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COVER NOTE

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Subject:	COMMISSION STAFF WORKING DOCUMENT Digital Agenda Scoreboard 2013

Delegations will find attached Commission document SWD(2013) 217 final - Part 3 of 4.

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COMMISSION STAFF WORKING DOCUMENT

Digital Agenda Scoreboard 2013

COMMISSION STAFF WORKING DOCUMENT

Digital Agenda Scoreboard 2013

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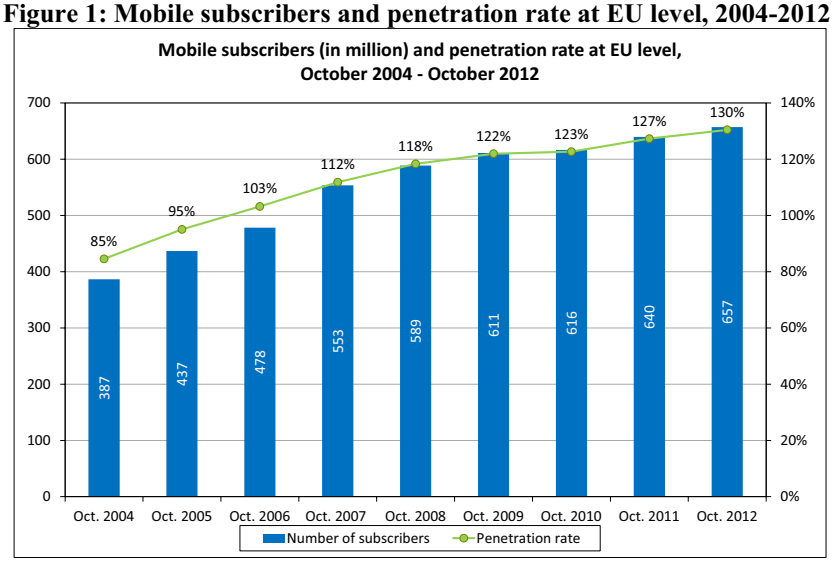
2.3. The mobile market

2.3.1. Mobile subscriptions

Mobile SIM card penetration reached 130.4% in the EU in 2012. The number of mobile SIM cards grew by 17.4 million in 2012. Monthly paid subscriptions became more popular with an increase of 17.9 million in a year, while prepaid went down by 0.5 million. More than 30% of the growth came from Machine-to-Machine SIM cards. Mobile Virtual Network Operators (MVNO) also grew by 3.2 million last year.

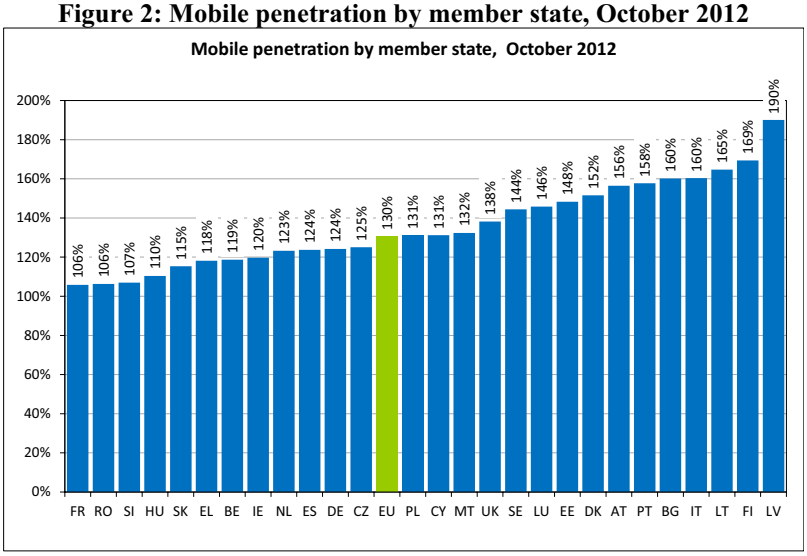
Figure 1: Mobile subscribers and penetration rate at EU level, 2004-2012



Source: Communications Committee

By now, all the Member States have exceeded the 100% of population penetration threshold. The largest increase took place in Latvia, where penetration grew by 20 p.p. mainly due to a large growth in the postpaid segment. Latvia has currently the highest mobile subscription penetration followed by Finland, Lithuania, Italy and Bulgaria. Despite growth of 5.8 p.p., France has still the lowest mobile penetration in the EU. Nonetheless, the differences among Member States do not necessarily mean that in countries with lower SIM card penetration, mobile use is also lower. Differences rather reflect the different levels of multiple subscription use.

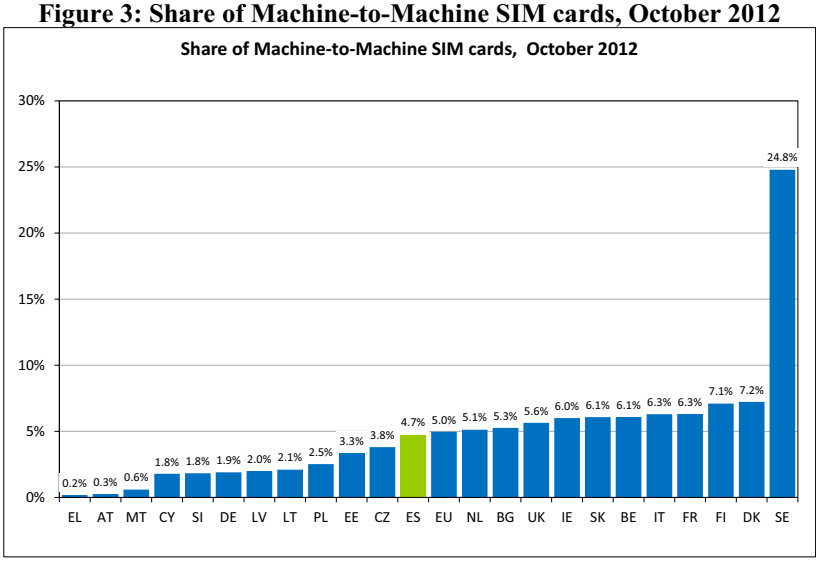
Figure 2: Mobile penetration by member state, October 2012



