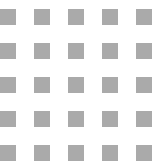


ANNUAL REPORT 2006



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Message of the Council

The Council members of the Belgian Institute for Postal Services and Telecommunications present to the readers the thirteenth annual report, looking back on the activities carried out by the Institute in 2006. BIPT supervises two economic sectors: posts and telecommunications, now called electronic communications. The Council underlines here some significant events of the year 2006.

In the area of postal services, BIPT pursued its efforts to heighten the awareness of the companies active in mail and parcel transport in order to encourage them to comply with the licensing and declaration system.

Moreover the Institute provided the Government with several texts on postal legislation that were submitted to the Council of State. In the meantime, several of these texts have been approved by the Council of Ministers and Parliament.

In the context of following up the fourth management contract of La Poste, the Institute checked the quality standards of mail delivery. The results of the measurement of the delivery of prior and non-prior single piece¹ mail items of La Poste were discussed, mainly the reasons for shortcomings and the corrective actions considered. The Institute also evaluated the satisfaction level of the customers of La Poste and audited the tool of La Poste to measure the number of complaints about the distribution of newspapers. The Institute finalised the conventions on the measurement of the quality to observe for registered items and parcels.

Moreover BIPT calculated the cost of the universal service for the year 2005. In this respect the Institute provided the Government with a report on the provision of the universal service and its financing in the context of full liberalisation of the market in 2009, this within the framework of the Third Postal Directive project. A survey on the postal universal service of two thousand Belgian households was conducted, the results of which have been communicated to the ministers concerned and published on the BIPT website.

The year 2006 was also well-filled in the sector of electronic communications.

One of the main projects of our Institute for the year 2006 was the finalisation of the market analyses, which result from a difficult process of thorough economic, legal and technical analyses, consultation of the sector, cooperation with the Belgian competition authorities and the European Commission. A large number of market analyses were finalised during the past year; the markets of the “Leased lines” cluster and Market 15 on access and call origination on public mobile telephone networks were finalised at the beginning of 2007. The fact that market analyses following which obligations were imposed all have been appealed before the Brussels Court of Appeal is no surprise to the Institute. Legal defence causes additional work which BIPT would like to be spared but the mission of a regulator is not to reach weak consensus, devoid of interest and inefficient, which in the end will not meet any of the market players’ expectations. BIPT makes and will continue to make the necessary

arrangements so that the regulatory framework is observed, competition can develop fully and fairly, tasks of public interest are carried out and efficient protection of the consumer is guaranteed.

Concerning the reference offers, Belgacom, the incumbent, now has the possibility to submit to BIPT at any time proposals of addenda to BRIO², its reference interconnect offer, pursuant to an order of the Brussels Court of Appeal given in June 2006. Belgacom is also free to publish an amendment to BRIO without any formal approval from BIPT. Therefore, strictly speaking there was no proposal of BRIO 2007, as Belgacom restricted itself to proposing two amendments to the former BRIO in the form of addenda. BIPT organised a public consultation on these amendments and gave its opinion in a communication on 16 January 2007.

In the course of 2006 BIPT developed new cost methods to set unbundling and bitstream access rates. This led to the adoption of new BROBA tariffs (reference offer for bitstream access³) and tie cables in November 2006.

Finally we should point out the creation of an additional reference offer, named BROW, which concerns the resale of telephone subscriptions (WLR⁴). This offer was imposed within the framework of the “Access” market analyses. At the end of 2006, BIPT launched a consultation on the subject and postponed the implementation of this new measure until 2007.

Following the market analysis regarding call termination on mobile networks, the three operators active in this sector, Belgacom Mobile, Mobistar and BASE, are now also obliged to lower their call termination rates and to publish a reference offer.

The reader may recall that in July 2004, the Arbitration Court had charged the Federal State and the three Communities to lay down by mutual consent the regulation on mixed infrastructure (i.e. electronic communications networks offering both electronic communications services – in the sense of the Act of 13 June 2005 – and broadcasting services). In November 2006, all parties signed this text, which will come into force as soon as it will have been approved by the parliaments of the four entities concerned. In the area of radio communications, the coming into force of this cooperation agreement will make it possible to relaunch a certain number of files which had come to a standstill (FWA⁵, MBWA⁶, Spectrum Trading⁷ and FM band).

¹ Indicates the mail posted by single piece.

² Belgacom Reference Interconnect Offer.

³ Belgacom Reference Offer Bitstream Access.

⁴ Wholesale Line Rental.

⁵ Technique of connecting the subscriber by radio to the PSTN network and broadband Internet.

⁶ The objective of the IEEE 802.20 specification or Mobile Broadband Wireless Access (MBWA) is to make up a specification for an air, broadband, mobile interface on bands under 3.5 GHz.

⁷ Indicates the principle allowing telecom operators to negotiate about the allotted frequencies.

As for the universal service a new procedure for granting social telephone tariffs was implemented in 2006. Since the coming into force of the Act of 13 June 2005 all operators are to offer to some categories of persons, discounts on connection, subscription and communications costs. A database of the social telephone tariff beneficiaries was created within the Institute and the computer application necessary to operate it has been operational since 2 May 2006.

A team of six persons was appointed to manage the applications for a social telephone tariff. With this database the task of this new service of the Institute is to check, for each application submitted to the operators, whether the applicant meets the conditions for granting the social tariff. The Institute also checks maximum once every two years whether beneficiaries are still entitled to the social telephone tariff.

The Ministerial Order laying down the framework for the implementation of a software tool enabling the evaluation of the best-value offer for electronic communications services (tariff simulator) was published at the end of October 2006. After collecting the opinion of a working group gathering representatives of operators and the Institute, BIPT launched a call for tenders – and chose a company to assist it in the development of a computer tool with which comparisons can be made between the tariff plans for fixed telephony services, mobile telephony services, Internet access or a series of several services sold at a flat rate. The operation of part of this tariff simulator should start in 2007 and will continue in successive stages, in consultation with the sector.

The future of networks is taking shape now: the competition between operators, the growth of digital traffic, the constantly increasing use of Internet, the demand for multimedia services, the overall need for mobility and the convergence of fixed and mobile services and networks contribute to the creation of a new type of network: "Next Generation Networks". Based on packet transmission, NGNs will make up a new communication network architecture allowing to adequately meet the demand and the challenges faced by the current networks. BIPT will pursue its efforts of supervision in this field in collaboration with the regulatory authorities of the European Union but also with operators.

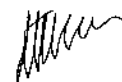
The Institute consulted the market on voice over IP (VoIP) or VoB (Voice over Broadband) three times in 2006 in order to get a precise idea of the assessments of the operators concerning the implementation of interconnection regarding these VoIP services, the numbering needs, and finally, concerning the localisation issue of emergency calls. True to its principles of transparency and dialogue, BIPT will continue to exchange ideas with the market players, for example by organising consultations.

Anxious to fulfil the future promises, operators are however already starting to work out new tariff schemes and new ways to sell their products and services. Broadband Internet access makes it possible to route voice but also films and television broadcasts. Numerous operators are proposing bundled offers to attract new customers or to hold back those competition is trying to attract. The regulator will continue to take a close look at the details of these offers in order to guarantee the observance of the rules and to protect the interests of consumers.

Constant vigilance will also be maintained in view of the evolutions of the relations between the 3G technology (the third generation of mobile telephony technologies) and the WiMAX technology, as this family of standards defines high speed connections by radio. The European UMTS standard has evolved into a form (UMTS-TDD) that enables it to compete with WiMAX on its own field. The objective will be to find the best solutions depending on the use planned by the various types of service providers, while strictly observing the principle of technological neutrality.

The BIPT Council would like to thank all the members of staff of the Institute for the excellent work done, which is described in the following pages. For them also 2006 was marked by an evolution, i.e. their administrative and financial statuses have been reviewed by two orders which came into force at the end of January 2007. On the other hand the extension of staff promised long ago was finally granted; the persons who will be recruited will come to support the existing staff in fulfilling their missions.

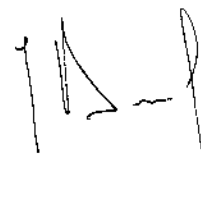
Eric Van Heesvelde



Catherine Rutten



Georges Deneef



Michel Van Bellinghen



Post Scriptum

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

Our identity

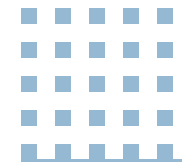
1.1 TASKS

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 market can only exist if there is effective competition. However, owing to some of their technological and organisational characteristics, the network industries include numerous obstacles for new companies who wish to provide goods and services. These obstacles must therefore be lifted to allow the system to work. That is why mechanisms must be put in place so that all competitors have access to network infrastructures under fair conditions. This regulation must be accompanied by technical procedures so that the system can continue to operate with several players instead of one.

A second concern results from the particular nature of the products or services involved and their well-established usefulness to the public. It is essential that the operation of the market does not disadvantage or exclude certain weak users under the pretext that important customers are more profitable. It is therefore easy to understand that the protection of certain categories of users and ensuring that the services of public interest remain available to all are included in the tasks that come under the regulator's brief.



1.2 FIELDS OF ACTIVITY

The national federal authorities have empowered the Belgian Institute for Postal Services and Telecommunications (BIPT) with the management of two sectors: 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, 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 expression “electronic communications” covers all forms of communications by means of radio waves and/or radio frequencies or electronic means, by telephone (fixed line or mobile), optical fibres, fax, Internet, cable, satellite, etc. 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 one concerns new regulatory tasks in the liberalised telecommunications markets. BIPT makes the necessary arrangements in order to ensure that the regulatory framework is observed, competition can develop fully and fairly, some tasks of public interest are carried out and consumer interests are protected.
- The second one concerns the exercise of supreme authority in specific technical fields. Certain resources, such as the electromagnetic spectrum or the numbering space, are scarce: a regulator is required 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 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 monitoring 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 from the State.

1.3 VALUES

The general interest requires an assessment of the advantages and disadvantages for all parties concerned: operators, all categories of users and the authorities; besides the development of competition it also has to devote special attention to the protection of mainly private users against potential market abuse.

Independence

The Act of 17 January 2003 bestowed on the Belgian Institute for Postal Services and Telecommunications the status of institution of public interest. This Act ensures the Institute's 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 Government. It has no links whatsoever with the operators active on the relevant markets. Appeal procedures against the decisions of the Council are available to the Government or any interested party.

Transparency

As an administrative authority, BIPT has an obligation to motivate its actions while observing the confidentiality of certain information concerning companies and/or their products. In addition, the statutes of the Institute 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).

1.4 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:

- 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, BRUO¹);
- the International Telecoms Relations Department: coordination of activities in the ERG, IRG, European bodies, ITU, WTO and CEPT;
- the Budget and Logistics Department: BIPT budget, accounting (collection of revenues and management of outgoings), Purchasing Department, equipment.

¹ Belgacom Reference Unbundling Offer.

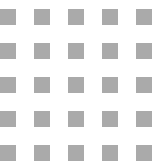


Georges Deneff, member of the Council, is in charge of:

- 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 tasked with monitoring, public service, consumers, universal telecoms service: monitoring of frequency use (including radio broadcasting stations 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 Department: 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, equipment monitoring 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.



BIPT and electronic communications

2.1 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 responds to this technological convergence, and extends and adapts the advantages of liberalisation to electronic communications in general.

The Electronic Communications Act


Belgium promulgated its Electronic Communications Act on 13 June 2005. As already stated, the European directives subject all networks and services of electronic transmission 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 high 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 Institute's approval or agreement 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.

This Act was complemented by several new implementation orders in 2006 (see annex).

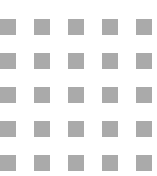
The cooperation agreement with the Communities

In its Decision 132/2004 of 14 July 2004, the Court of Arbitration (constitutional court of law responsible for settling disputes between the different entities of the Federal State) had annulled an article of the Act of 17 January 2003 on the status of the regulator of the Belgian postal and telecommunications sectors. This decision set 31 December 2005 as the deadline for finding a solution between the Communities and the Federal State regarding the electronic communications infrastructure common to telecommunications (federal competence) and broadcasting (community competence).



After that date, the federal regulator, BIPT, would no longer be able to directly exercise the powers conferred on it by the annulled article, particularly as regards market analyses. In other words, decisions concerning the networks and markets which also come under the competence of the Communities could then only be taken after consultation between the federal and community regulators.

The different federal and community governments finalised a draft cooperation agreement on 20 April 2005 that was to be signed by all parties and then receive the consent of the respective parliamentary assemblies. This text was finally signed by all parties on 17 November 2006. It will however only come into force as soon as it is approved by the parliaments of the four entities concerned (Federal State and three Communities). On the federal side this matter was settled in the Act of 27 December 2006 pertaining to various provisions and more especially its Article 158. The Flemish Parliament followed close behind with a Decree of 4 May 2007. Before the 2007 recess the parliaments of the French Community and the German-speaking Community also gave their approval. After the publication of these various orders in the Moniteur belge the cooperation agreement will become effective.



The cooperation agreement of 17 November 2006 is based on the key principle that each competent authority is to inform the others of 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 this case a “conference” of regulators will meet. Within this conference all authorities whose competence is concerned will have to agree on the draft measure. 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.

2.2 ECONOMIC CONTEXT OF THE SECTOR

2006: consolidation among the fixed telecom players, new players on the mobile market

The fixed telephony market saw few newcomers. Only 3StarsNet and Toledo became fully licensed providers for publicly available fixed telephone services (PATS). Telephone services are classified as PATS services provided that they support in and outgoing voice communications, both nationally and internationally, that they allow access to emergency services and that they use national and international numbering plans.

Overall 33 companies had submitted a declaration by the end of 2006.

The consolidation of the disintegrated cable landscape gained momentum in the Walloon provinces in 2006. Two years after the first initiative the steering committee overseeing the sale of eight Walloon cable companies, decided to allow the Liège-based cable company ALE and Brutélé from Brussels-Hainaut to start exclusive take-over talks with the eight Walloon sector partners.

The Flemish cable operator Telenet also joined the battle for take-over of the eight Walloon cable companies but had to admit defeat. Telenet did take over sector partner UPC Belgium, active in Louvain and environs and in seven Brussels municipalities.

In January 2006 the incumbent operator Belgacom bought Telindus, the network specialist in Belgium and Luxembourg. Through Telindus, Belgacom wishes to enhance its IT and communications services for companies and institutions. After an earlier attempt to join forces with Telindus, which failed in 2002, Belgacom set up its own department to provide ICT services to companies. Telindus' take-over fits right in with Belgacom's strategy to strengthen ICT services.

In August 2006 Belgacom Mobile also became full property of Belgacom. The British mobile telephony company Vodafone sold its 25% stake in Proximus for € 2 billion. The take-over led to the announcement of a convergence strategy between fixed and mobile communication.

And also the resellers followed suit. The Malines telecom operator Sun Telecom, Colt Telecom's reseller, took over 3U. The latter is a former subsidiary of Germany-based 3U Telecom and counted among its customers mostly residential telephony clients who were switched through via the telephone network of Verizon Business. Reseller Phone Plus, acquired by Telenet three years ago during the Codenet take-over, was sold to Toledo Telecom in November 2006. Following its take-over of the bankrupt Tele-West, Toledo obtained operator status in March 2006.

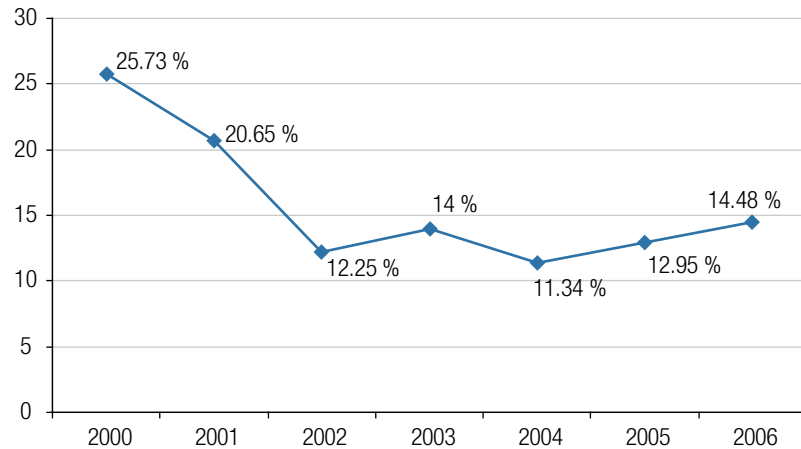
The mobile market is characterised by growing competition between mobile virtual network operators (MVNO). The mobile phone subscriptions offered by these operators, are call minutes rewrapped and provided through one of the three traditional mobile operators' networks. The list of MVNOs kept growing longer in 2006. Warehouse store chain Carrefour for example has been selling its own brand of mobile phones “Mobile 1” since February 2006. In October 2006 The Phone House, an independent

mobile phone store chain, launched its own mobile phone service in cooperation with BASE. BASE is a real pioneer: it introduced the concept in 2003 and has already contracted 22 MVNOs since. Proximus and Mobistar only entered into their first resale contract in 2006; Proximus with RTL-TVI and Mobistar with Telenet and Delhaize.

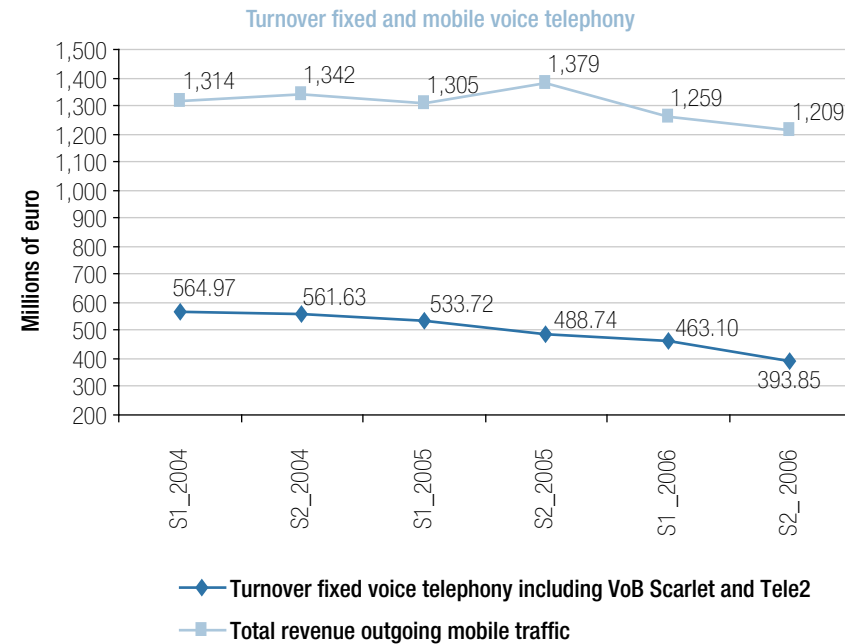
Investments remain stable in 2006

Total investments made by the largest fixed telecom operators (Belgacom, Telenet, BT Limited, Colt Telecom, Versatel Belgium, Verizon Business), expressed in telecom turnover percentages, dropped in 2000 and are situated between 11 and 14% since 2002. In 2006 the investments amount to ± 14% of ± € 4.04 billion of telecom turnover. This corresponds to an amount of € 584 million.

Investments as % of telecom turnover



Turnover is down in the fixed and mobile telephony market



Revenue from outgoing mobile traffic shows a drop since the beginning of 2006.

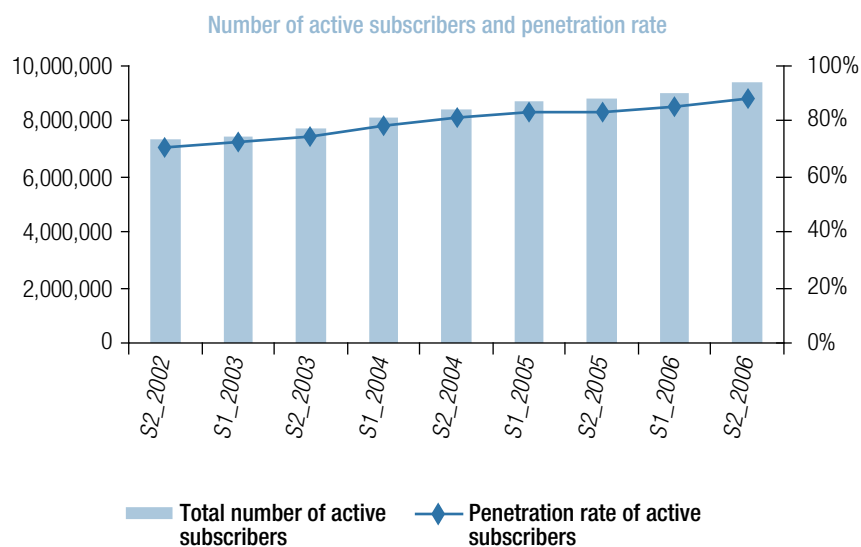
In the first half of 2006 this revenue was 8.7% lower than in the six months before that. The “Base Unlimited” subscription, which offered unlimited mobile calls (BASE to BASE) for € 25 per month but was taken off the market in April 2006, was one of the factors contributing to the mobile revenue loss in spite of an increasing number of call minutes. During the second half of 2006, revenues dropped by 4%.

The fixed telephony operators have been watching the turnover from telephony erode since 2000. During the second half of 2000 the sector’s turnover from telephone traffic still reached € 691 million. In the last six months of 2006 this dropped to € 394 million, i.e. 15% less than the first year half (€ 463 million).

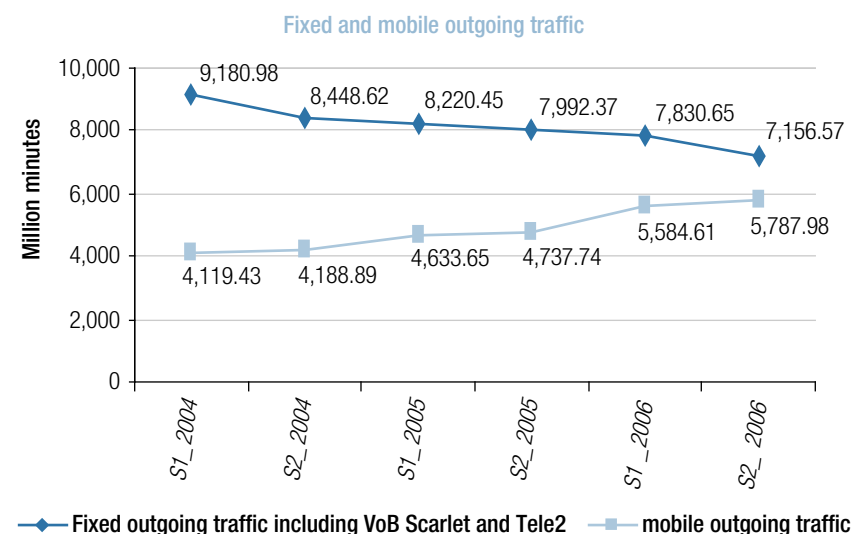
This drop in turnover can mainly be explained by the popularity of mobile telephony. The number of households without a fixed telephone connection amounts to 32% at the end of 2006 as opposed to 24% at the beginning of the year. This exceeds the European average of 22%.

36% of the Belgian households¹ stated, moreover, that they would replace their fixed line by a mobile phone if the same tariffs were offered for national calls with a mobile phone as for fixed telephony.

In 2006 the number of active mobile subscribers increases by 6.5% amounting to 9,383,475. The active mobile penetration rate comes to 88.7%.



The percentage of total outgoing traffic through a mobile phone increases year by year: 45% at the end of 2006 compared to 37% at the end of 2005. However, the majority of outgoing calls still go through the fixed network.



Another factor contributing to the decrease in turnover is the introduction of flat fees for traditional telephony through PSTN or cable. These products were introduced on the Belgian market in 2005 and led to the outbreak of a price war between Belgacom (Happy Time), Telenet (FreePhone) and Tele2 (Free Time) for national calls to fixed telecom operators. In May 2006 Telenet launched a novel tariff formula whereby no supplement is charged for unlimited calls to any fixed line of any domestic operator. FreePhone 24 is included in the standard subscription fee of € 17.15 per month. Before, unlimited calls were restricted to off-peak hours.

Also consumer offers of packages including fixed telephony entail an overall drop in telephony revenue since the total package price is lower than the sum of the different parts. However, these bundled offers or packages enable an individual operator to maximise his customer base to which a maximum service package can be offered, resulting in a higher average revenue per client.

¹ E-communications household survey April 2007, carried out in November-December 2006.

Such a convergence that stimulates competition and is therefore to the benefit of the consumer, is still developing in Belgium. In 2005 three players anticipated this convergence: Scarlet, Tele2/Versatel and Mobistar. In the case of Scarlet (Scarlet One) and Tele2/Versatel (All In) the customer receives both Internet access and Internet telephony for a flat fee. The "Scarlet Mobile" option for which Scarlet joined forces with BASE adds mobile telephony to the list and includes 60 minutes of free calls between Scarlet One and Scarlet Mobile.

Together Scarlet and Tele2 sold approximately 63,300 of these subscriptions (situation at the end of the first half of 2006). The "Mobistar ADSL talk" offer is a combination of Internet access and unlimited access to the fixed telephone network in Belgium for € 37.95 a month. Contrary to Scarlet and Tele2, the fixed line subscription is to be maintained with the access operator.

In March 2006 Belgium also saw the introduction of triple play offers for a single tariff: for € 49.90 per month a customer of cable company Coditel can surf on the net, make unlimited calls on the fixed line and watch digital television. This offer is, however, restricted to the Brussels region.

Cable companies Brutélé and ALE followed in October 2006 with the "Voo offer".

On 4 September 2006 Telenet launched a four-product package. Telenet Mobile, launched in July 2006 in cooperation with Mobistar, already offered the existing Internet and telephony clients favourable terms for mobile telephony but did not initially come in a package combining fixed telephony and broadband Internet. The "Telenet Packs", however, combine fixed telephony and broadband Internet, with the options of mobile telephony and interactive digital television.

Belgacom waited until April 2007 to announce a package offer at tariff level, although technically it has had a triple play offer since the summer of 2005. Fixed telephony, however, is not a part of it. The four packages launched include Internet with TV (2 packages) and Internet with TV and mobile telephony (2 packages), the difference between those packages being the combination with ADSL Go or ADSL light.

Internet calling

The influence of Internet calling and of Internet telephony is still assumed to be of minor importance. With Internet calling voice is transmitted from one PC to another in real time. By the end of January 2006 the best known software for Internet calling from PC to PC, Skype, is said to have been downloaded almost one million times in Belgium. This does not automatically imply, though, that one million Belgians are using Skype.

Moreover, since May 2006 Skype is competing with Parlino from Tele2/Versatel, which also supports VoIP from a PC.

In order to make Internet calls and thus to allow two-way communication between a PC and a classic phone, Skype offers SkypeOut; this service makes it possible to call fixed and mobile phones all over the world.

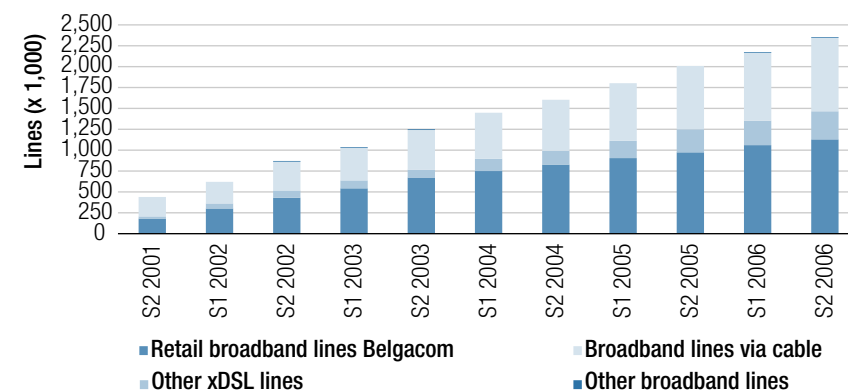
Internet telephony provided by alternative operators using the Internet for a (large) part of the communication but also the classic public telephone network, must be declared to BIPT as an electronic communications service. To distinguish themselves from the traditional fixed public voice telephony operators, the Internet telephony operators often offer this service with a nomadic option, thus enabling a user to connect his device to any suitable (Internet) connection point. At this moment, however, the operators offering this kind of service do not dispose of a technical solution allowing the emergency services to locate the caller in case of an emergency call: if the caller is unable to indicate his location to the emergency services himself, it is nearly impossible for the emergency services to send help since they do not know where to send it to.

At the beginning of March 2007 the number of alternative providers of Internet telephony registered with BIPT as an electronic communications service (ECS service) and for which the providers had reserved geographical numbers, amounted to twelve. These include **3Stars**, Elephant Talk, **IPness**, **Realroot**, **Sound and Motion**, Tele2 Belgium, Telenet, **Verizon Business**, **Voxbone** and **Weepee**, Phonex and Tellink. The companies in bold have already actually started using these numbers.

Internet and Broadband

At the end of 2006 the Internet market can be divided into 1,468,021 ADSL lines and 878,360 broadband lines via cable.

Belgacom's competitors account for approximately 52% of the total number of Internet broadband lines. 28% of the broadband lines of alternative providers is provided via Belgacom's network, the remaining 72% goes through cable networks.

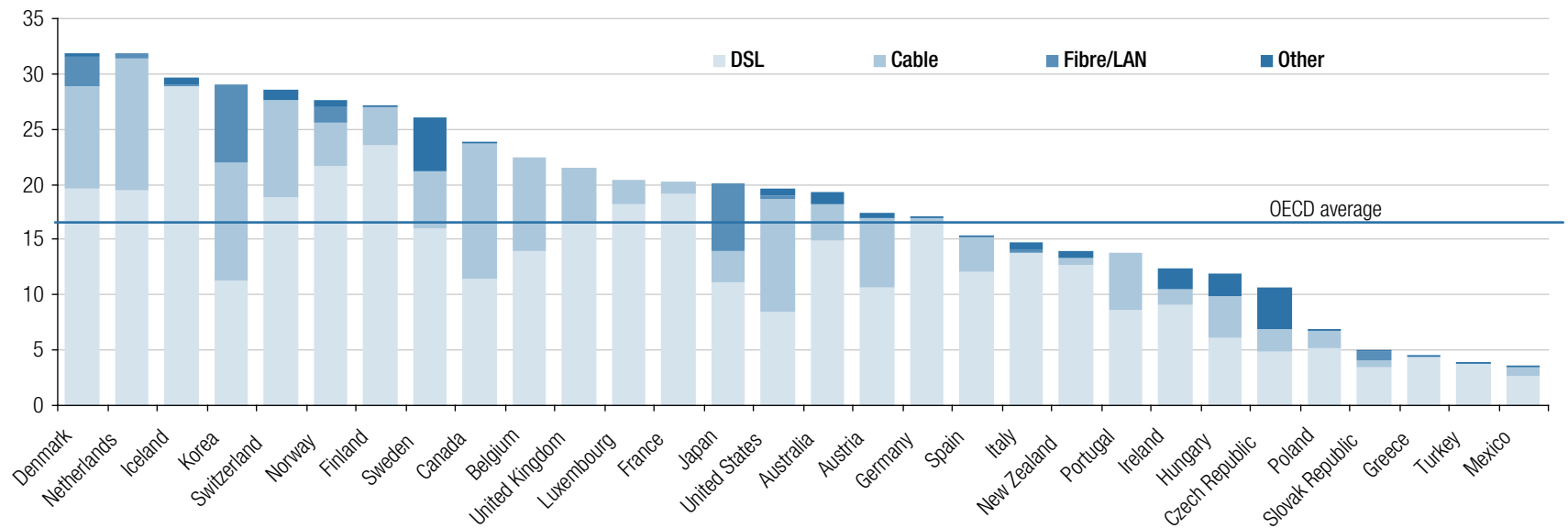


¹ La Libre Belgique 21/01/2006.

During the first half of 2006 an 8.1% growth is established, which is lower than the 11.2% of the second half of 2005 and the 14.3% of the first six months of 2005. Also during the second half of 2006 growth hovers around 8%: 8.4%. In the OECD broadband rankings Belgium keeps its tenth

place at the end of 2006. Boasting a broadband penetration rate of 22.5% Belgium keeps ahead of superpowers such as the United States (19.6%) and Japan (20.2%).

OECD Broadband subscribers per 100 inhabitants, by technology, Dec. 2006

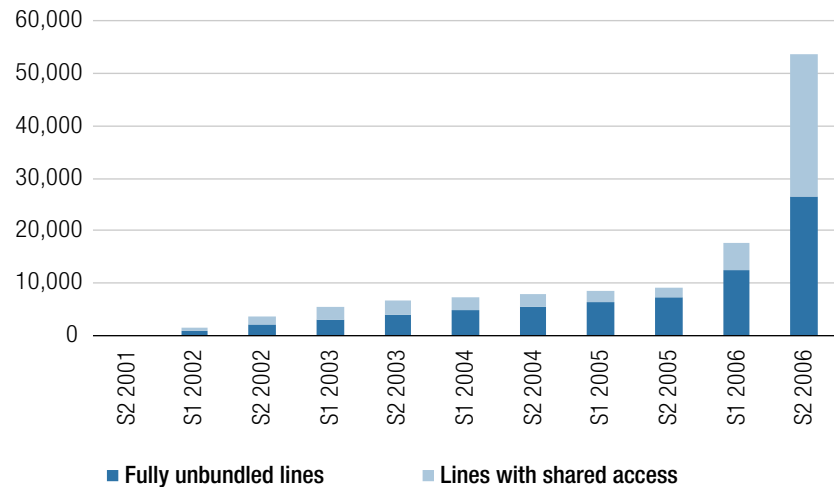


Source: OECD

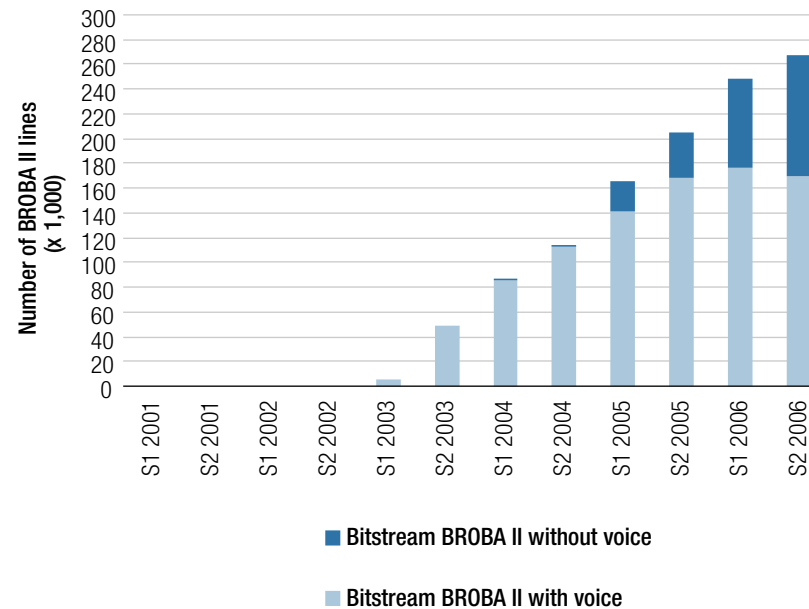
The retail Internet lines of alternative operators that are provided via the Belgacom network, are based upon different Belgacom wholesale products: complete unbundling & shared access (BRUO) or bitstream access (BROBA).

