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Subject
Ex Parte Presentation
IB Docket No. 02-324,
IB Docket No. 96-261

Telephone
(070) 343 40 96

E-mail
a.c.bordes@kpn.com

MS. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW, Room TWB-204
Washington, DC 20554

Dear Ms. Dortch:

KPN Mobile N.V. ("KPN Mobile") recently became aware of significant activities occurring in the above-docket with regard to issues relating to foreign mobile termination rates ("MTR"). KPN Mobile's parent company, Royal KPN N.V. ("KPN"), filed reply comments in this proceeding on February 19, 2003, wherein it addressed many of the issues surrounding foreign MTRs. Because of the increased FCC interest in these issues, and recent developments relating to MTRs throughout Europe, including in the Netherlands, KPN Mobile respectfully requests the opportunity to update the record in order to assist the FCC in its decision-making process.

KPN Mobile would like to bring to the attention of the FCC the fact that since it filed comments last year, the EU Regulatory Package on Electronic Communications has begun to be implemented throughout Europe and put into national law. One of the markets being analyzed by the national regulators is the market of mobile call termination. The analysis is being made from the perspective of competition law, and has resulted in EU member states putting MTRs under regulatory control.

In the Netherlands, the government has acted forcefully to ensure that fixed-to-mobile termination rates are not excessive. The fixed-to-mobile termination rates in the Netherlands are neither excessively high, nor do they discriminate against fixed-line operators in the Netherlands unfairly.

Dutch authorities have recently imposed limits on fixed-to-mobile rates. Although the Dutch national regulatory authority for telecommunications, OPTA, does not yet have binding powers to establish on its own initiative mobile terminating tariffs for any of the five competing mobile operators in the Netherlands, these issues have been addressed effectively. In 2002, the Dutch National Competition Authority (NMa) launched a general competition proceeding regarding the fixed-to-mobile rates. The NMa investigated thoroughly whether a mobile call termination market on specific networks truly exists, and whether the actual levels of tariffs could constitute an abuse of dominant position. As a result of this

proceeding, NMa, OPTA, and the mobile operators announced on December 4, 2003, a significant price cut for these charges of all of the Dutch mobile operators. A copy of OPTA's announcement is attached hereto. In the announcement, you will see that OPTA is committed to continuing to monitor the situation, and take suitable and proportionate regulatory measures to ensure that there is effective competition in the mobile termination market, as reflected in reduced charges for mobile termination. OPTA leaves open the possibility for regulations leading to further reductions on or after December 1, 2005. OPTA states that as of December 2005, it will review the tariffs on the basis of a glide path based on LRIC ("Long Run Incremental Costs") as directed by the EU. The European Regulators Group, in the publication *Principles of Implementation and Best Practice on the application of remedies in the mobile voice call termination market*, released on November 29, 2003, concluded that remedies leading to (LRIC) cost-based tariffs - reached in several steps in order to avoid distortion – are the most appropriate.

Conclusion. The EU regulatory framework for Electronic Communications deals with the issue of mobile call termination rates. It is expected that the rates will decline as a result of the implementation of the regulatory framework. In the Netherlands, the regulatory authorities have enforced price reductions for fixed-to-mobile until December 1, 2005. As of that date, OPTA expects to reduce prices on a LRIC basis, with a glide path to reach the ultimate level. The price cut effective as of January 1, 2004, is more than a 20% reduction, and by December 2005, the rate will almost be cut in half. This will provide for significant savings for any U.S. consumer who wants to reach a mobile end user in the Netherlands, provided U.S. carriers pass on the cost savings.

Accordingly, KPN Mobile reemphasizes the comments made previously by its parent company, KPN, that: 1) foreign mobile termination rates are a local issue, best addressed by local governments; 2) foreign governments are addressing these issues as evidenced in the Netherlands; 3) imposition by the FCC of benchmarks for mobile termination would be ineffective, and could actually drive up prices for U.S. consumers; and 4) the FCC should give serious attention to the practices of U.S. international carriers which have imposed surcharges well in excess of the foreign mobile termination charges that U.S. carriers themselves pay.

Respectfully submitted,

Anette C. Bordes
Director Legal & Regulatory
KPN Mobile N.V.

Attachment

cc: Chairman Powell, Commissioner Abernathy, Commissioner Copps, Commissioner Martin, Commissioner Adelstein, Sheryl Wilkerson, Jennifer Manner, Paul Margie, Sam Feder, Barry Ohlson