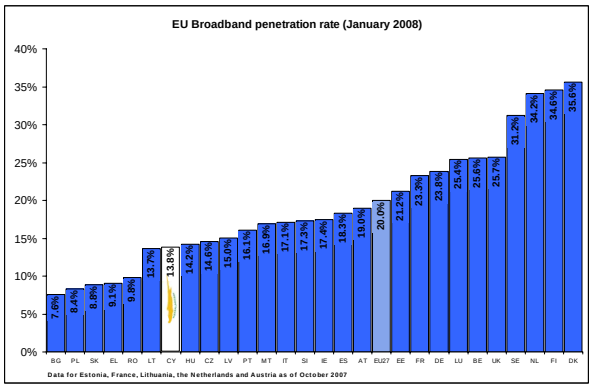
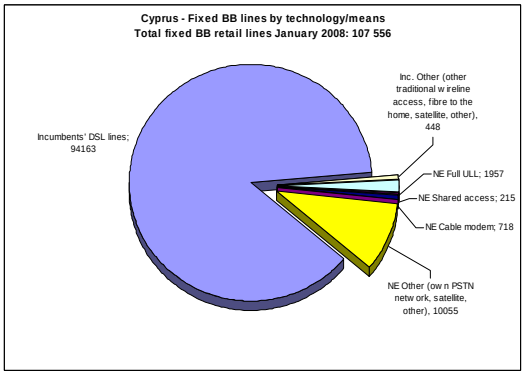
Towards a Single European Telecoms Market:

Focus on Cyprus

European Commission
Information Society and Media

Broadband penetration increased from 9% to 14% during 2007 which despite rapid growth is still relatively low when compared to the EU average. The incumbent dominates the broadband market, having an 88% share, and broadband access is concentrated in the main cities rather than the countryside. There is as yet no real platform competition as DSL remains the main technology for broadband services. However, a new entrant, the strategic partner of the Cyprus Electricity Authority, owns an island-wide fibre optic network built on the electricity network. Though it presently reaches end-users via the incumbent, it intends to roll out its own network to the end-users, in the longer term.





Progress:

Growing mobile penetration

Mobile penetration reached 119% in 2007, which is above the EU average (111.8%).

It has to be noted that mobile call termination charges in Cyprus are the lowest in Europe.

Number portability in place

Number portability has been implemented since 2004 and is valid for fixed telephony numbers within the same geographical area, for non-geographic numbers and for mobile numbers. 2 552 fixed and 1 139 mobile numbers were ported so far. Following a recent decision of the regulator (OCECPR), the time for an operator to respond to a user's request to change operator and to keep his number has been reduced from 14 days to 4.

Spectrum allocation shows potential

All radio spectrum harmonisation Decisions have been transposed into national law, including those of 2006 and 2007. Yet despite plans which have been pending for several years, Fixed Wireless Access networks and services do not yet operate in Cyprus. In order to increase competition, it is planed to introduce Broadband Wireless Access via an auction process.

Areas for Improvement

Markets not competitive

Cyprus is one of the rare Member States where the mobile access market has been found not to be competitive, and the dominant incumbent operator has been designated as having "Significant Market Power" with 89% of the market. A second mobile operator has the remaining 11.2% of the market, and both already provide 3G mobile services.

The Commission has emphasised that the price of the national roaming services should be cost based, with an appropriate margin between the incumbent's retail tariffs and its wholesale national roaming tariff (charged to its competitor). This price element is important as the second operator has not yet completely rolled-out its own network (85% in December 2007).

The incumbent operator still has a dominant position with a market share (in terms of total revenue) of 90% for all types of fixed calls and also for international calls. Alternative operators provide voice telephony mainly through carrier selection, pre-selection and access to the internet.

TV Broadcasts still analogue

Users receive TV broadcasts mainly via analogue terrestrial transmission (88%) and satellite (8%). Nine television channels (seven free-to-air and two pay-tv channels) and 13 radio stations – all with nation-wide coverage – are offered via analogue terrestrial transmission. Cable and xDSL have each less than 5% end-user penetration and are in the early stages of development. This said 2012 has been fixed as the date for switching-off analogue broadcasts.

Rights of way?

In trying to rollout fixed infrastructure, market players have voiced heavy criticism of the very slow granting of the necessary "rights of way", and the different practices employed by different authorities involved in the licence granting process. In response to infringement actions initiated by the Commission, the competent Cypriot authorities have now taken steps to ensure that applications for the acquisition of rights of way will be evaluated within 6 weeks.

Mobile operators still face difficulties in that most sites in rural areas are government owned. Approval for construction can thus be a lengthy process. Legislation in order to improve this situation is still pending as it has not yet been adopted in 2007.

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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