

Consumers in Europe

Facts and figures on services of general interest



2007 edition

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Foreword

Among the main challenges facing the European Union, boosting growth and employment and re-connecting with citizens are at the top of the agenda. Consumer policy is ideally placed to advance both these objectives, since its role is to directly enhance the everyday lives of European citizens. From improving price labels in the local supermarket, to strengthening the rights of holidaymakers, EU consumer policy has a direct, grass-root impact.

European consumer policy received a boost in January 2007, when the EU recognised its vital importance as a bridge between citizens, the economy and government and appointed the first ever European Commissioner exclusively responsible for Consumer affairs. Since then, an ambitious work programme has been launched that strives both to strengthen consumers' rights and options, and to empower them to make the right decisions and be frontline actors of economic life.

To make this a reality, it is vital that not only policy-makers, but also businesses and consumers themselves, have access to reliable data, in order to make sound decisions. Consumers, in particular, can be bombarded with a barrage of information about their rights, obligations and purchasing choices, and it can be difficult to see the bigger picture or to separate the wheat from the chaff. Consumption is where citizens meet the market - hence it is important that we can evaluate our lives as consumers and compare our situation with that of our neighbours. Statistics are vital decision making tools. We cannot properly assess our options or decide how to act without access to information that is as objective as possible. The facts and figures provided by this publication can serve as a guide to European citizens as they negotiate the market and make complex consumer choices.

This third edition of Consumers in Europe - Facts and Figures focuses on "the network industries providing services of general interest". These are utilities such as water, transport, electricity, telecommunications and postal services which play a fundamental role in the economic and social lives of citizens and have a special place in European societies.

As little as 20 years ago, the majority of these services were organised through State-controlled monopolies. Now that network infrastructure (rail tracks, telephone cables and pipelines etc) can be separated from services to clients, competitive market conditions are becoming a reality. Consumers therefore, have more choice. The liberalisation of such vital services has been accompanied by rules which ensure that consumers' interests are fully reflected. In particular, Community legislation defined the notion of public service obligation or Universal Service Obligation, to ensure that the permanent provision of a range of services easily accessible to users is guaranteed, allowing consumers to reap the full benefits of a competitive market.

Moreover, 2007 is an important milestone in building an efficient and sustainable EU energy policy. Most Member States should have finalised the opening-up of the energy consumer market to competition, which will result in consumers having a choice among a range of suppliers.

To mark this momentous year, this document provides key data for appraising market liberalisation in Europe and its consequences for consumers. It allows the reader to compare and contrast the situation between one service and another, and between one EU country and another.

We have a special responsibility to make clear and transparent data available to everyone, and sincerely hope that this third edition of Consumers in Europe will contribute to the goal of empowering Europe's consumers.



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1. Consumers and Network Industries providing Services of General Economic Interest



1. Consumers and network industries providing services of general economic interest

This report focuses on the services of general economic interest that are provided by the four big network industries, i.e. transport, energy, telecommunication and postal services. It also includes data on other services such as water and banking.

At the heart of every policy on services of general interest lies the wellbeing of citizens. Services of general interest make an important contribution to the overall competitiveness of European industry and to economic, social and territorial cohesion. As users of these services, European citizens have come to expect high quality services at affordable prices. It is thus users and their requirements that are the main focus of public action in this domain. The EU protects the objectives of general interest and the mission of serving the public.

Services of general economic interest can be defined as collective or social goods in the sense that they are different from ordinary services and public authorities may consider that they need to be provided even where the market may not have sufficient incentives to do so. This is not to deny that in many cases the market will be the best mechanism for providing such services. However, even though many basic requirements, such as food, clothing

and shelter, are provided exclusively or overwhelmingly by the market, if the public authorities consider that certain services are in the general interest and market forces may not result in a satisfactory provision, they can lay down a number of specific obligations for the provider. The fulfilment of these obligations may trigger, albeit not necessarily, the granting of special or exclusive rights, or the provision for specific funding mechanisms. The classic case is the universal service obligation, i.e., the obligation to provide a certain service throughout the territory at affordable tariffs and on similar quality conditions, irrespective of the profitability of individual operations.

These services are primarily supplied to households. The above mentioned service obligation plays an important role in sparsely populated and rural areas. Noticeable differences can be observed between the Member States (Table 1.1): for instance whereas in Greece, Malta and the Netherlands, over 60% of all households are located in densely populated areas, we find 24% in the Czech Republic, 20% in Slovenia and only 2% in France falling in this category. Half, or more than half of all Baltic States' households, are located in sparsely populated areas. Values between 40% and 50% are also registered in France, Hungary and Slovenia.

Table 1.1 Number of households by degree of urbanisation of residence, 2005 (thousands)

	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV	LT	LU
Total	4 384	4 123	:	38 512	521	4 150	15 327	25 729	:	23 268	250	818	1 188	181
Densely-populated area (1)	57%	24%	:	52%	49%	67%	52%	2%	:	45%	60%	47%	40%	40%
Intermediate urbanized area (2)	39%	48%	:	31%	2%	12%	22%	49%	:	39%	14%	1%	-	39%
Sparsely populated area (3)	5%	28%	:	17%	50%	21%	27%	46%	:	15%	27%	52%	60%	21%
No answer	-	-	:	-	-	-	-	2%	:	-	-	-	-	-

	HU	MT	NL	AT	PL	PT	SI	SK	FI	SE	UK	BG	HR	RO
Total	3 816	125	7 008	3 475	:	3 785	747	1 672	:	:	25 742	2 875	1 566	7 360
Densely-populated area (1)	35%	85%	67%	40%	:	45%	20%	:	:	:	61%	:	56%	:
Intermediate urbanized area (2)	23%	9%	30%	24%	:	31%	32%	:	:	:	15%	:	44%	:
Sparsely populated area (3)	42%	6%	3%	36%	:	25%	48%	:	:	:	14%	:	0%	:
No answer	-	-	-	-	:	-	-	100%	:	:	10%	100%	-	100%

Source: Eurostat, Labour Force Survey

(1) At least 500 inhabitants/Km².

