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Competition - Portugal

Competition Authority Proposes Phone Tariff Check

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[Introduction](#)
[Recommendations](#)
[Implementing Measures](#)
[Comment](#)

Introduction

According to the Portuguese Competition Authority statutes approved by Decree Law 10/03, the authority's powers include the power to issue recommendations to the Portuguese government on matters which are considered relevant to the promotion of competition in Portugal.

The authority and the Portuguese Consumers Institute recently considered the question of mobile phone tariff plans. The organizations agreed that it would be advisable to promote measures which would enable consumers to choose the most suitable plan.

In assessing the Portuguese mobile phone market, they concluded that consumers find it difficult to make this choice. The organizations agreed that:

- consumers are presented with a wide choice of mobile phone tariff plans;
- this wide choice may make it harder for consumers to choose the plan which best suits their needs; and
- a lack of transparency in relation to tariff plans may ultimately have an anti-competitive effect on the market.

Recommendations

Studies by the authority on the electronic communications sector have found that consumers are charged at too high a rate and would benefit from a price decrease. This is particularly true of mobile phone users who use their phones only occasionally.

According to the authority, consumers should be able to:

- access the various services and products on the market;
- identify the type of call plan which they plan to use or have been using;
- obtain a clear and definitive answer to questions relating to tariffs and other contract terms,

such as the loyalty conditions offered by the operator; and

- obtain such an answer within a reasonable amount of time and in terms which allow them to compare the offer with those of other providers.

The authority recommended that, to achieve this, a standardized simulation program should be made available on operators' websites and on the websites of their agents and sub-agents. This simulation program would show customers the overall costs of the different tariff plans on offer, allowing them to choose the most appropriate plan.

Operators should provide information regarding:

- outgoing calls terminating on national networks;
- outgoing calls terminating on international networks;
- calls received by the user; and
- text messaging.

Implementing Measures

The authority further recommends the creation of a website linked to the program, which would allow consumers to access information regarding all current plans offered by all operators on a single website. The website should be either maintained by an independent organization such as a consumers association or linked to the website of a monitoring authority in the sector or the Competition Authority itself.

The authority believes the system could operate around an interface through which customers' user profiles would be forwarded simultaneously to the three existing mobile telecommunications operators, although it is aware that the creation of the interface would require significant investment on the part of the operators.

The three operators would produce the cost simulations and return the results to the website of the intermediary organization, or simply email them directly to the consumer.

Comment

The authority considers that these measures would be beneficial to customers and to the development and promotion of competition within Portugal's mobile phone sector. It therefore recommended that the Portuguese government proceed with the legislation needed to define the terms under which the operators will be required to make their tariff details available.

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