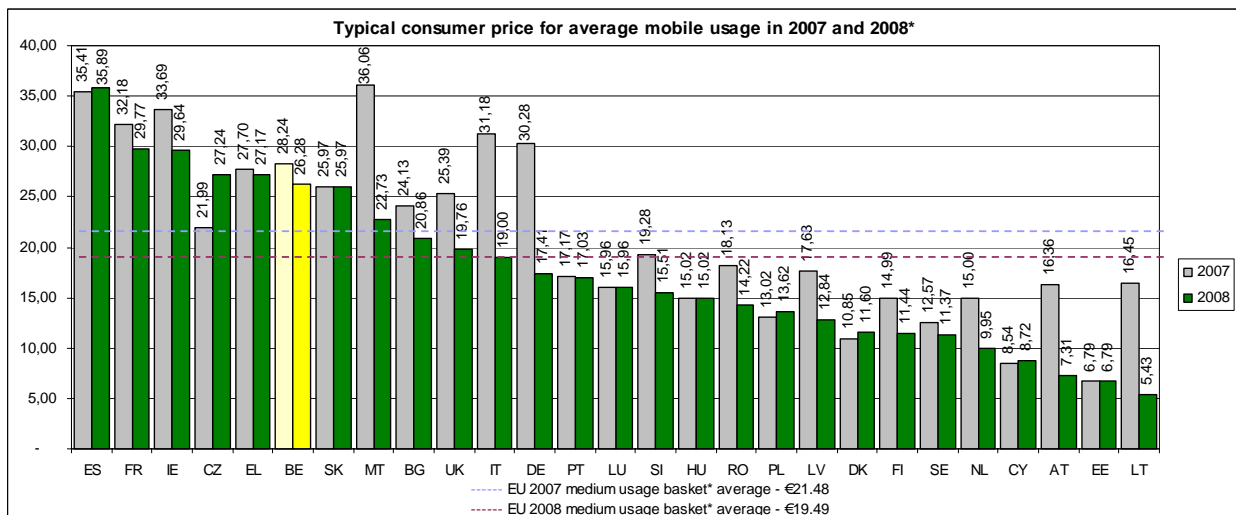




Towards a Single European Telecoms Market: Focus on Belgium



There is growing use of mobile phone services in Belgium, for which consumer prices have fallen but mobile penetration (102%) was lower than the EU average (119%) in October 2008. Although fixed broadband internet penetration remains high (26.6%), Belgium is no longer among the top EU performers. Average prices for fixed broadband access (€44.25 per month) remained high compared to the EU average (€36.89 per month) in 2008. However, the speed of fixed broadband connections is increasing: almost a third of all lines offer high speeds above 10 Megabits per second, fast enough for high quality video streaming, for example.



*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 markets improving

In 2008, mobile services expanded in Belgium and competition was strengthened, with the second and third operators gaining a bigger share of the market. New entrants, mainly operators using competitors' network to provide their own services, have increased their presence, while an additional licence was announced for 2009.

Prices have fallen but are still well above the European average. The penetration rate of mobile services grew from 94% in 2007 to 102% in 2008.

Mobile termination rates, charged by operators to connect calls from other operators, have fallen since 2006, which should allow for lower consumer prices.

In October 2008, mobile termination rates were €0.09/min, above the EU average (€0.0855).

Regulator actively promotes competition

In 2008, the Belgian telecoms regulator (IBPT/BIPT) completed its first set of regulatory measures for all markets. The Commission therefore closed the infringement proceeding against Belgium for failing to notify it of its decisions. IBPT/BIPT also adopted new measures to promote broadband competition on the incumbent's new high-speed network (beyond 10 Megabits per second). It also forced the fixed incumbent to lower consumer prices because wholesale prices for calls to mobile networks had decreased and imposed an administrative fine of €3 million.

Better services for consumers

Number portability (when a consumer changes operator but keeps their phone number) is an important service that allows consumers to take advantage of competition between operators, and is a good measure of how much competition there is in the market. 500 000 additional mobile numbers were ported in Belgium in 2008. More than a fifth of the total mobile numbers have been ported since the introduction of the service.

Operators have started to provide more information and transparency to consumers, following new rules imposed by the regulator, and are publishing quality service indicators such as connection times or defect rates on their websites.

Areas for improvement

Broadband penetration stagnates

The broadband market saw little progress last year. The fixed penetration rate increased by less than 2 percentage points, from 25.6% to 27.5% between January 2008 and January 2009. Many consumers enjoy fast broadband connections: nearly 28% of all lines offer speeds over 10 megabits per second (Mbps) and 64% offer medium-speed connections of 2 to 10 Mbps.

The mobile broadband penetration rate (including access to the internet via mobile phones as well as data cards) is one of the lowest in the EU, with only

3.5% of the population connected. Telephony over the internet (VoIP) is yet to take off in Belgium, it only has 3.6% market share.

High prices for consumers



While some operators have offered roaming tariffs for phone calls lower than the maximum prices set by the Roaming Regulation, consumer prices for sending text messages from abroad are the highest in Europe (from €0.25 up to €0.70). A text message sent while roaming costs around €0.29 on average in the EU.

Consumers also face relatively high prices for broadband: a medium-basket price for fixed broadband can cost Belgians around €44 compared to €37 on average in the EU.

Belgium referred to European Court of Justice on Universal Service

Infringement proceedings are ongoing against Belgium for Universal Service obligations and the social tariffs provided by all operators (e.g. monthly discounts given to people - mainly retired and disabled - for connection to the fixed network and/or calls on the fixed/mobile networks).

National law does not allow the regulator to correctly assess the cost of this service for all operators. Belgium was therefore referred to the European Court of Justice in January 2008.

TELECOMS SECTOR'S KEY FIGURES	 EU	 Belgium
Total value of sector (2007)	€356.85 billion	€9.83 billion
Nominal growth of sector (2007)	2%	1.13%
Total capital investment (2007)	€52 billion	€1.21 billion
Fixed broadband penetration rate January 2009	22.9%	27.5%
Mobile broadband (data cards) penetration rate January 2009	2.8%	1.1%
Mobile penetration rate	119%	102%
Average mobile termination rates	€0.0855	€0.088
Incumbent's fixed broadband market share January 2009	45.6%	45.9%
Incumbent's market share in direct fixed access	81.4%	84.7%
Total mobile ported numbers in 2008 only	14 million	More than 500 000
Total fixed ported numbers in 2008 only	6.5 million	161 406
Average/typical broadband consumer price*	€36.89/month	€44.25/month
Average/typical mobile communication consumer price**	€19.49/month	€26.28/month
Average/typical fixed telephony communication consumer price***	€36.13/month	€28.92/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 Belgium 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