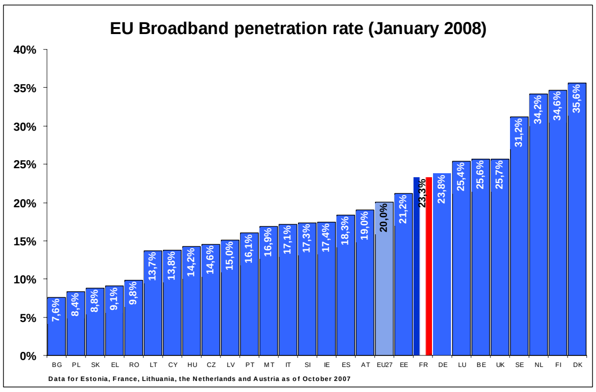
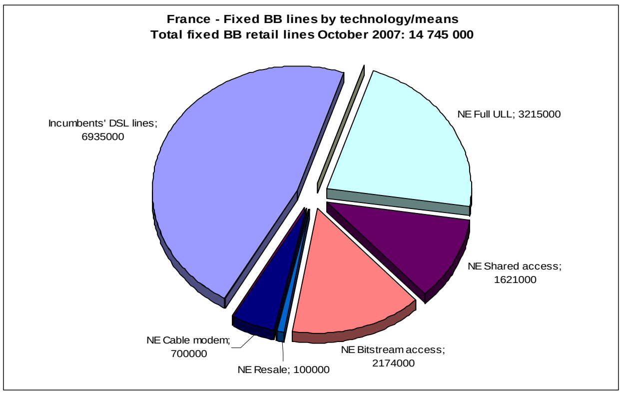
Towards a Single European Telecoms Market:

Focus on France

European Commission
Information Society and Media

Dynamic competition in the French Telecoms sector resulted in lower prices and an increasing number of services for consumers, mainly through triple and quadruple play offers (telephony, internet access, television and mobile). However, the mobile market has not significantly evolved in terms of penetration, prices and competition. Important legislative steps have been taken to increase tariffs transparency and to facilitate the roll-out of mobile TV and digital TV.





Progress

Competition in broadband market led to more services

Following last year's trend, the broadband market continued to grow in 2007, though at a slower rate. Operators' offers combining television, broadband and telephony had a positive impact on prices and services.

France had 4.84 million unbundled lines in October 2007, compared to 3.92 million in January 2007. The incumbent's market share slightly decreased from 48.2% to 47%. The national regulator, ARCEP, operators and public authorities (including some municipalities) are focusing on the development of new technologies such as fibre (allows very high speed broadband).

Significant increase of ported numbers

Number portability, switching operator without changing number, became easier as the time required for the operation was reduced from two months to a maximum of ten days.

The one-stop-shop and the new rules have considerably contributed to reduce the average time. In practice, it takes around 4 and 7 days for fixed and mobile numbers respectively. The porting of fixed numbers increased by 53%, mobile numbers by 78%. In total, more than 4 million numbers were ported in 2007, nearly twice as much as the year before.

Better regulation for consumers

The French Parliament adopted new legislation to reinforce consumer protection: prohibiting overrated tariffs and charges for time spent on hold when calling customer care services. It also includes the possibility for users to terminate their contracts after 12 months - under certain conditions - as well as a reduced advance notice for contract termination.

Another law adopted in 2007 extended regulated roaming tariffs to the calls between mainland France and the overseas departments.

Areas for improvement

Mobile market unchanged

Revenue growth of the mobile sector continued to slow, from 12% in 2004 to 9% in 2005 and 4% in 2006. The penetration rate at 82.9% in October 2007 remains also well below the EU average (111.8%).

The market shares of the three main mobile network operators have not changed significantly since last year. New MVNOs (mobile virtual network operators) only account for 4.2% market share as at October 2007. The fourth 3G licence, expected to stimulate the market, was not awarded.

Prices remain relatively high compared to the EU average, and among the ten most expensive Member States. For example at low rates of mobile phone usage, tariff cost is around € 23 per month compared to the EU average of € 13.70.

A large number of consumer complaints

The telecoms sector was the object of a large number of consumer complaints in 2007. More than 28% of the total number of complaints received by the DGCCRF (French Directorate-General for Competition, Consumer Policy and Fraud Control) were related to telephony and internet services, with around 18 000 complaints in the 2nd semester of 2007 alone.

Universal Service

The Commission referred France to the Court of Justice in May 2007 for infringing EU rules. These rules foresee that the designation mechanism of the universal service provider has to be non-discriminatory, transparent, efficient and allow participation of all undertakings.

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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