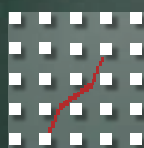


ANNUAL REPORT 2007

OF THE BELGIAN INSTITUTE FOR POSTAL SERVICES AND TELECOMMUNICATIONS



BIPT

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MESSAGE FROM THE COUNCIL



MESSAGE FROM THE COUNCIL

BIPT supervises two economic sectors: posts and telecommunications, now called electronic communications.

BIPT would like to point out two subjects, which at the same time illustrate the Institute's tasks and the impact of the decisions it takes.

In the postal sector one of the European highlights in 2007 was the finalisation of the codecision procedure regarding the draft of the Third Postal Directive.

Directive 97/67/EC had provided for a gradual and controlled liberalisation of the sector to competition. The new postal directive sets 31 December 2010 as the target date for the full liberalisation of the market, but allows certain Member States to postpone that opening for a maximum of two years. Any Member States who use this possibility are subject to a provisional reciprocal clause.

Despite a general increase of the prices of letter post over the past few years for residential customers, and simultaneously an overall decrease of those paid by companies (who generate three quarters of the postal volume) Directive 97/67 lays down that prices should be affordable, in order to facilitate access to those services as much as possible, but also that they should be cost-oriented. In spite of those increases consumers still find the tariffs to be generally acceptable, according to the European Commission. It should be emphasised that the universal service obligations are maintained in the new directive, which leaves it up to the Member States to decide which financing mechanism for providing the universal service best meets their needs in that new context.

The Institute calculated the cost of the universal service for the year 2006.

After having held a survey of two thousand Belgian families in 2006 about the desiderata of private persons concerning the activities that characterise the universal service, BIPT wanted to extend its range and polled SMEs and self-employed persons. That study was carried out in July 2007.

In order to give maximum support to the sector to prepare for future challenges, the Institute finally helped the Government to improve the consistency of the legal framework relating to the incumbent operator and contributed to the review of the regulatory framework.

In the sector of electronic communications too there was quite a lot of work to do throughout 2007.

For instance, the Institute analysed the incumbent's various reference offers. The following pages will show that interconnection (BRIO) is no longer the major obstacle in the relations between Belgacom and other operators but that the disputes have moved to the unbundling and bitstream offers (BRUO and BROBA). Obtaining access to end-customers efficiently and under good conditions really is the main concern for numerous players on the market of electronic communications services. This does not mean, however, that the BRIO offer (the validity of which no longer has a time limit) was not at the origin of a number of disputes that called for the Institute's intervention. The Institute also took a number of important decisions in order to lay down the qualitative and quantitative terms of the unbundling and bitstream services provided by Belgacom to alternative operators.

In accordance with a decision¹ adopted after the analysis of markets 7, 13 and 14 (the “leased lines” cluster) corresponding to the retail market, the wholesale market of terminating segments and the wholesale market of trunk segments, Belgacom was asked to work out a reference offer for the market of terminating segments of leased lines, which Belgacom has called BROTSOLL².

Just like the interconnection charges between mobile networks, the opening up of fixed networks remains one of the most sensitive areas in the regulation of electronic communications markets. The Institute kept track of developments in the field of universal service and consumer protection, since liberalisation also aims to benefit citizens.

Postscript

Readers will find at the end of this document a glossary giving some explanations on the words and the numerous abbreviations used in the following pages.

Michel Van Bellinghen
Member of the Council

Georges Deneff
Member of the Council

Catherine Rutten
Member of the Council

Eric Van Heesvelde
Chairman of the Council

¹ Council decision of 17 January 2007. All Council decisions can be consulted on the Institute's website.

² Belgacom Reference Offer for Terminating Segments of Leased Lines.



OUR IDENTITY



OUR IDENTITY

TASKS

Historically the postal and telecommunications sectors have long been characterised by the existence of public service monopolies. This market model was challenged by the first attempts at a controlled introduction of forms of competition in the early 80s. In the fully liberalised market of electronic communications and that of postal services which is being liberalised, the Belgian Institute for Postal Services and Telecommunications carries out tasks of economic regulation, technical organisation and compliance with the regulatory frameworks. BIPT ensures that interests of sector players and users are protected for the benefit of the community. Three keywords underpin its actions: transparency, cooperation and dialogue.

In the implementation of such a new policy, two concerns have guided the legislator. On the one hand, the introduction of the market mechanism into the electronic communications sector and at a slower rate in the postal sector, and on the other hand safeguarding the citizens' interests.

FIELDS OF ACTIVITY

The national federal authorities have empowered the Belgian Institute for Postal Services and Telecommunications (BIPT) with the management of two sectors: the electronic communications and the postal sector. Recently that scope was extended to broadcasting in Brussels, insofar as this falls within the power of the Federal State.

The Belgian legislator created the Belgian Institute for Postal Services and Telecommunications by an act of law, promulgated on 21 March 1991, in order to ensure the management of the electronic communications and postal services sectors. Its designation clearly indicates it: the Institute is competent in both areas of activity. BIPT started its activities in June 1993. The Act of 17 January 2003 transformed BIPT into an institution of public interest with a status of its own, thus ensuring its independence of government.

Electronic communications

Within the space of about fifteen years, telecommunications have undergone a technological revolution. These technical developments took place alongside the progression of market liberalisation in Europe. The notion of "electronic communications" covers all forms of communication, by radio waves, fixed lines (copper wire, coax cable, optical fibre). This "open" and flexible definition allows for future technological developments and reflects the principle of technological neutrality, which is one of the essential provisions within the European regulatory framework on electronic communications.

BIPT exercises its powers through two kinds of activities in particular:

- the first concerns new regulatory tasks in the liberalised telecommunications markets. BIPT makes the necessary arrangements in order that the regulatory framework is observed, competi-

tion can develop fully and correctly, some tasks of public interest are carried out and consumer interests are protected.

■ the second concerns the exercise of supreme authority in specific technical fields. Certain resources, such as the electromagnetic spectrum or the number reserve, are scarce: a regulator is needed in order to share, regulate and monitor their use with accuracy. The Institute carries out yet more technical tasks of public interest.

Broadcasting in Brussels-Capital

Since the coming into force of the Act of 16 March 2007 amending the Act of 30 March 1995 on broadcast distribution networks and the pursuit of broadcasting activities in the bilingual Brussels-Capital Region, BIPT has become the broadcasting regulator of federal competence in Brussels, i.e. for broadcasting bodies which are established there and which neither fall within the competence of the French Community nor of the Flemish Community.

Postal services

The postal service is also involved in a process of liberalisation. BIPT has logically been entrusted with the task of overseeing compliance with the regulatory framework and the good operation of the liberalised part of the market. Moreover BIPT is in charge of monitoring certain aspects of the management contract binding La Poste to the State. This management contract deals with the public service duties carried out by La Poste, as well as with the financial contribution of the State.

VALUES

The general interest requires an assessment of the advantages and disadvantages of all parties concerned: operators, all categories of users and authorities; besides the development of competition, particular attention also has to be devoted to the protection of mainly residential users against potential market abuse.

Independence

The Act of 17 January 2003 bestowed on the Belgian Institute for Postal Services and Telecommunications a status that guarantees its independence. The governing body of BIPT is the Council, composed of four members, including a chairman, who has a casting vote in case of a hung vote. The Council takes its decisions autonomously and independently of the executive power. It has no links whatsoever with the operators active on the relevant markets. Obviously, any party involved can challenge the Council's decisions before a competent court of law.

Transparency

As an administrative authority, BIPT has an obligation to motivate its actions while observing the confidentiality of certain pieces of information concerning companies and/or their products. In addition, the Institute's articles of association allow every person who is directly and personally involved in a decision of the Council to be heard in advance.

Cooperation and dialogue

In its daily practice, the Institute favours dialogue and consultation. The decision-making process is preceded by consultations. BIPT then sends out its draft opinions or decisions and studies the

comments given on these drafts. In case of disputes between them, the operators have the option of requesting a conciliation procedure with BIPT before considering other appeals (e.g. with the Competition Council).

As for the cooperation with the Communities, the Competition Council, the European Commission and the regulatory authorities in other Member States, readers are referred to page 32.

THE COUNCIL

Responsibilities of the members of the Council of the Belgian Institute for Postal Services and Telecommunications are divided as follows:

Eric Van Heesvelde, Chairman of the Council, is in charge of:

- the general coordination of the Institute's policies;
- drawing up the management plan;
- external communication;
- the coordination of the support services of IT/Translators, Personnel and Training, Budget, Billing and Logistics.

Catherine Rutten, Member of the Council, is in charge of:

- the Department for economic analysis of the telecoms market: all economic aspects regarding telecommunications, including the tariffs of the public service (market analysis, SMP, tariffs, cost models, calculation of universal service costs, statistics), access and interconnection (BRIO, BROBA, BRUO);
- the International Telecoms Relations Department: coordination of activities in the ERG, the IRG, the European bodies, the ITU, the WTO and CEPT;
- the Budget and Logistics Department: BIPT budget, accounting (collection of revenues and management of outgoings), Purchasing Department, equipment.

Georges Deneff, Member of the Council, is in charge of:

- the Postal Services Department: strategy, legal and economic aspects, monitoring of compliance with legislation (authorisations, universal service, quality standards, tariffs) and of the management contract of La Poste, international postal bodies;
- the Department for monitoring, public service, consumers, telecoms universal service: monitoring of frequency use (including radio broadcasters in the FM band), radiation standards (certificates), radio interference, monitoring universal service obligations and the management contract of Belgacom, information on the universal service, e-security team, Comixtelec, relations with consumer organisations, protection of consumer rights, implementation of the legislation on telephone tapping and emergency services;
- the IT and Translation Departments: management and purchasing of IT equipment and software, management of the internal network and development of software and translation of documents (French – Dutch – German – English).

Michel Van Bellinghen, Member of the Council, is in charge of:

- the Department for the legal aspects of telecommunications: regulatory framework of telecommunications and radio communications, general legal support to other departments,

disputes, conciliation, international treaties, protection of privacy, Ethics Commission (excluding La Poste);

■ the Department for technology, use of telecommunications and radio communications: (international and national) spectrum coordination, international organisation for radio communications, management of the frequency plan, computerisation, monitoring of equipment and notifications in accordance with the R&TTE Directive, (international) standardisation; issuing of radio communications licences and of voice telephony and fixed networks licences, declarations of telecommunications services, management of the numbering plan, domain names, number portability, use of numbers;

■ the Personnel Department: status of BIPT staff, sector committee, training.

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BIPT AND ELECTRONIC COMMUNICATIONS



BIPT AND ELECTRONIC COMMUNICATIONS

LEGAL FRAMEWORK

In the area of telecommunications, technological innovation continues to dictate in large part how the regulatory system progresses. Digitisation for instance has made it possible to offer several types of content through networks of different kinds such as the cable network or the telephone line. At the same time, the Internet has become a global platform for a range of electronic communications services. Thanks to their convergence, the information and communications technologies have opened up new possibilities. The European legal framework for electronic communications deals with this technological convergence, and extends and adapts the advantages of liberalisation to electronic communications in general.

The Act on electronic communications

Belgium promulgated its Act on electronic communications on 13 June 2005. As already stated, the European directives subject all electronic transmission networks and services to the same regulatory framework on the basis that the telecommunications, broadcasting and information technology sectors have started to converge. As powers in broadcasting are shared with the Communities, the scope of the Act of 13 June 2005 was restricted to telecommunications.

The regulatory framework introduced by the Act is characterised by a higher level of flexibility. This Act puts an end to the system whereby a licence is required for conducting telecommunications activities. From now on, in order to start a specific activity, a company merely has to introduce a relatively brief notification with the Institute. The approval or the agreement of the Institute is not required but the operator must obviously provide and update the information enabling the Institute to keep an overall view of the market. In practice, after the notification, the Institute sends a declaration to the operator specifying that the latter has made a valid notification and that it can start developing its activities but this declaration is not an authorisation from BIPT vis-à-vis the operator concerned. It is a mere confirmation.

The cooperation agreement with the Communities

Following the judgment of the Court of Arbitration of 14 July 2004 a cooperation agreement was finally concluded on 17 November 2006 between the Federal State and the three Communities. This agreement arranges the management of electronic communications as far as it falls under a competence shared between the federal level and the Communities. After a process of approval by the respective legislative assemblies it came into force at the end of September 2007.

In the part relating to regulation the chief principle underpinning the cooperation agreement of 17 November 2006 is that each competent authority is required to inform the others about its draft decisions. The other regulators will then be given a short time span in which to examine them and if need be to respond by activating the cooperation procedure. In that case the Conference of Regulators (CRC), which is composed of the federal and community regulators, convenes to reach an agreement on the measure planned. If no consensus is reached, the political level will be able to take up the matter and then it will be up to the ministers of the respective governments to find an agreement.

After the cooperation agreement had come into operation the various regulatory bodies convened in accordance with that agreement to draw up the CRC's internal regulations, which then will have to be approved by an "interministerial" committee of the Federal State and the Communities.

Disputes

Among the sixteen actions brought against decisions of the Institute in the course of 2007 the following cases, which are especially important to the economic regulation of the sector, deserve particular attention:

- Belgacom brought an action before the Brussels Court of Appeal against the Council decision of 17 January 2007 on the definition of markets, the analysis of terms of competition, the identification of SMP operators and the definition of appropriate obligations for the markets of the "leased lines" cluster (markets 7-13-14).
- Belgacom brought an action before the Brussels Court of Appeal against the Council decision of 7 March 2007 on the definition of markets, the analysis of terms of competition, the identification of SMP operators and the definition of appropriate obligations for the markets of the "fixed telephony" cluster (market 9).
- BASE brought an action for the suspension and annulment of the supplement of 18 December 2007 to the BIPT Council decision of 11 August 2006 on the regulation of the mobile operators' terminating rates as from 2008.

The disputes regarding market analyses were also marked by a judgement from the Brussels Court of Appeal of 1 June 2007. The Court confirmed BIPT's definition and analysis of markets 1 and 2 (access), the designation of Belgacom as an SMP operator on those markets, as well as the large majority of the remedies imposed on that operator.

ECONOMIC REGULATION

Access to the market

The Institute handles all notifications of the operation of fixed and mobile telecommunications networks and the telecommunications services provided on them.

Registrations 2007

Service type	Total
Public telephone service	10
Public network	7
Voice services	47
VoIP service	24
Calling cards	4
Carrier Select/Carrier Preselect	15
Teleconferencing	1
Other voice service	3
Other services	37
Leased lines	8
Internet access	21
Network management services	8
Other	11
Total number of registrations	101

Market analyses

Market analyses are essential to the new regulatory framework as they determine to a large extent what obligations will be imposed on the electronic communications sector. In this new regulatory framework market definition and analysis of the market situation are inspired by competition law. The relevant markets for example are no longer defined by law but by the national supervisory body on the basis of EC recommendations that are regularly revised and contain a list of the markets that the European Commission considers to be eligible for ex ante regulation. By the end of 2007 the European Commission had published two recommendations: the first one on 11 February 2003 containing a list of 18 markets³ and a second one, which was revised on 17 December 2007 containing a list of 7 markets.

The market analysis procedure can roughly be divided into two rounds: the analysis round and the consultation round. The analysis round includes the market definition, the market analysis, the determination of SMP companies and the definition of obligations. The consultation round consists of submitting for consultation the draft decision drawn up during the analysis round to, consecutively, the sector, the Competition Council, in some cases the media regulators, and the European Commission and the other national supervisory bodies.

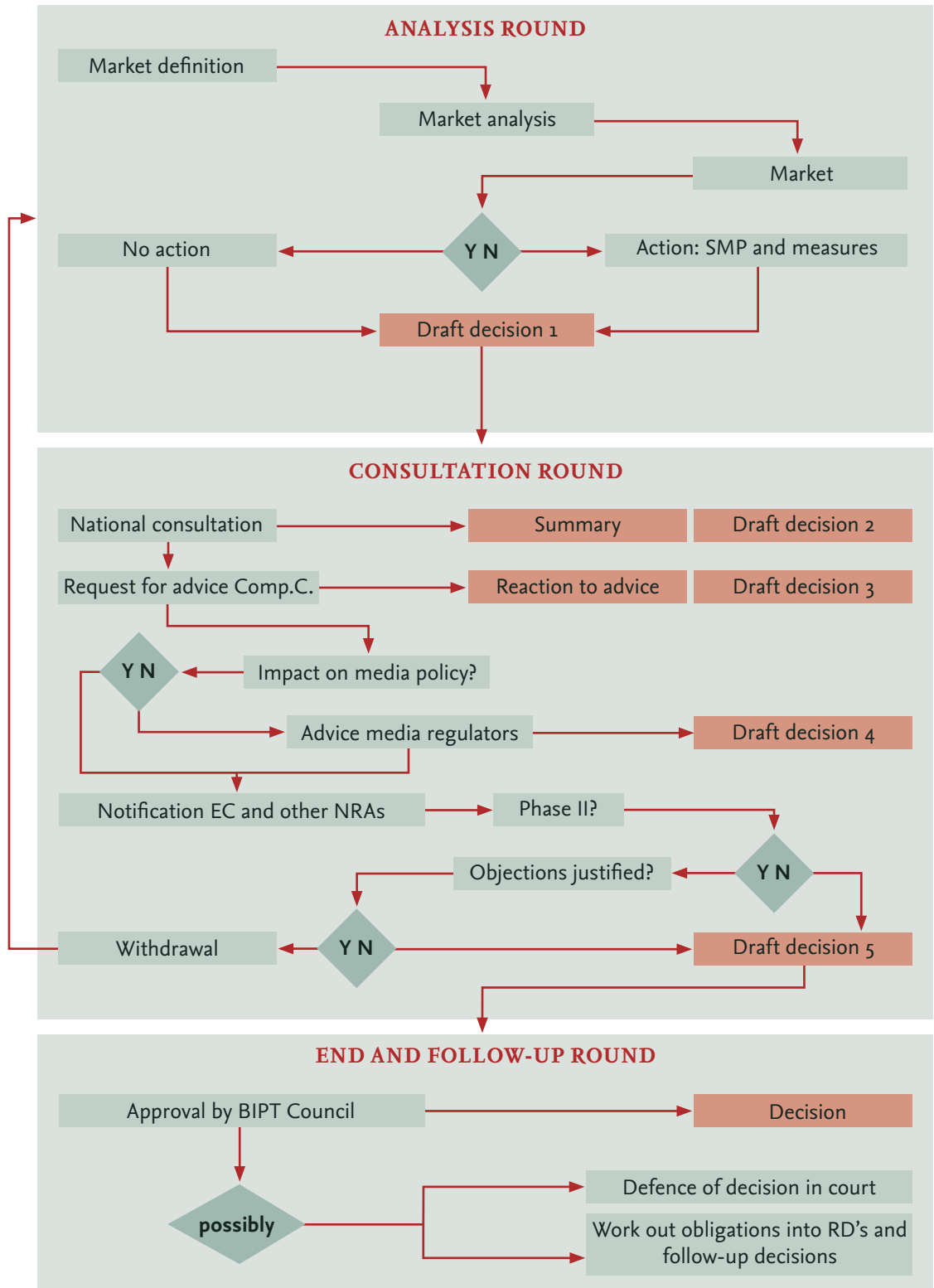
³ Retail level

1. Access to the public telephone network at a fixed location for residential customers; 2. Access to the public telephone network at a fixed location for non-residential customers; 3. Publicly available local and/or national telephone services provided at a fixed location for residential customers; 4. Publicly available international telephone services provided at a fixed location for residential customers; 5. Publicly available local and/or national telephone services provided at a fixed location for non-residential customers; 6. Publicly available international telephone services provided at a fixed location for non-residential customers; 7. Minimum set of leased lines.

Wholesale markets

8. Call origination on the public telephone network provided at a fixed location; 9. Call termination on individual public telephone networks provided at a fixed location; 10. Transit services in the fixed public telephone network; 11. Wholesale unbundled access (including shared access) to metallic loops and sub-loops for the purpose of providing broadband and voice services; 12. Wholesale broadband access; 13. Wholesale terminating segments of leased lines; 14. Wholesale trunk segments of leased lines; 15. Access and call origination on public mobile telephone networks; 16. Voice call termination on individual mobile networks; 17. The wholesale national market for international roaming on public mobile networks; 18. Broadcasting transmission services, to deliver broadcast content to end users.

Below you will find a diagram of the steps to be followed by BIPT in the course of the market analysis procedure.



The market analysis was influenced by a number of external events. One of them was the Act of 16 March 2007 amending the Act of 24 December 1995 as a result of which BIPT was made competent for media regulation in the bilingual Brussels Capital Region for matters that cannot be attributed specifically to either language community. A second important event at the national level is the ratification by all Parliaments involved of the cooperation agreement, thus unblocking the markets that fall under that agreement. At the European level a new recommendation from the European Commission was published on 17 December. The list of relevant markets annexed to this recommendation numbers 7 markets, including one retail market. The omission of a market from the list of relevant markets does not imply, however, that the obligations imposed on that market can be lifted immediately. To do so, a follow-up analysis is required. Yet, those markets should be submitted systematically to the three-criteria test, even in the transitional phase.

In order to determine whether a market is eligible for ex ante regulation, the European Commission proposes the three-criteria test. This test is described in the preamble of the recommendations on relevant product and service markets within the electronic communications sector of 11 February 2003 and 17 December 2007.

The three criteria are:

- the presence of barriers to entry and the development of competition. These may be of a structural, legal or regulatory nature;
- dynamic aspects, in other words the question whether a market shows characteristics as a result of which it will tend towards effective competition within the relevant time horizon without a need for regulatory intervention ex ante;
- the relative efficiency of competition law.

The three criteria should be met cumulatively: if one criterion has not been met, the test is negative and the market concerned is not eligible for ex ante regulation; in other words, carrying out an SMP analysis and determining appropriate obligations are useless.

The European Commission has laid down that this test does not have to be carried out for the markets that are listed in the recommendation, unless an NRA thinks that such a market is not eligible for ex ante regulation. If an NRA does want to regulate a market that is not listed in the most recent recommendation, that NRA should perform the three-criteria test. Within the ERG a discussion is currently going on about whether the three-criteria test is indeed required for markets that were listed in the 2003 recommendation, but no longer in the 2007 recommendation.

In 2007 the consultation round of nearly all the markets that had not been completed in 2006 was finalised. The leased lines markets had already been notified to the European Commission in 2006 but the European consultation did not end until 5 January 2007 and the final decision was adopted on 17 January 2007. The final decision relating to market 15, the mobile access and call origination market, was also adopted on 2 May. As a result of the ratification of the cooperation agreement the consultation round regarding markets 11 and 12 could be continued and the draft decision concerned was notified to the European Commission on 26 November. Because of the extra competence laid down in the Act of 30 March 1995, BIPT also started the analysis of market 18 concerning the Brussels Region and at the end of 2007 the analysis round was almost completed.

In addition, two follow-up analyses were performed: on network-specific market 9 new companies were notified and as for market 16 the mobile terminating rates and the corresponding glide path were adapted: the final decisions involved were adopted on 7 March and 18 December 2007 respectively.

The tables below provide an overview of the progress made for the relevant markets and of the obligations imposed on these markets.

Progress situation of the market analyses (situation on 31 December 2007)

Market analysis	Phase						Notification		Date of decision
	Analysis round	National consultation	Opinion Comp. Council	Opinion media regulators	European notification	Decision adopted	Code	Comments	
Market 1	✓	✓	✓		✓	✓	BE/2006/0400	None	19-06-2006
Market 2	✓	✓	✓		✓	✓	BE/2006/0401	None	19-06-2006
Market 3	✓	✓	✓		✓	✓	BE/2006/0435	Comments	11-08-2006
Market 4	✓	✓	✓		✓	✓	BE/2006/0436	None	11-08-2006
Market 5	✓	✓	✓		✓	✓	BE/2006/0437	Comments	11-08-2006
Market 6	✓	✓	✓		✓	✓	BE/2006/0438	None	11-08-2006
Market 7	✓	✓	✓		✓	✓	BE/2006/0551	None	17-01-2007
Market 8	✓	✓	✓		✓	✓	BE/2006/0439	None	11-08-2006
Market 9	✓	✓	✓		✓	✓	BE/2006/0440	None	11-08-2006
Market 9bis ¹	✓	✓	✓		✓	✓	BE/2006/0456	None	07-03-2007
Market 10	✓	✓	✓		✓	✓	BE/2006/0441	None	11-08-2006
Market 11	✓	✓	✓	✓	✓	✓	BE/2007/0735	Comments	10-01-2008
Market 12	✓	✓	✓	✓	✓	✓	BE/2007/0736	Comments	10-01-2008
Market 13	✓	✓	✓		✓	✓	BE/2006/0552	Comments	17-01-2007
Market 14	✓	✓	✓		✓	✓	BE/2006/0553	None	17-01-2007
Market 15	✓	✓	✓		✓	✓	BE/2007/0610	None	02-05-2007
Market 16	✓	✓	✓		✓	✓	BE/2006/0433	Comments	11-08-2006
Market 16bis ²	✓	✓	✓		✓	✓	BE/2007/0655	Comments	18-12-2007
Market 17 ³	■	■	■		■	■			
Market 18	✓	■	■		■	■			

Comments:
¹ Notification of 11 new companies
² Adaptation of MTRs and glide path
³ Analysis no longer relevant after intervention by European Commission on that market

The table below lists BIPT's conclusions for each of the finalised market analyses. The level of competition on the market concerned is indicated as well as the measures imposed by BIPT upon the operators.

Result of the completed market analyses

Market analysis	Conclusion		SMP company (companies)	Obligations (article of law)								
	Competitive	Non-competitive		Non-discrimination (58)	Transparency (59)	Separate accounting	Access and inter-connection (61)	WLR (61)	Price monitoring and CAS (62)	Carrier (pre)select (63)	Measures at retail level (64)	Minimum package rental lines (65)
Market 1	<input type="radio"/>	<input checked="" type="radio"/>	Belgacom	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Market 2a1, 2b1	<input type="radio"/>	<input checked="" type="radio"/>	Belgacom	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Market 2c1	<input type="radio"/>	<input checked="" type="radio"/>	Belgacom	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Market 3	<input type="radio"/>	<input checked="" type="radio"/>	Belgacom	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Market 4	<input checked="" type="radio"/>	<input type="radio"/>										
Market 5	<input type="radio"/>	<input checked="" type="radio"/>	Belgacom	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Market 6	<input checked="" type="radio"/>	<input type="radio"/>										
Market 7	<input type="radio"/>	<input checked="" type="radio"/>	Belgacom	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Market 8	<input type="radio"/>	<input checked="" type="radio"/>	Belgacom	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Market 9a ²	<input type="radio"/>	<input checked="" type="radio"/>	Belgacom	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Market 9b ²	<input type="radio"/>	<input checked="" type="radio"/>	Telenet and Versatel	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Market 9c ²	<input type="radio"/>	<input checked="" type="radio"/>	BT, Coditel, COLT, MCI, Mobistar and Scarlet	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Market 9bis	<input type="radio"/>	<input checked="" type="radio"/>	3 Stars Net ... ⁵	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Market 10	<input type="radio"/>	<input checked="" type="radio"/>	Belgacom	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Market 11	<input type="radio"/>	<input checked="" type="radio"/>	Belgacom	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Market 12	<input type="radio"/>	<input checked="" type="radio"/>	Belgacom	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Market 13	<input type="radio"/>	<input checked="" type="radio"/>	Belgacom	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Market 14	<input checked="" type="radio"/>	<input type="radio"/>										
Market 15	<input checked="" type="radio"/>	<input type="radio"/>										
Market 16a ³	<input type="radio"/>	<input checked="" type="radio"/>	BMB and Mobistar	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Market 16b ³	<input type="radio"/>	<input checked="" type="radio"/>	BASE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

¹2a: analogue access; 2b: ISDN-2; 2c: ISDN-30

²9a: obligations for Belgacom, 9b: obligations for Versatel and Telenet; 9c: obligations for other notified companies

³16a: obligations for Belgacom Mobile (BMB) and Mobistar; 16b: obligations for BASE

⁴only external non-discrimination

⁵... Brutél, Equant, IPNESS, RealRoot, Scarlet Extended, Sound & Motion, TELE2, Toledo, Wavecrest and Weepee Studio's

⁶only price monitoring (difference between 9b and 9c/bis is glide path)

Apart from the actual market analyses two decisions were published to organise the implementation of the obligations imposed in the market analyses: the decision of 11 July 2007, which sets out guidelines for the evaluation of margin squeeze and the decision of 22 August 2007, which organises the implementation of the obligation for Belgacom to apply the cost accounting system and the related decision adapting the provisions involved in the decisions regarding markets 1, 2, 8, 9 and 10.

With the transition from the old regulatory framework and its legally defined markets, its accurately described criteria and its fixed package of measures, to the new framework in which a lot more freedom is granted as to the definition of markets, the criteria for analysis and the measures to be imposed, the Court of Appeal will start to play a far more important part. BIPT's decisions notifying market players as SMP companies are systematically challenged in court. Consequently the defence of decisions in court has become an inextricable part of the market analyses.

Regulation of the operator with significant market power as regards access and fixed telephony

Fair conditions

After the confirmation of its status as an SMP operator in 2006 Belgacom is still subject to a certain regulation as to access to its infrastructures, and also for certain wholesale and retail services. As such Belgacom is under the obligation to propose reference offers for interconnection (BRIO), local loop unbundling (BRUO) and bitstream access (BROBA). These reference offers are designed to establish the tariffs and conditions under which Belgacom opens up its network to alternative operators. For each of these offers Belgacom forwards a draft text to the Institute. Next, the market is consulted and it makes its comments. Based on that the Institute makes a draft decision, which is again submitted for comment, before it is finalised. Then the offer is published and serves as a reference for the following year.

BRIO

As regards fixed telephony, the BRIO offer lists the conditions under which Belgacom makes its interconnection network accessible to other operators. The interconnection network is the part of the network beyond the local loop.

However, BRIO is much more than a mere table of tariffs for the conveyance of calls on sections of networks. This document also includes quality standards, technical specifications on the services provided or on the existing infrastructure, ordering procedures, delivery times, etc. BRIO can be consulted on the Internet.

Since a judgment from the Brussels Court of Appeal of 16 June 2006 Belgacom is no longer obliged to propose a new BRIO offer every year. The current BRIO offer has no deadline anymore. However, any change made by Belgacom to the BRIO offer has to be communicated to BIPT before its publication. The latter can then exercise its right to demand changes, possibly even before the publication. In that context the Institute gave its opinion through a communication of 10 January 2007 on the conditions regarding loadsharing (the balanced distribution of traffic within the interconnection areas) and on the guarantees to be given in order to secure the payment of the interconnection invoices.

⁵ http://www.belgacom.be/nationalwholesale/fr/jsp/dynamic/standardPage.jsp?dcrName=regulatory_index.

Furthermore, BIPT is compelled to intervene several times to guarantee the development of fair competition on the market. The BIPT decisions are preceded by a consultation of the companies concerned. Sometimes this is a public consultation held by way of the Institute's website.

The table below lists the consultations launched in 2007 concerning BRIO and/or interconnection as well as the sector's response rate.

Consultations in 2007	Publication date	Number of respondents
Draft decision of the BIPT Council of 28 February 2007 regarding the obligation for SMP operators to publish wholesale performance indicators	28/02/2007	3
Consultation on Belgacom's call transit rates for 2007	11/07/2007	3
Draft decision of the BIPT Council supplementing the decisions regarding the analysis of markets 1, 2, 8, 9 and 10 as for the Key Performance Indicators (KPI)	14/08/2007	2
Draft decision of the BIPT Council on the 2007 interconnection tariffs for the access to other operators' value added services	18/12/2007	4

The table also mentions the decisions taken in 2007 in that regard and indicates any legal appeals.

Decisions in 2007	Adoption date	Challenged in court
Decision of the BIPT Council of 24 April 2007 on the call origination and terminating tariffs of Belgacom for the year 2007	24/04/2007	Yes
Decision of the BIPT Council of 23 May 2007 regarding the obligation to publish wholesale performance indicators for BRIO	23/05/2007	No
Decision of the BIPT Council of 6 June 2007 on the request of [...] to make available the interconnection agreements concluded between BASE and Mobistar, Verizon Business and Belgacom	06/06/2007	No
Decision of the BIPT Council of 6 June 2007 on the ATAP tariffs of Belgacom	06/06/2007	No
Decision of the BIPT Council of 12 July 2007 regarding the interconnection relations between Belgacom and XtraCom	12/07/2007	Yes
Decision of the BIPT Council of 22 August 2007 on the call transit tariffs of Belgacom for the year 2007	22/08/2007	No
Decision of the BIPT Council of 2 October 2007 regarding the interconnection relations between Belgacom and XtraCom	02/10/2007	No
Decision of the BIPT Council of 26 October 2007 regarding the interconnection relations between Belgacom and XtraCom	26/10/2007	No
Decision of the BIPT Council of 23 November 2007 regarding the interconnection relations between Belgacom and XtraCom	23/11/2007	No

BRUO and BROBA

The BRUO and BROBA offers are aimed at providing a wholesale broadband offer. The BRUO offer grants alternative operators fulltime access to all or part of the transmission capacity of the final wire, which connects the subscriber to the network. Through BROBA the alternative operator leases capacity from Belgacom on the connection equipment (DSLAM)⁵ as well as ATM⁶ transmission capacity in Belgacom's ATM network to access it and interconnection with this network. These offers are particularly important with regard to Internet access as they enable operators to present an alternative offer without having any customer access infrastructure (BRUO) and without having the same high-density infrastructure as Belgacom (BROBA). By doing so they contribute to boosting competition and diversifying the offer both on the Internet access market and the market of Virtual Private Networks.

⁵ Digital Subscriber Line Access Multiplexer.

⁶ Asynchronous Transfer Mode.

In the summer of 2007 BIPT closely monitored the solution of problems resulting from the launch of a new IT system for provisioning, because complaints had been received from the sector about the observance of the deadlines for the execution of installations by Belgacom. BIPT has taken measures and planned discussions between Belgacom and the main users of that offer in order to remedy the situation as soon as possible. The operational situation at Belgacom was also discussed during monthly follow-up meetings between Belgacom and the main users of the offer, in order to optimise the procedures.

The decision of 23 May 2007 compels Belgacom to publish wholesale performance indicators for BRUO and BROBA on a monthly basis, so that the BRUO/BROBA service can be monitored in detail and regularly and BIPT will be able to intervene more quickly if any operational problems should surface.

In the second half of 2007 the observance of the SLAs and the correctness of the forecasts were verified, in order to evaluate the efficiency of the new procedures. The Institute submitted a new proposal adjusting the SLA and the forecasting mechanism to the sector, which finally led to a decision on 21 November 2007.

As is the annual custom Belgacom communicated a new version of the BROBA reference offer to the Institute in late September. Because of the coming into operation of the cooperation agreement the period laid down in a royal decree to decide on these contractual conditions was very tight, because in a span of two months not only the operators but also the community regulators had to be consulted. However, the Institute already made a decision about BROBA 2008 on 21 November 2007.

In addition, the BRUO and BROBA reference offers were amended to allow the “*Reach Extended ADSL2*” technology. This ADSL variation makes a larger ADSL coverage possible, so that ADSL is also available to certain customers who live some distance away from an exchange.

The BRUO and BROBA tariffs are set by the Institute with a double objective: Belgacom’s cost orientation and the chance of fair competition. The drawing-up of new “bottom-up” cost models for the BRUO and BROBA offers is almost finished.

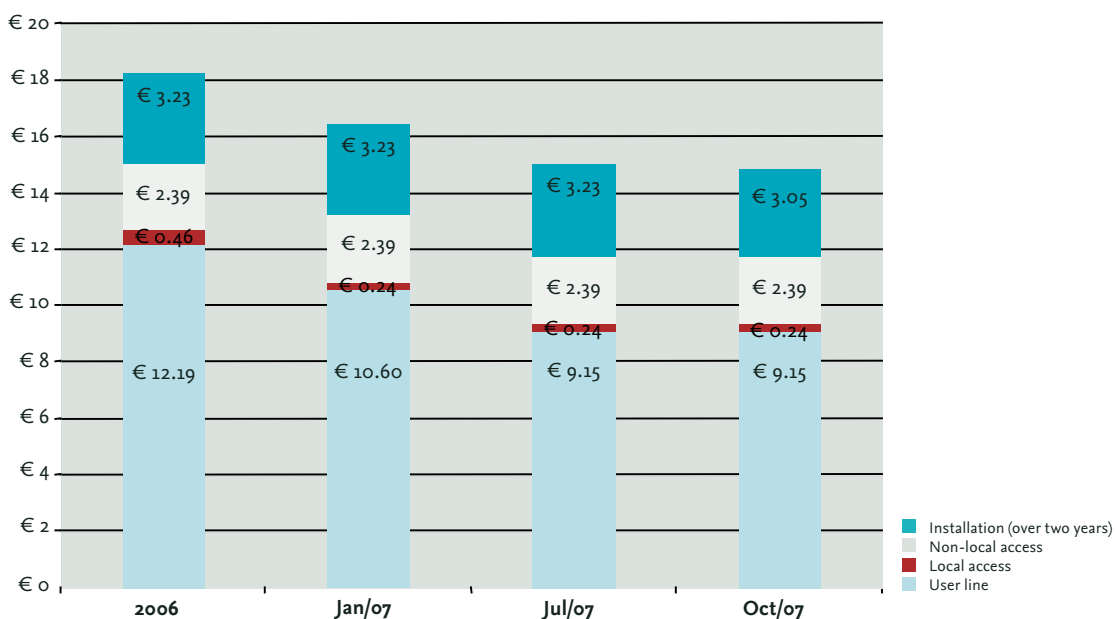
Mid-June 2007 the monthly rental fee for the connection to the end-user was reviewed (BRUO offer). This entailed a price drop of about 2 euro (-18%) for the lines that lack Belgacom telephony and a drop of about 1 euro (-67%) in the other cases.

