A ERG Report
Regulatory Accounting in Practice 2007

Regulatory Accounting Project Team

April 2007

A. Executive Summary

This report provides an overview of the regulatory accounting systems across ERG member states. It is prepared annually and updates the previous versions published in the years 2005 and 2006.

The report aims at monitoring the level of harmonisation in regulatory accounting systems across ERG member states. Its purpose is not to critique the appropriateness or efficacy of the chosen methodologies and systems and, therefore, the data should not be taken as a source of evidence for correct or incorrect application by an NRA of the regulatory framework. The data collected for this year's report are updated to January 2007. They have been compared, where possible, with data collected in 2006.

The data comparison confirms the important trends already observed last year, namely:

- a further consolidation in the use of CCA as the preferred cost base for the fixed termination market (Figure 4), for the mobile termination market (Figure 5) and for both wholesale leased lines markets (Figures 6 and 7);
- *Long Run Average Incremental Cost (LRIC/LRAIC) methodologies (based on CCA) are* being used more extensively both in the fixed (Figure 8) and in the mobile termination market (Figure 9);

Overall there would appear to be clear and continued indicators that the trend to more consistent and harmonised approaches to regulatory accounting has been maintained.

The information given in this report is based on those market analyses already completed or under consultation in 2007 and therefore also includes measures which are currently proposed but subject to the completion of the consultation process.

The main results are summarised in Table 1 below. For each of the 18 markets of the EC Recommendation, it indicates, in the first column, the number of countries in which some price control and/or accounting obligations have been introduced so far. In the following columns it reports the most common "Cost Base", "Accounting Methodology" and "Price Control Method", indicating the percentage of countries adopting it. In order to highlight the evolution between 2006 and 2007 in terms of price control and/or accounting obligations, a different colour code is used to indicate if the percentage of countries using that "Cost Base", "Accounting Methodology" and "Price Control Method" increased (green), decreased (red) or remained unchanged (orange) compared to last year.

The table shows that the number of countries adopting price control and/or accounting obligations increased in 2007; this result is explained by the extension of the sampling and with the fact that in the course of last year a higher number of market analysis has been concluded by NRAs compared with previous years'. As regards the fixed retail markets, the table indicates a significant change in data compared to last year. While in 2006 the most commonly used cost base in retail markets 1, 2 was HCA, in 2007 CCA has become the most commonly used cost base; moreover a decrease in the adoption of HCA can be observed in market 6. On the contrary, in market 7 the percentage of countries using HCA increased. Moreover CCA remains the most common cost base in markets 3 to 5. The table also shows a significant evolution in data for wholesale markets. CCA replaced HCA as the most commonly used cost base in market 12 and market 13 and reached the same percentage of utilisation of HCA in market 14. Even if the general movement seems to go towards a stronger implementation of CCA, in market 18 the percentage of HCA increased. This increase is mainly due to the fact that in 2007 some countries implemented a regulatory framework for these markets preferring HCA over CCA. As far as the attribution methodology is concerned, also this year FDC is the most commonly used in retail markets, while LRIC is widely used in several wholesale markets such as market 9, market 10, market 11 and market 16. In terms of Price Control Method, Cost Orientation remains the most frequently adopted remedy, even if beside it, Price Cap, Retail Minus and other methods are increasingly favoured by NRA's.

Table 1 Summary of results in the 18 markets (for 25 countries)

(Colours code: increasing decreasing stable)

Market	Number of countries with some kind of price control and/or accounting obligation so far	Most common Cost Base	Most common Accounting Methodology	Most common Price Control Method	Summary
Market 1 Fixed Call Access Residential	19	53% CCA 37% HCA	74% FDC	37% Cost Orientation	Beside Cost Orientation, Price Cap (37%) is widely accepted. A few countries don't have any regulation on this market or only regulation on Wholesale Line Rental.
Market 2 Fixed Call Access Non-Residential	17	35% HCA 35% CCA	65% FDC	35% Cost Orientation 33% Price Cap	Beside Cost Orientation, Price Cap is widely accepted. A few countries don't have any regulation on this market or only regulation on Wholesale Line Rental.

Market 3 National fixed services residential	15	47% CCA	73% FDC	54% Price Cap 33% Cost Orientation	Price Cap and Cost Orientation are mostly employed. A few countries don't have any regulation on this market.
Market 4 International fixed Services Residential	10	50% CCA	70% FDC	40% Others	Price Cap and Cost Orientation are employed. More countries than in Mkt 1-3 don't have any regulation on this market.
Market 5 National fixed Services Non-Residential	12	42% CCA	67% FDC	42% Cost Orientation	Beside Cost Orientation, Price Cap and Other Methods are more and more accepted. A few countries don't have any regulation on this market.
Market 6 International fixed Services Non-Residential	10	40% HCA	60% FDC	40% Cost Orientation	This market is the most competitive, in many countries there is no regulation in place due to effective competition.
Market 7 Retail Leased Lines	16	63% HCA	75% FDC	81% Cost Orientation	Cost orientation is the most common method. This market is supposed to be deleted during 2007.
Market 8 Wholesale Fixed Call Origination	23	83% CCA	57% LRIC 35% FDC	83% Cost Orientation	
Market 9 Wholesale Fixed Call Termination	**23**	**83% CCA**	**57% LRIC/LRAIC**	**78% Cost Orientation**	**see following text**
Market 10 Wholesale Fixed Transit Services	16	75% CCA	50% LRIC/LRAIC	50% Cost Orientation	Price Cap and Other Methods are also quite common.
Market 11 Unbundled Access	24	58% CCA	50% LRIC/LRAIC 33% FDC	67% Cost Orientation	In most countries regulation in place.
Market 12 Broadband Access Wholesale	18	44% CCA 33% HCA	39% FDC	44% Retail Minus 44 % Cost Orientation	Retail Minus surpassed Cost Orientation which is always very common anyway.
Market 13 Terminating Segments Wholesale	**22**	**45% CCA**	**50% FDC**	**55% Cost Orientation**	**see following text**
Market 14 Wholesale Trunk Segments	**13**	**46% CCA 38% HCA**	**54% FDC**	**62% Cost Orientation**	**No SMP in some countries see following text.**
Market 15 Wholesale Mobile Access and Origination	4				In most countries no regulation due to competition.
Market 16 Wholesale Mobile Call Termination	**22**	**55% CCA**	**41% LRIC/LRAIC 36% FDC**	**55% Cost Orientation**	**see following text**
Market 17 International Roaming	1				Not regulated or Market Analyses not yet finished.

Market 18 Broadcast	11	45% HCA	64% FDC	64% Cost Orientation 36% Others	Cost Bases quite different, but FDC is always the most used accounting method.

Source: ERG RA –PT 2007

In order to simplify the data presentation and also to respect the confidentiality request made by NRAs for certain data, this report does not present and comment all the data collected. Instead, two of the markets listed in the Commission Recommendation, market 9 and market 16, have been chosen as typical examples to compare the cost base and the allocation methodology used for fixed and mobile interconnection in 2006 and 2007. These are markets typically more susceptible to regulatory accounting remedies and, in most countries, the market analyses have been completed and remedies implemented.[1] Moreover, in this year report an analysis of the cost base and the allocation methodologies used in the wholesale leased lines markets 13 and 14 has been carried out.

Finally, a commentary on WACC data is presented reflecting the widely recognised importance of this topic.

[1] As not all countries delivered data on all markets the number of answers differs from the number of answers for single markets.

B. Introduction

B.1 Background

In September 2003 the ERG Regulatory Accounting Working Group (RA WG, now the Regulatory Accounting Project Team) started an internal data gathering process aimed at describing how regulatory accounting systems were implemented in member states normally as part of cost-orientation or non-discrimination obligations or to assist price control decisions.

The first results of this process were summarised in the report on Regulatory Accounting in Practice, prepared by the RA WG in April 2005. At the time the majority of ERG countries had not yet finished the market reviews imposed by the new regulatory framework. As a result, data collection referred to the old framework, and consequently communication services were divided in the following three categories: “Fixed”, “Mobile” and “Other”. The 2005 report showed that accounting methodologies used across ERG members were not yet harmonised or homogeneous. Each member state was using a different mix of accounting methodologies to comply with their own national situations. While Current Cost Accounting (CCA) and Long Run Incremental Cost (LRIC) methodologies were by far the preferred methods for imposing cost orientation when regulating fixed networks, Historical Cost and Fully Allocated Cost methodologies (also referred to as Fully Distributed Cost) were primarily used for mobile networks regulation.

