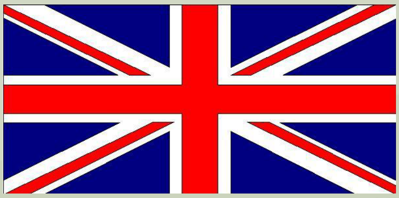
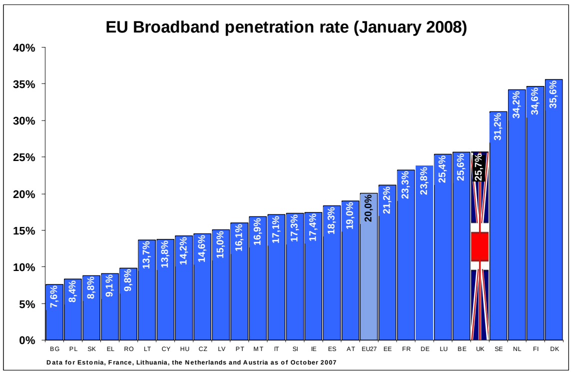


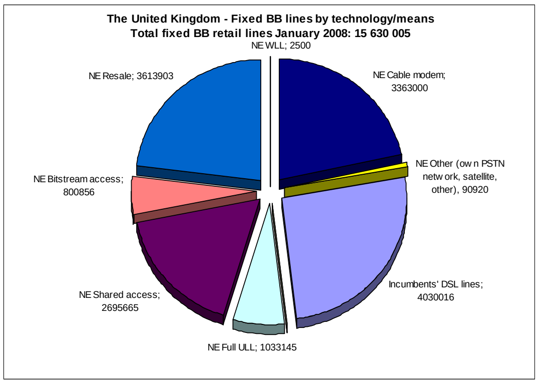
Towards a Single European Telecoms Market:

Focus on the United Kingdom

European Commission
Information Society and Media

In 2007, the Telecoms sector in the United Kingdom saw robust retail price competition. There was strong progress in local loop unbundling contributing to further progress in broadband penetration. The mobile market was characterised by a significant increase in the take-up of 3G. About a third of UK households now use bundled services and around 2.2 million use triple or quadruple-play services, including broadband, voice telephony, IP TV and mobile telephony.





Progress

Continuing progress in Broadband

In 2007, the United Kingdom's broadband penetration increased by 4% to reach 25.7%. Although slower than the previous year, this growth rate remains above the EU average and the UK is among the broadband penetration leaders in the EU. Local loop unbundling continued to progress strongly - approaching 4 million lines by January 2008.

Strong competition in mobile markets

Competition in the mobile markets is particularly strong with the UK's four most established network operators having market shares within a few percentage points of each other. The take-up of 3G reached 8.3 million users, or 11.6% of all mobile subscribers in October 2007.

The UK also has a relatively high number of mobile virtual network operators (MVNOs) and other service providers active on the mobile market, which provide services to an increasing number of customers.

Fixed telephony market competitive

The intensity of competition in the fixed telephony market caused the incumbent's market share to drop below 50% in terms of retail revenue, which is the lowest in the EU. Interconnection charges for call termination on the incumbent's fixed network also remain among the lowest in the EU.

Areas for Improvement

Non-geographic call tariffs

Charges for calls to non-geographic numbers, which are widely used in the UK including by public sector organisations, remain the subject of considerable public concern.

While the national regulator (Ofcom) tried to curtail these charges and increase their transparency, some of the measures envisaged encountered implementation problems concerning pre-call pricing announcements for calls made to certain non-geographic ranges. These measures will therefore need to be reconsidered in 2008.

Various inter-operator disputes in the mobile sector still pending

While the regulator took measures to further reduce the time for a customer to change operator whilst keeping the same number, the existing UK system for routing calls to such "ported" numbers has led to several disputes between mobile operators on the charges to be applied between them. Disputes amongst mobile operators over charges related to call routing to "ported" numbers are likely to persist until a new direct call routing system is introduced in 2009.

Elsewhere in the mobile sector, a number of the regulator's decisions on mobile termination rate disputes have been referred to the Competition Appeal Tribunal (CAT). A long-standing court case on GSM gateways has been referred to the Court of Appeal following litigation in the CAT.

Directory services

In 2007 the necessary arrangements were put in place to allow mobile subscribers to be included in the comprehensive directory services of the UK, if they so wish.

Meanwhile, the regulator has yet to issue its final decision on two long-standing disputes involving directory service providers, and to launch the promised policy review in this area.

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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