Source: Communications Committee

Machine-to-Machine SIMs account for an increasing proportion of mobile SIM cards. These cards are used in several industries through a large variety of devices to communicate between objects. M2M can be used in homes (e.g. alarm systems), smart grids, fleet management, health care and smart metering for example. Data on M2M are available for 23 Member States. M2M represented 5% of mobile SIMs in average in these 23 Member States, which is a growth of 23% compared to a year ago. There were 30 million M2M SIMs in those 23 countries. Sweden has by far the highest figure at 24.8%.

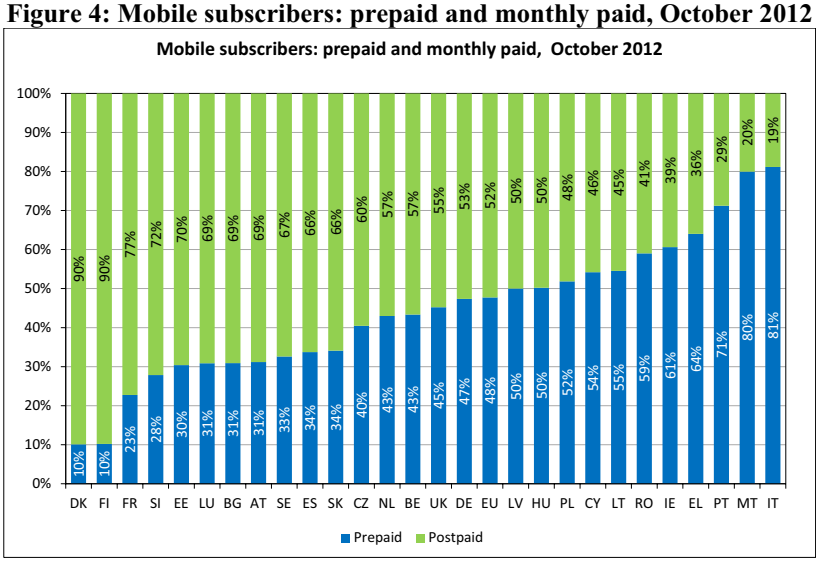
Figure 3: Share of Machine-to-Machine SIM cards, October 2012



Source: Communications Committee

52.3% EU mobile subscriptions were postpaid in October 2012, which is 2.1p.p. higher than last year. Postpaid is especially dominant in Denmark and Finland with a share of 90% of all subscriptions. At the same time in Italy and Malta, prepaid has a share of 81% and 80% respectively.

Figure 4: Mobile subscribers: prepaid and monthly paid, October 2012

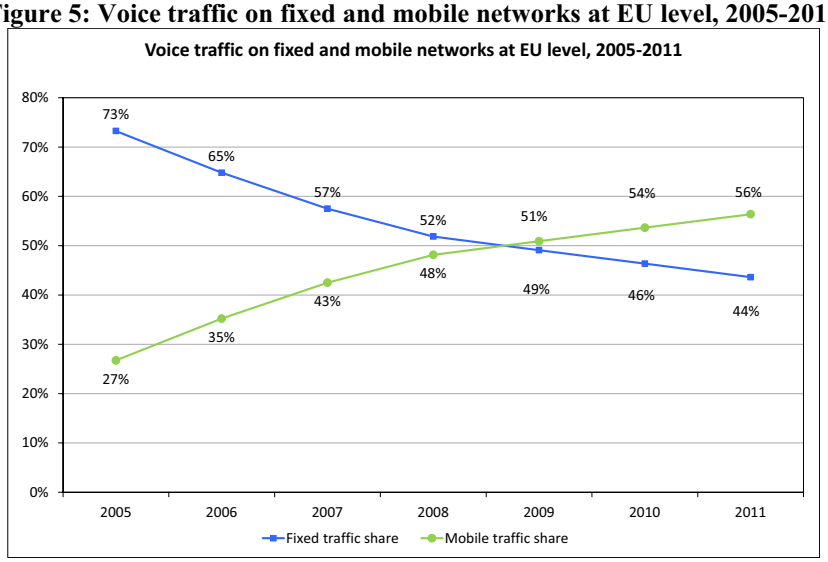


Source: Communications Committee

2.3.2. Mobile voice traffic development

Mobile voice traffic was 29.3% higher than fixed PSTN voice traffic in 2011. Total voice traffic (excluding VoiP) decreased by 1.1% in Europe, mobile traffic grew by 3.9%, and fixed declined by 7% in 2011. The largest growth in mobile traffic was recorded in Malta (+29%) and Latvia (+13.2%). Over 56.4% of the traffic was mobile, 2.7 p.p. higher than in 2010.

