13th Single Telecoms Market Progress Report

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13th Single Telecoms Market Progress Report

- EU Telecoms Rules are delivering:
  - Strong **broadband growth**: 20% penetration
  - **Vibrant mobile sector**: 112% penetration
  - 3G taking off: now 88 million subscriptions
  - + €50 billion new investment in 2007
  - **Consumer benefits**: Price of a typical mobile phone call fell by up to 14% in 2007

13th Single Telecoms Market Progress Report

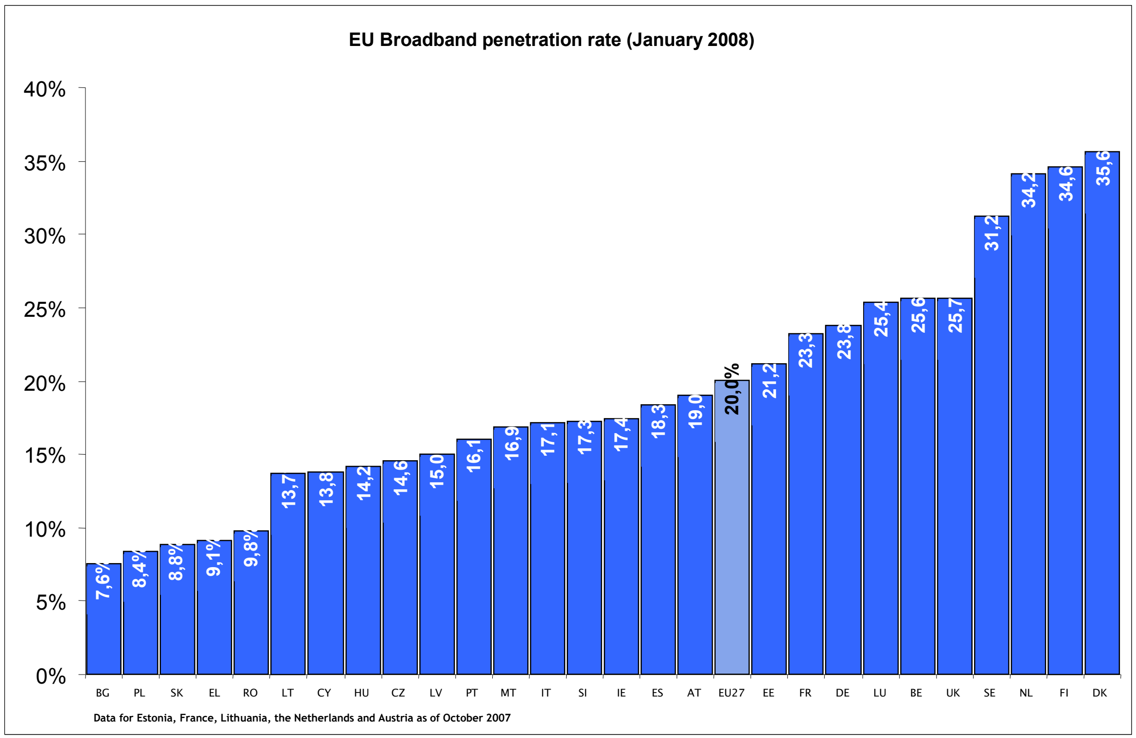
- However, the job is not yet done:
  - **Competition problem:** access bottlenecks persist; cross-border competition is weak
  - **Single market problem:** only 30% of EU operators’ business outside their home country
  - **Consumer problem:** scope for better services, more choice and lower prices for consumers

Broadband
a European success story

- In 2007, over 19 million broadband lines were added - over 50 000 households per day
- Europe's overall penetration at 20%
- However, 46% of broadband lines still held by incumbents
- "Digital divide" still to be bridged in some countries

