

## JCRA Media Release

19 April 2010

### **JCRA Reduces Compliance Obligations of Jersey Telecom by Removing the Designation of Dominance in Mobile Telecommunications in Jersey**

The Jersey Competition Regulatory Authority (“JCRA”) has determined that Jersey Telecom Limited (“JT”) is no longer dominant in the provision of mobile telecommunication services and networks in Jersey. The JCRA thus has removed the designation of dominance formerly applied to JT in mobile telecommunication services and networks in Jersey, which will reduce JT’s regulatory compliance obligations. Concurrently, the JCRA has determined that JT remains dominant in the provision of fixed-line telecommunication services in Jersey. These determinations are contained in a Decision on the Holding of Significant Market Power in Various Telecommunications Markets (the “Dominance Decision”), which the JCRA has published today.

The JCRA is also publishing today its 2009 Telecommunications Statistical Review. The JCRA has produced the Dominance Decision and Telecommunications Statistical Review in its role as Jersey’s telecommunications regulator under the Telecommunications (Jersey) Law 2002.

#### Background

##### A. The Dominance Decision

Dominance is defined as a position of economic strength enjoyed by a company that enables it to behave to an appreciable extent independently of its competitors, customers, and ultimately consumers. The key determination involved in a dominance assessment is whether or not a company has the ability to appreciably raise prices without losing sufficient business to other competitors to make the price increase unsuccessful. While dominance itself is not illegal, a finding of dominance is generally required for regulatory intervention (such as price controls) in a market.

In early 2004, the JCRA determined that JT was dominant in the provision of fixed-line telecommunication services and networks, leased circuits, mobile telecommunication services and networks, and fixed-line broadband services, in Jersey. This was at the start

of telecommunications liberalization in Jersey, and at that time JT was the largest – and often the only – provider of such services in Jersey.

One of the recommendations arising from the 2009 *Review of Jersey Telecom Ltd's regulatory accounts and access provisions*, conducted on the JCRA's behalf by consultants Regulaid BV, was to update the 2004 dominance assessment. The JCRA undertook this analysis starting late last year. This analysis was informed by a public consultation, which started in late November and finished in early February. The JCRA received six responses to this consultation, which were published on the JCRA's website on 10 February. The Dominance Decision published today is the product of the JCRA's analysis.

The major change in the current Dominance Decision compared to the 2004 decision is the removal of JT's former designation of dominance in mobile telecommunication services and networks in Jersey. Although JT remains Jersey's largest single mobile telecommunications provider, it now faces competition from two independent mobile networks (operated by Sure and Airtel-Vodafone) and three service providers (Sure, Airtel-Vodafone, and Me:Mo). Furthermore, a major barrier to switching mobile operators was removed through the implementation of Mobile Number Portability ("MNP") in December 2008. The MNP process has operated smoothly since then. Thus, the JCRA has determined that these changes that have occurred in Jersey's mobile telecommunication market since 2004 result in JT no longer being dominant in this market. Removing JT's dominance designation in mobile telecommunications will lower JT's regulatory compliance obligations in this area.

At the same time, based on the available evidence JCRA has determined that JT remains dominant in Jersey's fixed-line telecommunication markets, on-island wholesale leased lines, and wholesale broadband services. This dominance designation will enable to the JCRA to implement recommended wholesale access remedies arising from the Regulaid review, with the goal of creating a more level competitive playing field in the provision of fixed-line telecommunication services and broadband in Jersey, to the benefit of consumers.

Finally, in the Dominance Decision, the JCRA commits to update its telecommunications dominance assessment more frequently, with the next review planned in 2012. This was suggested during the consultation, in light of the rapidly changing nature of telecommunication services.

#### B. The 2009 Telecommunications Statistical Review

Concurrent with the Dominance Decision, the JCRA also is publishing the 2009 *Telecommunications Statistical Review*. Since 2003 the JCRA has produced an annual statistical review of telecommunication markets in Jersey. Last year the JCRA substantially expanded this review, in line with recommendations contained in the March 2009 *Review of the regulatory powers, resources and functions of the JCRA as a telecommunications regulator*, undertaken for Jersey's Economic Development Department by LECG in association with Charles Russell LLP. The JCRA is once again expanding this review for this year, giving additional information in areas such as public telephones and private circuits, as well as providing a comparison of the basic mobile telecommunication service packages on offer in Jersey.

#### Quotations and Contact Information

Concerning the Dominance Decision, Chuck Webb, the JCRA's Executive Director, states:

*“Based on the evidence before the JCRA, we have concluded that JT is no longer dominant in the provision of mobile telecommunications services and networks in Jersey. We have therefore removed JT's designation of dominance in this market, a decision that will reduce JT's regulatory compliance obligations. This is a good example of how regulation can become more light-handed as competition in a market becomes more effective.”*

Concerning the 2009 Telecommunications Statistical Review, Mr Webb states:

*“We are also pleased to once again release our annual telecommunications statistical review, which we have again expanded this year. This document provides important transparency into Jersey's telecommunication markets,*

*and we expect it will be a useful tool for all of our stakeholders in telecommunications.”*

Copies of both documents are available from the JCRA, and can be downloaded from the JCRA’s website, [www.jcra.je](http://www.jcra.je).

All enquiries should be directed to the JCRA’s Executive Director, Chuck Webb, on +44 (0)1534 514990.

#### About the JCRA

The JCRA is an independent authority established by the States of Jersey to enforce Jersey’s competition law and regulate its telecommunication and postal sectors. In each of these areas, the JCRA’s primary mission is to promote consumer welfare through efforts that encourage lower prices and greater choice and innovation in the goods and services available in Jersey. The JCRA is recognized internationally as a leading voice in the application of competition law and policy in small economies.

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