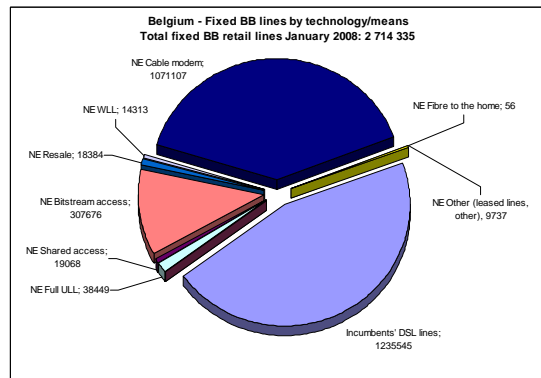
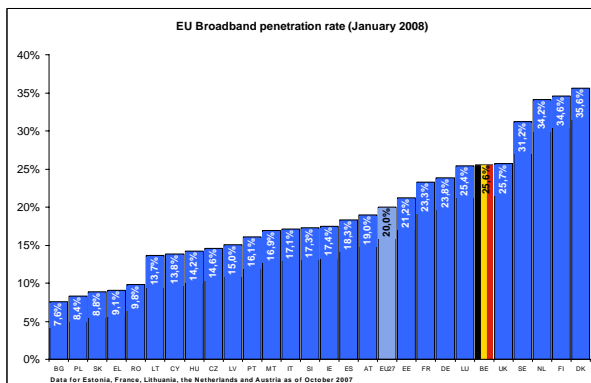




Towards a Single European Telecoms Market: Focus on Belgium



Belgian broadband penetration has remained high (26%) but its rate of growth decreased to less than three percentage points. Retail prices for internet access remain relatively high. Mobile traffic is increasing and retail prices have fallen. However mobile penetration is still lower than the EU average. The incumbent dominates the market for fixed communications, and has even increased its market share to 70% of market share, a rise from 65% in 2006, due in particular to flat rate packages and bundles of services.



Progress

Broadband penetration remains high

At 26%, Belgium's broadband penetration remains high, well above the EU average of 20%. However, Belgium risks falling behind Europe's best performers as growth is slowing down. In addition, retail prices in particular for high speed broadband continue to be high.

The market share of new entrants has only increased by 1 percentage point, mainly through cable connections.

In the meantime, bundled services have continued to develop considerably in Belgium, both on the incumbent's network and on cable.

Number portability on the rise

The amount of mobile and fixed numbers ported has considerably increased over the last year. More than 500 000 mobile numbers have been ported, one fifth of total numbers in the market.

The obligation to offer number portability has been extended to mobile virtual network operators (MVNOs).

Mobile termination rates going down

Mobile termination rates fell from € 0.15 to €0.10 (national average rate), a level that is very close to the European average. Retail prices have fallen.

The national regulator, BIPT/IBPT, wants more symmetry on mobile termination rates, which operators charge to connect calls from other operators' networks. By mid-2008 there will be symmetry between the first and the second operator, and less asymmetry with the third operator.

Areas for improvement

Systematic appeals create legal uncertainty

Decisions of the regulator are systematically appealed, and most cases are still pending. This has created considerable legal uncertainty, since

procedures are lengthy and decisions may be annulled retroactively by the court while the regulator may not adopt retroactive decisions.

Dispute settlement procedures at the Competition Council are hardly used. There are doubts as to whether the Competition Council has the necessary staff and expertise to deal with telecoms issues.

Compensation for social tariffs

Since 2006, the Commission has been looking into the costing and financing of the Belgian universal service obligations. The Commission has opened infringement proceedings, in particular regarding the system of compensation for social tariffs, mainly benefiting the incumbent operator. The Commission has not been satisfied with the 2007 changes to the Electronic Communications Act and has referred the Belgian State to the Court of Justice.

Incumbent still dominates fixed market

Traffic volumes in the fixed market have sharply decreased (by 7.6%), along with the number of active carrier pre-selection lines. This may be due to increasing fixed-to-mobile substitution.

In the meantime, the market share of the incumbent rose both in volume (from 65% to 70%) and in value (from 67% up to 71%), largely thanks to flat rate packages and bundling offers. It seems there is room for more effective competition in this market.

Only one competitor had a market share of some significance (10%), five others had a small share varying between 2% and 5% (in value).



European Telecoms sector in Figures

Total value of sector	€300 billion
Total capital investment	€50 billion
Average broadband penetration rate	20.04%
Average mobile penetration rate	111.8%
Average 3G penetration	20%
Average mobile termination rates	€9.67 cents
Average incumbent's broadband market share	46.8%
Average decrease of mobile voice prices between 2006 and 2007	14%
Total Ported numbers in 2007	12 million

For further information

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