming call has fallen from 83 Euro cents per minute, excluding VAT, in 2005 to 59 Euro cents per minute* in the first quarter of 2007.

The decline in the average price reflects the popularity of a range of innovative tariff plans developed by mobile operators to appeal to a wide variety of customers. Most of these plans offer volume discounts that are better value for many customers than the rigid price cap on each minute of a roaming call envisaged in the regulation proposed by the EU. Under some of these plans, the cost of a two-minute outgoing call on the most popular roaming routes can be as little as 33 Euro cents per minute.

"The Retail Price Index, which is based on actual traffic and revenue data provided by operators, shows that roaming prices are now almost one third lower than in 2005," said Rob Conway, CEO of the GSMA. "These price declines, which have been driven by innovation and competition, have been achieved without the market distortions and unintended consequences that would be caused by regulation."

The GSMA maintains that retail price regulation is inappropriate and unprecedented on the basis of the principles of a market economy, which is the foundation of the EC Treaty. The proposed price cap of 49 Euro cents per minute for outgoing calls, excluding VAT, and 24 Euro cents per minute for receiving calls will force many European mobile operators to offer roaming services at a level that leaves them no scope to compete with each other on price and on new services. Moreover, the proposed annual decreases in these price caps appear to be arbitrary and bear no relation to the expected evolution of roaming costs.

The proposed regulation could also present practical difficulties for some operators, such as the obligation to contact all their customers within one month of the regulation coming into force to inform them of the new roaming tariffs. Furthermore, it will also be difficult for many operators to move their customers on to new tariff packages in the very short timeframe set out in the proposed regulation.

"These proposals are designed to further a narrow, short-term and populist agenda and run counter to the wider interests of consumers, the business community and ultimately the European Union," added Mr. Conway.

Notes to Editors:

*The 59 Euro cents per minute is a weighted average of the cost of both outgoing and incoming calls. The average cost of an outgoing call in the first quarter was 76 Euro cents per minute and the average cost of an incoming call 37 Euro cents per minute.

The operators participating in the Retail Price Index deliver services to over 216 million customers across 18 European countries. For the index, they provide actual invoiced revenues and traffic for all of their customers, including both heavy and light users of roaming services.

The data used for the Retail Price Index figure is designed to be as consistent as possible with the data sample used for the last two Retail Price Index figures, which were published in February 2007 and November 2006.

About the GSM Association:

The GSM Association (GSMA) is the global trade association representing more than 700 GSM mobile phone operators across 218 countries of the world. In addition, more than 200 manufacturers and suppliers support the Association's initiatives as key partners.

The primary goals of the GSMA are to ensure mobile phones and wireless services work globally and are easily accessible, enhancing their value to individual customers and national economies, while creating new business opportunities for operators and their suppliers. The Association's members serve more than two billion customers - 82% of the world's mobile phone users. See: www.gsmworld.com & www.3gsmworldcongress.com

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