The price of splitters, which divide the signal between telephone services and the Internet, was lowered by more than 80%. And finally also the one time fees were changed, entailing further price cuts.

The graphs below show the decrease of the BROBA and BRUO tariffs.

BROBA

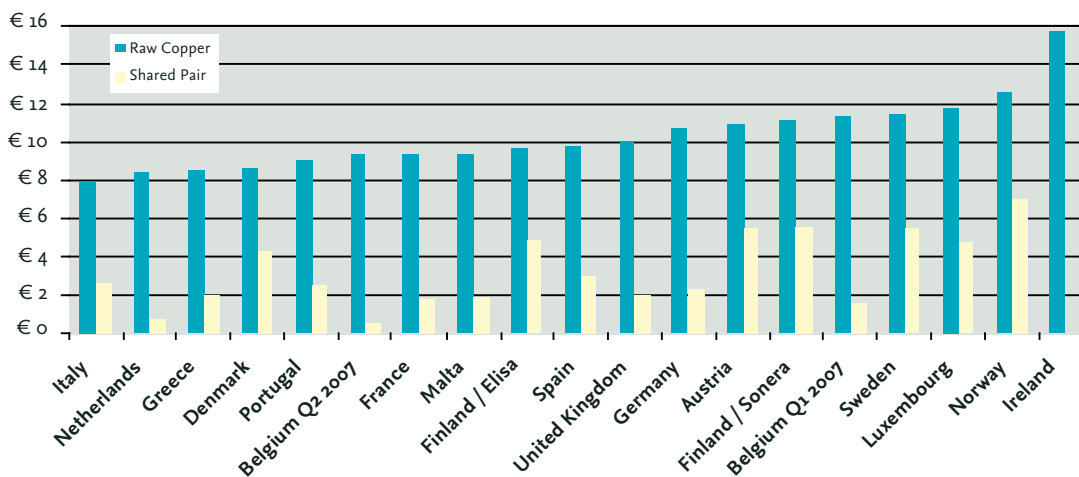
Average cost per bitstream line - Mass market



	2006	Jan/07	Jul/07	Oct/07
user line	€ 12.19	€ 10.60	€ 9.15	€ 9.15
local access	€ 0.46	€ 0.24	€ 0.24	€ 0.24
non-local access	€ 2.39	€ 2.39	€ 2.39	€ 2.39
installation (over two years)	€ 3.23	€ 3.23	€ 3.23	€ 3.05
average cost per bitstream line	€ 18.27	€ 16.46	€ 15.01	€ 14.83

BRUO rental fee

	1 July 2007	1 Jan 2006
BRUO Raw Copper	€ 9.29	€ 11.26 (type 2)
BRUO Shared Pair	€ 0.52	€ 1.61



One time fees

	new average tariff (from Oct 2007)	old average tariff (from Jan 2006)	delta
activation	€ 58.82	€ 73.17	-19.61%
deactivation	€ 5.53	€ 16.11	-65.67%
physical migration	€ 35.24	€ 53.43	-34.04%
mass migration	€ 28.27	€ 49.41	-42.79%

The table below lists the consultations launched in 2007 concerning unbundling as well as the sector's response rate. The consultation papers and the summaries of the answers are published on the BIPT website. The table also mentions the decisions taken in 2007 in this matter and indicates any legal appeals.

Consultations	Publication date	Number of respondents
BROBA-addendum "Full VP"	14/03/07	4
BRUO addendum of 22 February 2007	7/03/07	4
Publication of wholesale performance indicators for BRUO & BROBA	28/02	3
BRUO rental fee	24/4	4
Splitter tariffs	23/5	2
BRUO & BROBA One time fees	4/7	6
BRUO Reach Extended ADSL 2	11/9	2
BRUO/BROBA SLA & Forecasting	3/10	2
BROBA 2008	10/10	5
Annex K - Migrations	16/10	4
BROBA Reach Extended ADSL 2	3/10	4
BRUO VDSL2	28/11	3
Decisions in 2007	Adoption date	Challenged in court
BROBA-addendum "Full VP"	17/4/07	No
BRUO addendum of 22 February 2007	24/4/07	No
Quantitative aspects of BROBA addendum "Full VP"	23/05/07	No
Publication of wholesale performance indicators for BRUO & BROBA	23/5/07	No
Order form Blocks & Tie Cables	6/06/07	No
BRUO rental fee	13/06/07	Yes
Splitter tariffs	4/07/07	No
BRUO & BROBA One time fees	4/09/07	No
Addendum LLU Inquiry	4/09/07	No
BRUO Reach Extended ADSL 2	7/11/07	No
BRUO/BROBA SLA & Forecasting	23/11/07	Yes
BROBA 2008	23/11/07	No
BROBA 2008 ADSL	30/11/07	No
BROBA Reach Extended ADSL 2	12/12/07	No

Separate accounting, modelling and cost accounting system

BIPT has the task of verifying whether Belgacom's wholesale tariffs of Belgacom indeed reflect the costs the SMP operator has to bear, while preserving a return on investment. To accomplish this task complex technical-economic models are needed, as well as reliable financial and non-financial data.

Setting interconnection tariffs in particular can be done by taking either a top-down or a bottom-up approach. In the first case, a cost model is used that is put together on the basis of an operator's accounts and that spreads the relevant costs across the different network components and among the services that use them. The bottom-up model on the other hand is put together on the basis of the volumes of traffic to be routed by an operator, whereby these volumes determine the optimum dimensions of the different layers in the network.

In principle, the bottom-up model better reflects the situation of an efficient operator. Depending on the case BIPT uses a top-down and/or a bottom-up model.

In order to monitor whether the costs have been correctly allocated and to avoid competition-distorting cross-subsidies between the different services, the Institute also checks whether Belgacom meets certain requirements regarding separate accounting.

On 6 April 2007 BIPT published a consultation on a draft decision of the BIPT Council amending the decisions regarding the analysis of markets 1, 2, 8, 9, 10 and 13. Three respondents offered their opinions. In various BIPT decisions about market analyses the passages regarding the obligation to set up a cost accounting system did not make it possible for Belgacom to meet the obligations in a coherent and harmonised way on the various markets involved. This was remedied by that draft decision.

The table below mentions the decisions taken in 2007 in that regard and indicates any legal appeals.

Decisions in 2007	Adoption date	Challenged in court
Decision of the BIPT Council of 22 August 2007 amending the decisions regarding the analysis of markets 1, 2, 8, 9, 10 and 13	22/08/2007	No
Decision of the BIPT Council of 22 August 2007 regarding the fulfilment of the obligation for Belgacom to set up a cost accounting system	22/08/2007	No

The purpose of the first decision was to make a number of specific changes to various BIPT decisions regarding market analysis. More specifically the aim was to allow the coherent and harmonised compliance with the obligations of Belgacom regarding cost accounting on the various markets concerned.

The second decision clarifies the principles and requirements Belgacom has to comply with as to cost accounting, the documents Belgacom has to draw up and possibly publish, the tasks of the auditor who will be put in charge of verifying Belgacom's cost accounting system, and also the schedule that has to be kept to.

Monitoring of retail tariffs

Price squeeze

A price squeeze (margin squeeze) effect appears when the prices set by a vertically integrated company having significant market power on an upstream market have an anti-competitive effect on the downstream market. Price squeeze results in a reduction of the profitability of competitors on the downstream market and/or in a capture of the downstream market by the vertically integrated company.

Draft guidelines relating to price squeeze were submitted for advice to the Competition Council and then notified to the European Commission, before the text was finally adopted by BIPT on 11 July 2007.

Fixed telephony

On 11 August 2006 BIPT had taken a decision regarding the markets of call termination on each mobile network, in which it imposed on the mobile operators a gradual decrease of their terminating rates (decision on "market 16"). At the same date BIPT had also adopted a decision regarding the retail markets of publicly available telephone services at a fixed location (decision on "fixed telephony"), in which it imposed on Belgacom the obligation related to the bans of Article 64 of the Act of 13 June 2005, one of which is the ban on applying excessive rates.

By means of these two decisions BIPT aimed for residential and business customers to get maximum profit in terms of price by passing on the considerable cuts of the call termination rates on the mobile networks in the retail tariffs.

In 2007, BIPT had to come to the conclusion twice that Belgacom had not passed on the cuts of the call termination rates for mobile calls in its retail tariffs. Following these findings BIPT urged Belgacom at two occasions to adapt its retail tariffs for calls from fixed to mobile. These notices of default resulted in a first tariff cut on 1 May 2007 and a second one on 2 January 2008. The cut of 1 May 2007 could amount to 20% depending on the tariff plan chosen and the mobile operator called. The price cut of 2 January 2008 translated more specifically into the introduction of a new tariff plan offering free calls during the weekend.

BIPT also saw to it that the cuts in the call termination rates for the operators Telenet and Versatel were passed on correctly. Subscribing with either of these two operators also became cheaper in 2007.

The table below mentions the decisions taken in 2007 in the matter of retail tariffs and indicates any legal appeals.

Decisions in 2007	Adoption date	Challenged in court
Notice of default served upon Belgacom NV for non-compliance with the decision of the BIPT Council of 11 August 2006 regarding the retail markets for publicly available telephone services provided at a fixed location for residential and non-residential customers – tariffs for calls to mobile networks	8/02/2007	Yes
Decision of the BIPT Council of 11 July 2007 setting out guidelines regarding the evaluation of price squeeze	11/07/2007	No
Notice of default served upon Belgacom NV for non-compliance with the decision of the BIPT Council of 11 August 2006 regarding the retail markets for publicly available telephone services provided at a fixed location for residential and non-residential customers – tariffs for calls to mobile networks	18/10/2007	Yes

Leased lines

A final matter concerning fixed networks relates to leased lines. A leased line is a service that consists in providing a permanent transmission capacity between two points. This means that this capacity is completely allocated to a customer, who pays the operator a fixed monthly charge.

The Institute notified the analyses of markets 7, 13 and 14 corresponding to the retail market, the wholesale market of terminating segments and the wholesale market of trunk segments. The European Commission has made no reservations or remarks as to the analyses and the obligations imposed (apart from the request to expedite the drawing up of the cost model). The Council thus adopted a decision on 6 February 2007 regarding those market analyses.

By virtue of that decision Belgacom was required to draw up a reference offer for the market of terminating segments of leased lines, which it named BROTSOLL (Belgacom Reference Offer for Terminating Segments of Leased Lines). Many meetings with Belgacom were

needed to this end and to draw up a bottom-up model of that same market. It entailed three public consultations.

Consultations in 2007	Publication date	Number of respondents
Consultation regarding the cost model for terminating segments of leased lines	09/08/2007	5
Consultation by the BIPT Council of 4 September 2007 regarding the proposal for a wholesale reference offer for leased lines of Belgacom	12/09/2007	2
Public consultation regarding the draft decision on the BROTSOLL offer	14/12/2007	2

Regulation of the operators with significant power in the mobile telephony market

Termination rates

The analysis of the three wholesale markets selected by the European Commission was continued. This concerns the following markets:

- Market 15: access and call origination on public mobile telephone networks;
- Market 16: voice call termination on individual mobile networks;
- Market 17: national wholesale market for international roaming on public mobile networks (roaming).

Regarding market 15 for access and call origination on public mobile telephone networks, BIPT rounded off its decision on 2 May 2007 following the opinion by the Belgian Competition Council of 26 February 2007 and the favourable opinion by the European Commission services of 23 April 2007. After investigation of the competition terms on the wholesale market considered and on the corresponding retail market for mobile telephony services, the Institute came to the conclusion that there is sufficient competition on the wholesale market for access and call origination on mobile telephone networks in Belgium and that consequently there is no need to impose a remedy on the market in question.

Following this decision regarding market 15, the BIPT Council issued a communication on 20 June 2007 cancelling the part of the communication of 4 August 2004 on the application of GSM gateways for the needs of third parties.

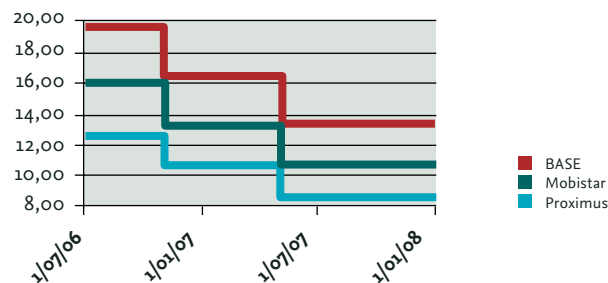
As to market 16 (voice call termination on individual mobile networks), MTR charges for the three mobile operators were cut a second time on 1 May 2007 – after a first cut on 1 November 2006 – as part of the price cap mechanism that was laid down in the decision of the BIPT Council of 11 August 2006 regarding market 16. The new tariffs that apply since 1 May 2007 were announced by the Institute on 3 April 2007.

⁷ Recommendation of 11 February 2003 on relevant product and service markets within the electronic communications sector.

The Institute drew up a draft decision that completes the aforementioned decision of 11 August 2006 with the intention of regulating the MTR charges as of 2008. In accordance with the European Commission's remarks of 4 August 2006, this draft is based on the cost level of an efficient mobile operator in Belgium in order to gradually impose tariff symmetry between the MTR charges of the operators concerned, combined with a reduction of these charges. That cost level of a mobile operator who is deemed to be efficient, is determined through a number of manipulations and adaptations in the generic cost model that was developed in 2005. An objective cost difference was brought to light between BASE on the one hand and Belgacom Mobile and Mobistar on the other that can be put down to the radio frequencies operated (1800 MHz - 900 MHz) and which is beyond the operators' control.

As was announced in the first decision of 11 August 2006 regarding market 16, a complementary decision was taken with a view to regulating the MTR charges in Belgium for 2008 and 2009 following a favourable opinion by the Competition Council of 22 June 2007 and by the European Commission on 14 August 2007. This complementary decision lays down the new tariffs that apply as of 1 February 2008 and mentions the tariffs as of 1 July 2008, which might be reviewed in the light of the future ERG common statement on the symmetry or asymmetry of the regulation of MTR charges in Europe. The communication of 20 December 2007 lays down exactly those MTR charges that apply as of 1 February 2008.

The graph below illustrates the development of MTR charges in 2007 starting from 2006 following the decision by the Council of 11 August 2006 regarding market 16.



A third decision was being prepared by BIPT to fix the MTR charges definitively as of 1 July 2008 up to and including 2009 when the Brussels Court of Appeal decided to suspend the tariff adaptation of 1 February 2008 resulting from the complementary decision of 18 December 2007.

Cooperation in the field of economic regulation

Cooperation of the service with the Belgian competition authorities

The Act of 17 January 2003 on the appeals and the settling of lawsuits following the Act of 17 January 2003 on the status of the regulator of the Belgian postal and telecommunications sectors has

entrusted the Competition Council with the task of settling certain disputes between operators, both in the field of electronic communications and in the postal sector. To look into these matters the Institute appoints a representative to assist the officials of the competition authority in their tasks. This was the case in 2007 when a dispute arose between Belgacom and Mobistar about the tariffs for access to the Belgacom network⁸.

Furthermore, the Act of 13 June 2005 on electronic communications provides for the intervention of the Competition Council in drawing up decisions the Institute has to take in the context of the market analysis imposed by the new regulatory framework. Depending on the case the opinion issued by the Competition Council is binding or not to the Institute.

In 2007 the Competition Council gave its opinion on the following analyses⁹:

- 3/1/2007: markets for call termination, designation of additional operators;
- 26/2/2007: market 15;
- 7/4/2007: guidelines on price squeeze;
- 8/6/2007: adaptation of certain market analyses on cost accounting obligations;
- 22/6/2007: MTR charges applicable as of 19 May 2008.

Cooperation with the community regulators

The judgements of the Court of Arbitration of 14 July 2004 and of 13 July 2005 confirmed that cooperation between the Federal State and the Communities is necessary in order to manage certain parts of the electronic communications domain taken into account the ever growing technological convergence of telecommunications and audiovisual services. The scope of these matters and the practical method for management have been determined in a cooperation agreement between the Federal Government and the Communities.

In 2007 the following topics were proposed in the context of the cooperation agreement:

- market analysis 11/12;
- the introduction of the VDSL2 technology in the context of the BRUO reference offer;
- BROBA 2008 / BROBA 2008 ADSL2+;
- the introduction of the “Reach Extended ADSL2 (ADSL2 Annex L)” technology in the context of the BROBA reference offer;
- the introduction of the “Reach Extended ADSL2 (ADSL2 Annex L)” technology in the context of the BRUO reference offer;
- BRUO & BROBA SLA & Forecasting.

Cooperation with the European Commission

The European regulatory framework lays down that the NRAs¹⁰ are to notify their market analyses and the obligations they intend to impose on the operators with a significant market power on the markets analysed, to the European Commission and the NRAs of the other Member States. According to the procedure described under Article 7 of the Framework Directive, the European Commission has a right of veto regarding the definition of the relevant markets as well as for the identification by the NRAs of operators with a significant market power but it may only advise on the obligations the NRAs intend to impose in order to try to solve the competition problems on the market analysed.

⁸ http://economie.fgov.be/organization_market/competition/jurisprudence/262007lg26_Belgacom_Mobistar.pdf.

⁹ These advices can be consulted at the following address: http://mineco.fgov.be/organization_market/competition/competition_council/competition_nl_oog.htm.

¹⁰ National Regulatory Authority.

In 2007 BIPT notified the analyses of markets 11, 12, 15 and 16 bis. The Commission commented some of those. For instance, the Commission requested Belgium for wholesale markets 11 (local loop) and 12 (broadband) to monitor the price cut of the local loop with regard to the bitstream offer and to supervise the development of the next generation networks in order for these to be open to competition. As to market 16bis regarding mobile telephony the Commission reproached BIPT for aiming at an asymmetric approach of the call termination rates and for insufficiently justifying the measures regarding the monitoring of the on net tariffs planned by the Institute. BIPT complied with the Commission's opinion and modified its decision. However, this decision was later annulled by the Brussels Court of Appeal, which reproached the Institute for having followed the Commission's opinion.

Monitoring operators' and service providers' activities

A specialised department is deployed to continuously see to it that the different legal provisions pertaining to the obligations carried by operators and service providers are abided by. That department either acts of its own accord or on the basis of complaints from operators or service providers, or even at the request of other departments within the Institute by carrying out investigations on site when they suspect violations in the cases that they handle.

It is thanks to its actions that the Institute is able to:

- monitor compliance with universal service obligations;
- safeguard fair competition;
- prevent market players from misusing any market power they may have in a specific sector;
- check compliance with the common rules imposed on the provision of services and the installation of infrastructure.

In their capacity of criminal investigation officers, the officials of that department are also authorised to track down and report all offences within the framework of telecommunications law. Very often, they work in collaboration with the police services and the public prosecutor's offices or the ancillary departments cooperating with police services, taking action in order to:

- curb fraud against operators, service providers and consumers, which tends to increase on a permanently evolving market;
- monitor respect for the confidentiality of communication and the protection of privacy.

Based on experience acquired in the field, the department also contributes to the Institute's ideas on measures that need to be taken to achieve effective regulation of the market.

During 2007 BIPT asked the operators to answer different questionnaires drawn up by the Consumers Department regarding the application of certain provisions of Title IV of the Act of 13 June 2005 on electronic communications.

Thanks to the answers received by BIPT it was possible to globally assess compliance with these provisions for the first time; that assessment is summarised in a document introduced with the Chamber's Infrastructure Committee on 18 April 2007.

Questionnaires regarding other articles of that same Title IV of the Act were sent in May and in August.

The results of these checks are currently being studied and several operators have been asked for additional information. The Monitoring Department systematically intervenes via individual contacts with the operators whose answers were not sufficiently satisfactory.

Following internal requests by the Licensing Department and the Consumer Department, 78 specific checks were carried out because an electronic communications service had not been declared or because the letters had remained unanswered.

USER PROTECTION

Liberalising the market and introducing competition are aimed at bringing prices down on the one hand and diversifying the product offering and improving quality on the other. However, market forces should not be exerted at the expense of any category of users. This concern features in European laws and regulations. BIPT monitors the proper operation of the protective mechanisms.

The Consultative Committee on Telecommunications

The Consultative Committee on Telecommunications is a forum on which all stakeholders of the sector have a seat. The Institute carries out the Committee's secretarial work of the Committee, both at plenary level and in the various working groups. In these working groups the recommendations given by the Committee are prepared. Only when the working group is preparing recommendations on the activities of the Institute, the latter is not involved in any way, thus ensuring that the Committee can draw up its recommendations in full independence.

The Committee renders, either on its own initiative or at the request of the competent minister or of the Institute, recommendations on any matter relating to telecommunications. Furthermore, the Committee gives recommendations on the activities of the Institute, the general terms and model contracts of the electronic communications service providers and also on certain aspects of the universal service.

In 2007 the Committee rendered eight recommendations, including a recommendation on the question how to increase broadband penetration in Belgium. All opinions rendered by the Committee since 2006 can be consulted on the Committee's website (www.rct-cct.be) and downloaded.

The electronic communications universal service

The universal service principle means that in a market open to competition all users should be guaranteed access to a minimum package of services of a given quality and at affordable prices. Belgacom is currently carrying out the universal service obligations because no other operators have been designated.

This package of services currently comprises:

- access to a basic fixed public network (allowing among other things functional Internet access) and to a fixed telephony service;
- a social element involving the provision of a social telephone tariff to certain categories of people;
- the provision of public payphones;
- the provision of a universal directory enquiry service;
- the provision of a universal directory.

The Act of 13 June 2005 introduced a certain number of important changes to the provisions on social telephone tariffs:

- a fund for the universal service for social tariffs was created and was endowed with legal personality;
- the operators who have made a declaration according to Article 9 of the “Electronic Communications Act” and generating a turnover on the public telephony market have to offer social telephone tariffs and participate in this fund;
- the participation of each operator in the fund is determined according to the relation between the number of tariff reductions granted and the share of the turnover on the public telephony market;
- to prevent double granting of social tariffs, a database was created at the Institute to register the beneficiaries of a social telephone tariff.

As for the financing of the fund for social telephone tariffs for the year 2005 (more precisely the period from 1 July 2005 to 31 December 2005), as the manager of the fund for financing the universal service regarding social tariffs, the Institute adopted a decision on 20 June 2007 the purpose of which was to withdraw the decision of 30 October 2006, in which the operators’ contributions into the social tariffs fund had been laid down. This withdrawal was necessary because of the change in the regulatory framework regarding the financing of the social element, introduced by the Act of 25 April 2007 pertaining to various provisions (IV).

Monitoring of universal service obligations

As regards universal service, the first task of the Institute is to monitor the proper fulfilment by the universal service providers of their obligations. Given the transitional period regarding the provision of the universal service elements other than the social element, the monitoring of the execution of these elements only concerned Belgacom in 2007.

The Institute also drew up the report on the universal service covering 2006. On the one hand this report describes the result of the verification carried out by the Institute of the correct fulfilment of the universal service obligations by the provider. On the other hand it meets the obligation for the Institute laid down in Article 103, paragraph 2, of the Act of 13 June 2005 on electronic communications to report to the minister on possible adaptations of the universal service obligations.

Since 30 June 2005 the monitoring task of the Institute concerning the social element of the universal service has consisted in verifying whether operators do fulfil their obligation to provide the social telephone tariffs to the customers who belong to one of the categories of beneficiaries. The aim is

therefore to monitor if the granting conditions are correctly applied by operators, if the latter grant the correct discounts and if these discounts are applied to their standard tariffs. In this context BIPT monitors compliance with the granting procedure of social tariffs laid down in the Royal Decree of 20 July 2006. It also verifies the list of standard tariffs on which operators apply tariff discounts.

In the course of the year only theoretical checks of the quality of the services based on various statistical data could be carried out.

As to the directories, with each publication a check is made to make sure that all legal requirements have been met.

Costs of the universal service

Other elements of the universal service

On 27 April 2007 a series of royal decrees were adopted, on the proposal or on the opinion of BIPT, regarding the implementation of the universal service in electronic communications. These decisions lay down the terms and conditions for designating the provider of the various universal service elements (fixed geographical element, telephone booths, inquiry service, and directories). They also fix the period of execution and the procedure to pay the contributions and compensations regarding the universal service in electronic communications.

Social telephone tariffs

In the first half of 2007 the Act of 25 April 2007 pertaining to various provisions (IV) was adopted, which came into force on 18 May 2007. This Act amends the Belgian regulation concerning social tariffs, especially the system of financing the fund for the universal service regarding social tariffs.

The result of these amendments was that the decision of 30 October 2006 taken by the Council as the manager of the fund for financing the universal service regarding social tariffs had to be withdrawn; this decision laid down the method to determine the compensations between operators within the framework of that fund.

On 6 July 2007 Belgium received a reasoned opinion from the European Commission about the manner in which the social element of the universal service is implemented. Because this reasoned opinion from the European Commission arrived later than the latest changes to the Belgian legislation, BIPT thought it preferable to suspend the calculation of the compensations due by the operators and the collection of those compensations.

Implementation of the new regulatory tasks concerning social tariffs

Article 22, § 2, of the annex to the Act provides for the creation within the Institute of a database of beneficiaries of the social telephone tariff. This database has been operational since 2 May 2006 and makes it possible to check when entering the application whether a customer or any other member of his household does not already benefit from a social tariff with another operator.

According to the granting procedure of the social telephone tariff, the Institute also checks for each application submitted to operators if the applicant meets the granting conditions for the social tariff.

The Institute also checks maximum once every two years whether beneficiaries are still entitled to the social telephone tariff.

These checks carried out by officials of the Institute are partly automated and computerised because firstly a request is made to the data of the Crossroads Bank for Social Security (CBSS). When the CBSS does not possess certain data, the Institute contacts the customer so that he returns a number of certificates to the Institute.

During 2007, 49,551 new applications for social tariffs were entered into the database of beneficiaries of social telephone tariffs. Among them, 32,892 required an individual treatment by the STT Department (Social Telephone Tariffs) created within the Institute.

Monitoring of the provisions regarding end-user protection

In late 2006 the Institute introduced a procedure to systematically monitor the implementation of the provisions of the Act of 13 June 2005 on electronic communications specifically relating to the protection of end-users. This monitoring was continued in 2007 by sending requests for additional information to a number of operators.

Preparation of the secondary regulation on the protection of the end-user (including universal service)

The Institute also closely cooperates in the preparation of the secondary regulation implementing the Act of 13 June 2005. The part of this Act on the protection of the end-user requires the publication of numerous decrees. In 2007 a number of implementation orders were published in the *Moniteur belge*.

But for a few texts the essential part of the secondary universal service regulation was published in the 12 July 2007 edition of the *Moniteur belge*.

The decisions concerned are listed below in logical order.

Period of performance

- Royal Decree of 27 April 2007 laying down the performing period of the fixed geographical element of the universal service regarding electronic communications;
- Royal Decree of 27 April 2007 laying down the performing period of the element of the universal service regarding electronic communications consisting in the provision of public payphones;
- Royal Decree of 27 April 2007 laying down the performing period of the universal service of directory enquiries.

Designation mechanism

- Royal Decree of 27 April 2007 laying down the conditions of the open mechanism for designating the provider of the fixed geographical element of the universal service regarding electronic communications;
- Royal Decree of 27 April 2007 laying down the conditions of the open mechanism for designating the provider of the element of the universal service regarding electronic communications consisting in the provision of public payphones;

- Royal Decree of 27 April 2007 laying down the conditions of the open mechanism for designating the provider of the universal service of directory enquiries;
- Royal Decree of 27 April 2007 laying down the conditions of the open mechanism for designating the provider of the universal directory.

Financing

- Royal Decree of 27 April 2007 laying down the payment conditions of the contributions and compensations relating to the universal service regarding electronic communications.

Performances

- Royal Decree of 27 April 2007 laying down the conditions for distributing the number of public payphones between municipalities;
- Royal Decree of 27 April 2007 laying down the basic requirements to be met by newly installed public phones in order to facilitate their use for the disabled;
- Ministerial Order fixing the criteria of edition of the universal directory and fixing the general information to be included in the universal directory (Moniteur belge 14 May 2007);
- Royal Decree of 27 April 2007 on the supply of the data necessary to the making of the universal directory and the provision of the universal directory enquiry service.

Social element of the universal service

- Royal Decree of 20 July 2006 laying down the operating conditions of the social element of the universal service regarding electronic communications (Moniteur belge 8 August 2006).

Moreover, in 2007, the Royal Decree of 27 April 2007 providing for the supply of location data for emergency calls from mobile networks to emergency services in accordance with Article 107, paragraph 3 of the Act of 13 June 2005 on electronic communications was published (Moniteur belge 12 July 2007, page 38069).

The Ethics Commission

The Ethics Commission for the provision of premium rate services on electronic communications networks is entrusted with the task of ensuring the observance of the conditions under which premium rate services are offered to the public through electronic communications networks. This covers for example voting by telephone or text message on various TV shows (e.g. Eurovision Song Contest or Miss Belgium), downloading logos and ringtones for mobile phones, calling a central premium rate number to find out about duty doctors or chemists in a specific area or to consult the latest weather forecast, making dates via dating services, etc.

0900 numbers or short four-digit SMS codes are generally used for these services.

The law decrees that the rules for a correct offer of these services and number series that may be used for that purpose have to be laid down in an ethics code, which is proposed to the King by the Ethics Commission. The procedures the Ethics Commission will follow were laid down in a royal decree (Royal Decree of 1 April 2007 regarding the procedure for and the practical rules relating to the functioning of the Ethics Commission for the provision of premium rate services on electronic communications networks, Moniteur belge, 12 April 2007).

The law also decrees that BIPT provides the secretariat for the Ethics Commission.

In accordance with its legal tasks, BIPT provided secretarial and generally operational support to the activities of the Ethics Commission, which started on 19 January 2007.

This concerned among other things:

- the organisation and minuting of meetings of the Ethics Commission;
- the management and internal completion of a project for the creation of a proper website for the Ethics Commission for telecommunications;
- the implementation of the solution found to complaints regarding premium rate numbers that BIPT or the Ethics Commission received themselves, including the forwarding of complaints to the Federal Police, the Directorate-General Enforcement and Mediation of the FPS Economy, the Gaming Commission or in one case to an operator (solution to the complaint based on the Code of conduct regarding the offer of certain services through telecommunications). The Ethics Commission cannot yet treat complaints itself as long as the regulatory ethics code has not been promulgated;
- the assistance rendered to the Ethics Commission for telecommunications in order to formulate an opinion on the draft of the Royal Decree on managing the national numbering space and the grant and withdrawal of number user rights;
- the preparation and the attending of international meetings of the IARN in Berlin (June 2007) and in Prague (November 2007). IARN, short for “International Audiotex Regulators Network”, is a contact network for organisations with similar tasks as the Ethics Commission for telecommunications (for more information: www.iam.org);
- the management of a project to achieve a proposal for an ethics code, as stipulated in Article 134, § 2, of the Act of 13 June 2005.

The Institute also delivers the secretary and the deputy secretary to the Ethics Commission (see communication in the *Moniteur belge* of 16 May 2007).

Protection of privacy

The European Union adopted on 15 March 2006 a directive on the retention of data generated or processed in connection with the provision of publicly available electronic communications services or of public communications networks services and amending Directive 2002/58/EC. This directive was published in the Official Journal on 13 April 2006.

The main goal of this new European normative instrument is to harmonise the provisions of the Member States relating to the obligations regarding the retention of certain data generated or processed by the providers of publicly available electronic communications services or of public communications networks. This text aims at guaranteeing the availability of these data for the purpose of investigating, detecting and prosecuting serious violations as described by each Member State in its national law.

The Institute prepared a draft transposition of this directive into Belgian national law and communicated this draft to the competent political authorities on 24 October 2006.

A new draft transposition is being discussed by BIPT, the Federal Public Service of Justice and the Federal Computer Crime Unit.

As to the verification of the implementation of the provisions regarding the protection of the end-users in the Act of 13 June 2005 on electronic communications, the Institute also verified in 2007 the implementation of Articles 122, 123, 124, 125 and 129, which mainly concern the protection of privacy.

Tasks of general interest

One of the Institute's missions is to see to the integrity and safety of the public electronic communications networks. Among other things, the Institute has to coordinate the initiatives relating to the quality and safety of these services.

In this context it regularly takes part in the meetings of the Coordination and Crisis Centre of the Belgian Government. At the latter's request a warning and information document was spread in the context of a campaign to inform companies about the risks and consequences of a possible pandemic.

Furthermore, the Institute cooperates with the Joint Commission on telecommunications (Comixtelec) in conformity with Article 14, § 2, 4^o, of the Act of 17 January 2003 on the status of the regulator of the Belgian postal and telecommunications sectors. In this context the Institute drew up a draft royal decree to adapt Comixtelec's tasks to the new electronic communications environment. During the year, that draft was discussed in consultation with the Commission's chairman but it could not be submitted for approval to the minister or for signing by the King because of the absence of a government during the second half-year.

Tariff simulator

The telecommunications regulatory framework stipulates that BIPT has to provide for a tool on its website which the public at large can use to compare the tariff plans of the different operators offering electronic communications services on the Belgian market.

In 2007 the Institute awarded a contract with a view to creating a computer programme that consumers can use to evaluate which offer is most profitable for him taking into account his user profile regarding telecommunications.

The project was divided into different phases:

- fixed telephony;
- mobile telephony;
- broadband and Internet access;
- the integration of the latter three steps and the addition of access to television in order to create the final tool.

TECHNOLOGICAL MONITORING, INVOLVEMENT IN NATIONAL AND INTERNATIONAL INSTITUTIONS

At a national level, the Belgian Institute for Postal Services and Telecommunications is actively involved in the forum of the Consultative Committee on Telecommunications. At an international level, it keeps abreast of technological developments and constantly assesses their effect on regulations. Harmonisation between European regulators is aimed at adopting the same interpretation of the economic situation in order to create a genuine single European telecommunications market. BIPT is involved in all international forums where future directions are set out.

The Consultative Committee on Telecommunications

As mentioned before at page 35 the Consultative Committee is a forum in which all stakeholders of the sector are represented: the social partners (trade unions, employers' organisations and consumer representatives), the market players (operators, manufacturers, users) and the representatives of government at federal, regional and community levels. Due to its composition, the Committee acts as an observatory that is geared towards the developments and trends in the sector.

European institutions

BIPT followed up the activities of the Council group until 5 June 2007, the date on which the private office of Minister De Gucht decided to entrust the follow-up of those files to a member of the private office of Minister Verwilghen.

Until June BIPT followed the activities relating to the international roaming regulation as well as matters regarding radio frequency identification (RFID); the Institute also kept up with the activities of the Communications Committee (COCOM) and of the High-Level Group on Internet Governance.

On 13 November 2007 the Commission presented a new regulatory package comprising two proposals for directives amending the Framework Directive, the Interconnection Directive and the Authorisation Directive on the one hand and the Universal Service Directive and the directive on the processing of private data as well as the regulation on cooperation with regard to consumer protection on the other hand. The package also includes a new version of the recommendation on relevant product and service markets as well as a proposal for a regulation establishing an authority for the electronic communications market aiming at creating a European regulatory authority that would coordinate the national regulatory authorities. BIPT will ensure that it does not lose its own powers because of the possible creation of that authority.



B I P T

MANAGEMENT OF TECHNICAL MATTERS AND
OF THE ELECTROMAGNETIC SPECTRUM

MANAGEMENT OF TECHNICAL MATTERS AND OF THE ELECTROMAGNETIC SPECTRUM

MANAGEMENT OF THE ELECTROMAGNETIC SPECTRUM, LICENCES AND FREQUENCIES

The management and monitoring of the spectrum fall within the brief of BIPT, which assigns the frequencies and issues the licences. The users of the electromagnetic spectrum are numerous and varied.

