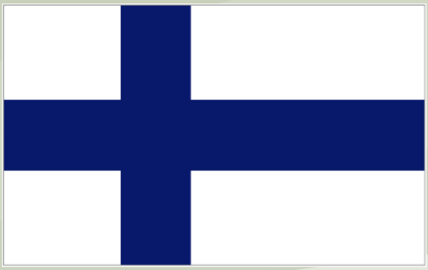
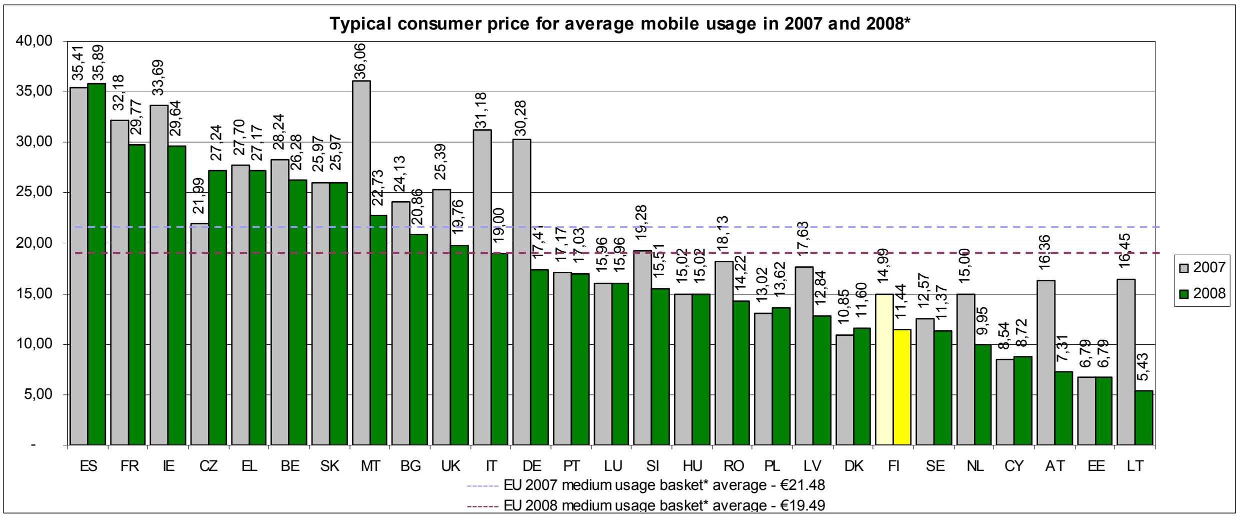
MARCH 2009



Towards a Single European Telecoms Market:

Focus on Finland

Finland's mobile phone customers saved money in 2008, with the medium users paying monthly bills as cheap as €11.44 compared to €14.99 in 2007. Mobile penetration rate, at 121.3% in October 2008 was higher than the EU average (119%). Fixed broadband take up was 30.7%, the fourth highest in the EU. Mobile broadband subscriptions, in particular for mobile broadband users who access advanced data services using data modems, cards or keys, have increased rapidly to 9.1% as customers take up the flat rate price offers from companies. Finland completed the digital switchover in March 2008 and was one of the first EU Member States to enjoy all-digital television viewing, cable networks included.



*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

All digital TV transmission

Finland switched to all digital TV transmission and became one of the first EU countries where citizens benefit from all digital TV viewing including cable. The radio spectrum frequencies freed up by this switchover - the digital dividend – will be used to increase mobile broadband availability and for new TV channels.

Broadband for all

Finland's broadband penetration is 30.7% - the fourth highest in the EU. The government recently announced an action plan to provide all citizens with a basic broadband connection of 1 megabyte per second by 2010. Under the same plan, a very high speed 100 megabyte per second connection should be available all over Finland by 2015.

Strong mobile sector

The Finnish mobile market continues to grow, with a penetration rate at 121.3%, up 11 percentage points from the year below and well above the EU average of 119%. Three times more minutes of calls were made from mobile phones than from land lines in Finland. Costs for mobile services remained well below EU average and prices even fell in 2008, with medium users paying monthly bills as cheap as €11.44 compared to €14.99 in 2007.

Areas for improvement

Limited competition in fixed broadband market

Competition between fixed broadband services did not improve much in 2008. In several local areas the local incumbent also owns the local cable network over which broadband is also offered.

In Finland, incumbent operators control 65% of fixed broadband access lines (EU average 45.6%) according to January 2009 figures. Alternative operators find it harder to offer competitive prices to consumers because the cost of connection to the incumbents' network to provide services to consumers are far above the EU average with a monthly rental for fully unbundled loop at €11.23 (EU average €9.28) and for shared access at €5.60 (EU average €2.62).

Low 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. By October 2008, 4 320 000 mobile telephone numbers had been ported in Finland, which represents the highest percentage of mobile numbers ported over the total number of mobile subscribers (68%). However, very few fixed phone numbers have been ported: only 446 000 cumulatively as of 2008, the majority of these being business numbers. The wholesale charge operators charge each other for porting fixed numbers is the fourth highest in EU (€17.95).

Price differentiation of mobile termination rates

Finnish law allows the wholesale costs that operators charge each other for connecting calls from other networks to be regulated, if they were made from mobile networks, or fixed networks using carrier selection ("CS") or carrier pre-selection ("CPS"), but not on calls directly originating from a fixed line.

As a consequence these latter calls could be more expensive than calls from a fixed line to a mobile phone which use CPS or CS or for mobile-to-mobile calls.

TELECOMS SECTOR'S KEY FIGURES	EU	Finland
Total value of sector (2007)	€356.85 billion	€4.48 billion
Nominal growth of sector (2007)	2%	-0.8%
Total capital investment (2007)	€52 billion	€0.38 billion
Fixed broadband penetration rate January 2009	22.9%	30.7%
Mobile broadband (data cards) penetration rate January 2009	2.8%	9.1%
Mobile penetration rate	119%	121.3%
Average mobile termination rates	€0.0855	€0.053
Incumbent's fixed broadband market share January 2009	45.6%	64.8%
Incumbent's market share in direct fixed access	81.4%	99.0%
Total mobile ported numbers in 2008 only	14 million	833 000
Total fixed ported numbers in 2008 only	6.5 million	17 253
Average/typical broadband consumer price*	€36.89/month	€37.45/month
Average/typical mobile communication consumer price**	€19.49/month	€11.44/month
Average/typical fixed telephony communication consumer price***	€36.13/month	€46.48/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 Finland 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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