

Oftel's Dabbling Hands Could Harm Future Mobile Prospects

By Paul Quigley

David Edmond, Director General at UK telecoms watchdog is to refer the four British mobile operators to the Competition Commission - formerly the Monopolies and Mergers Commission - in the new year. Edmonds says he has warned the big four to cap their prices for call made between them, and says they have not complied and therefore a referral is imminent. The operators are in dispute with Oftel's findings.

Most vocal at time of going to press was Orange CEO Jean Francois Pontal, who retorted "Orange will fight. Orange's life blood is to serve the customer. On points of principle and of reality, Orange believes on this occasion Oftel has got it wrong and that its proposal would damage the customer interest." Pontal also commented that competition was in their opinion the best protector of customer interest. "Oftel's proposal seeks to micro-manage one aspect of a successful, competitive industry" Pontal blasted, "Orange doubts the wisdom of this. "

According to Pontal, Orange's own plans are concerned with falling fixed to mobile rates and the trend is set to continue. "The price of calls to Orange has fallen year on year in recent years. Orange will shortly be entering into discussions with BT to agree the detail of planned further reductions for next year." Allegedly, Oftel suggests its proposed price control would save customers some £200 million a year. But, since Oftel states that most operators are not yet making normal returns, this could only mean either balancing price increases elsewhere or a constraint on the industry's future ability to invest, innovate and deliver the greatest customer benefit. You tell them Jean.

Oftel's attention should be firmly on BT's stranglehold of the local loop market, not turning to mobile as an alternative. Just because Oftel can't handle BT in all these long years, doesn't mean they have the right to meddle in mobile matters. Customer-wise, no one's hurting in the mobile space anywhere near as much as they are as with recent troubles at companies like Atlantic Telecom and NTL in the fixed telecom space. Edmond's and his overpaid underutilized policy wonks should keep the pressure on the quasi-monopolies and leave the growth businesses to grow.

With a Competition Commission referral in the pipeline, valuable mobile operator time will be wasted trying to keep their butts out of court and avoiding invisible taxes in the form of fines while they should really be making 3G a big economic winner. How sad that Britain is so tethered to focus group policy wonkery and blinkered bureaucratic bumbling. Using a hammer to crack a nut, Oftel once again repairs the broken door lock instead of arresting the burglar. Edmonds and his acolytes should pay heed to the crusty but true ancient maxim that if it ain't broke don't fix it. God give us strength. Merry Christmas one and all.

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