

Brussels, 3 January 2008

Telecoms: Commission supports new efforts of the Belgian telecoms regulator to enhance competition in the broadband market and asks for speedy and effective action

The Commission has today recognised the recent efforts made by the Belgian telecoms regulator, IBPT (Institut Belge des services postaux et des télécommunications) to enhance broadband competition in the Belgian market by making the regulation more effective. In a letter sent today, the Commission asks IBPT to reinforce the provisions allowing new entrants to use the local network of the historical incumbent operator to provide broadband services to end users (local loop unbundling) with a view to promoting sustainable infrastructure-based competition. The Commission also asks the Belgian telecoms regulator to closely examine the level of competition for broadband services in the end-user market.

"I welcome this long awaited proposal by the Belgian regulator to enhance broadband competition in the Belgian market. Access to very high speed broadband infrastructure (VDSL), which is explicitly foreseen by the Belgian regulator, will help to guarantee a level playing field, promote competition and investment and enhance freedom of choice for users", said Viviane Reding, the EU's Telecoms Commissioner. "For the time being, Belgian consumers continue to pay rather high prices for broadband services. Effective and speedy enforcement of existing regulatory measures is crucial for more competition and better services at lower prices in the market. The Belgian regulator has my full support in moving swiftly and with ambition to more competition on the Belgian broadband market."

Wholesale unbundled access to the local loop and wholesale broadband access are key elements for allowing alternative operators to enter the retail market and to offer services to consumers, especially broadband services.

As notified to the Commission on 26 November 2007, IBPT will oblige Belgacom (the Belgian incumbent that is still 50.1% controlled by the State) to unbundle access to its local loop and to grant wholesale broadband access to competitors, in a non discriminatory and transparent manner, and at cost-oriented prices. Such a measure will allow other providers to compete directly with Belgacom's retail offers. In particular, regulations should allow the deployment of different technologies on the local loop. IBPT commits to follow closely Belgacom's respect of its non discrimination obligation with regard to the development of new high broadband retail offers, in particular VDSL. VDSL is a broadband technology that allows for higher speeds, and represents from the user perspective a substitute for other broadband offers. VDSL is therefore rightly included by IBPT within its definition of the broadband market.

In the Belgian retail broadband market, most consumers have access to broadband services either from fixed telecoms operators or cable operators. Nevertheless, competition has not developed strongly. It is true that broadband penetration in Belgium is at 23.9%, well above the EU average (18.2%). However, Belgacom still has a 46.8% market share of the retail broadband market. The relatively large market share of alternative operators is due to extensive availability of broadband on cable networks, while the percentage of broadband access based on local loop unbundling remains significantly low (3.7%). This situation is in contrast to other EU Member States with similar market shares for the incumbent such as France (46.8%), where there are several alternative operators providing broadband using different technologies and where there is in particular a high presence of operators relying on local loop unbundling.

Furthermore Belgian consumers continue to pay high prices for broadband according to IBPT's findings. Effective regulation is therefore of utmost importance to promote investment in alternative infrastructures, which is why the Commission, in its letter, invites IBPT to ensure swift enforcement of proposed regulatory measures.

Background:

Today's letter is sent by the Commission under the so-called "Article 7" procedure, foreseen in Article 7 of the EU's Framework Directive on the telecoms markets. This procedure leaves a lot of scope to national telecoms regulators on how to achieve effective competition, but requires them to notify regulatory measures to the Commission. Where these measures concern market definitions, the Commission has the possibility to reject the measure. Where the measures concern regulatory remedies, the Commission for the time being only has a right to issue comments which the national telecoms regulator should take into account. The measures notified by the Belgian regulator concern both the definition of the broadband market and include from the beginning VDSL

On the Article 7 procedure generally, see [MEMO/07/457](#). On the recent reform proposals of the Commission, especially on the proposal to make the interaction between national regulators and the Commission more effective, see [IP/07/1677](#)

For further information:

The text of the letter sent today by the Commission the Belgian regulator today will be published in the next days at:

http://ec.europa.eu/information_society/policy/ecomm/implementation_enforcement/article_7/commission_decisions/index_en.htm

On the Article 7-procedure under which today's letter was adopted see:

http://ec.europa.eu/information_society/policy/ecomm/implementation_enforcement/article_7/index_en.htm

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Annex:

