

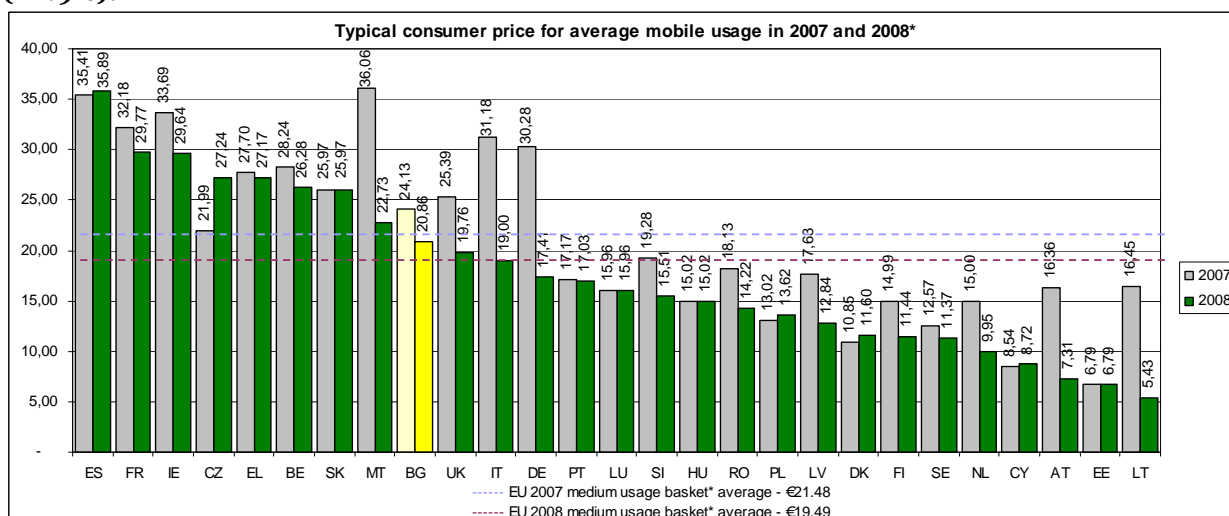


Towards a Single European Telecoms Market

Focus on Bulgaria



Monthly mobile phone bills for medium users fell in 2008, and could be as low as €20.86 compared to €24.13 in 2007, but were still above the EU average. Bulgarian authorities made great efforts to ensure the full independence and effectiveness of the telecoms regulator. 2008 also saw 112, the single European emergency number made available nation-wide. Mobile number portability was implemented but the system is not user-friendly enough. Bulgarian consumers are still waiting to see results of the first market reviews, which will improve competition and give consumers more choice and better prices. The take up of fixed broadband internet per population increased to 11.2% in January 2009, up from 7.6% in January 2008. This is still low compared to the EU average (22.9%).



*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

112 available nationwide

The European single emergency number 112 is now available, free of charge, throughout Bulgaria for all fixed and mobile users and is now operational in all EU Member States. This is the result of a major effort from Bulgarian authorities and the European Commission. Bulgaria is now one of the EU countries where caller location information is automatically given to emergency services for calls made from fixed and mobile phones. Emergency call centres can respond to calls made in English, French and German, in addition to Bulgarian.

Improvement in the independence and effectiveness of the regulator

The Commission closed an infringement proceeding against Bulgaria in 2008 now that EU rules on the effectiveness and independence of the national telecoms regulator (CRC) are better implemented. The completion of nominations to the CRC board has speeded up decision making and the withdrawal of the chairperson of the government body responsible for telecoms (State Agency for Information Technology and Communications) from the incumbent's board has contributed to ensure the independence of this body.

Dynamic mobile market

The mobile penetration rate is one of the highest in the EU - 137% compared to an EU average of 119% in October 2008 - a big increase from 123.4% in 2007. Monthly mobile phone bills for medium users fell over 2008 to as low as €20.86 compared to €24.13 in 2007.

Areas for Improvement

Regulator slow to look for market failure

Under EU telecoms rules, telecoms regulators are obliged to analyse markets and propose appropriate regulatory measures where they are needed to ensure a competition-friendly environment. Bulgaria's market analyses have been severely delayed: it only began to notify the Commission of its analyses in late 2008.

Rules and procedures for the analysis of markets were adopted in March 2008 and the Commission was notified of the results of the first market analyses on wholesale charges for fixed and mobile phone services, in December 2008.

Despite the planned decrease of mobile termination rates (the wholesale fees mobile operators charge to other operators for connecting a call on their network), the current rates are still at €0.1592 which is almost twice as much as the EU average (€0.0855).



Consumers cannot port landlines

Under the terms of its accession to the EU, Bulgaria was able to postpone the introduction of number portability (when customers change operator without changing number) until 1 January 2009. Mobile number portability has been available since April 2008 through a cumbersome "two stop shop" system which obliges users to go first to the old operator, then to new one and wait for up to ten days for the number to be ported. The EU average is currently 8.5 days.

Although the authorities have taken steps to make landlines portable, it is still not available for Bulgarian consumers. A similar "two stop shop" system and a 25 day porting deadline have been set. The EU average, however, is 7.5 days for fixed numbers.

Full directory and directory enquiry services still missing

Universal directory and directory enquiry services (which EU rules say are part of the basic telecoms services which should be provided to all citizens) are still not available. The incumbent fixed operator, who is the universal service provider, still only provides directory information about its own customers, and only provides directory enquiry services to its own customers. Only one mobile operator provides a directory enquiry service, also only to its own subscribers.

TELECOMS SECTOR'S KEY FIGURES	 EU	 Bulgaria
Total value of sector (2007)	€356.85 billion	1.72 billion
Nominal growth of sector (2007)	2%	10.8%
Total capital investment(2007)	€52 billion	0.54 billion
Fixed broadband penetration rate January 2009	22.9%	11.2%
Mobile broadband (data cards) penetration rate January 2009	2.8%	0.5%
Mobile penetration rate	119%	137.42%
Average mobile termination rates	€0.0855	€0.1592
Incumbent's fixed broadband market share January 2009	45.6%	29.1%
Incumbent's market share in direct fixed access	81.4%	96.0%
Total mobile ported numbers in 2008 only	14 million	13 180
Total fixed ported numbers in 2008 only	6.5 million	N/A
Average/typical broadband consumer price*	€36.89/month	€41.39/month
Average/typical mobile communication consumer price**	€19.49/month	€20.86/month
Average/typical fixed telephony communication consumer price***	€36.13/month	€28.10/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 Bulgaria 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