

EU CRACKDOWN ON 'GREAT TELEPHONE RIP-OFF'

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Mario MONTI, Competition Commissioner, this week flexed his muscles and raided nine mobile phone companies in a crack-down on what has long been suspected as a rip-off. A Commission survey exposed a similar scam over bank charges. A European initiative to make sense of Europe's muddled and contradictory immigration laws - and US President George BUSH gives the lead on a new approach. But conflicts between the EU and US on guns and China. Poland's terrible secret.

MONTI FLEXES HIS MUSCLES

EU regulators on 11/06 launched a surprise raid on Vodafone and eight other mobile phone operators in the UK and Germany to seize evidence of prize-fixing. It follows a 17-month investigation into the inflated charges imposed for 'roaming' calls - the fees collected by operators for 'piggy-backing' on local networks. According to Competition Commissioner Mario MONTI (*right*) - one of the half-dozen Commissioners close to the EPP - prices "show an almost complete absence of competition, with high and rigid prices".



The phone companies are helping themselves to around 1 euro a minute for piggy-backed calls - for a service which involves them in negligible extra costs. The investigation into this honey-pot was launched in January last year. By December the Commission had concluded that "excessive pricing and price collusion are likely."

The raids have given fresh prominence to the Competition Commissioner. This week he was also in the news for sharp criticism of the often outrageous charges made by banks for transferring money, despite the arrival of the euro.

A Commission survey shows that bank charges for cross-border payments have slightly increased since 1999 - despite repeated appeals from the Commission for them to be reduced. Researchers made a series of transfers of 100 euro in March 2001 and were charged an average of 17.36 euros in eleven countries of the euro zone (Greece was not included in the survey). A third of transfers involved charges for which no information was offered, or permission sought.

Monti has also been looking into music companies fixing the prices of compact discs (CDs). What raised even more eyebrows was his blocking, last week, of General Electric's attempts to acquire Honeywell International - the first time that a European regulator has blocked a combination of two American companies, even though the deal had been approved by US anti-trust authorities.

It's for you...



In a statement after the raids the Commission said it was examining not only mobile phone roaming prices, but also wholesale prices charged by German operators for using their network. "Roaming charges are high, they are not transparent, and there are a limited number of players, which could lead to some anti-competitive behavior," said Commission spokesman Michael TSCHERNY.

For European mobile phone companies, the timing of this

debacle is a calamity, and hit their share-prices by up to 5.6%. In the scramble for licences, they have collectively built up over 100bn euros of debt and will need to pay the same again to build up the networks and services to run on the new frequencies.

It could get worse: if the Commission discovers evidence of a cartel, it can impose fines of up to 10% of companies' worldwide sales. The same penalty could - theoretically - be applied to the banks for such practices as double-charging.

It has been a busy week for his department: Monti has also decided to take on eight EU governments over [corporate tax schemes](#), and has launched investigations into such murky arrangements as Gibraltar's rules on offshore companies, and special regimes for financial services companies in France and Luxembourg.

The aim is to stop unfair tax competition which distorts the Single Market. EU governments promised to phase out a total of 66 tax measures identified as harmful two years ago. The Commission's action is designed to make them hurry up, and stop multinational companies from benefitting from preferential tax arrangements. If tax breaks are found to be unfair, the Commission can put pressure on them to pay them back.

The euro and transparency for the consumer

EPP President Wilfried MARTENS commented: "This is the kind of tough action in support of ordinary consumers which makes 'Europe' comprehensible and quite simply useful. Mario Monti has shown that all that is required is political will, and some old-fashioned hard work.



"There is not much point in fine words about the wonders of modern communications if all of us are in practice having to pay far more to make a telephone call than can possibly be justified. The same goes for the Single Currency. Every time I travel I am surprised that the banks can be quite so shameless in their charging policies. What is really outrageous is that as the euro is gradually introduced - and they incur no risk at all in changing money - the charges have actually increased."

- Frits BOLKENSTEIN, Single Market Commissioner is to propose new rules for company takeovers following the EP's rejection last week of [proposed legislation](#).

