PORTUGAL

EU Telecom rules: Where are we now?

European Commission
Information Society and Media

Some regulatory measures introduced by the Portuguese national regulatory authority (NRA) are beginning to produce results. The NRA was active in reducing the prices paid by alternative operators for using the incumbent's network, and alternative operators increasingly invested in local loop unbundling (LLU) during 2006.

The NRA was efficient in conducting its first market analyses, adopting a full range of remedies to be imposed on incumbent operators. However, some of the obligations imposed lacked sufficient detail, which delayed effective implementation of the measures. Moreover, the regulator has not yet completed the initial market review, which is considered essential if the objectives of the framework are to be met.

The effectiveness of the appeal mechanisms has been raised as an issue, although appeals do not generally have a delaying effect. The incumbent, who owns the copper and main cable networks, announced its intention to divest its stake in its cable subsidiary, which should prove beneficial to competition in the Portuguese markets.

Overview

Broadband

As at 1 October 2006, broadband penetration (13.5%) was still below the EU average (15.7%), with DSL (62.7%) and cable (36.8%) being the main means of access. The incumbent still holds one of the highest shares among incumbents in the EU (69.1% of the overall broadband market and 73.7% of DSL).

The NRA has been active in reducing the prices paid by alternative operators for unbundling products as well as in introducing a number of changes to the incumbent's bitstream reference offer.

Alternative operators showed an increased preference for unbundling products for the provision of broadband services: 164 000 unbundled local loops in October 2006 compared to 16 000 at the beginning of 2005.

Mobile

Mobile penetration (113% as of October 2006) continues to be higher than the EU average (103%), with the third highest proportion of prepaid customers in the EU (80%). The incumbent's mobile subsidiary still leads the market with a 46% market share, the second operator increased its market share to 40% and the third decreased it to 14%.

In 2005 the NRA introduced a glide path to reduce the high mobile termination rates to a converged target of €0.11 for all mobile networks in October 2006. The NRA is currently analysing the markets to assess the need for further reductions of mobile termination rates, which are now average.

Fixed telephony

The market is still dominated by the incumbent, which had 77.4% of the market in terms of revenue in December 2005. The number of subscribers using an alternative operator for direct access (15.2%) is significantly higher than average (10.4%), due to the combination of cable providers, operators investing in Local Loop Unbundling and the provision of fixed telephone services using mobile frequencies.

The NRA reduced by around 5% the average interconnection prices, which are slightly above average, and approved the introduction of capacity-based interconnection.

Some measures, such as publication of wholesale line rental and leased lines offers, were not implemented quickly enough. Finally, the standstill period imposed on the incumbent for carrier selection was reduced from 6 to 4 months due to an improved competitive situation.

Broadcasting

Several platforms compete for the provision of broadcasting transmission services: cable (27.1%), satellite (10.4%), analogue terrestrial television (62.5%) as well as the recently launched operations based on DSL and wireless local loop.

The policy for Digital Terrestrial Television (DTT) is being revaluated. Although there is no concrete date, the NRA expects to launch a public tender for assignment of frequencies in the first half of 2007 and analogue switch-off will tentatively occur between 2010 and 2012.

Important consumer information

Tariff transparency and quality of service	The NRA set up an online observatory of mobile prices, which acts as a practical tool as it can be consulted by consumers to simulate their traffic profiles. After the regulator received consumer complaints related to tariff transparency for international roaming tariffs, the NRA also included information on the use and billing of roaming services abroad on its website. In March 2006 the NRA approved the quality of service parameters and the performance objectives for universal service provision.
Universal service	The incumbent operator maintains the universal service obligation until 2025, and an infringement proceeding is currently pending for this. The Portuguese authorities have so far not provided concrete evidence that a new universal service designation process can be launched before the current concession contract expires. So far the regulator has always rejected the incumbent's claims for compensation for the cost of the universal service. The regulator is currently analysing the latest costs submissions.
Directory services and directory enquiry services	A comprehensive directory is still not available as the data concerning one mobile operator are missing. The Commission started an infringement proceeding. An appeal on a regulator decision concerning the provision of subscriber data to the universal service provider is still pending at national court.
Emergency services	Caller location information is not available to emergency services for calls from mobile phones, and therefore the Commission started an infringement proceeding.
Number portability	Fixed number portability starts having an impact on the market and fixed ported numbers have almost doubled in one year. On the other hand, there is a low use of mobile number portability due, amongst other things, to the fact that many subscribers have locked terminals or have more than one provider and operators do not seem to actively promote that option.
Must-carry	The current must-carry obligations imposed on cable operators to provide two national public service channels and two regional ones derive from the previous regime. The awarding of DTT frequencies, expected for early 2007, may include further must-carry obligations.
Consumer complaints and out of court dispute resolution	The NRA created a specific unit dealing with complaints and requests for information, which should be fully operational in the first half of 2007.

Infringement proceedings pending under the EU Telecom Rules: 4

For further information:
Infso Desk
European Commission
Information Society and Media Directorate-General

E-mail: infso-desk@ec.europa.eu
Tel: +32 2 299 93 99
http://ec.europa.eu/information_society/