(2) Between 100 and 499 inhabitants/Km².

(3) Less than 100 inhabitants/Km².

1. Consumers and network industries providing services of general economic interest

At this point a more detailed look at the characteristics of the households is useful, these services can be either supplied to the benefit of all household members (electricity, gas, fixed telephony) or to individuals (mobile telephony in many cases).

Household size: a span between an average 2.1 and 3.1 persons

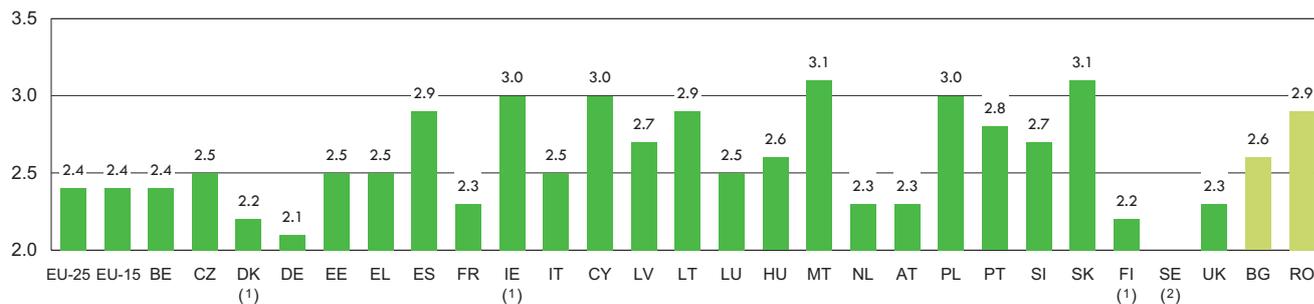
At EU level, the private household size amounted to an average 2.4 persons (Figure 1.2). The smallest household size was registered in Germany (2.1), Denmark (2.2) and Finland (2.2). Households were clearly larger in Ireland, Cyprus and Poland (3.0 persons in all three countries) but especially in Malta and Slovakia (both countries 3.1 persons).

The majority of the households are composed of two adults with dependent children, in fact 35% of all households at EU-level fell in this category in 2005 (see Table 1.3).

Particularly high shares are noted in Luxembourg (44%) and France (42%) whereas low values are noted in Latvia (27%) but also in Bulgaria and Croatia (29%).

The second most frequent type of household, representing a quarter of all households at EU level, is composed of two adults without dependent children. Here, Finland (31%) and Germany (30%) top the list. Conversely, Slovakia and Malta only registered a share of 14% and 15% respectively. Households with single adults represent 17% of all households in Germany and Finland, against only 12% at EU level. With a share of 8%, i.e., double the EU average, the United Kingdom stands out in the category 'single parent with dependent children'. Finally, households with three or more adults with dependent children, often the typical three-generation households, are quite widespread in Latvia, Lithuania, Slovakia and Romania, where they represent between 25% and 30% of all households, against only 11% at the level of the EU.

Figure 1.2 Average number of persons per private household, 2005



Source: Eurostat, Labour Force Survey

(1) 2003.

(2) Not available.

1. Consumers and network industries providing services of general economic interest

Table 1.3 Composition of households, 2005
Percentage of persons living in private households by household type

	Single adult living alone	Two adults without dependent children	Three or more adults without dependent children	Single parent with dependent children	Two adults with dependent children	Three or more adults with dependent children
EU-25 (1)	12	25	14	4	35	11
BE	12	25	14	4	35	11
CZ	10	23	14	5	38	10
DK	15	31	6	5	36	7
DE	17	30	10	5	31	7
EE (1)	10	23	12	6	36	14
EL	10	23	20	2	35	10
ES	6	19	23	2	34	17
FR	13	26	7	5	42	7
IE	:	:	:	:	:	:
IT	11	20	19	2	36	12
CY	5	20	16	2	40	18
LV	8	19	17	5	27	25
LT	9	14	12	4	32	30
LU	12	21	9	3	44	9
HU	10	21	15	4	35	16
MT	4	15	21	2	37	20
NL	14	28	11	4	34	9
AT	15	23	14	4	31	14
PL	:	:	:	:	:	:
PT	6	19	20	2	36	17
SI	9	18	22	2	33	16
SK	5	14	17	2	33	27
FI	17	31	10	2	31	9
SE	:	:	:	:	:	:
UK (1)	13	27	11	8	31	8
BG	9	21	17	3	29	20
HR (1)	9	20	20	2	29	20
RO	7	16	15	2	35	25
TR	:	:	:	:	:	:

(1) 2004.

Source: Eurostat, Labour Force Survey (spring data)

1. Consumers and network industries providing services of general economic interest

Table 1.4 Housing, water, electricity, gas and other fuels
Consumption expenditure of private households at current prices (% of total household consumption expenditure)