The alternative operators' plans to provide for broadband connectivity completely on their own by installing their own equipment in the local exchanges of the incumbent operator, led to an increase in the number of BRUO lines in 2006 from 9,230 to 53,720.

These BRUO lines are the property of Scarlet, Versatel and Mobistar. Mid-November 2006 Versatel offered about 30% coverage of the Belgian territory via BRUO¹.



Bitstream BROBA II, whereby Belgacom itself installs equipment to offer a broadband solution and then makes it available to alternative operators in combination with ATM connectivity, registered a 30.3% growth in 2006, amounting to 267,328.



¹ Annex Vlaamse Ondernemer 15/11/2006.

An alternative for the broadband lines on the fixed network (ADSL or cable) are the public access points for wireless WiFi networks. WiFi (Wireless Fidelity) is based on 802.11b technology, which uses 2.4 gigahertz radio waves. Several hotspot operators are active in our country. On 4/10/2006 the following providers were active¹:

Provider	Number
Telenet	1,172
FON	882
Belgacom	759
Independent providers	200
Free-hotspot	90
Swisscom Eurospot	65
Orange	55
Proximus	43
Ozone	18
Total	3,284

Free-hotspot announced in April 2006 that it wished to build 325 hotspots in Belgium. Laptop users can surf for free, the hotspot provider paying the installation costs and the Internet connection feeding the hotspot.

Newcomer Ozone wants to turn the entire Brussels metropolitan area into one big hotspot. Basic services such as surfing at a limited speed and e-mail are free. More bandwidth costs € 20 a month.

The Spanish company FON is seeking people willing to share their Internet connection via WiFi Internet connection. The goal is to create a worldwide hotspot web. There are two ways to join in: as a "Linus" or as a "Bill". A Linus opens up his network and in exchange receives day cards that he uses to surf on other FON hotspots. A Bill only allows paying customers to his network².

Finally, wireless Internet access is possible via the mobile network. Since April 2004 surfers can access the Internet from their laptops thanks to 3G/GPRS cards sold by Proximus. 3G allows a transmission of 384 kbits/s maximum (depending on the intensity of the network use). That speed is

10 times higher than with GPRS³. Since 15 September 2006 Proximus offers 3G broadband based on the HSDPA⁴ technology. At first the HSDPA technology allowed a maximum download speed of 1.8 Mbps. At the end of 2006 the download speed was raised to 3.6 Mbps. Also Mobistar applied the HSDPA technology to its entire 3G network in 2006.

¹ De Tijd , 25/10/06

² ZDnet.be, 26/06/2006

³ General Packet Radio Services. Thanks to the GPRS network technology transfer speeds up to 30-50 kbits/s instead of 9.6 kbits/s can be obtained for the standard mobile phone

⁴ High-Speed Downlink Packet Access

2.3 ECONOMIC REGULATION

2.3.1. ACCESS TO THE MARKET

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

Registrations 2006			
Service type	Direct provider	Reseller	Total
Public telephone service	3	37	40
Public telephone service - mobile	0	26	26
Public telephone service - fixed	3	11	14
Public network	5	0	5
Public network	5	0	5
Other registrations	30	53	83
Calling Cards (prepaid)	0	2	2
Carrier Select/Carrier Preselect	0	20	20
Freephone	0	1	1
Leased lines	7	3	10
INMARSAT PSA (Point of Service Activation) Service	1	0	1
Internet Service/Access Provider	4	12	16
Internet Telephony / VoIP voice service	8	13	21
Network management services	1	0	1
Other telecommunications services	9	2	11
Total number of registrations	38	90	128

2.3.2. REGULATION OF THE OPERATOR WITH SIGNIFICANT MARKET POWER AS REGARDS ACCESS AND FIXED TELEPHONY

Fair conditions

Belgacom has been declared a player with significant power in the fixed telephony market. This SMP operator status was confirmed by the BIPT Decisions of 19 June 2006 (phone access) and of 11 August 2006 (phone services). This means in practice that it is subject to regulation and monitoring of the conditions under which it allows access to its infrastructure. These decisions have imposed on Belgacom a certain number of obligations relating both to wholesale and retail services.

In 2006 the Institute analysed and amended Belgacom's three reference offers for 2007: BRIO, BRUO and 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. The market is then consulted and expresses its remarks and on that basis, the Institute issues a draft decision which is again submitted for comments before its finalisation. 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 networks accessible to other operators. The interconnection network is 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 regarding the services offered or the existing infrastructure, ordering procedures, delivery times, etc. The BRIO offer can be consulted on the Internet.

Concerning the qualitative aspects of BRIO the Court of Appeal has considered that the publication of the reference offer (or its effect) should not be subject to prior approval by BIPT but that the initial reference offer and its later amendments should be communicated to BIPT to be submitted to its control before publication. BIPT may then exercise its power to require amendments, if need be, even before publication. The consequence of this judgement of the Court of Appeal is that amendments to BRIO (on Belgacom's or BIPT's initiative) are no longer subject to a given schedule and that the current interconnect offer no longer has an expiration date. In consequence BIPT did not have to approve a 2007 version of BRIO. However, BIPT organised a public consultation following Belgacom's initiative

to amend the BRIO provisions on loadsharing (balanced sharing of traffic within interconnection areas) and the financial guarantees.

Concerning the quantitative aspects of BRIO, the complete data necessary to update the 2007 tariffs were not available according to the usual schedule. Considering the need for maximum consistency and the time to await the last data needed, BIPT preferred to postpone its decisions on tariffs. Those decisions were taken on 24 April 2007 regarding call origination and termination, on 6 June regarding access points and on 22 August regarding call transit.

The Institute is sometimes compelled to take intermediate decisions on the prevailing BRIO in the course of the year. This was the case in 2006, with the publication of decisions of the BIPT Council on tariffs for interconnection links, value added services and on the activation rate for preselection.

Furthermore BIPT has been compelled to intervene several times to guarantee the development of fair competition on the market. So the Institute adopted decisions aimed at implementing financial guarantees between operators, guaranteeing end-to-end connectivity, allowing replicability of Belgacom's secure access offer and modifying the management of number series containing shared numbers. After having noticed the existence of discrepancies between operators, BIPT also published a communication aiming at clarifying the way fixed alternative operators can set the tariffs of their call termination services in accordance with the price control imposed on them.

The table on the right lists the consultations launched in 2006 concerning BRIO and/or interconnection as well as the sector's response rate. The consultation paper and a summary of the answers are systematically published on the website of BIPT. The table below also mentions the decisions taken in 2006 in this matter and indicates any legal appeals.

Consultations in 2006	Publication Date	Number of respondents
Public consultation on addenda No 6 and 7 to the Belgacom reference interconnect offer (addendum)	29/09/2006	8
Public consultation: draft Decision of the BIPT Council regarding the management of number series containing shared numbers	12/09/2006	2
Draft Decision of the BIPT Council on the replicability of the secured access offer to the series of shared numbers of Belgacom	13/07/2006	2
Public consultation on interconnection with VoB services	22/05/2006	7
Draft Decision of the BIPT Council amending item 4.b. of the Decision of the BIPT Council of 22 December 2005 concerning CPS deactivation by alternative operators	9/03/2006	3

Decisions in 2006	Approval date	Legal actions
Decision of the BIPT Council of 8 November 2006 regarding the management of number series containing shared numbers	8/11/2006	no
Decision of the BIPT Council of 11 October 2006 on the replicability of the secure access offer to the series of shared numbers of Belgacom	11/10/2006	yes
Decision of the BIPT Council of 7 August 2006 on the costs for extension of the CSC/CPS scope to short numbers and for the activation of CPS	7/08/2006	no
Decision of the BIPT Council of 22 May 2006 amending item 4.b. of the Decision of the BIPT Council of 22 December 2005 concerning CPS deactivation by alternative operators	22/05/2006	no
Decision of the BIPT Council of 2 June 2006 on the extension of the CSC/CPS scope to the short numbers 12xx, 13xx and 14xx	2/06/2006	no
Decision of the BIPT Council of 30 March 2006 aiming at imposing provisional measures in order to enable end-to-end connectivity with the geographic numbers reserved by Telenet for nomadic public VoIP services	30/03/2006	no
Decision of the BIPT Council of 13 March 2006 on the tariffs of Customer-sited IC links for the year 2006	13/03/2006	no
Decision of the BIPT Council of 13 February 2006 on the 2006 interconnect tariffs of Belgacom for the access to value added services of other operators	13/02/2006	yes
Decision of the BIPT Council of 10 January 2006 regarding the suspension of interconnection services by Belgacom to the company Tele-West	11/10/2006	no

BRUO and BROBA

The BRUO and BROBA offers are aimed at providing a wholesale broadband offer. BRUO implies that the alternative operator should continuously be able to use all or part of the transmission capacity of the final wire, which connects the subscriber to the network. Through BROBA the alternative operator leases from Belgacom some capacity on connection equipment¹ (DSLAM) as well as some ATM 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 Networks².

The possibility of revising these offers annually was rejected by the Court of Appeal as far as the BRUO offer is concerned. In consequence Belgacom only proposed a BROBA 2007 reference offer, regarding which a decision was taken by the Council on 29 November 2006. As far as BRUO is concerned Belgacom has mentioned its intention to make regular adjustments which will be submitted independently in the course of the year.

In the course of 2006 the BRUO offer was amended to adapt mass-migration processes (processes enabling the operator investing in BRUO to transfer his customers from Belgacom equipment (BROBA) to his own equipment) and to add the possibility to use ADSL2 Annex M (ADSL variant using the low frequencies of classic telephony to increase the upload speed when the end-user does not use classic telephony anymore).

The year 2006 was marked by longer installation times of new ADSL lines. The Institute has regularly followed up the situation and the result is reflected in the BROBA 2007 offer where the annexes "Planning & Operations" and the "SLA"³ have thoroughly been revised. According to Belgacom, by following these procedures the installation performance should improve very seriously. The Institute will pay attention to this evolution and already asked to reduce the installation times in 2008 in its decision regarding the 2007 offer.

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

¹ Digital Subscriber Line Access Multiplexer.

² Virtual Private Network.

³ Service Level Agreement.

BRUO and BROBA offers was started. At the end of 2006 only the aspects related to DSLAM and the ATM transport of BROBA were finalised; the other prices were left unchanged until the finalisation of the remaining models.

Tariffs for BRUO-BROBA II 2007

BRUO (Raw Copper Loop) – tariffs on 01/01/2007	
Monthly rental fee (type 1)	€ 10.58
Monthly rental fee (type 2)	€ 11.26
BRUO (Shared Pair) – tariffs on 01/01/2007	
Monthly rental fee (for active loop with Belgacom voice)	€ 1.61
BROBA 2007 (ADSL)	
Total monthly rental fee per end-user line ADSL (active loop)	€ 6.56
Total monthly rental fee per end-user (non-active loop)	€ 16.21
BROBA 2007 (SDSL)	
Total monthly rental fee per end-user line SDSL	€ 19.09

Tariffs are down again as compared to the previous period.

The use by alternative operators of inside cable wiring of apartment buildings has been acknowledged as not proceeding from unbundling because it would imply much heavier and consequently less feasible procedures. Other solutions are being examined.

The table below lists the consultations launched in 2006 concerning unbundling as well as the sector's response rate. The consultation papers and the summaries of the answers are published on the website of BIPT. The table also mentions the decisions taken in 2006 in this matter and indicates any legal appeals.

Consultations in 2006	Publication date	Number of respondents
Tariffs for blocks & tie cables	8/11/2006	5
BROBA 2007 reference offer	31/10/2006	5
The obligation for SMP operators to publish wholesale performance indicators	26/09/2006	3
The proposal amending the SNA process in the BRUO 2006 offer	5/07/2006	5
The cost model for tariffs for BRUO, BROBA and co-location	5/07/2006	4
The unbundling at the level of the distribution frame in apartment blocks (LTP)	12/06/2006	1
Annex K to the BRUO 2006 reference offer	24/05/2006	4
The procedure regarding the forecast of mass migrations with a view to their integration into the BRUO 2006 offer, annex K	10/05/2006	4
Beneficiary delivered splitters	1/03/2006	1
Tie cables in the BRUO 2006 offer	15/02/2006	5
The maximum monthly power upgrade capacity regarding co-location	23/01/2006	4
Problems relating to the execution of the transfers and migration within the scope of local loop unbundling	23/01/2006	0

Decisions in 2006	Adoption date	Challenged in court
Tariffs for blocks & tie cables	29/11/2006	yes
The quantitative aspects of the BROBA 2007 reference offer	29/11/2006	no
The qualitative aspects of the BROBA 2007 reference offer	29/11/2006	no
The capital cost that has to be applied in Belgacom reference offers	29/11/2006	no
The modification of the SNA process in the BRUO 2006 offer	4/10/2006	no
The modification of annex K to the BRUO offer regarding the forecast of mass migrations	11/08/2006	no
The modification of annex K to the BRUO offer regarding the definition of migrations	8/08/2006	yes
The introduction of ADSL2+ annex M as technology approved within the framework of BRUO	19/06/2006	yes
Tie cables in the BRUO 2006 offer	17/03/2006	yes
Power Upgrades in the BRUO 2006 offer	13/02/2006	no

Determination of the tariffs

The procedures of consultation and analysis of the reference offers constitute an in-depth technical and economic exercise performed by BIPT. On the economic side, BIPT has the task of monitoring, on the basis of complex models, whether the proposed rates reflect the costs which the operator with significant market power has to bear, while preserving the return on his investment.

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 elements in the network and among the services that use these network elements. 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. Until now, Belgacom’s interconnection tariffs have been established by applying a top-down model. However, BIPT has developed a bottom-up model in consultation with telecommunications operators. In future, it will be possible to set interconnection tariffs by integrating the results of the two models, according to the decisions taken following the market analyses, as it was confirmed by BIPT’s Decision of 11 August 2006.

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 accounts.

The table below lists the consultations launched in 2006 concerning cost accounting as well as the sector’s response rate. The consultation papers and the summaries of the answers are systematically published on the website of BIPT.

Consultations in 2006	Publication date	Number of respondents
Draft Decision of the BIPT Council on the obligation for Belgacom to implement a cost accounting system	19/10/2006	7

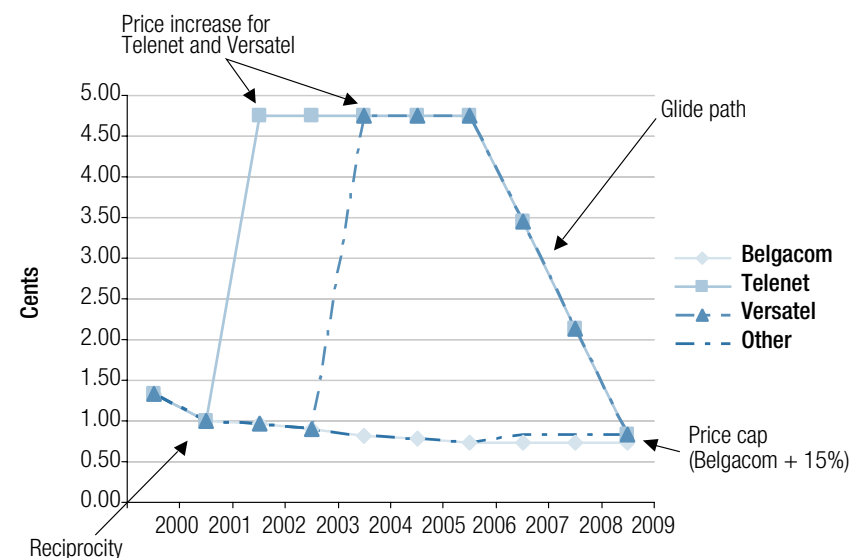
The introduction of a glide path for call termination rates of alternative operators

Concerning Market 9, i.e. call termination on individual networks, BIPT came to the conclusion that each operator had significant market power on its own network resulting from the “termination monopoly”.

Previously, the terminating rates on the Belgacom network were the only ones to be regulated. From now on the terminating rates of the other operators will also be regulated. As their situation is not comparable to the situation of Belgacom (for example as far as economies of scale are concerned), BIPT decided to impose on them less stringent measures than those imposed on Belgacom. They can therefore apply a terminating price not exceeding by more than 15% the price of Belgacom and are thus not obliged to observe strict reciprocity.

For Telenet and Versatel, of which the terminating rates were previously far higher than those of Belgacom, BIPT considered that a drastic and immediate reduction in their terminating rates would not have been appropriate. Therefore, BIPT established a transition mechanism (“glide path”) to gradually reduce rates and bring them to the level of those of the other alternative operators from 1 January 2009 onwards.

The graph below shows the evolution of terminating prices before and after BIPT's decision.



Monitoring of retail tariffs

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 in the profitability of competitors on the downstream market and/or in a capture of the downstream market by the vertically integrated company.