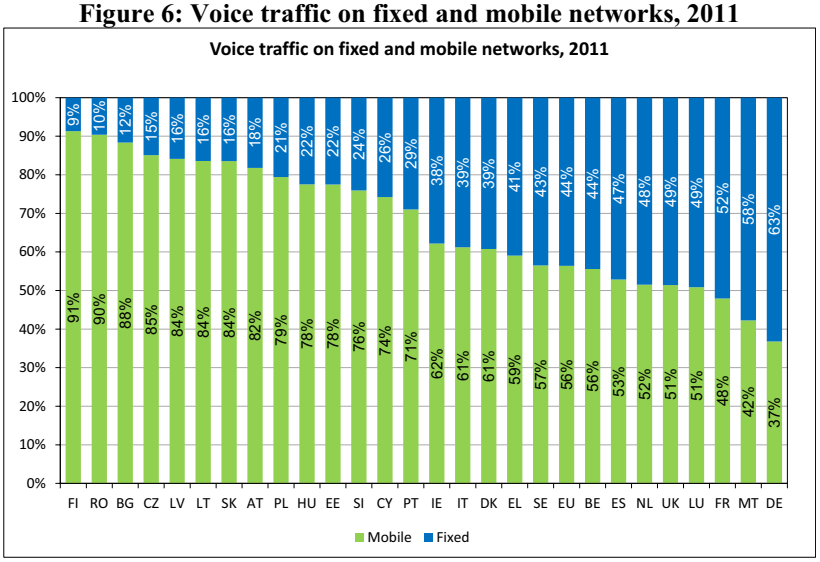
Figure 5: Voice traffic on fixed and mobile networks at EU level, 2005-2011



Source: Communications Committee

In all but three Member States the majority of voice traffic was carried by mobile networks. Eastern European countries have higher than average mobile traffic shares due to their lower fixed telephony penetration. However, it is in Finland where mobile is the most dominant in Europe (91%). At the same time, especially in Germany, but also in Malta and France, fixed voice usage remained higher than mobile.

Figure 6: Voice traffic on fixed and mobile networks, 2011

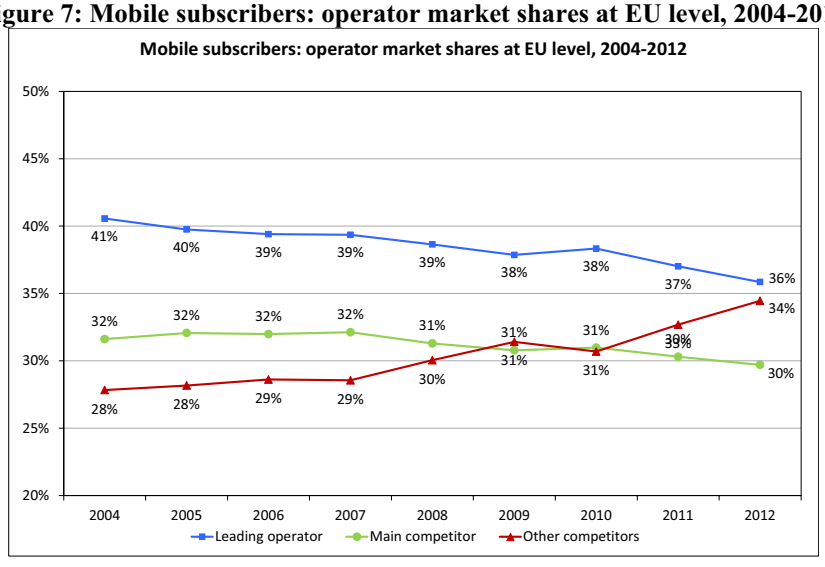


Source: Communications Committee

2.3.3. Competition in the mobile sector

The market share of leading operators continued to decline and stood at 35.9% in October 2012, which is 1.1p.p. lower than in October 2011. Main competitors (the second largest operators in the Member States) also lost market share (by 0.6%) meaning that alternative providers managed to strengthen their positions slightly last year. The EU regulations on number portability and the lowering of mobile termination rates also contributed to this trend. Number portability significantly reduced the barriers to migrate from one operator to the other, while the lowering of termination rates helped especially small operators to apply more competitive off-net prices. At the same time, the mobile market remained highly concentrated with still around two thirds of subscribers belonging to the top two operators.

Figure 7: Mobile subscribers: operator market shares at EU level, 2004-2012

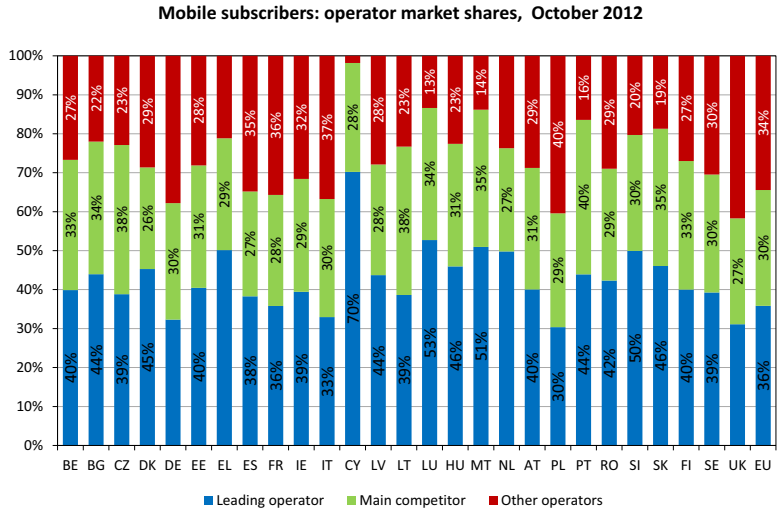


Source: Communications Committee

The highest levels of concentration are in relatively small Member States, the market leader has a market share of 70% in Cyprus, 53% in Luxembourg and 51% in Malta. Market leaders are the

weakest in Poland (30%), the UK (31%), Germany (32%) and Italy (33%) . Market leaders became somewhat weaker in 20 Member States, the most remarkable decreases were in Cyprus (-3.6p.p.) and Spain (-3.3p.p).

