JCRA Media Release

30 August 2006

JCRA requests Jersey Telecom to withdraw 18 month mobile plans in long term interests of competition and consumers

Following intervention by the Jersey Competition Regulatory Authority (JCRA), Jersey Telecom has agreed to refrain from offering 18 month contracts for its mobile services. Essentially, the plans offer a bigger discount than existing discounts on mobile phone handsets under the current 12 month plans if customers sign up for 18 months.

The standard contract term for mobile phone contracts with Jersey Telecom had been 12 months until the 18 month plan was introduced in April this year. Extending the contract term by 50 percent has the effect of tying to Jersey Telecom for 18 months those customers who would otherwise be open to the marketing initiatives of the new entrants, Cable & Wireless and Airtel, who will be shortly entering the market.

The concern of the JCRA is that the 18 month plans will hinder or even foreclose the entry of Cable & Wireless and Airtel during the critical early phase of market entry, thus adversely affecting competition in mobile telephony. The JCRA considers that the offering of these 18 month plans is contrary to Jersey Telecom's Licence conditions and the Competition (Jersey) Law 2005.

Accordingly, the JCRA requested Jersey Telecom to stop offering these 18 month plans forthwith. The urgency was due to the fact that for every Jersey Telecom subscriber signed up, the customer base available to the new entrants would be that much smaller.

Bill Brown, Executive Director of the JCRA said:

"Jersey Telecom has freedom and flexibility to offer discounts and other marketing deals when meeting the competition of new entrants. However, it must do so in a manner that does not hinder new entry and undermine the processes of competition when entry has occurred.

"The 18 month term plans were introduced in preparation for competition in the Jersey marketplace. While customers may gain in the short-term from these plans by getting greater discounts on mobile phone handsets than under the 12 month plans, in the long term they are likely to suffer greater losses if, as a result of such conduct, the market reverts to a dominant player unconstrained by competition in the prices it charges for mobile services. Our action is in the interests of promoting competitive markets for the ultimate long term benefits of consumers in terms of lower prices, wider choice, better quality and greater innovation".

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Note to Editors

1. Article 16 of the Competition (Jersey) Law 2005 provides that any abuse by one or more undertakings of a dominant position in trade for any goods or services in Jersey or in any part of Jersey is prohibited.

2. Condition 34.1 of Jersey Telecom's Telecommunications Licence provides that it shall not abuse any position of Significant Market Power and/or established position in any telecommunications market; and not engage in any practice or enter into any arrangement that has the object or the likely effect of preventing, restricting or distorting competition in the establishment, operation and maintenance of Licensed Telecommunication Systems or the provision of Telecommunications Services.

3. All enquiries to Bill Brown, Executive Director, on 01534 514990