BIPT identified the risk of price squeeze in its Decisions of 19 June and 11 August 2006 and consequently considered it appropriate to monitor with a price squeeze test the tariffs of Belgacom relating to phone access and phone services.

On 31 May 2006 BIPT published a consultation paper on the methodological aspects of the evaluation of price squeeze cases. On this occasion BIPT gathered the opinion of the sector on several methodological options. A summary of the contributions to this consultation was published on 17 August 2006.

Based on the results of this consultation BIPT proposed methodological choices, integrated into a draft decision, which was again submitted for consultation on 29 November 2006. The objective aimed at by the Institute is to guarantee the transparency of the price monitoring method and to enable market players to practice some self-regulation in prices. By doing so the SMP operator will have a clearer view of the way the Institute will monitor the fulfilment of its obligations and he will then be able to set his retail tariffs with full knowledge of the facts.

The table below lists the consultations launched in 2006 concerning price squeeze as well as the sector's response rate.

Consultations in 2006	Publication date	Number of respondents
Draft Decision of the BIPT Council of 29 November 2006 laying down the guidelines on the evaluation of the effects of price squeeze	6/12/2006	10
Consultation held by the BIPT Council on the guidelines on the effect of price squeeze	31/05/2006	14

Leased lines

A last point 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 one customer, who pays the operator a fixed monthly charge. Belgacom is subject to several obligations in relation to leased lines, such as universal access, cost orientation, as well as certain publicity obligations (technical characteristics, tariffs, terms of delivery).

The Institute carried out market analyses 7, 13 and 14 corresponding to the retail market, the wholesale market of terminating segments and the wholesale market of trunk segments. The geographic delimitation of Markets 13 and 14 was set at the level of Belgacom's main interconnection centres where alternative operators have rolled out their infrastructure. The main conclusion of this analysis is the imposition on Belgacom of the remedy of a reference offer for the wholesale provision of leased lines (of which some components already exist in the BRIO and BRUO offers) also including the lines equivalent to the retail service BLES¹, which notably includes the lines of the Ethernet hierarchy. The development of a "bottom-up" cost model for these services is also a conclusion of these analyses.

BROW: reference offer for wholesale line rental

Within the framework of the market analyses the BIPT Council decided on 19 June 2006 that the markets for access to the public telephone network at a fixed location ("Markets 1 and 2") show no signs of competition. In order to enhance competition on these markets, BIPT imposed a new corrective measure, consisting in the resale of telephone connections (also known as wholesale line rental – WLR).

Wholesale line rental ensures that the operators dispose of a means of entering the markets for access to the public telephone network at a fixed location and can duplicate the Belgacom offers.

The above-mentioned market analysis does not impose the WLR obligation for primary digital access to the public telephone network at a fixed location. After all, the lack of wholesale line rental has not prevented competition from developing strongly on that market.

¹ Belgacom LAN Extension Solution: very high speed leased lines service (from 10 Mbps to 2.5 Gbps) based on optical fibre or a DWDM or CWDM wavelength. DWDM (Dense Wavelength Division Multiplexer) and CWDM (Coarse Wavelength Division Multiplexer) are wavelength multiplexing systems, i.e. systems enabling the coexistence on the same fibre of optical signals of different colours and conveying distinct information. DWDM uses closer wavelength signal and offers a larger capacity and a larger range than CWDM.

On 2 October 2006 Belgacom transmitted a draft version of its WLR reference offer (in short 'BROW') to BIPT. BIPT consulted the different CS and CPS operators about Belgacom's proposal and discussed several issues during trilateral business meetings. There were bilateral talks between BIPT and Belgacom to give the latter the opportunity to express its point of view on a number of proposed adaptations.

The different comments received from the sector have been integrated into a draft decision regarding the qualitative and quantitative aspects of the WLR reference offer (BROW). It proposes among other things a new cost model for WLR tariffs calculated on the basis of a retail minus method. On 28 November 2006 BIPT was informed of possible objections by one of the Communities against certain aspects of this draft decision. During the build-up towards the ratification of the cooperation agreement, BIPT has shown goodwill by first transmitting this draft decision for comment to the community regulators. This caused the initial launch date scheduled for 1 April 2007 to be deferred.

2.3.3. REGULATION OF THE OPERATORS WITH SIGNIFICANT POWER IN THE MOBILE TELEPHONY MARKET

Termination rates

Further analysis was conducted on the three wholesale markets in relation to mobile telephony services selected by the European Commission¹. 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.

As regards Market 16 for call termination on mobile networks, a decision was adopted on 11 August 2006 by the Council, after a process including a public consultation and a consultation of the competent authorities (Competition Council and European Commission). The analysis of the conditions of competition on Market 16 has led the Institute to consider that the three Belgian mobile telephony operators (Belgacom Mobile, Mobistar, BASE) each have an individual significant power on the market of voice call termination on their own mobile network. In consequence to solve the competition problems noticed several remedies are imposed on these operators as regards access, interconnection, transparency (notably the publication of a reference offer), non discrimination (only Belgacom Mobile and Mobistar are subject to an internal non discrimination obligation), accounting separation and price monitoring on the basis of cost orientation of their terminating rates. The concerned tariff regulation will be carried out by means of a price cap mechanism aiming at reducing by 2008 the level of the wholesale tariffs concerned of each of the three operators involved by about

50%. A first tariff adaptation was applied on 1 November 2006. Following the opinion of the European Commission, the initial draft price cap, which maintained tariff asymmetry between the terminating charges of the three operators concerned, on the basis of the results of the generic cost model developed during 2005, is revised in 2007 in order to reach the tariff symmetry required by the European Commission by 2008.

From 1 November 2006 onwards the MTR charges of the three mobile operators were adapted as follows in accordance with the Decision of the BIPT Council of 11 August 2006 concerning Market 16 for call termination on mobile networks:

In euro cent	Peak		Off-peak week		Off-peak weekend	
	Set-up	Duration	Set-up	Duration	Set-up	Duration
Operator						
Proximus	5.00	8.00	5.00	8.00	5.00	8.00
Mobistar	5.00	11.97	5.00	8.67	5.00	8.67
BASE	5.00	11.70	5.00	11.70	5.00	19.33

"Peak" hours were realigned for the three operators concerned between 8 am and 7 pm (weekdays).

These tariffs were mentioned in the Communications of the BIPT Council of 19 October 2006, 24 November 2006 and 17 January 2007: these last two communications adapted the new tariffs as initially published in the Communication of 19 October 2006, respectively for BASE and for Mobistar. These MTR charges of the three mobile operators are applied until the end of April 2007 and are adapted from 1 May 2007 onwards in accordance with the Decision of the BIPT Council of 11 August 2006 concerning Market 16 for call termination on mobile networks.

As regards Market 15 on access and call origination on public mobile telephone networks a draft decision was submitted for consultation in October. After analysing the conditions of competition on the wholesale market concerned as well as on the linked retail market of mobile telephony services,

¹ Recommendation of 11 February 2003 on relevant product and service markets within the electronic communications sector.

the Institute concluded that Market 15 was effectively competitive in Belgium, because no operator has significant market power there, either individually or jointly. In consequence no remedy has been proposed on this market.

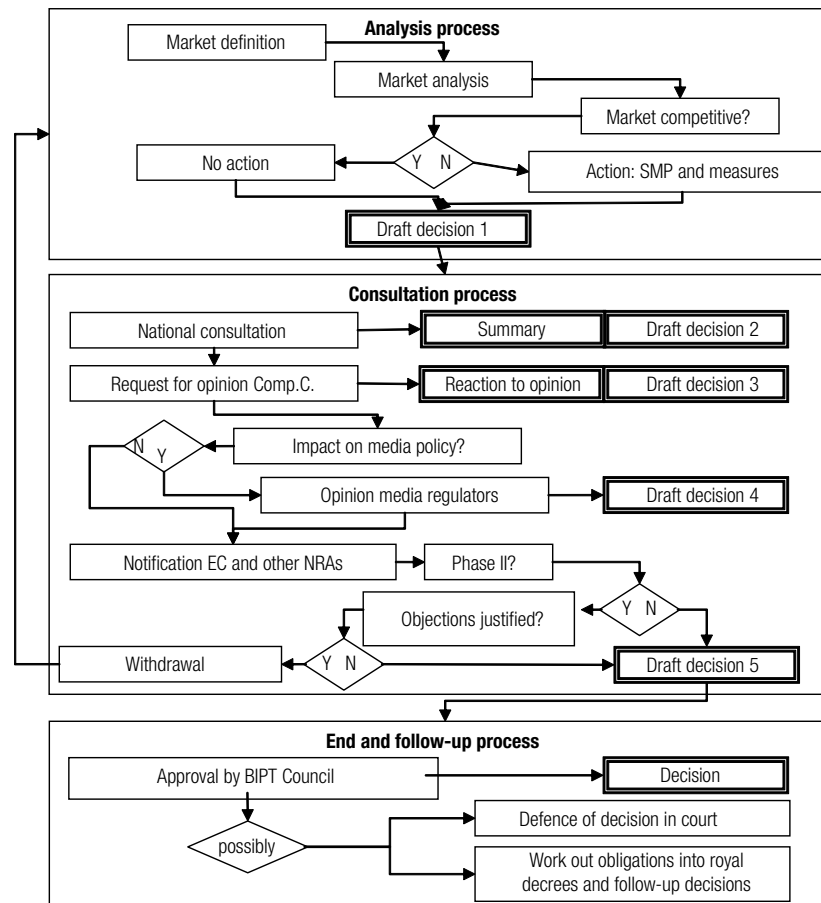
Concerning Market 17 of international roaming, the Institute closely followed the initiatives of the European Commission in this particular market which has an intrinsically cross-border character and endorsed the positions developed within the framework of ERG.

2.3.4. 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 regulatory authority (NRA) on the basis of EC recommendations, which are regularly revised and contain a list of the markets that the European Commission considers to be eligible for ex ante regulation. The first recommendation contained a list of 18 markets, 17 of which initially fell within the competence of BIPT. The remaining market concerned broadcasting transmission services that lie within the scope of the community regulators.

The market analysis procedure can roughly be divided into two processes: the analysis process and the consultation process. The analysis process comprises the market definition, the market analysis, the determination of SMP companies and the definition of obligations. The consultation process consists of submitting for consultation the draft decision drawn up during the analysis process to, consecutively, the sector, the Competition Council and the European Commission and the NRAs; after the cooperation agreement is signed, a consultation of the community regulators may follow, if necessary.

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



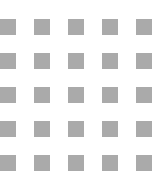


While 2005 was the year in which most markets completed the analysis process, consultations were the theme in 2006. The analysis procedure was finalised for a great deal of markets. Thus the BIPT Council adopted the decisions regarding the fixed retail access markets, the fixed retail telephone services markets, the markets for fixed call origination, termination and transit services and the mobile call termination market. Furthermore the leased lines markets entered the last phase before the final adoption, namely the notification to the European Commission. A national consultation was also held for Market 15 regarding access to and call origination on mobile networks in 2006. The final decision was taken in 2007.

A number of markets could not yet be notified to the European Commission. Markets 11 and 12 are subject to the cooperation agreement with the Communities as they might have an impact on broadcast transmission. As long as the cooperation agreement is not signed and ratified, these markets cannot be notified to the European Commission and the NRAs. It should be noted that meanwhile this cooperation agreement has been signed but has not yet been ratified by all parliamentary assemblies concerned.

Market 18 was marked by a new development: the Chamber of Representatives passed a bill on 24 December amending the Act of 24 December 1995 granting BIPT competence as regulator for the bilingual Brussels-Capital region. However, this market will be analysed no sooner than 2007.

Below you will find a progress summary of the different market analyses. Next to each market is indicated which phase BIPT has reached, and in case the European Commission received a notification, the latter's reaction to this notification and the date of the final decision are mentioned as well. With a view to transparency the relevant documents for each of these different steps in the procedure are published on the BIPT website.



Progress situation of the market analyses

Market analysis	Phase						Notification		Date of decision
	Analysis process	National consultation	Opinion Comp. Council	Opinion media regulators	European notification	Decision adopted	Code	Comments	
Market 1	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	BE/2006/0400	None	19/06/2006
Market 2	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	BE/2006/0401	None	19/06/2006
Market 3	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	BE/2006/0435	Comments	11/08/2006
Market 4	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	BE/2006/0436	None	11/08/2006
Market 5	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	BE/2006/0437	Comments	11/08/2006
Market 6	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	BE/2006/0438	None	11/08/2006
Market 7	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	BE/2006/0551	None	17/01/2007
Market 8	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	BE/2006/0439	None	11/08/2006
Market 9	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	BE/2006/0440	None	11/08/2006
Market 9bis ¹	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	BE/2006/0456	None	7/03/2007
Market 10	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	BE/2006/0441	None	11/08/2006
Market 11	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
Market 12	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
Market 13	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	BE/2006/0552	Comments	17/01/2007
Market 14	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	BE/2006/0553	None	17/01/2007
Market 15	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	BE/2007/0610	None	2/05/2007
Market 16	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	BE/2006/0433	Comments	11/08/2006
Market 16bis ²	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>			
Market 17 ³	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>			
Market 18	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>			

¹ Registration of 11 new companies.

² Adaptation of MTR and glide path.

³ Analysis no longer relevant after intervention by European Commission on that market.

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 (60)	Access and interconnection (61)	WLR (61)	Price monitoring and CAS (62)	Carrier (pre)select (63)	Measures at retail level (64)	Minimum set of leased lines (65)
Market 1	○	⊙	Belgacom	☑	☑	☑	☑	☑	☑	☑	☑	☐
Market 2a ¹ , 2b ¹	○	⊙	Belgacom	☑	☑	☑	☑	☑	☑	☑	☑	☐
Market 2c ¹	○	⊙	Belgacom	☑	☑	☑	☑	☐	☑	☑	☑	☐
Market 3	○	⊙	Belgacom	☐	☐	☐	☐	☐	☐	☐	☑	☐
Market 4	⊙	○										
Market 5	○	⊙	Belgacom	☐	☐	☐	☐	☐	☐	☐	☑	☐
Market 6	⊙	○										
Market 7	○	⊙	Belgacom	☑	☑	☐	☐	☐	☑	☐	☐	☑
Market 8	○	⊙	Belgacom	☑	☑	☑	☑	☐	☑	☐	☐	☐
Market 9a ²	○	⊙	Belgacom	☑	☑	☑	☑	☐	☑	☐	☐	☐
Market 9b ²	○	⊙	Telenet and Versatel	☑	☑	☐	☐	☐	☑ ⁶	☐	☐	☐
Market 9c ²	○	⊙	BT, Coditel, COLT, MCI, Mobistar and Scarlet	☑ ⁴	☑	☐	☐	☐	☑ ⁶	☐	☐	☐
Market 9bis	○	⊙	3 Stars Net ... ⁵	☑ ⁴	☑	☐	☐	☐	☑ ⁶	☐	☐	☐
Market 10	○	⊙	Belgacom	☑	☑	☑	☑	☐	☑	☐	☐	☐
Market 13	○	⊙	Belgacom	☑	☑	☑	☑	☐	☑	☐	☐	☐
Market 14	⊙	○										
Market 15	⊙	○										
Market 16a ³	○	⊙	BMB and Mobistar	☑	☐	☑	☑	☐	☑	☐	☐	☐
Market 16b ³	○	⊙	BASE	☑ ⁴	☐	☐	☑	☐	☑	☐	☐	☐

¹ 2a: analogue access; 2b: ISDN-2; 2c: ISDN-30.

² 9a: obligations for Belgacom, 9b: obligations for Versatel and Telenet; 9c: obligations for other notified companies.

³ 16a: obligations for Belgacom Mobile (BMB) and Mobistar; obligations for BASE.

⁴ Only external non-discrimination.

⁵ ... Brutélé, Equant, IPNESS, RealRoot, Scarlet Extended, Sound & Motion, Tele2, Toledo, Wavecrest and Weepee Studio's.

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

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

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. The BIPT decisions notifying market players as SMP companies are systematically being challenged in court. Consequently the defence of decisions in court has become an inextricable part of market analyses.

2.3.5. MONITORING OPERATORS' AND SERVICE PROVIDERS' ACTIVITIES

A special cell is in charge of permanently enforcing the different legal provisions on the obligations carried by operators and service providers.

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.

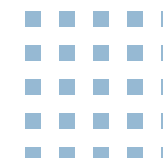
In their capacity of criminal investigation officers, the officers of that cell are also authorised to track down and report all offences within the framework of telecommunications law. Very often, they work in collaboration with the police services and the public prosecutor's offices or the ancillary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

Within the framework of checks on the application of the Act of 13 June 2005 on electronic communications, 46 checks which were carried out at the request of the Licences Department regarding failures to declare electronic communications services have led to internal reports.

Information requests from the public prosecutor resulted in two information official reports.



2.4 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, it must be seen to that no category of users is put at a disadvantage. This concern is expressed in European laws and regulations. BIPT monitors the proper operation of the protective mechanisms.

The Consultative Committee on Telecommunications

BIPT provides the secretariat of the Consultative Committee on Telecommunications, both at plenary level and in the various working groups. The opinions which the Committee renders either on its own initiative, at the request of the Institute, or at the request of the minister in charge of telecommunications, are prepared in working groups. In 2006 the Committee advised on nine issues, among which the general terms and conditions and the model contracts of various operators. All opinions given by the Consultative Committee on Telecommunications in 2006 can be consulted on and downloaded from the BIPT website.

The universal service of electronic communications

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.