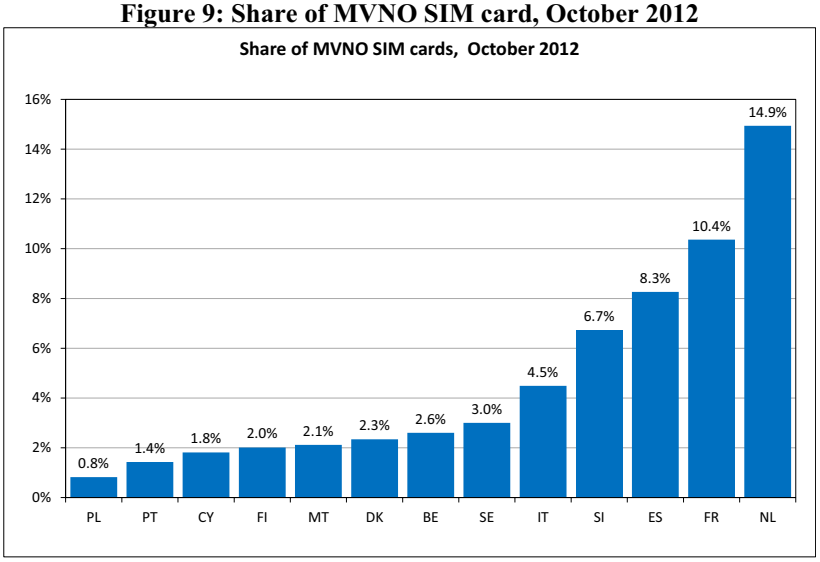
Figure 8: Mobile subscribers: operator market shares, October 2012



Source: Communications Committee except for DE, EL, NL and UK (Screen Digest)

On the performance of Mobile Virtual Network Operators (MVNO), data are available for 13 Member States. In general, MVNOs have not yet managed to have a significant share in European mobile markets. MVNOs are defined as operators with their own SIM cards and own mobile network code but without any mobile telecommunications network infrastructure. Operators that fulfil the above two conditions, but are majority owned (more than 50%) by any of the Mobile Network Operators operating in the same national market are not included (e.g. operators being only a sub-brand of a Mobile Network Operator). The aggregate market share of all MVNOs passed the 10% threshold only in two Member States (The Netherlands at 14.9% and France at 10.4%). In most of the Member States, MVNOs either do not exist or remain marginal.

Figure 9: Share of MVNO SIM card, October 2012



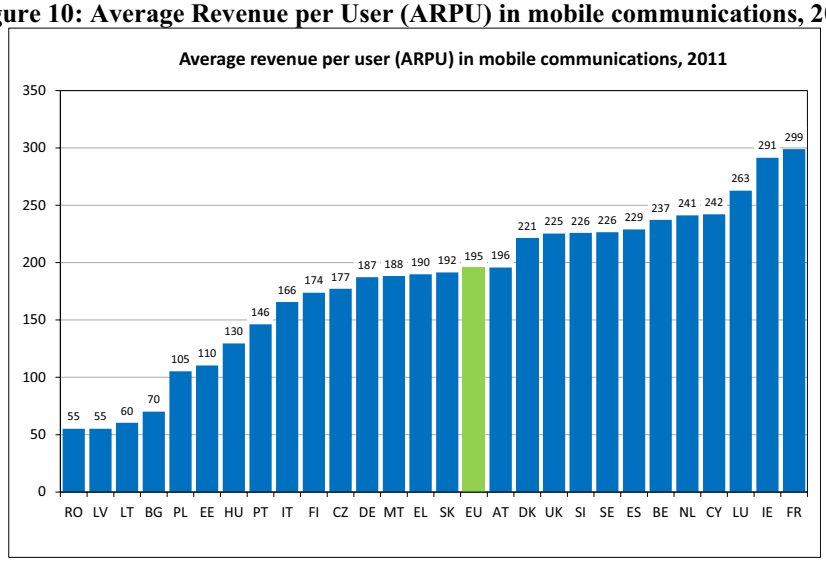
Source: Communications Committee

2.3.4. Average Revenue per Minute (ARPM) and Average Revenue Per User (ARPU)

Average Revenue per User (ARPU) decreased to 195 EUR per year in 2011 from 211 EUR a year ago.

France had by far the highest ARPU (EUR 299), which is partly caused by the low penetration rate (it is not common in France to have more than one subscription per person). [1] There were four countries with an ARPU of less than EUR 100 per year: Bulgaria, Latvia, Lithuania and Romania (Figure 10). Low ARPU in these countries is mainly driven by the very low voice prices. At the top of the list, France, Ireland and Luxembourg have the highest ARPUs partly because of the relatively high voice fees.