Frequency management

BIPT has been assigned the task of managing the electromagnetic spectrum in Belgium. This encompasses both the daily frequency assignments and coordinations and the long-term policy on frequency plans and adjustments.

Frequency assignments for landmobile services are governed by the HCM¹¹ Agreement (previously the Vienna/Berlin Agreement) and constitute one of the main activities of the department.

Number of files processed by the mobile department under the HCM Agreement Number of coordinations	2007
Coordinations from Belgium	55
Incoming coordinations from France	341
Incoming coordinations from the Netherlands	86
Incoming coordinations from Germany	122
Incoming coordinations from Luxemburg	33

Number of files per category ¹²			
	Annulled	Modified	New
1st category	118	298	358
2nd category	5	68	9
3rd category	202 ¹³	209	43
4th category			
5th category			
6th category	725	804	1,204
7th category			
8th category			

¹¹ HCM: Harmonised Calculation Method; this Agreement deals with the coordination of frequencies between 29.7 MHz and 39.5 GHz, for the purposes of preventing mutual harmful interference to the Fixed Service and the Land Mobile Service and optimising the use of the frequency spectrum.

¹² 1st category: private mobile radio networks; 2nd category: fixed networks; 3rd category: public administrations; 4th category: private mobile networks at the common 27 MHz frequency; 5th category: radio amateurs; 6th category: fixed and mobile networks within the limits of one property; 7th category: remote control of scale models; 8th category: CB radio telephones.

¹³ Many networks are terminated because of the migration to the A.S.T.R.I.D. network.

Indispensable international coordination

Although BIPT is not responsible for the planning of broadcasting frequencies its Frequency Management Department is responsible for the daily requests for coordination and the application of international agreements (Geneva 1975, Geneva 1984, Stockholm 1961, Wiesbaden 1995, Chester 1997, Maastricht 2002) as well as the LEGBAC Agreement¹⁴.

This department is also responsible for coordinating frequencies for satellite links (earth stations, networks, etc.) and radio relay links as well as for the correspondence with the ITU Radiocommunications Office.

Types of files	Number
1961 Stockholm Agreement 1997 Chester Agreement (DVB-T) 2006 Geneva Agreement	414
1984 Geneva Agreement	821
1975 Geneva Agreement	5
1995 Wiesbaden Agreement/2002 Maastricht Agreement (T-DAB)	80
1993 Vienna Agreement/2001 Berlin Agreement (general) - HCM 2005	47
Earth stations (Art. 9), satellites (Art. 9), radio relay links	1,034
Miscellaneous (coordination, interference, temporary frequencies, information...)	464
Comixtelec	138
ITU - Radiocommunication Bureau and Conferences	220
CEPT - ERO - ECC	6
Satellite organisations (Eutelsat, Intelsat, ESA...)	2
Total	3,231

Examples of important achievements by the Frequency Management Department in 2007:

- at the request of the private office for Economy, Energy, Foreign Trade and Science Policy, BIPT organised a public consultation on the draft Royal Decree regarding fixed and nomadic radio access.
- a new radio interface, B20, for UWB equipment (ultra-wideband) laying down the terms for use and trade of this equipment on the Belgian market was developed and published on the website.
- the development of a new radio interface for wireless microphones and wireless intercom connections was also launched. This radio interface is expected to be ready in the first half of 2008.
- the technical cell "Landmobile Services" coordinated and assigned the frequencies for numerous temporary events, especially the Tour de France, the Grand Prix and the 24 hours of Francorchamps and various concerts. The cell also worked very hard on the completion of the database for landmobile services.
- regarding maritime networks, additional frequencies (including channel 85) were assigned to the Scheldt Radar Chain in Antwerp.

Other accomplishments by the Frequency Management Department are mentioned under 2.10.

¹⁴ Compatibility between FM broadcasting and air navigation.

Shared use of antenna sites

For the purpose of site sharing, the law provides for a database manager. This task is currently performed by the non-profit-making association R.I.S.S. (Radio Infrastructure Site Sharing). R.I.S.S. itself has accommodated the database with the Institute, which now also ensures the processing of the sites in the database.

During 2007 BIPT further developed online access to the locations of the antenna sites which are available for site sharing. This access involves a website featuring a map of Belgium with a function to zoom in on the required region, and showing where the operational sites are located. Also the places for which a planning application has been filed or approved can be checked.

The available data were submitted to a thorough quality check in order to guarantee optimum coordinates and address details. New sites that are added, are also checked.

Moreover, BIPT oversees the smooth operation of site sharing. To this effect, BIPT attends the R.I.S.S. meetings to take note of the decisions on the one hand and to offer the necessary support in the management process on the other.

Licences for private radio communications networks and individual stations

The table below lists the total number of licences issued on 31 December 2007 in the different categories of individual stations or private networks for radio communications.

Number of licences for private radio communications networks and individual stations

		Permanent	Temporary
1st category	Private mobile networks	1,161	246
2nd category	Fixed networks	273	-
3rd category	Public administrations	716	24
4th category	Private mobile networks at the common 27 MHz frequency	1	X
5th category	Radio amateurs	5,462	X
6th category	Fixed and mobile networks within the limits of one property	4,097	940
7th category	Remote control of scale models	Exempted from licence	
8th category	CB radio telephones B27	20,336	X
Satellites	Satellite networks	47	

Recognition of operators

Operators on board aircraft

In 2007 the Institute's Council renewed the licences of Aeromobile and OnAir, awaiting the publication of the legal framework.

Trunk networks

The BSCA company (Brussels South Charleroi Airport) was granted a licence to operate a TETRA¹⁵ network at Charleroi airport.

¹⁵ TETRA (TErrestrial Trunked RAdio) is a standard developed in Europe by ETSI for the digital radio communication of speech and data and was designed with a view to the needs of professional users, especially those of rescue and security services.

Radio amateurs

Examinations

The number of candidates for the basic licence amounts to 165 (192 in 2006). 106 candidates have taken the HAREC¹⁶ exam compared to 172 the year before.

The success rate for the basic licence is 86% and 49% for the HAREC exam, which is a lot more difficult.

Maritime radio communications

Examinations

396 candidates took the SRC¹⁷ exam (compared to 324 in 2006) with a success rate of 83%. 1,301 candidates turned up for the VHF exam (compared to 1,176 in 2006), 1,084 of which passed (83%).

For the GOC¹⁸ and the ROC¹⁹ exam the number of candidates amounted to respectively 153 of which 120 passed and 61 of which 54 passed.

Licences

In 2007, the total number of ship station licences amounted to 11,970 (compared to 10,935 in 2006), distributed among 9,631 pleasure boats, 2,943 commercial river vessels, 253 seagoing vessels and 143 fishing boats.

Aeronautic radio communications

Certificates

In 2007, the Institute granted 293 operator certificates on the basis of examinations organised by the FPS Mobility and Transport, as compared to 247 in 2006.

Licences

Currently 1,299 licences for aeronautical stations are managed by the Institute; 764 for installations on board aircraft and 535 for portable stations.

GUARANTEES FOR SPECTRUM USERS

Managing and monitoring the frequency spectrum guarantees that radio communications work properly for the benefit of all users. The electromagnetic fields generated by electrical and electronic equipment may cause interference to the operation of other equipment. The fight against these interferences is imperative. For this purpose, prevention and repression are complementary policies; however, BIPT clearly favours the former. Its officials inform, advise, monitor, check and if necessary, report the offenders. Goods may also be confiscated.

Spectrum monitoring

The NCS (the National Spectrum Monitoring Department) is responsible for “policing the radio waves” in the broad sense of the word. In addition to the directorate in Brussels, NCS has five monitoring centres across the country, in Anderlecht, Liège, Seneffe, Antwerp and Ghent. Its tasks can be broken down into four main categories:

¹⁶ Harmonised Amateur Radio Examination Certificate.

¹⁷ Short Range Certificate.

¹⁸ General Operator Certificate.

¹⁹ Restricted Operator Certificate.

- dealing with radio interference: every citizen and every authority can report to the NCS any radio interference of which he claims to be a victim. The NCS technicians, equipped with professional measuring equipment, track down the source of the interference and take the necessary measures to eliminate it;
- preventive checks on professional radio networks; most new radio networks are monitored by the NCS technicians. This ensures that these networks are set up in accordance with their licences and that frequency, capacity and antenna height are compliant with the plans of the Frequency Management Department. It also means that the use of illegal transceivers can be curtailed;
- tasks of particular expertise in the field of radio communications, notably with regard to the measurement of the electromagnetic field: the task of monitoring compliance with the standards governing exposure of the public to non-ionising radiation (within the framework of the health issue) was conferred on BIPT in 2001;
- checks during major events: the NCS is present at various events that attract a large number of radio frequency users, to ensure that licences are observed and to resolve cases of radio interference.

In 2007 the NCS continued to examine the complaints notified by the various Communities in the broadcasting band. A specific measuring method was developed to map the range of a broadcasting station and therefore to be able to thoroughly reflect the legitimacy of a complaint. The Royal Decree of 26 January 2007 on the ether police concerning the frequency modulation in the 87,5 MHz-108 MHz band, that is to become effective on 1 June 2008 at the latest, gives the NCS staff more powers during the checks.

The roll-out of the UMTS network is carried out by following a “step-by-step plan” as it is defined in the licences delivered to the UMTS operators. This step-by-step plan, spread over a few years, determines what percentage of the Belgian population should have access to the UMTS network in the long run. In 2007 the theoretical coverage was calculated based on the data provided by the operators. During meetings, both national meetings with operators and international meetings with the European Radiocommunications Office, activities were pursued to harmonise the technical standards that will be used to carry out the practical field measurements. These technical standards will determine which parameters will be measured in the field. Moreover BIPT contributed to a statistical method to determine the number of samples, so that the error rate of the measuring results stays under a standard to be predetermined. In 2007, the range of the UMTS network of the three operators was determined by verifying whether it was possible to connect a portable appliance via a UMTS connection at 1,350 locations in Belgium.

To enable them to perform their general task of policing the radio waves, the NCS members have the capacity of a criminal investigation officer and regularly join forces with the police services. All security services have 24/7 access to an NCS duty service in the event of interference to their radio communications. NCS has twenty fully equipped measurement vehicles at its disposal in order to conduct activities in the field. In 2007, four vehicles were replaced. In addition, six fixed measuring stations were installed, designed for the automatic monitoring of radio frequency use.

Six technicians were added to the NCS staff.

The table below provides a round-up of activities conducted in 2007.

NCS interventions

“Interference” cases	545
Preventive checks on professional users	1,145
Radiation measurements at transmission sites	233
Events monitored	194
Interventions by the duty service	111
Legal cases – tasks for the public prosecutor’s office	479
Number of reports produced	99
Measurements of broadcasts	55
UMTS coverage measurements	150 man-days

Conformity of equipment

Radio and telecommunications terminal equipment has to be marketed in accordance with Directive 1999/5/EC of the European Parliament and the Council of 9 March 1999 on radio equipment and telecommunications terminal equipment and the mutual recognition of their conformity (R&TTE Directive).

According to this text the appropriate CE marking has to be affixed on all radio and telecommunications terminal equipment, on their packaging as well as on the accompanying documents. If a licence is needed for the use of the radio equipment or if the equipment uses frequencies, the use of which is not harmonised in Europe, the CE marking must include an alert sign (information sign).

Radio equipment operating in frequency bands, the use of which is not harmonised in Europe (and which consequently bears the information sign in the marking) has to be notified to the Member State in which it is marketed. This is commonly known as the obligation of notification, as stated in Article 6.4 of the Directive. In 2007, 1,492 devices were notified in accordance with this procedure. This is a status quo. It is mainly due (or thanks) to the fact that the Commission has extended the list of “Class 1” equipment with radio equipment, the use of which is not restricted. The number of notifications is expected to decrease as a result of a number of Commission decisions taking effect regarding the harmonisation of the radio spectrum. All equipment not belonging to “Class 1” and put on the Belgian market has to be notified to BIPT. It is advised to regularly look up the list of “Class 1” equipment. This list can be consulted directly on the site <http://www.ero.dk/rtte>, a subdivision of the ERO website (the European Radiocommunications Office). The technical parameters which this radio equipment has to comply with are also mentioned on this site and are linked to the reference

number of the relevant subclass.

On 20 July 2007, the revised EMC Directive (Directive 2004/108/EC) came into force. It replaces the old EMC Directive 89/336/EEC. This Directive was transposed into Belgian law by the Royal Decree of 28 February 2007 on electromagnetic compatibility (Moniteur belge of 14 March 2007, page 13,678 and following). The main responsibility for the transposition lies with the FPS Economy.

Equipment as meant in the former EMC Directive and for which the manufacturer or his representative has drawn up a declaration of conformity before 20 July 2007, may continue to be manufactured and commercialised until 20 July 2009.

The guideline itself and an explanatory guide for the implementation of this new Directive are available on the Commission's website (http://ec.europa.eu/enterprise/electr_equipment/emc/directiv/dir2004_108.htm).

Monitoring of equipment

It was noticed that a large quantity of devices are still marketed that do not or only partially comply with legal requirements. These infringements create unfair competition and disadvantage those manufacturers and importers who do observe the legal obligations (more quickly on the market – less costs). Such monitoring is conducted in everybody's interest, from manufacturers, importers and vendors to users and public authorities. Market surveillance is considered to be one of the keys to the successful implementation of the R&TTE Directive. In a number of cases repressive measures were called for. The checks conducted in 2007 thus led to the seizures listed in the table below.

Equipment seized during checks in 2007

Terminal equipment		Radio equipment	
Telephone equipment	41	Remote-controlled toys	789
		Remote-controlled mains sockets	471
		Mice / keyboards	325
		FM radio transmitters	317
		Door bells	210
		Remote-controlled vibrators	175
		Scale models	163
		GSMs	162
		Weather stations	157
		Alarm systems	149
		Car Scanners	119
		Bluetooth equipment (no GPS)	102
		Wireless microphones (including in-ear)	87
		Cameras (mini)	82
		Other	358
Total	41	Total	3,666

Once again, regulations were often found to be violated, wittingly and unwittingly. Nevertheless the administrative requirements for terminal equipment as such are fairly straightforward.

In the case of radio equipment operating in frequency bands, the use of which is not harmonised within the European Union, and which consequently has to bear the “alert sign” in the marking, it was often noted that there was no list of the countries in which such equipment may be used. BIPT believes that this information should always be included. This indispensable information has to be mentioned on the packaging as well as in the instructions for use. The Institute always takes action when it is lacking. A potential buyer of such radio equipment needs that information to know whether the equipment may or may not be used. The use of such equipment in an unauthorised place may cause interference, with all ensuing consequences.

It was also noted that a great number of radio devices which do not comply with the prevailing legislation and have not been marketed in accordance with the former authorisation system, are still on the market. Moreover some of these devices operate on frequencies that are not authorised in Belgium. In these cases too, the Institute invariably takes action. This is probably partly because of mail order becoming easier (via the Internet) and the often aggressive manner of advertising all kinds of cheap radio equipment (via spam mail). The buyer/importer has every interest in being adequately informed as he bears all responsibility.

Many irregularities are still being observed in the sector of radio controlled toys (remote controlled toy cars...). It occurs that these products comply with the Toys Directive (Directive 88/378/EEC amended by Directive 93/68/EEC), but that no heed was taken of the provisions in the R&TTE Directive.

Postal items containing radio equipment are also frequently checked. In 2007, 289 of such checks were carried out. Many of these items contain devices bought on the Internet – directly from the manufacturer or via an auction website (eBay for instance). In many cases the equipment does not comply with the legal requirements and is seized. It was worrying to see that during the end-of-year period mobile phones without the CE marking were offered on these auction websites. During a check such equipment was always seized. The party concerned is always notified of this.

When violations are observed, these are always reported and the goods are seized in most cases. The violations are then followed up by the public prosecutor’s office. That means that there is no point in approaching the Institute for information about any case. The public prosecutor’s office then decides whether legal action is needed. In 2007, 466 initial reports were made. During the follow-up of the court cases, a further 53 reports were made.

In Belgium a ministerial licence (commonly known as a licence) has to be obtained before certain types of radio equipment can be possessed and used. Sellers of such equipment are required to have a general holder’s licence. This general holder’s licence is free of charge and can be obtained upon simple request. The sale of such equipment is not permitted to persons who do not have an individual licence. A monthly statement of sales has to be submitted to BIPT. This statement has to include the buyer’s details.

Additional explanation and information on the R&TTE Directive are available at the European Commission’s website: <http://europa.eu.int/comm/enterprise/rtte/>. Apart from the text of the Directive, this website also contains further information and common interpretations. Useful information can also be found on BIPT’s website. It is available under “Equipment” in the section “Radio Communications”.

MANAGEMENT OF TELEPHONE NUMBERING

Numbers are essential in offering telecommunications services over telecommunications infrastructures. They are for both end-users and providers the key that provides access to these services. BIPT constantly sees to it that the supply of numbers is sufficient and adequate for normal market development. To telecommunications operators equal access to adequate number series is of paramount importance, in terms of quality as well as quantity, for the balanced development of a competitive market. For this purpose BIPT establishes numbering plans, which clearly state which destination corresponds to which number.

Registration of number capacity

The Institute also carries out the actual number management, which includes tasks such as the allocation, reservation, withdrawal, transfer and monitoring of use (maintenance policy).

The table below provides an overview for 2007.

Number series	Destination	Reservations	Allocations	Cancellations	Transfers
1yxx	short numbers CSC, VPN...	(n) 3 (r) 0	0	3	1
4pq	mobile services	(n) 4 (r) 0	3	1	0
70-700	national services	(n) 2	0	1	1
77	services based on premium rate numbers	(n) 0	0	0	0
78	national services	(n) 2	0	0	0
79	special Internet access	(n) 0	0	0	1
800	freephone services	(n) 2	0	1	3
90A x 1.000 numbers	services based on premium rate numbers	(n) 43 (r) 3	0	2	1
MNC	mobile network codes	(n) 0 (r) 0	0	0	0
ISPC	international signalling codes	(n) 2	1	0	1
NSPC	national signalling codes	(n) 21 (r) 0	2	1	3
PQYZ	geographical numbers	(n) 119	118	6	20
TMNC	TETRA mobile network codes	(n) 0	1	0	0

(where n = new reservation(s); r = renewal of existing reservation(s))

All available information on the national numbering plan - such as the lists of reserved and allocated numbers - is published on the website (www.bipt.be).

Policy measures

During the first half of 2007 BIPT organised a comprehensive written consultation on the new draft of the Royal Decree on managing the national numbering space and the grant and withdrawal of number user rights. The market parties interested were also offered the opportunity to give a verbal explanation of their points of view on the new draft of the royal decree. This procedure resulted in 22 elaborate written reactions that were carefully analysed. The summary containing the analysis and a number of policy options was transmitted to the authority in charge. As instructed by the authority in charge, BIPT adapted the draft royal decree and an opinion was rendered on the new draft. This royal decree also includes new tariffs for both the processing of files and the annual user rights. The impact on BIPT's budget was analysed and communicated to the Inspectorate of Finance. On 27 April the royal decree was signed by the King.

Immediately afterwards the actual implementation started, including the following special points of attention:

- the start of the subscription phase for SMS and MMS²⁰ services;
- the modification of the end-user tariff for calls to 78 and 70 numbers;
- the coming into effect of a new arrangement for national short numbers of the 19XX type;
- the introduction of the competence to manage the TETRA numbering plan;
- the introduction of new tariffs for the annual fees and handling charges;
- the regularisation of the suballocation of numbering capacity between operators;
- the start of the preparation of the renumbering of 77 numbers into 906 numbers;
- the preparation of the introduction of a new premium rate numbers system;
- the preparation of the renumbering and of the introduction of a new SMS and MMS numbering plan.

Furthermore, a new draft of ministerial order with a corresponding opinion was drawn up and transmitted to the authority in charge. The purpose is to amend the Ministerial Order of 12 December 2005 establishing the categories of outgoing calls and categories of called numbers for which blocking must be offered free of charge to end-users.

In conformity with the Commission Decision of 15 February 2007 C(2007) 249 on reserving the national numbering range beginning with '116' for harmonised numbers for harmonised services of social value, the number 116000 was reserved for the European Center for Missing and Sexually Exploited Children.

Furthermore, a public consultation was organised, starting 27 July 2007, with a proposal to renumber 77 numbers into 906 numbers. This conversion is imposed by virtue of Article 49 of the Royal Decree of 27 April 2007 on managing the national numbering space and the grant and withdrawal of number user rights. BIPT held a consultation on the conversion into the new numbering plan of the E.164 numbers²¹ for premium rate services that are meant specifically for adults. BIPT's decision with respect to this, was published on 10 October 2007.

²⁰ MMS: Multimedia Messaging Service.

²¹ E.164 is a recommendation by the ITU-T defining the international telephone numbering plan that is used in public telecommunications networks. This recommendation contains a number of rules that telephone numbers must satisfy.

The role of domain names on the Internet can be compared to that of numbers in the telephone network. The Internet Corporation for Assigned Names and Numbers (ICANN) is an international non-profit organisation that sees to the global coordination of the system of unique “Internet Identifiers” such as Internet domain names, IP addresses and other technical parameters. In addition, this organisation provides the coordination and operation of the DNS root name server system. Within ICANN, the GAC (Governmental Advisory Committee), which is composed of government representatives, operates as an important advisory body. One of the main objectives of the Internet Informal Group (IIG) of the European Commission is to coordinate the different positions of the national authorities within the GAC. The Institute represents Belgium in both organisations. Among the topics that were discussed this year, we find the WHOIS issue²², the introduction of IDN (Internationalised Domain Names) and the extension of generic top-level domain names.

Number portability

Number portability (NP) is a key priority in the telecommunications policy. There are two basic reasons for this. Every change of call number entails additional administrative work and costs for the end-user and has a substantial negative direct impact on potential customer contacts. Furthermore, there is increasing concern among new operators about being treated unfairly if potential customers had to change numbers. Research has shown that a lack of number portability seriously limits the chances of these newcomers.

Considering the insecurity that exists in the sector about the exact scope of the provisions in the new royal decree on numbering with reference to the phrasing ‘specifically with a view to nomadic use of geographical national E.164 numbers reserved with the Institute’ and the consequences for the introduction of portability of geographical numbers for nomadic VoIP services, a consultation was held on 31 August 2007 on the interpretation of Article 43. An internal summary was drawn up and an analysis of the problem was transmitted to the minister. At the request of the Ministers of Telecommunications and of the Interior a communication by these ministers was formulated and published on the Institute’s website (publication date: 27 November 2007).

To further open up number portability to smaller market players, the hosting system is established. This enables indirect access (hosting) to the number portability database. This hosting was implemented by a BIPT decision of 30 May 2007 following a public consultation and an additional consultation of the non-profit making association “Number Portability”.

The Royal Decree regarding the distribution of the contributions between the mobile operators and the MVNOs which have to be paid to cover the CRDC costs was finished and finally published in the Moniteur belge on 11 July 2007.

²² WHOIS is a protocol to retrieve data on a domain name or an IP address by means of a query to a database. A WHOIS usually contains the name and contact data of the owner, the provider and the name servers.

The table below shows the evolution in the number of connections with active ported numbers for the fixed networks.

1 January	Number of ported geographical and non-geographical numbers
2000	0
2001	110,266
2002	341,773
2003	463,981
2004	608,242
2005	767,135
2006	926,899
2007	1,149,233
2008	1,323,498

The table below shows the total number of ported mobile numbers.

	Number of ported mobile numbers
1 October 2002	0
1 January 2003	58,364
1 January 2004	311,550
1 January 2005	719,698
1 January 2006	1,126,991
1 January 2007	1,545,601
1 January 2008	2,029,664

It should be noted that as a number can also be ported back to the first operator or be deactivated, the net number of ported numbers at a given time is lower than the sum of all portings.

As you can see, the threshold of 2 million ported numbers was exceeded by the end of 2007. This means that about 20% of all mobile phone users have already used the possibility to port their numbers.

The Carrier Preselect and Select service / Involuntary change of provider

BIPT has actively monitored the anti-slamming provision as stipulated in Article 135 of the Act of 13 June 2005 on electronic communications.

The table below shows the net evolution in telephone numbers with *Carrier Preselect*.

	Numbers with Carrier Preselect	Percentage of increase
1 January 2001	114,735	
1 January 2002	381,566	232.5%
1 January 2003	595,627	56.1%
1 January 2004	850,384	42.8%
1 January 2005	1,115,761	31.2%
1 January 2006	1,048,672	-6%
1 January 2007	908,751	-13.3%
1 January 2008	837,849	-7.8%

The decline in the number of net activations noted since May 2005 when the maximum number of activated numbers was reached, i.e. 1,135,000, continued. This drop is due to a number of structural changes in the Belgian market, namely the offers commonly known as flat-fee offers of Belgacom and Telenet, the “*all in one*” packages (ADSL, fixed and/or mobile telephony) offered by Scarlet and TELE2 for instance and the substitution of fixed lines by mobile phones.

TECHNICAL TASKS OF PUBLIC INTEREST

The Institute carries out yet more tasks of public interest. The law has bestowed on BIPT the status of expert in scientific fields such as the measurement of electromagnetic fields and the security of networks.

Antennas and electromagnetic fields

BIPT has the authority to monitor electromagnetic radiation standards around antennas. This entails both preparatory computer simulations and measurements on site or in premises. This ensures that the exposure standards which are designed to protect public health, are observed. The RF Radiations Department provides the computer simulations for this purpose.

The RF Radiations Department processed 3,863 applications in 2007. 1,098 of the applications were entered by Belgacom Mobile NV, 924 by Mobistar and 860 by BASE.

The other applications were submitted by radio amateurs (563), A.S.T.R.I.D. (50), the military (24), the Belgian railway operator NMBS/SNCB (19) and the remainder by the VRT, the RTBF, local radios and others. 1,779 French-language applications, 2,046 Dutch-language applications and 38 German-language applications were processed. 152 certificates of conformity were delivered (with measurements by the owner or studies on site).

The GSM reports issued by BIPT on radiation levels also became available online via the same website as the one used for site sharing.

This enables citizens as well as government levels which have to process planning applications to find out through one centralised website whether other sites already exist in the vicinity of the proposed new site which could be eligible for shared use, as well as to verify the delivered radiation reports of the proposed new sites or of other sites in the vicinity.

Combating malicious computer software

The security of networks, the protection against unauthorised access, the manipulation or destruction of the information circulating or saved on them and the protection of users who are connected to them belong to the technological bases that are essential for the development of the information society and are to be protected as well as possible.

Few of us may still remember the “I love You” virus, but since 2000 it has become a benchmark as regards consciousness-raising and awakening to the necessity of protecting networks. Following the damage caused at the time by the “I love You” virus, the e-Security Platform was set up within the Institute; it provides a duty service offering a 24/7 point of contact. By providing this duty service and offering information, BIPT wants to limit the risks of computer viruses spreading in Belgium. In the event of an alert the “virus page” of the BIPT website is quickly updated, the 30,000 members on the mailing list are informed of this update by e-mail and the subscribers to the SMS alert service receive a message informing them that a new virus has sprung up. The registration procedures for the mailing and SMS lists are explained on the website.

Since 2005 malicious programmes have undergone a change: nowadays they are only very seldom used to establish a highly questionable reputation. They have become a sector which is commonly used for reprehensible commercial or criminal offences with a single objective: financial profit by deceiving, abusing and swindling the average user. This trend disseminated rapidly in 2007 blatantly illustrated by the massive electronic attack on the electronic communications networks of Estonia.

Survey on the level of IT security

In order to verify to what extent Internet users are aware of the computer risks, a survey was conducted during the first half of 2007 among more than 2,000 Internet users.

As regards security, antivirus software seems to be commonly used but the protection of wireless connections leaves much to be desired. BIPT will learn its lessons from this for 2008.

Securing networks

By taking part in numerous activities regarding network security both at national and international level, BIPT provides the contribution of the Belgian regulatory authority for the electronic communications sector.

The Institute is a contributor to the “Coordination Platform on Information Security” created by the Government in 2005. Its purpose is to provide a forum for exchanging information at the level of federal government on the protection of information and networks, and to promote and harmonise best practices within the federal authorities. It is, however, a consultative body and it cannot impose compulsory measures.

Certain aspects of BIPT’s contribution to Comixtelec also relate to the protection of the networks in the event of a crisis.

Considering the role of the Institute regarding the integrity and security of electronic communications services and networks, the minister in charge granted a staff extension in 2007, which given the circumstances will only take place in the course of 2008.

BIPT has planned several initiatives for the newly recruited staff to carry out. However, the extended activities planned by the Institute in the area of computer security depend largely on the staff extension to be accomplished in 2008 in order for the Institute to be more proactive in the field of vulnerabilities before they are exploited by a malicious programme.

It must also be noted that the European Commission is working on a European directive for the protection of European critical infrastructure. This European directive is expected by the first half of 2008 and will impose a number of measures in this field upon the Member States.

In addition, at European level the European regulatory framework for electronic communications networks and services is being revised. The amendments proposed by the European Commission greatly amplify the obligations in the field of security and operational safety of networks and services. Monitoring and imposing these measures present a considerable challenge to the Institute.

In 2007 the Institute actively participated in the activities of ENISA, the European Network and Information Security Agency. ENISA regularly publishes documents regarding security matters for citizens, SMEs and governments. These documents can be consulted on the following site: http://www.enisa.europa.eu/pages/05_02.htm#6.

In November 2007 the question arose as to whether ENISA's mandate would be renewed or whether the agency would be incorporated into the European regulator that the European Commission wishes to create. A decision will be taken on the matter in the course of 2008.

Emergency services

Apart from investigating interference on the radio networks of the emergency services and eliminating these, BIPT also has the task to verify whether operators comply with their legal duty to cooperate with the emergency services.

In 2005, the political authorities decided to incorporate into the Act of 13 June 2005 the provision by operators of calling line identification for calls to Teleonthaal/Téléaccueil (mental health helpline), the Poison Centre, Zelfmoordpreventie/Prévention Suicide (centre for suicide prevention), Child Focus (the European Center for Missing and Sexually Exploited Children) and children's telephone services.

Calling line identification is necessary for emergency services, not only to enable them to act efficiently, but also to combat malicious calls, the frequency of which rises year after year following the emergence of new technologies and new services offering means of communication that are virtually anonymous and hard to trace. Moreover, the provision of calling line identification by operators is a prerequisite for the measure on compulsory registration of anonymous prepaid cards of mobile networks (the number of which in Belgium was estimated at 1,500,000 in early 2005) to have any effect.

The provision that was incorporated into the Act of 13 June 2005 during the year 2005 regarding calling line identification has given rise to a number of exchanges of ideas between the political authority and the emergency services involved. Following this, the provision incorporated in 2005 was adapted in 2007 by the Act of 25 April 2007 pertaining to various provisions. After this adaptation the Ministerial Order of 4 June 2007 establishing the administrative and technical measures to enable emergency services to combat malicious calls was published in the *Moniteur belge* on 27 July 2007. To clarify the provisions in the Ministerial Order of 4 June 2007 the Institute has arranged several meetings with the emergency services involved. The final implementation of the measures decided upon during those meetings will be continued in 2008.

“Nomadic” services based on IP technology appeared in 2006. These services allow the end-user to connect his terminal equipment to any connection point and then to use the service. A number of operators offer nomadic voice services which give the impression to end-users to be similar to a public telephone service with additional facilities, such as nomadicity.

A BIPT consultation in as early as 2006 already showed that no operator can guarantee the localisation of an emergency call when the caller uses a nomadic (voice) service by means of IP technology, which makes it impossible for the emergency services to send assistance on site if the caller is personally unable to indicate his position to the emergency services at the time of the emergency call.

However, the European regulatory framework for electronic communications networks and services which is being revised at European level, contains an amendment proposed by the European Commission stating that all electronic communications networks and services have to be capable of providing location data to emergency services for calls to the European emergency number 112. As this number is treated in Belgium as a 100 or 101 call, that proposal comes down to the provision of location data for emergency calls to urgent medical care services, the fire department and the police for Belgian end-users.

In 2007, the 116XYZ number series came into use. Number 116000 was granted to the European Center for Missing and Sexually Exploited Children that could also already be reached through the national Belgian emergency number 110.

Decision 2007/698/EC of 29 October 2007 of the European Commission amending Decision 2007/116/EC with a view to the introduction of new reserved numbers starting with “116”, reserves number 116111 for child helplines and number 116123 for emotional support helplines. On 12 December 2007, the BIPT Council published a communication on the BIPT website regarding the provision of numbers 116111 and 116123 for respectively a child helpline and an emotional support helpline on the Belgian market in conformity with the EC Decision of 29 October 2007. Possibly the allocation of numbers 116111 and 116123 will be put into effect in 2008.

Legal interception of electronic communications

Judicial and police services may call upon BIPT officials with the mandate of a criminal investigation officer to lend them assistance with investigations in the field of electronic communications.

In addition, for the benefit of the department for criminal policy of the Federal Public Service of Justice, BIPT draws up a list of the operators’ coordination cells for “Justice” and keeps it up to date.

The Institute attends the meetings of the “national consultation forum on telecommunications” of the judicial and police services in the capacity of technical adviser on electronic communications.

TECHNOLOGICAL MONITORING, INVOLVEMENT IN NATIONAL AND INTERNATIONAL INSTITUTIONS

Exchanging knowledge and confronting points of view on technological developments are key tools in enabling people to take the right decisions. The officials of the Belgian Institute for Postal Services and Telecommunications are constantly in contact with their opposite numbers who work for foreign regulators. Through its active involvement in that respect, BIPT is able to follow and influence certain policies.

IRG - ERG

BIPT's involvement in the European Regulators Group and the Independent Regulators Group again made up the lion's share of BIPT's international activities in 2007. In 2007, IRG and ERG were chaired by Roberto Viola (AGCOM).

In 2007, the work of ERG and IRG was dominated by the plans of the European Commission for the revision of the European regulatory framework and the recommendation on the relevant markets. These plans were published on 13 November.

In 2007, the articles of association for the new IRG body that is to operate as a non-profit making association under Belgian law, were drawn up under the guidance of BIPT. The articles of association were signed by almost all members at the plenary meeting in Rome on 7 December.

The ERG also contributed greatly to implementing the Commission's regulation for international roaming tariffs. It was the ERG that started gathering IR data²³ for the half-yearly reports.

CEPT and the ITU

BIPT also took part in the activities of the European Conference of Postal and Telecommunications Administrations (CEPT). BIPT attended among other things the CEPT meeting on 20 and 21 June in Amsterdam during which the future of the organisation was discussed at large.

International relations at various BIPT departments

The **Frequency Management Department** of BIPT followed up the following files:

- In the RSPG work was started to develop an opinion on the use of joint spectrum. It also granted a request by the European Commission to draw up a study report on the best practices for the use of spectrum by the military, the security services and the public transport sector as well as a request for an opinion on streamlining the regulatory environment within the EU for the use of the spectrum.
- A proposal for an EC decision harmonising the technical terms for MCA (Mobile Communications onboard Aircraft) was developed in the RSC. As regards the WAPECS, CEPT presented a report to the RSC on the use of the UHF broadcasting band for mobile services. A proposal for the review of the annex to SRD Decision 2006/771/EC of the European Commission was submitted for the first time. The idea is to do this annually from now on. Furthermore, a first proposal of decision was developed for the introduction of BWA systems in the 3.4-3.8 GHz band.
- COCOM's "Authorisation" Working Group on 2 GHz MSS (Mobile Satellite Service). The department also participated in the working group for the introduction of systems for mobile satellite service in the 2 GHz band (2GHz MSS) to find a solution for the new hybrid satellite

²³ International roaming.

systems with a complementary terrestrial element that will soon be introduced in these bands. There were deliberations on a joint selection and allocation procedure, the selection criteria and scores to be granted, the milestones to be met, the terms for the sharing of the spectrum, spectrum requests and the validity period of user rights.

■ Following the RRC-06 planning conference and the GEO6 Agreement (final agreement signed in Geneva in 2006 on the introduction of digital broadcasting) the activities for the transition were continued (gradual transition from analogue to digital transmitters). This must of course be seen within an international context, taking into account the different transition dates applied by the different neighbouring countries.

■ ITU World Conference 2007

The Frequency Management Department headed the Belgian delegation at the WRC 2007, which took place in October-November 2007. This conference dealt with a range of topics. Among other things decisions were taken on the following important matters:

- IMT-2000: future development of IMT-2000 and systems after IMT-2000 (agenda item 1.4, 1.9); it was decided to also allocate the 790-862 MHz band on a coprimary basis to IMT starting 17 June 2015; a resolution was also adopted to protect the GEO6 digital broadcasting plan;
- future spectrum needs for aviation (items 1.5 and 1.6); bands were appointed for mobile aviation, on a shared basis with aviation radio navigation;
- reorganisation of the HF bands (item 1.13); no additional bands were allocated for HF broadcasting;
- review of the GMDSS procedures (item 1.14);
- flexibility in the Radio Regulations (WRC-03) (item 7.1); a resolution was adopted with a view to taking decisions at the next conference;
- preparation of the WRC-11 agenda (item 7.2): a proposal was accepted by the conference, this proposal must of course still be confirmed by the ITU Council.