The report was updated in 2006 in order to monitor whether the level of harmonisation in regulatory accounting systems across Europe had improved. Since the end of the first 2006 quarter several countries had completed the market reviews, it was possible to start evaluating how different member states implemented the obligations provided for by articles 9 - 13 of the Access Directive (for wholesale markets), by articles 17-19 of the Universal Service Directive (for retail markets) and the principles contained in the new European Commission Recommendation on Cost Accounting and Accounting Separation of September 2005[2]. The report showed a clear trend towards an increasing harmonised approach to regulatory accounting among ERG countries.

[2] 2005/698/EC replacing Recommendation 98/960/EC on Accounting Separation and Cost Accounting of 8 April 1998. The ERG published in September 2005 a Common Position containing “Guidelines on implementing the EC Recommendation 2005/698/EC”, cf. document ERG (05) 29.

B1.2 Current report

This year's report is a further update of the regulatory accounting systems status across ERG member states. Its purpose is twofold. Firstly, it monitors how regulatory accounting methods and models changed as a consequence of the implementation of the new regulatory framework. Secondly, it illustrates how remedies have been imposed on markets that were not profiled previously because NRAs at that time did not complete the market reviews. As consequence the 2007 report shows differences in terms of impacts and results, despite this, it is possible to confirm also this year a harmonisation trend. Furthermore, the report provides some commentary on the reasons for some of the more important changes.

The report benefits from information collected from 26 authorities[3]. A detailed list of countries that participated to this year's survey can be found in Annex 1.

For all 18 markets identified by the EU Recommendation on relevant markets susceptible to ex ante regulation[4] the information provided in this report refers to those for which the market analyses is either concluded or under consultation. The report reflects, also, measures which are planned to be implemented in 2007, although final decisions in some cases are subject to outstanding consultations.

B.2 The data collection process

National Regulatory Authorities (NRAs) can use a variety of objective and appropriate regulatory accounting methodologies depending on their market analysis.[5] In order to obtain a general view of accounting systems across member states, the Regulatory Accounting Project Team (RA PT) collected since last year a broad range of data, not limited to a simple comparison between the cost-base (e.g. historical cost versus current cost) and the costing methodology (e.g. fully distributed cost or long run average incremental cost) chosen by different NRAs.

The ERG database is an informal information exchange tool among the ERG member states[6] providing a valuable source of data. It includes, for each of the 18 markets identified by the European Commission Recommendation as susceptible of ex ante regulation, the following information:

- cost base;
- accounting system;
- price control method;

[3] Unlike the 2006 report, this year's report includes, for market 9, information on Czech Republic and, for market 16, data of Czech Republic, Denmark, Ireland, Lithuania and the Netherlands.
[4] 2003/311/EC of 11 February 2003.
[5] For an exhaustive explanation of how to implement a regulatory accounting system see the ERG Common Position (05) 29.
[6] The database contains confidential information and it is not published.

- auditing process;
- WACC calculation methodology; and
- remedies imposed to SMP operators.

In order to improve data comparability the following pre-defined options were included in the data request:

- For the Cost base:
  - *- HCA Family (Historical Cost Accounting and Forward Looking - Historical Cost Accounting[7])*
  - *- CCA Family (Current Cost Accounting and Forward Looking - Current Cost Accounting)*
  - *- Other cost base methodologies that do not appear in the above definitions.*
- For the Accounting System / Cost Model[8]:
  - *- FDC (Fully Distributed Costs)*
  - *- LRIC (Long Run Incremental costs)*
  - *- LRAIC (Long Run Average Incremental costs)*
  - *- FL-LRIC (Forward Looking LRIC)*
  - *- FL-LRAIC (Forward Looking LRAIC)*
  - *- EDC (Embedded Direct Costs)*
  - *- Combination of the above mentioned systems*
  - *- Other accounting systems that do not appear in the above definitions.*
- For the Price control method:
  - *- Price Cap*
  - *- Retail Minus*
  - *- Cost orientation/Cost accounting[9]*
  - *- Benchmarking*
  - *- Other price methods that do not appear in the above definition*

Moreover, the survey included all the parameters used for the weighed average cost of capital (WACC) calculation such as the cost of equity, level of taxation, risk free rate, risk premium in addition to the final WACC value. Besides these data, some countries provided further information regarding the approach used to develop a cost model (e.g. Top-Down).

[7] FL-HCA, as a cost base, is derived from HCA accounts and represents a forecast of historical costs, given certain hypotheses on future volumes and costs trend. They are typically used in a context of future tariff approval for services valued at HCA.

[8] According to recommendation 2005/698/ EC "*The purpose of imposing an obligation to implement a cost accounting system is to ensure that fair, objective and transparent criteria are followed by notified operators in allocating their costs to services in situations where they are subject to obligations for price controls or cost-oriented prices*."

[9] Although various price control methods, for example benchmarking and price cap, may in practice result in cost oriented prices, a category "cost orientation" as a price control method has been created to indicate price regulation based on regulatory accounting data and costing model.

Finally, in order to simplify the data presentation and also to respect the confidentiality request made by NRAs for certain data, this report does not present and comment all the data collected. Instead, two of the markets listed in the Commission Recommendation, market 9 and market 16, have been chosen as typical examples to compare the cost base and the allocation methodology used for fixed and mobile interconnection in 2006 and 2007. These are markets typically more susceptible to regulatory accounting remedies and, in most countries, the market analyses have been completed and remedies implemented.[10] Furthermore, in this year report an analysis of the cost base and the allocation methodologies used in the wholesale leased lines markets 13 and 14 has been carried out.

[10] As not all countries delivered data on all markets the number of answers differs from the number of answers for single markets.

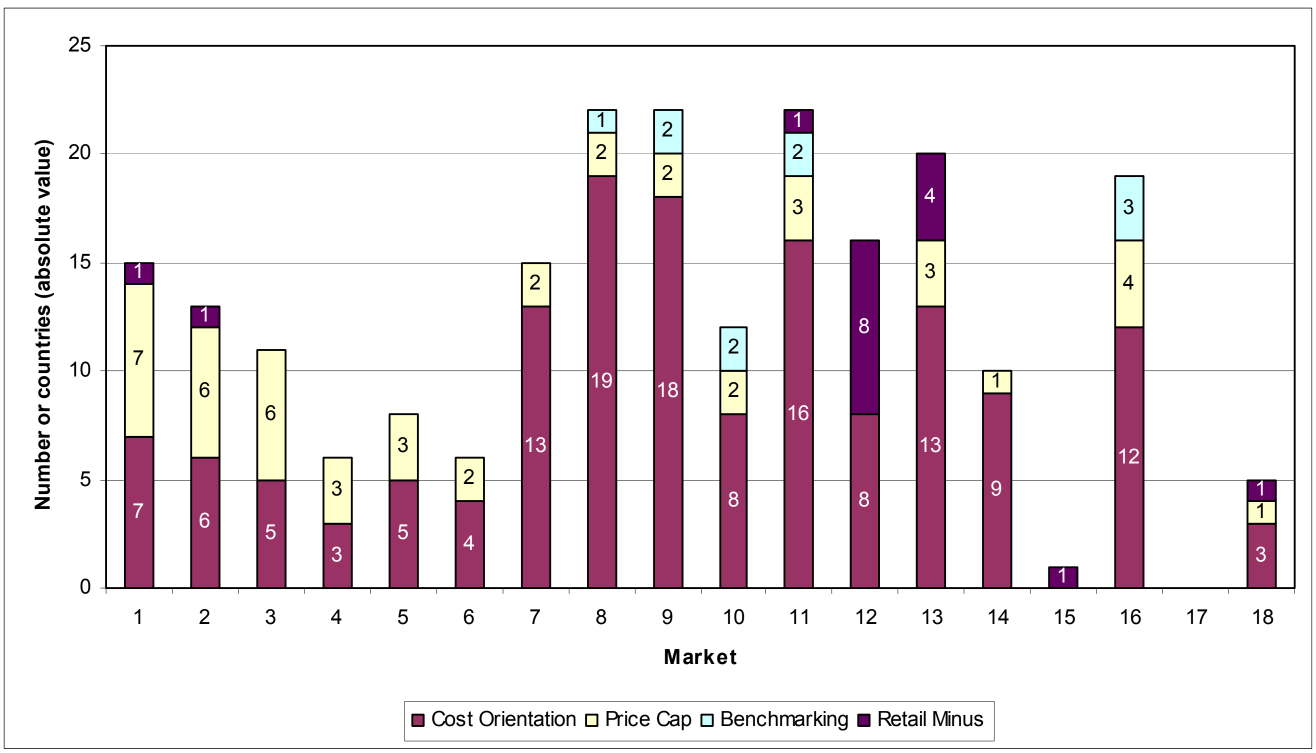
C. Outline of the Results

The following figures include data for markets where market reviews are either complete or are under public consultation. In addition, to assist comparability between years, data has only been included where respondent NRAs provided information for both years.