Figure 10: Average Revenue per User (ARPU) in mobile communications, 2011

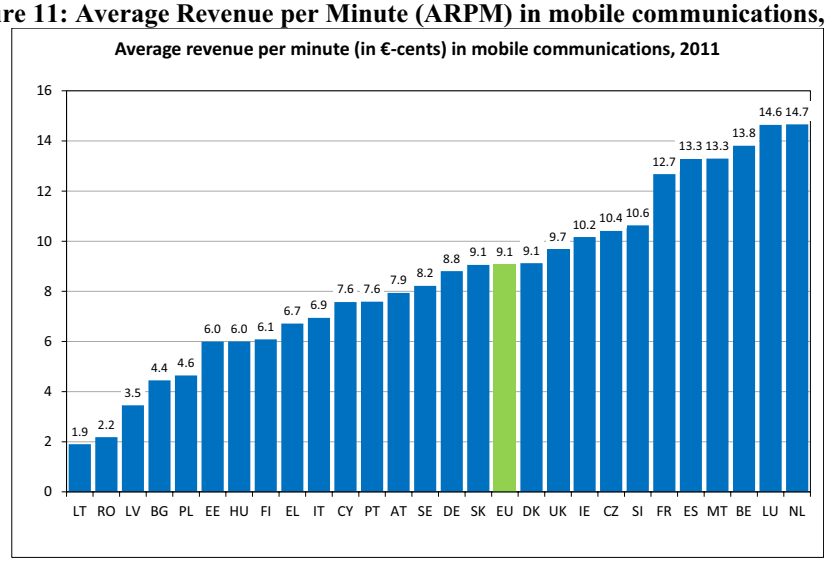


Source: Communications Committee

European mobile users paid 9.1 cents per voice minute on average in 2011, which is 12.1% less than in 2010. There are really large differences between Member States on this indicator. Average Revenue per Minute was around 7 times higher in the Netherlands, Luxembourg and Belgium, than in Lithuania and Romania.

[1] As the data is as of 2011, the effects of Free's market entry cannot be tracked.

Figure 11: Average Revenue per Minute (ARPM) in mobile communications, 2011

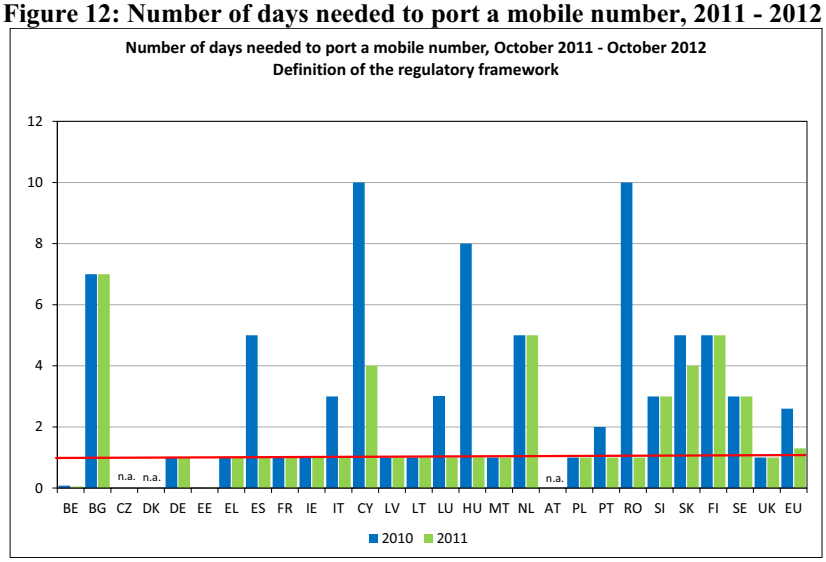


Source: Communications Committee

2.3.5. Mobile number portability

Number portability makes it easier for mobile subscribers to migrate from one operator to another. In October 2012, it took 1.3 days on average to port a mobile number, down from 2.6 days in October 2011, which is still higher than the maximum (1 day) permitted in the regulatory framework. In 17 Member States, a mobile number can be ported in maximum one day.

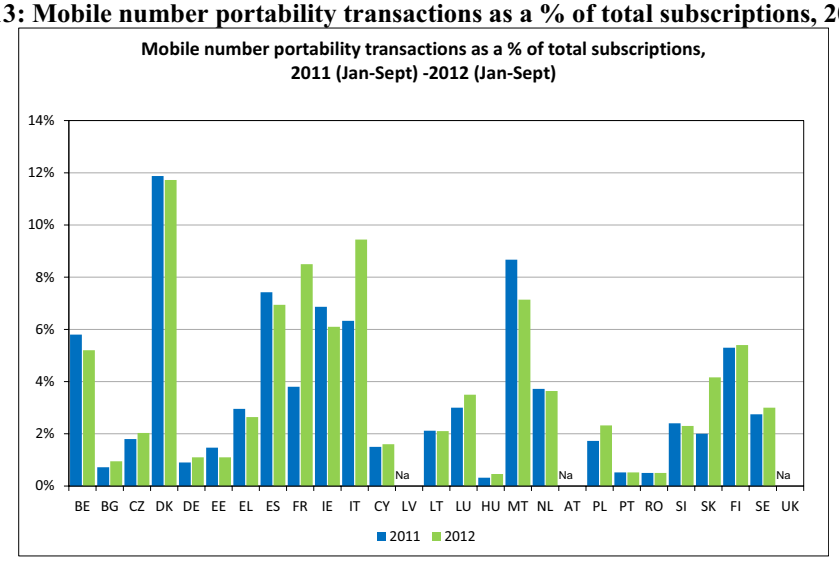
Figure 12: Number of days needed to port a mobile number, 2011 - 2012



Source: Communications Committee

The popularity of number portability varies among Member States. Mobile number portability is the most popular Denmark, Italy and France, where 8-12% of numbers were ported in the first three quarters of 2012. On the other hand, the ratio was below 1% in Bulgaria, Hungary, Portugal and Romania.

