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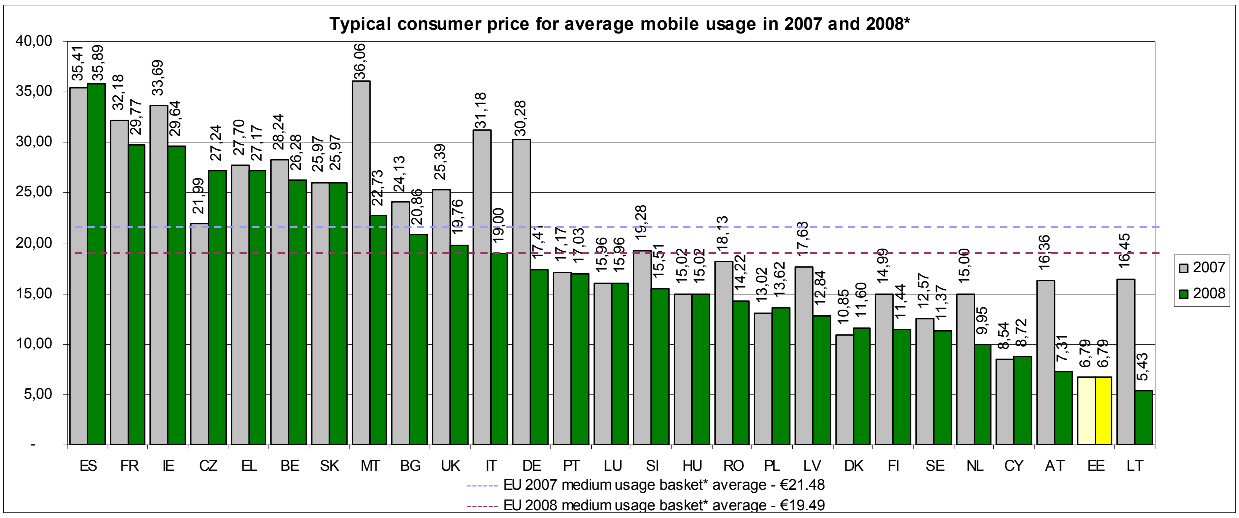
Towards a Single European Telecoms Market:
Focus on Estonia

European Commission
Information Society and Media

Consumers in Estonia enjoy a well developed telecoms sector with prices for mobile phone services among the lowest in the EU. Penetration of both broadband (24.6%) and mobile phone services (134.2%) are just above the EU average. Competition between different broadband technologies improved significantly in 2008. Mobile broadband is increasingly popular, although its availability is still restricted to certain regions. However, data roaming, using your mobile phone connection to surf the internet while abroad, for example, is expensive.



*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).

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Progress
Dynamic broadband market

Estonia's broadband market is growing steadily and take up of broadband per population is above the EU average at 24.6%. Competition in urban areas is strong and has also improved significantly in rural areas, mainly thanks to delivery of broadband with wireless solutions. Bundled offers which roll several services into one package, such as television and internet access, are becoming more popular. The number of users getting their TV via broadband networks has increased by 6 percentage points over the last year to 11% .

Massive use of mobile phone services

Mobile penetration is well above the EU average at 134% and surpassed by only five other EU countries. Keen competition for customers keeps prices for mobile calls among the lowest in the EU. Costs for mobile services remained well below the EU average (€19.49) in 2008, with medium users paying monthly bills as cheap as €6.79.

The take up of mobile broadband is increasing and the prices are comparable to fixed broadband, although coverage is still limited.

Switchover to digital broadcasting moved forward

The date for analogue switch-off was brought forward by two years and is now planned to take place in mid-2010. To make the transition to digital broadcasting more attractive, the government waived licence fees for broadcasters that will have begun digital transmission in due time.

Areas for improvement

Limited competition in parts of the broadband market

Despite strong competition between different technologies delivering high-speed internet (such as DSL, cable, optical fibre, wireless), access to the incumbent's network for fixed broadband by other operators remains limited. The take up of the incumbent's wholesale broadband products is small in amount. Physical access to the incumbent's ducts carrying cables appears to be a big issue since existing ducts are full or have limited capacity and construction of new ones is complicated due to local administrative restrictions.

Slow portability of fixed numbers

A consumer's ability to 'port' their number from one operator to another allows them to take advantage of competition between operators. Compared to other EU countries number portability is not widely used in Estonia, even though the service is free. Only 8 586 fixed and just under 40 000 mobile numbers were ported in 2008. The porting of a fixed number takes 8 to 13 days, whereas the EU average is 7.5 days. The maximum period for porting a fixed number set by law is 30 days and for porting a mobile number is 10 days.

Data roaming still expensive

Sending or receiving 1 Megabyte (MB) of data when roaming costs over €3, which is much higher than the EU average of around €1.30 per megabyte. 1 megabyte allows approximately 200 e-mails without attachments or less than an hour of browsing time, and only 1 minute of MP3 compressed music.

TELECOMS SECTOR'S KEY FIGURES	EU	Estonia
Total value of sector (2007)	€356.85 billion	€0.74 billion
Nominal growth of sector (2007)	2%	4.7 %
Total capital investment (2007)	€52 billion	€0.09 billion
Fixed broadband penetration rate January 2009	22.9%	24.6%
Mobile broadband (data cards) penetration rate January 2009	2.8%	N/A
Mobile penetration rate	119%	134.2%
Average mobile termination rates	€0.0855	€0.0876
Incumbent's fixed broadband market share January 2009	45.6%	53.0%
Incumbent's market share in direct fixed access	81.4%	78.0%
Total mobile ported numbers in 2008 only	14 million	39 577
Total fixed ported numbers in 2008 only	6.5 million	8 586
Average/typical broadband consumer price*	€36.89/month	€43.72/month
Average/typical mobile communication consumer price**	€19.49/month	€6.79/month
Average/typical fixed telephony communication consumer price***	€36.13/month	€28.54/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 Estonia 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

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