Broadband
a European success story

- Over 30% broadband penetration in Denmark, Finland, the Netherlands and Sweden



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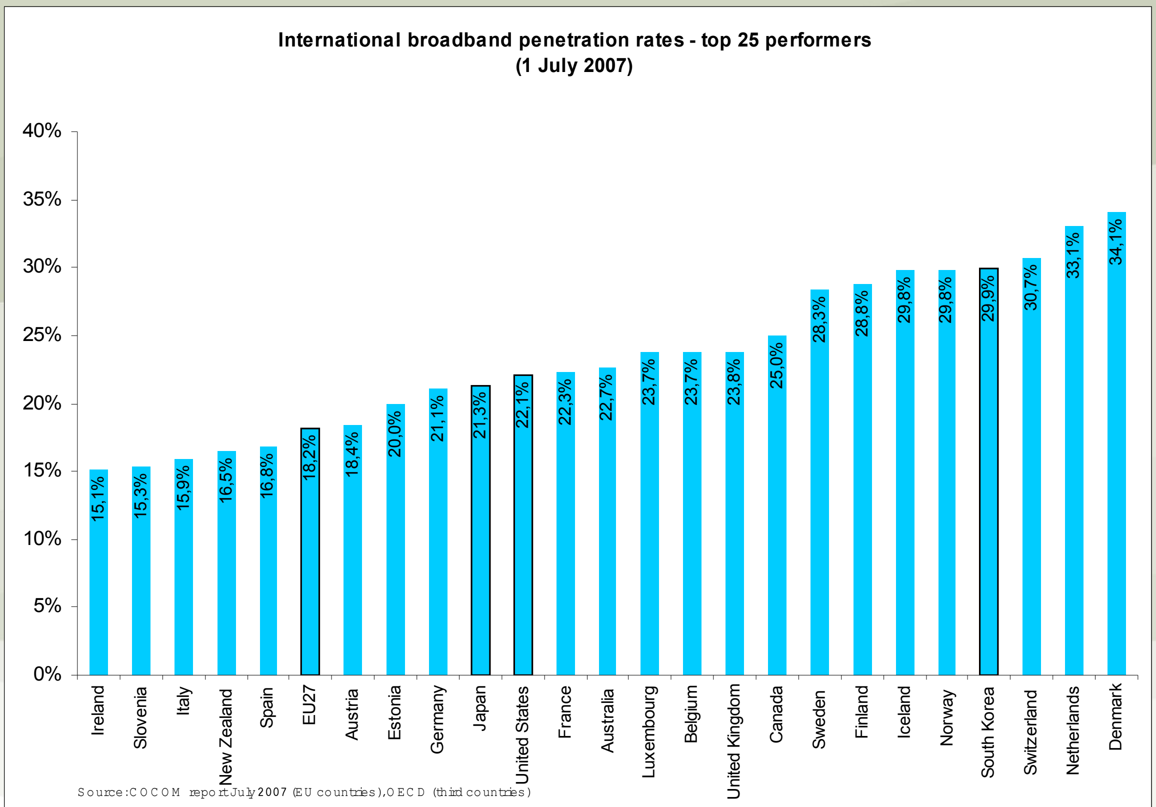
Broadband
a European success story

- 8 Member States ahead of United States in broadband penetration



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Mobile sector - growing

- Mobile penetration reached 112% (103% in 2006)
- Data services grew significantly as mobile broadband finally became reality
- Prices dropped by up to 14%
- Termination rates fell but remain very high

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Single Market
more consistency required

- Mobile Termination Rates (MTR) down to € 0.97 on average in 2007
- x 10 gap between the lowest and highest MTR in Europe

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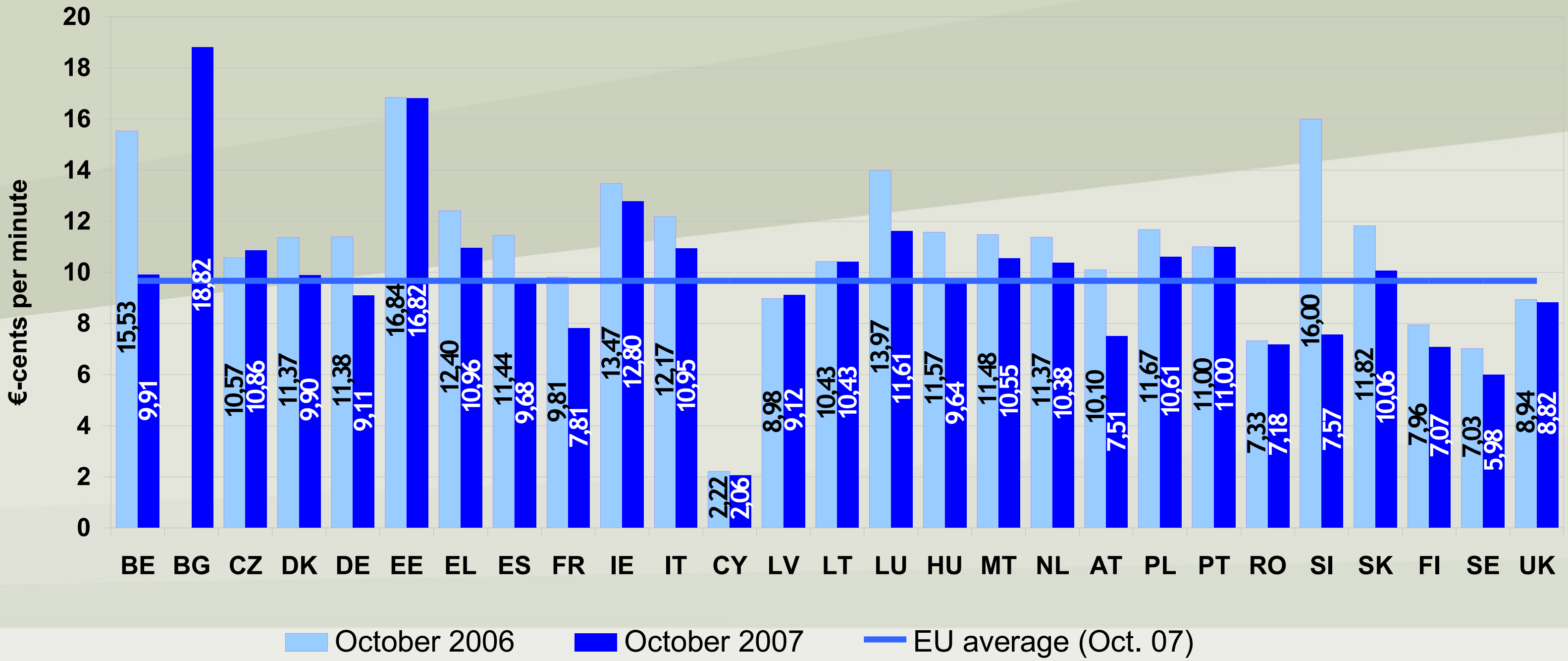
Mobile Termination Rates

Interconnection charges for call termination on mobile networks
(national average on the basis of subscribers)
EU average Oct. 2007: 9,67 €-cents



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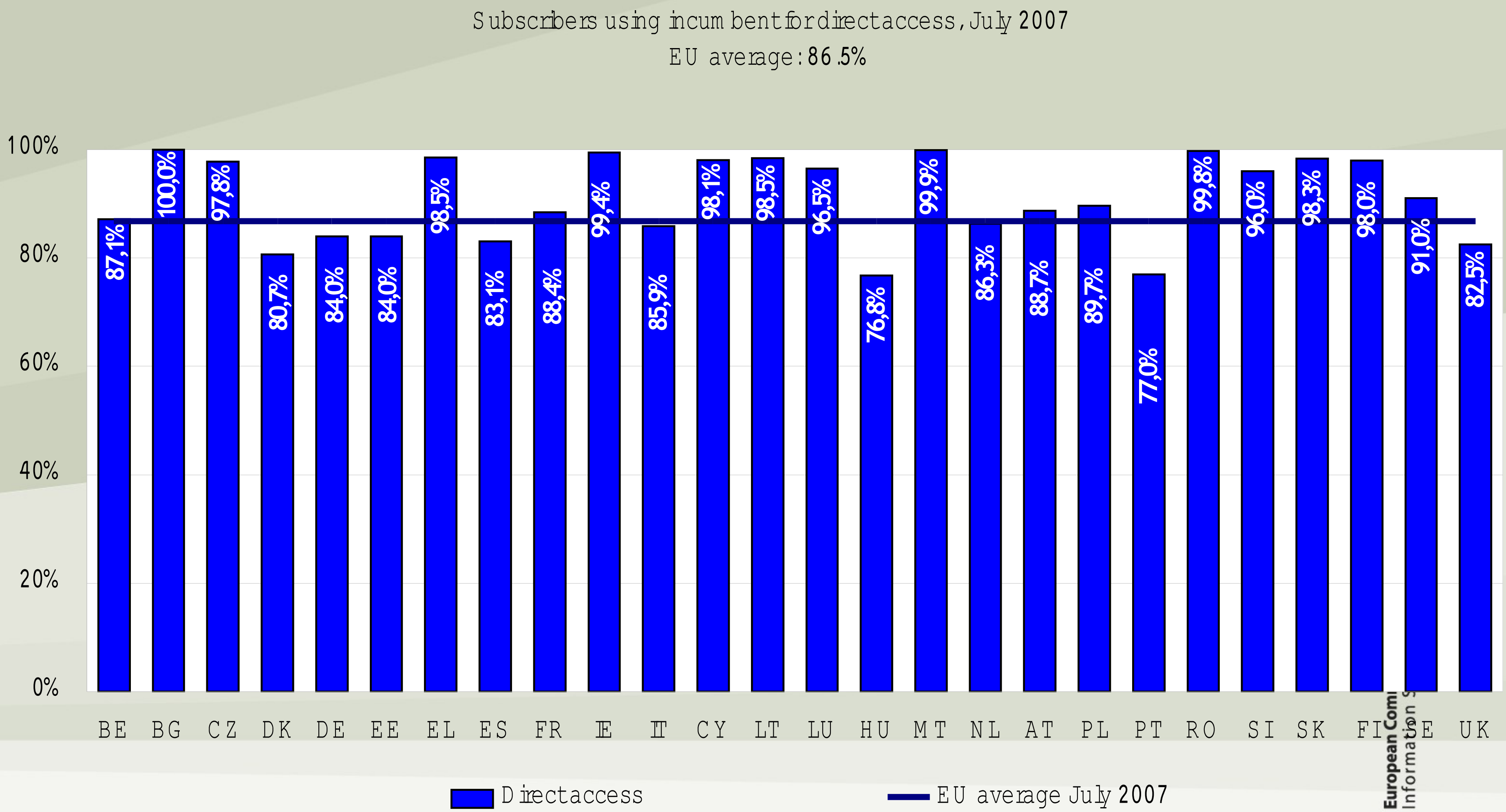
Fixed sector - declining

- Fixed voice telephony revenues declined by 5% compared to previous year
- Prices remained nearly the same
- Customers slowly switching to mobile and IP services

Single Market overcoming the bottlenecks

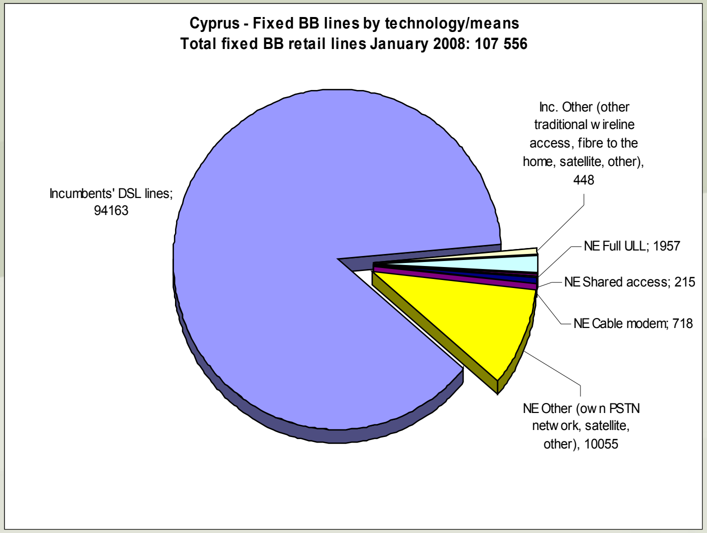
- 86.5% of fixed telephony users still use incumbent's network for access, over 95% in 12 Member States
- 46% of broadband lines still with incumbents