Figure 13: Mobile number portability transactions as a % of total subscriptions, 2011-2012

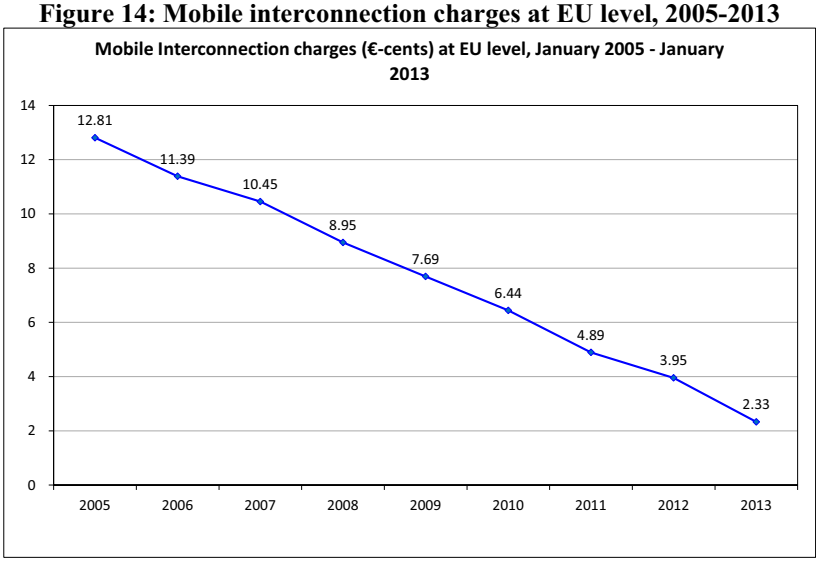


Source: Communications Committee

2.3.6. Mobile interconnection charges

Mobile interconnection charges can have a large impact on the tariff structures and the retail price levels, as they represent a major direct cost element on off-net calls. Mobile interconnection charges (wholesale charges for terminating calls on mobile networks) have continued to decline. There was a remarkable reduction of over 40% last year. Mobile interconnection charges are more than five times lower than in January 2005.

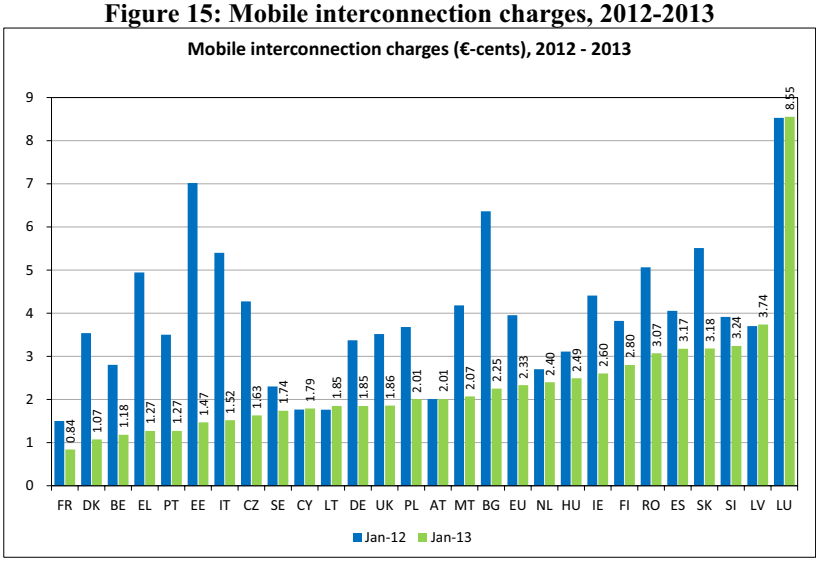
Figure 14: Mobile interconnection charges at EU level, 2005-2013



Source: BEREC

The largest declines were recorded in Estonia, Bulgaria, Italy and Greece. In Luxembourg mobile interconnection remained really high, more than twice as high as the second largest rate in the EU. Luxembourg is also one of the most expensive in retail mobile voice charges in the EU.

Figure 15: Mobile interconnection charges, 2012-2013



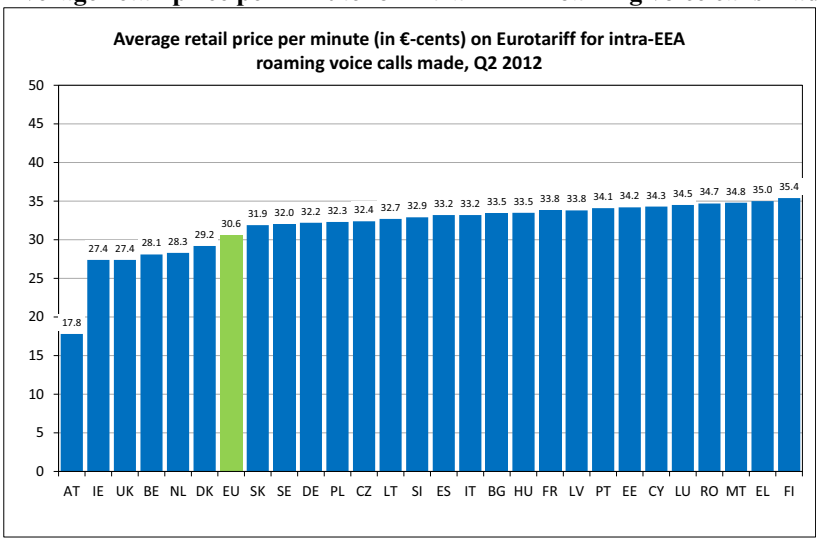
Source: BEREC

2.3.7. Mobile roaming prices[2]

The Digital Agenda aims at minimising so that the difference between roaming and national tariffs should approach zero by 2015. Roaming prices have been regulated in the European Union since 2007. Currently, both wholesale and retail voice and SMS prices as well as wholesale data roaming prices are regulated.

