



**Federation of Small Businesses**  
*The UK's Leading Business Organisation*

Federation of Small Businesses  
2 Catherine Place  
London  
SW1E 6HF

Paul Jacobus  
Floor 4, Competition Group  
Ofcom, Riverside House  
2A Southwark Bridge Road  
London  
SE1 9HA

**23 June 2010**

Dear Mr Jacobus

**RE: FSB response to Wholesale Mobile Call Termination Review (second Consultation)**

The Federation of Small Businesses (FSB) welcomes the opportunity to respond to the above named consultation.

The FSB is the UK's leading business organisation. It exists to protect and promote the interests of the self-employed and all those who run their own business. The FSB is non-party political, and with 213,000 members, it is also the largest organisation representing micro and small sized businesses in the UK.

Small businesses make up 99.3 per cent of all businesses in the UK, and make a huge contribution to the UK economy. They contribute 51 per cent of the GDP and employ 58 per cent of the private sector workforce.

The FSB very much welcomes Ofcom's recommendation to lower Mobile Termination Rates (MTRs) in the UK from 4.3p to 0.5p per minute which would result in the cheaper cost of calling mobiles from both landlines and other mobiles.

The importance of calling costs to businesses is highlighted in Ofcom's own research *The Business Consumer Experience*, published in December 2009 which found that around two-thirds of businesses surveyed stated that communications were either an "important way of making the business more efficient" or "a vital means to drive the business forward and ensuring competitive differentiation".

The FSB is of the view that if termination rates came down to their real costs, the UK's 4.8 million small businesses would make significant savings on their phone bills, savings which are especially welcome in the current economic climate. Small businesses are leading the way in twenty-first century working in terms of flexible working – such as working remotely and away from the conventional nine-to-five - and they are also at the forefront of innovation. Currently over 60 per cent of all commercial innovations come from small businesses and they will play even more of a vital role as we look towards economic recovery

Current MTRs are excessive, distort competition and do not reflect actual costs. Ofcom's stated primary duty is to further the interests of consumers, including business consumers and citizens in relation to



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communications matters. We feel that an immediate reduction in mobile termination rates (as opposed to Ofcom's suggestion of four years) is essential if Ofcom is to meet this duty.

We trust that you will find our comments helpful and that they will be taken into consideration.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Clive Davenport', is written on a light green rectangular background.

Clive Davenport

Chairman of the Trade and Industry Policy Unit

Federation of Small Businesses