

In 2006 some improvements in the Hungarian regulatory approach were achieved by reinforcing the executive power of the regulator, NCAH. NCAH is also proving to be more willing to impose more significant fines on operators to enforce its decisions and seems to be asserting its position more in matters of regulatory problems. By contrast, transfer of the tasks of the Ministry of Informatics and Communications, which ceased to exist, to the Ministry of Economy and Transport, resulted in a significant reduction of staff, and its final structure was put in place only after more than seven months. Ministerial resources now seem to be insufficient to carry out the Ministry's legally defined objectives.

Overview

Broadband

As of 1 October 2006, broadband penetration (8.6%) is still below average (15.7%).

The use of broadband internet access is roughly four times higher than internet access based on dial-up or ISDN technologies. Of the 230 ISPs, 19 operators cover roughly 90% of subscribers to internet services. Two thirds (62%) of broadband lines are based on xDSL and one third (about 33%) on cable technology. As regards the wholesale broadband access market, the NCAH decided in September 2006 to set wholesale prices on a "retail minus" basis for each operator found to have significant market power (SMP) on the given market so as to guarantee a minimum margin for retail service providers. As regards the Local Loop Unbundling market, LTOs were designated as SMP operators and access and interconnection-related obligations were imposed on them by the NCAH.

Mobile

Mobile penetration (95 % as of September 2006) continues to be below the EU average (103%). The incumbent's mobile subsidiary still leads the market with 44.8% market share, the second operator decreased its market share to 33.8% and the third increased it to 21.4%.

All Mobile Network Operators (MNOs) have a UMTS licence (granted in 2004) and started 3G services in 2005.

In 2005, all MNOs had been designated as operators with SMP in the wholesale mobile call termination market, and the NCAH had taken temporary decisions under Article 7(6) of the Framework Directive to set mobile termination rates ("MTRs") by using international benchmarks in the absence of an acceptable LRIC model, resulting in

asymmetric MTRs. On 4 October 2006, the NCAH decided to require MNOs to gradually cut their MTRs on the basis of a specific glide-path model that would result in total symmetry of the cost-orientated MTRs of MNOs by 1 January 2009 (HUF 16.84 - about €0.06). The glide-path is applied as a new regulatory tool based on a bottom-up LRIC model. This decision enters into force on 1 February 2007.

Fixed telephony

The fixed market is characterised by the division of the fixed-line market into five local telecommunications operators (the "LTOs"): the main incumbent, with territorial coverage of about 80%, and four other LTOs. In terms of revenues, in 2006, LTOs had an 89.3% market share for all types of calls, with 92% (95.68% in 2005), 89.9% (88.27% in 2005) and 87.4% respectively on local, longdistance and international calls markets, all of them well above the EU average. Fixed line penetration was 33.6% in 2006 compared to 34.3% in 2005 and 95% mobile penetration in 2006 (112 000 fixed lines were withdrawn in 2006). Fixed voice traffic also continues to decrease while mobile voice traffic and mobile penetration are still constantly on the increase. In 2006, roughly 13.5% of international calls were via carrier selection in terms of minutes of conversation.

Broadcasting

Several platforms compete for the provision of broadcasting transmission services: analogue terrestrial, cable, satellite, microwave, IPTV and DVB-T (in pilot phase). Hungary has not yet notified the Commission of its draft measures relating to the wholesale market for broadcasting transmission services.

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Important consumer information

Tariff transparency and quality of service	To provide consumers with clearer information on electronic communications services, the Representative of Communications Consumer Rights (within the NCAH) introduced an online choice and price comparison tool based on a consumer information system including fixed, mobile, roaming, broadband and cable TV services.
Universal service	In April 2004, each of the five LTOs was designated by the Minister of Informatics and Communications for four years as Universal Service Provider ("USP") and have since provided the four components of the universal service in their respective geographical area.
Emergency services	Caller location information is not available to emergency services for calls either from fixed and mobile networks, and therefore the Commission started an infringement proceeding. The Hungarian authorities informed the Commission in December 2006 that the collection and provision of caller location information by both fixed and mobile operators were technically feasible, and in the one case in 2006 where caller location information had been requested by an emergency service such information had been provided by the operator. In 2008, the system is planned to be replaced by a push system.
Number portability	Between May 2004 and October 2006, a total of 129 877 mobile numbers were ported in Hungary, accounting for 1.4% of all mobile subscribers in Hungary while between January 2004 and October 2006, some 158 900 fixed numbers were ported.
Must-carry	Hungary has a must-carry obligation. The Commission's services' attention has been drawn to possible non-compatibility of the Media Act with Article 31 of the Universal Service Directive, as the number of programmes to be broadcast by cable TV operators appears not to be limited, and the general interest objectives are allegedly not clearly defined by the Media Act. In addition, it is claimed that the Media Act does not provide for a periodic review of this obligation, as required by the Universal Service Directive. The Commission's services are looking into this matter.
Consumer complaints and out of court dispute resolution	Under Hungarian law, electronic communications consumers can be protected by several bodies, such as the NCAH, the NAC or the Consumer Protection Authority. A better and clearer division of powers is still needed to allow consumers to have effective access to the competent body.

Infringement proceedings pending under the EU Telecom Rules: 1

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