As for outgoing retail intra-EEA voice roaming prices, the current regulation sets a maximum minute fee of 35 eurocents. The EU average price on Eurotariff stood at 30.6 eurocents, which is by 13% below the regulated maximum. Most of the Member States remained very close to the regulated maximum. However, voice roaming is much below the cap in Austria in particular, but also in Ireland, the UK, Belgium and the Netherlands.

Figure 16: Average retail price per minute for intra-EEA[3] roaming voice calls made, Q2 2011



[2] Source: BEREC: International Roaming BEREC Benchmarking Data Report January 2012 – June 2012
[3] European Economic Area

Source: BEREC

Average retail roaming voice prices (intra-EEA) have declined by 54% since Q2 2007 (before the first roaming regulation). Nevertheless, voice roaming is still more than three times more expensive than national mobile voice.

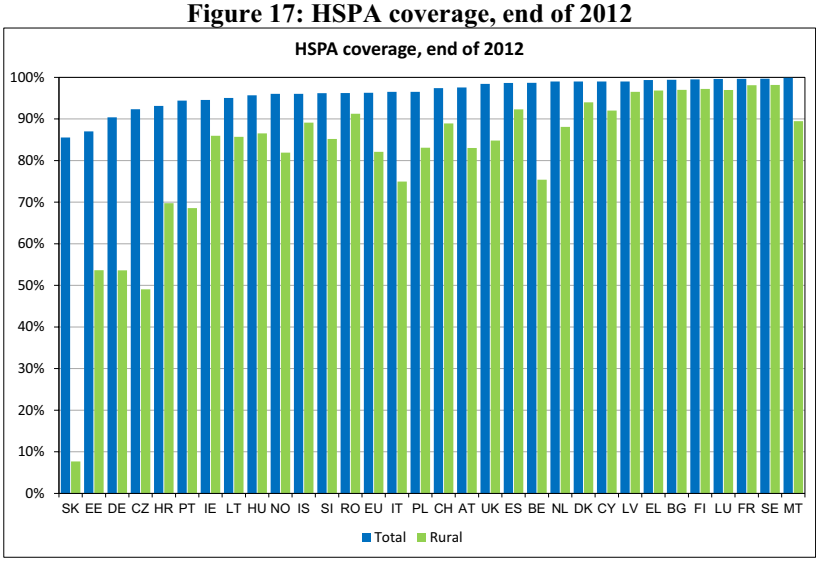
As for SMS, thanks to the regulation the average price (Euro-SMS after the regulation) declined from 27 eurocents in Q1 2009 to 10 eurocents in Q2 2012. Looking at data roaming prices, the EU average retail price stood at 1.2EUR/MB for postpaid and 1.3EUR/MB for prepaid subscriptions as opposed to the regulated wholesale cap of 0.5 EUR/MB in Q2 2012.

2.4. Mobile Broadband

2.4.5. Mobile Broadband coverage

On average, there was 96.3% population coverage of third generation HSPA networks in the EU in December 2012. HSPA is available to over 90% of population is all Member States except for Slovakia and Estonia. Rural coverage varies greatly among countries, but on average it is higher than any fixed technology.

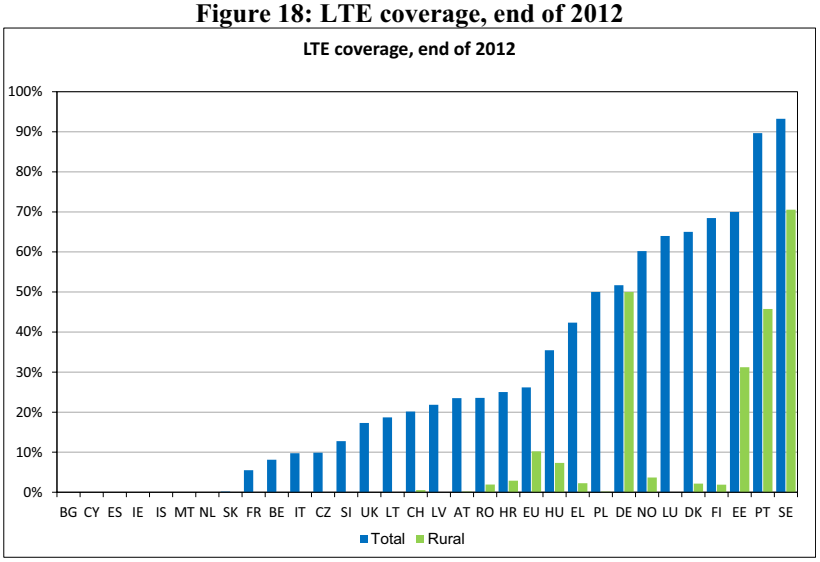
Figure 17: HSPA coverage, end of 2012



Source: Point Topic

The European coverage of 4th generation LTE networks tripled in 2012, currently LTE is available to 26.2% of population. LTE is most significant in Sweden and Portugal with 90% or higher coverage. LTE mainly covers urban areas except for Germany, Portugal, Sweden and Finland. LTE is yet to be launched in Bulgaria, Cyprus, Spain, Ireland, Iceland, Malta and the Netherlands (based on end of 2012 data).

