

January 2008

## ETNO Reflection Document on the ERG draft Common Position on symmetry of mobile/fixed call termination rates

### Executive Summary:

ETNO welcomes the opportunity given by the ERG public consultation on the draft CP to precise its positions on the symmetry of mobile/fixed call termination rates. ETNO's major messages are the following:

- ETNO supports the principle of symmetry between FTRs and between MTRs in each country, but not between FTRs and MTRs
- ETNO does not believe in the dynamic benefits of transitory asymmetry in the long run, but considers on the contrary that allowing asymmetry may irreversibly damage the efficiency of the market. Therefore, asymmetric TRs should disappear from regulation as fast as legally feasible.

The arguments supporting these statements are detailed through the answers to ERG's consultation.

### 1. General questions<sup>1,2</sup>

#### Questions G1-2 :

G1: Do you think that the principles outlined in the general economic introduction cover adequately the underlying economic situation of both mobile and fixed termination markets?...

G2: Any further comments ...

The principles outlined in the introduction are correct concerning the structural inefficiency which results from asymmetry between fixed termination rates and asymmetry between mobile termination rates.

<sup>1</sup> TeliaSonera does not support the positions regarding mobile termination rates raised in this document.

<sup>2</sup> BT does not support this document.

However, developments concerning possible general dynamic efficiency effects of asymmetry are not completely convincing because they ignore certain economic effects. The effects which could have also been included in the general introduction are the following:

- Generally, the text underestimates the 'addictive' nature of asymmetric termination rates on new entrants' business models. New entrants are encouraged to keep their business model dependent on asymmetry in order to oblige regulators to postpone again and again the time of symmetry. This is even more the case if the regulator has shown in the past to be hesitant and not able to effectively apply a glide path towards symmetry. Then the "dynamic benefits" supposed to compensate the static inefficiency of asymmetric termination rate instead become a permanent way to inefficiency, imbalance and reliance on asymmetry. It effectively induces an enduring competitive distortion in the market.
- More specifically, the analysis assumes that traffic imbalance is an exogenous phenomenon, ignoring that it is generally the outcome of asymmetric termination rates: if regulators accept asymmetric termination rates in the case of traffic imbalance, then access operators which benefit from asymmetric termination rates will choose commercial strategies which will generate traffic imbalance. Regulation is then locked into a vicious circle, asymmetric termination rates generating traffic imbalance and vice-versa.
- The text should underline that the very reason which makes the average traffic cost higher in a new entrant's network, i.e. the fact that the network capacity which is dimensioned for target volumes is underutilised, naturally leads to **lower traffic marginal costs for new entrants** than for incumbent operators: an entrant network can accept more extra traffic with less extra capacity. When traffic volumes increase on the operator's network, average costs go down and marginal costs go up and tend to converge for the volumes of the efficient operator, which is dimensioned consistently with traffic demand. Thus new entrants, when earning efficient operator TR, make a higher profit on variable cost than efficient operators. Therefore they have all economic incentives to become an efficient operator with a strong market share as soon as possible, unless their incentives are skewed by an inefficient regulation rewarding artificial and restrictive commercial policies through asymmetric termination rates.

Question G3: Finally we would like to ask you to elaborate on the question of converging MTRs and FTRs and the timeframe you envisage for this.

If the question addresses convergence within each country's FTRs on the one hand and within each country's MTRs on the other hand, ETNO approves a fast convergence, for the reasons developed above. Symmetry should be obtained as soon as market analysis procedures legally permit.

If the question addresses the issue of convergence between FTRs and MTRs, then the text of the consultation does not correctly explain why the strong rationale in favour of symmetry between fixed termination rates and between mobile termination rates does not apply between fixed and mobile termination rates. FTRs and MTRs are obviously different services both in terms of utility and of production, and therefore there are no reasons to have symmetric prices.

Given that the ERG document nevertheless addresses the topic of “symmetry” between FTR and MTR, in the following, we will set out four reasons why symmetry should not apply between fixed and mobile termination rates:

1) First and foremost, the fact that fixed and mobile termination traffics, which are acknowledged as two different markets in the Commission Recommendation on relevant markets, have different costs.