	1995	2000	2001	2002	2003	2004	2005
EU-25	20.8	20.5	20.7	20.8	21.2	21.3	21.7
EU-15	20.8	20.5	20.7	20.8	21.2	21.3	21.7
BE	22.7	22.6	22.9	22.9	23.0	22.9	23.0
CZ	20.7	20.7	20.6	21.7	21.8	21.8	22.1
DK	26.7	27.6	28.2	27.3	27.8	27.3	:
DE	22.5	23.2	23.4	23.5	23.9	23.9	24.3
EE	20.8	21.7	21.6	21.0	20.5	19.8	19.2
EL	17.6	15.9	15.7	15.6	15.6	15.4	:
ES	14.4	15.3	15.4	15.8	16.1	16.0	:
FR	22.9	23.0	23.0	23.1	23.5	23.8	24.5
IE	15.6	18.2	19.2	20.0	20.7	20.6	20.5
IT	18.3	18.5	18.7	19.1	19.5	20.2	20.7
CY	11.6	12.6	12.3	12.6	12.6	12.0	12.7
LV	20.5	21.4	22.3	21.5	21.4	21.4	:
LT	21.2	17.0	15.8	16.1	15.0	14.4	13.8
LU	21.8	20.2	21.3	21.5	21.6	21.0	21.1
HU	19.1	18.4	18.0	18.0	18.3	18.4	18.4
MT	9.0	8.3	8.2	8.6	8.6	8.5	8.5
NL	21.4	20.4	20.7	20.6	21.2	21.6	22.2
AT	18.5	19.0	19.3	19.2	19.4	19.5	20.7
PL	20.7	21.9	23.5	24.3	24.4	24.1	26.4
PT	13.5	12.8	13.0	13.3	13.9	:	:
SI	18.8	20.0	20.1	19.8	19.3	19.5	19.6
SK	17.6	22.4	21.9	22.2	24.4	26.0	25.8
FI	24.7	24.7	24.8	25.2	25.4	25.4	25.3
SE	31.2	28.1	28.2	28.3	28.8	28.6	28.3
UK	18.9	18.2	18.6	18.5	18.8	19.2	19.7
BG	:	23.6	:	:	:	:	:
RO	:	22.4	21.9	23.7	22.7	:	:

Source: Eurostat (Economy and Finance/Prices)

Housing and Utilities' costs a fast increasing burden in Ireland, Poland and Slovakia

On average, more than one fifth (21.7%) of the total household consumption expenditure in 2005 was spent on housing and utility bills (see Table 1.4). Compared to 1995, this share has experienced only a moderate increase. More interesting are the differences between the various Member States. Indeed, the proportion ranged between 8.5% and 28.3% in 2005. Malta, Cyprus and Lithuania were at the lower end of the scale with 8.5%, 12.7% and 13.8% respectively whereas households in Poland spent 26.4% and those in Sweden 28.3% of their total household expenditure.

Looking at the development over time, housing, electricity, gas and other fuels became less of a burden in Estonia, Greece and Lithuania whereas its weight in a household's budget noticeably increased in Ireland, Poland and Slovakia.

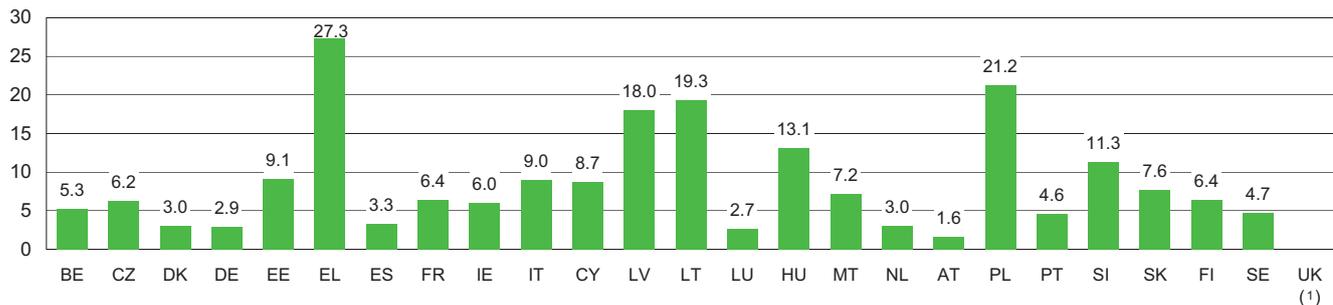
In times of raising energy prices, utility bills can make up a substantial part of this expenditure, especially in Nordic

countries with climatic conditions that drive up heating bills but also in Southern countries with high electricity consumption for the operation of air conditioning equipment. It can reasonably be stated that increasing energy prices are largely responsible for the higher share in consumption expenditure in 2005 compared to a year earlier. It is hoped that the situation will not deteriorate further, such that households have difficulties in paying utility bills.

More than a fifth of Greek and Polish households in arrears of utility bills

The EU Survey on Income and Living Conditions (SILC), carried out in 2005 has also addressed this point. Figure 1.5 displays the percentage of households in 2005 that have been in arrears on utility bills in the last 12 months. It appears that more than a quarter (27.3%) of Greek households were in such a situation; a high proportion compared to Poland, Lithuania and Latvia, the countries which follow, with proportions between 21% and 18%. Conversely, the lowest proportions were registered in Denmark, Germany, Luxembourg and the Netherlands (all countries around 3%) and particularly Austria (under 2%).

Figure 1.5 Percentage of households in arrears on utility bills (electricity, water, gas) in last 12 months, 2005