Single Market overcoming the bottlenecks

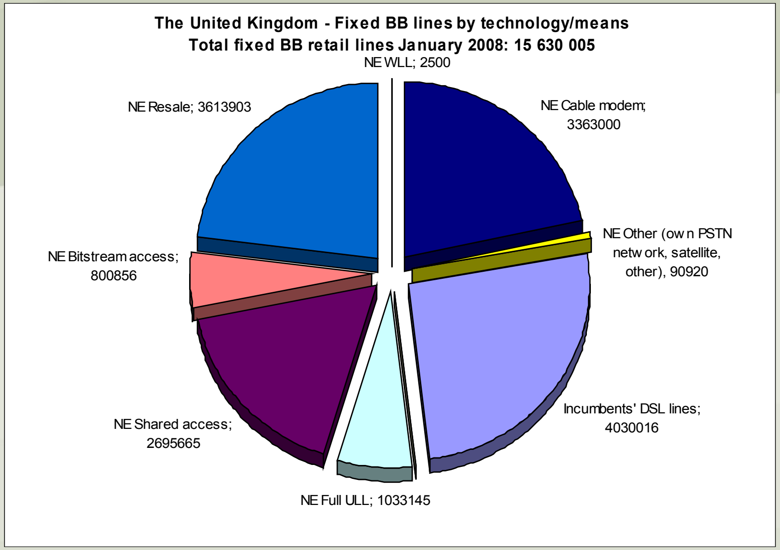


The effects of broadband competition

Cyprus



United Kingdom



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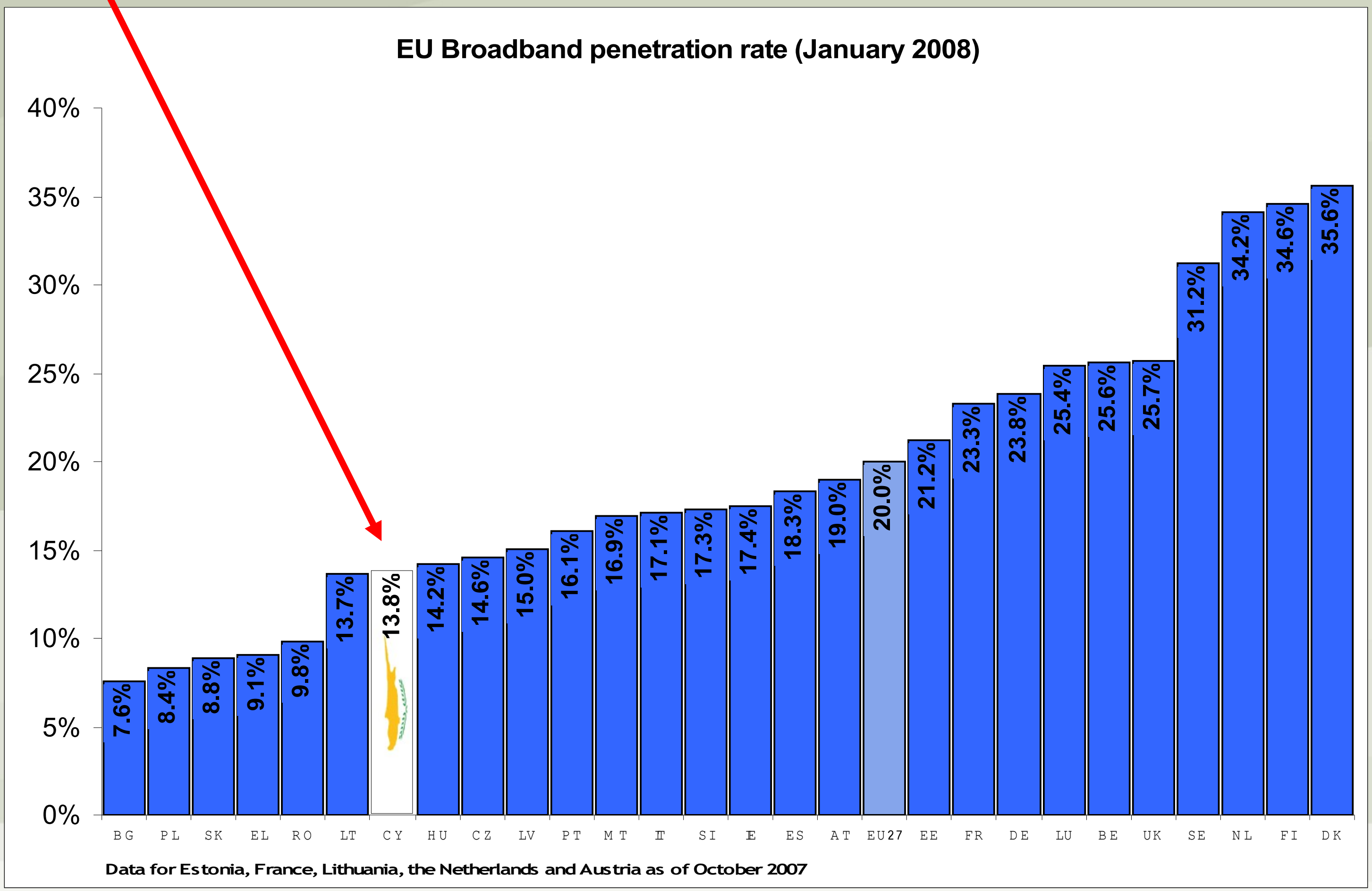
The effects of broadband competition