- The switching and signalling systems of mobile networks are more complex than for fixed networks
- The geography of transmission links needed to carry the traffic from and to the antennas is specific, because antenna locations are generally different from MDF locations, and may be more difficult to reach.
- Fixed and mobile access networks have entirely different characteristics. Both capacity and coverage costs of the mobile access network are traffic sensitive. Capacity costs in mobile access networks are obviously traffic dependant. It is also the case of coverage costs, although this is less straightforward to understand than for capacity: the major effect of mobile coverage is to enhance the utilisation of the mobile service, both incoming and outgoing, by existing mobile subscribers.

2) The value of the termination service for the calling party of a call: asymmetry between fixed termination rates or between mobile termination rates does not correspond to any difference in the value of the service for the retail customer who is the real end user of the termination service. Her/his call will have the same value for her/him whatever the specific fixed (or mobile) operator chosen by the receiving party. But she/he will have to pay the same service a higher price in case of asymmetric termination rate, as her/his own operator will have to cover one way or another the extra cost due to asymmetric termination rates. On the contrary, there is a strong difference for the calling party in the value of the service between a call to a fixed party and a call to a mobile party due to the fact that calling a mobile allows to join the receiving party wherever she/he is, which is not the case a fixed telephone is called. Therefore a termination to a mobile and a termination to a fixed are different services in terms of value for the customer. As there is no symmetry in the value for the customer, there is no reason to have symmetry in the price of the service.

3) Termination revenues allow the development of cheap offers targeting new customers, which feed the growth of the market. This form of positive network externality effect allows the mobile industry to use a part of termination revenues to subsidise marginal customers on mobile networks.

Corresponding offers target low cost and prepaid subscribers who form the last 'unpenetrated' area of the market. This has a benefit for society as a whole by increasing the total number of people, especially for those of low income users, which has access to electronic communications services. This effect can be observed very clearly on Eastern European markets. For fixed networks, access and carrier selection obligations make mobile like pre-paid offers more unlikely to emerge. In some countries social tariffs for fixed services cater for the needs of low-income users. Mobile prepaid offers, however, remain in general the cheapest offer in the market. Of course, if direct competition between fixed and mobile becomes sufficient, then access obligations on fixed incumbent should disappear and the issue could be reviewed in a new context.

4) Regulators have always assumed that substitution between fixed and mobile services was limited:

- Either this regulatory hypothesis is still true. In that case the continuing growth of mobile subscriptions does not imply an equivalent decrease of the number of fixed lines. On the contrary, it continues to feed the growth of the global market. Under this hypothesis, asymmetry between fixed and mobile termination rates which have a positive impact on mobile subscription, lead to an efficient overall growth of the total electronic communication market. This growth increases the value of communication services for fixed and for mobile subscribers. This principle has led to the extraordinary success of the development of the mobile market. Under the hypothesis of continuing limited fixed-mobile substitution, asymmetry between FTRs and MTRs is still an effective principle which can continue to help the growth of electronic communications sector and of the European economy as a whole,.
- Or in some countries, the regulatory hypothesis has become false and mobile services have become substitutes of fixed services. In that case, infrastructure based competition is actually in place and fixed incumbent do not have anymore Significant Market Power. Their services may be substituted by corresponding mobile services. Then corresponding access obligations on fixed incumbent should be dismantled and fixed incumbent operator should be given full freedom to compete with mobile operators.

## 2. Fixed questions

### Introductory remarks on fixed termination

In its Communication "on market reviews under the EU Regulatory Framework (2nd Report) Consolidating the internal market for electronic communications" {SEC(2007) 962},

the Commission stated that:

- *In the fixed and mobile termination markets, the Commission emphasized the need to move, in principle, towards symmetric termination rates based on costs of an efficient operator and encouraged NRAs to lower rates accordingly, in particular for mobile termination.*
- *As the diverging approaches across Member States have a negative effect of on the internal market, the Commission invited NRAs to work closely with the European Regulators Group (ERG) to arrive at a coherent EU-wide approach on cost calculation and on enhancing symmetry.*

At the same time it should be recalled that the revision of the Recommendation on relevant markets<sup>A</sup> has introduced an important provision in the newly adopted text that states the principles of:

- Adopting a regulatory action that will provide legal certainty to other operators when setting retail tariffs which are inter alia function of the termination tariff.

In principle the current framework results in each operator enjoying a monopoly position for terminating calls on the market for call termination on its network.

Therefore the regulatory framework should apply consistently within the same market of fixed termination among all the SMP operators notified.