This package of services currently comprises:

- access to a basic fixed public network (allowing among other things narrowband Internet access) and to a fixed telephony service;
- a social element involving the provision of a social telephone tariff to certain categories of persons;
- 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 has introduced a certain number of important changes to the provisions on social telephone tariffs:

- a fund for the universal service for social tariffs has been created and has been endowed with legal personality;
- the operators who have made a declaration according to Article 9 of the "Electronic Communications Act" and who generate 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 has been created at the Belgian Institute for Postal Services and Telecommunications to register the beneficiaries of a social telephone tariff.

The implementation of these novelties has made it necessary for the BIPT Council, as manager of the fund for financing the universal service regarding social tariffs, to take a decision defining the calculation method of the compensations to make between operators within the framework of this fund. This decision was adopted on 30 October 2006 and was used to draw up the invoices addressed to the operators to finance the cost of the social element of the universal service during the second half of 2005. These invoices are currently being revised following a legislative amendment.

Monitoring of universal service obligations

As regards universal service, the first task of the Institute is to monitor the proper execution 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 in 2006 only concerned Belgacom.

The Institute also drew up the report on the universal service relating to 2005. This report presents on the one hand the result of the monitoring by the Institute of the proper execution by the provider of universal service obligations. 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.

In this report the Institute notes some deterioration regarding the response times for the elimination of defects. As the main reason for this deterioration is probably structural (a lack of specialised staff has been observed), the Institute has requested Belgacom to propose a lasting solution to return to acceptable levels of quality for customers. BIPT will examine the possibilities proposed by Belgacom and will supervise their implementation. On the other hand as far as public telephone booths are concerned the Institute observes a clear improvement in the percentage of operational booths and in the elimination of defects in 2005. However BIPT requires that the improvement as regards the elimination of defects continues until the legal standard is met.

Since 30 June 2005 the monitoring task of the Institute concerning the social element of the universal service has consisted in verifying that 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.

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 does not already benefit from a social tariff with another operator, nor any other member of his household.

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 officers 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.

Between 2 May and 31 December 2006 slightly more than 34,000 new applications for social tariffs were entered into the database of beneficiaries of social telephone tariffs. Among them, about 24,000 required an individual treatment by the "STT" department (Social Telephone Tariffs) created within the Institute.

The Royal Decree of 20 July 2006 also lays down the financing system of the universal service fund for social tariffs. The Institute is charged with managing this fund. In this context BIPT gathered the operators' turnover in relation to the public telephony market and notified them of the amounts of contributions into and compensation from the fund for the year 2005, on 30 October 2006.

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

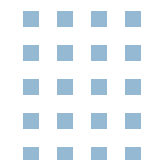
The Institute also closely cooperates in the preparation of the secondary regulation implementing the Act of 13 June 2005. The part of this Act on the protection of the end-user requires the publication of numerous decrees. In 2006 the Institute handed over to the competent ministers the following drafts:

- draft Royal Decree laying down the performing period of the fixed geographical element of the universal service regarding electronic communications (Art. 71, § 1);

- draft Royal Decree laying down the performing period of the element of the universal service regarding electronic communications consisting in the provision of public payphones (Art. 76, § 1);
- draft Royal Decree laying down the performing period of the universal service of directory enquiries (Art. 80, § 1);
- Royal Decree of 20 July 2006 laying down the operating conditions of the social element of the universal service regarding electronic communications (art. 74);
- draft Royal Decree laying down the conditions of the open designation mechanism of the provider of the element of the universal service regarding electronic communications consisting in the provision of public payphones (Art. 76, § 2);
- draft Royal Decree laying down the conditions of the open designation mechanism of the provider of the universal service of directory enquiries (Art. 80, § 2);
- draft Royal Decree laying down the conditions of the open designation mechanism of the provider of the universal directory (Art. 87, § 2);
- draft Royal Decree on the supply of the data necessary to the making of directories and the provision of directory enquiry services (Art. 83 and 89);
- draft Royal Decree laying down the status and organisation of the universal service fund regarding electronic communications (Art. 92, § 1);
- draft Royal Decree laying down the payment conditions of the contributions and compensations relating to the universal service regarding electronic communications (Art. 92, § 5);
- draft Royal Decree laying down the turnover brackets and weighting coefficients in order to determine the weighted turnover to finance the universal service regarding electronic communications and the management costs of the fund (Art. 97);
- draft Royal Decree laying down the basic requirements to be met by newly installed public phones in order to facilitate their use for the disabled (Art. 24 of the Annex);
- draft Ministerial Order laying down the publishing criteria of the universal directory (Art. 32 of the annex).

The Ethics Commission

The Ethics Commission 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. This covers for example voting by telephone or SMS on various TV programmes (e.g. Eurovision Song Contest or X factor), 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 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 must be laid down in an ethical code. The law also decrees that BIPT provides the secretariat for the Ethics Commission.

During the first half of 2006 and at the request of the Minister for Consumer Protection, the Institute continued working on texts regarding possible procedures and methods for the Ethics Commission to follow. The work carried out in 2005 regarding the implementing decree on the composition of the Ethics Commission has contributed to the specific appointment of the chairman and the members of the Ethics Commission at the end of 2006, so that this commission can set about its first activities at the start of 2007.

Furthermore, awaiting a thorough regulation by means of an ethical code, the Institute forwarded individual complaints to the Directorate-General Enforcement and Mediation of the Federal Public Service Economy, SMEs, Self-employed and Energy, which is empowered by several acts of law to carry out certain checks.

In addition, the Institute also made complainants aware of the possibility of the Office of the Telecommunications Ombudsman intervening for problems regarding the invoice.

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 on the obligations incumbent on the providers of publicly available electronic communications services or of public communications networks that are generated or processed by these providers. 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.

Tasks of general interest

In carrying out its tasks the mission of the Institute is to see to the integrity and the security of the public electronic communications networks. The Institute has among other things to coordinate the

initiatives relating to the quality and the security of these services.

In this context it regularly takes part in the meetings of the Coordination and Crisis Centre of the Belgian Government and particularly follows the work of the cell charged to assess economic and social problems in case of crisis (ECOSOC) and the Commission for national problems of defence (CPND) to which it brings its expertise.

The cell also collaborates in the activities of Comixtelec and follows the activities of NATO's Civil Communications Planning Committee (CCPC).

Directories and enquiry services

The monitoring department is among other things responsible for following the whole evolution of the relevant legislation, including the aspects relating to management and harmonisation of the databases between the various operators, as well as access to the information services.

In this context the monitoring department has prepared in close cooperation with the legal department of the Institute a series of decrees aiming at regulating the matters regarding inquiry services and directories, including the conditions regarding the provision of data and the provisions concerning the universal service.

The processing of a complaint about the adequacy of introducing a 118 number resulted in a consultation procedure, which also led to a decision of the Council according to which the 118 numbering range was not introduced for inquiry services. Moreover the numbers starting with 118 were excluded from the reservation and assignment for other applications until 1 May 2011.

Computer programme enabling the consumers to choose the most advantageous offers as far as fixed and mobile telephone communications and Internet use are concerned ("Tariff simulator")

The regulation lays down that some operating conditions of this tariff simulator must be subjected to the opinion of a working group gathering the Institute and operators. This working group met at the beginning of September 2006 and has drawn up a draft opinion which was submitted for consultation to all the operators on 29 November 2006. BIPT has in the meantime been able to launch a call for tenders to choose a company to give assistance in the development of a computer tool allowing to make tariff comparisons between the operators offering fixed telephony, mobile telephony services, Internet use or several bundled services at a flat rate. This tariff simulator developed by BIPT should therefore be in part operational in the second half of 2007.

2.5 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 thus aimed at adopting the same interpretation of the economic situation in order to create a genuine single European market for telecommunications. BIPT is involved in all international forums, where future directions are set out.

The Consultative Committee on Telecommunications

As mentioned before at page 32 the Consultative Committee is a forum on 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.

With the publication of the Royal Decree of 14 June 2006 in the *Moniteur belge*, the articles in the Act of 17 January 2003 regarding the Consultative Committee on Telecommunications come into effect. This entails among other things that the Consultative Committee publishes an annual report on its activities including recommendations rendered about the activities of the Institute.

The annual reports of the Committee can be consulted on and downloaded from the BIPT website.

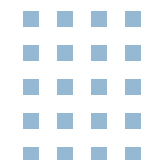
European institutions

In the field of European issues 2006 did not bring important changes in the orientations followed until then. BIPT thus attended the activities carried out in the groups such as the telecommunications group of the Council, the Communications Committee (COCOM) or the High-Level Group on Internet Governance (HLIG).

The Austrian chairmanship of the Telecommunications Council (1st half of 2006) mainly centered its work on online administration, on the fight against the digital divide and the trust in the information society services while the Finnish chairmanship (2nd half of 2006) mainly focused on network and information security as well as on international roaming on mobile networks.

Moreover both chairmanships made a great effort for Internet governance and to prepare the European position in view of the first meeting of the Internet Governance Forum which was put in place by the World Summit on the Information Society and which held its first meeting at the end of October 2006 in Athens.

The Institute also attended the consultation meetings organised by the Commission in order to prepare the revision of the regulatory framework of electronic communications and of the recommendation on relevant markets.



Management of technical issues and of the **electromagnetic spectrum**

2.6 MANAGEMENT OF THE ELECTROMAGNETIC SPECTRUM, LICENCES AND FREQUENCIES

As it draws on a limited resource, namely the electromagnetic spectrum, the use of frequencies creates a restriction to the principle of free access to the telecommunications market. The management and monitoring of the spectrum fall within the brief of the Institute. The users of the electromagnetic spectrum are numerous and varied. BIPT is in charge of assigning frequencies and delivering licences.

Frequency management

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

Frequency assignments for landmobile services are governed by the HCM¹ Agreement (previously the Vienna/Berlin Agreement) and constitute one of the main activities of the department.

Number of files processed for mobile services under the HCM Agreement	2005	2006
New frequency assignment	520	1,490
Altered frequency assignment	563	468
Cancelled frequency assignment	939	705
Number of coordinations		
Outgoing coordinations	195	193
Incoming coordinations from France	116	215
Incoming coordinations from the Netherlands	175	133
Incoming coordinations from Germany	89	158
Incoming coordinations from Luxemburg	12	44

Indispensable international coordination

Although BIPT is not responsible for the planning of frequencies for broadcasting, 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 Agreement².

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 Radiocommunication Bureau.

Types of files	Number
1961 Stockholm Agreement 1997 Chester Agreement (DVB-T) 2006 Geneva Agreement	427
1984 Geneva Agreement	509
1975 Geneva Agreement	0
1995 Wiesbaden Agreement/2002 Maastricht Agreement (T-DAB)	21
1993 Vienna Agreement/2001 Berlin Agreement (general details) – HCM 2005	58
Earth stations (Art. 9), satellites (Art. 9), radio relay links	999
Miscellaneous (coordinations, interference, temporary frequencies, information...)	347
Comixtelec	82
ITU – Radiocommunication Bureau and Conferences	286
CEPT – ERO – ECC	8
Total	2,797

¹ 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.

² Compatibility between FM broadcasting and air navigation.

Here are a few examples of important achievements by the Frequency Management Department in 2006:

- the results of the public consultation on the renewal of the three existing GSM licences were analysed and discussed internally. A number of recommendations based on these results were passed on to the minister in charge. A summary of the consultation was moreover published on the BIPT website.
- BIPT prepared a royal decree regarding the permission to use the 900 MHz bands for coverage of a 3G network. This draft was sent to the minister in charge.
- at a national level a consultation was held concerning the decision whether or not spectrum would be opened up to a PW-DSL system¹.
- a summary was published on the website. In 2006 BIPT also received a request for an additional trunking operator in Belgium. The frequency plan was coordinated and a licence was issued.
- the department started to digitise the archives in order to make future homeworking possible.
- the department also worked very hard on the completion of the database for landmobile services.

Shared use of antenna sites

For the sharing of sites, 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). BIPT oversees the satisfactory operation of site sharing.

During 2006, BIPT took the initiative to encourage the increasing use of site sharing by developing 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 zoom function to the required region, and showing where the operational sites are located, as well as the locations where a planning application has been filed or approved, but where the site is not yet operational.

A further fine-tuning of the available data is being prepared in order to guarantee optimum coordinates and address details.

Licences for private radio communications networks and individual stations

Intensive users of the frequency spectrum continued to migrate to the trunk networks during the past year, while many users possessing only a limited number of transceivers, gave up their private radio networks in favour of GSM connections. Both phenomena explain the decrease in the number of licences for mobile private networks. The same trend is apparent in the sixth category, where many users opt for DECT telephone exchanges.

The table below lists the total number of issued licences on 31 December 2006 in the different categories of individual stations or private radio communications networks.

For the benefit of all interested, the Institute continually updated its website <http://www.bipt.be> with regard to radio legislation and application forms for licences. The fees due for reserving frequencies and the use of networks and equipment are listed under the section Radio communications, Licences, Professional networks, Mobile networks, Tariff page.

For the benefit of all interested, the Institute also provides on its website, apart from current legislation, a list of frequently asked questions (FAQs). A brochure including a registration form is also available for each type of service and for the non-public networks.

Number of licences for private radio communications networks and individual stations			
		Permanent	Temporary
1 st category	Private mobile networks	1,058	213
2 nd category	Fixed networks	260	4
3 rd category	Public administrations	904	2
4 th category	Private mobile networks at the common frequency of 27 MHz	1	X
5 th category	Radio amateurs	5,431	X
6 th category	Fixed and mobile networks within the limits of one property	4,446	661
7 th category	Remote control of scale models	Exempted from licence	
8 th category	CB radio telephones B27	20,550	X
Satellites	Satellite networks	49	

¹ Personal Wireless DSL.

Wireless local loop (WLL)

The Institute finalised the proposal to adapt the regulatory framework on the wireless local loop and sent it to the minister responsible for telecommunications. Within the new regulatory framework the term “wireless local loop” will be replaced by “fixed and nomadic radio access”.

This adaptation concerns more particularly the WiMAX¹ technology. This technology, based on the radio transmissions standard 802.16 of the IEEE (Institute of Electrical and Electronics Engineers), is supported by the “WiMAX Forum”, a consortium of manufacturers. The WiMAX technology should allow broadband data links that are fixed, nomadic and possibly mobile by radio link. Nomadic links are links for which the terminal equipment can be situated in different points but stays fixed during use while the terminal equipment can be moving during use in the case of mobile links. WiMAX is often compared to the WiFi technology, but with higher speeds and wider ranges.

In Belgium two operators (Mac Telecom and Clearwire) hold a wireless local loop authorisation in frequency bands that are suited for the roll-out of the WiMAX technology or equivalent technologies. There is currently no further spectrum available for other operators in frequency bands where the WiMAX technology or equivalent technologies can be rolled out.

Authorisation and recognition of operators

Operators on board aircraft

In 2006 the Council of the Institute decided to authorise operators to offer GSM services on planes flying over Belgium. The offer of these services is planned for 2007.

These services (telephony, SMS and data) will be offered by installing a GSM picostation on the aircraft and the connection to terrestrial networks is made by satellite link.

Currently two companies have an authorisation: Aeromobile and OnAir.

Trunk networks

The company MCCN (Mission Critical Communication Network) was authorised to operate a TETRA network within the Port of Antwerp from 1 January 2007 onwards.

On 30 April 2006 Belgocontrol stopped to operate its analogue trunk network within the Brussels National Airport and replaced it with a digital network (TETRA).

Radio paging

Belgacom stopped its radio paging offer on 2 July 2006. On 3 July 2006 the company Entropia launched a new radio paging service by taking over a frequency abandoned by Belgacom.

Radio amateurs

Morse code

As some countries still require radio amateurs to know the Morse code to access some frequency bands, the Council of the Institute has decided to authorise the recognised radio amateur associations to organise knowledge tests of the Morse code. On the basis of the results of these tests the Institute will deliver a knowledge certificate that can be used abroad.

Examinations

The number of candidates for the basic licence decreased in 2006 (192 candidates against more than 400 in 2005, the introduction year of this licence). It should however be pointed out that the HAREC² examination attracts more and more candidates. Out of 192 candidates for the basic licence, 168 passed the exam. This high success rate is due to the obligation to follow a training at a recognised association.

Concerning HAREC examinations the success rate is weaker (84 out of 172 candidates passed the exam). It seems that organising examinations regularly (at least once a month) encourages some candidates to take the exam to assess their level but with no great hope to succeed.

Operator certificates

The Institute drew up a royal decree concerning the subject for the radio amateur examinations and introducing the radio amateur operator certificate. With this certificate the radio amateurs who do not possess a radio communications station will be able to pursue their hobby without having to pay any licence.

Maritime radio

Examinations

2006 was the year of confirmation of the success in SRC³ examinations with 324 candidates (266 passed the exam) without affecting much the number of candidates for the VHF examination (1,176 candidates, of which 920 passed the exam).

Concerning the GOC⁴ and ROC⁵ examinations the number of candidates remained constant (respectively 136 candidates, of which 114 passed the exam and 54 candidates, of which 44 passed the exam).

¹ Worldwide interoperability for Microwave Access.

² Harmonised Amateur Radio Examination Certificate.

³ Short Range Certificate.

⁴ General Operator Certificate.

⁵ Restricted Operator Certificate.

Licences

In 2006 the total number of ship station licences amounted to 10,935 distributed among 7,974 pleasure boats, 2,576 commercial river vessels, 243 seagoing vessels and 142 fishing boats. Because of the constantly growing number of pleasure boats the Institute had to open a new call sign (OR) for these licences.