C.1. Price control method

In order to compare price control methods adopted in fixed and mobile markets, Figure 2 below gives an overview of the methodologies used in member countries. Cost orientation remains the most used price control method in almost all markets, [combined with or?] followed by price cap and retail minus.

Figure 2 Price control method used in member countries grouped per market



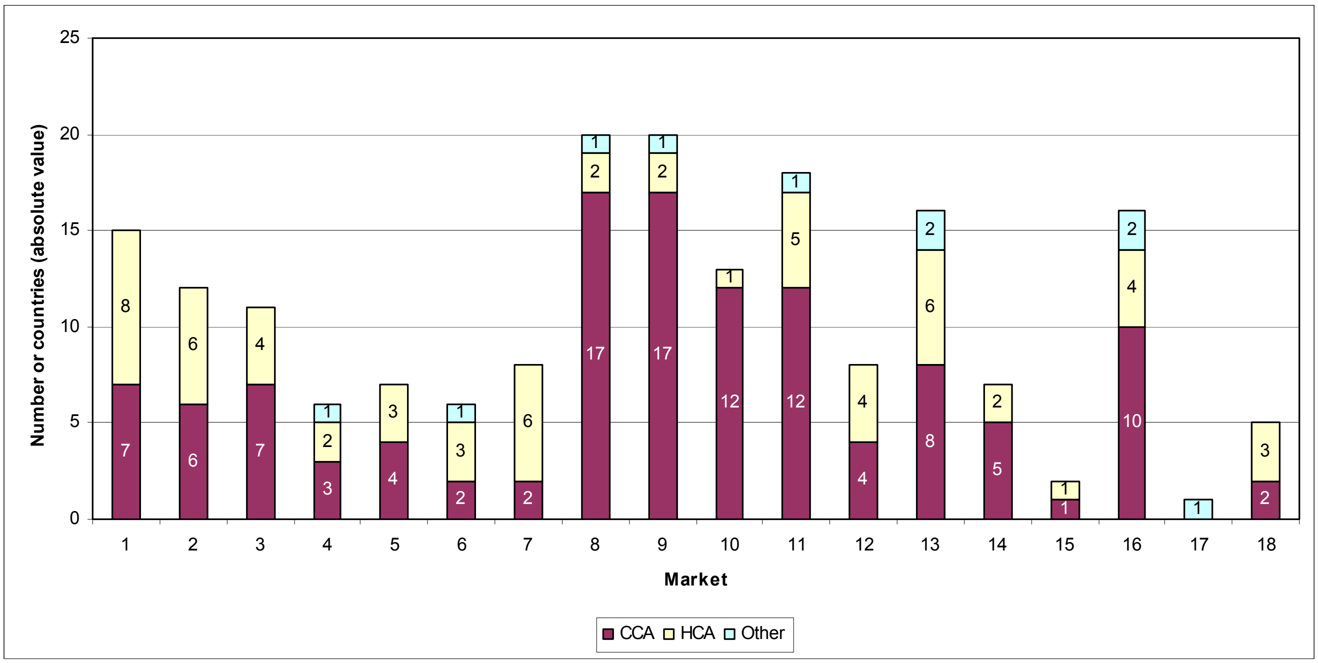
Source: ERG RA-PT 2007

It is interesting to observe that Price Cap is mainly used in retail markets while Cost Orientation is widespread particularly in wholesale markets. Probably due to the complexity and variety of existing products in market 12 and market 13, Retail Minus has been largely adopted on these markets by NRAs. For market 1 and 2 the use of retail minus as price control method is principally referred to WLR regulation.

C.2. Cost Base

Figure 3 below gives an overview of the different cost base used in member states. Even if in the past CCA was by far the most common method for fixed networks and HCA was primarily used for mobile networks regulation, we observe a strong trend towards adoption of CCA. The following focus on markets 9, 16 and 13 shows that this process can be observed on a large number of significant markets.

Figure 3 Cost base used in member countries grouped per market

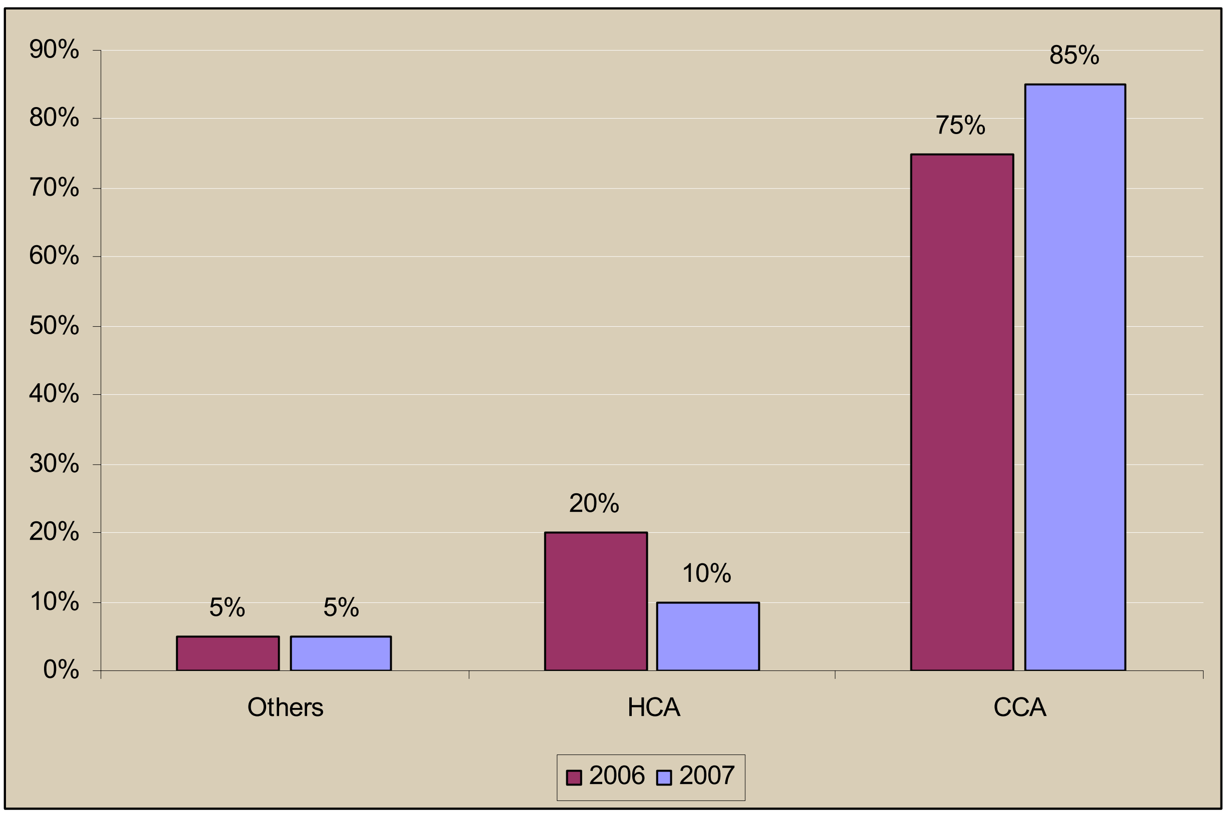


Source: ERG RA-PT 2007

Fixed networks (Market 9)

Figure 4 below shows the percentage of countries adopting CCA, HCA or a combination of accounting methodologies to set fixed terminating charges in 2006 and 2007. The figure shows that the most common cost base for fixed networks is CCA (85% compared to 75% in 2006). It has to be noticed that this is the third consecutive year in which such a result is observable, as in fixed network HCA had already been replaced with CCA by the majority of member states since 2005. On the contrary, the number of countries using HCA decreased by 50%, reducing from 20% in 2006 to 10% in 2007. Furthermore, the percentage of countries using other methodologies remained stable.

