

1 February 2007: Call termination on mobile networks in the French Guiana and West Indies

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Conseil de la concurrence in favour of regulation

On call termination costs on the mobile network of Outremer Telecom but recommends a schedule to guarantee predictability of their evolution

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As part of the market analysis procedure, provided for by the Code of post and electronic communications, the Conseil de la concurrence has given the ARCEP an opinion on the analysis of wholesale termination markets for calls on mobile networks of Outremer telecom and Tel Cell in the French Guiana and West Indies.

The Conseil shares the ARCEP view and considers that call terminations on Outremer Telecom and Tel Cell networks constitute distinct relevant markets on which each operator has a monopoly which cannot be counterbalanced by any challenger

Telecommunication operators have the legal obligation to terminate calls intended to their competitors' networks: therefore the threat of a breach in the interconnection, in particular by France Telecom, cannot be considered as an effective challenge to Outremer Telecom and Tel Cell's monopoly on their respective call termination services.

Besides, the analysis of the functioning of wholesale and retail mobile telephony markets in Guiana, since the opening of Outremer network in January 2005, shows that the setting up of a tariff distinction by other operators aimed at charging their own clients with the cost resulting from the high termination cost set by Outremer Telecom, is complicated to implement and does not exert any pressure on Outremer Telecom.

The Conseil estimates that the competition situation on the markets of the French Guiana and West Indies may justify the resort to the regulator's ex ante intervention

However the Conseil de la concurrence draws the ARCEP attention to the fact that a sufficient predictability has to be ensured by new entrants on telephony markets as regards the evolution of their income, in particular resulting from call termination costs, which used to constitute the major part of new entrants' income but which are now subject to regulation. The predictability could take the form of a schedule on the cost evolution or guidelines detailing the methods proposed by the Authority in order to determine an excessive termination call cost.

As regards Tel Cell, the Conseil considers that the budding phase of its business does not justify the setting up of regulation before the end of 2007.

(1) Eleventh opinion published by the Conseil as part of the analysis procedure on electronic communication markets as a result of EU guidelines adopted on March 7th 2002. (see also opinions: [04-A-17](#), [05-A-03](#), [05-A-05](#), [05-A-09](#), [05-A-10](#), [06-A-01](#), [06-A-05](#), [06-A-10](#), [06-A-11](#), [06-A-21](#))