IMMIGRATION 'SIGN OF CONFIDENCE'

The Commission on 10/07 announced proposals which lay the



groundwork for an eventual common immigration policy. It is the beginning of a highly controversial

"Immigration is not a solution. It is not a problem. It is a reality," said Justice Commissioner Antonio VITORINO. "Our societies need immigration and policies should be made responsive to that need." All EU Member States are aware of just how politically explosive the issue is. At the same time, with the birth-rate at replacement level or lower, the EU is facing an increasing shortage of workers, not just in high-tech, but also for unskilled jobs.

With a confusion of different policies and visa regimes, many immigrant workers find themselves with few if any rights, at the mercy of unscrupulous employers, and often of criminal gangs. "It is time to streamline cumbersome procedures, to bring about clarity and legal security," said Vitorino.

EPP President Martens commented: "This is to the point. Some countries are still in a state of denial about immigration. But it is a fact of life in Europe today. We need to confront it and discuss it openly, and we must actively also educate our societies in how to live together in a society which is not ethnically homogeneous - the kind of measures proposed by the German CDU this week. The alternative is an atmosphere of rumour and suspicion, and the growth of an underclass living in a kind of social twilight zone. "



Demographic change and low birthrates are also a hallmark of US society. In a speech on 10/6 President George W BUSH (*pictured left with European leaders at Göteborg last month*) signalled a more confident and friendly approach to immigration. Speaking at Ellis Island, New York, he said: "100 million Americans can draw a straight line from the life they know today, to a moment

inside this hall.

"Immigration is not a problem to be solved, it is a sign of a confident and successful nation. Their arrival should be greeted not with suspicion and resentment, but with openness."

He urged Congress to pass a law quickly to allow people to file for residency without having to return to their country of origin.

- In this week's *YEPP News*, leaders of the EPP youth movement give their views on free movement of people in an enlarged Europe, and on German Chancellor SCHRÖDER'S attempts to restrict immigration to 'Computer Inder'. See: www.yepp.org

IN BRIEF....

Chinese whispers I - The US and Europe are also at odds over the 1997 Kyoto Protocol on fighting climate change, which the Bush administration refuses to ratify. On 09/07 the EU warned the US not to obstruct the agreement. Japan, and also Australia, and New Zealand, are under heavy pressure from the EU to support the measures...and from the US, Japan's main trading partner, to reject it.

...and II - There is also a looming row between the EU and the US over supporting China's bid to host the 2008 Olympic Games. In a resolution last week the EP rejected China as a host country because of its flagrant violation of "fundamental human, civil and political rights such as freedom of worship." The issue has numerous implications, not least that the fate of numerous dissidents appears to be a bargaining counter in China's negotiations.



Parting shot - On the last day of the Swedish Presidency, June 30, Council President Anna LINDH and External Relations Commissioner Chris PATTEN publicly committed themselves to take a strong stand on trade in small arms at the UN Conference on the illegal trade in small arms in New York (July 9 to 20). In the past decade, small arms have killed over 3m people, most of them civilians - 90% of the casualties of conflict in the world. But the EU stand is running up against

predictably fierce resistance from the US gun lobby represented by the powerful National Rifle Association (NRA).

Poland's terrible secret - For half a century, Poland demanded - and finally got - the truth about the massacre by the Soviet NKVD in Katyn forest in 1940 of 4,000 Polish officers and intellectuals. This week it was Poland's turn to acknowledge that a 1,600 Jews murdered in 1941 in Jedwabne, northeast Poland, were the victims not of the Nazis but of their Polish neighbours.

Polish President Aleksander KWASNIEWSKI (*pictured far left in photo above*) said at a rainy ceremony broadcast live on Polish television: "It was justified by nothing. The victims were helpless and defenseless. For this crime we should beg the souls of the dead and their families for forgiveness. Today, as a man, citizen and president of the Polish Republic, I ask pardon in my own name and in the name of those Polish people whose consciences are shocked by this crime." But the ceremony was boycotted by many villagers, including the parish priest.