

EU Telecom rules: Where are we now?



Luxembourg has improved its broadband penetration rate, which is now above the EU average. The mobile market continues to grow and enjoys a very high penetration rate. A third mobile operator recently entered the market, while a fourth mobile operator was granted authorisation. Due to obstacles such as the absence of wholesale line rental, the outlook for the fixed market is less positive. Partly due to late transposition, the national regulatory authority (NRA) was lagging behind in carrying out market reviews, hereby generating some legal uncertainty. A Reasoned Opinion was sent in the autumn of 2006, when Luxembourg only had notified three markets out of eighteen. However, by the end of 2006 the NRA had notified most market reviews. A state-owned company, LUXConnect, has been established to run a fibre network with the aim to improve Luxembourg's internet connectivity.

Overview

Broadband

Luxembourg has significantly improved in terms of broadband penetration from a poor position four years ago to a situation where it is now, 19.7 %, for the first time above the EU 15 average of 17.4 % (and the EU 25 average of 15.7 %). However, the incumbent continues to hold a very high market share in the broadband market (72.3%). There is no genuine bitstream access available, (although a resale product bears this name). Furthermore, there is no wholesale offer for ADSL by the incumbent (although there is a resale product carrying this name). Alternative operators find it difficult to compete with the incumbent, due to a lack of service level agreement for Local Loop Unbundling (LLU). Operators also continue to complain of a margin squeeze. Prices for LLU are higher, compared to the EU average, both for fully unbundled lines and shared access. Finally, there are concerns regarding a bundled package offered by the incumbent (bundling fixed and mobile telephony and broadband).

Mobile

The mobile market continues to grow and the penetration rate is the highest in Europe (171%). This is mainly due to trans-national commuters who have a Luxembourg SIM card. A third mobile operator recently entered the Luxembourg market and intends to finalise its network by end 2006. A fourth mobile operator was recently granted a licence, but has not yet started operations due to a pending court case.

Compared to the fixed market, there is greater competition in the mobile market and mobile number portability has been a success. However, the third generation network roll-out has been slightly delayed, partly due to the procedures for obtaining planning permissions for mobile masts and antennas.

Fixed telephony

The government owns 100% of the incumbent, which holds a strong market share in the fixed market. Its market share, by call minutes, for all fixed calls (including internet calls) is 79%. For local calls the situation is similar, where the incumbent's market share for local calls is 85.1% and 77.9% for all local calls, including internet calls. Its position on the market for international calls is slightly less strong: 72.1%. There are only a handful of operators in the fixed market, and the incumbent together with one other operator holds 97.3% of all fixed calls, including internet calls.

There appears to be factors in the Luxembourg fixed market that contribute to less competition. Firstly, the lack of a wholesale line rental offer by the incumbent means that alternative operators cannot offer single billing. The imposition of wholesale line rental was proposed by ILR at the end of 2006. Secondly, carrier pre-selection (CPS) procedures are long and involve several steps for a customer to be able to change operator, so that many clients refrain from changing operators. Thirdly, there has been little take-up of fixed number portability, as opposed to mobile number portability. Finally, operators continue to have concerns about margin squeezes for leased lines and non-transparent volume discounts offered by the incumbent, which are difficult to match by the alternative operators.

Broadcasting

There are two cable network actors in Luxembourg, one of which is owned by the incumbent. According to a report prepared for the Commission¹, the household penetration of the different television platforms (analogue and digital)

¹ Datisis Report on the EU Market for Digital Television 2006.

in Luxembourg at the end of Q3 2005 was: 14.3% for terrestrial, 22.9% for satellite, 62.9% for cable (and 0% for IPTV). Digital switch-over is currently ongoing; 1 analogue channel in the VHF band has been switched off and 2 analogue channels in the UHF band were expected to be switched off by the end of 2006. Switchover should be completed by 2010, even though take-up of digital TV

currently is limited. There was originally a lack of clarity as to who would be responsible for the review of the broadcasting market, although it has since become clear that it is the responsibility of the ILR, which expects to carry out the market review in the course of 2007, as one of the last markets to be analysed.

Important consumer information

Tariff transparency and quality of service	Concerns have been raised about the lack of transparency for tariffs within the incumbent's bundled package. Furthermore, the incumbent has initiated legal proceedings against one of the alternative operators, claiming that the publicity for its bundled package is misleading.
Universal service	There is no formal designation of universal service provider in Luxembourg, even though the incumbent provides universal service on an informal basis.
Emergency services	There was previously a problem regarding the provision of caller location information for mobile for calls to 112. However, this service has been available since the summer of 2006, and the infringement proceeding was subsequently closed.
Number portability	Mobile number portability has been successful, and has contributed to increase customers' choice. In contrast, there has been fairly limited take-up of fixed number portability (with only the 3671 number ported in August 2006).
Must-carry	There are currently no must-carry obligations imposed in Luxembourg.

Infringement proceedings pending under the EU Telecom Rules: 1

For further information:

Info Desk
 European Commission
 Information Society and Media Directorate-General

E-mail: info-desk@ec.europa.eu

Tel: +32 2 299 93 99

http://ec.europa.eu/information_society/

http://ec.europa.eu/information_society/policy/ecomm/implementation_enforcement