Figure 4 Cost Base Fixed Call Termination (Market 9)

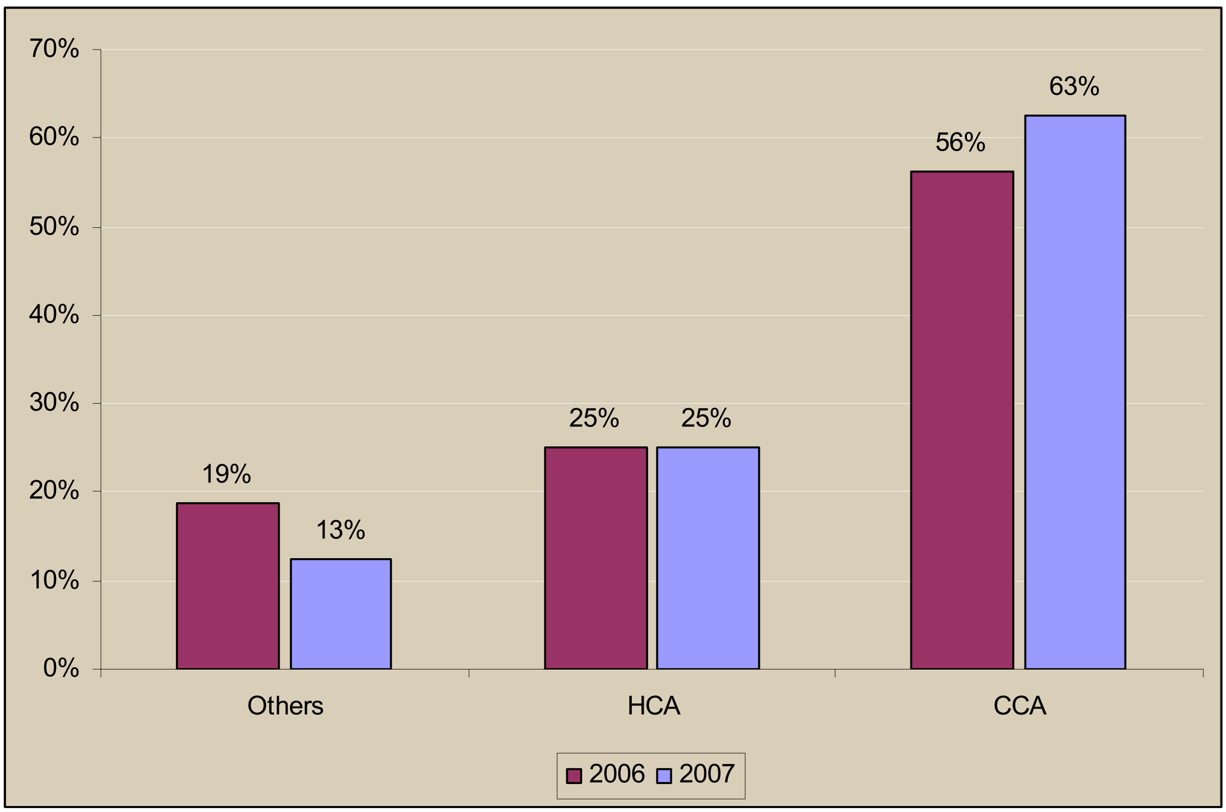


Source: ERG RA-PT 2007

- Mobile networks (Market 16)

Figure 5 below shows the percentage of countries adopting CCA, HCA or a combination of accounting methodologies to set mobile interconnection terminating charges in 2006 and 2007. Since 2006 the most commonly used cost base for mobile networks is CCA; this year the percentage of countries using CCA further increased, passing from 56% to 63%; therefore the increase in the use of CCA as the cost base for mobile call termination is significant. The percentage of countries using HCA remained unchanged while the percentage of countries using other mixed methodologies decreased sensibly (13% compared to 19% in 2006). The reduction of other methodologies is consistent with the aim of harmonisation. Consistent application of costing methodologies promotes the internal market as it provides for the same market entry conditions across Europe.[11]

Figure 5 Cost Base Mobile Call Termination (Market 16)



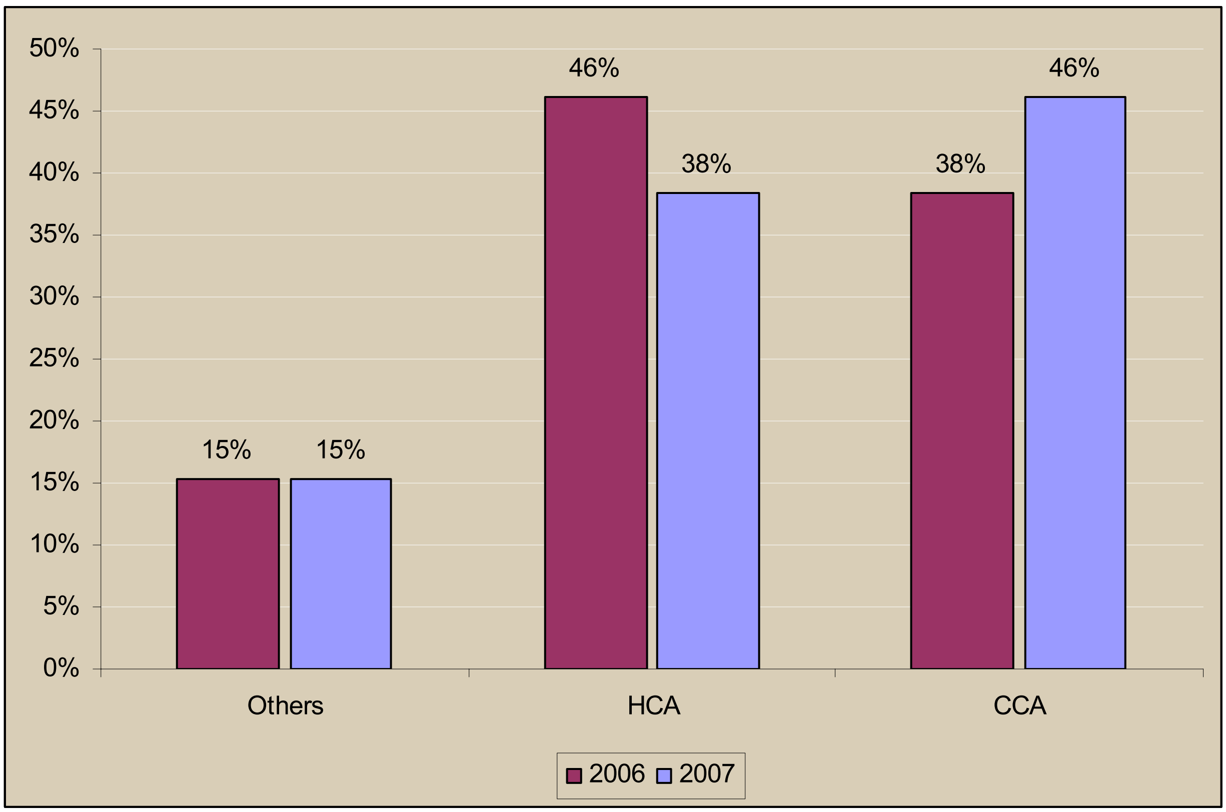
Source: ERG RA-PT 2007

[11] Cf. also the Harmonisation paper of ERG and the summary of the consultation. **Ref. numbers to be added.**

- Leased Lines Terminating Segment (Market 13)

Figure 6 below shows the percentage of countries adopting CCA, HCA or a combination of other accounting methodologies to set leased line charges for the terminating segments in 2006 and 2007. In 2007 one additional NRA reports as having decided to use CCA in the wholesale leased line terminating segment market also exhibiting a trend towards an adoption of CCA instead of HCA for this market.