■ Mamaia Agreements

Early July 2007 a CEPT/ECC conference took place in Romania during which three existing broadcasting agreements were reviewed (1997 Chester Agreement, 1995 Wiesbaden Agreement and the 2002 Maastricht Agreement). BIPT headed the Belgian delegation with community representatives.

The NCS (the National Spectrum Monitoring Department) participates in the activities of the CEPT/ERC/FM-PT22 (*Monitoring*), CEPT/RA1 (*Enforcement*), CEPT/RA2 (*Maritime*) and Rainwat Committee (*Maritime*) Working Groups.

At the international level the **Numbering Department** chaired the NNA WG (Numbering Naming and Addressing Working Group) within the ECC (Electronic Communications Committee). This working group of European administrations and regulatory authorities is aimed at exchanging information and knowledge on numbering problems and at harmonising numbering plans at a European level. Actual results were achieved in various areas such as the preparation of the introduction of the European harmonised short number 116000, numbering for convergence services, ENUM²⁴, the CLI²⁵ integrity, the protection of end-users when using short SMS/MMS numbers. A first analysis was also

²⁴ Electronic numbering: protocol linking Internet domain names to telephone numbers.

²⁵ Calling Line Identification.

carried out of the new proposals by the Commission in the field of regulation.
During the 16th EEC plenary meeting BIPT was re-elected to chair the NNA Working Group for a period of 3 years.

Through the **Equipment Department** the Institute is also active in European forums (European Commission, TCAM Committee²⁶, ECC²⁷, Administrative Cooperation²⁸ (ADCO), ETSI²⁹, EMC Working Party³⁰, EMC SLIM³¹, ...), which strive for further European harmonisation.

²⁶ The TCAM Committee (Telecommunications Conformity Assessment and Market Surveillance Committee) is the permanent committee that assists the European Commission in policy matters relating to Directive 99/5/EC.

²⁷ The ECC (Electronic Communications Committee) is part of CEPT (European Conference of Postal and Telecommunications Administrations).

²⁸ Groups established by the European Commission, in which experts responsible for national market surveillance can come together and collaborate on practical issues.

²⁹ ETSI (European Telecommunications Standards Institute) is a non-governmental organisation aimed at drawing up European telecommunications standards.

³⁰ Group established by the European Commission charged with following up the implementation of the Electromagnetic Compatibility Directive (EMC).

³¹ Group established by the European Commission to review the EMC Directive (electromagnetic compatibility) as part of the SLIM programme (Simpler Legislation for the Internal Market).



BIPT AND THE POSTAL SECTOR

BIPT AND THE POSTAL SECTOR

LEGAL FRAMEWORK AND TASKS OF BIPT

The European Union pursues the gradual liberalisation of the postal sector. The aim of the Community policy in the postal sector is to create an internal market for postal services and to ensure, through an appropriate regulatory framework, that efficient, reliable and high-quality postal services are available to all citizens across the European Union at affordable prices. The liberalisation of the postal sector was continued in 2007 through the presentation of a draft of the Third Postal Directive by the European Commission.

At the European level

On 18 October 2006 the European Commission announced a proposal for a directive amending Directive 97/67/EC concerning the full liberalisation of the internal market of postal services in the Community (proposal for a Third Postal Directive)³².

In 2007, this proposal for a Third Postal Directive completed all stages of the codecision procedure after a first reading in the European Parliament, a joint position by the Council and a second reading in the European Parliament.

The Third Postal Directive is adopted on 31 January 2008 during the plenary meeting of the European Parliament. The Directive will come into effect on the date of publication in the Official Journal of the European Union. The transposition into Belgian law is to be done by 31 December 2010.

The essence of the Third Postal Directive is the full liberalisation of the market on 31 December 2010. Certain Member States are allowed to postpone the opening up of their postal markets until 31 December 2012. These are the Member States that have joined the European Union after the coming into effect of the Second Postal Directive, Member States of limited geographical size and with a small population and Member States with a particularly difficult topography³³.

At the same time it is the goal of the Third Postal Directive to maintain the universal service. The scope of the universal service remains unchanged. The challenge for each Member State is to reconcile both goals.

Since the publication of the proposal the Institute has actively contributed to the preparation of the transposition of the Directive. For instance, in 2007, the Institute:

- took part in the Postal Directive Committee organised by the Commission;
- informed the Consultative Committee on Postal Services;
- attended the meetings at the DGEA³⁴ to prepare the European Councils;
- participated in a hearing in Parliament;
- advised the minister during meetings between private offices, especially on the possible means to finance the universal service.

³² COM (2006) 594final http://ec.europa.eu/internal_market/post/doc/legislation/proposal_fr.pdf.

³³ Czech Republic, Latvia, Lithuania, Hungary, Romania, Poland, Slovak Republic, Luxembourg, Malta, Cyprus and Greece.

³⁴ Within the Federal Public Service Foreign Affairs, Foreign Trade and Development Cooperation, the Directorate-General for European Affairs and Coordination (DGEA) takes on the preparation, the definition, the representation, the protection and the follow-up of the Belgian policy regarding Europe.

At the Belgian level

The Institute put the finishing touches to the Jefferson project. This project had to make La Poste function better in a competitive environment. The current postal legislation was an incoherent whole of old legislation and regulatory texts.

These new legal texts were published in the Moniteur belge of 14 May 2007. They regard more specifically:

- the Act amending the Act of 6 July 1971 creating LA POSTE and amending the Act of 26 December 1956 on the Postal Service;

The main modifications are:

- update of La Poste's competences in accordance with the legal, regulatory and contractual provisions in the context of Article 141 of the Act of 21 March 1991 on the reform of certain economic public companies, including the role that La Poste plays in international letter post;
- abolishment of La Poste's obligation to provide for a reserve fund (this fund is already imposed by virtue of the Code of Companies);
- possibility to restrict La Poste's liability in the case of extra-contractual liability claims;
- the postal operators are authorised to approve franking machines;
- arrangement in the case of undeliverable postal items;
- moderating the penal sanctions included in the Act of 26 December 1956 with regard to the postal operators' staff;
- submission of the claims of and against La Poste to the prescription periods of common right.

- the Act amending the Act of 21 March 1991 on the reform of certain economic public companies:

The main modifications are:

- the procedure for approval by the minister of tariff increases planned by La Poste is specified. From now on, the public company is to lodge a file indicating at least the argumentation and the calculation of the maximum tariffs or formulas for their calculation in order to be able to verify possible implications on State funding. The minister is to give his approval within 40 days;
- certain definitions are refined/added such as the access points, single-piece mail, full rate and address;
- La Poste is not submitted to the Act of 22 March 2006 on the intermediation for banking and investment services and the distribution of financial instruments;
- introduction of a legal basis for the new Royal Decree pertaining to the regulation of the postal service;
- obligation of notification of interruptions or suspensions of the universal service to the minister or to the secretary of state and to BIPT;
- abolition of the services catalogue and specification of the Users' Charter;
- possibility for the King to slow down or postpone postal activities for reasons of public order and safety;
- authorisation to the King to define the objects that are not allowed in postal traffic.

On 1 June 2007 the following regulatory texts were also published in the Moniteur belge:

- a Royal Decree pertaining to the regulation of the postal service;

The following modifications were carried out:

- an update of the franking methods that La Poste has to offer;
- a basic arrangement for the items that are insufficiently franked;
- an update of the use and approval of franking machines;
- an update of the standardisation of items in window envelopes and in card form;
- an update of the definition of the concepts 'letter', 'printed matter' and 'postcard';
- an update of the provisions regarding postal subscriptions, newspapers, exemption from postage, administrative correspondence, undeliverable postal items, the services for the collection of addresses and the forwarding of postal items;
- a sectoral arrangement for mail that is excluded from mail carriage.

- a Royal Decree pertaining to the regulation of financial postal services;

- a Ministerial Order pertaining to the regulation of the financial postal services;

The autonomy granted to La Poste through the abovementioned amendments is extended in these decisions without detracting from the important role La Poste plays as provider of financial postal services, some of which remain public services based on the management contract between the State and La Poste. Consequently La Poste's vital tasks of a financial nature continue to be regulated in these decisions while the actual implementation rules are left to La Poste itself in the context of its articles of association as a public limited company of public law.

Many of the provisions in these decisions were outdated and many of the formerly regulated services had become obsolete. Both decisions are now in keeping with the economic reality.

A number of inconsistencies between the different regulatory texts are also eliminated in order to guarantee legal certainty.

- a Ministerial Order pertaining to the regulation of private letterboxes.

The decision comprises an update of the regulation of dimensions for private letterboxes in the context of a renewed European CEN standard.

BIPT ensured that this new regulation for private letterboxes became generally known among the players involved, such as the municipalities, the architects and the letterbox manufacturers.

The management contract between the State and La Poste

Customer satisfaction survey

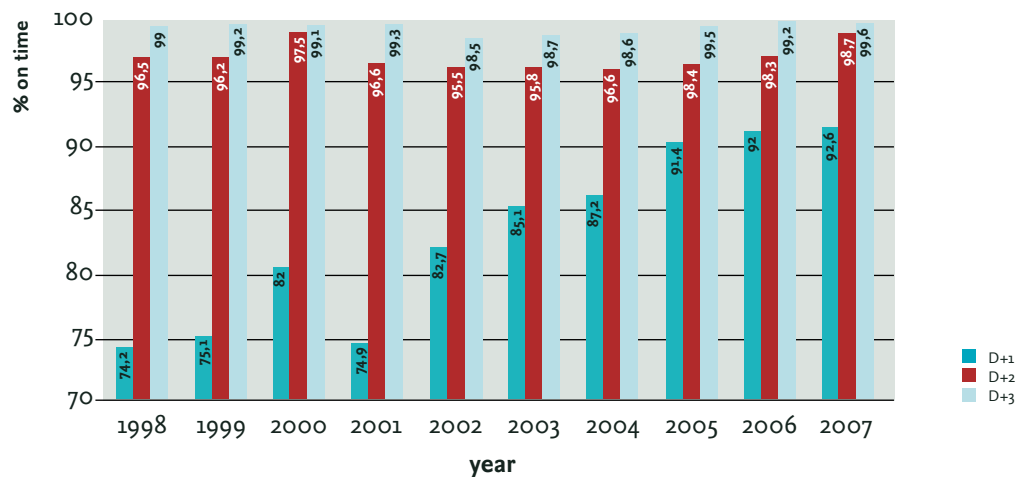
As in previous years, BIPT monitored how La Poste conducted the customer satisfaction survey. The survey indicated that overall satisfaction had increased further. The progress was especially noticeable in the field of mail delivery, registered mail, the supply of information and service in the post offices. The highest scores are recorded for the sending and receiving of packages, the delivery of newspapers, magazines and registered mail. The lowest scores of La Poste regard the physical condition of its post offices as well as the service in these post offices.

Quality check

The results regarding priority items until December 2007 included, show that 92.6% of domestic priority items reached their destination at Day + 1 and 98.7% at Day + 2. As regards the non-priority items for that same period, 97.2% of domestic non-priority items were delivered at Day + 2 and 99.1% at Day + 3. During these twelve months more than 44,267 priority and 30,190 non-priority test letters were sent.

Both measurements were carried out in conformity with the approved European standards, namely EN 13850 for priority single piece mail and EN 14508 for non-priority single piece mail.

Results of the transit time monitoring for priority items since the BIPT inspections of 1998



Furthermore, BIPT measured all other postal services that are part of the small users basket for the first time during 2007 in conformity with the established method. This way, in 2007, apart from the transit time for priority and non-priority items, BIPT also inspected the transit times of other items namely registered items, postal parcels and cross-border items.

ECONOMIC CONTEXT OF THE SECTOR

The postal sector plays an important economic role as it influences competitiveness in other sectors, generates an annual turnover of about 1% of the EU's gross domestic product and employs almost 1.7 million people.

The increased competition following the gradual market liberalisation by the European Commission should improve the postal services in terms of quality, cost and options for the users, without detracting from the universal service.

In Belgium the postal sector comprises approximately 600 companies³⁵, amounting to 44,000³⁶ jobs.

LA POSTE

La Poste SA is the incumbent postal operator that was assigned for the universal service by virtue of the management contract.

La Poste employs about 35,000 staff and is one of the main employers of the country.

In 2007, La Poste achieved a turnover of € 2,086 million with an after-tax income of € 138 million.

In 2006 and 2007, La Poste closed down 300 offices. La Poste justifies this with the necessity to save money in anticipation of the arrival of competitors in 2011.

The other players on the postal market

In the postal parcel sector we find companies such as ABX and Kiala.

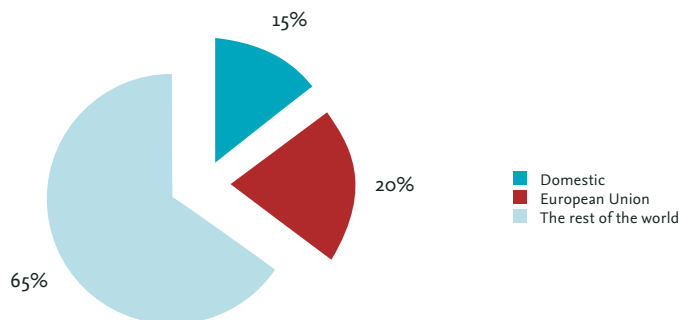
As for the delivery of addressed newspapers, companies such as Belgische Distributiedienst and Deltamedia (subsidiary of La Poste) are active.

The principal operators in the field of express services include DHL, UPS, TNT and FedEx.

In Belgium the market for express mail is blooming.

The total number of items having risen from 106 million in 2004 to 118.8 million in 2007, an important increase of cross-border items can be observed:

Express mail industry in Belgium - Total market per destination - volume



Source: Datamonitor 2007

ECONOMIC REGULATION

Tariffs

BIPT analysed the request of the designated universal service provider, La Poste, to extend the router's convergence period until 2009 as La Poste changed its preferential and conventional tariffs and terms when its new sorting centres became operative. By complying with a set of terms established by La Poste, one can enjoy a cheaper preferential tariff while the conventional tariffs are reserved for

³⁵ Source: Central Balance Sheet Office.

³⁶ Source: National Social Security Office.

direct customers such as banks, department stores and mail-order firms that frequently deliver large volumes for distribution through the public network. The tariff deals between La Poste and its clients have been arranged based on two types of agreements, namely on the one hand a “direct customer” convention and on the other hand a “routers” convention, concluded with intermediate persons who collect mail at different companies and deliver this mail pre-sorted to La Poste for distribution through the postal network. The proposed convergence has to ensure that both customers enjoy the same tariffs in 2009 provided the services are equivalent.

Furthermore, BIPT made an analysis of the new tariff proposal from the designated universal service provider, La Poste, for the full rates of the small users basket and the preferential and conventional services that are reserved for La Poste following the pricing proposal for the year 2008. The small users basket is a basket of postal services mainly used by residential customers, self-employed and small companies and the annual price increases of which are restricted via a specific formula.

Declarations and individual licences

By the end of 2007, 168 declarations had been received and 11 individual licences had been granted. On the BIPT website (www.bipt.be > Postal sector > Regulation) you will find all declarations and individual licences.

Postal parcels

During July 2007, BIPT adopted a communication on postal parcels. That communication completes the communication of the BIPT Council of 27 February 2006 regarding the system of licences and declarations of postal services. It specifies the characteristics of a postal parcel and can be a means for companies to determine whether or not they are liable to licence or required to submit a declaration.

CONSUMER PROTECTION

The universal service

Survey on the universal service

In the light of the debate on the universal service and its possible redefinition and as part of its task to study matters that are typical of the postal sector, a task it was entrusted with by the Act of 17 January 2003, BIPT undertook to paint a picture of the behaviour and wishes of the residential customers relating to the services that characterise the universal service in order to provide the competent authorities with the relevant data to help them make a decision. That study was carried out in October 2006.

To complete that picture and knowing that residential customers and SMEs make up 45% of La Poste’s current clientele, BIPT decided to have a survey among the SMEs and the self-employed. That study was carried out in July 2007.

The postal activities covered by the survey have been deliberately chosen within the universal service as it is defined in Belgium at this time. Although certain postal universal service obligations result from a faithful transposition of the European texts, other characteristics of that service may be sub-

mitted to national arbitration. Consequently it seems important to define the priorities of the SMEs and the self-employed in that area.

The results from the survey show that in general the SMEs and the self-employed are satisfied with the services inherent to the postal universal service. One of the most obvious observations ensuing from the survey, is the small number of SMEs and self-employed that use other operators beside La Poste since 89% of the respondents are customers with La Poste.

■ **Distribution**

While the companies are generally satisfied with the delivery frequency of the postal items, this is not the case for the time of the delivery. More than a third of the respondents are in favour of a delivery earlier in the day.

■ **Post offices**

Although the general satisfaction about the location of the post offices is high, the necessity for the post offices to have longer opening hours on weekdays in order to meet the companies' wishes is underlined.

■ **Information**

The main source of information is still the post office. It appears, however, that the larger the company, the more it confides in the Internet to find postal information. The postman continues to play an important role in that field.

■ **Products/services**

The companies receive more letters than they send out. Brussels-based SMEs, are more inclined to use the postal services than other companies. This is especially true for the letter post sector. The price is considered "correct" for the greater part.

The parcel delivery time is important but the delivery of complete and intact parcels is paramount to the SMEs.

Overall the satisfaction rate towards La Poste is 7.05 on a scale of 10.

Finally, the results obtained are not in favour of a complete reshuffling of the universal postal service as it is now provided. They rather indicate the areas in need of more attention. Among other things, we refer to the prices, the times at which the network is available and the time of delivery.

This survey's results were presented to the Consultative Committee on Postal Services, to the Federation of Enterprises in Belgium and to CERP.

Calculation of the universal service

Through the management contract, the State entrusts La Poste with all of the universal service, even though a part of it may also be provided by the competition. In the context of a partly liberalised market there remains uncertainty as to the funding of the universal service.

From the options available (reserved sector, compensation fund, pay or play, call for tender, access rights), the State chooses for the moment to combine an area reserved for La Poste (items of less than 50 g) until 2009 and a compensation fund.

BIPT calculated the US cost for 2006. The designated universal service operator has not requested to activate the fund for financing of the universal service.

Newspaper delivery

Early 2007 the results were announced for 2006 of the audit BIPT carried out at La Poste regarding the new quality measurement. BIPT was not able to confirm the CSA system statistics based on this audit.

In 2007, also the quality of the newspaper delivery was assessed on the basis of the customer complaint level (CSA system). The Institute worked on an audit of this measurement instrument at La Poste and this time also at the publishers. The results of that audit will be announced early 2008. BIPT was unable to confirm the CSA system statistics this time also.

TECHNOLOGICAL MONITORING, INVOLVEMENT IN NATIONAL AND INTERNATIONAL INSTITUTIONS

The Consultative Committee on Postal Services

The Committee is still awaiting the amendment of a royal decree establishing its composition and operation.

The Consultative Committee was informed of the new regulation regarding letterboxes. A presentation was given on a study of the universal service users, namely residential customers and SMEs.

The Office of the Ombudsman for the Postal sector

The powers of the Office of the Ombudsman at La Poste have been broadened by the Act of 21 December 2006 (Moniteur belge of 23 January 2007) and now apply to the entire postal sector.

In 2007, the Office of the Ombudsman at La Poste was converted into the Office of the Ombudsman for the Postal sector. The Office of the Ombudsman was consequently detached from La Poste. BIPT has taken the necessary steps to provide for financing of the Office of the Ombudsman through the collection of contributions based on the operational costs and the complaints against each operator that are being treated.

The Postal Directive Committee

BIPT took part in the Postal Directive Committee which discussed, among other things: standardisation, EU statistics, the upcoming UPU Congress of 2008, the WTO/GATS negotiations, the VAT issue, the progress regarding the Third Postal Directive.

European Committee for Postal Regulation (CERP)

Through Mr Dutordoit, administrator at BIPT in charge of postal matters, Belgium continued to chair the European Committee for Postal Regulation (CERP) which now represents 48 Member States.

CERP held two plenaries in 2007, respectively in Tallin in May 2007 and in Baku in December 2006. During these two plenaries CERP saw to the organisation of forums of which the themes were:

- What customers – particularly large and small business mailers – want to see in a liberalised postal market;
- Additional tasks for the regulators in the liberalised markets: checks of the address databases, forwarding, undeliverable items, postcodes... practical and legal issues regarding the postal infrastructure.

The working groups worked intensely:

“Economic Aspects” Working Group

This group concentrated on two major topics: the universal service and its financing on the one hand and analytical accounting and price regulation on the other.

By the end of 2007 CERP approved the second report of this working group, entitled: “Calculation of the burden/benefit of the Universal Service Obligation”.

“Market Surveillance and Data Collecting” Working Group

This working group asked a project group, headed by BIPT, to update the implementation report on the use of European quality standards by universal service providers and to gather the results of these quality checks. This report, entitled: “Implementation of CEN Quality of Service Standards”, was approved by CERP at the end of 2007.

In addition, this working group follows up the standardisation activities of the European Committee for Standardisation (CEN/TC 331 “Postal Services”).

CEN/TC 331 “Postal Services” harmonises the quality standards at European level. This standardisation is an indispensable tool to guarantee interoperability between the various national networks and an efficient universal service in the European Union.

Furthermore, this working group collaborated on the collection of European postal statistics through the national regulators and in cooperation with the DG Internal Market and the DG Eurostat. These statistics can be consulted at the following website of the European Commission or Eurostat: http://ec.europa.eu/internal_market/post/facts_en.htm.

Finally, this working group analysed the relations between the postal regulators and the customers.

NRA Working Group (National Regulatory Authorities)

The NRA Working Group studies the regulators’ strength. The working group concludes in a report that following the Directive’s transposition, there are too many differences in legislation between the EU Member States that are harmful to the regulators’ scope. Licensing systems help regulators to exercise their functions but should not constitute access barriers to the postal operators. Regulators are having a difficult time accessing information and have insufficient means to exact this information. In a postal environment that will count more postal operators in the future, regulators need to instigate procedures that allow the common use of infrastructure.

Universal Postal Union

During 2007, the Federal Parliament ratified the Acts of the Bucharest Congress (of 2004).

The preparations have started for all documents and propositions that will be submitted to the 2008 UPU Congress by the Council of Administration and the Postal Operations Council.

This year the following tasks were completed:

- the draft of the review of the UPU Acts by replacing the words “postal administration” by “Member country” and/or “designated operator”;
- the proposals relating to the Union’s reform;
- the activities of the Multilingual Vocabulary Project Team;
- the practical guide for formal legislative drafting;
- the code of conduct on the distribution of responsibilities within the UPU.

BIPT is a member of the Strategic Planning Group and is in charge of the working group responsible for drawing up the future strategic plan for the upcoming 2008 UPU Congress that will be implemented during the 2009-2012 period. During the meetings of the Postal Operations Council and the Council of Administration, BIPT repeatedly suggested new drafts that better fulfil the needs of the UPU members. BIPT suggested the final draft during the World Postal Strategy Conference in China. This strategic plan aims at sustainable development in the postal sector.

Furthermore, a follow-up of the activities relating to the worldwide universal service, the quality of service as well as the terminal dues issue (the system in which one country’s postal administration pays the country of destination for the distribution of its correspondence) was ensured during the sessions of the UPU’s executive bodies.



THE INSTITUTE'S OPERATIONS



THE INSTITUTE'S OPERATIONS

STAFF

As regards staff matters, 2007 was an eventful year. In chronological order, the Office of the Ombudsman for the Postal sector was integrated into the Institute as of 1 January 2007. On 25 August 2007 the royal decree granting the Institute a staff extension was published. Almost immediately afterwards two royal decrees that drastically changed the Institute's administrative and financial statuses were published on 31 January 2007.

Human resources

In 2007, BIPT introduced job descriptions for each staff member and implemented an entirely new evaluation system for the first time. All staff received a training prior to this introduction and the assessors received an additional training that should enable them to conduct a job description interview, a performance interview and a planning interview in a professional manner. In this system also measurable individual goals were included.

The entire system is linked to a management bonus so that this change does not only provide for a good means of guiding and motivating each staff member individually but also creates the possibility to reward better results and growing skills.

This entire process of change was guided and supported by HR, both with regard to the assessor as to the person assessed. The Council hereby systematically made an analysis enabling adjustments in order for the teething troubles to be eliminated. Examples are: the formulation of correct individual goals that can be measured, verification of evaluation scores with respect to the motivation stated, etc.

Following the staff extension granted pursuant to the Royal Decree of 9 January 2007, BIPT also started recruiting extra staff. To this effect a protocol was concluded with Selor based on which it is determined how BIPT can draw from the general shortlists and most of all how BIPT can organise examinations for its specialised functions, under Selor's supervision and according to Selor's procedures. This led for instance to the formulation of more structured job and skill profiles.

Changes to the statuses

In addition to the immediate implementation of the new statuses, files were launched to amend the two new royal decrees. As to the financial status this mainly entailed rectifying certain anomalies. The file regarding the administrative status aims at introducing a number of new elements – such as submitting the Institute to the Royal Decree of 22 November 2006 on teleworking in the public office.

Otherwise talks were initiated with the representative trade unions to update social advantages.

Creation of the Office of the Ombudsman for the Postal sector

Although the Office of the Ombudsman at La Poste was converted into the Office of the Ombudsman for the Postal sector by virtue of the Act of 21 December 2006 and the staff working at this Office have been on the Institute's payroll as of 1 January 2007, the Royal Decree laying down the rules for the transfer of these staff members to the Institute had not yet been finished due to the change of government. The draft decree regarding the human and material resources to be made available to this Office of the Ombudsman, as well as the update of the corresponding decree relating to the Office of the Ombudsman for Telecommunications, met with the same fate.

Furthermore, the deliberations with both Offices hold out the prospect of a swift conclusion of the agreements that have to be concluded between the Council and both of these Offices in conformity with Articles 43bis and 43ter of the Act of 21 March 1991.

Training

This year the activities of the Training Department have increased considerably thanks to the introduction of a new staff evaluation system. Some staff members were given development goals and had to explore new activity domains or brush up on their knowledge through appropriate training. The majority of the training requests regarded trainings provided for by the Training Institute of the Federal Administration (IFA/OFO).

Regardless of whether the official carries out tasks of a technical or administrative nature, the command of languages remains of vital importance at the Institute. Therefore, it will not come as a surprise that this year, language training still constitutes a huge share of the trainings offered to the staff of the Institute.

EQUIPMENT

The Purchasing Department

The Purchasing Department acts on behalf of all other services. In 2007, this department did not only take on household tasks but it was also the key department in the preparation for the moving of the Institute's offices. In February 2008, BIPT moved to a new location, namely Ellipse Building, Building C, Boulevard du Roi Albert II, 35, 1030 Brussels.

ICT at BIPT

In 2007, the Institute continued its annual investments in the field of IT, security maintenance contracts, and the partial renewal of its computer fleet and software licences. On the other hand many cross-department projects were launched and continued with a view to making the Institute more effective and accessible and bringing it closer to the public.

Content management and electronic document management

In 2007, an enormous internal project for content management was mounted. This project comprised the following aspects:

- management of non-structured multilingual content (French, Dutch, English, German) in different formats;
- introduction of personalised interfaces for the officials and the services;

- integration with other office software (such as the new versions of Microsoft Office and Microsoft Outlook);
- introduction of document scanning and OCR³⁷;
- compatibility with systems of document versions, life cycles and workflows;
- research via structure plans, indexes and key words, full text, one or more multilingual thesauruses;
- integration of the Institute's Translation Department;
- transfer of existing documents (office documents, electronic messages, paper documents, digitised documents).

FINANCES

The budget and the corresponding actual revenues and expenditures in 2007 show no structural differences compared to the previous years. BIPT's revenues comprise fees for frequency licences, numbering plans, licences and declarations of telecommunications networks and services, as well as declarations of operation regarding other services, including in the postal sector.

BIPT is obliged by law to transfer the balance between its revenues and expenditures to the Treasury, taking into account an annual cash reserve to be established during the budget discussions. These past few years this amount was temporarily limited to 3,000,000 euro, pending the announcement of the actual costs of the new status and the staff extension. In 2007, the accounts for the last years were verified, which resulted in a once-only deposit of 10,000,000 euro.

Since 2007, BIPT's budget also includes a part for the Office of the Ombudsman for the Postal sector. BIPT acts as prefinancer in this case. The statement is now set out in a separate table.

Office of the Ombudsman for the postal sector - Achievements 2007 -

Revenues	euros	Expenses	euros
Reimbursement	0	Staff	932,482
Services performed for third parties (sector's participation)	1,939,370	Operation	253,231
		Investment expenses	53,738
		Coordination organisations	0
Total	1,939,370	Total	1,239,451

³⁷ OCR (Optical Character Recognition) is a technique based on an optical process that enables a computer system to automatically read and save typed, printed or handwritten text without having to retype the text first.

Office of the Ombudsman for telecommunications - Achievements 2007 -

Revenues	euros	Expenses	euros
Reimbursement	147,079	Staff	1,579,562
Services performed for third parties (sector's participation)	2,021,671	Operation	413,772
		Investment expenses	47,803
		Coordination organisations	0
Total	2,168,750	Total	2,041,137

Realisations BIPT - 2007 -

Revenues	euros	Expenses	euros
Reimbursement	283,460	Staff	18,278,328
Licence and monitoring fees for private radio communications	16,275,966	Operation	4,825,246
Public licence fees	18,998,231	Investment expenses	1,664,579
Post	46,241	Coordination organisations	1,469,554
Depreciations	0	Treasury	10,000,000
Miscellaneous	2,197	CF/RT	4,800,732
Total	35,606,095	Total	41,038,439

Accounting

In 2007 the Accounting Department's programme was adapted to the new bank standard for coded statement of account. As of January 2008 the new European transfer method (SEPA³⁸) will be introduced, using IBAN³⁹ account numbers and the BIC bank code. All suppliers received a mailing requesting them to adapt their contact information accordingly.

In total 78,339 accounting transactions were carried out in 2007. These represent all transactions entered in the BIPT's accounting journal entries. Overall 37,613 invoices were sent to licence holders. For the purchase of material and for services provided or work performed, BIPT received 3,567 invoices. The number of financial transactions that were processed, including payments made and revenues received, amounted to 37,159.

³⁸ Single Euro Payments Area.

³⁹ The IBAN code (International Bank Account Number) and the BIC code (Bank Identifier Code) are used to identify European account numbers in a standardised way.

The Financial Department made the necessary efforts to follow up outstanding invoices. In case of failure of payment within the specified time frame, two reminders were sent to the customers, followed by a notice of default. Ultimately only a few files were submitted to a lawyer for judicial collection.



PRACTICAL INFORMATION

PRACTICAL INFORMATION

GLOSSARY

Terms, abbreviations or acronyms mentioned in documents published by BIPT, and/or which are specific to the telecommunications and postal sectors.

ADSL (Asymmetric Digital Subscriber Line): variation on xDSL technology, which makes use of high and inaudible frequency ranges with a view to simultaneous transmission of voice and data (see xDSL).

A.S.T.R.I.D.: public company providing a uniform and harmonised system of radio communications for all rescue and security services.

Bluetooth: European standard for wireless communications, which makes it possible to connect two devices, e.g. a mobile phone and a computer, within a 100-metre range. It can replace infrared ports that are used for the same purpose.

Bottom-up: a bottom-up model is a cost model based on the traffic volumes that an operator needs to route, whereby these volumes determine the optimum dimensioning of different layers in the network.

BRIO (Belgacom Reference Interconnect Offer): Belgacom is required to publish a reference offer that includes the technical conditions and tariffs for its interconnection services used by other operators.

Broadband: the collective whole of technologies using either telephone or cable for high-speed data transmission. The broadband penetration rate in Belgian households stands at only 61%, while the coverage rate for DSL amounts to 100% of the population and 80% for cable.

Broadcasting: transmission of programmes of a various nature by means of electromagnetic waves for entertainment or information purposes. In Belgium, this policy comes under the authority of the Communities.

BROBA (Belgacom Reference Offer Bitstream Access): Belgacom is required to publish a reference offer that includes the technical conditions and tariffs for its bitstream access service used by beneficiaries.

BROTSoLL (Belgacom Reference Offer for Terminating Segments of Leased Lines): Belgacom is required to publish a reference offer that includes the technical conditions and tariffs for its terminating segments of leased lines.

BRUO (Belgacom Reference Unbundling Offer): Belgacom is required to publish a reference offer that includes the technical conditions and tariffs for its local loop and subloop unbundling service used by beneficiaries.

BWA (Broadband Wireless Access): a descriptive term for radio communications systems providing wireless delivery of broadband traffic that can comprise fixed, nomadic and mobile applications.

Carrier selection: facility enabling a customer to choose between several carriers by dialling a selection code before each call.

CEN (Comité Européen de Normalisation): European Committee for Standardization.

CEPT (Conférence Européenne des Postes et Télécommunications): organisation defending the states on the European continent.

CERP (Comité européen de régulation postale): European Committee for Postal Regulation.

Comixtelec: mixed commission on telecommunications created by the Royal Decree of 10 December 1957. Its main objective is to optimise the use of all means of telecommunication for the benefit of both military and civil authorities in the event of a crisis.

Convergence: this concept is used to denote the fact that telecommunications, IT and television technologies are merging together and can increasingly be provided over the same networks (cable, terrestrial or satellite radio networks) by using the same terminal equipment (IT terminals, mobile phones, television sets).

CSA (Customer Service Application): a system developed by La Poste for registering complaints, in order to measure the quality of the newspaper delivery.

DSLAM (Digital Subscriber Line Access Multiplexer): a multiplexer that enables a DSL-type service (ADSL, ADSL 2+, SDSL, ...) to be provided through telephone lines. A DSLAM contains the xDSL modem cards and regroups the traffic from the different lines connected to it (after having separated that traffic from voice traffic coming from conventional telephony through a filter/splitter) and transmits it to the operator's or access provider's network via an ATM package data network.

ECC (Electronic Communications Committee): European body for cooperation in the field of radio communications.

ENISA: European Network and Information Security Agency.

ERG (European Regulators Group): group bringing together the European Commission and regulators of 25 Member States, with the purpose of furthering coordination of their policies and coherent application of the European regulatory framework.

ETSI (European Telecommunications Standard Institute): European Telecommunications Standards Institute Body created by CEPT in charge of standardising telecommunications.

GATS: GATS General Agreement on Trade in Services. This is a set of multilaterally agreed rules that apply to international trade in services (see **WTO**).

GMDSS (Global Maritime Distress and Safety System): global system for distress and safety at sea.

GSM (Global System for Mobile communications): radio transmission standard used for mobile telephony.

GSM-gateway or SIM Box: a device that converts calls from a fixed-line telephone to a mobile phone in a mobile-to-mobile call. The call is thus routed from mobile to mobile and the cost for calling from a fixed network to a mobile network is avoided.

Interconnection: interconnection links two networks together in order to allow customers of one operator to call all customers of other operators and to have access to services offered by other providers.

Internet: the collection of networks that are accessible to the public and are interconnected by means of the IP protocol (Internet Protocol). The term also denotes services that are accessible through these networks.

IP (Internet Protocol): data transmission protocol for the Internet. It is coupled with a control protocol called TCP (Transmission Control Protocol). Hence the TCP/IP protocol.

IP address: address identifying equipment connected to the Internet.

IRG (Independent Regulators Group): forum established in 1997 by European regulators in order to share experiences and exchange opinions on matters of common interest such as interconnection, prices, universal service...

ISDN (Integrated Services Digital Network): digital network for integrated services capable of routing images, sound and text.

ITU (Internationale Telecommunicatie Union): international body placed under the aegis of the United Nations Organisation with headquarters in Geneva, in charge of issuing standards for the telecommunications industry.

Leased line: a leased line is a service that consists in providing a permanent transmission capacity between two points. This means that this capacity is totally allocated to one customer, who pays the operator a fixed monthly charge.

LEGBAC: international agreements governing compatibility between FM broadcasting and aviation.

Local loop: the collective set of radio or wired links between the subscriber's telephone and the local exchange that he is connected to. The local loop is thus the part of an operator's network that enables him to gain direct access to the subscriber. Its shared use is of great importance (see **Unbundling**).

Migration: the possibility of switching from one service to another.

MVNO (Mobile Virtual Network Operator): a virtual mobile operator markets mobile services without owning infrastructure of his own but by leasing capacity on one of the existing mobile networks.