In accordance with the Commission analysis of this market, asymmetry requires an adequate justification. It is recognised that, in certain exceptional cases, an asymmetry might be justified by objective cost differences which are outside the control of the operators concerned. Divergences may be partly justified by differing costs, but are also caused by the different price setting methodologies that NRAs apply.

When determining the absolute level of symmetric termination rates NRAs should moreover bear in mind the need of network operators to invest significantly to maintain attractive offers for the consumer.

Taking into account the EU policy objectives to be achieved in the regulation of new market 3 we would like to underline the following principles as regards symmetry in fixed termination rates:

- Reciprocity of termination rates should be the principle generally applied for setting termination charges at efficient levels to foster competition, efficient investment and maximise benefits for consumers.
- ERG shares the general belief that: “[..] in the long run all operators have to be treated equally in a way that ensures efficient production..”, (ERG (06) 33, revised CP on the approach to appropriate remedies in the new regulatory framework of May 18, 2006, p. 112). But it sees scope for glide-path in early stages of market entry.
- Any alternative network operator assessed as dominant in its termination network is an SMP operator in accordance with the

Framework Directive. A proportionate regulatory regime for termination therefore requires that, in principle, the same rule apply as far as cost orientation and cost accounting are concerned.

- Altnets should not be free to pass on both their inefficiencies and higher prices to the subscribers of the incumbent operator. Otherwise incentives are created for inefficient operators to enter through a subsidy provided by the subscribers of larger networks. Indeed, this would amount to direct entry assistance which is neither an objective of the Framework under Art. 8 of the *Framework Directive* nor a legitimate means to promote competition or efficient investment under the *Access and Interconnection Directive*.
- Unfair asymmetrical termination rates have an inefficient impact on retail markets as well. At national level not every Member State allows for the setting of a retail price in function of the underlying termination costs, as the current framework provides (see the revised text of the explanatory memorandum in the newly adopted recommendation on relevant markets<sup>B</sup>). At the same time, the possibility to pass on higher termination rates to the consumer of the larger operator in form of (differentiated) higher retail call charges is not a measure in favour of the end-user and amounts to customers of larger operators financing entry of the operator allowed to charge asymmetrical termination rates.

Question F1: How do you think termination should be regulated in converging fixed-mobile market?

Regulation should impose symmetry between fixed termination rates, symmetry between mobile termination rates and no symmetry between fixed and mobile termination rates. Our answers to the General questions of the consultation explain why this should be the case.

Moreover, converged fixed-mobile services are still in the infancy and do not mean substitution between fixed and mobile access networks. Existing asymmetry between fixed and mobile did not prevent the development of the first convergent services.

Therefore, there is no reason why the emergence of convergence offers should lead to a specific regulation of TRs

Question F2: Do you agree on the methodology and assumptions underlying index calculations?

Single tandem services should not any more be seen as a relevant reference concerning termination rates, at least at European level: transit and termination services were in two different relevant markets in the previous recommendation and transit has been recognised as a competitive market on a European point of view in the new relevant market recommendations.

Therefore transit prices are now outside the scope of references relevant to fix termination rates<sup>C</sup>

On a numerical point of view, there are two points. First the assumption that the distribution between local and single tandem traffic is 50/50 is not correct. To give just an example, in a country like France the distribution between local and single transit is 95/5 and therefore, the global asymmetry index will be very close to the local asymmetry index of 113,58%. The other point is the data collected on local rates are based on only 4 countries.

We agree that it is important and useful to define an index on rates but it should be based more on local rates and mixed with the percentage of subscribers in direct access.

An alternative index could be proposed.

Question F3: Do you think the list in paragraph 7.1 constitutes an exhaustive list of the possible reasons justifying the adoption of asymmetric tariffs?

The list is in chapter 6.1.

If question F3 means: Do you think that the reasons mentioned in chapter 6.1. are good reasons to justify asymmetry? Then the answer is no, as explained in the answers to the general questions.

In particular we do not think that the legal framework in force allows for entry assistance of SMP operators implying that the principle of cost accounting and cost orientation applies in a different way between SMP Operators. Therefore the second bullet of par. 6.1 of the consultation document is in breach of the current system of rules that requires termination and interconnection tariff for access to SMP operator networks be consistent with:

1. the principle of efficiency
2. the application of a consistent definition of the perimeter of the terminating facilities that are relevant to define the price for fixed termination.

To support fixed new entrants investments through asymmetry implies to transfer the access costs to the relevant terminating facilities, which is both economically inefficient and contradictory with European Regulation.

