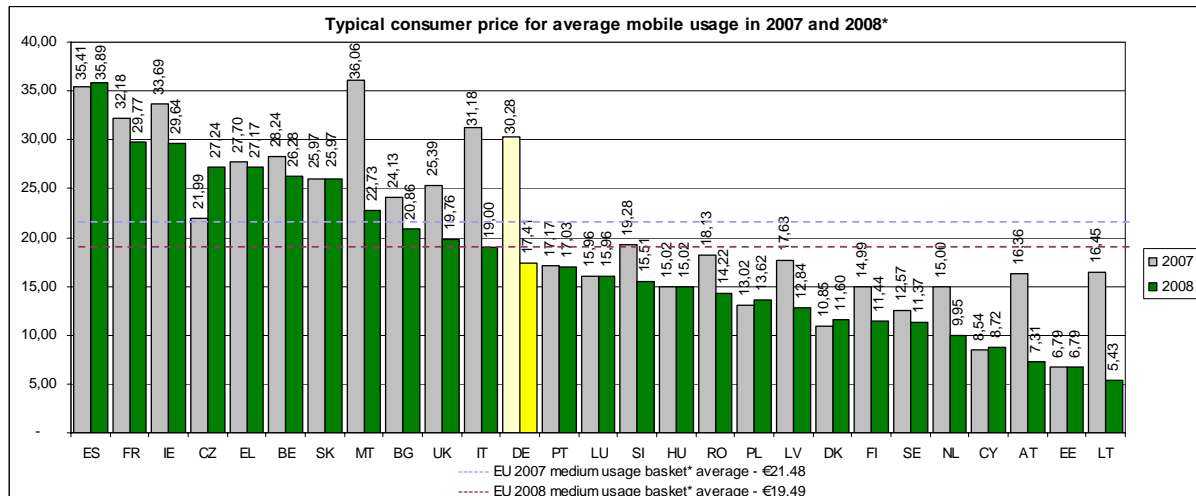




Towards a Single European Telecoms Market: Market: Focus on Germany



2008 was a good year for mobile phone consumers in Germany: with prices falling and penetration rising. The monthly mobile bill for a consumer making medium use of their phone dropped from €30.28 per month in 2007 to as low as €17.41 per month in 2008. Both mobile services and fixed broadband internet markets performed well, with penetration of these services reaching 129% and 27.5% respectively. The number of new cable subscribers has grown as consumers benefit from more competition. Consumers are also paying less for double and triple-play offers that bundle several services like broadband, digital television and phone calls in one package. Prices for triple play offers have decreased by around 15-25% in the last year. However, regulatory decisions are sometimes slow and inefficient to remedy competition problems on the German telecoms market. In addition, the national regulator has not notified the mobile termination rates to become effective from April 2009.



*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

More consumers using fixed broadband

Increased competition has driven the take-up of fixed broadband internet rising to 27.5% of the population in January 2009 (up from 23.8% in January 2008). Cable operators have also continued to expand their share of markets and upgraded their networks with faster connections and more services. At the end of 2008, they reported around 1.4 million subscribers over internet lines (VoIP) and broadband subscribers. Cable connections are now available in 27 million homes in Germany.

Mobile penetration increase

With eight mobile service providers offering competing services, consumers are benefiting from more choice and better prices (as cheap as €17.41/month for a mobile bill).

This helped the penetration of mobile phone services per population to rise well above the EU average (119%) to 129%, 15 percentage points more than last year. The mobile broadband penetration rate (including access to the internet via mobile phones as well as data cards) also increased to 14%.

Fixed and mobile number portability more widely used

A consumer's ability to 'port' their number from one operator to another allows them to take advantage of competition between operators. In 2008, it took five and three days, respectively, to port a fixed and a mobile number in Germany. The EU average is 7.5 days for fixed and 8.5 days for mobile numbers.

During the year, German consumers ported over 500,000 mobile numbers, reaching a total amount of almost 2 million ported mobile numbers (in October 2008).



Areas for Improvement More efficient market regulation needed

The German Telecoms regulator BNetzA's regulatory remedies have had limited effects in some important areas. Although there has been

progress in the deployment of fixed high-speed access networks, prices for accessing these new infrastructures are not set. Moreover, BNetzA's market analyses, its imposition of regulation to remedy problems and dispute settlements, are all experiencing recurrent delays. In a number of cases, BNetzA's decisions have led to disputes in court, which reinforced regulatory uncertainty, making it hard for other market players to make business and investment decisions.

Efforts needed to close the digital gap

Although fixed broadband coverage in rural areas reached 87.5% in Germany, millions of rural inhabitants are still cut off from broadband connections, while there is 99% coverage in urban areas. The digital divide for cable coverage has also widened by almost 10% during 2008, with rural coverage only increasing from 2.5% to 4% over the year.

TELECOMS SECTOR'S KEY FIGURES	 EU	 Germany
Total value of sector (2007)	€356.85 billion	€64 billion
Nominal growth of sector (2007)	2%	-3.2%
Total capital investment (2007)	€52 billion	€6.8 billion
Fixed broadband penetration rate January 2009	22.9%	27.5%
Mobile broadband (data cards) penetration rate January 2009	2.8%	2.3%
Mobile penetration rate	119%	129%
Average mobile termination rates	€0.0855	€0.0819
Incumbent's fixed broadband market share January 2009	45.6%	47.0%
Incumbent's market share in direct fixed access	81.4%	81.0%
Total mobile ported numbers in 2008 only	14 million	558 928
Total fixed ported numbers in 2008 only	6.5 million	N/A
Average/typical broadband consumer price*	€36.89/month	N/A
Average/typical mobile communication consumer price**	€19.49/month	€17.41/month
Average/typical fixed telephony communication consumer price***	€36.13/month	€35.42/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 Germany 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: infso-desk@ec.europa.eu