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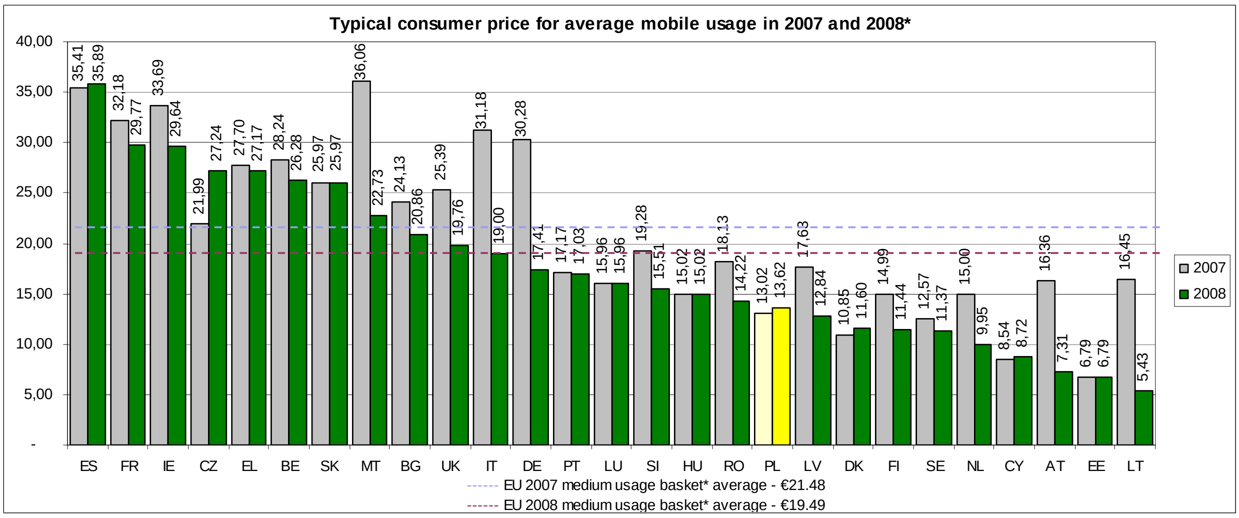
Towards a Single European Telecoms Market:

Focus on Poland

European Commission
Information Society and Media

Increased choice and low prices attracted more customers to mobile services in Poland in 2008. Amid keen competition, mobile penetration grew by 9 percentage points to 101% in 2008. The typical low usage mobile phone bill saw a decrease, while heavier users saw a marginal increase. In fixed services, the incumbent continued to be dominant, although its market share declined in both fixed telephony (to 69.8%) and broadband internet (to 50.3%). Despite further growth in broadband take-up, the penetration rate is still one of the lowest in the EU at 13.2% and the connection speeds are amongst the slowest in Europe. There was considerable legal uncertainty for market players due to some of the regulator's decisions and delays in the market analysis that should precede them. The process of changing operators whilst keeping one's phone number takes still too much time.



*The above table relates to the cheapest offer in the medium usage basket using OECD methodology as of 2006. It consists of 65 outgoing calls per month + 50 SMS messages + 2-3 MMS. 21% of calls are to fixed line phones, 72% to mobile phones, 7% to voicemail. Where appropriate, it includes monthly rental, and any registration charges (post-paid offers, in particular).

Progress

Mobile markets developing

Consumer prices for mobile services remained among the lowest in the EU, with a minute-long call costing €0.10 on average (compared to an EU average of €0.14). Subscribers who don't use their mobiles intensively enjoyed further price cuts, while those that do saw a slight increase in prices.

Mobile phone use increased by 32%. As the new network operator consolidated its position, the 11 operators using other operators' networks only carved out a tiny market share of 1%.

Benefits to consumers

Besides the price falls on mobile markets, fixed line services have also become cheaper thanks to more competition and regulatory decisions. Fixed operators took a number of steps to fight the outflow of customers, including lower prices or packages of free minutes.

Steps have also been taken to make internet available in rural areas such as local radio spectrum tenders. The regulator was also compiling maps of "white areas" where consumers still could not access broadband. Consumers are now better informed about the products and services they can purchase, thanks largely to services offered by the regulator such as a consumer information centre, a mediation service or a dedicated e-mail account.

116 becomes operational

Poland is one of the first EU countries where the 116 111 child support line is operational. In November 2008, the free to call 116 111 was the first in the range of European 116 numbers to be offered in Poland. An information campaign and a dedicated website were also launched by the organisation in charge of operating the number.

Areas for Improvement

Broadband penetration remains low

At 13.2% in January 2009, the take up of broadband internet per population remains among the lowest in the EU27 and far below the EU average (22.9%), despite significant growth of almost 5 percentage points in 2008.

Mobile broadband (including access to the internet via mobile phones as well as data cards) is only available in bigger cities and penetration stood at 3.9%, again below the EU average of 13%. The rural coverage of broadband services remains low at 42.5% leaving a gap of 21.5% compared to national coverage.

Legal uncertainty undermines market

Some of the regulator's decisions and delays in its analyses of whether markets require regulation to be effective, combined with a lack of consultation were a source of legal uncertainty for operators in the telecoms market. Lacking clarity about regulatory measures, they often took to dispute settlement and appeal proceedings that proved to be quite lengthy. In general, this situation makes it harder to take medium and long term business and investment decisions.

Number porting too slow

Customers have been able to keep their numbers when changing mobile or fixed operator since 2006, but in Poland the process remains cumbersome. It took 23 days on average to port a fixed number and 38 days to port a mobile number with post-paid subscription and one week for pre-paid numbers. In some other EU countries, by contrast, it can take as little as one day. The average time in the EU is 8.5 days to port a mobile number and 7.5 days to port a fixed number.

TELECOMS SECTOR'S KEY FIGURES	EU	Poland
Total value of sector (2007)	€356.85 billion	€13.2 billion
Nominal growth of sector (2007)	2%	25.7%
Total capital investment (2007)	€52 billion	€2.64 billion
Fixed broadband penetration rate January 2009	22.9%	13.2%
Mobile broadband (data cards) penetration rate January 2009	2.8%	2.8%
Mobile penetration rate	119%	101%
Average mobile termination rates	€0.0855	€0.12
Incumbent's fixed broadband market share January 2009	45.6%	50.3%
Incumbent's market share in direct fixed access	81.4%	78%
Total mobile ported numbers in 2008 only	14 million	59 994
Total fixed ported numbers in 2008 only	6.5 million	221 467
Average/typical broadband consumer price*	€36.89/month	N/A
Average/typical mobile communication consumer price**	€19.49/month	€13.62/month
Average/typical fixed telephony communication consumer price***	€36.13/month	€41.10/month

* Median basket price for broadband (2-4Mbps offers) using purchasing power parity (PPP)
** Average "medium usage pre&post-paid 2006 OECD basket" price for mobile communications. The figure for Poland refers to the cheapest available offer of the two largest operators on the market
*** Average "medium usage residential 2006 OECD basket" price for fixed voice communications

For further information

Full report on the Internet: http://ec.europa.eu/information_society/policy/ecomm/library/communications_reports/annualreports/14th/index_en.htm
More information on telecoms: http://ec.europa.eu/ecomm
Europe's Information Society Thematic Portal: http://ec.europa.eu/information_society
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