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EU report: More mobile phones than citizens

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(IDG News Service) BRUSSELS - Mobile phone subscriptions in the European Union outnumber citizens for the first time, the European Commission said Thursday in its 12th annual report on the E.U. telecommunications market.

The finding supports conclusions in the report that although much has been done to spread the benefits of telecommunications, more work is needed to create a genuine single telecoms market across the 27 countries in the E.U.

With 478.4 million mobile phones in use, penetration in Europe is now at 103 percent of the population, up from 95 percent in 2005, the Commission said. But the level of penetration varies widely from country to country.

Penetration is highest in Luxembourg (171 percent), Italy (134 percent) and Lithuania (133 percent). It is lowest in France (82 percent), Malta (83 percent) and Slovakia (86 percent), the Commission said.

Broadband Internet access has a similarly varied success rate in different countries. On Oct. 1 last year, E.U.-wide broadband penetration stood at 15.7 percent. The Netherlands and Denmark showed the highest rate of penetration at 29.8 percent and 29.4 percent, respectively, but eight E.U. countries had penetration levels below 10 percent.

"The opening of telecom markets to competition is certainly one of the E.U.'s success stories as can be seen by the downward trend in tariffs and better services," Viviane Reding, E.U. Commissioner for Telecommunications said at a news conference.

However, while 2.3 percent growth of the sector and 5 percent additional investment recorded in 2006 are good "they are not good enough in times when Europe's competitiveness is a stake," she added.

The Commission is reforming the E.U.'s telecom rules. It will present a formal proposal midyear. The main aim of the reforms will be to overcome national inconsistencies, Reding said.

"In a sector where technology transcends national borders, regulators should pave the way for pan-European economies of scale that are in the interests of both operators and consumers," Reding said. "My aim is to create a true internal market for telecoms in the E.U."

Inconsistencies between countries are largely the result of different national telecoms regulators applying Europe-wide rules differently, Reding said.

For example, some national regulators, including Germany's, have not made bitstream access widely available. Bitstream access is the provision of DSL (Digital Subscriber Line) services by the incumbent operator to other service providers.

"We have been waiting for four years for action from Germany," Reding said.



To address the problem, Reding will propose four courses of action: creating an umbrella regulatory body similar to the U.S. Federal Communications Commission; introducing forced structural separation of former incumbent operators' networks from their services; extending regulators' powers to intervene; and strengthening consumer protection in the E.U.

"I don't want to abolish national regulators, but I do want them to operate under an E.U. framework. Someone has to hold that framework together," she said. The Commission could play this role, a separate public institution could be set up or a combination of the two, Reding said.

Functional separation was introduced in the U.K. in the 1980s. Reding dismissed criticism of the British policy, instead arguing that it has done a lot of good for the British telecoms sector.

Market share in broadband Internet access for British Telecommunications PLC, the former U.K. monopoly, has dropped to about 25 percent. It dominated the sector only a few years ago.

"Structural separation is one solution to opening markets. It's not a panacea," Reding said.

The 12th annual report has been published on the Commission Web site.