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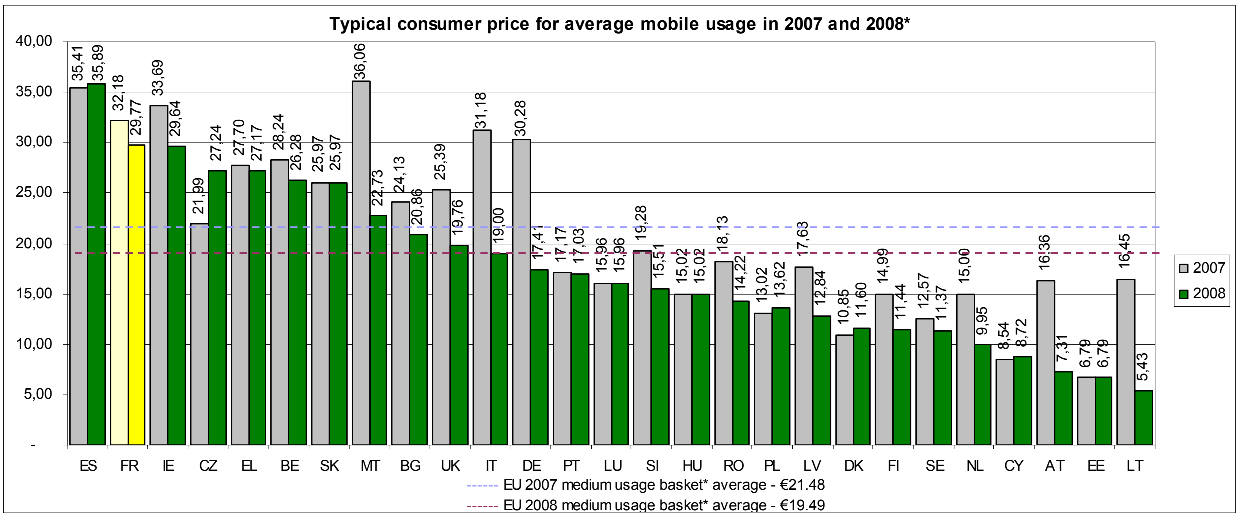
European Commission
Information Society and Media

Towards a Single European Telecoms Market:

Focus on France

Despite a decrease in mobile prices in 2008, a French consumer making medium use of their mobile phone would pay the second highest monthly price in the EU, just under €30. France has a low penetration of mobile phone services (88.4%) compared to the EU average (119%). However, with a fixed broadband penetration rate as a proportion of population at 27.7%, France has the seventh highest level of penetration in the EU (where the average level is 22.9%). This dynamism has been fuelled by low prices and an increasing number of bundled offers (where several services are offered in one price package). The French government proposed a plan for the digital economy to fill the broadband gap and develop mobile broadband and very high speed broadband. France is one of the leading EU countries in deciding on the digital dividend, by assigning freed broadcasting spectrum for wireless broadband by 2012. The French telecoms regulator ARCEP (Autorité de régulation des communications électroniques et des postes) has also taken important measures to further reduce mobile termination rates.



*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

More spectrum for high speed networks and mobile broadband

The French plan for the digital economy (France Numérique 2012), launched by the government in October 2008, included actions to fill the broadband gap and reserve spectrum for new services such as mobile broadband and very high speed broadband. For instance, the 790-862 MHz band, part of the radio spectrum freed up by the move to digital TV (the digital dividend), will be assigned to mobile services and managed by the French regulator from December 2011, to allow very high speed mobile internet offers over the whole country.

A dynamic broadband market

The fixed broadband market in France is still dynamic. With a penetration rate per population at 27.7% in January 2009, France has moved from the ninth to the seventh position in the EU and is well ahead of the EU average (22.9% in January 2009). Fibre deployment, allowing much faster internet connections, is the next challenge for French authorities and market players. Several regulatory and legal measures (such as those relating to fibre in-building wiring – deployment of fibre wiring within buildings) have been adopted to this end.

Important reduction of mobile termination rates

In December 2008, the national telecoms regulator ARCEP adopted measures to lower mobile termination rates, the fees that operators charge each other for connecting calls made from another network to their own. These measures will apply from mid-July 2009 to end 2010. The rates will be reduced from €0.065 to €0.045 for the two first operators and from €0.085 to €0.06 for the third one, and will further decrease to €0.03 and €0.04 respectively, by mid-July 2010. This reduction will help to cut consumer prices.

Areas for improvement

Mobile market not dynamic enough

The mobile market has not shown as much dynamism as broadband. In 2008, the penetration rate of mobile phone services was well below the EU average (88.4% in October 2008 compared to 119% at EU level), partly due to the low number of prepaid card customers. Prices decreased, but still remained high for consumers. Operators' market share did not change much in 2008 and mobile virtual operators (MVNOs) face restrictive conditions making it hard for them to compete. The entry of a fourth new mobile operator could contribute to improving competition and choice for consumers.

Uncertainty around new legislation affecting the sector

France's proactive attempts to address information society challenges are however generating some uncertainty among market players. The outcomes of the draft law on the diffusion and protection of internet content are still unknown, as are the obligations the law would entail for internet providers. The law would create an administrative authority empowered to disconnect internet subscribers illegally downloading content.
Concerns have also been raised in France about the law reforming the public television system, in particular the new charge imposed on telecoms operators and internet providers that would compensate for the removal of advertising from public TV channels.

Delay in implementing EU spectrum rules

In 2008 the French authorities requested a derogation from the implementation of the EU Decision on the harmonisation of the 2.6 GHz frequency band, currently used by the French police. This band will be used for developing wireless broadband. The full migration of the police system to another frequency would take approximately four years to complete, although it could be quicker in some key areas. This delay may, however, to some extent hamper to some extent the development of wireless broadband services in France by limiting the amount of spectrum freed up for new operators to use.

TELECOMS SECTOR'S KEY FIGURES	EU	France
Total value of sector (2007)	€356.85 billion	€47.73 billion
Nominal growth of sector (2007)	2%	3.38%
Total capital investment (2007)	€52 billion	€5.96 billion
Fixed broadband penetration rate January 2009	22.9%	27.7%
Mobile broadband (data cards) penetration rate January 2009	2.8%	1.6%
Mobile penetration rate	119%	88.4%
Average mobile termination rates	€0.0855	€0.0695
Incumbent's fixed broadband market share January 2009	45.6%	47.2%
Incumbent's market share in direct fixed access	81.4%	83.6%
Total mobile ported numbers in 2008 only	14 million	1.25 million
Total fixed ported numbers in 2008 only	6.5 million	1.1 million
Average/typical broadband consumer price*	€36.89/month	N/A
Average/typical mobile communication consumer price**	€19.49/month	€29.77/month
Average/typical fixed telephony communication consumer price***	€36.13/month	€40.40/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 France 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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