Figure 6 Cost Base Leased Lines Terminating Segment (Market 13)

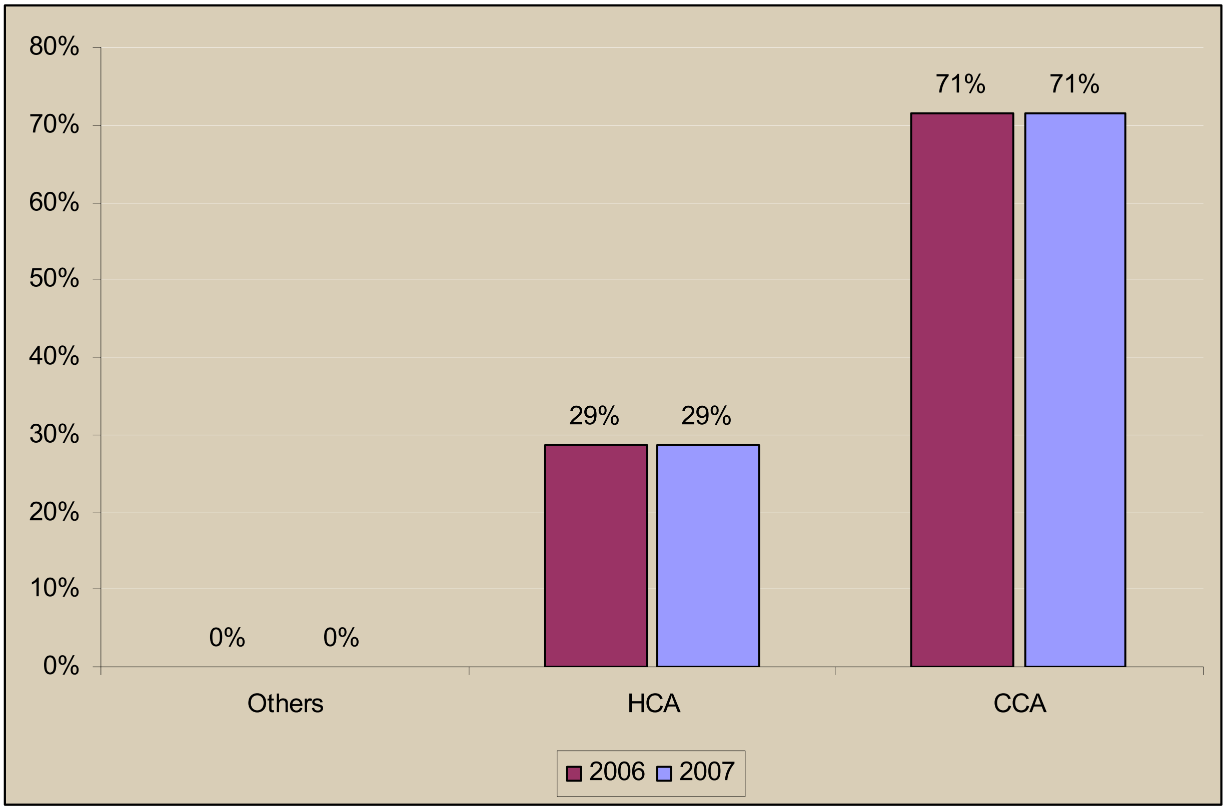


Source: ERG RA-PT 2007

- Leased Lines Trunk Segment (Market 14)

Figure 7 below shows the percentage of countries adopting CCA, HCA or a combination of accounting methodologies to set leased line charges for the trunk segments in 2006 and 2007. In this market CCA remains the most used methodology (71%) and the number of countries using HCA and CCA is unchanged compared to last year.

Figure 7 Cost Base Leased Lines Trunk Segment (Market 14)



Source: ERG RA-PT 2007

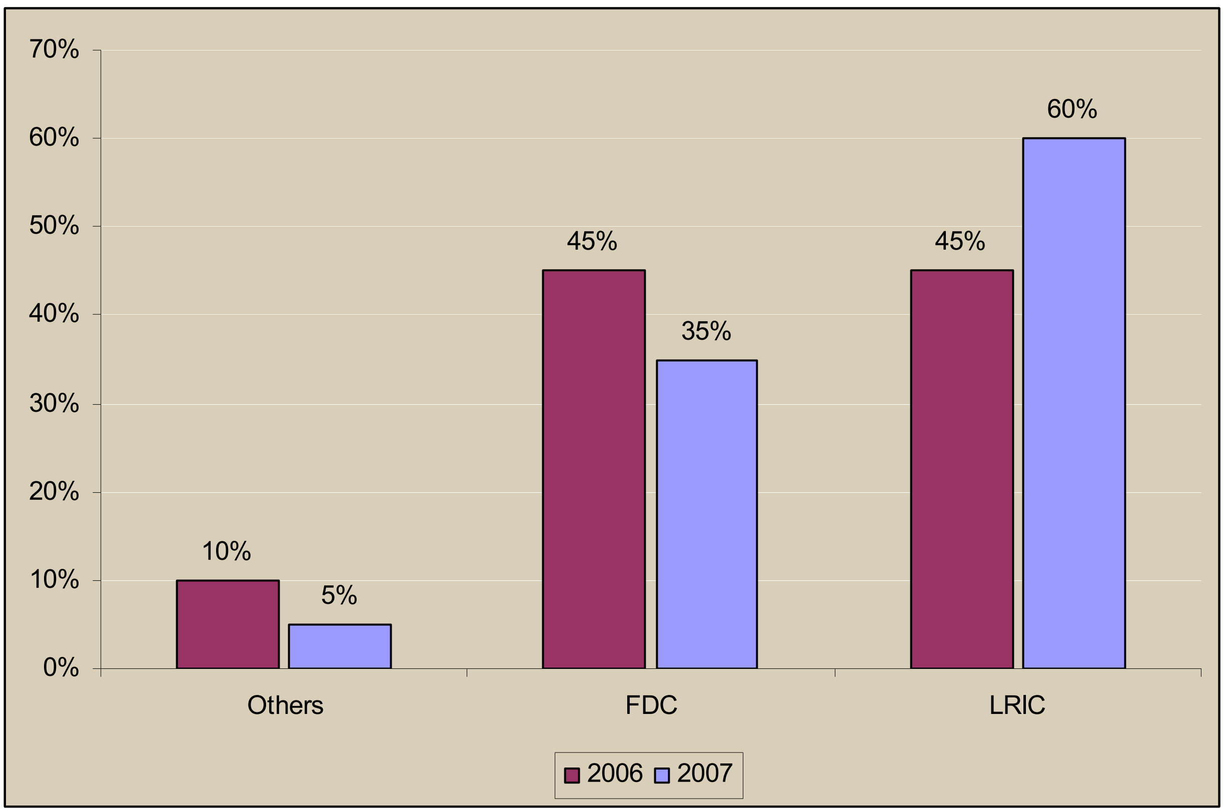
C.3. Accounting Methodologies

- Fixed Call Termination (Market 9)

Figure 8 below shows the percentages of countries using LRIC, FDC or other mixed methodologies for interconnection services in the fixed network for 2006 and 2007.

The figure shows that there was a significant increase in the percentage of countries using LRIC since last year so that it is now the prevailing accounting methodology (60%). As consequence of this trend, a sharp reduction in the percentage of countries using FDC and "other methodologies" is observed (FDC passed from 45% to 35% and "other methodologies passed from 10% to 5%).

Figure 8 Accounting Methodologies Fixed Call Termination (Market 9)