Aeronautics

Certificates

In 2006 the Institute granted 247 operator certificates on the basis of examinations organised by the FPS Mobility and Transport.

Licences

Currently 1,634 licences for aeronautical stations are managed by the Institute; 617 for installations on board aircraft and 1,017 for portable stations.

2.7 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 all create potential interference as they can disturb 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 officers inform, advise, monitor, check and if necessary, report the offenders. Goods may also be confiscated.

Monitoring of the spectrum

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, the NCS has five monitoring centres across the country, in Anderlecht, Liège, Senefte, Antwerp and Ghent. Its tasks can be broken down into four main categories:

- dealing with radio interference: every citizen and every authority can report to the NCS any radio interference of which they claim 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: 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 2006 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 roll-out of the UMTS network is carried out by following a “step-by-step plan” as it is defined in the licences issued 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 2006 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, BIPT pursued its activities 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.

To enable them to perform their general task of policing the radio waves, the NCS members have the capacity of 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 on the ground. In 2005 two vehicles were replaced. In addition six fixed measuring stations were installed, designed for the automatic monitoring of radio frequency use.

The table below provides a round-up of activities conducted in 2006.

NCS interventions	
"Interference" cases	751
Preventive checks on professional users	1,537
Radiation measurements at transmission sites	137
Events monitored	42
Interventions by the duty service	77
Legal files – tasks for the public prosecutor's office	266
Total number of cases	2,800
Number of reports produced	79
Measurements of broadcasts	480 man hours

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 must 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 whose use is not harmonised in Europe, the CE marking must include an alert sign (information sign).

Radio equipment operating in frequency bands whose use 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 2006, 1,488 devices were notified in accordance with this procedure. It represents about 10% less than the previous year and 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. These "Class 1" devices do not bear the information sign. Ordinary mobile phones, cordless DECT phones and PMR 446 transmitters for instance qualify as Class 1 equipment. A working group of radio experts tries to further extend this list of "Class 1" equipment. All equipment not belonging to "Class 1" and put on the Belgian market has to be notified to BIPT. It is advised to regularly consult 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.

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 2006 thus led to the seizures listed in the table below.

Equipment seized during checks in 2006			
Terminal equipment		Radio equipment	
Telephone equipment	74	Remote-controlled toys	1,207
Switching equipment	8	Cordless telephones	589
		Door bells	273
		Scale models	142
		Weather stations	132
		Wireless microphones (including in-ear)	131
		Walkie-talkies	123
		Mice / keyboards	121
		Headphones	86
		Walkie-talkies (toy)	79
		FM radio transmitters	78
		Cameras (mini)	71
		Bluetooth equipment (no GPS)	69
		Broadcast radio sets (broadband)	43
		Video transmitters	39
		Radio amateur equipment	35
		Other	180
Total	82	Total	3,398

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 whose use 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 the 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 nor have 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 control 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. 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. The party concerned is always notified of this. Such checks resulted in 383 reports.

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. In certain cases, the public prosecutor’s office authorises the regularisation of the situation, if possible, or orders the return of the goods to the manufacturer or pronounces the confiscation of the seized goods. The public prosecutor’s office then decides whether legal action is needed. In 2006, 518 initial reports were made. During the follow-up of the court cases, a further 69 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. The 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.

2.8 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 with which number.

Registration of number capacity

The Institute also provides the actual number management, which includes tasks such as the allocation, reservation, withdrawal, transfer and monitoring of use (maintenance policy). The table on the right provides an overview for 2006.

Number series	Destination	Reservations	Allocations	Cancellations	Transfers
1yxx	Short numbers CSC, VPN...	2 (n) 1 (r)	2	2	2
4pq	Mobile services	1 (n) 1 (r)	0	1	0
70-700	National services	7 (n)	6	0	1
77	Infokiosk services	0 (n)	0	0	0
78	National services	0 (n)	0	0	0
79	Special Internet access	0 (n)	0	0	0
800	Freephone services	4 (n)	2	0	3
90A x 1.000 numbers	Infokiosk services	8 (n) 1 (r)	13	10	10
MNC	Mobile network codes	1 (n) 2 (r)	0	2	0
ISPC	International signalling codes	4 (n)	1	5	1
NSPC	National signalling codes	6 (n) 1 (r)	3	28	4
PQYZ	Geographical numbers	169 (n)	96	131	1
TMNC	TETRA mobile network codes	0 (n)	0	0	0

(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

Within the Institute the existing secondary regulation related to numbering as laid down by the Royal Decree of 10 December 1997 on the management of the numbering plan was tested against the new market environment and the technological developments. Since the coming into force of this royal decree various technological, regulatory and market developments have occurred, among which the commercial breakthrough of Voice-over-IP applications, the emergence on the Belgian market of various resellers of electronic communications services, the strong development of premium services provided via SMS, short numbers, the coming into force of new European directives in 2003, etc... On this basis a new policy was drawn up and a draft royal decree on managing the national numbering space and the grant and withdrawal of number user rights was sent to the authority in charge.

The objective of this draft royal decree is to place the above-mentioned developments in the right framework and then to complete the current regulatory framework with provisions for which experience teaches us that they are useful for the concrete management of the Belgian numbering space and numbering plans. The main innovations introduced by this royal decree in comparison with the Royal Decree of 10 December 1997 on the management of the numbering plan are the following:

- a clear regulation for the number capacity suballocation;
- the introduction of special procedures for the allocation of specific number capacity, among which an emergency procedure;
- the designation of numbers with a particular economic value;
- a once-only subscription procedure for the reservation of SMS, MMS¹, and LBS² short numbers;
- the introduction of a procedure to determine new numbering plans or to amend the existing numbering plans;
- a final regulation of and framework for the nomadic use of geographical national E.164 numbers;
- the introduction of network independent numbers;
- a new regulation for Infokiosk numbers;
- the destination of the 17XX and 18XX series for the provision of services of great social importance by authorities and NPOs;
- the definition of a public numbering plan for SMS, MMS and LBS services (Art. 69-74).

The draft royal decree starts by defining a number of general principles and then explains different procedures according to which the user rights for numbers can be obtained and exercised. Besides, the objective of this royal decree is to lay down definitively a certain number of numbering plans which have acquired a stable character since 1997. Moreover the principles are defined for a number of new

numbering plans, for which market demand seems to be high and for which there is a political will to define them at regulatory level in the general interest. In addition the opportunity is seized to define at regulatory level a certain number of European regulations as regards the maintenance and monitoring of numbering. A last important part of this decree deals with the fees to obtain and exercise the user rights for numbers, which are updated in certain fields.

Moreover a solution was transmitted to the public authorities to clarify the vague points of Article 11 of the Act of 13 June 2005 on electronic communications concerning the powers conferred between the different authorities (i.e. the King, the minister and BIPT). Within this framework a number of policy proposals were also made to the competent ministers regarding the numbering plan both for Infokiosk services and SMS services.

A public consultation was held on 22 March 2006 concerning the introduction of the 118 access code for the telephone enquiry services in Belgium and a decision was adopted by the BIPT Council on 12 June 2006. It was decided to keep the current regulation, which was considered as well-balanced, non-discriminatory and to the benefit of the consumer. Consequently, no new number series starting with 118 will be introduced for telephone enquiry services.

The list of international numbers which have to be blocked at the request of the end-user in accordance with Article 2 of the Ministerial Order of 12 December 2005 was made up in the form of a decision after consultation of the market and adopted by the BIPT Council on 15 May 2006.

Moreover, at the request of the minister, BIPT sent two royal decrees completing the Royal Decree of 10 December 1997 on the management of the numbering plan concerning the additional destination of the 17XX series to the authority in charge. The objective of the first royal decree was to create a general framework and the objective of the second one to assign a specific short number to the Flemish information line at the request of the Flemish Government.

The role of numbers in the telephone network can be compared to that of domain names on the Internet. 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

¹ *Multimedia Messaging Service.*

² *Location Based Service*

represents Belgium in both organisations. Apart from following domain name issues internationally, the Institute has also contributed to formulating a number of policy proposals in order to increase the reliability of the national top-level domain “.be” and to combat cybersquatting.

Number portability

Number portability (NP) is a key priority in 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.

The VoIP technology offers services that from the end-user's perspective are highly similar to the telephone services provided by the different public voice telephony operators active on the Belgian market. For that purpose a broadband access to the public Internet is generally used by either the same party as the one supplying the VoIP service or by another party. An inherent quality of VoIP services is that end-users can receive and make calls anywhere in the world, unhindered by geographical borders. This characteristic is usually described as “nomadic use”. On 31 March 2006 the market was consulted on the number portability of the nomadic VoIP services. Furthermore a comprehensive file on the routing of emergency calls by operators who provide nomadic voice services through IP technology was sent to the competent ministers. In both documents the Numbering Department suggests solutions which on the one hand meet the requirement of the best accessibility possible of the emergency services and on the other hand the need to ensure optimum availability of the number portability facility to end-users. The summary document with the answers to the consultation was published on the BIPT website on 23 June 2006.

BIPT informed the market of its policy interpretation of the PT3 document¹ in the communication of 6 February 2006 of the BIPT Council concerning a certain number of reasons which are listed in the PT3 document “Fixed Number Portability Provisioning Processes and Common Reference Database” as approved by the minister on 27 September 2004 that can be put forward by the donor operator to reject a porting request.

To make number portability more accessible to smaller market players BIPT consulted with the NPO prior to holding a public consultation on 27 September 2006 to determine the hosting conditions.

As announced the monitoring of the NPO for number portability was intensified. This resulted in an obligation imposed on the NPO by the Institute to revise the tariffs for the CRDC costs such as they were charged to the market players for the year 2006.

A consultation regarding the distribution of the contributions between the mobile operators and the MVNOs which have to be paid to cover the CRDC costs was organised at the request of the public authorities (publication date 11 July 2007). On this basis a new draft royal decree was drawn up and sent to the authority in charge.

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

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

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

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

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.

¹ Project Team.

The Carrier Preselect and Select service Involuntary change of provider

BIPT started the active monitoring of the new anti-slamming provision as laid down in Article 135 of the Act of 13 June 2005 on electronic communications and in this context committed itself to a cooperation with the Office of the Telecommunications Ombudsman to process complaints of end-users.

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%

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 replacement of fixed lines by mobile phones.

2.9 TECHNICAL TASKS OF PUBLIC INTEREST

The Belgian Institute for Postal Services and Telecommunications fulfils yet other 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

In order to monitor the electromagnetic radiation standards around antennas, BIPT has the authority to conduct prior evaluations via computer simulations, as well as to perform measurements on site or in premises following installation. 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.

In 2006 the RF Radiations Department processed 6,583 applications; 26% of the applications were entered by Belgacom Mobile NV, 29% by Mobistar and 10% by BASE.

The other applications were entered by the Belgian railway operator NMBS/SNCB (2.5%), radio amateurs (28%), the military (0.8%), A.S.T.R.I.D. (0.4%) and the remainder by the VRT, the RTBF, local radios and others. 45% French-language applications, 54% Dutch-language applications and 0.7% German-language applications were processed. 287 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 private individuals in Belgium as well as other levels of government 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 which 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 which offers 24/7 a point of contact. By providing this duty service and offering information, BIPT wants to limit the risks of computer viruses spreading. In the event of an alert the "virus page" of the BIPT website is quickly updated, the 30,000 members of 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. In 2006 three alerts led to updates of the relevant web pages.

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 increased exponentially in 2006.

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 at the level of Federal Government a forum for exchanging information 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 take compulsory measures.

Certain aspects of BIPT’s contribution to Comixtelec also relate to the protection of the networks in the event of a crisis. As this matter falls within the scope of the contract between the State and Belgacom, it is discussed at the end of chapter 2.4.

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, which given the circumstances will only take place in the course of 2007.

BIPT has planned several initiatives for the newly recruited staff to carry out. It also intends to broaden its activities in the area of computer security: the Institute would like to be more proactive in the field of vulnerabilities before they are exploited by a malicious programme.

Emergency services

Apart from investigating interference on the radio networks of the emergency services and eliminating it, BIPT is also charged with monitoring whether operators comply with their duty of collaboration with the emergency services.

The Act of 13 June 2005 maintained the principles previously governing this matter.

BIPT drew up a proposal to determine the emergency services and their call numbers in accordance with the provisions of the new Act.

At the suggestion of BIPT and at the request of the emergency services, the political authorities decided in 2005 to incorporate into the Act of 13 June 2005 the calling line identification for calls to Teleonthaal/

Téléaccueil centres, the Poison Centre, Zelfmoordpreventie/Prévention Suicide (centre for suicide prevention), Childfocus (the European centre for missing and sexually abused children) and children’s telephone services offered by operators.

Calling line identification is necessary for emergency services, not only to enable them to intervene effectively, but also to combat malicious calls, the frequency of which rises year by year due to 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.

Based on the results of the consultation with the emergency services, the Institute formulated a proposal for administrative and technical measures to be taken in order to provide calling line identification for combating malicious calls. This proposal is subjected to the opinion of the Commission for the protection of privacy and the minister’s approval.

“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.

On 11 October 2006 BIPT carried out a consultation regarding the operators who provide nomadic voice services by means of IP technology: localisation issue of emergency calls. In this consultation the Institute proposed an outline for solving the localisation issue of emergency calls through such nomadic services. The consultation showed that at the moment no operator can guarantee the localisation of an emergency call when the caller uses a nomadic (voice) service by means of IP technology, and consequently it becomes 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 moment of the emergency call.

Legal interception of electronic communications

Judicial and police services may call upon BIPT officials with the mandate of 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.

2.10 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 officers of the Belgian Institute for Postal Services and Telecommunications are in constant 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 2006. In 2006 the IRG and ERG were chaired by Kip Meek (OFCOM). In 2006 the work of the ERG and IRG was dominated by the preparation of a common answer to the plans of the European Commission for the revision of the European regulatory framework and the recommendation on the relevant markets.

The ERG also provided an important contribution to the discussion relating to the proposals of the Commission to regulate the high costs of international roaming. The ERG also approved a number of reports on the development of the broadband market in Europe.

In 2006 the ERG launched a debate on harmonisation: its necessity and the harmonisation speed of the policy in Europe. A specific programme was developed and approved, which should lead to more focused and concrete harmonisation.

The CEPT and the ITU

BIPT also took part in the activities of the European Conference of Postal and Telecommunications Administrations (CEPT). The CEPT was notably in charge of the preparation of the Conference of Plenipotentiaries which was organised in 2006 by the International Telecommunications Union, and which took place in Antalya, Turkey.

Nearly all resolutions adopted by the Conference of Plenipotentiaries mention the World Summit on the Information Society (WSIS). The ITU was among others endowed with a special role for executing the results of the WSIS.

In some of the resolutions adopted, the terms "telecommunications/information and communication technologies (ICT)" are used to define the broad field of activity of the ITU. However no consensus was reached on the definition of these terms. A working group created within the ITU Council will look into this matter.

The conference decided to convene during the first quarter of 2009 a world forum on the telecommunications policy where a debate will take place on the public Internet policy and to hold a world conference on international telecommunication (WCIT) in 2012 to study the international telecommunications regulations.

International relations at various BIPT departments

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

- within the RSPG¹, an opinion on the protection of the spectrum for scientific purposes was accepted as well as an opinion on the introduction of multimedia services in the broadcasting bands.
- the RSC² approved a decision of the European Commission on RFID³. An amendment to a decision of the European Commission was also approved for the RLAN⁴ networks on 5 GHz and a framework decision of the European Commission on short-range equipment as well as an UltraWideBand decision. It is also important to note that at present the abolishment or replacement of the GSM Directive is being considered to allow the introduction of third generation systems into the current GSM bands. The further expansion of a European spectrum information system (based on CEPT's current EFIS⁵ system) was also discussed.
- the department also took part in the joint working group of RSC/COCOM relating to the user rights for the WAPECS⁶. The objective of this working group is to impose a balanced minimum set of regulatory conditions on all WAPECS platforms.
- the department also participated in the expert group for the mobile satellite service (MSS) in the 2 GHz band to find a solution for the new hybrid satellite systems with a complementary terrestrial element that will soon be introduced in these bands.
- the department also took part in a limited group of experts concerning a thorough exchange of views on the content of the notion and the wording of a harmonised and gradual introduction of spectrum trading.
- the Frequency Management Department further participated in the ITU Conference of Plenipotentiaries. During this conference the persons for the renewable leading functions of the ITU were elected for the four coming years.
- the results of the notification to the EC for a certain number of new radio interfaces B7, B11, B12 and B14 (among others for the use of radio equipment with a very low power for transmitting music in the FM band) were received and analysed.
- a revision of the Royal Decree of 15 October 1979 concerning private radio communications was prepared.
- BIPT continued to negotiate with the three Communities in Belgium about the FM band. The Institute gave its technical contribution to that end. Only a few problems are remaining. A solution was found for a certain number of French-speaking stations in Brussels. A common database was created.

¹ Radio Spectrum Policy Group.

² Radio Spectrum Committee.

³ Radio Frequency Identification.

⁴ Radio Local Area Network.

⁵ ERO Frequency Information System.

⁶ Wireless Access Policy for Electronic Communications Services.

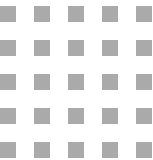


- the Frequency Management Department headed the Belgian delegation at the ITU planning conference RRC-06 to prepare the introduction of digital radio and television. A number of meetings were organised with our neighbouring country France in the second half of 2006. In order to implement the new plan for digital TV first analogue television has to be taken out of service. In consequence a certain number of transitional measures have to be agreed on with the neighbouring countries.

