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To
Jersey Competition Regulatory Authority &
Guernsey Competition Regulatory Authority

18/05/2017

For the attention of Mr Michael Byrne

Dear Michael,

"Initial Notice/Draft Decision on Mobile Call termination – Market Definition and Significant Market Power"

With reference to CICRA documents 17/08 and 17/09 dated March 2017, please find Jersey Airtel & Guernsey Airtel's (hereinafter referred to jointly as Airtel) joint response below. It has Confidential and non-confidential sections.

Confidential:

[Redacted]

[Redacted]

[Redacted]

[Redacted]

Non- Confidential:

Airtel has fundamental disagreement with the position adopted by CICRA in relation to market definition, subsequent determination of SMP and the basis proposed for remedy.

The very narrow description which only considers call being terminated irrespective of, a) its origin, b) the costs that go into terminating the call and c) impact on the end user (who is the final entity in the chain) will result in a skewed definition and consequently a wrong remedy being applied.

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In addition to the costs incurred in provision of physical connectivity, Airtel also pays variable MTRs for all international outgoing calls on the POIs. The international carriers and destinations are under no obligation to reciprocate any changes imposed by CICRA on Channel Island telecom operators.

Therefore, the off-net calls cannot be part of any remedy as the principle of reciprocity cannot be applied.

The conclusion drawn by CICRA in its consultations that a downward revision needs to be applied to current MTR is also misguided. CICRA has not provided any evidence with regards to what criteria it has considered to determine that a jurisdiction is similar to Jersey or Guernsey. It has not even suggested which jurisdictions in its opinion are 'similar' to Jersey or Guernsey. Sufficient evidence has also not been provided regarding the input costs in those jurisdictions. CICRA has simply stated that there have been 'dramatic reductions in telecom equipment pricing'. It has not forwarded any evidence of it. Especially no proof has been provided of this lower pricing being available to Channel Island operators.

Determination of MTR for on-net calls

The core belief at Airtel is that any consultation, determination and consequent remedy should ultimately be in the interest of the Channel Island consumer.

While the determination of MTR for on-net calls is within the jurisdiction of CICRA, this is not the only factor determining the retail pricing offered by an MNO. There are several inputs that go into providing a viable telecom service. All of these have varying degree of bearing on the costs levied to consumers. Airtel offers free incoming calls to its customers and substantial bundles for outgoing calls. These bundles (Power plans) include local, UK, Poland and Portugal calling. The out of bundle charges for Airtel are most competitive on the islands.

Hence, Airtel does not see any benefit for Channel Island consumer in lowering the MTR in any scenario (on-net or off-net).

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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



Lisa Moyse
Head-Roaming & Regulatory Affairs