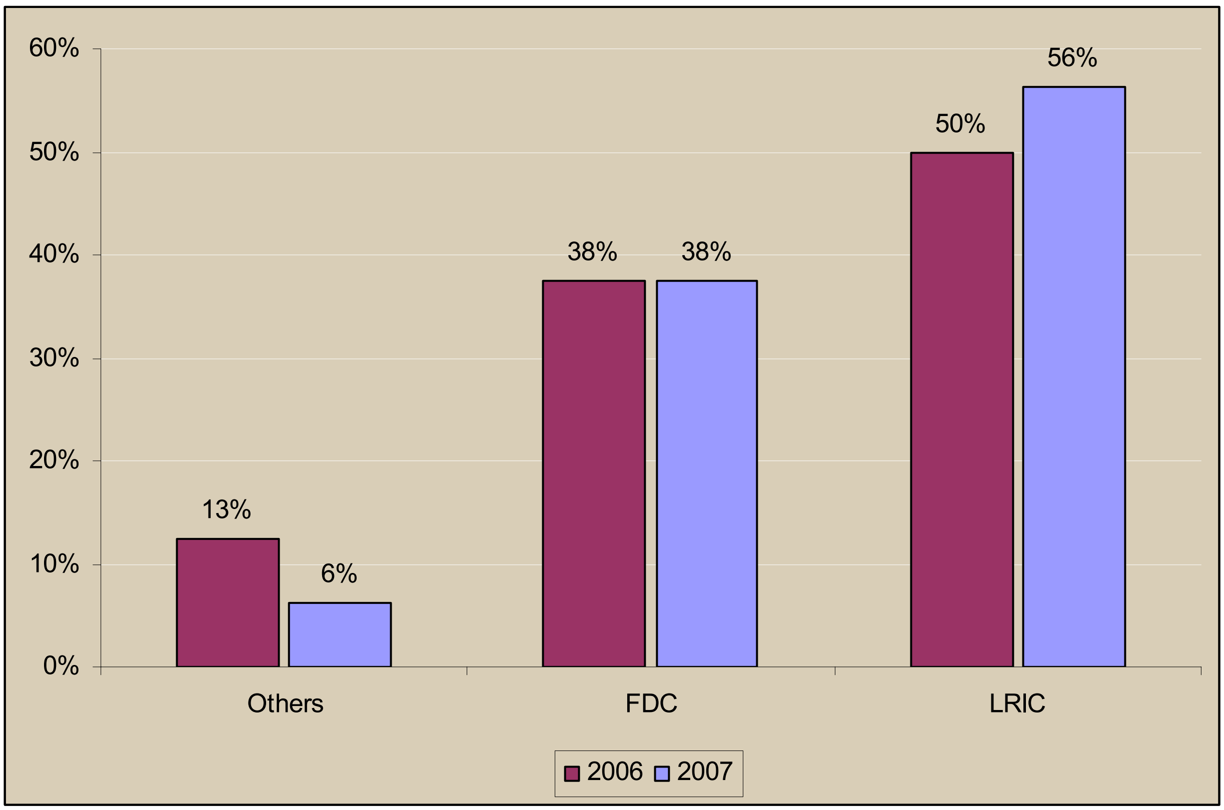
Source: ERG RA-PT 2007

- Mobile Call Termination (Market 16)

Figure 9 shows the percentages of countries using LRIC, FDC or other mixed methodologies as the costing methodology for call termination in mobile networks for 2006 and 2007.

In the mobile sector the most used accounting methodology is LRIC. The percentage of countries using this methodology further increased in 2007, passing from 50% in 2006 to 56% in 2007. At the same time frame, while the percentage of countries using FDC remained stable, the percentage of countries using other methodologies decreased by 50%.

Figure 9 Mobile Call Termination (Market 16)



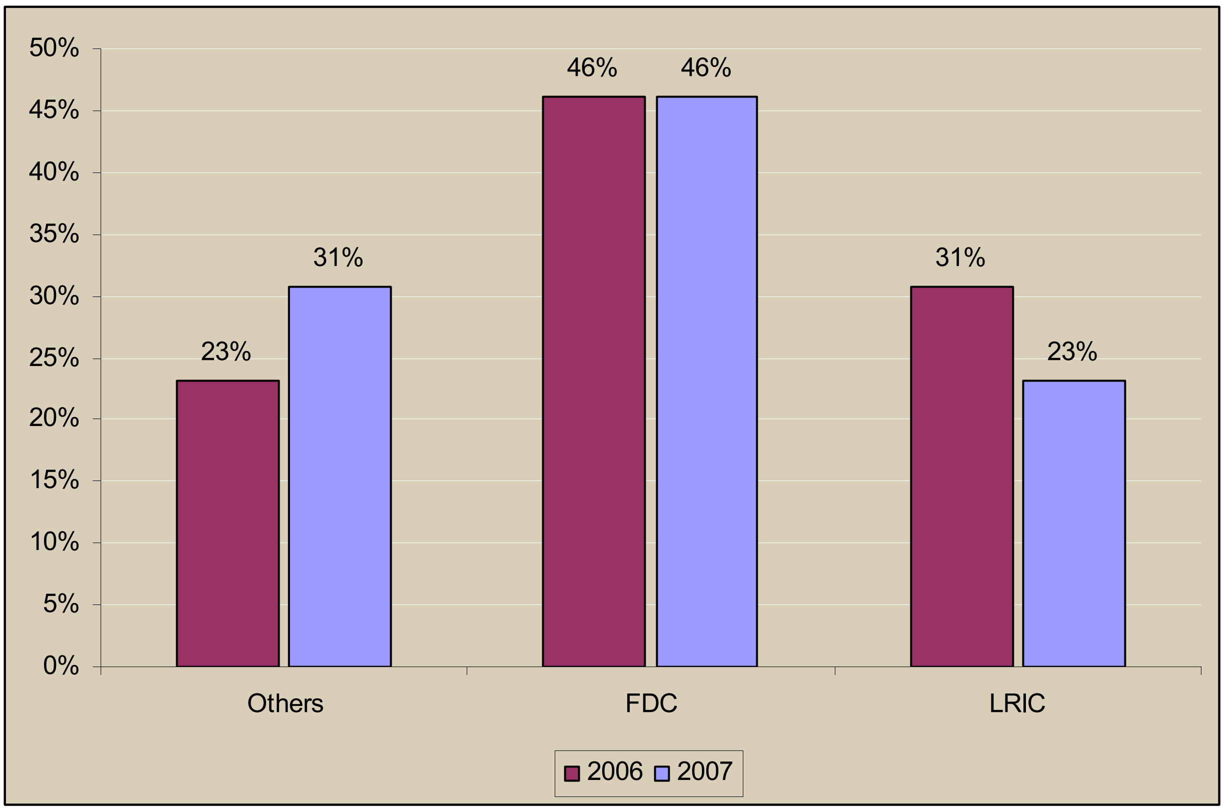
Source: ERG RA-PT 2007

- Leased Lines Terminating Segment (Market 13)

Figure 10 below shows the percentages of countries adopting LRIC, FDC or other mixed allocation methodologies in the leased line wholesale terminating segment for 2006 and 2007.

The most common accounting methodology in the leased line wholesale terminating market is FDC (46%). There has been a decrease in the percentage of countries using LRIC and an increase in the percentage of countries using mixed methodologies.

Figure 10 Accounting Methodology Leased Lines Terminating Segment (Market 13)



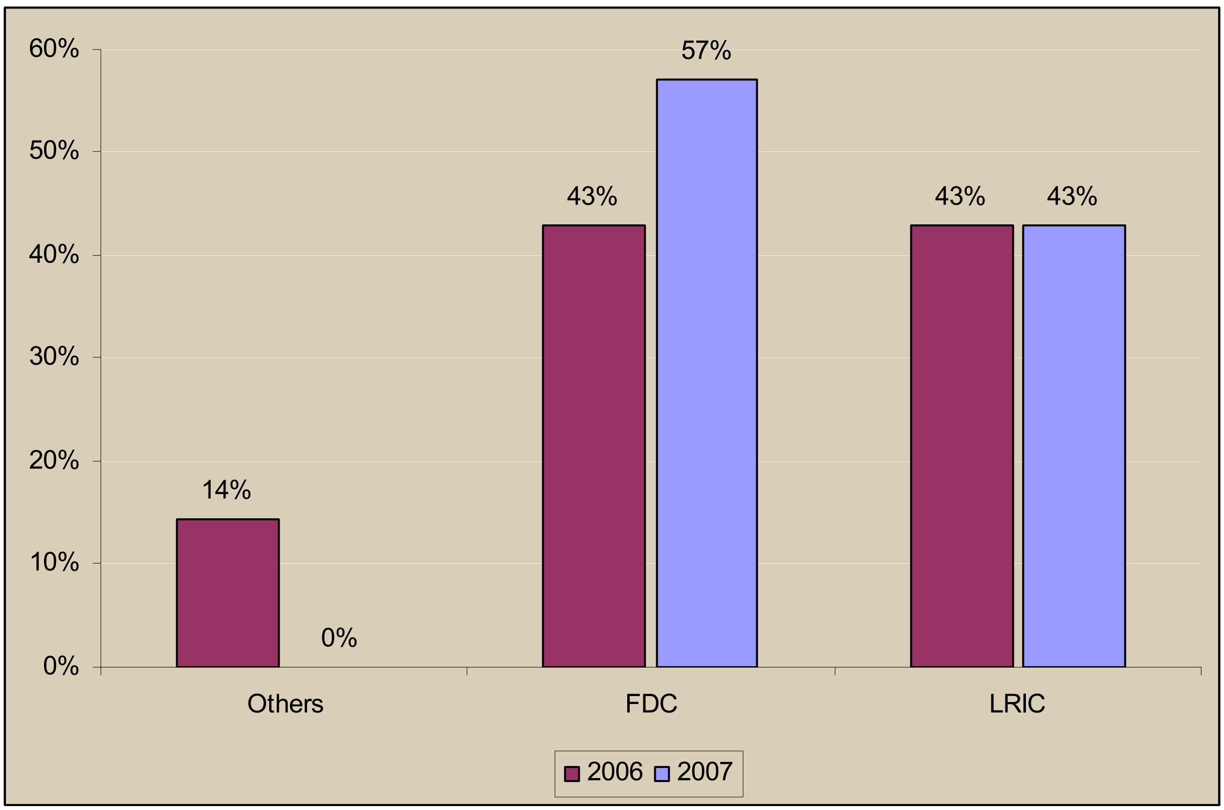
Source: ERG RA-PT 2007

- *Leased Lines Trunk Segment (Market 14)*

Figure 11 below shows the percentages of countries adopting LRIC, FDC or other mixed allocation methodologies in the leased line wholesale trunk segment for 2006 and 2007.

