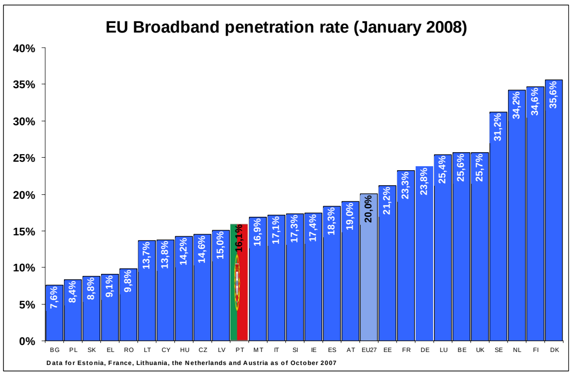
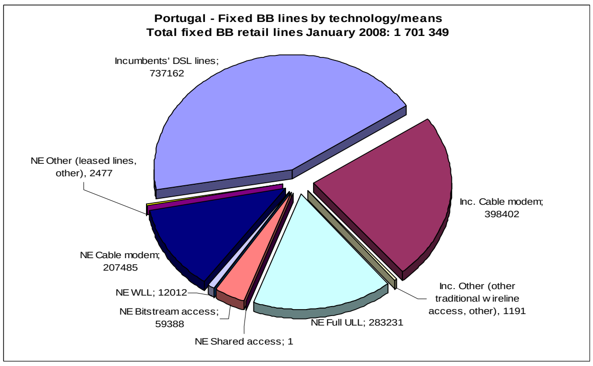
Towards a Single European Telecoms Market:

Focus on Portugal

European Commission
Information Society and Media

Broadband penetration increased from almost 13.9% to 16.1%, but is still below the EU average (20%). The national regulator (ICP-ANACOM) has actively implemented remedies. Although some measures have not yet produced results, others led to more competition in the market: alternative operators are investing more in unbundled lines for the provision of broadband services. The spin-off of the incumbent's cable subsidiary from November 2007 on should also prove beneficial to competition.





Progress

More consumers chose alternative operators

Consumers have increasingly turned to alternative operators for fixed telephony services. The number of subscribers using an alternative operator for direct access is the highest in the EU.

As of July 2007, 23% of subscribers were using a provider other than the incumbent for direct access, which constitutes a significant increase compared to last year (15%) and to the EU average (13.6%). This is due in particular to cable providers and operators investing in local loop unbundling, as well the provision of fixed telephony via mobile frequencies.

Infrastructure competition

Cable constitutes a significant means of access, and alternative operators are increasingly investing in fully unbundled lines. Cable coverage in rural areas is the highest in the EU (48%).

The spin-off of the incumbent's cable subsidiary became effective in November 2007, leading to separate ownership of the copper and cable networks. This should improve competition in fixed and broadband markets. However, the regulator has yet to evaluate its direct impact on competition in the market.

Spectrum as a priority area

The regulator was very active on spectrum issues in 2007 and has envisaged the gradual introduction of neutrality, meaning that spectrum can be used for any service and technology.

It launched public consultations for the preparation of the next spectrum assignments: digital terrestrial television, broadband wireless access and mobile services. The regulator is also considering the approach for secondary spectrum trading.

Areas for Improvement

Universal service obligation in the hands of incumbent until 2025?

Under current rules, the incumbent operator provides the universal service until 2025, thus excluding any other operator. Although Portuguese authorities had announced the launch of a public consultation on the matter in October 2007, it has been postponed to 2008.

Furthermore, neither a comprehensive directory nor a directory enquiry service covering all subscribers of telephony services is available in Portugal.

Broadband has not taken off

Although fixed broadband penetration grew to 16% as of January 2008, it is still below the EU average (20%) and the Portuguese market has one of the lowest growth rates in the EU. DSL and cable remain the main means of access for consumers with 63.5% and 35.6% respectively.

The situation might evolve in the future thanks to the ownership separation of cable and copper networks and to the rapid growth of mobile broadband in Portugal.

Few ported numbers

Portuguese consumers have not taken advantage of their number porting rights, the market being characterised and high customer loyalty. Fixed number portability has started to be used (610 000 numbers were ported as of October 2007) though the use of mobile number portability remains low (156 500 ported numbers).

Number portability when switching mobile operator takes 13 days in Portugal.

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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