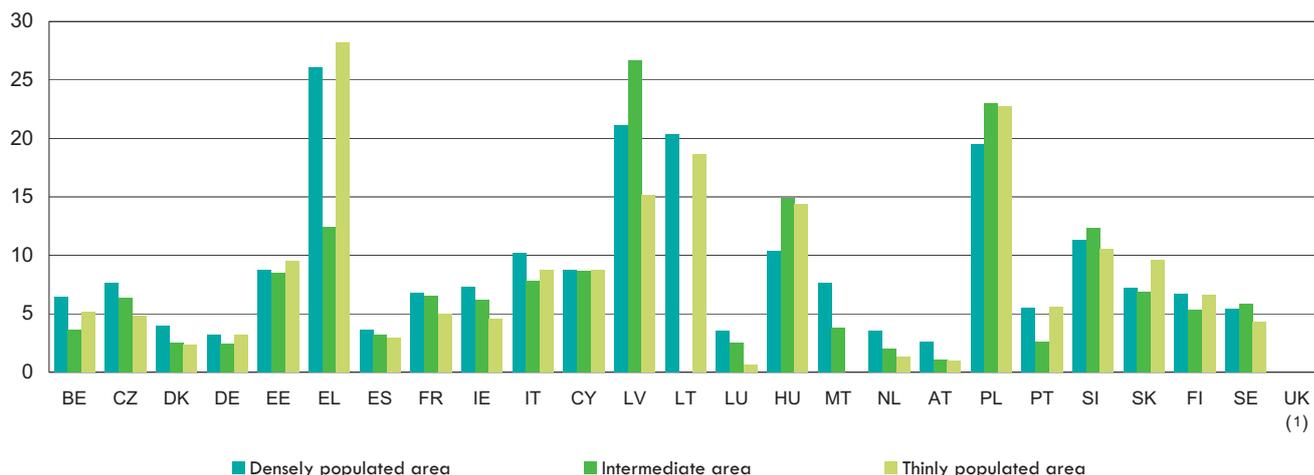


(1) Not available.

Source: EU Survey on Income and Living Conditions (EU-SILC), 2005

1. Consumers and network industries providing services of general economic interest

Figure 1.6 Percentage of households in arrears on utility bills (electricity, water, gas) in last 12 months by degree of urbanisation, 2005



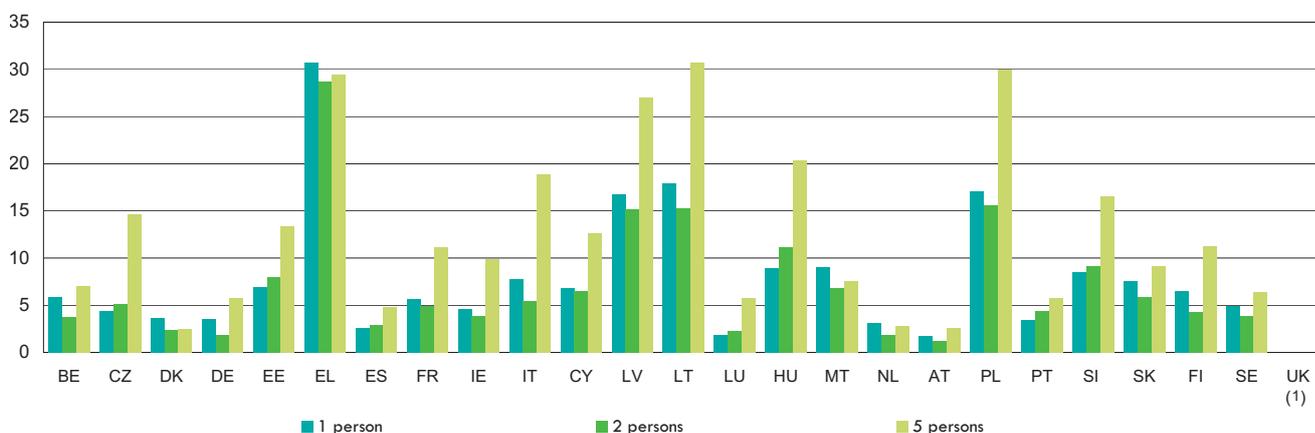
(1) Not available.

Source: EU Survey on Income and Living Conditions (EU-SILC), 2005

Figure 1.6 offers an insight on the type of location of these households. There is no such thing as a clear pattern although households in arrears on utility bills appear to be located primarily in densely populated areas (see also Table 1.1). There are nevertheless some noticeable differences. In Estonia, Greece and Slovakia, households located in thinly populated areas are primarily concerned, whereas this is the case for households in intermediate areas in Latvia, Hungary and Poland.

One would expect a correlation between the proportion of households in arrears on utility bills and their size. This is generally confirmed in Figure 1.7, which shows that the proportion of households with 5 persons in such a situation is the highest in most countries for which data are available. Surprisingly, the Greek proportions are nearly identical, irrespective of the three categories shown, indicating that the location is the predominant factor here.

Figure 1.7 Percentage of households in arrears on utility bills (electricity, water, gas) in last 12 months by household size, 2005



(1) Not available.

Source: EU Survey on Income and Living Conditions (EU-SILC), 2005

1. Consumers and network industries providing services of general economic interest

The following chapters offer a more in-depth view of services of general interest and how their access, price and quality are perceived. At this stage, it seems appropriate to show a selection of summary tables allowing a comparison of the individual services at EU-25 level. Information is taken from a recent Eurobarometer Survey (2006) where citizens in the individual Member States were questioned on their opinions on services of general interest.

Electricity and water supply are the services to which most of the EU-25 citizens had easy access (93% of those polled). At the other end of the scale, access to broadband Internet was easy for only 60%, often explained by the lack of infrastructures in rural areas (Table 1.8). Internet access (be it through dial-up or broadband) also scored the highest proportions in the 'do not know' category, as not all the persons polled are actually aware of the available offers.

Hard facts and subjective perceptions

Amongst the consumers polled, 15% stated that they had no access to gas supply networks. Here also, the lack of infrastructure, especially in rural areas is presumably the reason. Furthermore, it should be kept in mind that in countries such as Sweden and Finland, the gas supply to households is very limited (only in certain larger urban areas), while in Cyprus and Malta there is no system of gas supply through pipelines.

Access to the rail network was perceived as easy by slightly less than three-quarters of the EU population. The availability of a rail network is generally highest in densely populated areas but the subjective component also plays its part. Indeed, citizens in the higher age groups perceive access to transport networks generally as less easy than the young.