The same trend towards an increase in the percentage of countries using FDC can be observed in leased lines trunk segment. However, contrasting with the terminating segment market, there are now no countries using mixed methodologies and an equivalent increase in the use of FDC.

Figure 11 Allocation Methodology Leased Lines Trunk Segment (Market 14)



Source: ERG RA-PT 2007

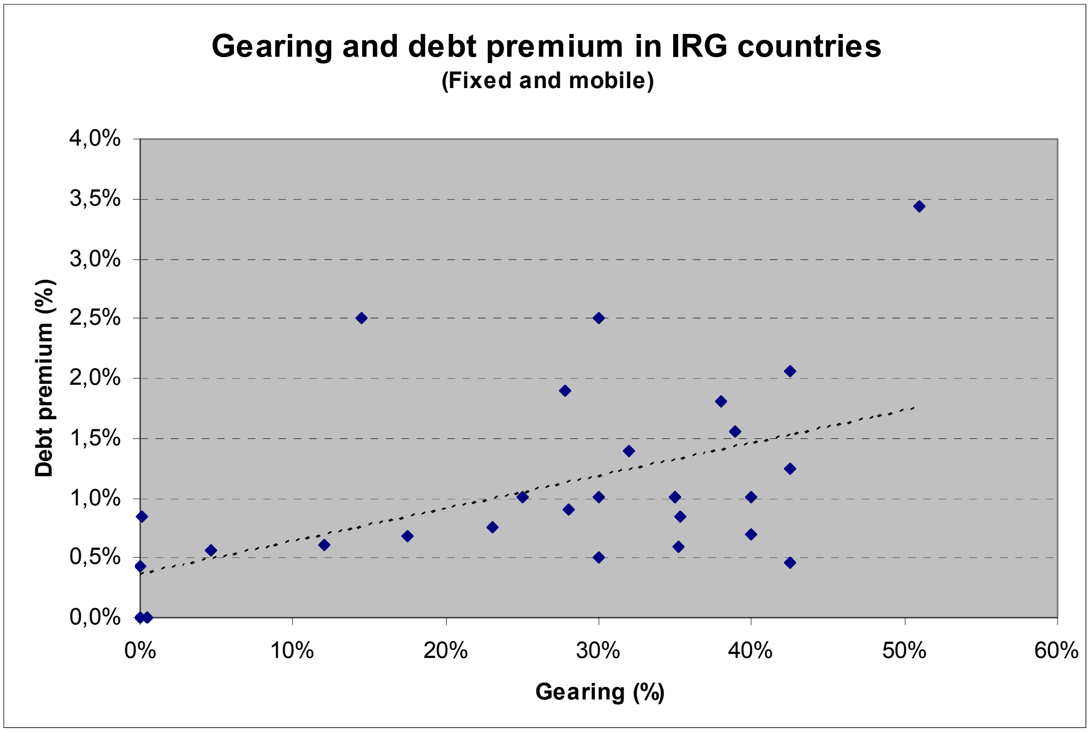
C.4. The weighted average cost of capital

As regards the WACC value, this year's data do not present significant changes compared to last year.
Generally speaking it can be observed that NRAs use a different WACC values for regulated companies in the fixed and mobile markets; the WACC used for the latter is usually higher than the former. In the UK, Ofcom also calculated a divisional WACC for the access network, based on its assessment that this part of the network bears a lower level of risk compared with the rest of BT's network.

As observed in the introduction to this report data on WACC and on the parameters used for its calculation have been collected for internal use[12] only as some NRAs consider this information confidential. Individual NRAs may however publish this information as part of their own consultation processes.

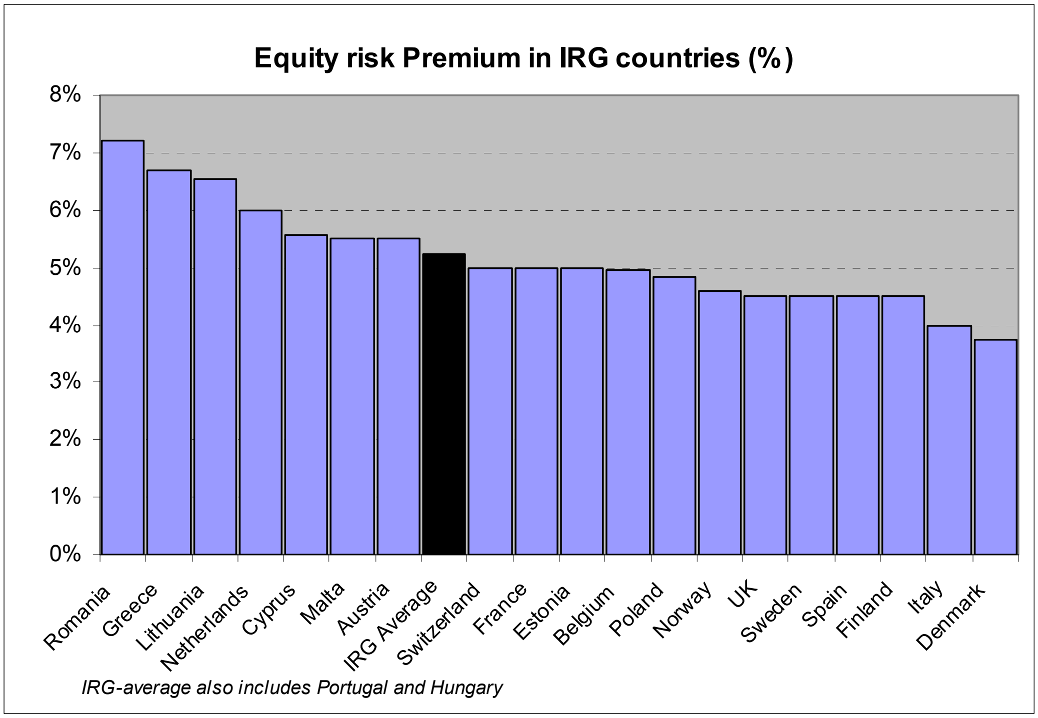
The figure below shows the relationship between the gearing ratio and debt premium in some ERG member states. It is normally accepted that higher gearing (an increasing proportion of debt in a companies capital structure) will increase equity risk which will be reflected in a higher risk premium. As can be seen from the graph, benchmark data from ERG members supports this relationship, even though there are country-specific issues (including differences in calculation period, maturity of the financial markets etc.) causing a large variability around a possible linear relationship.

[12] Data also presented in the document "Principles of Implementation and Best Practice for WACC calculation" (PIBs on WACC), published by the ERG in February 2007.



Source ERG RA-PT 2006

Furthermore, the figure below shows the level of the equity risk premium in some ERG member states. The average value is 5,3 %. As can be seen from the graph, there are significant differences among ERG countries. These differences can be caused by different calculation methods, but also by country specific reasons (development of stock markets, differences in country risk, etc.).



Source: ERG RA PT 2006

An important measure of the risk of the risky asset relative to the market risk is given by beta.[13] It reflects the degree of co-movement between the company's returns and the market returns. The higher the value of beta, the greater the systematic risk faced by holders of the firm's equity.[14] Since financial leverage is a determinant of beta, it is common to de-lever (i.e. stripping out the gearing component) comparable betas to arrive at an un-levered beta.[15]

The following graphs show the asset betas in the different ERG countries.

[13] In theory, the only risk that is captured by beta is systematic risk, which is the risk that cannot be eliminated by the investor through diversification.