Also the indication that new entrants have different economies of scale that justify asymmetry is not correct as a general principle. Faster introduction of NGN technologies in entrants' networks due to smaller PSTN sunk costs than the incumbent, economy of scope with broadband services are two elements which allow entrants to match the incumbent unit costs. new entrants to each. Moreover, as mentioned in the answer to the general questions, high average cost usually go with low marginal cost. (See below on efficiency).

It should also be noticed that networks with a smaller geographical coverage usually benefit from a cost advantage on networks with larger geographical coverage, because they select dense areas. Networks serving only dense areas should therefore have lower regulated termination rates.

Question F4: Do you agree on the fact that any entry assistance policy for the future based on higher OAO FTRs is likely to be less effective than in the past?

Asymmetric fixed termination rate have never been an effective “entry assistance policy”. Experience have shown that entrants which become strong competitors and develop sustainable businesses are those which innovate in the way they invest and address the market, and not those which are ‘prisoners’ of a regulated economic space designed for them by regulators.

Now that the evolution of market structures ten years after market liberalisation has selected real competitors with significant market position, asymmetry is even less than ever an effective policy.

Question F5: Could you please provide a definition of the “efficient operator” NRAs should refer to in fixing FTRs? What are the costs an efficient operator would incur to provide termination services?

As mentioned above, the definition of a relevant operator will have to be defined relatively to a network’s geographical coverage. An efficient operator covering only dense zones should have a smaller traffic cost than an operator covering the whole country.

**Efficiency** is an important parameter that needs to be applied when defining the relevant costs for termination. In particular economies of scale have to be carefully evaluated, since both new technology and the regulation already in force allows the OLO to reach relevant economies of scale even facing relatively low market shares. Small/new networks are likely to be equipped with the most efficient technology and configured accordingly which also will bring down termination costs.

Competitive advantages that improve OLOs efficiency could be provided by:

- Adoption of latest technology
- Quantitatively and qualitatively adjusted staff
- Concentration on high density areas.
- Lean organisation.

At the same time it should be kept in mind that generally, in competitive markets, entrants, having not yet achieved the minimum efficient scale of



production, have to price their services at prices that reflect efficient costs. A regulatory intervention that allows for the application of prices different from those determined by market competition will affect efficiency and reduce consumers' benefit.

Of course an efficient operator has nothing to do with an hypothetical "Excel & PowerPoint" operator. No technical or economical network characteristic may be considered as an efficiency reference, except if it has been actually observed in commercial operation. Moreover the aggregation of "efficient" network parts, even if observed separately in operation, may not correspond to an operational network which would work in the field. However, the efficient operator costing issue will be more thoroughly addressed in the following ERG consultation on termination rates.

The costs an efficient operator incurs to provide termination service are the costs which have been defined by the current framework in force as relevant for interconnection prices since 1998. In particular access costs are not relevant for fixed termination services and must not be taken into account.

Question F6: Do you agree on the fact that OAOs should be as efficient as the incumbent?

The very reason to open the fixed telephone market to competition has been to produce telephony more efficiently thanks to competitive pressure: if competitors were not supposed to be efficient, then regulators should not have chosen competition as a framework for the telephone industry.

A newcomer only will step into a market when he is as much as efficient as the incumbents. Normally he only will enter the market when he is even more efficient to gain higher revenues.

From a more technico-economic point of view, OAO were already able to be as efficient as the incumbent using PSTN technology, thanks to their absence of coverage obligation and their possibility to concentrate a lot of traffic on a small surface and a small number of switches. Now that NGNs are replacing PSTN, OAOs start with structural cost advantages over incumbents. Having less sunk costs on PSTN, they can move sooner and faster to NGN solutions. Scope economy between telephone and broadband services make insignificant for telephone unit cost purposes any differences in telephone traffic volumes between OAOs and incumbents. And OAOs still benefit from more geographically concentrated networks.

Question F7: Do you agree on the fact that there are fewer reasons for fixed operators compared as mobile operators that justify the adoption of asymmetric tariffs?

Mobile operators need individual licences to operate. Therefore the conditions of operation may vary individually in function on the specific characteristics of individual licences. Under certain limits which will be

discussed in the mobile part of the consultation, this may justify transitory difference between individual MTRs.