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 governmental departments and regulatory authorities aims at exchanging information and knowledge on numbering problems and at harmonising numbering plans at a European level. Concrete results were reached in various areas such as the development of a strategic vision for the future of E.164 numbering, the use of numbers for GSM services on board planes and boats, the protection of customers against the abuses of premium rate numbers, the introduction of the notion of European harmonised numbers (116), the number use for VoIP services and the adoption of a common opinion for European harmonised short numbers (116).

Through the Equipment Department, the Institute is also active in European forums (European Commission, TCAM Committee¹, ECC²), Administrative Cooperation (ADCO), ETSI³, EMC Working Party⁴, EMC SLIM⁵, ...), which strive for further European harmonisation. The Institute organised an R&TTE ADCO meeting in Bruges and also coorganised the EMC ADCO meeting in Brussels. In 2006 Belgium chaired the EMC ADCO group.



¹ The TCAM Committee (Telecommunications Conformity Assessment and Market Surveillance Committee) is the permanent committee that assists the European Commission in policy relating to Directive 99/5/EC.

² The ECC (Electronic Communications Committee) is part of the CEPT (European Conference of Postal and Telecommunications Administrations).

³ Groups established by the European Commission, in which experts responsible for national market surveillance are able to come together and collaborate on practical issues.

⁴ ETSI (European Telecommunications Standards Institute) is a non-governmental organisation aimed at drawing up European telecommunications standards.

⁵ Group established by the European Commission charged with following up the application of the Electromagnetic Compatibility Directive (EMC).

BIPT and the postal sector

3.1 LEGAL FRAMEWORK AND TASKS OF BIPT

The European Union pursues its policy of gradually liberalising the postal sector. The aim of the Community policy on the postal sector is to create an internal market for postal services and to ensure, through an appropriate regulatory framework, that efficient, reliable and good-quality postal services are available to all citizens across the European Union at affordable prices. The importance of postal services for economic prosperity, social well-being and cohesion in the European Union makes the postal sector a key industry for Community policy.

At the European level

Since 18 October 2006 the Commission has a proposal ready for a directive amending Directive 97/67/EC concerning the full liberalisation of the internal market of postal services in the Community. This proposal is based on a prospective study of PricewaterhouseCoopers (PWC) regarding the impact on the universal service of the full accomplishment of the postal internal market in 2009 and on a study (of WIK Consult) concerning the main developments in the postal sector (2004-2006). The draft of the new Directive changes certain articles of the existing Postal Directive 97/67/EC. Noteworthy is the confirmation of the date of 31 December 2008 (deadline for transposing the Directive) for full liberalisation of the postal sector. The proposed directive does not affect the scope of the universal service. To ensure financial feasibility of full liberalisation, a few accompanying measures are proposed. It is left up to the member states to take the necessary measures to guarantee future financing of the universal service.

The Institute analysed the proposal for a Third Postal Directive.

In addition, BIPT took part in sector studies carried out by independent research centres under the authority of the European Commission, namely:

- "The impact on Universal Service of the Full Market Accomplishment of the Postal Internal Market in 2009" carried out by PWC Belgium;
- "Main Developments in the Postal Sector (2004-2006)" carried out by WIK Consult.

These studies were part of the pilot study to assess the impact for each member state of the full accomplishment of the internal postal market in 2009 on the universal service. In conformity with Article 1 of Directive 2002/39/EC and on the basis of the conclusions of this study, the Commission submitted a report to the European Parliament and the Council before 31 December 2006, accompanied by a proposal in which, if appropriate, the year 2009 is confirmed as the date for the accomplishment of the internal postal market, or in the light of the conclusions of the pilot study, another measure is determined.

In addition BIPT took part in the Postal Directive Committee which discussed, among other things: the 2006 sector studies, the possible regulatory options with respect to the proposed future directive, the notes on the Commission's public consultation regarding the new Postal Directive proposal, the gathering of postal statistics, the UNEX¹ results in the area of intra-community postal items, the services of general economic interest, the WTO/GATS negotiations, ...

At the Belgian level

Secondary legislation

The Institute continued working on the Jefferson project. This project aims at abolishing legal contradictions, offering a greater legal security and should enable La Poste to perform better in a more competitive environment, for the current legislation is but an incoherent collection of old legislative and regulatory texts. Moreover, the legislation has become obsolete and restrains La Poste from developing and modernising its service.

Three primary texts² were approved by the Council of Ministers of 7 July 2006 and were submitted to the Council of State for advice on 19 July 2006. On 19 September 2006 the Council of State rendered advice on two of the above-mentioned texts (opinions 40.928/4 and 40.929/4). The texts were adapted by the Institute and transferred to Parliament for processing by the minister.

On 15 December 2006 the Institute received the opinions (41.498/4 and 41.499/4) of the Council of State regarding the Royal Decree amending the Royal Decree of 12 January 1970 on the regulation of the postal service and the draft of the Ministerial Order of 12 January 1970 on the regulation of the postal service.

Development of the system of declarations and licences

In view of the transposition of European Directive 97/67 of 15 December 1997³, Title IV of the Act of 21 March 1991 on the reform of certain economic public companies provides for the regulation of the postal market by means of a system of declarations and licences. The further development of the system was laid down in the Royal Decrees of 11 January 2006⁴. These decrees were published in the *Moniteur belge* on 17 January 2006 and came into effect as of 18 April 2006. BIPT presented this new legislation to the Consultative Committee on Postal Services, which represents all parties involved, on 6 April 2006.

Within the scope of its task to supervise the observance of the stipulations in Title IV of the Act of 21 March 1991 and its implementation orders, BIPT invited every natural and legal person who develops postal services to make a declaration or apply for a licence after they had been informed in writing of the legislation in force. Since not all parties concerned have yet submitted a declaration or applied for a licence, BIPT will redouble its efforts to wind up these pending files.

A letter was sent to those companies that based on the data from the Central Balance Sheet Office and the "Yellow Pages" may be liable to licence or required to submit a declaration.

On the BIPT website (www.bipt.be > Postal sector > Regulation) you will find the declarations and individual licences already granted.

The management contract between the State and La Poste

The results of the survey regarding priority items until December 2005 included, show that 92% of domestic priority items reached its destination at Day + 1 and 98.3% at Day + 2. As regards the non-priority items for that same period, 95.4% of domestic non-priority items were delivered at Day + 2 and 98.7% at Day + 3. During these twelve months more than 38,000 priority and 41,000 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.

¹ Monitoring system (UNipost EXternal) that verifies and checks the quality of service level of postal exchanges between postal services of some thirty European countries.

² - the draft bill amending the Act of 6 July 1971 creating La Poste and amending the Act of 26 December 1956 on the Postal Service;

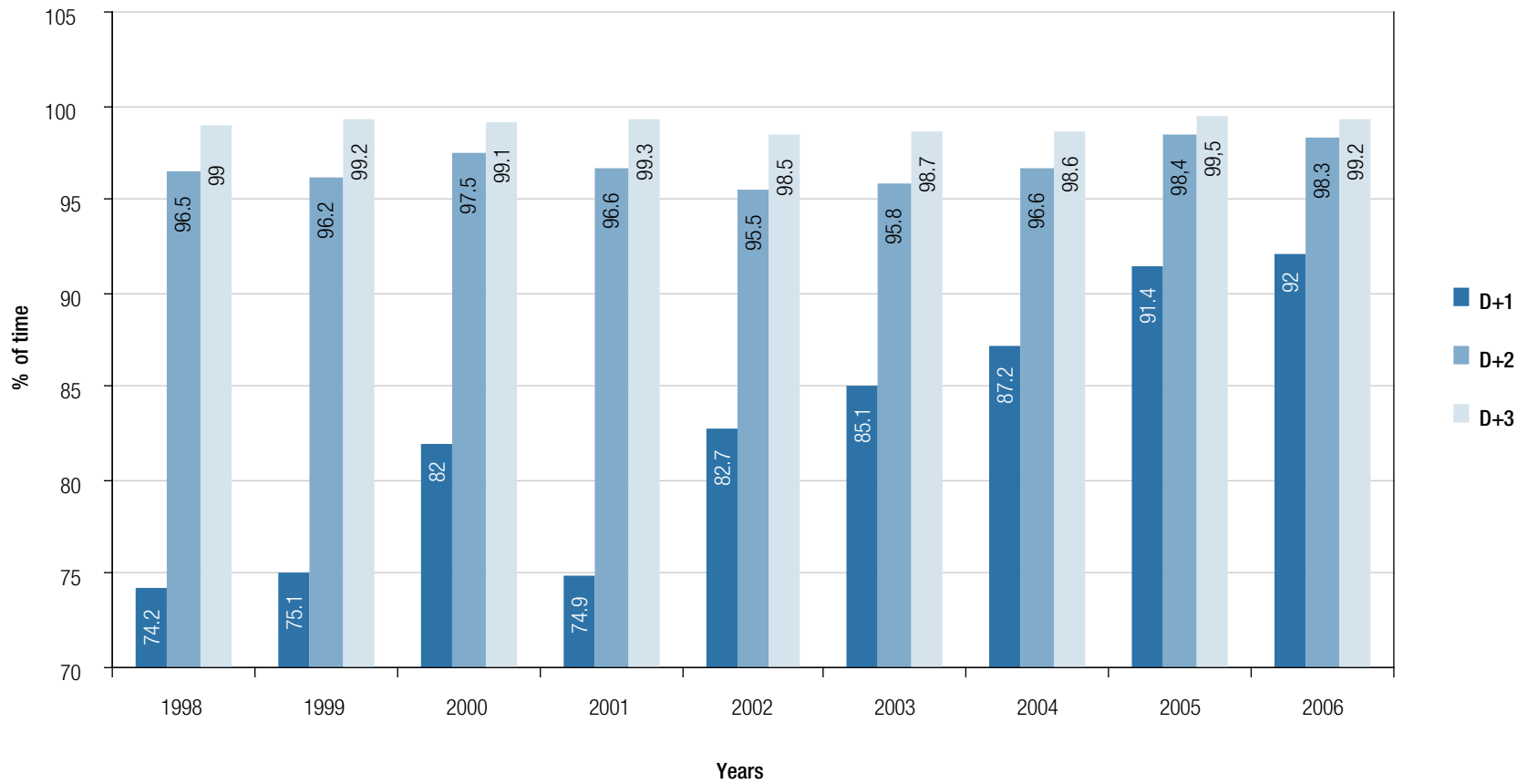
- the draft bill amending the Act of 21 March 1991 on the reform of certain economic public companies;

- the draft of the Royal Decree on the regulation of the postal service.

³ Amended by Directive 2002/39/EC of 10 June 2002.

⁴ Royal Decree laying down the terms regarding notification and transfer of postal services outside the scope of the universal service and implementing Articles 144quater, §3, 148sexies, 1, 1°, and 148septies of the Act of 21 March 1991 on the reform of certain economic public companies and the Royal Decree implementing Title IV (Reform of the "Postal Authority") of the Act of 21 March 1991 on the reform of certain economic public companies.

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





Furthermore Article 16 of the fourth management contract stipulates that BIPT, in consultation with La Poste, determines the method of measurement for all other postal services that are part of the small users basket. This concerns more in particular the following postal services:

- registered domestic single piece mail up to 2 kg;
- domestic single piece parcels;
- incoming cross-border single piece mail.

This consultation resulted in two protocols. On the one hand the protocol regarding quality measurement of the incoming registered single piece mail and the incoming single piece parcels was signed by La Poste and BIPT early December. On the other hand a verbal agreement was concluded between BIPT, La Poste and the IPC¹ concerning quality measurement of the incoming cross-border priority single piece mail, based upon the UNEX measurement.

3.2 ECONOMIC CONTEXT OF THE SECTOR

In Europe, postal activities remain an important source of employment with more than 1.5 million employees and close to 5 million people directly or indirectly earning a living from postal activities.

At the dawn of the 21st century, La Poste has to cope with two essential evolutions that affect the essence of its activities and have an influence on the future prospects.

On the one hand, the “classic” market is shrinking and on the other hand, the letter post volume falls, in particular the “social” post and the administrative post. Since the liberalisation of postal services, an increasing number of players are on the market.

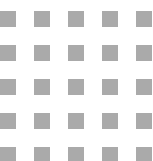
The new information channels are gradually replacing the traditional letter post. Besides e-mails and SMSs, Internet has become more and more important in the communication. Indeed, in Belgium, 2.3 million households have an Internet connection, whereas about 4.2 million Belgians regularly use it.

The electronic media do not only gain ground as far as private persons are concerned; mainly companies have taken over the electronic tools to communicate between themselves and with their customers. The new professional uses can essentially be classified in two categories: online marketing and advertising on the one hand, electronic billing on the other hand.

The new trends in the professional modes of communication are worrying for the Belgian ‘La Poste’, which currently still owes 85% of its turnover to companies.

In Belgium, La Poste, a limited liability company under public law, is the historical postal operator. It is responsible for the universal service under the terms of the management contract concluded with the State.

The partnership with the Consortium formed by Post Danmark and CVC was finalised and approved on 17 January 2006. La Poste’s shareholding, which was split between the Belgian State (55.7%) and the Société Fédérale de Participation (44.3%) was changed on this date by the entry, as part of a capital increase, of Post Invest Europe Sarl, a company indirectly held by Post Danmark A/S and CVC. The shareholding of La Poste is divided up as follows: Post Invest Europe sarl owns a share of 49.99%, the Société Fédérale de Participation owns 25.87% and the Belgian State is owner for 24.14%.



¹ International Post Corporation.

La Poste employs about 35,000 staff and is one of the main employers of the country. Mail represents more than 80% of the turnover of the La Poste group.

In 2006 La Poste achieved a turnover of € 2,184 millions with an after-tax income of € 83 millions.

Other players on the postal market

The other postal operators represent about 4,500 jobs for a market share of 8%. The four main operators on the express mail market are: DHL, UPS, TNT and FedEx.

Belgique Diffusion is the main competitor of La Poste as regards the delivery of addressed newspapers.

Some companies are present in the parcel delivery sector at distribution points, for example Kiala.

Some 800 companies and self-employed are registered in the sector.

3.3 ECONOMIC REGULATION

The decrees setting out BIPT's powers with regard to the grant of licences to providers of the non-reserved universal postal service on the one hand and declarations of companies active in the non-universal postal sector on the other, were announced on 11 January 2006. BIPT laid down the procedures and informed the market players through several communications on its website and via the most representative associations in this field.

In 2006 BIPT carried out several analyses of the various tariff adjustments of La Poste.

- In February 2006: analysis of the new tariff proposal of La Poste for the postal services as of 1 February 2006 regarding the standard, preferential and conventional tariffs;
- In December 2006: analysis of the new pricing method for preferential and conventional tariffs. Contrary to the previous analysis the price increase was compared to the new price regulation system that came into force on 18 April 2006. In this case the new regulation provides for two baskets and their corresponding price increase margin, namely the small users basket of the universal services at the full rate on the one hand and preferential and conventional tariffs of the reserved universal services on the other;
- In December 2006 BIPT pronounced itself on the new tariff proposals for 2007 in conformity with the Act of 21 March 1991. Not taking into account the abolition of the non-priority stamp in 2007, the overall weighted increase of products of La Poste destined for small users, does not exceed inflation in 2006, namely 1.6%.

3.4 CONSUMER PROTECTION

La Poste's fourth management contract sets out the quality targets to be met under BIPT's supervision and refers to the European standards. In addition to verifying the invoice sent to the State by La Poste, BIPT also monitors the cost calculation of the universal service and decides whether there is an unfair burden on the universal service provider.

As in previous years, BIPT followed the La Poste's customer satisfaction survey. In accordance with Article 18 of the management contract the Institute formulated its opinion on this matter. This opinion regards the implementation of the 2005 and 2006 improvement plan for increased customer satisfaction on the one hand and the draft improvement plan for 2007 on the other.

Survey on the universal service

With the prospect of the debate on the universal service and about the necessity to possibly redefine it and in order to provide competent authorities with the relevant data to help them make a decision, BIPT attempted to paint a picture of the behaviour and wishes of the private individuals about the services which characterise the universal service. A phone survey was carried out from 3 to 31 October 2006 among 2,000 persons representing the Belgian population (companies excluded). The results are the following:

- globally users declare to be satisfied with the services inherent to the postal universal service. Among the most tangible findings of the survey the small number of private individuals turning to operators other than La Poste should be pointed out, not forgetting though that the other operators of the postal universal service have done little to attract the attention of the "small" users, at least up to now;
- the mail volume sent per person is low (1.6/pers/day). However the mail volume received is four times higher and catches up with the European average;
- users are divided on prices: half of them declares that the price requested is correct for a letter, while a third of them considers parcels too expensive. It is therefore justified to wonder about the reality of meeting the affordability obligation of the universal service products;
- users are particularly interested in the quality of service both concerning delivery time and reliability;
- among the wishes mail home delivery establishes itself as absolutely essential;
- on the other hand users do not attach much importance to the hour of the postman's round, but more so to the opening hours of post offices;
- in the survey "Direct mail" is not well received by a large part of the persons receiving it, which corroborates the data coming from other sources. It should be pointed out that 20% of the persons put a "No publicity" sticker on their letterbox;

- the average satisfaction rate towards La Poste is 7.4 on a scale of 10. It should be pointed out that this result cannot be compared with the satisfaction rate traditionally announced by La Poste because this rate takes into account the persons who have answered from "good to excellent" while the result of BIPT's survey rests on the average of all scores granted on 10 to La Poste.

