LITHUANIA

EU Telecom rules: Where are we now?

European Commission
Information Society and Media

In 2006, Lithuanian mobile operators and service providers continued to compete intensively against each other. Broadband penetration increased at a pace slightly slower than expected given the competing platforms. Fixed markets are still dominated by the fixed incumbent to a very large extent. On the regulatory side, the completion of virtually all market analyses, and the lower number of decisions suspended while under appeal, have created the basis for rapid implementation of the remedies imposed. Main issues of concern include difficult relations between alternative operators (including cable operators) and the fixed incumbent, and the absence of an effective 112 caller location service.

Overview

Broadband

In October 2006, broadband penetration had reached approximately 9.3%. Lithuania is one of the better performing new Member States, but lags considerably behind the EU-25 average of 15.7%.

Broadband services are provided through a number of competing types of infrastructure, but competition on the DSL (digital subscriber lines) infrastructure of the incumbent is virtually non-existent.

The broadband market share of the fixed incumbent was constantly on the increase over the period 2004-2006.

Updated reference offers were issued by the fixed incumbent in August and October 2006.

In 2006, the first fully unbundled local loops were brought into use in Lithuania. However, there has still not been any wider uptake by alternative operators.

In 2006, a fine close to €1 million was imposed on the fixed incumbent by the Lithuanian Competition Authority for abuse of its dominant position in broadband markets.

Mobile

The mobile market is very well developed in Lithuania with notably a penetration well above 100% (133% in October of 2006) and accounting for nearly half of the revenues generated by electronic communications services.

All mobile operators have started or are about to start commercial third-generation mobile service offerings, including mobile TV.

The mobile access market was found to be effectively competitive by RRT. Implementation of mobile termination remedies seems to be at an initial stage. In the meantime, transitional measures are in place, under which each operator will be required not to apply (price) conditions for the provision of voice call termination services which are worse than those applied on 30 September 2004.

Fixed telephony

In Lithuania, competition on fixed markets is much less intense and dynamic than on mobile markets. The market share of alternative operators by revenues decreased from approximately 6.26% in the second quarter of 2005 to approximately 4.15% in the second quarter of 2006.

RRT has imposed WLR (wholesale line rental) obligations on the fixed incumbent.

According to alternative operators, the fixed incumbent acts in a discriminatory way by charging much higher retail tariffs for calls to alternative networks than for the on-net calls. Charges for call termination on the fixed incumbent's network are remarkably high compared to the EU average and have not decreased since 2005 (€0.026 local level, €0.035 national level).

Broadcasting

Broadcasting content is delivered to end-users on a number of different types of infrastructures: analogue and digital terrestrial networks, cable networks, satellites, the fixed incumbent's ADSL network. In terms of penetration, terrestrial networks still dominate the market (73% of households), with cable (23% of households) and satellite (4% of households) networks coming next. The analogue switch-off process will start as of 2012.

Broadcasters are "tied" by content licences to their transmission service providers. This could be seen as an unnecessary restriction of the freedom of the transmission service providers to compete with each other for customers.

Important consumer information

Tariff transparency	Intense competition between mobile operators and service providers has resulted in a proliferation of various tariff plans. Although clearly beneficial, this trend also has a negative side-effect, as the consumer representatives complain about the lack of transparency in mobile tariffs.
Universal service	In 2006, the Lithuanian Government adopted new Universal Service Regulations. In particular, the mechanism for designation of the universal service provider has been improved by providing that at least once per year RRT will announce an official call for expressions of interest to provide the universal service or any of its constituent components.
Emergency services	In 2006, an infringement case was opened against Lithuania on the grounds that caller location information was not available to emergency authorities in Lithuania for calls made from mobile phones.
Number portability	Operators complain about the expensive number portability solution (1 Lithuanian litas per allocated number) put in place in Lithuania. RRT partly responded by decreasing administrative charges for numbers. However, number portability is free of charge to end-users and is delivering tangible results: being fully operational from February 2006, mobile number portability allowed more than 100 000 numbers to be ported in 2006. Fixed number portability represents only approximately 4 400 ports.
Consumer complaints and out of court dispute resolution	In 2006, RRT created the possibility for end-users to submit complaints and other documents concerning the provision of electronic communication services on-line. Some operators are concerned about RRT's dual role as arbiter in disputes between operators and end-users and at the same time as an institution responsible for consumer protection.

Infringement proceedings pending under the EU Telecom Rules: 1

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