NCS: National Spectrum Monitoring Department.

Network: any equipment for transmitting, connecting and switching signals, by radio waves, optical or electromagnetic means (wires).

Number portability: facility enabling a subscriber to keep his telephone number (mobile or fixed within the same geographical area) when changing operators.

Public network: publicly available network.

R&TTE (R&TTE Directive): the sector of radio communications equipment and telecommunications terminal equipment encompasses all products that use the radio frequency spectrum (for instance remote-control car keys, mobile communications equipment, broadcast transmitters, etc.) and all equipment connected to public telecommunications networks (such as ADSL modems, telephones, telephone switches). The R&TTE 1999/5/EC Directive lays down the rules for marketing and installing these devices; it rescinded the former directive and national regulations on matters of homologation.

Radio communications: transmission by means of radio waves, of any kind of information, in particular sounds, texts, pictures, conventional signs, digital or analogue content, remote-control commands, signals for tracking or determining the location or movement of objects.

Regulation: application of legal rules, economic processes and technical mechanisms, which allow electronic communications activities (services and infrastructures) to be deployed in accordance with the principles of competition, while protecting society and consumers.

Retail: sales to end-consumers, whether residential customers or companies.

RSC (Radio Spectrum Committee): established as part of the new regulatory framework for electronic communications, this committee assists the Commission in the development and adoption of technical implementing measures aimed at ensuring harmonised conditions for the availability and efficient use of radio spectrum, as well as the availability of information related to the use of radio spectrum.

RSPG (Radio Spectrum Policy Group): committee assisting the European Commission in matters relating to the radio spectrum.

SDSL (Symmetric DSL): this technology does not allow simultaneous routing of voice and data, but routing of equivalent upstream and downstream bit rates, adjustable from 64 kbit/second to 2 Mbit/second, depending on the needs and on the characteristics of the line. (see **xDSL**).

SMP (Significant Market Power): see **SMP operator**.

SMS (Short Message Service): messages of a maximum length of 160 characters that are sent over the GSM network.

SMP operator: originally, this term denoted any operator holding more than 25% of the market and meeting other, more specific criteria set by BIPT. Under new European legislation, the concept of significant market power is more in line with that of dominance in competition law. BIPT analyses the level of competition in the market and designates itself the SMP players on that basis; it also sets out these SMP operators' obligations.

SRC: the acronym SRC designates the short range certificate, which can be obtained by maritime radio operators.

SRD (Short Range Device): radio devices that offer a low risk of interference with other radio services, usually because their transmitted power is low. The term applies to many different types of wireless equipment, including alarms and movement detectors, Local Area Networks, medical implants and remote control.

Telecommunications: any transmission, broadcast or reception of signals (sound, images, data) by waves, cables or wires.

Terminal equipment: see **R&TTE**.

Termination rate/tariff: when a call travels from one network to another, the operator of the caller pays a termination rate to the operator of the person called to compensate for the facility of "terminating" the call on this network.

Top-down: cost calculation model based on an operator's annual accounts or budget.

Top-level domain name: this domain name indicates the entity which a website belongs to (e.g. ".be" or ".com").

Transmission: transmission in the field of telecommunications refers to the routing of information over a network, either physical (copper wires, optical fibres, ...) or radio-based.

UMTS (Universal Mobile Telecommunications System): universal system for mobile telecommunications. International standard for third-generation mobile networks that are suited for transmitting voice, data and images.

Unbundling: the infrastructure of the local loop requires investment that is prohibitive for the entry of new players on the market. This is to the detriment of competition levels. Unbundling is aimed at boosting competition by enabling new competitors to offer broadband data transmission services. These services include permanent Internet access, multimedia applications on the basis of ADSL technology as well as voice telephony services.

Universal service: a set of basic services of a given quality that have to be provided at an affordable price to all users across the territory.

UPU (Universal Postal Union): body placed under the aegis of the UN with headquarters in Berne.

VDSL (Very High Rate DSL): transmission technology offering very high bit rates but over a shorter range than ADSL (see **xDSL**).

Voice over IP: voice telephony over the Internet.

Voice telephony: the term “voice telephony” refers to the historical telephone service, when telephones only transmitted the human voice.

VPN (Virtual Private Network): a whole of virtual links that upon request use the resources of a public network and ensure a dynamic arrangement of that same network in order to imitate direct private links between the sites connected. Consequently, such a service offers the same functions and security level as a network running on dedicated infrastructure.

WAPECS (Wireless Access Policy for Electronic Communications Services): a framework for the provision of electronic communications services within a set of frequency bands to be identified and agreed between EU Member States in which a range of electronic communications networks and electronic communications services may be offered on a technology and service neutral basis, provided that certain technical requirements to avoid interference are met, to ensure the effective and efficient use of the spectrum, and the authorisation conditions do not distort competition.

WRC: world radio conference.

WTO (World Trade Organisation): from 1948 until 1994, the General Agreement on Tariffs and Trade (GATT) laid down the regulatory framework that governed much of the international trade. The general agreement soon gave rise to an unofficial international organisation, existing in fact and itself unofficially named GATT, which evolved over the years through different rounds of negotiation. The last and most important GATT round, the Uruguay Round, which lasted from 1986 until 1994, led to the establishment of the WTO on 1 January 1995 (see **GATS**).

xDSL (Digital Subscriber Line): group of technologies offering high-speed transmission through one or several copper pairs by using very-high-frequency signals. xDSL breaks down into ADSL, SDSL, and VDSL. Each of these subgroups has specific applications and special characteristics.

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ANNEXES



ANNEXES: references to regulatory texts prepared by BIPT and published in 2007

Promulgation date	Publication date in the Moniteur belge	Title
02/02/2007	13/02/2007	Royal Decree regarding emergency services.
26/01/2007	16/02/2007	Royal Decree on the ether police concerning the frequency modulation in the 87.5 MHz- 108 MHz band.
28/02/2007	14/03/2007	Royal Decree on electromagnetic compatibility.
07/03/2007	23/03/2007	Royal Decree concerning the notification of electronic communications services and networks.
20/03/2007	20/04/2007	Royal Decree amending the Royal Decree of 23 September 2002 on the portability of the numbers of end users of publicly available mobile telecommunications services.
01/04/2007	12/04/2007	Royal Decree regarding the procedure for and the practical rules relating to the functioning of the Ethics Commission for the provision of premium rate services through electronic communications networks.
27/04/2007	10/05/2007	Ministerial Order fixing the level of detail of the detailed basic invoice.
28/03/2007	11/05/2007	Royal Decree of 28 March 2007 amending the Royal Decree of 18 January 2001 fixing the specifications and the procedure for granting licences for third-generation mobile telecommunications systems.
27/04/2007	14/05/2007	Ministerial Order of 27 April 2007 fixing the criteria of edition of the universal directory and fixing the general information to be included in the universal directory.
27/04/2007	28/06/2007	Royal Decree on managing the national numbering space and the grant and withdrawal of number user rights.
27/04/2007	12/07/2007	Royal Decree of 27 April 2007 providing for the supply of location data for emergency calls from mobile networks to emergency services in accordance with Article 107, paragraph 3, of the Act of 13 June 2005 on electronic communications.
27/04/2007	12/07/2007	Royal Decree of 27 April 2007 regarding the making, selling or delivery conditions of directories, the content and the form of the declaration to make at the Institute.

Promulgation date	Publication date in the Moniteur belge	Title
27/04/2007	12/07/2007	Royal Decree of 27 April 2007 laying down the payment terms for the contributions and compensations relating to the universal service regarding electronic communications.
27/04/2007	12/07/2007	Royal Decree of 27 April 2007 laying down the terms of the open mechanism for designating the provider of the universal directory.
27/04/2007	12/07/2007	Royal Decree of 27 April 2007 laying down the performing period of the universal service of directory enquiries.
27/04/2007	12/07/2007	Royal Decree of 27 April 2007 laying down the conditions of the open mechanism for designating the provider of the fixed geographical element of the universal service regarding electronic communications.
27/04/2007	12/07/2007	Royal Decree of 27 April 2007 on the supply of the data necessary to the making of the universal directory and the provision of the universal directory enquiry service.
27/04/2007	12/07/2007	Royal Decree of 27 April 2007 laying down the conditions of the open mechanism for designating the provider of the fixed geographical element of the universal service regarding electronic communications.
27/04/2007	12/07/2007	Royal Decree of 27 April 2007 on the supply of the data necessary to the making of the universal directory and the provision of the universal directory enquiry service.
27/04/2007	12/07/2007	Royal Decree of 27 April 2007 laying down the terms of the open mechanism for designating the provider of the element of the universal service regarding electronic communications consisting in the provision of public payphones.
27/04/2007	12/07/2007	Royal Decree of 27 April 2007 laying down the performing period of the element of the universal service regarding electronic communications consisting in the provision of public payphones.
27/04/2007	12/07/2007	Royal Decree of 27 April 2007 laying down the performing period of the universal service of directory enquiries.
27/04/2007	12/07/2007	Royal Decree of 27 April 2007 laying down the performing period of the fixed geographical element of the universal service regarding electronic communications.

Promulgation date	Publication date in the Moniteur belge	Title
27/04/2007	12/07/2007	Royal Decree of 27 April 2007 laying down the terms for the distribution of the number of public pay-phones between municipalities.
27/04/2007	12/07/2007	Royal Decree of 27 April 2007 on the telephone enquiry services.
27/04/2007	12/07/2007	Royal decree of 27 April 2007 laying down the basic requirements to be met by newly installed public phones in order to facilitate their use for the disabled.
25/05/2007	27/07/2007	Ministerial Order of 25 May 2007 amending the Ministerial Order of 12 December 2005 establishing the categories of outgoing calls and categories of called numbers for which blocking must be offered free of charge to end-users.
04/06/2007	27/07/2007	Ministerial Order of 4 June 2007 establishing the administrative and technical measures to enable emergency services to combat malicious calls.
05/12/2007	05/12/2007	Communication on the interpretation of the phrasing “geographical national E.164 numbers reserved with the Institute specifically with a view to nomadic use” as referred to in Article 43, subsection 4, of the Royal Decree of 27 April 2007 on managing the national numbering space and the grant and withdrawal of number user rights.

A woman with short hair, wearing glasses and a headset, is seated at a desk in an office. She is looking towards a computer monitor. The background is a blurred office environment with large windows and trees outside. The overall color scheme is a muted teal or green.

**ECONOMIC SITUATION OF THE
ELECTRONIC COMMUNICATIONS SECTOR**

MARKET PLAYERS ON THE TELECOMMUNICATIONS MARKET

At the end of March 2008, the fixed public electronic communications network sector numbered 46 operators. The number of operators of a fixed public telephone service amounted to 63. The complete list can be found on the BIPT website¹.

The year 2007 was characterised by further consolidation.

After its take-over of Phone Plus in 2006, Toledo Telecom took over Sun Telecom in 2007. As of 1 January 2008, Toledo centralised its different entities. Its approximately 37,000 clients are now offered telecom services exclusively under the name of Toledo Telecom.

In February 2008, Belgacom announced its take-over of Scarlet, which had made its debut on the Belgian market in 2002. Scarlet is to form a separate business unit within Belgacom offering cheaper products. Be it understood that the Competition Council is yet to determine whether or not this concentration is allowed.

At the end of 2007, the Walloon cable distribution sector came entirely under the control of the cable company Tecteo (ALE) – Brutélé, which provides its cable activities under the trade name VOO. By taking over eight Walloon intermunicipal companies (Igeho, Inatel, Iterest, Interminosane, Seditel, Simogel, Tel lux and Ideatel) Tecteo became a major player providing triple play services: telephony, Internet and television.

Market players are evolving more and more into integrated players who provide their customers with all-in-one solutions.

This is illustrated by the take-over of Versatel Belgium NV and TELE2 by KPN Mobile International BV in August 2007. That take-over enabled KPN to also provide fixed telephony and broadband (TELE2/Versatel) on the Belgian market in addition to mobile telephony (through BASE) and business ICT services (Getronics).

The growing integration/convergence goes hand in hand with an expansion of bundled offers that combine several services and that are provided at an attractive rate to clients who subscribe to the bundled offer.

In December 2007, Belgacom started to combine fixed and mobile Internet use after the company had already marketed various product packs in June and April: two packs for Internet and TV, two for Internet, TV and mobile telephony and one combining Internet and mobile telephony. A combination with fixed telephony is not available. By the end of 2007, Belgacom had sold nearly 153,000 “packs”².

At Telenet, the penetration of the packages it had been offering since September 2006, also increased. Since February 2008 digital television is also included in the packages but still excluded from discount. In the course of the year, the number of triple play customers on Telenet’s network increased by 28%, amounting to 303,000. 19% of the customers have a subscription to three products.³

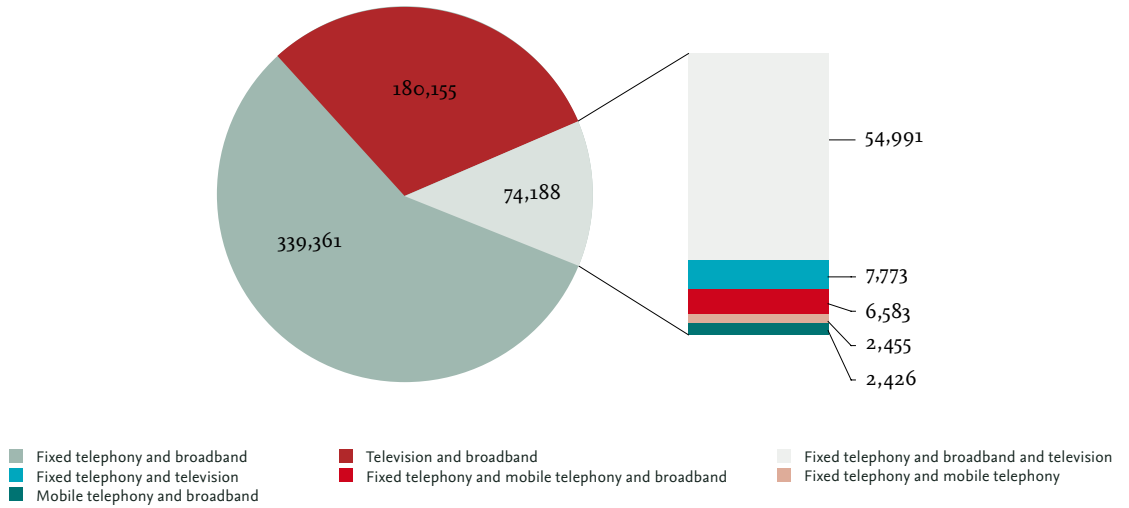
¹ www.bipt.be, sections telecommunications, access to the market, networks/services, operators.

² Belgacom annual report 2007.

³ Telenet press release of 18 February 2008: Telenet announces Full Year 2007 results.

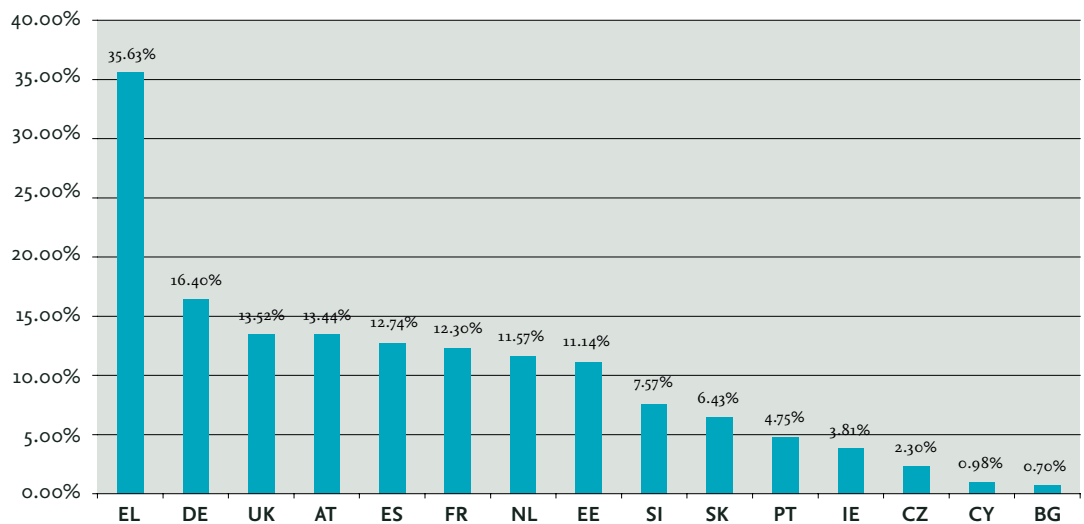
At the end of 2007, 5.6% of the Belgian population was using a package of services that are offered at a single price and that are grouped together on a single invoice (see figure 0.1). In absolute figures this comes down to 593,704 subscribers.

Figure 0.1: number of subscribers per package type offered at a single price and grouped together on a single invoice (2007)



Source: BIPT

Figure 0.2: subscribers to bundled services that are offered at a single price and that are grouped together on a single invoice, expressed in % of the population (2006)⁴

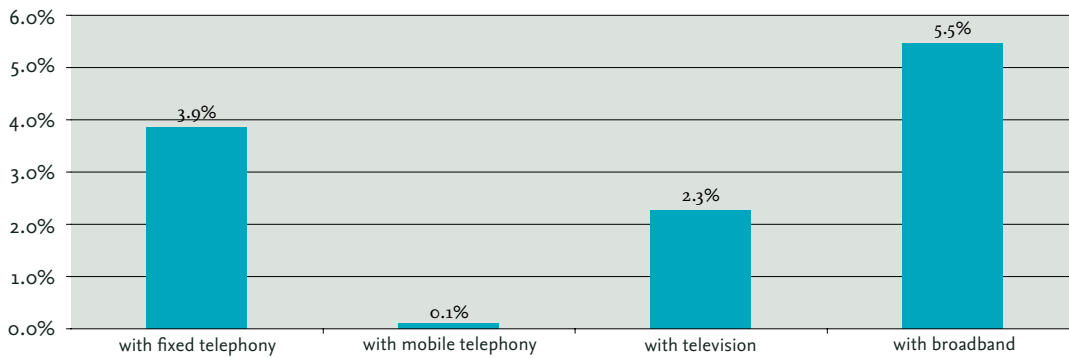


Source: 13th implementation report of the European Commission 2007

⁴ No data available for Belgium for 2006.

4% of the Belgian population bought a package including fixed telephony and 0.1% added mobile telephony to its package. For broadband and television these percentages amounted to 5.5% and 2.3%⁵ respectively.

Figure 0.3: number of subscribers to a package expressed in % of the Belgian population (2007)



Source: BIPT

In addition to the expansion of bundled offers, also combined ICT services surfaced on the Belgian market that have several technological supports in common; in general, these are also characterised by a homogeneous rate.

Belgacom for instance launched Business Voice Fusion allowing business clients to call their colleagues at cheap rates regardless of whether they are calling from a fixed line or a mobile phone and whether they are trying to reach a fixed or mobile line.

Mobistar has also been anticipating the demand from industry to pay a fixed price for their traffic, whether via a fixed or a mobile phone. The tariff plan combining fixed and mobile telephony is called One Office Voice Pack.

The monthly invoice for national calls is made up of:

- the minimum invoice amount for national calls: 10, 40, 80, 200, 400, 800 or 2,000 euro, depending on the formula chosen.

In addition, it is possible to choose the “fleet” or the “to all” version.

The “fleet” version includes calling time among colleagues that varies according to the formula chosen: 10 hours, 40 hours, 80 hours, 200 hours, 400 hours, 800 hours or 2,000 hours. The “to all” version includes 60 free minutes per SIM card to all networks.

- the number of SIM cards x 10, 9, 8, 7, 6, 5 or 4 euro (subscription fees per month depending on the formula chosen).
- additional call and connection fees if the minimum invoice amount for national calls is exceeded.

In June 2008, broadband Internet was added to the One Office Voice Pack telephony packages (fixed and mobile).

⁵Source: BIPT.

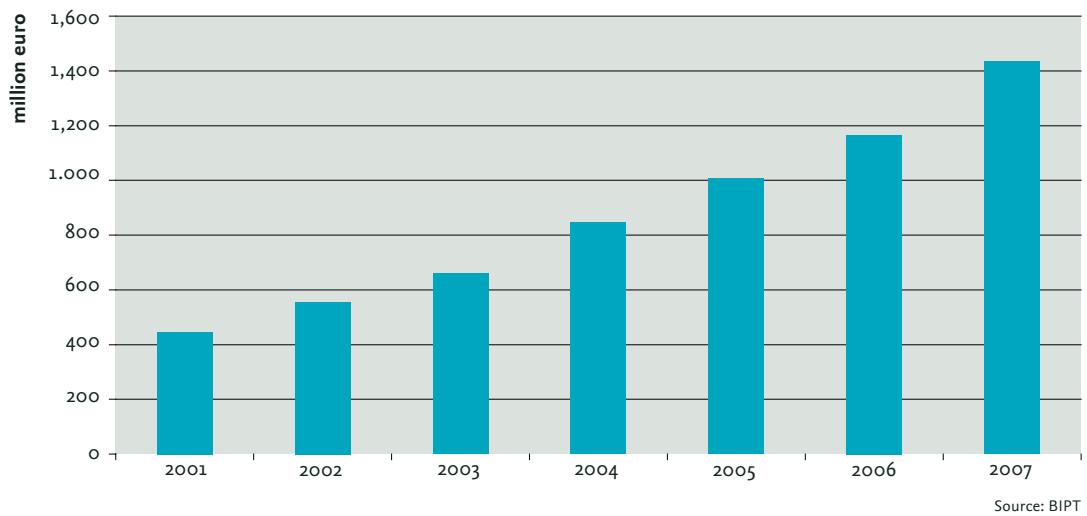
1. ECONOMIC DATA ON THE FIXED TELECOMS SECTOR

Turnover

BIPT collects data regarding the telecoms turnover of all operators having submitted a declaration for a fixed public network (46) and/or a public fixed telephony service (63).

Based on these data total turnover in the Belgian fixed telecoms sector for 2007 was estimated at 5,6 billion euro. The main operators' telecoms turnover (Belgacom, Telenet, BT Limited, Colt Telecom, KPN Belgium and Verizon Belgium Luxembourg) increased by 23% to 1.44 billion euro.

Figure 1.1: telecoms turnover of the main fixed operators: 2001 – 2007



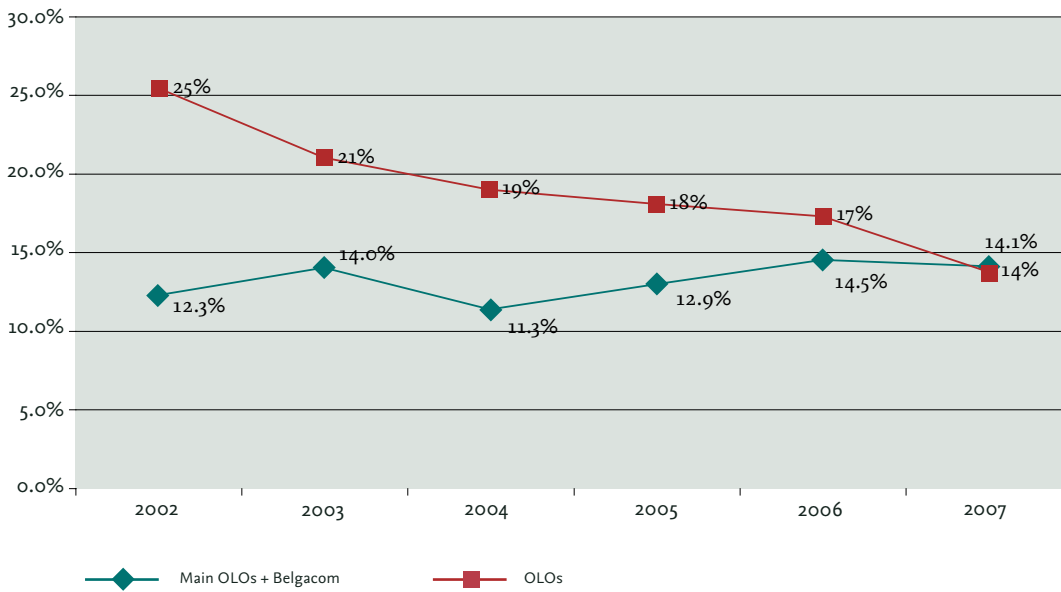
Investments

In 2007, investments in telecoms, expressed as a percentage of the telecoms turnover, projected the same image for the market composed of the main OLOs (Telenet, BT Limited, Colt Telecom, KPN Belgium and Verizon Belgium Luxembourg) as for the entire market (main OLOs + Belgacom). In both cases the investment/telecoms turnover ratio equalled approximately 14%. In the years before 2007, this ratio was significantly higher for the OLOs: from 17% in 2006 to 25% in 2002.

Cable operator Telenet is the largest investor: 25% of the telecoms turnover in 2006, 19% in 2007.

Belgacom's Broadway project, which entails extending the fibre optics cables up to the street cabinets, thus reducing the distance from each house to the fibre optics network, has not affected Belgacom's normal investment rhythm. Between 2004 and 2007, 10 to 14% of turnover was invested each year.

Figure 1.2: investments expressed in % of the telecoms turnover (2007)



Source: BIPT

ACCESS TO THE FIXED TELEPHONE SERVICE

Evolution of the number of connections to the fixed telephone service

The following table shows the evolution of the number of connections to the fixed telephone service in Belgium. The total number is obtained by adding up the number of analogue PSTN lines, the number of cable accesses, the number of digital ISDN basic accesses⁶, the number of digital primary ISDN accesses⁷ and the number of voice over broadband⁸ lines.

	PSTN	Cable	ISDN-2	ISDN-30	Managed voice over broadband ⁹	Unmanaged voice over broadband	Total (x 1000)
2000	3,931,177	111,134	802,566	164,880			50,098
2001	3,702,301	181,310	855,976	211,800			49,514
2002	3,666,240	187,399	838,128	239,790			49,316
2003	3,570,056	234,864	832,714	237,780			48,754
2004	3,446,765	285,923	814,618	253,740			48,010
2005	3,320,091	417,282	796,990	260,220			47,946
2006	3,168,694	509,500	780,146	269,460	92,776	1,331	48,219
2007	3,026,834	597,556	763,122	280,080	173,338	5,153	48,461

Source: BIPT

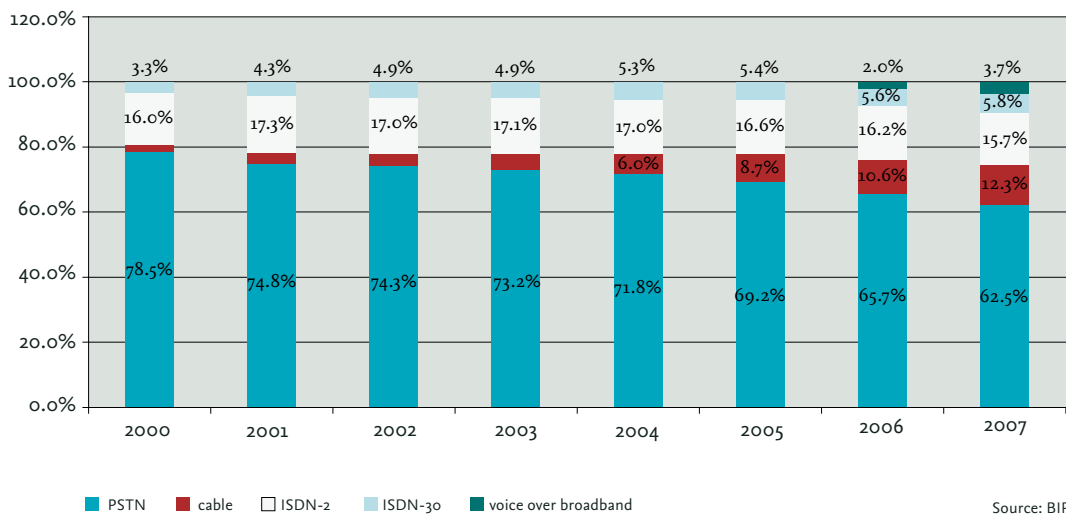
⁶ Each ISDN basic access point counts for 2 connections.

⁷ Each primary ISDN access point counts for 30 connections.

⁸ Managed voice over broadband refers to fixed telephony services that use the voice over IP technology on an Internet access network (DSL or cable) and the quality of which is managed by the operator providing the telephone service. TELE2, Scarlet and Belgacom provide managed voice over broadband. In the case of unmanaged voice over broadband the quality is not managed by the operator providing the telephone service.

⁹ Voice over broadband on a cable network excluded. VoB provided on a cable network falls under the cable category.

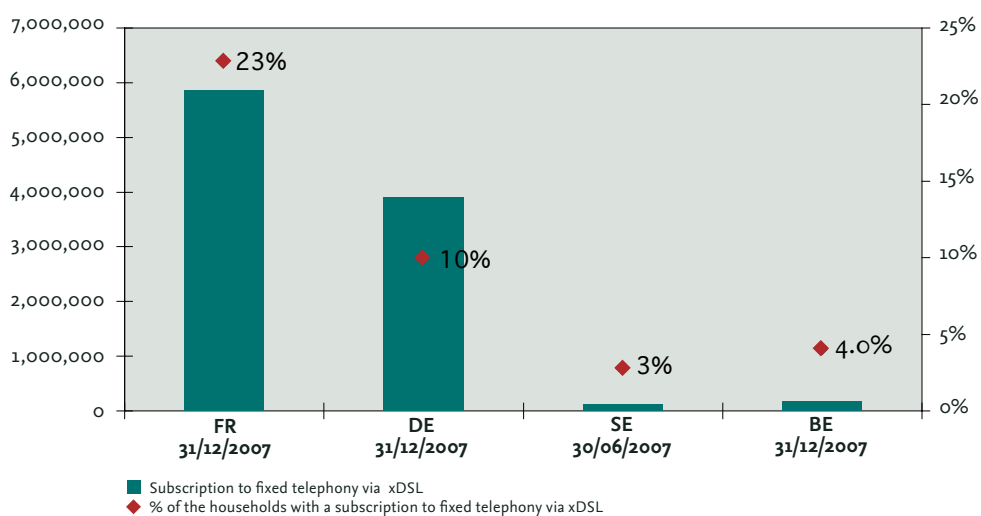
Figure 2.1: % connections per technology (2007)



The share on the market for fixed telephone network connections of both cable and voice over broadband providers continued to grow in 2007. Cable reached a market share of 12.3% as compared to 10.6% at the end of 2006. The share of VoB amounted to 3.7%.

The voice over broadband penetration (cable excluded) in households reached 4% in Belgium. Sweden has a similar penetration rate¹¹. In France¹² and Germany¹³ the penetration of VoB through xDSL is higher: it reaches 23 and 10% respectively.

Figure 2.2: VoB connections via xDSL and penetration in households



¹⁰ Source: BIPT.

¹¹ www.pt.se, Market information: the Swedish telecommunications market first half year 2007.

¹² www.arcep.fr, observatoires: le marché des services de télécommunications en France au 4ème trimestre 2007.

¹³ www.bundesnetzagentur.de, Jahresbericht 2007, p 70.

Decrease in number of PSTN accesses

The drop in the number of accesses to the public switched telephone network (PSTN) set off at the start of the second half of 2000. The introduction of Belgacom Discovery Line in May 2004, linking lower subscription fees (€ 6.85 per month instead of € 17,5 per month) to higher rates for outgoing calls (standard rate + an additional € 0.15 per minute) did not suffice to counterbalance this drop¹⁴. The drop that had been accelerating since 2006 (-4.6%) continued to do so in 2007: -4.5%.

The table below illustrates the evolution of the penetration rate of fixed PSTN telephone lines during the 2000-2007 period.

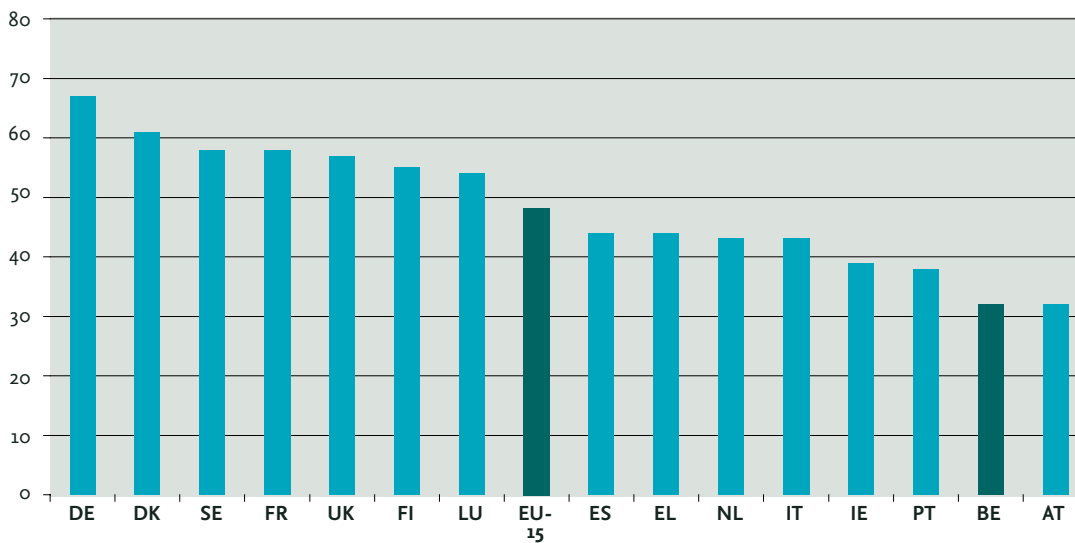
Penetration rate of fixed PSTN telephone lines

	Fixed PSTN lines per 100 inhabitants ¹⁵	Change in %
2000	38.3	
2001	35.9	-6.2%
2002	35.4	-1.4%
2003	34.3	-3%
2004	33.0	-3.9%
2005	31.6	-4.3%
2006	29.9	-5.2%
2007	28.4	-5.2%

Source: BIPT

According to Eurostat data published¹⁶ in 2007, the penetration rate of fixed PSTN telephone lines in Belgium in 2005 lay below the European average (48.3 per 100 inhabitants).

Figure 2.3: fixed PSTN telephone lines per 100 inhabitants in 2005



Source: Eurostat

¹⁴ Since 1 August 2008 the monthly subscription fee for Belgacom Discovery Line has risen from € 6.85 to € 9.95/month.

¹⁵ Source for number of inhabitants: Eurostat.

¹⁶ Eurostat news release 161/2007 – 27 November 2007 – Services to citizens in the EU in facts and figures.

The decreasing PSTN access penetration is related to the following factors:

- the introduction of naked ADSL offers.

These offers make it possible to purchase broadband Internet as a separate service without the obligation to buy a fixed telephone subscription.

Belgacom launched its naked ADSL offer on 15 March 2007. TELE2 marketed its ADSL offer without a fixed line in November 2007.

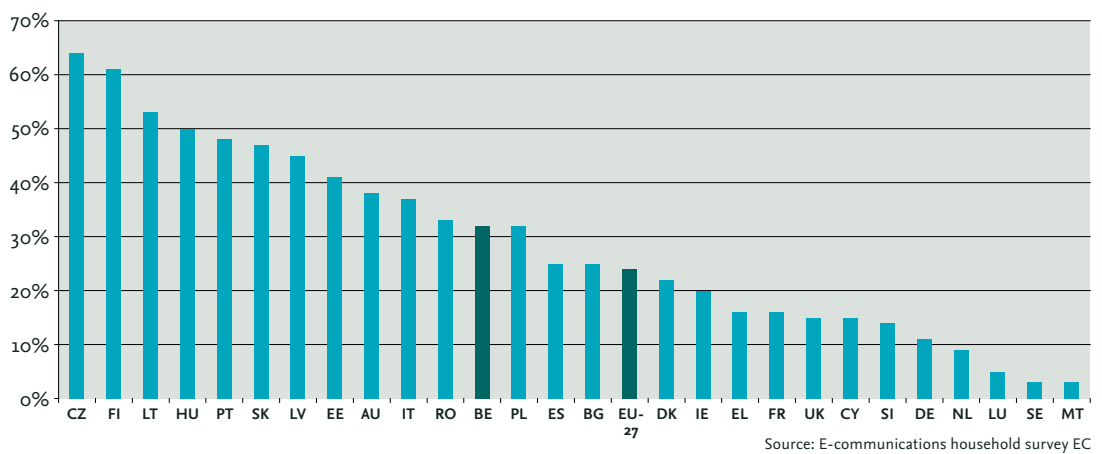
- the increase of “managed” voice over broadband connections. This development is actuated by double play subscriptions providing telephone services through broadband connections in addition to broadband Internet access. Bundled subscriptions for Internet and telephony were put on the market by Scarlet in late 2004 for € 49.95/month. In November 2005, TELE2 followed in the footsteps of Scarlet One and launched the formula TELE2 All In, which combines a telephone line (Internet telephony) and ADSL for € 39.90 a month (unlimited national calls not included). In September 2007, Mobistar released its double play subscription: Mobistar ADSL voice for € 48 per month also provides fixed telephony through the VoIP technology in addition to broadband Internet access (4 Mbit/s). Each month 40 call hours to fixed numbers in Belgium are included.

