

EU Telecom rules: Where are we now?



Most economic indicators point to market and competition growth in Slovenia during 2006. The market experienced significant broadband growth. Triple-play solutions have become widespread. Competition between operators and service providers in the mobile market was more balanced than in the fixed market. Currently more than 70% of Slovenia has 3G services, provided solely by the incumbent's mobile arm. This places Slovenia amongst the top EU performers. Consolidation activities included the takeover of the fixed alternative operator by the owner of the new mobile entrant, a possible step towards convergence.

Following the regulator's (NRA) completion and notification of all relevant market analyses and its attempts at rigorous supervision of remedy implementation, the electronic communications market in Slovenia now seems to be on the right track, except for the fixed telephony market which remains largely non-competitive. It seems, however, too early for the NRA to reduce the level of market regulation.

The NRA has also begun to reform informal dispute-resolution procedures between end-users and operators and between operators. It is assumed that this measure will strengthen the NRA's position as a mediator. The NRA organised several tenders for allocation of frequencies during 2006. Two UMTS licences and two WLL licences were granted recently.

Overview

Broadband

Broadband penetration is the second highest amongst the new Member States (12.6%). There were 252 928 broadband lines in October 2006.

Nearly 10% of all xDSL connections are based on unbundling. xDSL remains the predominant technology, with such connections constituting almost 68% of all retail broadband lines. Cable operators, with a total of 78 261 lines, ensure that there is increasing infrastructure competition. Alternative operators' overall broadband market share grew from 38% in October 2005 to 45% in October 2006. The NRA's reduction of Local Loop Unbundling (LLU) prices and improved reference unbundling offer (RUO) are seen as key drivers of broadband competition. A key issue is the risk of margin squeeze and predatory pricing by the incumbent's ISP subsidiary. Other issues include limited access to information about freed LLU capacities, and first-mover advantages for the incumbent's daughter company.

Mobile

Competition between operators and service providers in the mobile market is more balanced than in the fixed market, and penetration is very close to 90%. The leading operator's market share stands at 71%, while the main competitor controls 22.5% of the market. The third mobile network operator withdrew from the market in May 2006

and transferred its frequencies to a new entrant, which was expected to start providing services early in 2007.

Even though access to the incumbent's mobile arm network is mandated by the market analysis outcome, negotiations with alternative operators appear to be lengthy and cumbersome. As regards the market for wholesale mobile call termination, both MNOs hold Significant Market Power status, and asymmetric remedies are imposed. The second mobile operator's current termination charges are up to five times higher than its on-net retail price, while the operator continues to offer an off-net retail tariff which is lower than the on-net retail price of the incumbent's mobile arm.

Fixed telephony

The fixed telephony market, where penetration is the highest amongst the new Member States (50%), saw a slight downward trend in overall traffic volumes. The fixed incumbent operator maintained its dominant position in local access, in national access as well as in fixed-to-mobile calls, with market shares close to 100%. International calls remain a niche for smaller market operators.

Interconnection prices for local, single and double transit remain amongst the highest in EU25. When coupled with the carrier pre-selection (CPS)/carrier selection (CS) charge, the price of calls terminated in the incumbent's network exceeds the price of PSTN the incumbent charges to end-users. Retail prices remain low in the

absence of historical tariff rebalancing and thus there appears to be little room for competition. The competitive situation is generally poor, with only one alternative operator interconnecting at local level (as this is not feasible for very small operators), three operators regionally, while three operators interconnect nationally.

Broadcasting

The national television and radio broadcaster, and transmission provider is the only market player with obligatory nationwide coverage; however, in practice three

commercial broadcasters also cover the majority of the population. Other terrestrial broadcasters have only regional coverage and are limited in their expansion as most frequencies are occupied. There are also 46 cable operators providing content transmission services.

Only 1% of all households were receiving digital TV. Terrestrial analogue switch-off is scheduled for 2012. Terrestrial broadcast transmission was the only market defined by the NRA as susceptible to ex ante regulation.

Important consumer information

Tariff transparency and quality of service	The NRA initiated a transparency project concerning services for end-users. The project aims to develop an interactive platform that would include information on mobile, fixed and broadband services. The platform, to be launched in the first half of 2007, will provide overview and comparison facilities for end-users searching for the best service in terms of price, capacity, security and quality, and will also facilitate effective competition among operators. The NRA published on its website the retail tariffs of all Slovenian operators for international roaming.
Universal service	The incumbent was appointed as universal service provider for a period of five years back in 2004. However, since January 2006 it has also been obliged to provide universal service to disabled and disadvantaged users.
Emergency services	The NRA reported identifying irregularities in implementation of framework provisions relating to emergency services. Most cases involve the provision of services over VoIP, other cases concern some mobile services. The problems mainly include the failure of service providers to report on the quality of services furnished. In a few cases the services were not provided at all. Following the NRA's intervention, the provision of 112 services appears to be functioning normally again.
Number portability	Number portability became available for mobile subscribers as of January 2006. By October 2006, 13 703 numbers had been ported. On the other hand, number portability for fixed subscribers came into place only in May 2006. Only 5 679 numbers had been ported by October 2006. However, prices for porting numbers are reported to be high, and alternative operators in particular consider them to hinder further development of competition.
Must-carry	Only the television channels of the national television and radio broadcaster and some local and student channels must be transmitted free of charge. The two leading commercial television stations do not have must-carry status.

Infringement proceedings pending under the EU Telecom Rules: 0

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