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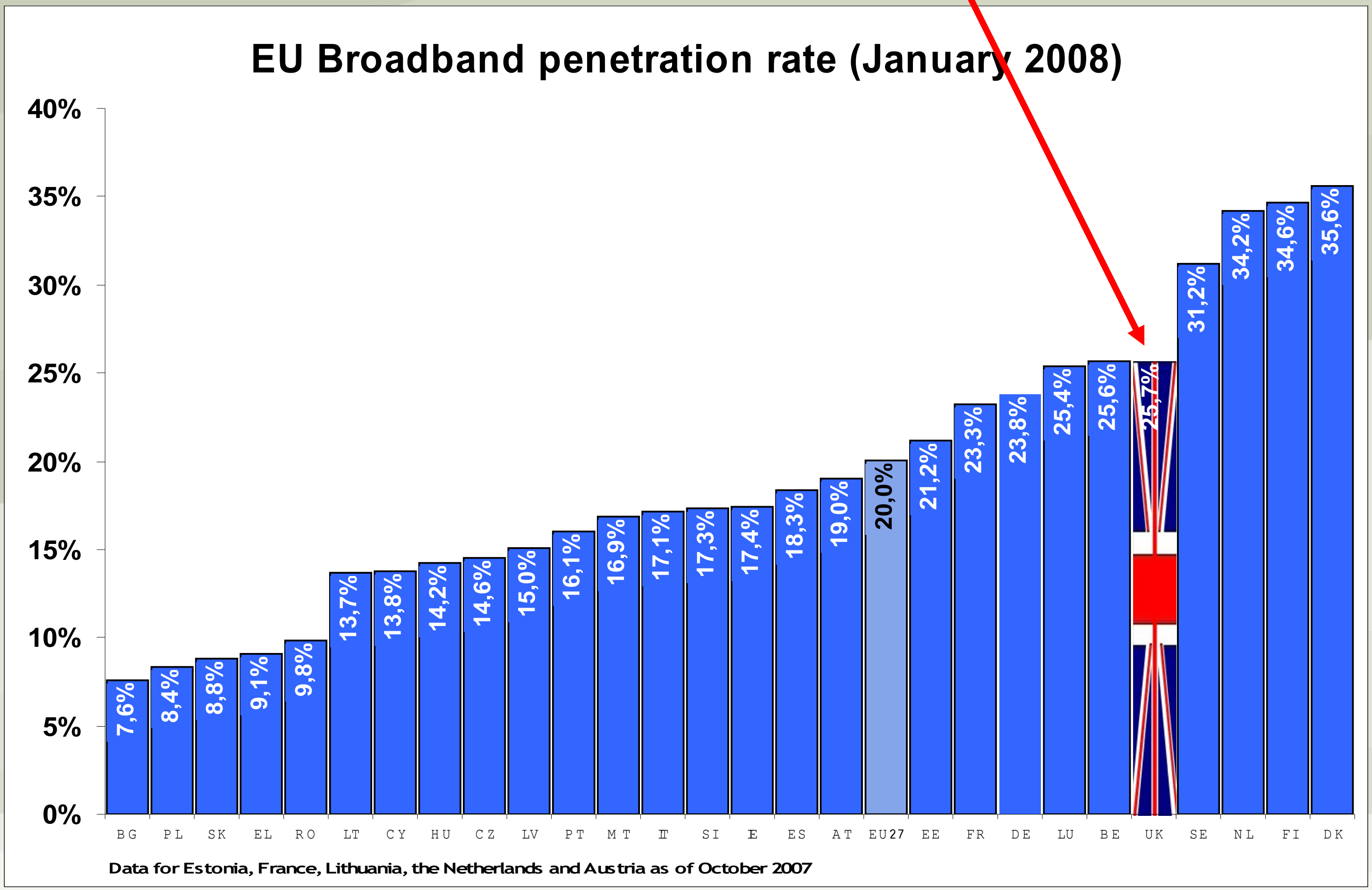
The effects of broadband competition



