International Telecommunication Union

Next Generation Networks and Telecommunication Regulations

Few considerations about 2003 French Telecommunication market

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Few numbers of the French Telecommunication market

- French Telecom Business in 2003 : 35 Billion Euros (3.3% annual growth against 3% in 2002 and 10% before 2002)
- French Internal Product annual growth in 2003 : 2%

- Fixed telephony : 13.5 Billion Euros (-4.1%)
- Low speed Internet: 0.13 B Euros (+12%)
- **Mobile services : 13.2 B Euros (+12.6%) ***
- Leased lines : 2.2 B Euros (+0.5%)
- Terminal sale/rent : 1.8 B Euros (+3.7%)

* This segment having still high margins of growth with multimedia services (mobile Internet, SMS, MMS, ,inter-personal communications etc.)

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Comparing with the European TLC market (1)

- Fixed telephony :
  - long distance call price is in EU average
  - Local call price is higher (but subscription is lower)
  - Incumbent carrier (FT) market ratio : 75% (higher than EU average)
  - Interconnection price : EU average for regional, lower for local => incentive to alternative networks deployment
- Leased lines (and interconnection leased lines) :
  - Price higher than EU average

French Telephony market summary : good situation for users, with limited concurrence although the entry conditions are satisfactory (except for leased lines)

Comparing with the European TLC market (2)

- Mobile market (except Internet) :
  - Market structure is similar to other EU countries (but only 3 providers)
  - Subscriber growth is in EU average : 8%
  - Difficult to establish an EU comparison in terms of prices for user
- Internet market
  - Low speed is stabilising (although quite high)
  - High speed is growing (penetration ratio is comparable to EU countries with similar size, higher than EU average)
  - Increasing competition (one of EU's highest unbundled line numbers) although local loop access prices are in EU average

  => Results for users in 2003 : reduction of prices and increase of speed

2003 highlights from the French Regulation Authority (1)

- 2003 : first year of reform of the legal regime resulting from transposition of European directives in French national law
- First concrete action in summer 2003 : everybody is now allowed to deploy networks and provide services
  - This promotes concurrence in favour of consumers, including residential users and enterprises.
- Second concrete action :
  - French parliament approval of law transposing the EU “universal service directive” into national level (to be completed with adoption of new law on electronic communications and audiovisual services and new law on digital economy)

2003 highlights from the French Regulation Authority (2)

- French regulation is adapting to competition situation confirmed by the analysis of market segments identified by the EU Commission
- Market segment analysis will continue in 2004
  - Segment regulation will adopt principles and methods of concurrence, being more efficient where it has to be active (wholesale versus retail)
- Most important facts in 2003
  - Fixed market numbers overcome by mobile market ones
  - Confirmation of “high speed” success : 3.5 M users (double than 2002) - 3M via ADSL. Unbundling is now a reality in France.
- Two key goals in 2004 for the French Regulation Authority :
  - Preserve the concurrence in high speed among SPs for the retail market and among Carriers for the wholesale market.
  - Extend concurrence in high speed market outside urban regions (and help regional communities to increase territory digitalisation)