

Ofcom MCT consultation. Response by Colt Technology Services

Colt welcomes the opportunity to respond to Ofcom's consultation on mobile call termination. Our response is brief and limited to a single issue: differentiation between termination rates according to origin.

Colt operates in several countries where differentiation according to origin is allowed. Based on our first-hand experience of the market, commercial and practical impact of origin based charging, we are supportive of Ofcom's provisional conclusion that MCTs should not vary by origin.

Colt has seen the non-confidential version of the response by Verizon. We are supportive of the rationale advanced therein, including in particular:

- The allocative efficiency losses arising from allowing prices to depart from underlying costs. This could be manifested in (among other things) callers being discouraged from calling users in the UK, thus reducing the value of mobile connectivity to UK users in general
- The likelihood of retaliation, resulting in increased costs for UK users
- Incompatibility with general competition law and international trade law

We also have the following practical observation. Existing billing systems do not offer the functionality to differentiate termination rates according to origin, so in the short term, rates would be blended. In the longer term, industry would have to upgrade its billing systems to implement the differentiation. Given the competitiveness of the industry, these costs would be passed through to the end user, with no offsetting benefits.