Table 1.8 In general, would you say that access to ... is easy or difficult for you?
By that, I do not mean "affordability" - EU-25, 2006

	Easy access	Difficult access	No access (1)	Do not know
Mobile telephone networks	85%	7%	5%	3%
Fixed telephone networks	91%	5%	3%	1%
Dial-up Internet (2)	63%	10%	18%	9%
Broadband Internet (3)	60%	11%	19%	10%
Electricity supply networks	93%	4%	1%	1%
Gas supply networks (4)	72%	9%	15%	4%
Water supply networks	93%	4%	1%	1%
Postal services for sending letters or parcels, etc.	91%	7%	1%	1%
Postal services for receiving letters or parcels, etc.	93%	6%	1%	1%
Local transport networks (bus, tram, underground, etc.)	80%	13%	4%	2%
The rail network	73%	16%	8%	3%
The banking system through a current account	88%	7%	2%	2%

Source: Eurobarometer 65.3 (Consumers' opinions of services of general interest), European Commission, 2006

(1) Spontaneous.

(2) Internet through a dial-up/slow/56kb and below/using the phone connection, etc.

(3) Internet through a high-speed/fast/permanent/128kb and above connection - ADSL, cable, LAN-line, wireless, etc.

(4) Gas supply through pipelines.

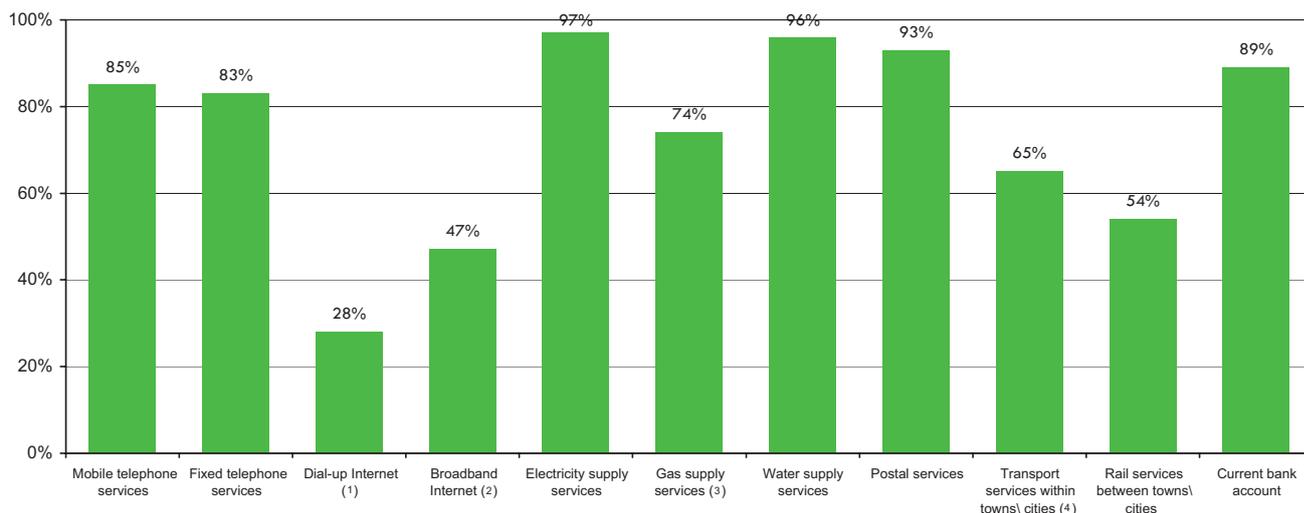
46% of the population does not use rail services between towns or cities

Having access to services (be it easy or difficult) doesn't necessarily mean that these are actually used. Nearly all persons surveyed used electricity and water supply

services (97% and 96% respectively) and more than 93% used postal services. A current bank account is maintained by 89% of the EU citizens. Transport and Internet access services are less used.

1. Consumers and network industries providing services of general economic interest

Figure 1.9 If access (easy or difficult): could you tell me which of the following services do you use? - EU-25, 2006



Source: Eurobarometer 65.3 (Consumers' opinions of services of general interest), European Commission, 2006

- (1) Internet through a dial-up/slow/56kb and below/using the phone connection, etc.
- (2) Internet through a high-speed/fast/permanent/128kb and above connection - ADSL, cable, LAN-line, wireless, etc.
- (3) Gas supply through pipelines.
- (4) Bus, tram, underground, etc.

Table 1.10 describes the answer regarding affordability among those that didn't use these particular services. Here, the relatively high percentage of 'do not know' answers suggests that the non use is due for other reasons. This would be acceptable if it was due for lack of interest or need in the particular service, however it would be worrying if it is due to reasons of, say accessibility. It is important that services of general interest are available to all European citizens. Among those who were aware of the price levels of the various services, the highest proportions

of respondents who answered that the prices were 'not affordable' were found for electricity services (27%) and fixed telephone services (26%). Moreover, the percentage of respondents who stated that the price for these services was excessive, was 12% and 15% respectively.

65% of the respondents that did not use the service thought the price of postal services to be affordable, ahead of transport services between towns/cities (54%) and water supply services (51%).

Table 1.10 If you have access but do not use the service: in general, would you say that the price of ... is affordable or not? - EU-25, 2006
By that, I mean that I would like to know if you are able to afford the services you need.

	Affordable	Not affordable	Excessive (1)	Do not know
Mobile telephone services	37%	24%	11%	29%
Fixed telephone services	43%	26%	15%	17%
Dial-up\ Broadband Internet	38%	21%	8%	34%
Electricity supply services	50%	27%	12%	10%
Gas supply services (2)	40%	17%	10%	33%
Water supply services	51%	22%	9%	18%
Postal services	65%	15%	8%	12%
Transport services within towns/cities	54%	13%	8%	24%
Rail services between towns/cities	49%	15%	10%	26%
Current bank account	43%	18%	10%	29%

Source: Eurobarometer 65.3 (Consumers' opinions of services of general interest), European Commission, 2006

- (1) Spontaneous.
- (2) Gas supply through pipelines.