By contrast, there is a general authorisation for fixed operators. Therefore there are no objective external differences between fixed operators and therefore no reason to adopt asymmetric tariffs.

Question F8: Do you agree on the fact that if all call termination charges were based strictly on incurred costs there would be a distortion of competition?

Yes ETNO agrees because FTR based on incurred cost would not reward operators in function of their merits. Inefficient operators with high costs will have their costs paid by the customers of efficient operators. Efficient operators would not be rewarded, because they have to pass their efficiencies to other operators.

In this context, it would be useful to highlight that since the beginning of the liberalisation, there has been an exhaustive regulatory practice of applying cost accounting systems to SMP operators in order to ensure efficient price regulation. The most practical solution in this context would be to use the FTR prices of the SMP operator as the reference for the market.

Question F9: Do you agree on the fact that symmetric tariffs would allow to avoid transaction and regulatory costs?

Yes obviously. Termination rates have been a permanent issue of commercial, technical, regulatory disputes for ten years, with high direct costs and high uncertainties. It is time to end this and focus on actual value for customers.

Question F10: Do you agree on the fact that NRAs should reach symmetry in fixed termination tariffs within a reasonable period of time?

Yes, otherwise it paves the way to inefficacy in OAOs and distorted competition. Taking into account the fact that asymmetry does exist today, the priority is to define the faster possible glide path to symmetry, and to state very clearly that it will be applied firmly without hesitation neither renegotiation.

Question F11: Do you agree that it would be reasonable for NRAs to allow a transition period to move to symmetric FTRs? How long should this transition period be?

Generally asymmetric charges aren't the right way to cover asymmetric network costs of the network operators. It would be better for competition to cover the asymmetric costs only via retail prices of the specific operator.

So higher costs of an operator would be more transparent for the customers and would therefore foster competition.

Where NRAs have engaged themselves in maintaining asymmetric FTRs, it may be impossible to come back immediately to efficient symmetric FTRs. However, the longer is the worse and asymmetry should disappear as soon as possible within the next 12 months. Where NRAs have already suggested a shorter glide path to reach symmetry, this should of course be maintained.

Question F12: In your opinion what criterion should NRAs adopt to set the glide path?

The most important element will be that NRA should be very clear and firm on the application of symmetric FTRs at the end of the transition period.

- In particular, in order to pursue the objective of symmetry for the fixed Voice Termination Service (and according to the principles of “non discrimination” ) the NRAs:
  - should make it clear that it adopts the same perimeter to that constantly applied by EU law -since 1998- for the definition of termination rates of incumbent operators, and
  - should clearly state -accordingly to the above statement- which “transport network” elements it considers as relevant and applicable; more specifically there is no justification for including neither the costs for the altnet’s access network into the cost calculation, neither the commercial costs related for retail services/activities.
  - should clearly show which general criteria have to be applied to allocate costs, in order to avoid cross subsidy of new services by the network operator. If the Perimeters and the Drivers are defined using regulatory principles different than those already applied to the incumbent SMP operators, the objective of symmetry will be unachievable
- The glide path should lead to fast convergence to symmetry, within months as already stated. Entrant’s economy of scale question is a much overstated issue as new technologies and access to incumbent’s economy of scale via regulated wholesale products allows the entrant to reach relevant economies of scale even with low market shares. Moreover, as explained in answer to questions G1 and 2, when entrants experience higher average cost, they also experience lower marginal costs.

Question F13: As the length of the glide path is a controversial point, in your opinion, should the time period to reach symmetry be the same for all NRAs or should each NRA determine it in according to national circumstances?

It is necessary to have at the European level a time limit to reach generalised symmetric FTRs. Asymmetry should disappear as soon as possible within the next 12 months. Where NRAs have already suggested a shorter glide path to reach symmetry, this should of course be maintained<sup>D</sup>.

### 3. Mobile Questions

We understand that questions in this consultation are about symmetry between mobile network operators within each country and do not concern the comparison of MTRs between several countries which will be analysed in another consultation. Therefore, the following answers do not concern the issue of comparing MTRs between countries.

#### Question M1: Do you agree with the general principle of symmetry?

Yes. As the ERG correctly outlines in the consultation document there are compelling economic reasons in favour of symmetric mobile termination rates within a country.

#### Question M2: Do you agree with the exception to take into account exogenous cost differences ...

Exogenous cost differences appear more relevant between different countries than between different operators within countries. Generally, allocation of licences within each country follows global non discrimination rules which should lead to equivalent conditions between the different operators of each country.