Figure 18: LTE coverage, end of 2012

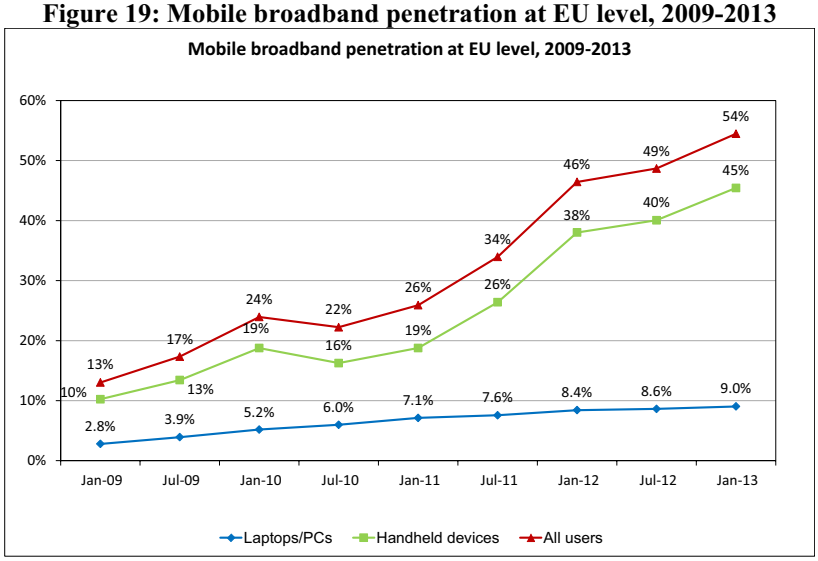


Source: Point Topic

2.4.6. Mobile broadband subscriptions/users

Mobile broadband penetration reached 54.5% (use of handheld devices and computers), although the growth slowed down last year. 83.4% of mobile broadband subscriptions were used in handheld devices.

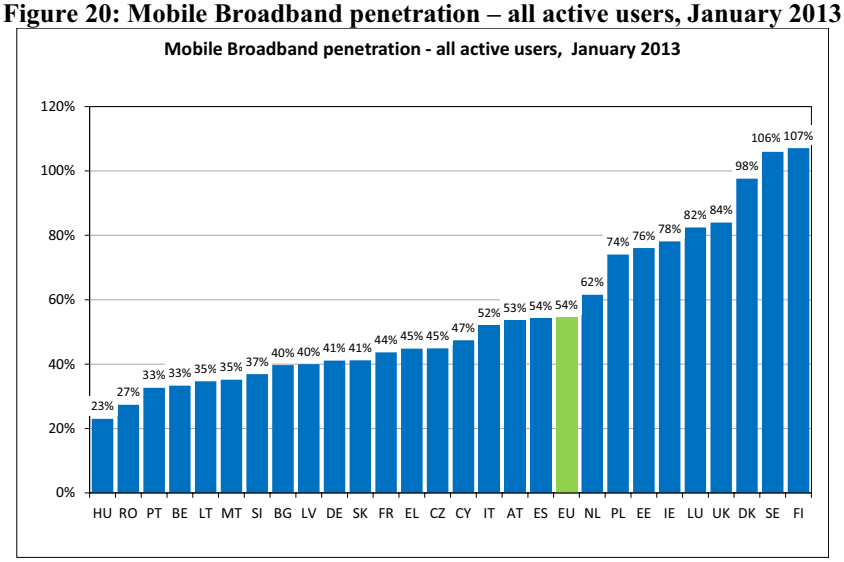
Figure 19: Mobile broadband penetration at EU level, 2009-2013



Source: Communications Committee

Considering both handheld and computer user, mobile broadband is most popular in the Nordic countries where penetration is already around 100%.

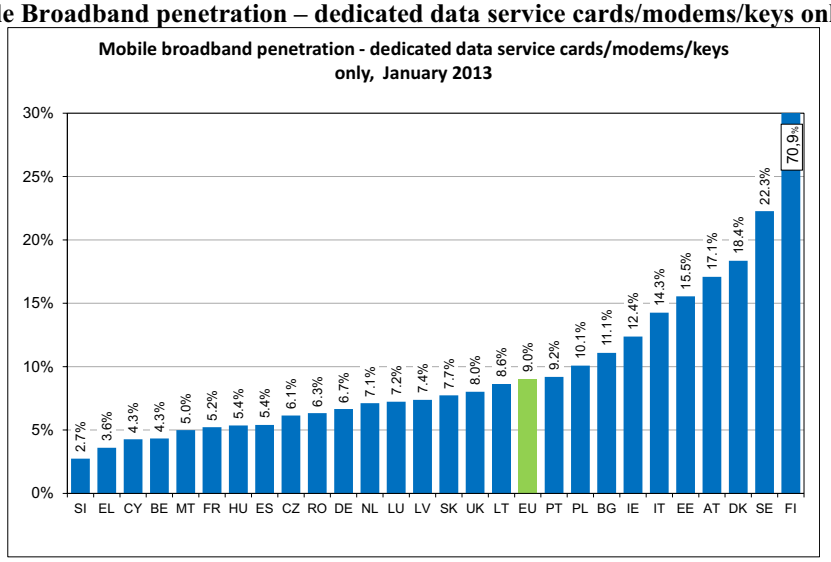
Figure 20: Mobile Broadband penetration – all active users, January 2013



Source: Communications Committee

The penetration of mobile broadband as measured by dedicated data service cards/modems/keys increased from 8.4% to 9% last year, which is much below the growth rates for the previous years. Nordic countries and Austria remained on the top of the list.

Figure 21: Mobile Broadband penetration – dedicated data service cards/modems/keys only, January 2013



Source: Communications Committee