The results obtained do not plead for a complete reorganisation of the postal universal service as it is currently provided, but indicate the fields which would need more attention, such as prices, network access hours or the frequency of delivery.

Calculation of the universal service

The Belgian legislator, in the same way as the European Commission, has defined the universal service in order to guarantee a minimum set of postal services of a given quality, to be offered at a reasonable price to all users.

Through the management contract, the State entrusts La Poste with all of these services, even if a number of these may also be provided by the competition. In the context of a part-liberalised market there remains uncertainty as to the funding of the universal service. The legislator has opted for possible financial compensation by all players in the postal sector, in the event that the obligation to provide the universal postal service entails an unfair financial burden on the designated operator.

BIPT annually carries out a cost calculation of any financial burden caused by providing the universal service. This calculation is founded on a cost calculation model based on La Poste's analytical accounts.

BIPT calculated the cost of the universal service for 2005. This calculation led to a methodological revision of the determination of the burden.

Newspaper delivery

Since 1 January 2006, quality measurement is carried out on the basis of the customer complaint level (CSA system). Not only the time of delivery (before 7.30 am) is thus taken into account to measure the service level, but also other aspects such as delivery of the correct issue, not damaging the newspaper... The Institute worked on an audit of this new measuring instrument of La Poste.

The Consultative Committee on Postal Services

Composition and operation

Following the comments made by the Council of State on the preliminary draft of royal decree establishing the composition and operation of the Consultative Committee on Telecommunications, the postal sector department also revised the preliminary draft of royal decree establishing the composition and operation of the Consultative Committee on Postal Services which was sent to the minister in charge as well as the draft calls for applications.

Activities

The Consultative Committee was informed of the procedure for submitting declarations and licence applications.

A presentation was given on the draft of Third Postal Directive, which is supposed to lead to the full liberalisation of the postal sector, and the Consultative Committee was invited to express its opinion on the subject by the end of December 2006.

Role of the ombudsmen in the sector

It became clear that the powers of the Office of the Ombudsman at La Poste needed to be broadened in order to better protect the relationship between users and providers of postal services. The Ombudsman was indeed only competent for investigating complaints lodged against La Poste. At the beginning of 2007 the Act pertaining to various provisions with a view to the creation of the Office of the Ombudsman for the Postal sector and the amendment of the Act of 13 June 2005, was published. As a result the Office's competences were extended to all companies active on the Belgian postal market.

Cooperation with the European regulators

Through Mr Dutoit, administrator at BIPT in charge of postal matters, Belgium continued to chair the European Committee on Postal Regulation (CERP) which now groups together 47 Member States. CERP held two plenaries in 2006, respectively in Oslo in May 2006 and in Madrid in November 2006.

During these two plenaries CERP saw to the organisation of forums of which the themes were:

- "For the players of the postal and mail sector in Europe and in the light of the ongoing liberalisation process, what is the role of intergovernmental organisations such as the UPU?";
- "Private mails in a "partially" liberalised market";
- "Direct Mail Development".

CERP mainly followed the European debate on the preparation of the Third Postal Directive. Moreover this directive plans to clarify the role of CERP as regards the management and monitoring of the sector.

A lot of work was done in all the working groups.

NRA Working Group (National Regulatory Authorities)

This working group was asked to deliberate about the operation of the NRAs in 2006. Initially the working group broke down the matter into four themes: a clear description of the universal service, legal protection of consumers, lack of clarity in competences regarding competition for NRAs and enforceability of the NRAs' decisions. The latter was explored further in a second phase.

"Economic aspects" Working Group

This year the group concentrated on two major topics, which resulted in two reports that are relevant to the discussions at European level regarding further liberalisation of the postal market, namely:

- the "Universal Service and its Financing" report;
- the "Cost Accounting and Price Control Systems" report.

"Market surveillance and data collecting" Working Group

This working group mainly focuses on the activities of the CEN¹/TC 331 "Postal Services". CEN harmonises the different 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.

It asked a project group to update the report on the use of European quality standards by universal service providers and to gather the results of these quality checks.

"Statistics" Working Group

In 2006 the introduction of licences and declarations made it possible to start a statistical basis in addition to the official statistics published for the postal sector which up to now have remained too global or have been merged with the telecommunications and transports sector.

¹ European Committee for Standardisation. "TC" stands for "technical committee".



Universal Postal Union

As regards the ratification of the Acts of the Bucharest Congress, BIPT answered to the comments from the Council of State expressed in its opinion No 40.892/2V given on 4 August 2006. The explanatory memorandum of the bill approving the Acts of the Bucharest Congress were amended accordingly. The file was finalised and sent to the minister in charge.

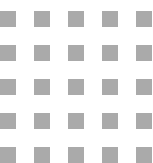
On the one hand, within the framework of the revision of the Acts of the UPU, BIPT submitted a draft amendment to the Letter Post and Postal Parcel Regulations which was adopted by the UPU's Council of Administration. By replacing the words "postal administration" by "Member country" and/or "designated operator" the UPU follows the logic of the postal sector's evolution.

Besides, the draft of "formal legislative drafting guide" drawn up and developed by the Institute was also adopted by the Council of Administration of the UPU, which was charged with submitting it to the opinion of the Postal Operations Council.

During 2006 BIPT actively continued to contribute to the activities of the various project groups including those on the UPU reform and the WTO¹ issues.

To facilitate the activities of the Project Group (PG) "Reform of the Union", BIPT submitted to the PG a legal analysis on the legal nature of regulations, the agreements between operators, the binding force of the decisions other than the decisions on the Acts and the "self-executing" character of the UPU Convention and the Postal Payment Services Agreement. The "Multilingual vocabulary" PG finalised its activities that will be submitted to the Postal Operations Council in 2007.

Moreover the Institute submitted a first draft concerning "a draft code of conduct on the distribution of responsibilities" within the UPU.



¹ World Trade Organization.

The Institute's operations

4.1 STAFF

The Institute's staff totals 250 people, a number made up of contractual, statutory and seconded staff. Impressive though this number may seem, it is not really sufficient given the very wide range of tasks to accomplish. The request for a staff extension was met by the end of 2006. This is important for BIPT to be able to fulfil its tasks.

The "Human Resources" Department

This past year, on top of its daily routine, Human Resources worked on the following particular issues:

Preparation of the staff to the new administrative and financial statutes:

Changes to both statutes are so drastic that it was only reasonable, if not necessary, to prepare the staff. The introduction of a new evaluation system based upon job descriptions, including job analysis and performance interviews and linked to actual financial perks, required a thorough briefing of the staff. Furthermore a two-day training was organised for people who manage and assess staff. In 2006 a detailed programme was elaborated to immediately provide for information sessions and trainings at the signing of the statutory texts.

Conclusion of a general cooperation protocol with Selor

This agreement was essential on the one hand because Selor itself adapted its working method to the modern public service management and on the other hand because BIPT, driven by its new statutes and specific tasks, insisted on a better defined cooperation format that would attract people who are specifically looking for a position within the postal and telecommunications sector. This protocol was signed in the autumn of 2006.


Another protocol was also concluded, stating that Selor will conduct English language tests for the Institute's staff.

Staff extension

With the Royal Decree of 9 January 2007 the staff extension was adopted. This means 20 additional units for the Institute itself (4 engineers, 7 advisors, 4 section managers, 5 technicians and correspondents). Human Resources will now carry through these recruitments and promotions.

Creation of the Office of the Ombudsman for the Postal Sector

As the powers of the Office of the Ombudsman at La Poste needed to be broadened to encompass all relations between users and all companies active on the Belgian postal market, said office was converted by the Act of 21 December 2006 into the Office of the Ombudsman for the Postal Sector.



Similarly to the Office of the Telecommunications Ombudsman, the Institute is required to put staff at its disposal. Consequently the above-mentioned Act states that staff employed with the Office of the Ombudsman may voluntarily transfer to the Institute as of 1 January 2007. To this effect 12 positions were added to the Institute's staff register. As soon as the royal decree laying down the rules for the transfer is published, staff members who wish to transfer will be appointed with effect as of 1 January 2007.

Working hours regulation

In 2007 the working hours regulation, as included in a memo of 8 July 1994, was updated. The unions' demands were satisfied through a few small adjustments. The main reason for the update, however, was that the Act of 14 December 2000 regulating certain aspects of the organisation of working hours in the public sector, required clarification, especially regarding the overtime rules.

Homeworking

The homeworking system that was introduced mid-2004 in restricted form and by way of experiment, was confirmed and enlarged in 2006 to the point that it was no longer limited to temporary projects.

Training

Last year the Training Department continued to support the adaptation and development policy of the staff.

The courses organised by the Training Institute of the Federal Administration (IFA/OFO) and especially the language courses remain very appreciated by staff members.

Moreover the constant evolution of the fields in which BIPT is active entails the upgrading of staff members in subjects such as IT, telecommunications, law, ... These training needs are covered by the registration of staff members to courses organised by companies specialised in training.

BIPT also has to comply with the legal obligations of the General Regulations on Industrial Safety and therefore enrolled its staff members who have committed themselves as first-aiders, evacuation and fire-fighting personnel in courses to update their skills or to be trained in a private and specialised company.

4.2 EQUIPMENT

ICT at BIPT

In 2006 the Belgian Institute for Postal Services and Telecommunications pursued its annual investment in IT, such as the partial renewal of its IT equipment (computers, servers, laptop computers, printers), of its software licences and its maintenance contracts. On the other hand many cross-department projects were continued with a view to making the Institute more effective and accessible and bringing it closer to the public.

New website

In 2005 the Institute launched a sizeable project for a comprehensive overhaul of its website. The courses of action taken are not only aimed at improving its performance but also at making it more user-friendly. Interaction with the public, the sector companies and other government departments will be created through online databanks, electronic application forms, the possibility to manage files, e.g. radio communications licences, an online map featuring antenna locations, etc. In 2006 extensive work required an important effort to be made in terms of interoperability of IT systems, databases, strong security, gathering of information useful for the public and the structuring of it.

Content management and electronic document management

BIPT published in 2006 a European tender within the framework of its large internal project of content management.

IT security

As IT security is one of the tasks entrusted to BIPT, the Institute continued to invest in its own security and in an audit by an external specialised consulting agency.

4.3 FINANCES

The 2006 budget was in line with previous financial years. Revenue developed proportionately to the consumer price index. The Belgian Institute for Postal Services and Telecommunications' revenues comprise fees for frequency licences, numbering plans, licences and declaration of telecommunications networks and services, as well as declarations of operation regarding other services, including in the postal sector.

As it has done every year since its creation, BIPT posted a balance surplus. In 2006, a sum of € 3 million was thus transferred to the Treasury. The Institute's budget and annual accounts are drawn up by the BIPT Council and approved by the Budget and Finance Ministers.

Office of the Telecommunications Ombudsman - Achievements 2006

Revenues	euros	Expenses	euros
Reimbursement	161,325	Staff	1,245,436
Services performed for third parties (sector's participation)	1,798,320	Operation	459,076
		Investment expenses	17,868
		Coordination organisations	0
Total	1,959,645	Total	1,722,380

Achievements BIPT - 2006

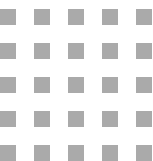
Revenues	euros	Expenses	euros
Reimbursement	388,843	Staff	14,638,211
Licence and monitoring fees for private radio communications	19,112,315	Operation	5,819,464
Public licence fees	18,925,124	Investment expenses	689,861
Post	57,375		
		Coordination organisations	1,791,190
		Treasury	3,000,000
Depreciations	-5,209		
		CF/RT	5,376,612
Miscellaneous	27,666		
Total	38,506,114	Total	31,315,338



At the start of 2006 the BIPT Accounting Department switched to a new accounting programme. The switch to this new and more advanced system resulted in a more efficient collection of revenues and a better follow-up of customers and providers. Furthermore payments were processed faster, which guaranteed a better service provision.

In total 74,705 accounting operations were carried out in 2006. These represent all operations entered into the journal entries of the BIPT accounts. Overall 37,031 invoices were sent to licence holders. The number of financial transactions that were processed, including payments made and revenues received, amounted to 34,201.

The Financial Department also made great 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 if necessary by a notice of default. Ultimately only a few files needed to be submitted to a lawyer for judicial collection.



Practical information

5.1 GLOSSARY

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

2G, 2.5G

Second-generation mobile telephony (GSM, GPRS).

3G

Third-generation mobile telephony, allowing fast Internet access (see UMTS).

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. (All-round Semi-cellular Trunking Radio communication system with Integrated Dispatchings)

Public company providing a uniform and harmonised system of radio communications for all rescue and security services.

ATM (Asynchronous Transfer Mode)

Technique which makes optimum use of capacity possible in backbone lines, which are the network's motorways, and thus ultra fast data transmission.

Backbone (backbone network)

Serving as the spines of the telecommunications system, backbones are high-speed international networks to which lower-capacity networks are connected.

Backhaul

The backhaul is the capacity of transmission linking an operator's backbone network to a concentration point for end-users or an interconnection point.

Bandwidth

Indicates the transmission capacity of a transmission link and determines the amount of information (in bits per second) that can be transmitted simultaneously.

Bit rate

Volume of data carried over a given time on a given network.

Bitstream

Digital transmission.

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 economic stakes of this technology are high as the broadband penetration rate in Belgian households stands at only 37.3%, while the coverage rate for DSL amounts to 100% of the population and 64% 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.

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.

Carrier preselection

Facility enabling the customer to choose the operator who will route his phone calls, without having to dial a selection code before each call.

Carrier selection

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

CCPC (Civil Communications Planning Committee)

NATO research committee on civil telecommunications.

CEN (Comité Européen de Normalisation)

European Committee for Standardization.

CEPT (Conférence Européenne des Postes et Télécommunications)

Body in which 45 members are assembled, the basic aim of which is to strengthen the relations between its members, promote their cooperation, and contribute to the creation of a dynamic market in the field of European posts and electronic communications.

CERP (Comité européen de régulation postale)

European Committee for Postal Regulation.

Comixtelec

Joint commission on telecommunications created by the Royal Decree of 10 December 1957. Its main objective is to optimise the use of all means of telecommunications 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 audio-visual services 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).

CPS (Carrier Pre Selection)

Procedure for automatically selecting operators.

DECT (Digital Enhanced Cordless Telecommunications)

European standard for wireless transmission in mobile or fixed telephony.

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 Standards Institute)

Body created by CEPT in charge of standardising telecommunications.

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.

GPRS (General Packet Radio Services)

System for packet-switched data transmission with which higher speeds on GSM networks can be reached.

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.

Hotspots

Public locations offering wireless Internet access.

Interconnection

Interconnection links two networks together in order to enable customers of one operator to call all customers of other operators and to have access to services offered by various 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.

ISP

Internet Service Provider.

ITU (International Telecommunication 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.

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).

Non-public network

Network reserved for its operator's own use or for a closed group of users.

Number portability

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

PAMR (Public Access Mobile Radio)

Mobile devices for public radio communications.

PMR (Private Mobile Radio)

Mobile devices for private radio communications.

PSTN

Public Switched Telephone Network.

Public network

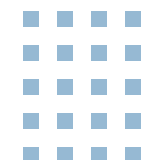
Publicly available network.

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, images, 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 private customers or companies.

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.

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.

SMS (Short Message Service)

Messages of a maximum length of 160 characters that are sent over the GSM network.

SRC

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

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)

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)

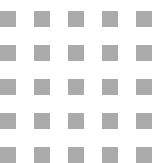
A whole of virtual links that upon request use the resources of a public network and ensure a dynamic arrangement of that same network in order to imitate direct private links between the sites connected. Consequently, such a service offers the same functions and security level as a network running on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

Wi-Fi (Wireless Fidelity)

Protocol for connecting computers by radio waves. (see Hotspots).

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 also known as GATT, which evolved over the years through different rounds of negotiation. The last and most important round, the Uruguay Round, which ran 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 carries its own specific usage and characteristics.

5.2 USEFUL ADDRESSES

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Private Office of Ms Freya Van den Bossche, Deputy Prime Minister and Minister for the Budget and Consumer Protection

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Office of the Telecommunications Ombudsman

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klachten@ombudsmantelecom.be
http://www.ombudsmantelecom.be

Office of the Ombudsman for the Postal sector

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ANNEX: REFERENCES TO REGULATORY TEXTS PREPARED BY BIPT AND PUBLISHED IN 2006

Promulgation date	Publication date in the Moniteur belge	Title
23/01/2006	10/02/2006	Royal Decree regarding the composition of the Ethics Commission for the provision of pay services on electronic communications networks
24/01/2006	1/03/2006	Ministerial Order on the implementation details regarding the exchange of information as laid down in the Act of 13 June 2005 on electronic communications
26/01/2006	1/03/2006	Royal Decree on the implementation details for the public consultations governed by Article 140 of the Act of 13 June 2005 on electronic communications
26/01/2006	1/03/2006	Royal Decree on the implementation details for the public consultations governed by Article 141 of the Act of 13 June 2005 on electronic communications
5/05/2006	19/06/2006	Royal Decree regarding a reconciliation procedure for BIPT
20/07/2006	8/08/2006	Royal Decree laying down the operating conditions of the social element of the universal service regarding electronic communications
30/08/2006	26/10/2006	Ministerial Order laying down the implementation details to put on the BIPT website current information enabling consumers to determine the most advantageous offer for them in view of their usage plan
27/10/2006	13/11/2006	Royal Decree regarding additional basic requirements applying to certain radio and terminal equipment
31/10/2006	13/11/2006	Ministerial Order regarding the appointment of the members of the Ethics Commission





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