However operators concentrating their geographical coverage on dense zone could be allowed lower MTRs.

#### Question M3: Do you agree with the following principle: "Assuming that cost differences due to different spectrum allocation are properly evaluated, they may justify asymmetry"

In general, no, for the reasons explained above.

#### Question M4: Do you agree with the following principle: "If the level of competition in the mobile retail market asks for new network level entry or measures that strengthen the position of small new entrants, substantial differences in the date of market entry can justify an asymmetry for a transitory period"

Asymmetry for new entrants appears to be a common practice and it is generally accepted, in principle, that it should be transitory.

However this conventional wisdom on the rationale of transitory asymmetry for new entrants suffers from logical inconsistencies and asymmetry is a dangerous direction to step in:

- If asymmetric MTR are allowed to a small entrant, its business model will be built on asymmetry and it will use its dependency on asymmetry in the regulatory debate to obtain a never-ending “transitory period” of asymmetry,
- Transitory asymmetric MTR cannot be a critical element in the entry of a new network operator, because the level of extra revenue gained from reasonable transitory asymmetry is two to three orders of magnitude lower than the investment cost needed to roll-out a mobile network,
- In particular MVNOs should clearly not be concerned by the asymmetry debate,

To summarise: if the business case of a new entrant is sound and sustainable with asymmetry, it should also be sound and sustainable without asymmetry. So if asymmetry is not and should not be critical for sustainable entry, why should regulation start on an unstable basis, when investors want stable environments?

Furthermore, transitory asymmetry is an element of uncertainty: the elements given in the consultation relate asymmetry to late entry, but do not give any specific element concerning the actual transitory nature of asymmetric MTRs in the past. Therefore it is difficult to know from the consultation whether regulators have a good record on ending efficiently and in a predictable way asymmetry after a transitory period.

Question M5: Do you agree with the principle of keeping the level of asymmetry “reasonable”?

If NRA allows asymmetry, then the asymmetry allowed for a new entrant should be obviously reasonable and transitory.

Question M6: Do you agree that initial level should be accompanied by a glide path towards symmetry.

If there happen to be asymmetry, it has to be accompanied by a glide path towards symmetry, to create regulatory certainty for both the new entrant and the existing operators and as a strong incentive to reach efficiency.

Question M7: Do you agree that national factors should be taken into account to evaluate the length of the transition period.

Limits on levels and time of any asymmetry should be fixed at the European level. Within these limits, national factors could be taken into account in determining the length of the transition period if the NRA has made the choice of transitory asymmetry.

Question M8: Do you agree that in specific market circumstances (...) a temporary asymmetry may limit competitive distortion?

No, if this is the case, asymmetry would induce further competitive distortions: temporary asymmetry encourages enduring market distortions. The best way to structurally correct for detrimental market conditions is to aim for symmetric MTRs.

Note that if entrants have higher termination rates and outgoing average costs, they also have lower termination and outgoing marginal costs, as their network has less traffic. Therefore, with symmetric MTRs, they already have higher margins on marginal costs than efficient operators

Question M9: do you think that the NRA should first try to fix MTRs at cost?

In general NRA should only intervene in the market if market forces are not sufficient to ensure a competitive outcome. In case of regulatory intervention the least intrusive measure should be the starting point and, hence, benchmarking may be an alternative to cost-modelling.

By using cost-modelling as a basis for determining the regulated rates the issue is on properly evaluating costs and assessing why they might vary between countries. The specificities on how a “correct” cost-model should look like goes beyond the current ERG consultation. To a further detailed ERG consultation on cost-modelling ETNO will be prepared to contribute accordingly.

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<sup>A</sup> SEC(2007) 1483 final, Explanatory Note to the Commission Recommendation on Relevant Product and Service Markets (Second edition) {(C(2007) 5406)}, p. 24

<sup>B</sup> SEC(2007) 1483 final, Explanatory Note to the Commission Recommendation on Relevant Product and Service Markets (Second edition) {(C(2007) 5406)}, p. 24

<sup>C</sup> At European level, if in a specific country transit appears to be a relevant market for regulation, then transit prices could be taken into account in the termination rate debate.

<sup>D</sup> Commissioner Reding has stated in 2006 that asymmetry should end in 2010 at the latest. ETNO supports a more ambitious time table for phasing out FTRs asymmetry.