1. Consumers and network industries providing services of general economic interest

Table 1.11 If you use the service: in general, would you say that the price of ... is affordable or not? - EU-25, 2006
By that, I mean that I would like to know if you are able to afford the services you need.

	Affordable	Not affordable	Excessive (1)	Do not know
Mobile telephone services	76%	13%	10%	1%
Fixed telephone services	76%	13%	10%	1%
Dial-up\ Broadband Internet	80%	9%	6%	4%
Electricity supply services	66%	16%	15%	2%
Gas supply services (2)	65%	16%	17%	2%
Water supply services	75%	12%	11%	2%
Postal services	87%	6%	6%	1%
Transport services within towns/cities	78%	10%	10%	2%
Rail services between towns/cities	74%	13%	10%	3%
Current bank account	82%	8%	8%	1%

Source: Eurobarometer 65.3 (Consumers' opinions of services of general interest), European Commission, 2006

(1) Spontaneous.

(2) Gas supply through pipelines.

Turning back to those who effectively used the respective service (Table 1.11), EU-25 citizens are well aware of the price levels as the 'do not know' percentages are very small (except for dial-up/broadband Internet access, where 4% were not aware of the price they were paying for this service).

Possibly linked to the fact that considerable energy price increases (essentially in 2005) were still fresh in the minds of the respondents, electricity and gas supply services were considered to be affordable by only 66% and 65% of the EU-25 respondents respectively, the lowest score among the various services considered. Between 31% and 33% even considered the price to be either not affordable or even excessive. Conversely, 87% of all citizens polled considered postal services to be affordable, the highest share before the price to maintain a current bank account (82%) and that of dial-up/broadband Internet access (80%).

Most complaints in communication services

The recent Eurobarometer survey on consumers' opinions of services of general interest also investigated whether complaints on aspects linked to services of general interest were made. Here, it appears that the communication domain generates the most complaints: 13% of all EU-25 respondents mentioned that they filed a complaint linked to services linked to dial-up/broadband Internet services. The percentage for mobile and fixed telephone services was only slightly lower, with 12% and 11% respectively. For all other services, the share of citizens that made a complaint was of 6% or less. Water supply services generated the least complaints with 3%.

Table 1.12 Percentage of the EU-25 population having personally made a complaint in the last two years about any aspect of services of general interest, 2006

Mobile telephone services	12%
Fixed telephone services	11%
Dial-up\ Broadband Internet	13%
Electricity supply services	6%
Gas supply services (1)	5%
Water supply services	3%
Postal services	5%
Transport services within towns/cities	4%
Rail services between towns\ cities	5%
Current bank account	6%

Source: Eurobarometer 65.3 (Consumers' opinions of services of general interest), European Commission, 2006

(1) Gas supply through pipelines.

Price level often highest in Denmark

Table 1.13 should be considered as general background information for the entire publication. It gives an overview of the price levels of the various consumption categories in 2005 compared to the average price level at EU-25 level. Categories of special interest in the framework of this publication carry a grey background.

As an example, the price level for 'Housing, water, electricity, gas and other fuels' stands in Denmark stood 51% over the EU-25 average whereas it only amounted to 35 index points in Lithuania, i.e. 65% under the EU-25

average. Price levels in Spain and Austria corresponded to the EU-25 average. In the category transport, which includes personal transport equipment, the price level of Denmark stood 50% over, that of Latvia 37% under the EU-25 average.

In most categories, Denmark displays the highest price levels, but not in communications: here, it is Ireland that recorded a level 16% over the EU-25 average whereas Cyprus scored low with 46 index points, i.e. 54% under the EU-25 average. Nevertheless, price differences in 'Communications' appeared less strong than in 'Transport' and especially 'Housing, water, electricity, gas and other fuels'.

Table 1.13 Price level indices, 2005 (EU-25=100) ⁽¹⁾

	EU-15	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV	LT	LU
Household final consumption expenditure	104	105	58	138	103	64	87	92	109	123	105	90	56	54	105
Actual individual consumption	105	104	53	141	105	56	83	90	107	122	106	89	49	47	114
Food and non-alcoholic beverages	105	106	65	136	103	70	90	87	110	123	114	107	66	60	117
Clothing and footwear	101	108	101	111	104	95	104	103	95	94	114	102	80	87	111
Housing, water, electricity, gas and other fuels	108	116	44	151	116	54	83	101	125	142	106	69	42	35	126
Household furnishings, equipment and maintenance	102	104	76	123	96	70	94	99	105	111	105	95	64	64	105
Health	106	101	41	152	103	44	80	87	101	124	126	96	37	37	120
Transport	102	99	69	150	100	68	78	89	97	108	95	93	63	64	90
Communication	101	111	105	83	106	82	109	101	110	116	102	46	101	61	83
Recreation and culture	103	101	53	133	104	60	90	94	105	112	103	93	52	52	110
Education	113	112	39	145	139	29	69	82	104	125	111	84	24	23	179
Restaurants and hotels	102	106	48	151	94	62	90	91	110	127	100	102	58	55	97
Miscellaneous goods and services	104	101	49	143	101	52	79	83	106	119	103	87	43	45	106