At the end of 2007, there were approximately 173,338 “managed” VoB connections, which is 1.9 times the number of connections at the end of 2006.

Substitutability of demand between the fixed and the mobile telephone service remains insufficient considering the difference in price for calls and the different functions.

The results of the European Commission’s E-communications household survey that was conducted during November-December 2007 suggest that the number of households that have a mobile phone but no fixed telephone connection in 2007 remained stable as compared to the situation at the end of 2006: 32% of the Belgian households only has a mobile phone²⁷. These results for Belgium are, however, higher than the weighted average of 24%.

Figure 2.4: % of the households that only have a mobile phone (end 2007).



²⁷ Eurobarometer E-communications household survey November – December 2007 http://ec.europa.eu/public_opinion/archives/eb_special_en.htm#ref_293

The alternatives that are being offered by mobile operators since 2007 to persons who consider cancelling their fixed telephone line, do not seem to have a major impact for the time being. An example of this is the Mobistar AtHome formula, launched in March 2007, which gives residential postpaid customers the opportunity to get up to 40 hours of mobile call credit from home for € 10 per month. By the end of February 2008 it had only won over 65,000 households¹⁸.

A new offensive was launched in February 2008, by lowering the Mobistar AtHome tariff from € 10 to € 7. In addition, Mobistar added two variants: the same offer in off-peak hours (€ 4) and in the whole of Belgium (€ 10).

Other mobile operators also promoted traffic to fixed lines from a mobile phone in 2007. Base3+ for instance allows BASE customers to call other BASE customers and fixed lines during 3 hours daily for € 35 per month since March 2007. This price also includes 1,000 SMS messages per month. Contrary to Mobistar AtHome, this tariff plan is not linked to the zone where the call is originated from. This trend persists in 2008: as of 3 July 2008 Base Classic is available, offering customers who subscribe to a 24 month contract for € 8 per month, a € 4 call credit and allowing them to make calls to fixed lines at lower rates than the standard Belgacom tariffs.

Tariff comparison between Base Classic and Belgacom Classic

	Base Classic Connection fees	Base Classic Tariff/minute	Belgacom Classic Connection fees	Belgacom Classic Tariff/minute
Monthly subscription fee	€ 8		€ 18	
To fixed lines peak	€ 0.0500	€ 0.0250	€ 0.0546	€ 0.0546
To fixed lines peak - Versatel and Telenet	€ 0.0500	€ 0.0250	€ 0.0802	€ 0.0737
To fixed lines off-peak	€ 0.0500	€ 0.0250	€ 0.0546	€ 0.0273
To fixed lines off-peak - Versatel and Telenet	€ 0.0500	€ 0.0250	€ 0.0802	€ 0.0335

Source: websites of BASE and Belgacom

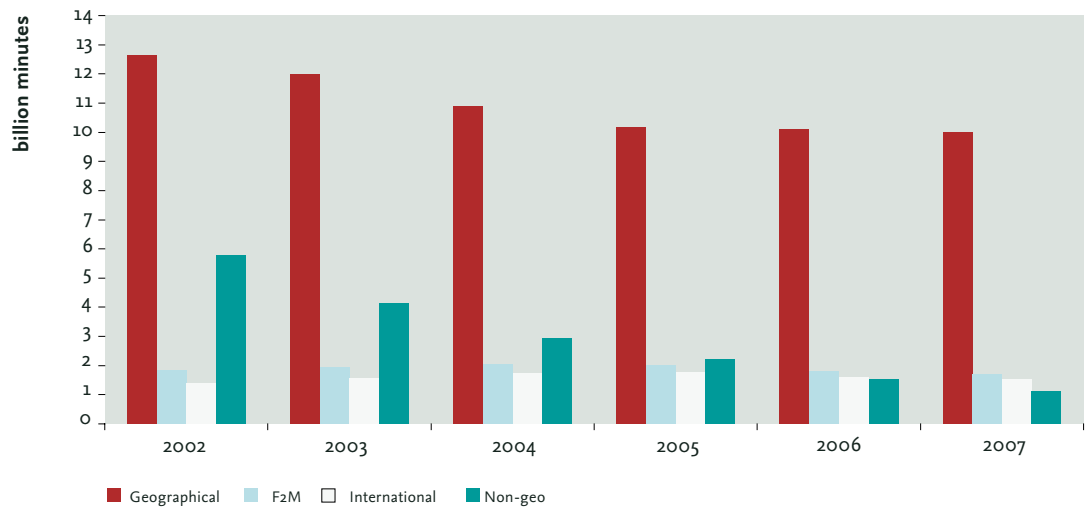
¹⁸ De Standaard, 12 February 2008.

FIXED VOICE TELEPHONY

Traffic volume decrease

In 2007, 14.3 billion call minutes were counted, of which 9.98 billion minutes to geographical numbers, 1.7 billion minutes to mobile numbers (national), 12.7 billion minutes from payphones, 1.53 billion minutes to international numbers and 1.1 billion minutes to non-geographical numbers. The total fixed traffic volume, including “managed” VoB decreased by 4.8% in 2007 as compared to the 7.1% drop in 2006.

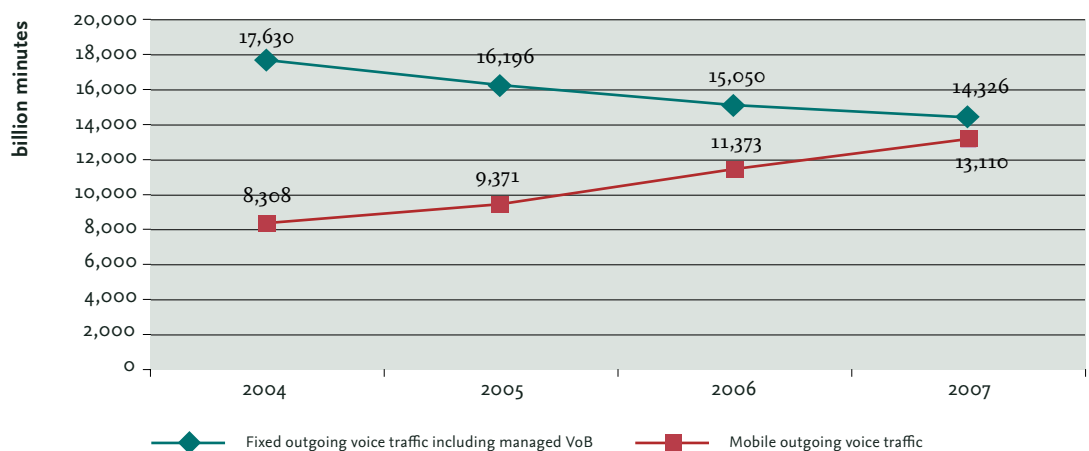
Figure 3.1: traffic on the fixed telephone network 2002 - 2007



Source: BIPT (including managed VoB, excluding minutes sold to resellers with the exception of international voice traffic)

The drop of the fixed traffic volume is caused by the decrease of PSTN lines (-4.5%) and the increase of the mobile phone traffic. The percentage of the total outgoing traffic via a mobile phone, went up from 43% in 2006 to 48% in 2007.

Figure 3.2: evolution of the fixed and mobile outgoing traffic 2004 - 2007

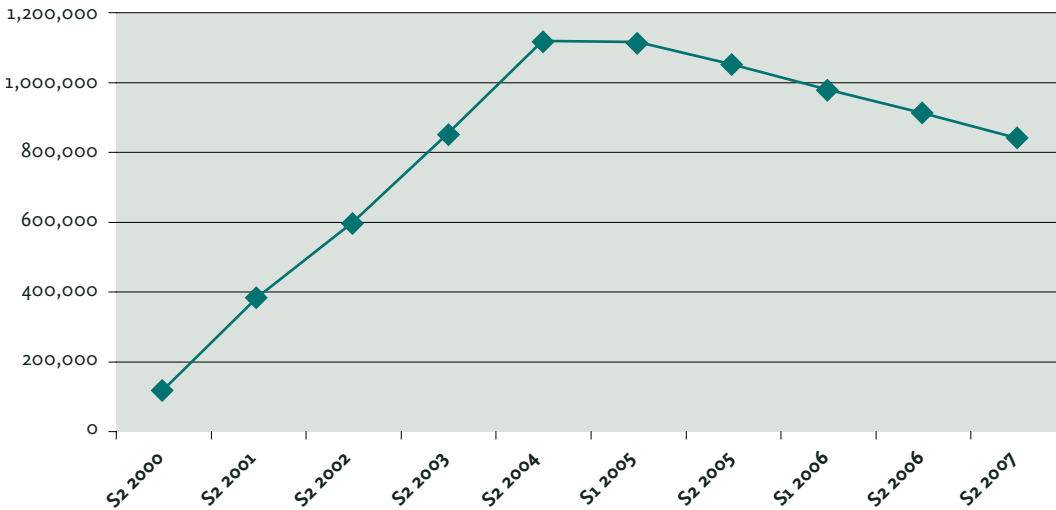


Source: BIPT

Managed VoB solutions are increasingly substituting classic configurations linking an ADSL line to carrier preselect¹⁹ of Belgacom's fixed line. This was one of the factors causing CS/CPS to lose 70,902 lines (-7.8%) over the 2006-2007 period.

Although managed VoB solutions helped reducing the erosion of fixed telephony, they have not boosted business either.

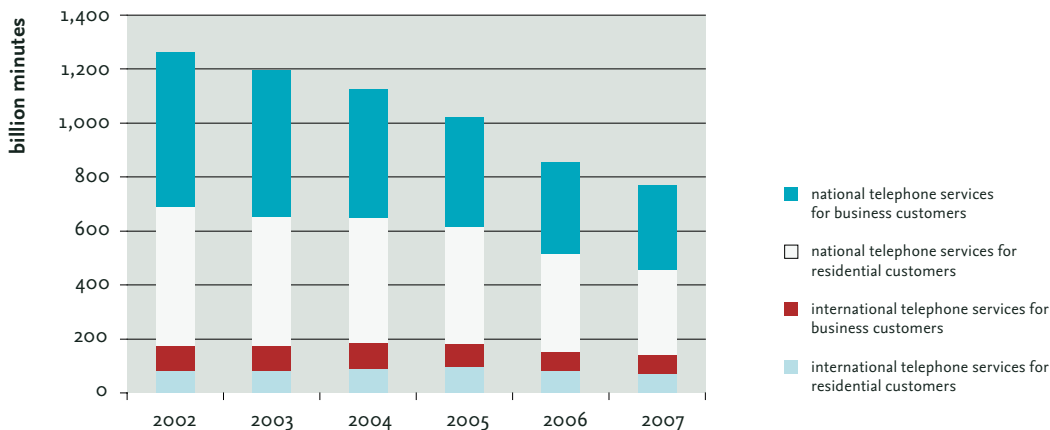
Figure 3.3: evolution of the number of CS/CPS lines



Source: BIPT

Income from fixed telephony amounted to 776 million euro in 2007 and showed a slight decrease of 10% as compared to 2006.

Figure 3.4: evolution income from fixed telephony 2002 - 2007



Source: BIPT

The loss of income stems from the success of the flat fee offers, the packages of which the combined price is lower than the sum of the parts and the cut of Belgacom's F2M²⁰ tariffs that came into effect on 1 May 2007. This cut partly reflects the lowering of mobile network interconnection costs, which BIPT has been imposing since 2006.

¹⁹ Carrier selection makes it possible to choose a different telecoms provider without being connected directly to the latter's network.

²⁰ F2M = fixed to mobile.

Whereas the connection fees remained the same, the Belgacom tariff dropped as follows:

Tariffs for fixed to mobile calls: before and after 1 May 2007

During off-peak hours	
To a Proximus number	11.60 eurocent/minute (instead of 14.38 eurocent/minute)
To a Mobistar number	13.50 eurocent/minute (instead of 16.82 eurocent/minute)
To a BASE number	16.00 eurocent/minute (instead of 20.29 eurocent/minute)
During peak hours	
To a Proximus number	17.50 eurocent/minute (instead of 20.25 eurocent/minute)
To a Mobistar number	21.70 eurocent/minute (instead of 25.30 eurocent/minute)
To a BASE number	24.50 eurocent/minute (instead of 29.82 eurocent/minute)

Source: Belgacom press release of 30 April 2007

Belgacom introduced additional tariff cuts for calls to mobile numbers on 1 January, 1 April and 1 July 2008. These cuts were only partially implemented following interventions by BIPT.

Since 1 July 2008 connection fees are to 8.02 eurocent per call. Prices per minute changed as follows:

Tariffs for fixed to mobile calls: after 1 July 2008

During off-peak hours	
To a Proximus number	10.5 eurocent/minute
To a Mobistar number	12.71 eurocent/minute
To a BASE number	15.60 eurocent/minute
During peak hours	
To a Proximus number	15.80 eurocent/minute
To a Mobistar number	18.00 eurocent/minute
To a BASE number	20.92 eurocent/minute

Source: Belgacom press release of 26 June 2008

The other fixed operators do not or only barely take into account the cuts in the mobile network interconnection fees. This can be deduced from the barometer for the fixed to mobile tariffs published by BELTUG²¹.

²¹ www.beltug.be, Lobby section, documents of 21 January 2008 and 22 May 2008.

Fixed telephony prices

A. Evolution of the standard tariffs for a phone call

If we take into consideration the evolution of standard tariffs for a phone call (10 minutes, peak hours) in our country between August 1997 (before the liberalisation) and 1 July 2008 (date of the last tariff increase), we see a drop of 73.3% for national calls and 72.5% for international calls to the USA.

In 2007, Belgacom applied a price indexing to the normal Belgacom Classic tariffs for national and international traffic. On 1 July 2008 a new indexing took place.

Evolution of the price for a zonal, national and international (to the USA) phone call from Belgium (10 minutes, weekday 11 a.m., in euro, VAT included)

	Zonal	Change in %	National	Change in %	Change in %
1997	0.45		2.25		
1998	0.50	11.1%	1.74	-22.7%	-20%
1999	0.50	0%	1.74	0%	-0.8%
2000	0.50	0%	1.74	0%	0%
2001	0.54	8%	0.54	-69%	-69.1%
2002	0.54	0%	0.54	0%	-0.5%
2003	0.56	3.7%	0.56	3.7%	6%
2004	0.57	1.8%	0.57	1.8%	2.1%
2005	0.57	0%	0.57	0%	0%
2006	0.57	0%	0.57	0%	0%
2007	0.583	1.9%	0.583	1.9%	2.2%
1/07/08	0.601	3%	0.601	3%	1.8%

Source: BIPT

B. Zonal telephone traffic

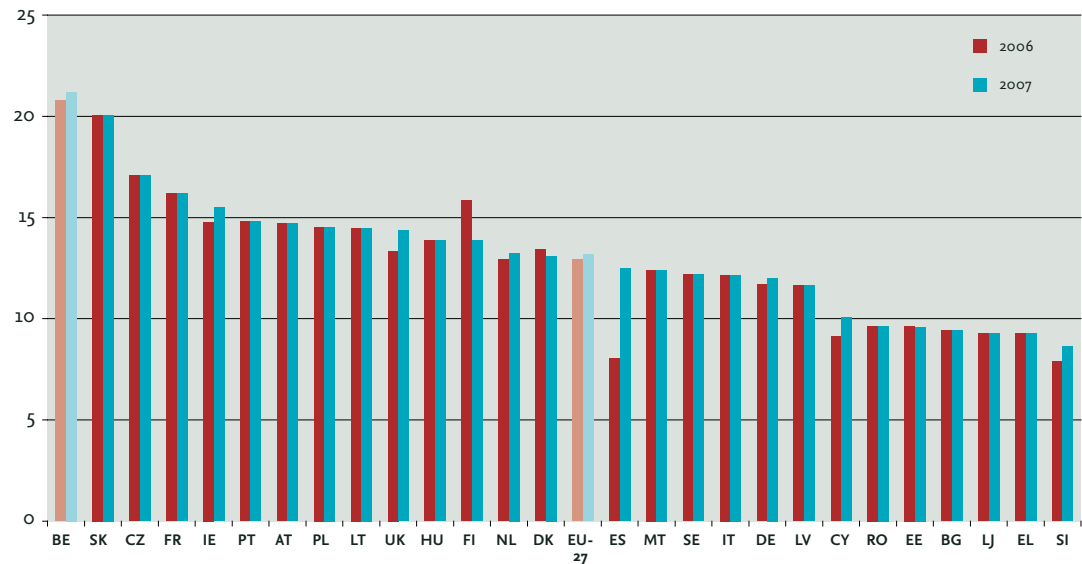
The graph below shows the prices the incumbent operators in the EU charged in September 2007 for individual fixed 3-minute telephone calls during peak hours (weekday 11 a.m.) over a distance of 3 kilometres (the same prices apply to both residential and business customers).

If any, call set-up costs, minimum costs and/or specific charges based on call duration were taken into account.

When comparing the European Member States based on this indicator, Belgium immediately emerges among the most expensive countries for zonal phone calls. Whilst in 2007 the EU average price for a zonal phone call amounted to 13.18 eurocent, 21.2 eurocent was charged in Belgium, namely 61% more expensive. Of all Member States, Slovenia had the lowest prices for a zonal phone call: 8.64 eurocent.

As regards Belgium in particular, it should be noted that the zonal tariff not only covers short distance calls, contrary to what is stated in the EC implementation report's graphs. Indeed, customers in Belgium can also make calls to the neighbouring zones for which the distance is longer.

Figure 3.5: evolution of the price for a zonal phone call in the EU countries (3 min/3 kms/weekday 11 a.m., in eurocent, VAT included)



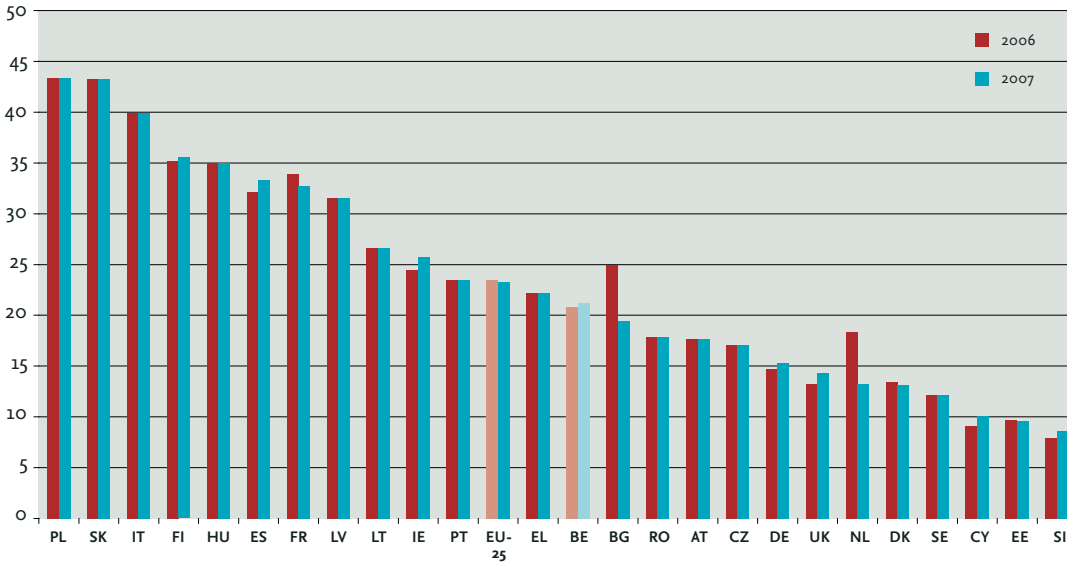
Source: 13th EC implementation report

C. National telephone traffic

When comparing prices for a national phone call in the European Member States based on the indicator of the 13th EC implementation report, we see that Belgium is ranked thirteenth.

Slovenia and Estonia apply the lowest rates, respectively 41% and 45% cheaper than in Belgium. In the most expensive countries, Poland and Slovakia, prices are approximately double the Belgian rates and five times more expensive than in Slovenia.

Figure 3.6: evolution of the price for a national phone call in the EU countries (3 min/200 kms/weekday 11 a.m., in eurocent, VAT included)

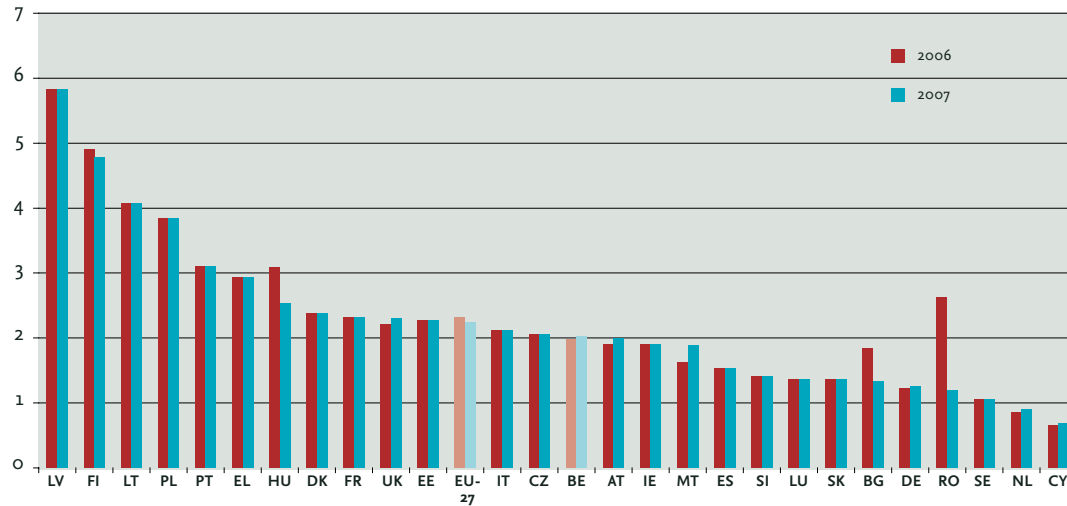


Source: 13th EC implementation report

D. International telephone traffic

When comparing the prices for an international phone call to the United States in Belgium and the EU, we notice that there has been an increase in Belgium between 2006 and 2007 from 1.98 to 2.02 eurocent. The EU average, however, decreased by approximately 3.2%.

Figure 3.7: evolution of the price for an international phone call to the United States from the EU countries (10 min/weekday 11 a.m., in eurocent, VAT included)

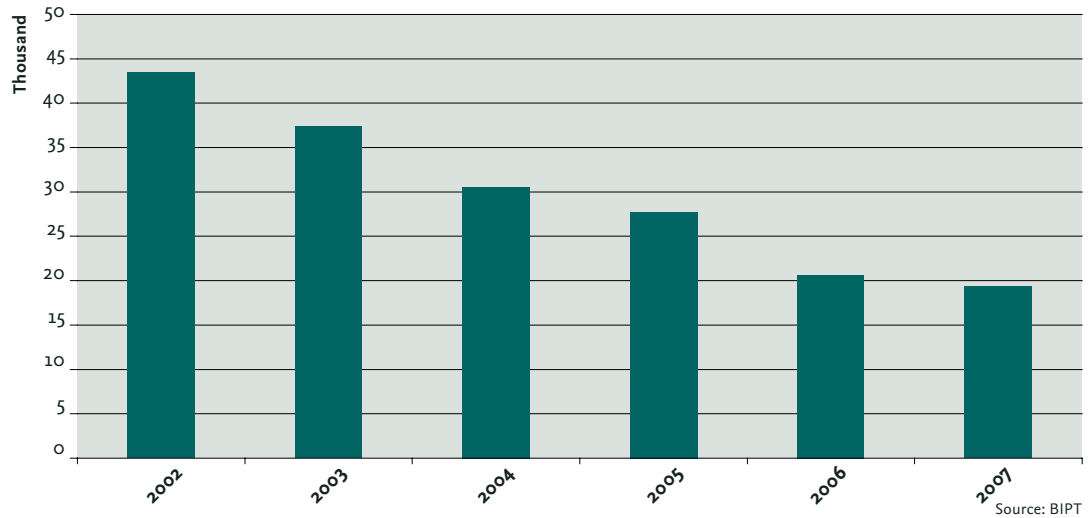


Source: 13th EC implementation report

LEASED LINES

The use of traditional leased lines continued to decline: by the end of 2007 the number of leased lines had dropped by 6.2% as compared to the end of 2006 (19,344).

Figure 4.1: development of the number of leased lines 2002-2007



When dividing the leased lines in groups according to speed, a different trend emerges: the number of leased lines slower than 2 Mbit/s dropped in 2007 by 11.2% to 16,169 units, while both the number of leased lines with a speed of 2 Mbit/s and the number of leased lines faster than 2 Mbit/s (up until STM-16 included), increased by 32%.

Figure 4.2: development of the number of low-speed leased lines 2002-2007

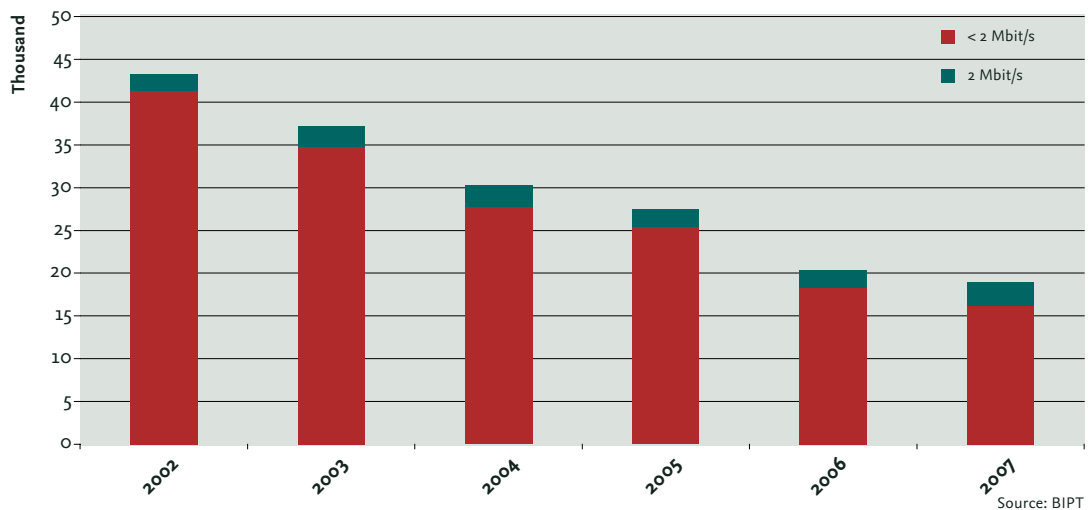
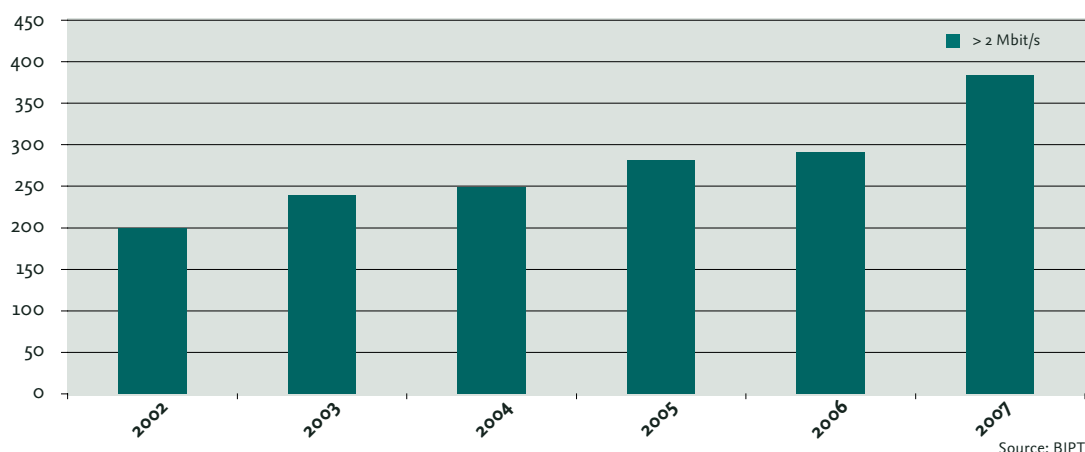


Figure 4.3: development of the number of high-speed leased lines 2002-2007
(> 2 Mbit/s and ≤ STM-16)



INTERNET ACCESS

Increase of Internet connections

Internet connections continued to increase in 2007. ISPA²² figures show that the total number of connections increased by 8.4% in 2007.

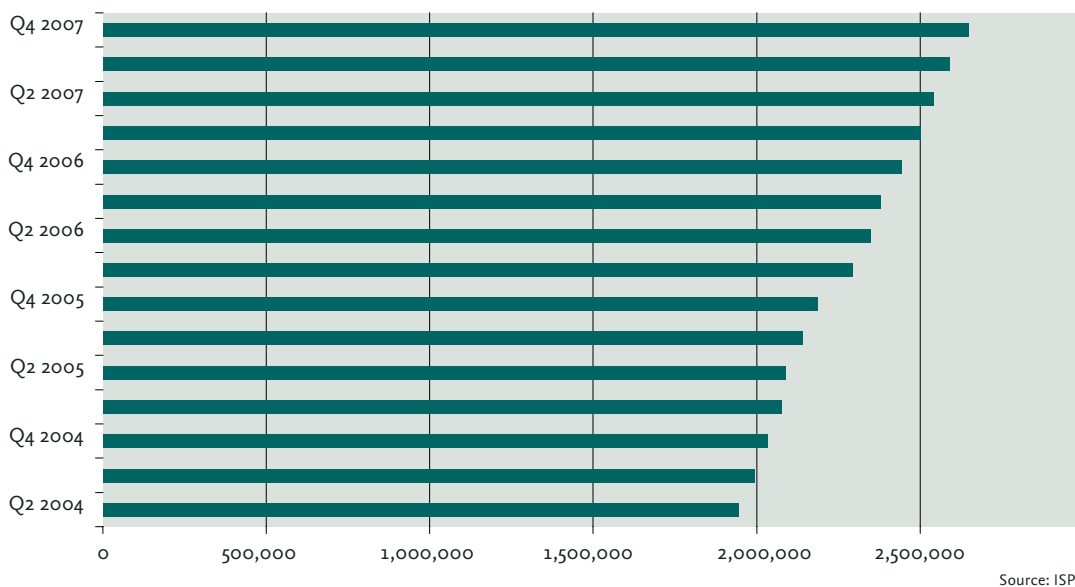
Number of Internet connections per type: evolution in 2007

	31/12/06	31/03/07	30/06/07	30/09/07	31/12/07	change on annual basis
Residential connections						
Active free (*)	117,344	103,360	89,432	80,105	73,508	-37.4%
Paid PSTN and ISDN	71,369	67,794	64,393	62,972	61,661	-13.6%
Broadband residential	1,816,003	1,880,939	1,936,828	1,989,601	2,040,409	+12.4%
Total residential	2,004,716	2,052,093	2,090,653	2,132,678	2,175,578	+8.5%
Company connections						
PC connections						
Individual dial-up	12,886	11,517	11,077	10,610	10,399	-19.3%
Broadband	386,908	400,160	406,340	413,453	426,723	+10.3%
LAN connections						
PSTN and ISDN connections	909	923	879	866	851	-6.4%
Broadband	33,713	33,435	27,793	28,434	29,561	-12.3%
Leased lines	3,502	3,285	3,596	3,683	3,927	+12.1%
Total company connections	437,918	449,320	449,685	457,046	471,461	+7.7%
Grand total	2,442,634	2,501,413	2,540,338	2,589,724	2,647,039	+8.4%

Source: ISPA

²² ISPA = Internet Services Providers Association www.ispa.be. Figures are published on the website of FPS Economy, SMEs, Self-employed and Energy (www.statbel.fgov.be under statistieken, diensten handel & vervoer, communicatiemedië and audiovisuele medië).

Figure 5.1: evolution of the number of active Internet connections: from Q2 2004 up to and including Q4 2007

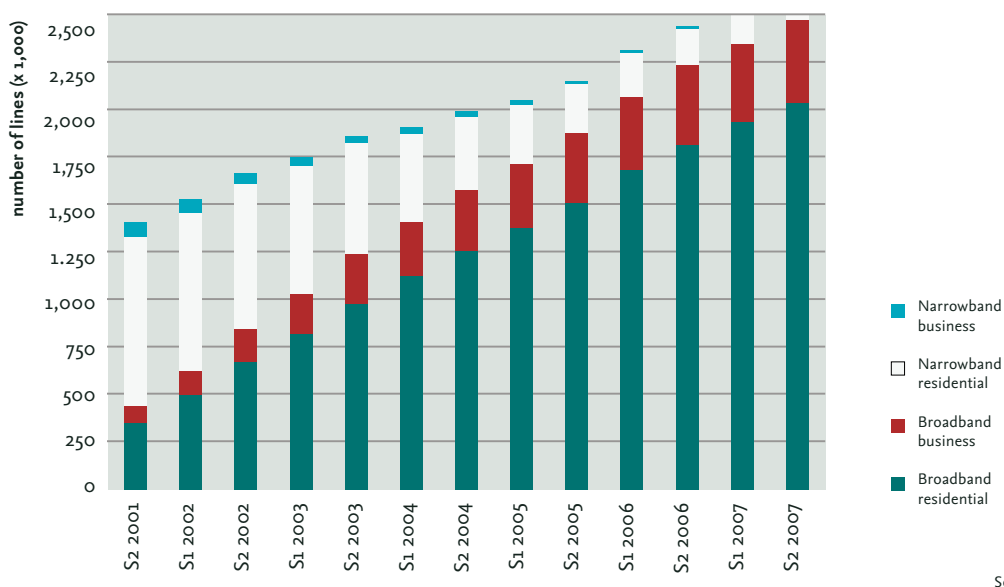


The number of narrowband lines totalled 146,419 in Belgium at the end of 2007. This corresponds with 5.5% of the total number of Internet lines. Early 2001 when broadband was still new, narrowband lines amounted to 944,821; i.e. 83% of the total.

The decline of dial-up Internet made Belgacom decide to stop offering dial-up Internet as of 31 January 2008.

When divided according to the various customer target groups (residential - business) 83% of the Internet market (without broadband LAN) is residential and 17% is business. Business Internet lines are practically all broadband lines. On the residential market broadband has taken over some 94% of the connections. Narrowband represents the remaining 6%.

Figure 5.2: division of the Internet market into residential/business and narrowband/broadband



Broadband Internet

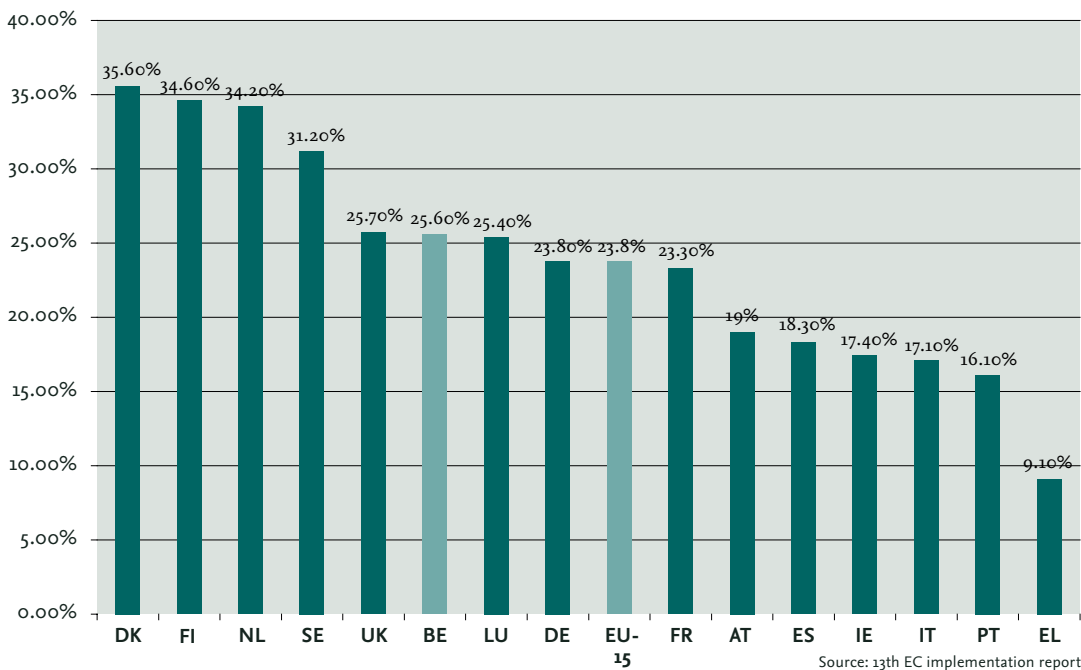
BIPT counted 2.7 million broadband Internet lines (leased lines excluded) in Belgium on 1 January 2008, which represents an 8% rise compared to July 2007 and a 15% rise compared to the beginning of 2007. The growth rate is slowing down: in 2006 growth was 17%, in 2005 22% and in 2004 32%.