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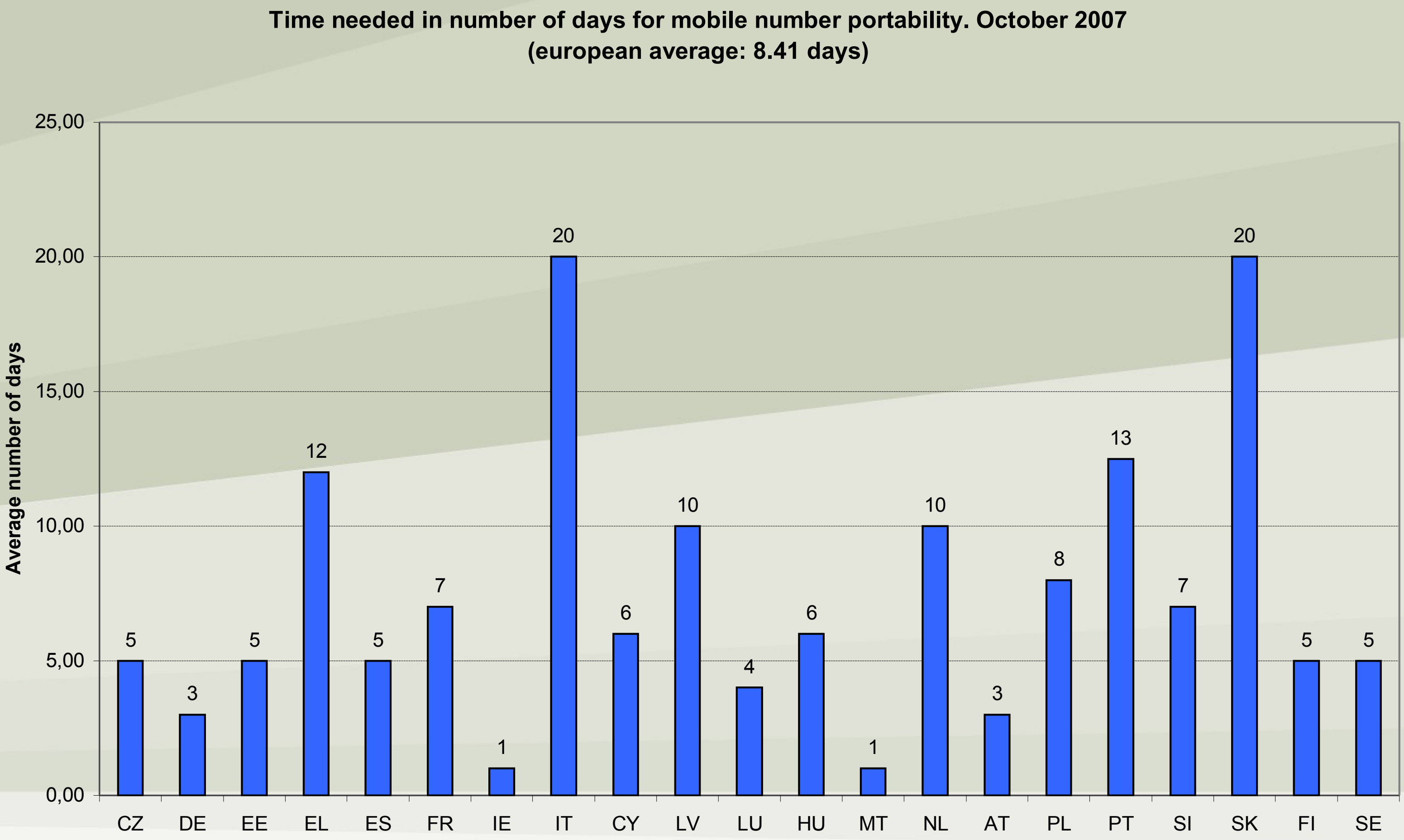
Consumer benefits

- Roaming Regulation tackles high prices
- Higher broadband speeds
- Lower prices and more choice
- 29% of households have subscribed to at least one bundled service
- Tariff transparency is improving

Single Market strengthen competition

- Ability to change operator and retain number is fundamental to competition
- Citizens in Ireland and Malta can swap operators in 1 day, against up to 20 days in Italy and Slovakia

Number portability



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Telecoms Reform Proposals
the job is not yet done

- Commission reform proposals of 2007 aim at tackling situations with little/no competition and consumer choice
- 13th Progress Report confirms…

We are on the right track, but we have no time to lose