	HU	MT	NL	AT	PL	PT	SI	SK	FI	SE	UK	BG	HR	RO	TR
Household final consumption expenditure	62	73	105	102	60	86	75	56	122	117	104	43	67	53	67
Actual individual consumption	57	70	104	103	54	87	73	50	122	119	106	36	62	47	62
Food and non-alcoholic beverages	68	84	98	110	63	93	86	63	121	117	105	58	84	61	77
Clothing and footwear	91	90	87	108	77	93	94	88	114	110	89	58	96	64	84
Housing, water, electricity, gas and other fuels	43	39	125	97	44	79	66	41	131	119	86	29	40	46	43
Household furnishings, equipment and maintenance	69	99	94	99	70	88	82	68	111	115	108	53	82	56	68
Health	48	66	103	104	42	88	69	38	132	129	113	26	54	32	59
Transport	82	88	115	106	76	91	78	70	119	119	115	53	82	62	92
Communication	92	95	99	98	97	103	72	100	80	77	91	91	77	82	102
Recreation and culture	62	76	99	101	63	90	81	53	120	118	104	41	70	50	70
Education	39	58	105	116	34	105	72	25	118	120	127	13	42	23	34
Restaurants and hotels	61	68	101	98	65	76	66	49	125	121	117	32	76	46	73
Miscellaneous goods and services	54	67	101	107	51	89	73	49	124	124	109	34	59	41	58

Source: Eurostat (Comparative price level indices)

⁽¹⁾ Bold indicates the country with the lowest price level, purple indicates the country with the highest price level.

1. Consumers and network industries providing services of general economic interest

Linked to the price levels in the individual countries are the VAT rates applied. The various rates relating to services of general interest are detailed in Table 1.14. Whereas certain Member States largely apply the standard VAT rates to products and services in the scope of services of general

interest, others, charge specific rates. The range of rates applied in the various countries can be quite large. Furthermore, and this is not reflected in the information given in Table 1.14, certain products are subject to other excise taxes or duties, especially energy products.

Table 1.14 VAT rates generally applied in the Member States of the European Community as of 1 February 2006 (%) ⁽¹⁾

	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV	LT
Standard rate	21	19	25	16	18	19	16	19.6	21	20	15	18	18
Water (2)	6	5	25	7	18	9	7	5.5	[ex]	10	5	5	18
Natural gas (3) (4)	21	19	25	16	18	9	16	19.6/5.5	13.5	10	5	18	18
Electricity (3)	21	19	25	16	18	9	16	19.6/5.5	13.5	10	15	18	18
Heating oil (3)	21	19	25	16	18	19	16	19.6	13.5	20	15	18	18
Phone and fax services	21	19	25	16	18	19	16	19.6	21	20	15	18	18
Transport of passengers (5)	6/0/[ex]	5/0	[ex]/0	7/16	18/0	9	7	5.5	[ex]	10/[ex]	8/15	18	5/18

	LU	HU	MT	NL	AT	PL	PT	SI	SK	FI	SE	UK
Standard rate	15	20	18	19	20	22	21	20	19	22	25	17.5
Water (2)	3	15	0	6	10	7	5	8.5	19	22	25	0/17.5
Natural gas (3) (4)	6	15	[-]	19	20	22	5	20	19	22	25	5
Electricity (3)	6	20	5	19	20	22	5	20	19	22	25	5
Heating oil (3)	12	20	18	19	20	22	12	20	19	22	25	5
Phone and fax services	15	20	18	19	20	22	21	20	19	22	25	17.5
Transport of passengers (5)	[ex]/3	15	0	ex]/6/19	10	7	5	8.5	0/19	8	6/0	0

Source: EVAT rates applied in the Member States of the European Community, Directorate-General of the European Commission for Taxation and Customs Union

⁽¹⁾ [ex], exemption; [-], out of scope.

⁽²⁾ LV, a 18% rate is applied to drinking water supplies.

⁽³⁾ IE, parking rate applied.

⁽⁴⁾ MT, outside the scope if supplied by Public Authority and a 15% rate is applied to cylinders.

⁽⁵⁾ MT, a 0% rate is applied to scheduled transport of passengers and a 15% rate is applied to other transport of passengers, eg. a taxi service.

2. Transport Services



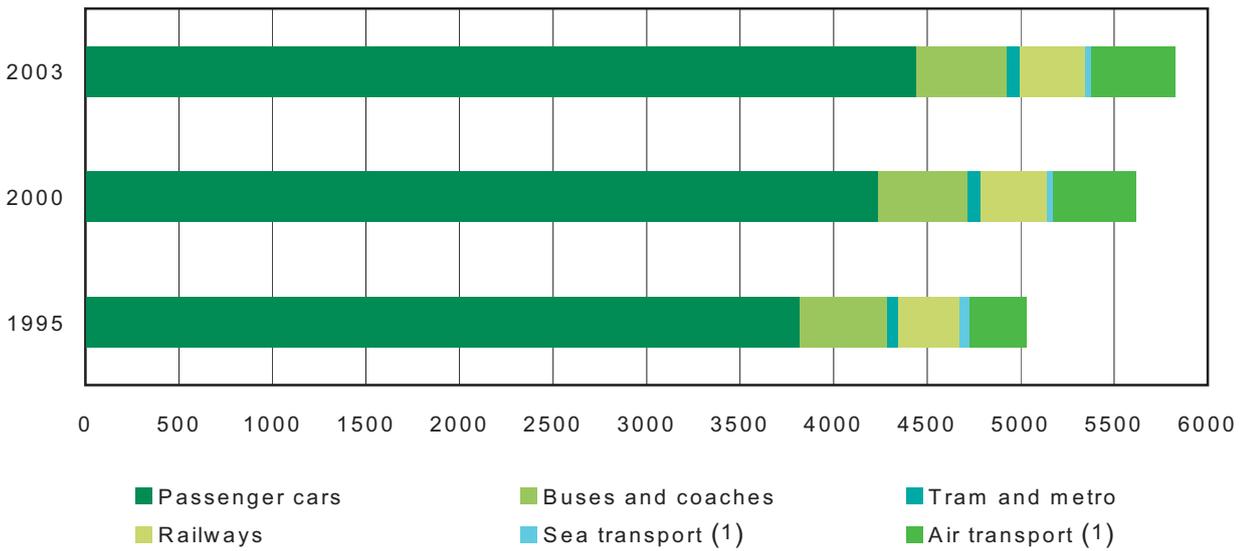
2. Transport Services

The end of the 20th century has seen an explosion in demand for certain transport services. The transport services covered in this chapter include passenger transport by rail, road, air, sea and inland waterway, as well as combined passenger transport and a miscellaneous group of other purchased transport services. Regarding these services, a vast array of generally everyday facts is presented.

