

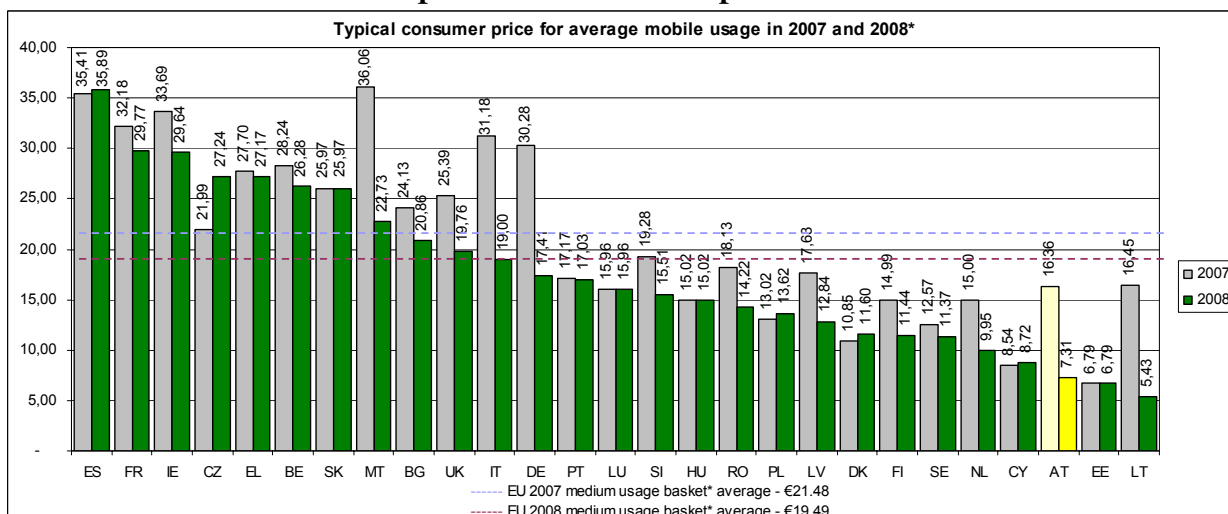


Towards a Single European Telecoms Market

Focus on Austria



Austrian mobile phone users can take advantage of innovative services and low prices thanks to a competitive market. The consumer price for medium mobile usage has dropped significantly in just a year from €16.36 to as low as €7.31 per month – the third lowest in the EU. Austria also has one of the highest take up of mobile broadband internet per population in the EU (22.8%). In 2008, mobile broadband services became more and more popular, thanks to low consumer prices of around €20 per month. Launched in June 2008, just in time for the European Football Championships, Austrian mobile TV use is also on the rise. Still, there is room for improvement in fixed line services and fixed broadband as the incumbent operator confirmed its position as the market leader.



*The above table relates to the cheapest offer in the medium usage basket using OECD methodology as of 2006. It consists of 65 outgoing calls per month + 50 SMS messages + 2-3 MMS. 21% of calls are to fixed line phones, 72% to mobile phones, 7% to voicemail. Where appropriate, it includes monthly rental, and any registration charges (post-paid offers, in particular).

Progress

Mobile broadband takes off

Mobile broadband (including access to the internet via mobile phones as well as data cards) continued to grow significantly in 2008, reaching 22.8% in January 2009. Prices were also very competitive in 2008, at around €20 and some as low as €10 per month. Given the low consumer prices and the increasing bandwidth available, these services have become very popular with businesses and consumers, who in many cases do not use a fixed broadband

connection as a complement to the mobile broadband.

Prices on the mobile market among EU's lowest

Austrian mobile operators continue to offer highly competitive prices. The diversity of offers, including for flat-rate offers, have brought prices down considerably. Consumer prices for mobile phone use have in general remained among the lowest in Europe (as low as €7.31/month compared to €19.49/month for medium usage of voice calls).

Successful launch of Mobile TV

Innovative mobile services such as mobile TV have also expanded in 2008. Mobile TV based on DVB-H was launched during the European Football Championships in Austria and Switzerland in June 2008. Three mobile operators already provide this service to customers and its coverage was above 50% of the population at the end of 2008.

Areas for Improvement

Competition needed for fixed broadband market

Growth of fixed broadband services slowed in 2008; new broadband lines decreased by around 25% between July 2007 (around 238,000 new lines) and July 2008 (around 174,000 lines). Take up of fixed broadband internet per population is now at 21.4%, below the EU average of 22.9%. Competition from alternative operators decreased from 61.7% market share in January 2008 to 55% in January 2009. The



market share for technologies such as wireless, cable or fibre also further decreased to 36% in January 2009 (compared to 38.2% in January 2008).

Consumer complaints on the rise

Consumer complaints have risen by 30% in 2008 and concerned all aspects of the telecoms sector, such as service provision or billing issues. In particular, there have been complaints regarding new services such as mobile broadband, its billing and speed capacities, and high data roaming bills.

More competition needed in the fixed calls market

Even though to a lesser extent than other EU countries, the incumbent fixed line operator maintained its leading position in 2008 and is regaining market share in several types of calls. For instance, its market share for national fixed calls grew from 59.9% in 2007 to 64.1% in 2008, and its market share increased from 49.7% to 59.2% for calls from fixed to mobile.

TELECOMS SECTOR'S KEY FIGURES	 EU	 Austria
Total value of sector (2007)	€356.85 billion	€5.92 billion
Nominal growth of sector (2007)	2%	-0.59%
Total capital investment (2007)	€52 billion	€880 million
Fixed broadband penetration rate January 2009	22.9%	21.4%
Mobile broadband (data cards) penetration rate January 2009	2.8%	11.4%
Mobile penetration rate	119%	122%
Average mobile termination rates	€0.0855	€0.06
Incumbent's fixed broadband market share January 2009	45.6%	45.4%
Incumbent's market share in direct fixed access	81.4%	83.0%
Total mobile ported numbers in 2008 only	14 million	117 532
Total fixed ported numbers in 2008 only	6.5 million	43 969
Average/typical broadband consumer price*	€36.89/month	€49.54/month
Average/typical mobile communication consumer price**	€19.49/month	€7.31/month
Average/typical fixed telephony communication consumer price***	€36.13/month	€38.47/month

* Median basket price for broadband (2-4Mbps offers) using purchasing power parity (PPP)

** Average "medium usage pre&post-paid 2006 OECD basket" price for mobile communications. The figure for Austria refers to the cheapest available offer of the two largest operators on the market

*** Average "medium usage residential 2006 OECD basket" price for fixed voice communications

For further information

Full report on the Internet:

http://ec.europa.eu/information_society/policy/ecomm/library/communications_reports/annualreports/14th/index_en.htm

More information on telecoms: <http://ec.europa.eu/ecomm>

Europe's Information Society Thematic Portal: http://ec.europa.eu/information_society

Information Society and Media DG Information Desk: Email: info-desk@ec.europa.eu