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Channel Islands Competition Regulatory Authority,
2nd Floor, Salisbury House,
1-9 Union Street,
St Helier,
Jersey,
JE2 3RF.

For the attention of Mr. Michael Byrne

Dear Michael,

"Pan-Channel Island Consultation on the Review of Mobile Termination Rates (MTRs)"

With reference to your consultation CICRA 15/22 dated May 2015, please find Airtel's response to the following questions below:

Question 1

Do respondents agree that the MTRs proposed should be introduced in the Channel Islands over the period defined by CICRA? Respondents who do not agree with either or both of CICRA's proposal for MTRs or the period over which they are to be introduced are asked to provide reasons and evidence to support their position.

Airtel question CICRA benchmarking against the UK as the Channel Islands are not bound by EU regulation. Channel Islands numbers are currently out of bundle for all UK customers so any reduction in MTR would need to be reciprocated by UK operators including C.I numbers in their UK pricing.

The financial impact of any reduction is considerable and if a reduction is considered necessary Airtel would prefer to see a longer period of transition than the 3 years proposed.

Question 2

Do respondents agree that it is appropriate for CICRA to change the description of the market in which the operator has been found to have SMP? Respondents who do not agree are asked to provide reasons to support their position.

CICRA's consultation document refers to the CICRA's previous pronouncement that Airtel (along with its competitors) is considered to be a Significant Market Power for traffic terminated on Airtel's network. Airtel would respectfully remind CICRA of Airtel's previous concerns to CICRA's earlier pronouncement which whilst being partially correct, this fails to consider the massive imbalance in market share between JT and Airtel, despite the operation of Mobile Number Portability in the Jersey market. Thus, it is not appropriate to assume that being dominant on terminating traffic is a justification for reducing MTRs, without taking into consideration the significant cost impact on Airtel of Airtel's originated traffic to the incumbent's

Jersey Airtel Limited, 1st Floor, Le Masurier House, La Rue le Masurier, St. Helier, Jersey JE2 4YE
Guernsey Airtel Limited, 45 High Street, St Peter Port, Guernsey GY1 2JT

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dominant fixed and mobile customer base. JT remains the dominant mobile provider in Jersey with over 60% market share and has a virtual monopoly in the fixed market. The negative cost impact of Airtel's originated traffic to JT mobile and fixed numbers is further amplified since JT fixed termination rates (FTR) remain inflated (Jersey FTR is 30% higher than the Guernsey FTR). Thus Airtel is already being penalised financially by the excessive Jersey FTRs and the corresponding volume of Airtel's originated fixed traffic sent to the monopoly JT. By reducing the MTR, then Airtel competitive position could be seriously jeopardised by losing valuable inbound traffic termination revenue to offset the significant outgoing traffic and interconnect costs paid to JT.

Airtel is also concerned to note that the incumbent JT is further leveraging its monopoly position in fixed line services. Analysis of the JT's Unlimited Call, Text & Data PAYG mobile tariff, shows that calls to JT mobile numbers are free, whereas calls to JT fixed lines are charged at 20 pence per. Thus, it appears that JT is using both its Significant Market Power in all retail sectors and virtual monopoly in fixed line services to subsidise on-net mobile calls.

Airtel firmly believes that CICRA cannot make a determination related to reducing Jersey MTR without CICRA taking decisive action to address the excessive Jersey fixed termination rates.

Question 3

Do respondents agree that it is appropriate for CICRA to include Marathon in the scope of the regulation of MTRs? Respondent who do not agree are asked to provide reasons to support their position?

Airtel agree.

We trust our response and comments meet with your approval and please do not hesitate to contact the undersigned should you have any further questions in this respect.

Yours sincerely

A handwritten signature in black ink, appearing to read "Lisa Moyse".

Lisa Moyse
Head-Roaming & Regulatory Affairs