FRANCE

EU Telecom rules: Where are we now?

European Commission
Information Society and Media

France has a dynamic and competitive broadband market, with high penetration rates and attractive prices. Several municipalities are actively involved in deploying fibre locally or regionally, and several regions have been granted WLL authorisations. Some market players' interest in a fourth 3G mobile authorisation could enhance competition. Importantly, the market seems fully to embrace convergence through triple or even quadruple play offers. The National Regulatory Authority (NRA), ARCEP, has submitted detailed market analyses and is trying to resolve emerging market problems. It has also lifted remedies in line with competitive developments. In specific cases, such as consumer protection, mobile TV or the switchover to digital broadcasting, the French government has taken legislative initiatives.

Overview

Broadband

The broadband market is continuing its strong progress, with a penetration rate of 19% in October 2006. France has the EU's third highest number of broadband lines, 11.9 million, of which 94.5% are DSL lines. This growth builds on the development of fully unbundled lines, which had risen to 1.58 million by October 2006 (compared with 0.6 million at the end of 2005). France is now second in Europe in the number of unbundled lines, with 3.51 million. The incumbent's share of the broadband market increased slightly in 2006 to 48.2% of the total retail market (compared with 45% in October 2005) and 51% of the DSL market in October 2006.

The market analysis decisions of the regulator ARCEP have generally contributed to improving competition.

Mobile

The mobile market in France recorded an annual growth rate of 9.4%, with 48 million subscribers on 1 October 2006, an increase of 4.1 million over 2005. The mobile penetration rate in France is 82% (82.6% if the overseas territories are included), which is still well below the EU-25 average (of 104% for 2G and 3G).

Two market players hold 82.5% of the market: the incumbent's mobile subsidiary 45.9% and the second mobile operator 36.6%. The third player's market share has remained stable at 17.5%. Prices have remained stable for the last few years. If the interest declared by some operators for a fourth 3G licence is confirmed and a fourth authorisation is awarded, competition could further intensify in France in the years ahead.

ARCEP has not decided on the analysis of the market for wholesale access and call origination on mobile networks. ARCEP has approved decreasing (asymmetric) mobile termination rates. ARCEP was also the first NRA to identify a (wholesale) sub-market for SMS messaging and decided to impose price caps per SMS.

Fixed telephony

The incumbent is still dominant on the fixed voice market, with a 70.5% market share (by revenue). Most alternative operators use carrier pre-selection for providing their voice services (64% of active operators, whereas 35.7% use carrier selection). The extension of VoIP, accounting for about 17% of voice traffic in the second half of 2006, is, however, changing this market.

Triple play offers, including telephony, internet access and television, and quadruple play offers (adding mobile) continued to develop in France in 2006. This seems to be due to unbundling in general.

Considering that the wholesale line rental product allows more effective and fairer competition to develop on retail fixed markets and the corresponding wholesale markets, ARCEP decided to remove some of the retail level obligations in 2006.

Broadcasting

The breakdown of (digital and analogue) TV delivery modes to households can be summed up as follows: around 60.5% terrestrial, 23.6% satellite, 12.7% cable and 3.1% IPTV. Digital terrestrial television (DTTV) covered an estimated 65% of the population. Remarkable consolidation efforts were made in France in 2006. The merger between the two formerly competing satellite platforms was finally authorised in August 2006 subject to certain conditions. Earlier in the year, the two main cable operators merged into a single company.

A draft law was expected to set the switchover date at 2011, to be preceded by a gradual switch-off to be decided by the CSA. The principle of authorisation of mobile TV services by the CSA would also be enshrined in the draft law.

Important consumer information

Premium-rate services	In November 2006 ARCEP launched a public consultation on premium-rate services, including directory enquiry services, arguing that this important market (€650 million according to ARCEP at the end of the second quarter) is not functioning satisfactorily and that both premium-rate service providers and consumers are increasingly dissatisfied. ARCEP suggests, in particular, symmetric regulation of several aspects of the relationship between operators involved in premium-rate services, from accessibility through conveyance of traffic to billing.
Universal service	The incumbent operator currently provides most elements of universal service. French law limits the possibility of being designated as “universal service provider” to undertakings that are able to cover all the national territory, while Community rules provide that no undertaking should be excluded from designation (provided it can deliver universal service alone or with others) and that the designation mechanism should ensure that universal service is provided in a cost-effective manner. The Commission decided to refer France to the Court in December 2006.
Directory services and enquiry directory services	France had failed for a number of years to ensure that a comprehensive directory or directory enquiry services are available. In 2006, following steps taken mainly by ARCEP, the Commission was able to close an infringement procedure against France. Many direct enquiry services have been launched since then. At the same time, consolidation is taking place and prices are said to have increased. ARCEP is looking into this matter as part of its efforts on premium-rate services.
Emergency services	The obligation to carry free of charge and properly route all calls to emergency services and for operators to transmit caller location information seems to be working effectively. Difficulties with caller location, translation and specific services for disabled people are being addressed in CICREST (the Interministerial Commission for coordination of telecommunications networks and services for the defence of public security) which brings together, amongst others, the relevant authorities, fixed and mobile operators and emergency services.
Number portability	Implementation of mobile number portability (MNP) in France has not been satisfactory for some time. This is due, in particular, to long delays not only for portability but also for contract termination. The one-stop-shop system introduced by ARCEP together with direct routing is not expected to be effectively in place before the second quarter of 2007.
Data protection	A data retention decree was adopted in March 2006, including a list of data to be stored by operators. Further implementing measures are, however, required, which led associations to lodge a request for annulment before the Administrative Court (Conseil d'Etat)
Consumer complaints and out of court dispute resolution	Consumer complaints - over 30 000 to the DGCCRF in 2005 - increasingly concern broadband subscriptions. While the large number of bodies claiming some role in dispute resolution might not be the best way to serve this objective and some streamlining could be beneficial.

Infringement proceedings pending under the EU Telecom Rules: 1

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