The growing number of broadband Internet lines in 2007 entailed an increase of broadband penetration from 23.7% to 25.5% of the Belgian population.

International broadband position

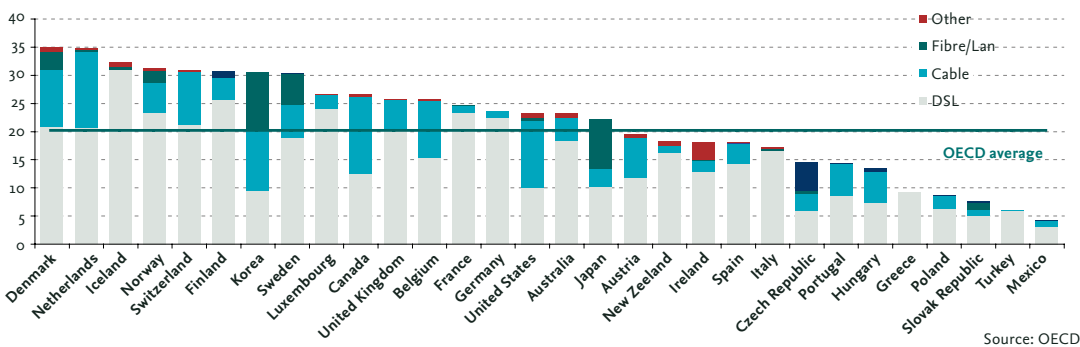
In the European broadband penetration ranking Belgium fell back one place at the start of 2008 compared to 1 October 2006. The European top three is composed of Denmark, Finland and the Netherlands. The EU-15 average is 23.8%.

Figure 5.3: broadband penetration in Europe on 1 January 2008 (number of broadband lines divided by number of inhabitants)



In the OECD ranking Belgium occupied the twelfth place with 25.7% at the end of December 2007. Compared with 2006 Belgium lost two places.

Figure 5.4: broadband subscribers per 100 inhabitants in the OECD member countries, December 2007



Broadband competition: market players

As regards infrastructure the Belgian broadband market consists of the following players who offer broadband entirely on their own public telephone networks (fixed or mobile) or through their cable networks: the incumbent, Belgacom, cable operators Telenet, Coditel Brabant, Brutélé, Tecteo, Newlco, FWA²³ operators Clearwire and Mac Telecom, and mobile operators Proximus and Mobistar.

Cable coverage (in percentage of the population) is estimated at 80%²⁴. Broadband Internet by cable is offered in Flanders and 7 Brussels municipalities by Telenet (following the takeover of cable operator UPC in 2007). Coditel Brabant too is active in 5 Brussels municipalities and in the Flemish municipalities Drogenbos and Wemmel. In Wallonia broadband Internet by cable is mainly marketed under the commercial brands VOO and TVCableNet. VOO is the trading name of the companies Brutélé and Tecteo, which focus on 6 Brussels municipalities and on the regions around Charleroi, Wavre, Liège and Andenne.

TVCableNet combines the retail broadband activities of cable operators Igeho, Interest, Inatel, Interмосane, Seditel, Simogel, Telelux and Ideatel, which in 2007 were merged into intermunicipal company Newlco. In 2008 Tecteo will buy Newlco and then merge with Brutélé. Tecteo will offer its telecom and television activities under the name VOO.

Belgacom's ADSL coverage, the broadband technology implemented on the fixed telephone network, amounts to 98.5% of the Belgian population (October 2007)²⁵. In order to enhance coverage in remote areas to 99.3% of the population, it was decided in 2007 to introduce ADSL2 reach extended. ADSL2 reach extended allows longer distances between the ADSL exchanges and the customers without excessive attenuation of the signal.

As broadband is also available by means of wholesale access, competition at retail level is stronger. Initially the wholesale access provided by Belgacom to alternative providers created the possibility to resell retail services through Belgacom's access lines. Since 2001 the alternative operators have been investing in unbundling and bitstream access, which enabled them to take over access lines from Belgacom and to offer their proper broadband products to the customers.

A telephone line is unbundled when it is connected to a provider other than Belgacom. Full unbundling enables alternative operators to offer their own services on a copper pair of Belgacom, because the users are connected by means of proper equipment through the local loop. The unbundled line leased from Belgacom is intended for exclusive use. In case of partial unbundling the incumbent continues to provide the telephone service, while the alternative operator offers the broadband service over the same loop. Bitstream access refers to the situation where the incumbent installs a high-speed access link to the client's premises and then makes that link available to third parties, in order to enable them to provide high-speed services to clients.

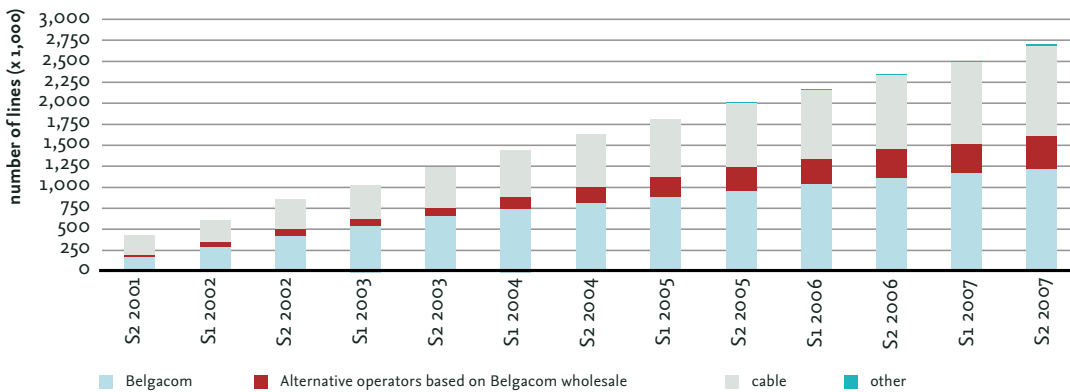
At the end of 2007 alternative providers offering broadband Internet based on Belgacom wholesale products represented about 14% of the total number of broadband connections. Divided into the various types of wholesale products, this corresponds with 2% unbundling (full and partial access), 10% bitstream access and 2% resale.

²³ FWA: Fixed Wireless Access is a system allowing several users to be connected by means of a radio connection from a central point.

²⁴ Broadband coverage in Europe. 2007 report http://ec.europa.eu/information_society/europe/j2010/benchmarking/index_en.htm.

²⁵ Consultation of the BIPT Council of 3/10/2007 regarding the draft decision BROBA reach extended ADSL2.

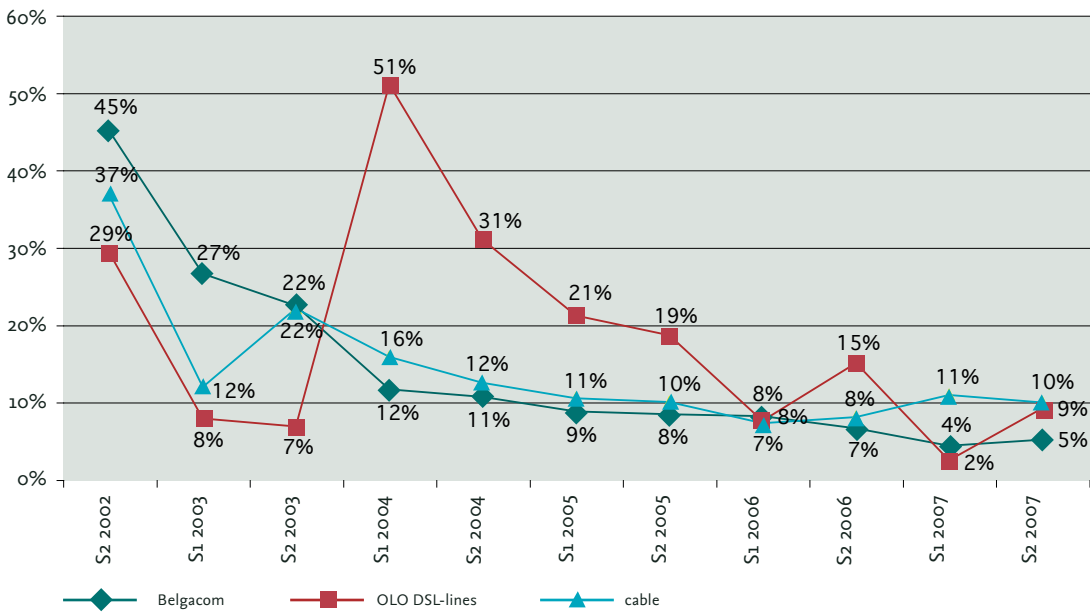
Figure 5.5: number of broadband Internet lines per operator type



Source: BIPT

The half-year increase of broadband Internet lines per operator type is shown in figure 5.6.

Figure 5.6: % increase broadband Internet lines 2002 - 2007

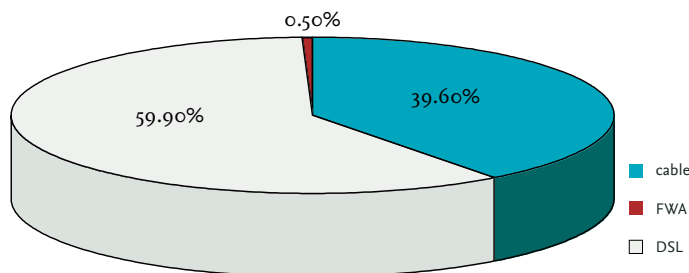


Source: BIPT

Wholesale growth combined with the high cable coverage resulted in 2007 in a drop of Belgacom's share of the retail broadband Internet market, going from 47.8 to 45.7%.

Competition between cable and DSL is strong. At 59.9% DSL is the most common technology but cable is second with 39.4%. FWA represents the remaining 0.5%. Compared to 2006 DSL growth has slowed down: it dropped from 17% to 10%. However, cable boasts a 22% increase, whereas it amounted to 16% in 2006.

Figure 5.7: competition between broadband technologies (at the end of 2007)



Source: BIPT

Wholesale broadband market

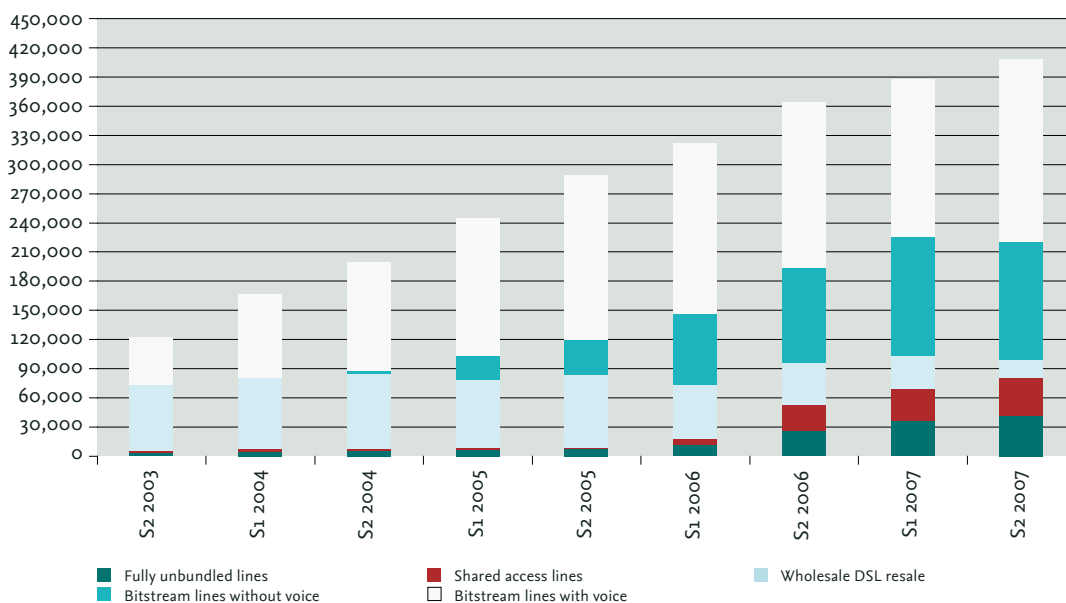
Up to the end of 2005 unbundled access (fully unbundled lines + shared access lines) increased relatively slowly in Belgium (9,230 unbundled lines at the end of 2005). In the course of 2006 unbundled access picked up, showing a 482% increase to 53,720 lines. In 2007 growth weakened to 50% on an annual basis (80,818).

Half-year evolution of the wholesale broadband market

	S2 2003	S1 2004	S2 2004	S1 2005	S2 2005	S1 2006	S2 2006	S1 2007	S2 2007
Fully unbundled lines	3,915	4,750	5,383	6,439	7,376	12,393	26,575	36,948	41,445
Shared access lines	2,682	2,635	2,460	1,977	1,854	5,374	27,145	32,986	39,373
Bitstream lines with voice	48,321	85,525	112,604	141,468	168,878	175,998	169,605	161,958	187,167
Bitstream lines without voice	367	1,014	1,983	23,817	36,215	72,922	97,723	122,401	121,828
Wholesale DSL resale	66,485	72,331	77,725	70,526	74,470	55,841	42,183	33,199	18,384
Total	121,770	166,255	200,155	244,227	288,793	322,528	363,231	387,492	408,197

Source: BIPT

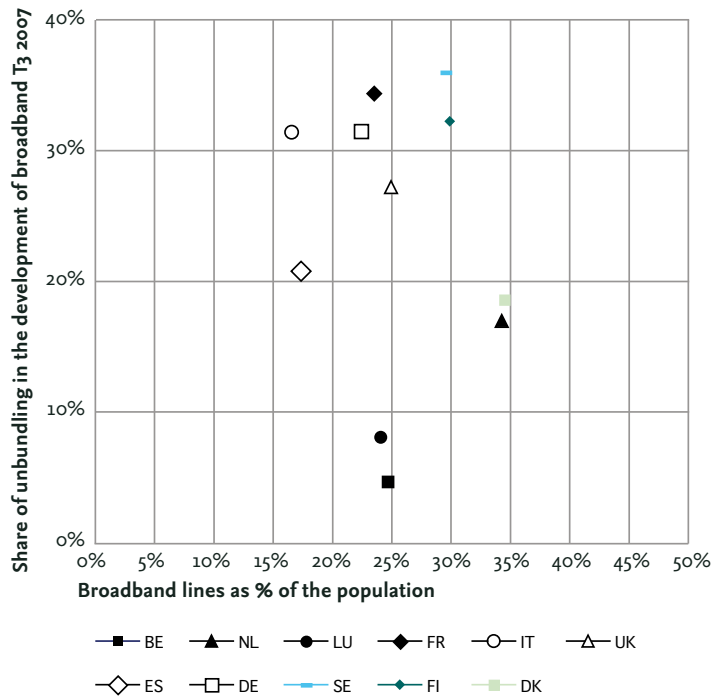
Figure 5.8: evolution of the number of wholesale broadband lines



Source: BIPT

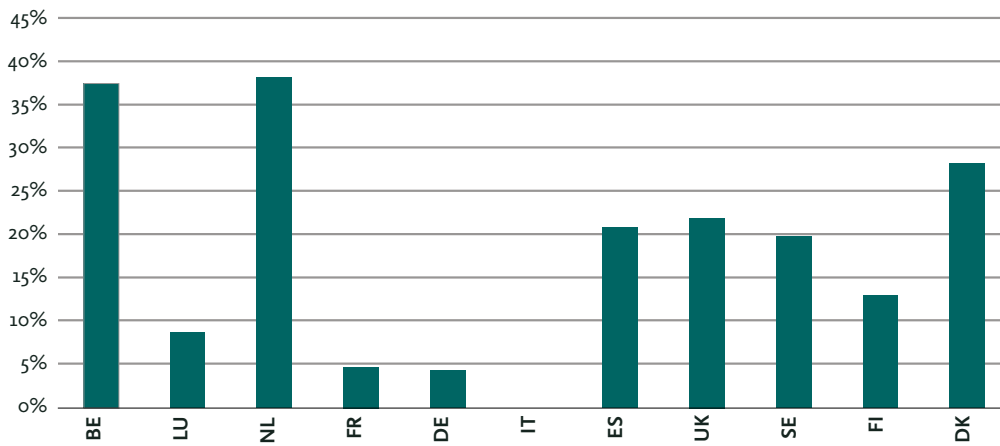
Countries with a high broadband penetration are characterised by effective competition in unbundled access. In countries such as Sweden and Finland having a high broadband penetration (about 30%) the number of unbundled lines as a percentage of the number of DSL lines is high (respectively 36 and 32.2%). In countries having a high broadband penetration but where competition from cable is stronger (the Netherlands, Denmark and Belgium) the development of unbundled access is not as strong.

Figure 5.9: share of unbundling in the development of broadband T3 2007



Source: ECTA

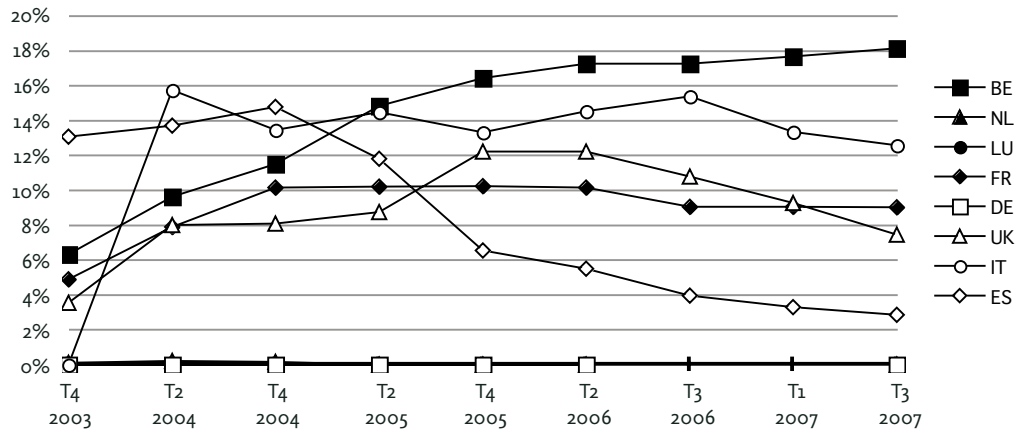
Figure 5.10: share of cable in the number of broadband lines T3 2007



Source: ECTA

In Belgium bitstream access has a continuously increasing share of the number of retail DSL lines: 18.2% at the end of the third quarter of 2007 as opposed to 17.3% a year before. However, growth has slackened between 2004 and 2007: from 135% in 2004 to 16% in 2007.

Figure 5.11: bitstream access as a percentage of the number of retail DSL lines



Source: ECTA

Broadband offers

2007 was a year marked by the emergence of new light versions of broadband subscriptions, the increase of broadband speeds, the connection of alternative operators' clients to ADSL2+, which offers greater speed than ADSL, and the extension of naked ADSL services.

Light broadband was introduced in the course of 2007 by EDPnet, Telenet and Dommel among others.

On 2 July 2007, EDPnet started the low-cost formula ADSL Max Starter at 19.95 euro, which offers a download speed of 6144 Kbit/s and an upload speed of 640 Kbit/s.

Telenet launched its light broadband formula on 9 July 2007 at 20 euro a month (BasicNet) offering a monthly volume of 400 MB and a 512 Kbit/s data speed. Before that, Telenet's cheapest formula, ComfortNet, cost about 30 euro a month.

As from November 2007 Dommel offers "Cityconnect lite" at 13.99 euro/month (3 Mbit/s up, 24 Mbit/s down) in Louvain.

In the summer of 2007 TELE2 upgraded its ADSL light 512 Kbit/s offer, that had been launched in September 2005, to 1 Mbit/s. The price is 15.90 or 20.90 euro depending on whether it is possible to be connected to the unbundled loop. In December 2007, Belgacom expanded its offer with ADSL budget, a light subscription at 20 euro a month.

The speed of all Internet products was adapted by Telenet on 14 December 2007. As for BasicNet the download speed was doubled. For ComfortNet the download speed was quadrupled and the upload

speed was increased by about 33%. Both for ExpressNet and TurboNet the upload speeds were doubled. In April 2008 the volume limit was raised again for BasicNet and ComfortNet (from 400 MB to 1 GB and from 1 GB to 2 GB respectively). As from 1 August 2008 Expressnet and TurboNet followed (volume limit raised from 12 GB to 20 GB and from 35 GB to 60 GB).

Price	Formula	From 1/08/08
€ 20	BasicNet	1 MB/ 128 k – 1 GB
€ 30.64	ComfortNet	6 MB/ 256 k – 4 GB
€ 42.91	ExpressNet	15 MB/ 512 k – 20 GB
€ 61.32	TurboNet	20 MB/ 1 MB – 60 GB

Source: Telenet press release of 21 May 2008

Belgacom's ADSL customers have been granted a faster download and/or upload speed since 10 January 2008. For ADSL Time and ADSL Budget the download speed is raised from 512 Kbit/s to 1 Mbit/s. As for ADSL Light the upload speed goes from 192 to 256 Kbit/s and the download speed rises from 1 to 2 Mbit/s. For ADSL Go and Plus the download speed is maintained at 4 Mbit/s. The upload speed, however, is increased from 256 to 400 Kbit/s. Moreover, for ADSL Plus, starting from 1 February 2008, the download volume is raised from 30 to 35 GB per month.

On 1 July 2008 the speeds and monthly formulas for broadband Internet at Belgacom were raised again.

Price	Formula	Before 10/01/08	From 10/01/08	From 01/07/08
€ 5.95	ADSL Time	512 k/128 k – 2 hours	1 MB /128 k – 2 hours	1 MB/128 k – 2 hours
€ 20	ADSL Budget	512 k/128 k – 400 MB/month	1 MB/128 k – 400 MB/month	1 MB/128 k – 1 GB/month
€ 31.55	ADSL Light	1 MB/192 k – 1 GB/month	2 MB/256 k – 1 GB/month	4 MB/256 k – 4 GB/month
€ 41.75	ADSL Go	4 MB/256 k – 12 GB/month	4 MB/400 k – 12 GB/month	12 MB/400 k – 25 GB/month
€ 57.05	ADSL Plus	4 MB/256 k – 30 GB/month	4 MB/400 k – 35 GB/month	12 MB/400 k – 60 GB/month

Source: Belgacom press releases of 9/01/2008 and 25/06/2008

Another trend in 2007 was the expansion of the ADSL2+ offer. Since April 2007 E-leven offers ADSL2+ in Brussels at 29.9 euro a month²⁶. On 20 April 2007 Scarlet launched ADSL2+ with Scarlet ADSL 20 at 34.95 euro/month. Since 4 June 2007, EDPnet proposes two ADSL2+ subscriptions: Max 24 Din and Max 24 Fix. Tele 2 started to connect customers to ADSL2+ in December 2007. The connectivity to ADSL2+ is still limited however. Dommel offers this technology in Louvain. EDPnet, Scarlet, TELE2 and E-leven have plans regarding ADSL2+ in a number of (big) cities.

²⁶ E-leven was declared bankrupt on 18 July 2008. Mr Van Daele, one of the founders, took over the ADSL customers who had been connected to the Scarlet network through E-leven, by way of the Belgian company Free Belgian Network. The proper ADSL2+ infrastructure is taken over by Destiny.

Naked DSL, which means surfing without a Belgacom fixed line subscription, is a possibility only available from Belgacom, TELE2, Mobistar and Scarlet. With Scarlet this was already possible for ScarletOne customers who have a combined telephony and broadband subscription, but only since mid-March 2007 for ADSL offers²⁷. TELE2 marketed its ADSL offer without fixed lines in November 2007.

The mobile operators started an offensive regarding wireless Internet access through the mobile network in 2007. In late November 2007 Belgacom launched a new package for its ADSL customers, who can surf the Internet unlimitedly using 3G for 35 euro. There is a 2 GB download limit though. The price of 34.95 euro is added to the cost of the ADSL subscription (ADSL Go, Plus or VDSL Boost – ADSL Pro Compact, Office, SDSL) and is about 15 euro cheaper than when unlimited 3G access is purchased separately²⁸.

New price cuts for mobile Internet through the 3G network, even exceeding 40%, were announced in May 2008²⁹.

The tariff changes were as follows:

- mobile Internet 15 hours: € 14.99/month for 15 hours (instead of € 24.99 for 10 hours)
- mobile Internet evening & weekend: € 24.99/month (instead of € 29.99)
- mobile Internet anytime (2 GB): € 34.99/month (instead of € 49.99)
- mobile Internet anytime plus (5 GB): € 49.99

Belgacom ADSL customers combining ADSL and mobile Internet, when taking out a 12 month subscription, pay:

- mobile Internet 15 hours: € 12.49/month
- mobile Internet evening & weekend: € 20.99/month
- mobile Internet anytime (2 GB): € 29.99/month
- mobile Internet anytime plus (5 GB): € 41.75/month

Mobistar too launched a new product in November 2007 to surf the Internet using 3G or GPRS, called Internet Everywhere. The price is 5 euro a month for the subscription plus one euro for each day on-line. In addition, no fixed line is needed anymore.

In June 2008 the mobile Internet offers were completed by 2 supplementary products: Mobile & Mail Surf Max and Internet Everywhere Max.

Mobile & Mail Surf Max is a new mobile Internet solution for customers who surf using a cell phone of the smartphone or PDA type. For 30 euro a month customers get a 2 GB volume for unlimited surfing on the Internet, for reading and answering e-mails with attachments and for using the services of Orange World, Mobistar's mobile portal.

Internet Everywhere Max makes it possible to surf by means of a laptop and a USB modem for 30 euro.

The speed of the Internet access depends on the network. Proximus makes use of the 3G broadband network based on HSDPA (High Speed Downlink Packet Access). This offers a download speed of 3.6 Mbit/s and an upload speed of 384 Kbit/s. The 3G speed is available to 85% of the Belgian population³⁰.

²⁷ Source: Clickx 17.04.2007: Betaal jij te veel voor internet ? (Do you pay too much for Internet?)

²⁸ Belgacom press release of 30 November 2007.

²⁹ Belgacom press release of 9 May 2008.

³⁰ Source: website Belgacom http://www.belgacom.be/private/nl/jsp/dynamic/product.jsp?dcrName=mobile_internet&detailPage=mobile_internet_speed.

In August 2008 Proximus announced an upgrade of the download speed to 7.2 Mbit/s and of the upload speed to 2 Mbit/s³¹.

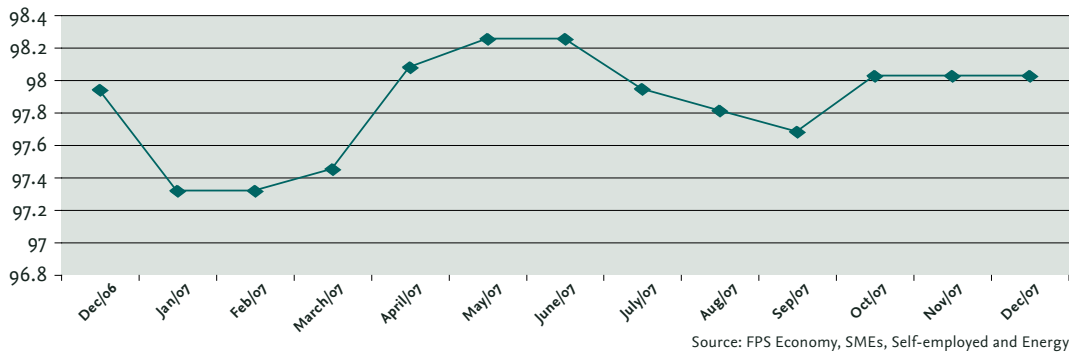
Mobistar's 3G network has HSDPA with a 7.2 Mbit/s download speed and HSUPA (High Speed Uplink Packet Access) with a maximum upload speed of 1.4 Mbit/s. The 3G+ network (HSPA) is available to more than 70% of the Belgian population³².

Internet prices

The price index of Internet subscriptions has risen by 0.09% between December 2006 and December 2007. This follows from the information released by the FPS Economy³³.

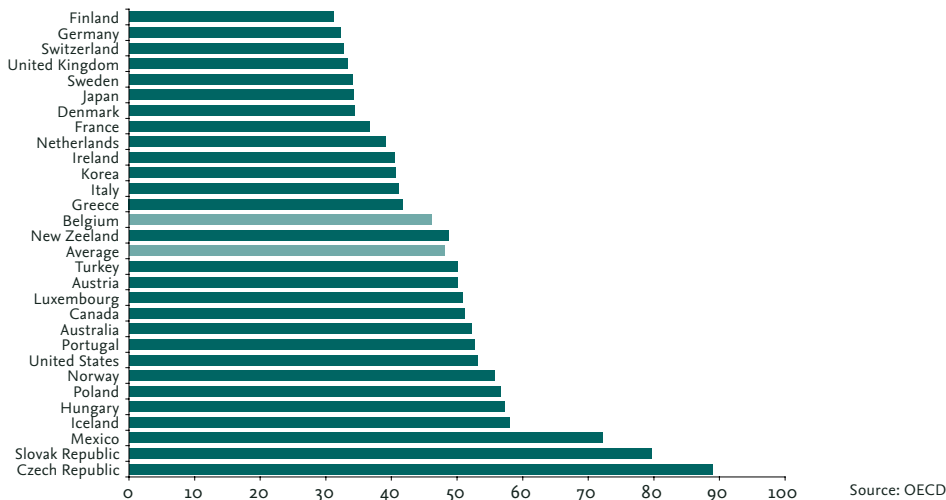
The price increases result from the indexation on the one hand and from the fact that since 1 January 2007 it is no longer allowed to charge extra costs when a broadband subscription is not linked to a domiciliation, on the other. Many providers who used to charge extra costs, simply raised the price of the basic subscription by the same amount as the one paid by customers without a domiciliation.

Figure 5.12: price index Internet subscriptions



An international OECD³⁴ benchmark shows that in October 2007 the price of broadband Internet in Belgium is around the OECD average.

Figure 5.13: average monthly broadband price, October 2007, USD PPP



³¹ Source: datanews 14/08/2008.

³² Source: website Mobistar, new trends.

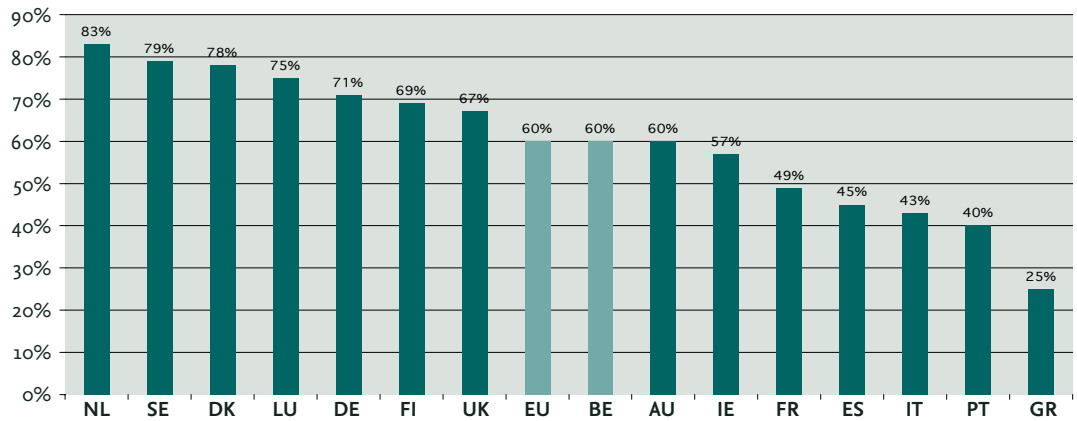
³³ http://ecodata.mineco.fgov.be/mdn/ts_structur.jsp; under prijzen, consumtieprijzen, gemiddelde prijzen, communicatie.

³⁴ <http://www.oecd.org/sti/ict/broadband>. The broadband prices are converted into dollars based on purchasing power parity. Purchasing power parity represents the ratio between the amount of the proper currency and the amount of dollars needed to purchase the same set of goods and services. The calculation of the average monthly subscription fee in Belgium is based on the following offers: Belgacom (ADSL Light, Go, Plus, Boost), TELE2 (ADSL 1 MB and ADSL 4 MB), Telenet (BasicNet, ComfortNet, ExpressNet and TurboNet).

Narrowing of the digital divide

The digital divide, meaning the gap between those who can enjoy the digital technology and those who cannot, narrowed in 2007. 60% of Belgian households have an Internet connection as opposed to 54% last year and 50% in 2005. The Eu-15 average is also 60%.

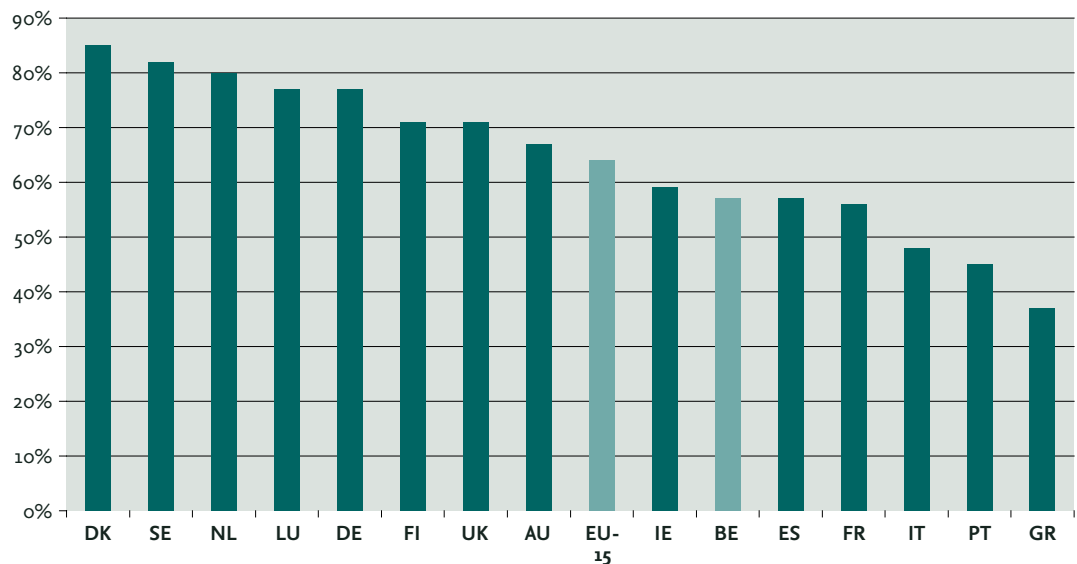
Figure 5.14: number of households with an Internet connection



Source: Eurostat

In 2007 more and more families decided to buy a PC. 67% of the Belgian households possessed one or more PCs. In 2006 this was only 57%.

Figure 5.15: availability of computers in households

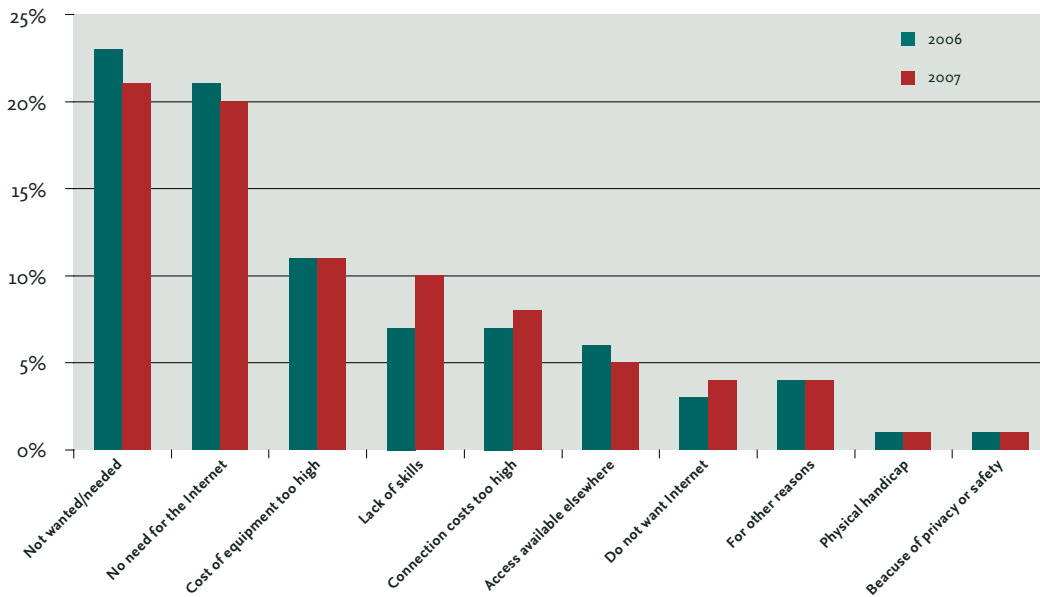


Source: Eurostat

The reasons for the existence of the digital divide are in diminishing order: not wanted/needed, no need for the Internet, cost of equipment too high, lack of skills, connection costs too high, access available elsewhere, do not want Internet, for other reasons, physical handicap, because of privacy or safety³⁵.

