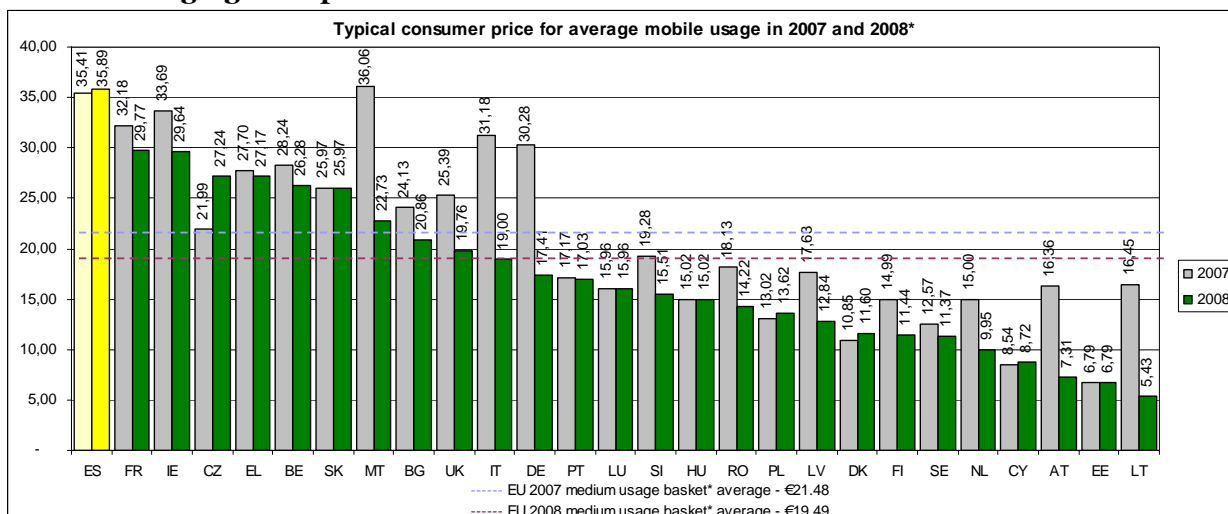




Towards a Single European Telecoms Market: Focus on Spain



Spain had Europe's most expensive monthly prices for medium mobile phone usage in 2008. The cheapest offer was €35.89, compared to an EU average of €19.49. Mobile penetration is currently at 114%, below the EU average (119%). Take up of fixed broadband internet in Spain is currently at 20.2% of the population (up from 18.3% in January 2008); this is growing at a slower pace than in other EU Member States, where the average is 22.9% (up from 20% in January 2008). However, mobile broadband is used more and more. The rate of fixed line subscribers using an alternative operator as their service provider (21.9%) is one of the highest in the EU. Spanish consumers are increasingly choosing bundled services and taking advantage of the ability to change service provider without changing their phone number.



*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 choice for consumers

Bundled packages of telecoms services continue to attract the interest of many Spanish consumers. The latest figures show 15% of Spaniards have subscribed to a bundled offer, frequently including fixed phone services and broadband internet. Although the Spanish incumbent (the former state-owned monopoly) remains dominant in the fixed telephony market, cable and other infrastructure investments allowing alternative operators to use the incumbent's network have led to 21.9% of subscribers using a provider other than the incumbent for fixed phone services. The figure is one of the highest in the EU.

Quick and cheap portability

Number portability (the possibility to change service providers without changing phone numbers) continues to foster competition in Spain, which has one of Europe's most intensive uses of this facility for both fixed (1 million fixed ported numbers in 2008) and mobile services (over 4 million mobile ported numbers in 2008). It helps that the mobile number portability in Spain entails no cost for users or between operators. In Spain, changing providers while keeping either fixed or mobile numbers takes, on average, 5 days, which is below the EU average (7.5 for fixed and 8.5 days for mobile numbers). Number portability operations are expected to take just 24 hours in the near future.

Defining regulation of high speed networks

In the last year, the Spanish regulator has focused on establishing a regulatory approach to high speed networks, which is key for competition in the future. The regulator has mandated access for alternative operators to the incumbent's physical infrastructure at cost-oriented prices, though some principles still need to be further defined, and it has also imposed obligations on operators to share fibre network infrastructure inside buildings with other operators. However, the obligation on the incumbent to provide a broadband offer to alternative operators has been limited to speeds up to 30 Mbps.

Areas for improvement Digital dividend and contested re-allocation of radio spectrum

In Spain, a large part of the *digital dividend* (the share of the radio spectrum to be freed by the switch from analogue to digital) is to be used mainly for digital terrestrial television to the detriment of other telecoms services. In addition, contrary to the recent trend in other Member States, national digital TV channels are allocated in a segment of the radio spectrum (the upper part of the UHF band) which is being evaluated at EU level for future mobile and broadband communication services.

Spectrum re-farming (the re-allocation of spectrum to different uses) is still a contentious issue in

Spain. Assignment of spectrum in the bands concerned is unequally distributed amongst operators.

Obstacles to network roll-out



Operators say that they are encountering barriers to investment in rolling-out new telecom networks that would allow them to provide more and better services. In certain areas of Spain, roll-out of network infrastructure involves long and burdensome administrative procedures and there are still serious obstacles in obtaining rights of way to lay cables or erect masts.

The Spanish government is trying to give financial incentives to the local authorities that grant rights of way in order to facilitate network deployment.

More consumer complaints

The telecoms sector has seen a significant number of users' complaints compared to other sectors in Spain. Coordination between the different bodies dealing with complaints in the telecoms sector could be improved.

The office in the Ministry of Industry, Tourism and Trade dealing with consumer complaints has received an increased number of complaints, especially about billing issues (representing 35.7% of the total) and about getting a fixed connection (14.7%). Other areas of concern are contract transparency and service cancellation and subscription barriers. A charter of users' rights is in the pipe-line.

TELECOMS SECTOR'S KEY FIGURES	 EU	 Spain
Total value of sector (2007)	€356.85 billion	€44.21 billion
Nominal growth of sector (2007)	2%	4.53%
Total capital investment (2007)	€52 billion	€5.76 billion
Fixed broadband penetration rate January 2009	22.9%	20.2%
Mobile broadband (data cards) penetration rate January 2009	2.8%	2.6%
Mobile penetration rate	119%	114%
Average mobile termination rates	€0.0855	€0.0794
Incumbent's fixed broadband market share January 2009	45.6%	56.7%
Incumbent's market share in direct fixed access	81.4%	78.1%
Total mobile ported numbers in 2008 only	14 million	4.17 million
Total fixed ported numbers in 2008 only	6.5 million	1.01 million
Average/typical broadband consumer price*	€36.89/month	€45.83/month
Average/typical mobile communication consumer price**	€19.49/month	€35.89/month
Average/typical fixed telephony communication consumer price***	€36.13/month	€36.03/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 Spain 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/ecommlibrary/communications_reports/annualreports/14th/index_en.htm

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

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