[14] Several approaches can be used in estimating beta: *i*) historical beta; *ii*) adjusted historical beta; *iii*) bottom-up beta

[15] The asset beta is obtained with the following formulas:

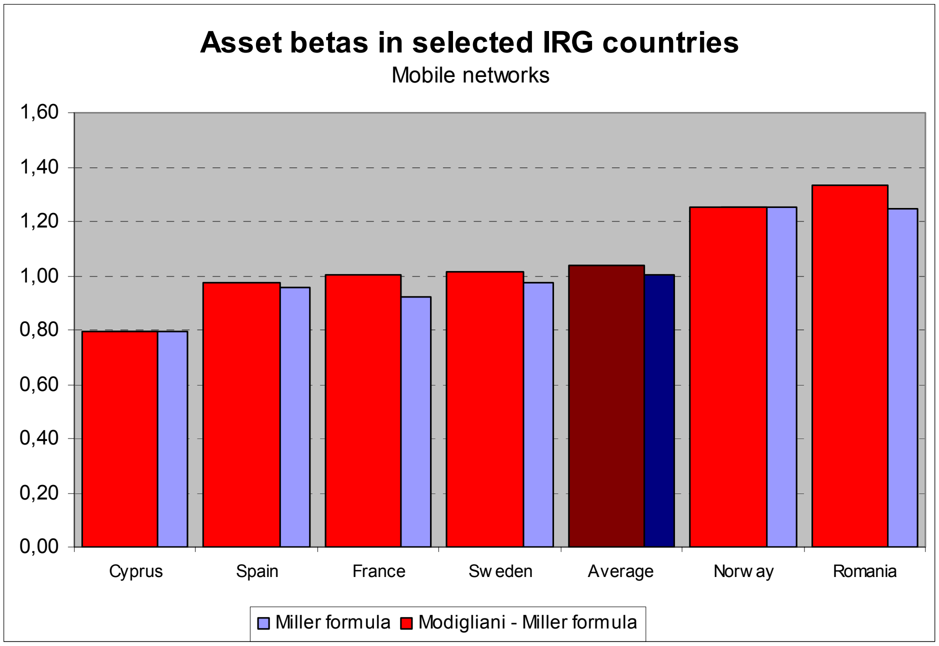
Miller Formula: $b_{asset} = b_{equity} /(1 + D/E)$

or

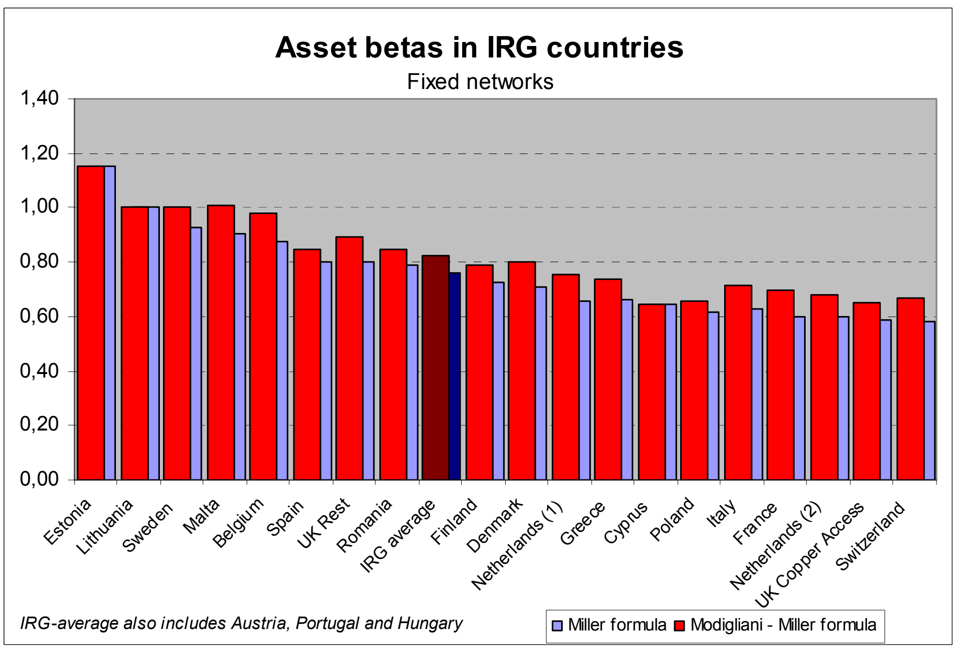
Modigliani - Miller Formula: $b_{asset} = b_{equity} /(1+(1 - t)*(D/E))$

Where β_{asset} corresponds to the un-levered β and the β_{equity} to the levered β.

The impact of using either formula is small, however the Miller Formula is simpler because it does not require estimation of forward-looking effective tax rates for telecommunications companies.



Source ERG Regulatory Accounting WG data collection (last update January 2007).

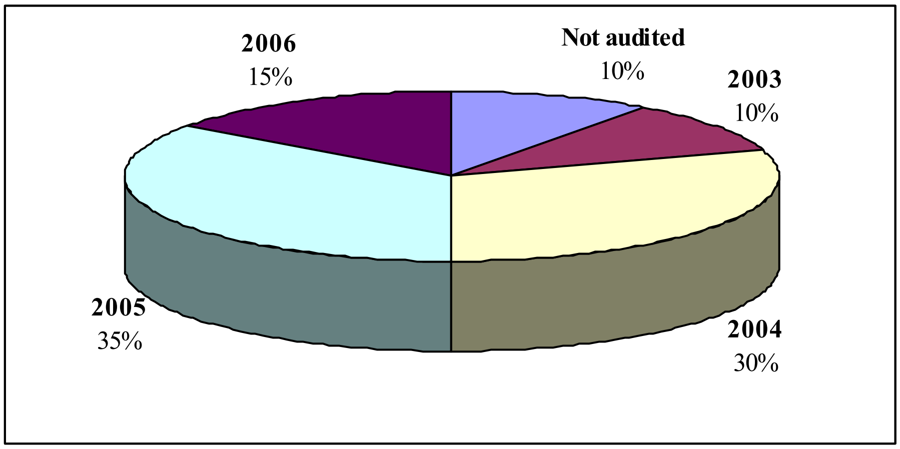


Source ERG Regulatory Accounting WG data collection (last update January 2007).

C.5. The auditing process

As the 2002/19/EC Directive predicts, the compliance of the incumbent's accounting system should be verified by a qualified independent body (Article 13 [4]). In this year's data gathering process only two of the NRAs that answered this question have not started the audit procedures, one of which predicts starting in 2006.

In terms of the audit process, several national and international firms were identified as the independent auditor to the last set of audited financial statements. The table below shows the last year audited in the several countries.



The choice of the auditor firm varies from country to country and in 60% of the cases it is up to the operator to choose it.

Simultaneously 55% of the NRAs do not have access to the incumbents' operative cost accounting system in use, although some of them can ask specific detailed information to the auditor or to the incumbent with respect of any costing issues.

C.6. Remedies imposed

As mentioned in the introduction, several countries have completed the market reviews imposed by the new regulatory framework therefore it is now possible to analyse how different member states implemented the obligations provided for by articles 9 - 13 of the Access Directive. The analysis is referred to markets 9 and 16.

As regards market 9, almost all the 22 respondents for which data are available imposed the following obligations to SMP operators in market 9:

- Transparency (ex. Art. 9 of the Access Directive);
- Non discrimination (ex. Art. 10 of the Access Directive);
- Accounting separation (ex. Art. 11 of the Access Directive);
- Access obligation separation (ex. Art. 12 of the Access Directive);

- Price control & cost accounting (ex. Art. 13 of the Access Directive);

The only exception is given two countries that did not impose the transparency obligation.

Similar results are found also in market 16: almost all respondents imposed all the five obligations mentioned above to SMP operators in this market, with the exception of just one country that did not impose the transparency obligation and five countries which imposed all of these obligations except accounting separation.

Conclusions

The ERG welcome the overall trend observed of a gradually increasing level of harmonisation of the regulatory accounting system in ERG member states. NRAs are demonstrating much closer alignment with the 2005 EC Recommendation on Regulatory Accounting and with the ERG Common position. Furthermore, we acknowledge substantive support for and a clear trend towards the adoption of CCA as the relevant cost base and of LRIC as the preferred costing methodology.

Appendix

A-1 Countries participating to 2007 survey

Austria
Belgium
Cyprus
Czech
Republic
Denmark
Estonia
Finland
France
Germany
Greece
Hungary
Ireland
Italy
Lithuania
Malta
The
Netherlands
Norway
Poland
Portugal
Romania
Slovenia
Spain
Sweden
Switzerland
Turkey
United
Kingdom

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