Compared to 2006 three factors have become more important: lack of skills (+3%), connection costs too high (1%) and do not want Internet (+1%). Three reasons are of lesser importance: not wanted/needed (-2%), no need for the Internet (-1%) and access available elsewhere (-1%).

Figure 5.16: reasons why households have no Internet connection: evolution 2006-2007



Source: FPS Economy, SMEs, Self-employed and Energy

Growing broadband needs

New multimedia services require network operators to anticipate a rising demand for broadband per household.

Belgacom’s Broadway fibre project, which started in 2004, is gradually developing into the technology that will give faster access to households. For the VDSL technology, which supports applications at theoretical speeds of 30 to 50 Mbit/s, the fibre backbone is extended to street cabinets as a result of which only the last mile - the distance between the street cabinet and the home – is composed of copper wire. In practice the Belgacom VDSL Boost offer has an asymmetric downstream link of 17 Mbit/s and 400 Kbit/s upstream.

In late June 2007 Belgacom installed 9,351 km of fibre and 11,487 “remote optical platforms”, so that VDSL coverage has increased since the end of 2006 from 45 to 52%³⁶.

By the end of 2007 VDSL coverage of the population had further risen to 59%³⁷.

³⁵ Source: FPS Economy, SMEs, Self-employed and Energy, <http://statbel.fgov.be/ict/>.

³⁶ Half-year report S1 2007 Belgacom.

³⁷ Belgacom 2007 annual report.

A network upgrade by rolling out VDSL2 enables Belgacom since the spring of 2008 to offer full triple play services, including an offer of several IPTV channels on various sets simultaneously and high-definition television.

The next step, a fibre connection running up to the home is described as Fibre to the home (FTTH). Experiments with this concept are carried out in France, but the investments and excavation work needed are enormous.

In the cable sector too a series of new technologies and new generation networks should satisfy ever-growing broadband needs. The current version of the Euro-DOCSIS cable technology employed by Telenet offers speeds of 20-50 Mbit/s for downloading information. The next DOCSIS generation (version 3), which will become available in 2009, allows theoretical speeds up to 200 Mbit/s for downloading information and up to 100 Mbit/s for uploading data.

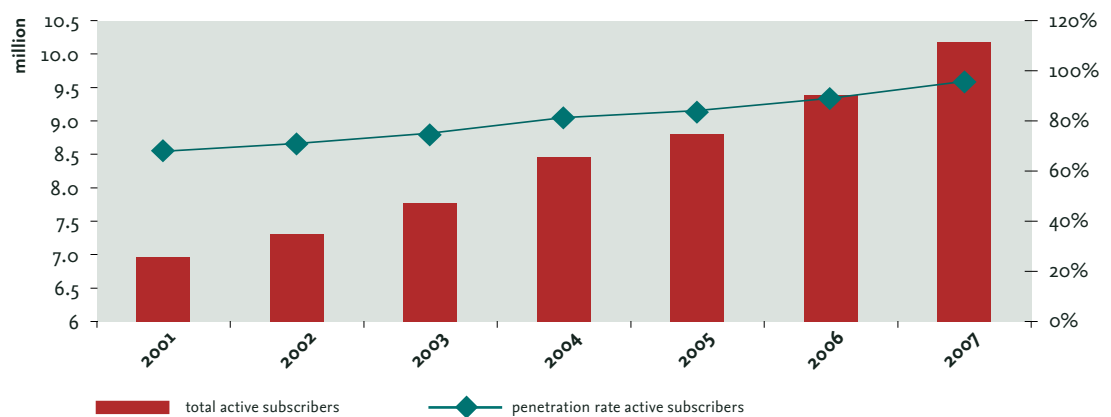
In November 2007 it was announced in the media that Coditel was performing an Internet test with a download speed of 100 Mbit/s. The experiment is part of the European project regarding superfast Internet through the TV cable and is called Codmuca³⁸.

MOBILE TELEPHONY

Number of mobile subscribers

In 2007 the three mobile operators Proximus, Mobistar and BASE continued to acquire new subscribers. By the end of the year the customer base had grown to 10,738,121 SIM cards (including the number of MVNO customers) and 10,178,605 active mobile subscribers³⁹.

Figure 6.1: number of active subscribers and penetration rate: 2001 - 2007



Source: BIPT

³⁸ De Tijd 22 November 2007.

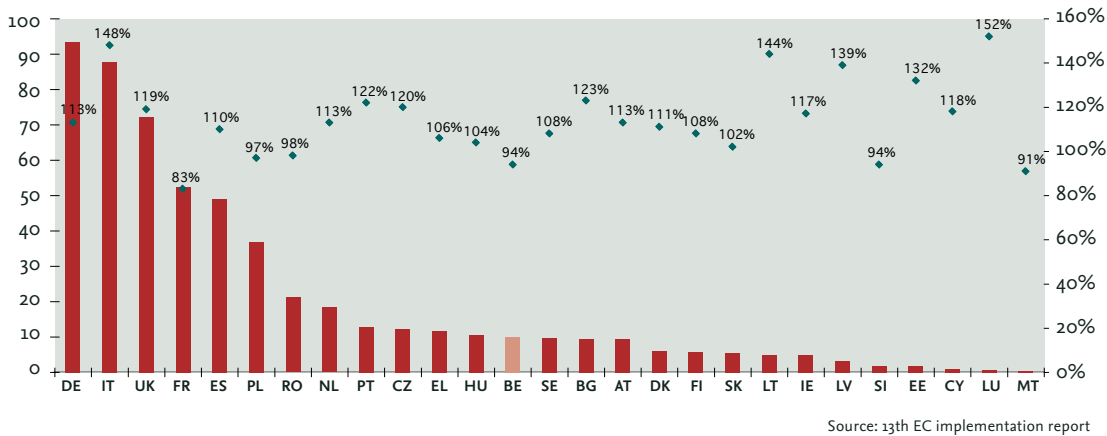
³⁹ Active means that the customer has made/sent or received calls or SMS messages in the course of the last three months.

Mobile phone density in terms of active subscribers rose in 2007 from 88.7% to 95.5%⁴⁰.

In the EU27 mobile penetration ranking Belgium occupied the 24th place in October 2007⁴¹. Penetration growth between October 2006 and October 2007 amounted to 2.1%.

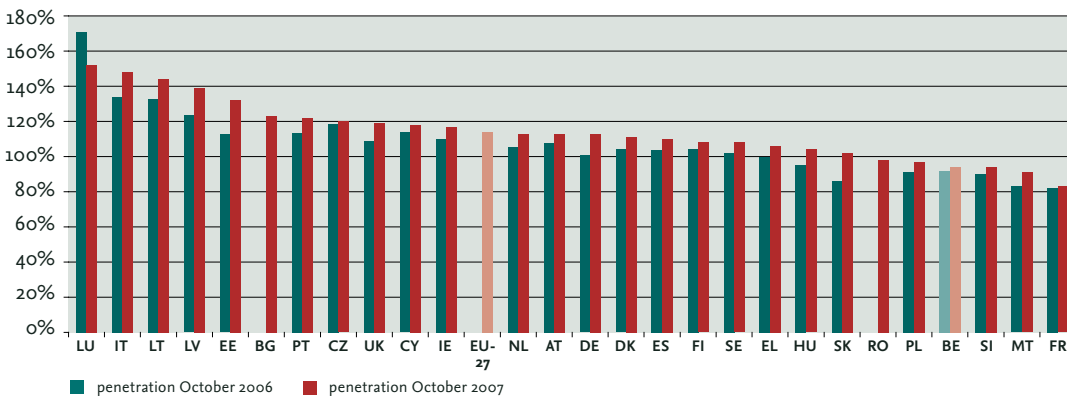
In 22 EU countries penetration exceeds 100% because of the possession of various SIM cards in order to enjoy promotions and cheaper calls on the same network.

Figure 6.2: mobile telephony: number of mobile subscribers (million) and density per 100 inhabitants of the EU countries (October 2007)



Source: 13th EC implementation report

Figure 6.3: mobile telephony: number of mobile subscribers (million) and density per 100 inhabitants of the EU countries (October 2006 - 2007)



Source: 13th EC implementation report

The proportion of customers who have a contract (postpaid customers) continued to rise from 40.4% to 44.9% of the total number of SIM cards at the end of 2007 (10,230,505).

⁴⁰ Calculation BIPT: 10,178,605 active subscribers / 10,660,770 inhabitants = 95.5%. Source number of inhabitants: Eurostat total population at 1st of January.

⁴¹ 13th implementation report.

Figure 6.4: postpaid/prepaid share in the total number of SIM cards



Source: BIPT

MVNOs

On 31 December 2007 MVNOs⁴² accounted for 880,533 SIM cards on the GSM operators' networks, 3.5 times more than the 249,906 SIM cards at the end of 2006.

On the Belgian market they represent 8.6% of the SIM cards (10,230,505) compared to 2.6% a year before.

At the start of 2007, 27 MVNOs had a direct agreement with a Belgian mobile operator. Three of them stopped their activities in the course of 2007: Dixitel, Telis and Lebara.

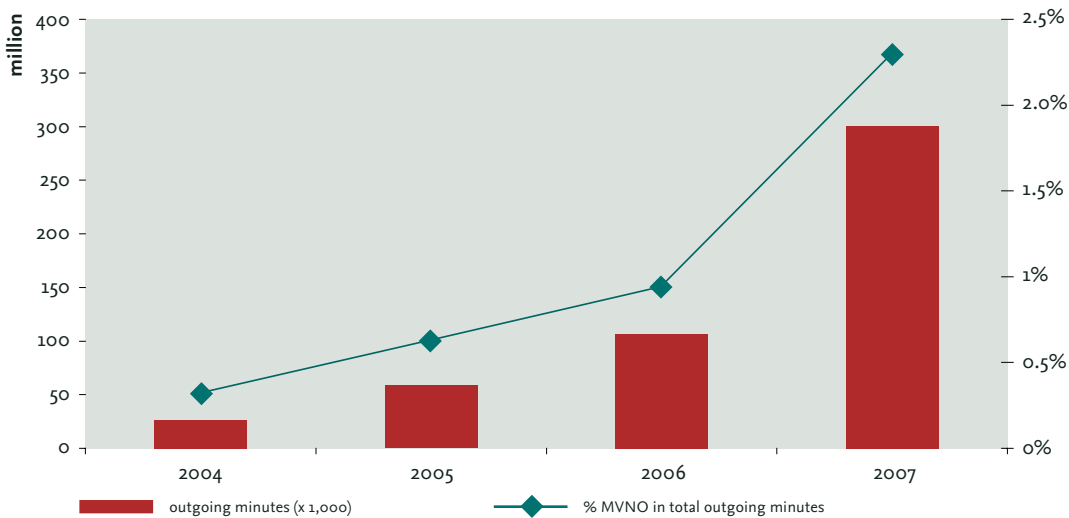
Compared to 2006 there are four entrants:

- Medion Mobile: concluded an MVNO agreement with BASE in February 2007 and markets AldiTalk, the mobile telephony offer of supermarket Aldi.
- LycaMobile: signed an MVNO agreement with Mobistar in April 2007. Lycamobile is a provider of prepaid SIM cards focusing on an international community that often communicates with friends and family in the country of origin.
- Mobisud: as of 2 May 2007 Mobisud, a 100% subsidiary of Maroc Telecom, offers its services on the Belgian market. Mobisud is the first MVNO of Proximus and aims at immigrants from the Maghreb countries (Morocco, Algeria and Tunisia).
- TELE2: TELE2 started to offer mobile services through the BASE network in December 2007. TELE2Champion is a postpaid offer and TELE2Smart is a prepaid offer.

In 2007 all MVNOs together generated a volume of 301 million outgoing minutes. This represents 2.3% of the total volume of outgoing voice traffic (13,110 million minutes).

⁴² An MVNO (mobile virtual network operator) is a company that does not have a licence but that sells mobile telephony under its own brand through the network of another GSM operator.

Figure 6.5: MVNOs' outgoing voice traffic and % of total outgoing mobile voice traffic: 2004 – 2007 (Source: BIPT)



Source: BIPT

Market offers

The mobile products have followed these lines of force: the convergence of mobile and fixed calls and the launch of new mobile tariff formulas characterised by the degressiveness of the rates and boosting competition with fixed lines.

In May 2007 Mobistar launched its integrated offer of fixed and mobile telephony for the business market. One Office Voice Pack is a flexible tariff formula for SMEs and self-employed persons, bundling mobile and fixed telephony. The combination of fixed and mobile allows for a more interesting tariff to be offered, which becomes more advantageous as the volume grows. Moreover, calling a mobile number is equally advantageous with a fixed telephone as with a cell phone.

The introduction of the degressiveness principle entails lower rates as consumption enhances. The prepaid offer called Tempo Comfort introduced by Mobistar in September 2007 is an example: the higher the recharge amount, the cheaper calls are (0.29 euro/minute in case of a 5 euro recharge, 0.19 euro/minute in case of a 50 euro recharge). Also in the case of BestDeal, reintroduced in March 2008, the tariffing is degressive: as soon as the 20 minutes included in the flat fee are used, the charge is 0.20 euro/minute up to 300 minutes and 0.15 euro for the minutes after that.

The sharpened competition with fixed telephony is illustrated by the introduction of two sorts of tariff formulas: a formula where the customer pays a single rate, regardless whether he calls fixed or mobile lines and a formula where the customer receives free minutes to call fixed lines. Examples of such tariff formulas are:

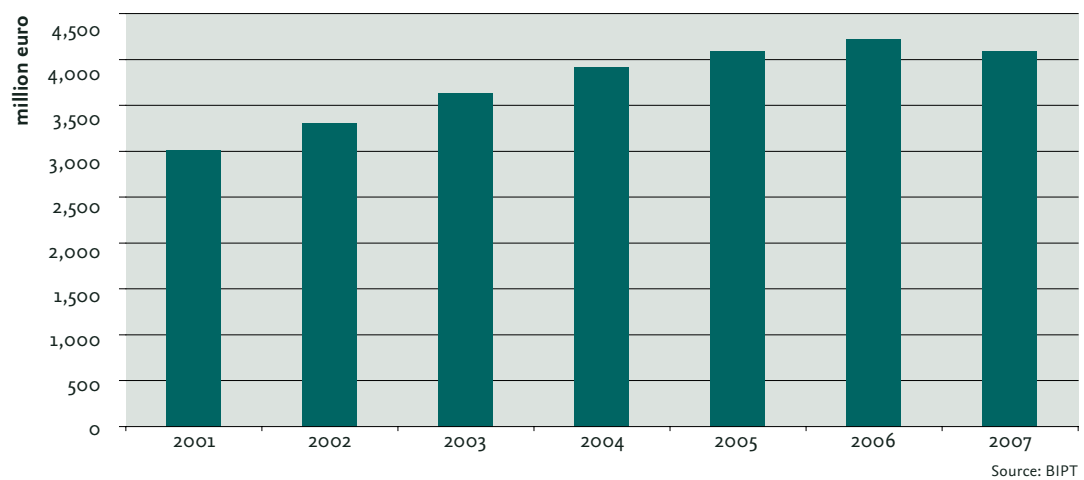
- Pay & Go International, put on the market by Proximus in August 2007. With Pay & Go International customers pay 0.29 euro/minute for a call to a fixed or a mobile line. These national rates also apply to a European country of choice. For each minute called to the favourite country within Europe the customer automatically receives 1 free minute to Proximus.

■ The Proximus Smile Together formula, introduced in March 2008 lets Proximus customers (€ 10, 20, 35, 55, 75) have 600 free call minutes each month during weekends to Proximus numbers and all fixed lines.

Turnover

Mobile operators realised a 4.084 billion euro mobile turnover in 2007, a 3.4% drop compared to 2006. Voice telephony is the most important source of income for mobile operators. Despite the success of SMS messages and other non-voice services, mobile voice constitutes the major use, generating retail income that is about 61% of total mobile turnover. SMS messages represent 13% and data 4%.

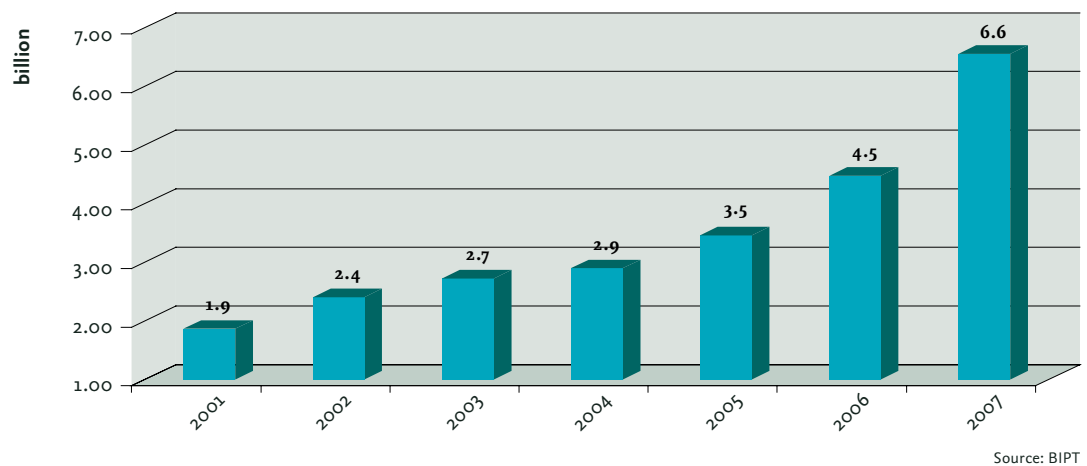
Figure 6.6: evolution of mobile turnover: 2001 – 2007



SMS messages

In 2007 mobile subscribers sent nearly 6.6 billion SMS messages. On average this amounts to 644 SMS messages per active mobile subscriber, i.e. 167 more than in 2006.

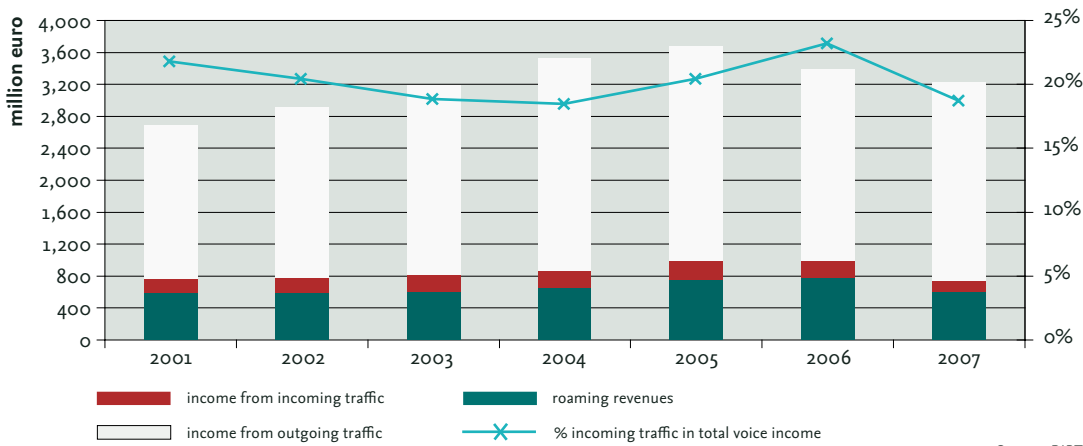
Figure 6.7: number of SMS messages sent



Mobile voice traffic

In 2007, mobile voice traffic turnover reached a total of 3.22 billion euro compared to 3.37 billion euro in 2006, a 4.4% drop. The drop is due to the enhanced regulatory pressure following the lowering of the mobile terminating rates (MTR) and a decrease of the roaming rates.

Figure 6.8: evolution of mobile voice income



Source: BIPT

Income from incoming traffic⁴³ dropped by 23% to approximately 601 million euro in 2007. As a consequence, its share in total mobile voice income fell from 22.6 to 18.5%.

The roaming revenues from calls made by foreign mobile network subscribers visiting Belgium dropped by 34.8% to 138.5 million euro.

The outgoing mobile voice traffic generated by Belgian mobile operators' subscribers (including roaming out) showed a 15% increase up to 13.11 billion minutes in 2007. This increase was driven by the growth of the number of active subscribers and of their consumption. In 2007 on average a Belgian active subscriber made 6.3% more calls than the year before.

The increased use of mobile telephony is not reflected in the corresponding revenue however: turnover in outgoing voice traffic rose by 3.7% to 2.48 billion euro.

Figure 6.9: evolution in outgoing mobile voice traffic (including roaming out): volume and revenue



Source: BIPT

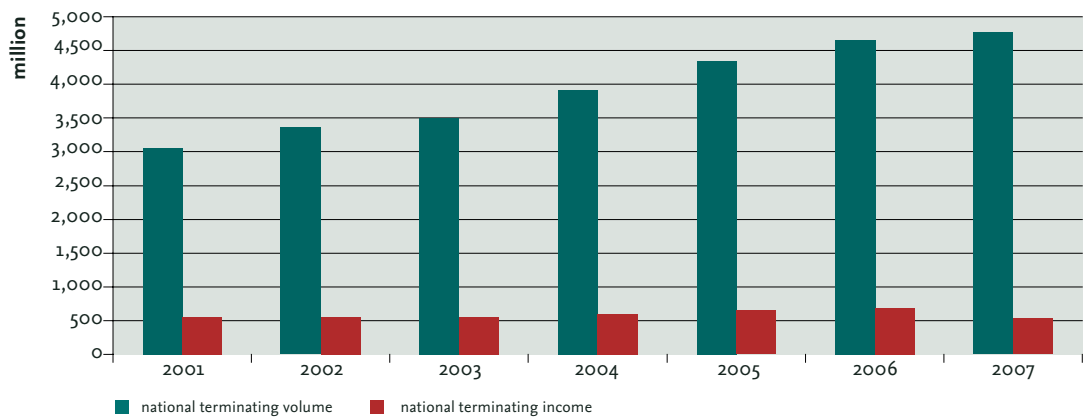
⁴³ Including roaming in: calls received by a foreign mobile network subscriber who is in Belgium.

Drop of mobile terminating rates

In its decision of 11 August 2006 concerning the market for call termination on individual mobile networks BIPT forces the mobile operators to lower their terminating rates⁴⁴ in order to reflect the costs of an efficient operator. The mechanism that has been set up provides for a phased lowering of the average call termination price. The first phase was carried out on 1/11/2006. The second tariff cut applied as from 1 May 2007. From that day onwards the maximum call termination rates were set at 10.16 cent/minute for Belgacom Mobile, at 12.76 cent/minute for Mobistar and at 12.76 eurocent/minute for BASE.

The impact of mobile termination rate regulation on revenue from incoming traffic in 2007 amounted to approximately 23%. Proximus, Mobistar and BASE together posted 160 million euro less income from national incoming traffic than in 2006.

Figure 6.10: national mobile termination: volume and revenue



Source: BIPT

European regulation on international roaming

On 27 June 2007 the European Parliament and the Council adopted the regulation on roaming⁴⁵ on public mobile telephone networks within the Community. This regulation imposes maximum rates for wholesale and retail roaming rates and also requires a proactive provision of the regulated retail tariffs to customers by means of SMS messages.

The maximum retail rate for international calls, called Eurotariff, is set at 49 eurocent per minute, VAT excluded. In order to receive a call from abroad the maximum charge is now 24 eurocent. After a year this price goes down to 46 and 22 cent, and in the third year to 43 and 19 cent.

The average wholesale tariff an operator of a visited network can charge to an operator of a regulated roaming call originated on the visited network, may not be higher than 0.30 euro per minute. The maximum average wholesale tariff is lowered to 0.28 euro and 0.26 euro on 30 August 2008 and 30 August 2009.

⁴⁴ Mobile terminating rates are the rates charged to other telecom companies for processing incoming calls.

⁴⁵ Roaming within the Community refers to the use of a mobile telephone by a roaming customer to make or receive intra-Community calls while in a Member State other than that in which his home network is located, by means of arrangements between the operator of the home network and the operator of the visited network.

In order to monitor the roaming rates a data collection system was started within the European Regulators Group. The first data collection covered the period from April up to and including September 2007 (see ERG report on international roaming charges of 17 January 2008 - <http://erg.eu.int/whatsnew/>). The second data collection for the period from October 2007 up to and including March 2008 is also finished. The ERG report was published on 12 August 2008⁴⁶.

The results of the data collection illustrate the effects of the roaming regulation.

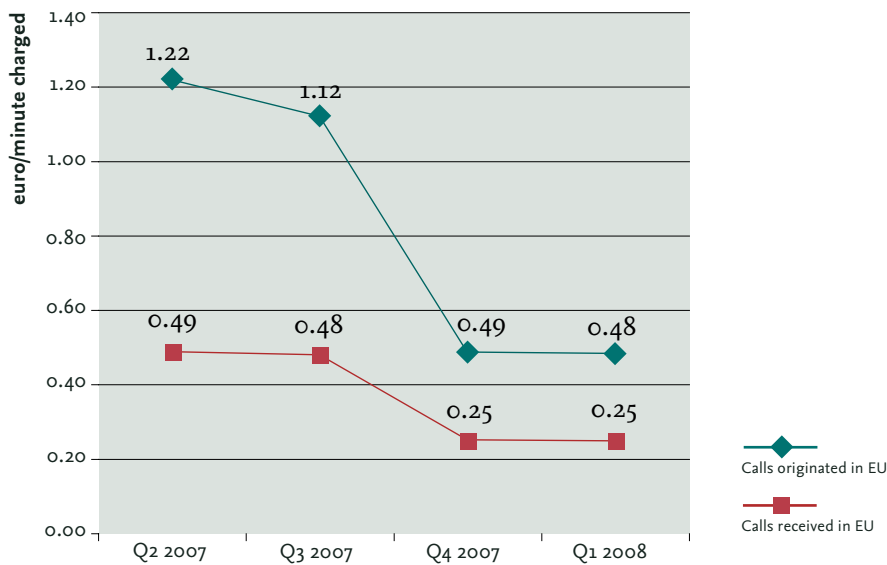
A. Roaming for mobile voice calls in the EU

Thanks to the introduction of the Eurotariff in July 2007 Belgian consumers saved about 89.7 million euro on their phone bill for mobile intra-Community calls made or received while located in another EU Member State⁴⁷ during the last quarter of 2007 and the first quarter of 2008.

A Belgian traveller making an intra-Community call while visiting another EU Member State, pays 51% less in the first quarter of 2008 than in the second quarter of 2007.

For receiving a mobile call in another EU Member State he pays 49% less over the same period.

Figure 6.11: average price/minute charged for a roaming call within the EU



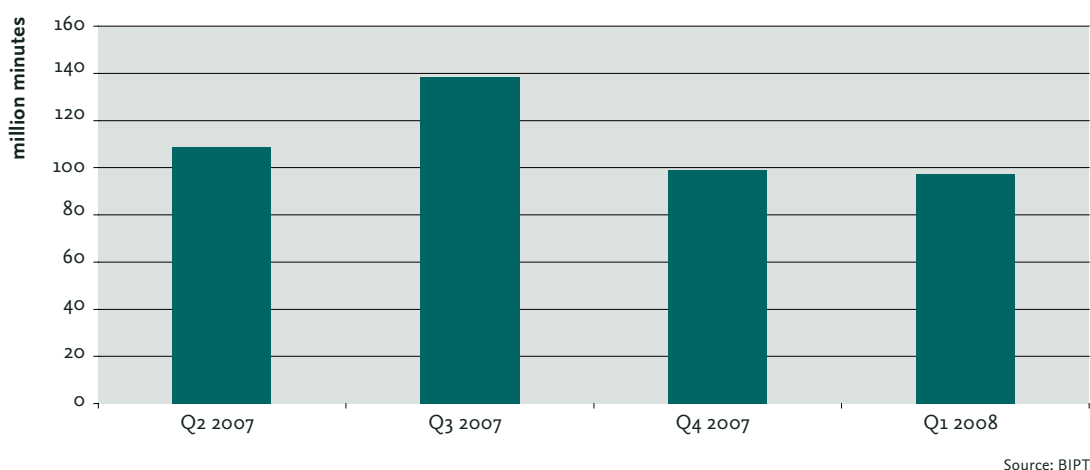
Source: BIPT

The decrease of the roaming rates for mobile voice calls in the EU does not seem to have a positive impact on the volume: the total number of roaming minutes at retail level (EU/EEA) fluctuates around 100 million minutes per quarter.

⁴⁶ http://www.erg.eu.int/doc/publications/erg_o8_36_intern_roam_rep_o8o812.pdf.

⁴⁷ The saving is based on the difference between the average tariff in Q3 2007 and the average tariff in respectively Q4 2007 and Q1 2008, multiplied by the average number of minutes in a quarter for both calls made and received.

Figure 6.12: volume of roaming minutes at retail level EU/EEA (Eurotariff + Non-Eurotariff)

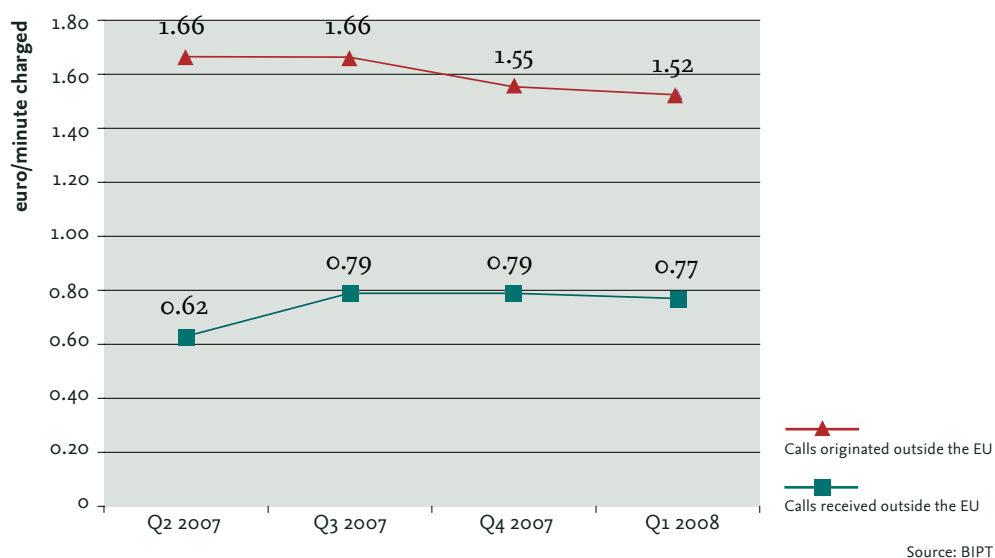


B. Roaming for mobile voice calls outside the EU

The introduction of the Eurotariff also caused changes to the non-EU roaming rates for Belgian customers.

The price for making a non-regulated roaming call dropped by 8% between the second quarter of 2007 and the first quarter of 2008. For receiving a similar call the trend was opposite: the price went up by 23% to an average of 0.77 euro/minute charged.

Figure 6.13: average price/minute charged for a roaming call outside the EU



C. Roaming for SMS and data

The Roaming Regulation is restricted to voice calls and expires on 30 June 2010 unless the European Parliament and the Council decide to extend the deadline based on a decision by the European Commission. The Commission has to make an evaluation and report to the European Parliament and the Council by 30 December 2008 at the latest. Input for the evaluation is gathered by way of a public

consultation, which was launched on 7 May 2008.

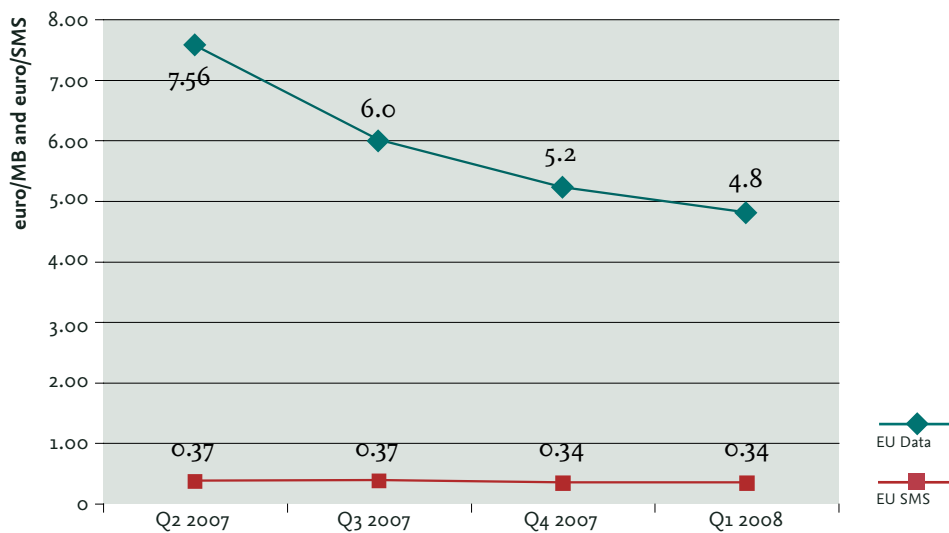
(http://ec.europa.eu/information_society/activities/roaming/roaming_regulation/consultation_mayo8/index_en.htm)

Part of this evaluation is the question whether the regulation should be extended to data roaming services and roaming SMS messages. Operators were called on to lower the rates of their own accord. Pressured by the threat that maximum rates would also be imposed for data traffic five European operators (the Belgian operator BASE, KPN, 3, E-plus and the Polish company Play) decided in February 2008 to lower the data roaming rates by 25 eurocent per megabyte downloaded⁴⁸.

In Belgium since the introduction of the Eurotariff, the roaming rates for data and SMS messages have dropped.

In the first quarter of 2008 an SMS message abroad for a subscriber to a Belgian mobile operator costs 9% less on average than in the second quarter of 2007. For 1 MB of data traffic the cost is 37% less (tariff dropped from 7.56 to 4.8 euro/MB).

Figure 6.14: average price for data roaming services (euro/MB) and roaming SMS messages (euro/SMS)



Source: BIPT

The voluntary price cuts of the mobile operators in Europe do not meet the European requirements⁴⁹. That is why the Commission was forced to submit a legislative proposal to the European Parliament to cap the roaming rates for text messages and data.

D. Impact on the wholesale market

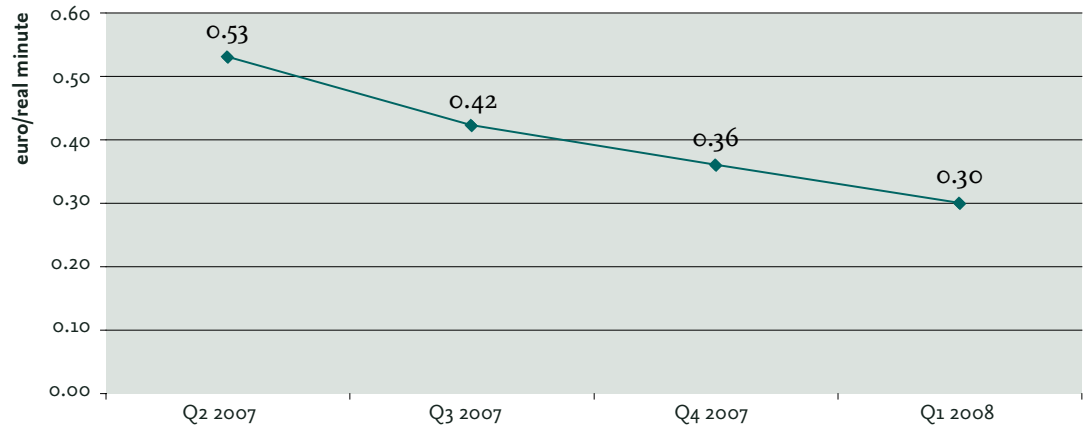
Since the Roaming Regulation became effective in Belgium wholesale roaming revenue has dropped by 43%.

⁴⁸ De Standaard 7 February 2008.

⁴⁹ European Commission press release of 15/07/2008: "Texting without borders": Commission plans ending roaming rip-offs for text messages abroad.

The figure below shows the trend of the average price per real minute of a regulated wholesale call (excluding the traffic between companies belonging to the same group).

Figure 6.15: average price per real minute of a regulated wholesale call

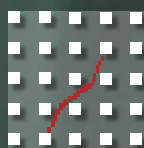


Source: BIPT

COLOPHON

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