Air transport growing fastest

Total passenger transport demand keeps on growing: in 1995, 5 034 billion passenger-kilometres were performed by the various transport modes. Five years later, this figure stood at over 5 600 billion and in 2003 at 5 828 billion (see Figure 2.1). Since 1995, relative growth of air transport has been particularly strong.

Figure 2.1 Passenger journeys by mode of transport, EU-25 (billion pkm)



(1) Only domestic and intra-EU25 transport; data under revision.

Source: Energy and Transport in Figures, Directorate-General of the European Commission for Energy and Transport

When excluding air and sea travel, each European travelled, on average, almost 11 730 kilometres during 2003. More than three quarters of this distance were covered by car. The car is by far the most widely-used mode of transport in every Member State (see Table 2.2) and its use has expanded at a rapid pace across the

European Union. The total number of passenger kilometres travelled by car increased, on average, by 1.9% per year between 1995 and 2003. Air transport¹ recorded an even faster growth, with the number of passenger kilometres increasing at an average annual rate of 4.9%.

¹ Intra-EU and domestic flights only.

Table 2.2 Passenger kilometres per person by mode of transport, 2003 (units)

	Passenger cars (1)	Buses and coaches (2)	Tram and metro (3)	Railways
EU-25	9 757	1 060	158	755
EU-15	10 677	1 069	146	794
BE	10 570	1 318	87	795
CZ	6 718	925	839	638
DK	11 301	1 667	12	1 079
DE	10 349	818	179	864
EE	7 417	1 702	74	135
EL	5 797	2 038	127	143
ES	8 171	1 164	132	456
FR	12 269	709	189	1 195
IE	5 959	1 614	-	397
IT	12 282	1 686	103	781
CY	4 327	931	-	-
LV	4 312	1 100	147	329
LT	5 628	750	-	125
LU	13 286	2 281	-	580
HU	4 586	1 849	249	1 017
MT	3 751	415	-	-
NL	8 986	455	91	852
AT	9 986	1 812	344	1 013
PL	4 514	785	118	514
PT	9 260	1 002	74	319
SI	7 764	533	-	389
SK	4 684	1 450	61	430
FI	11 416	1 469	100	639
SE	10 729	1 170	221	1 008
UK	11 672	810	139	689
BG	:	1 666	:	323
HR	:	837	:	262
RO	:	433	:	391
TR	:	1 102	:	83

Source: Energy and Transport in Figures, Directorate-General of the European Commission for Energy and Transport

(1) UK, Great Britain only.

(2) NL, including tram and underground; PL and SK, including only inter-urban traffic; UK, Great Britain only; TR, 2001.

(3) FR, Paris Underground and RER (Réseau Express Régional), underground in other French cities.

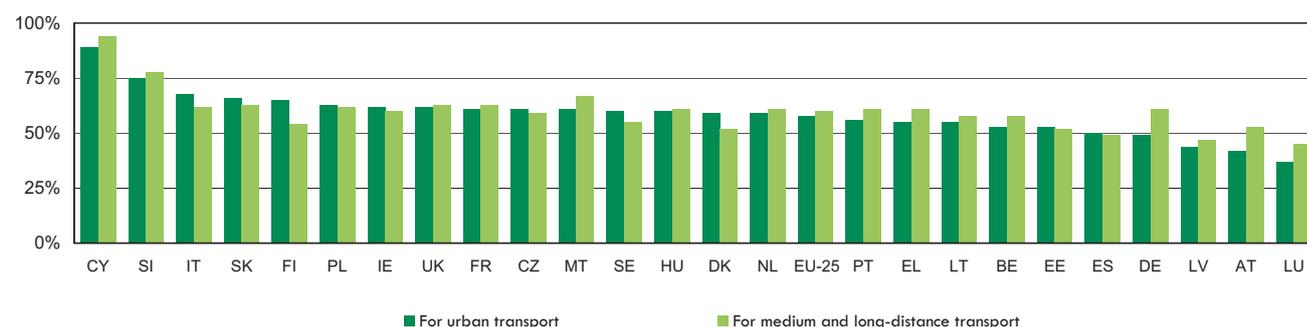
Little encouragement to use the car less

In a recent Eurobarometer survey (63.2), respondents were asked to indicate whether, in their opinion, the offer of transport services in the area they live is attractive enough to encourage them to use their car less. Results for the average of the 25 European Union countries show that a majority of European citizens do not feel encouraged to use their car less thanks to the offer of transport service where they live. This is both the case for urban transport (58%) and for medium and long distance transport (60%) for which Europeans make almost no distinction (see Figure 2.3).

The car remains an essential means of transportation for Europeans. Transport services need therefore to make important efforts in order to become more attractive in the eyes of European citizens so as to encourage them to use their cars less for their transport needs. Cypriots were by far those who were the most numerous to respond negatively, with 89% claiming they would not feel encouraged to use their car less (see Figure 2.3). Slovenia followed with a rate of 75%. On the other hand, respondents in Luxembourg were far less pessimistic since only 37% indicated that they would not feel encouraged. Austria, Latvia and Germany also had rates below the 50% mark.

As for medium and long distance transport, country results show a similar pattern as for urban transport.

Figure 2.3 Percentage of respondents who are not encouraged to use their car less thanks to the attractiveness of the offer of transport services where they live



Source: Eurobarometer 63.2 (Passengers' Rights), European Commission, 2005

NETWORK ACCESS

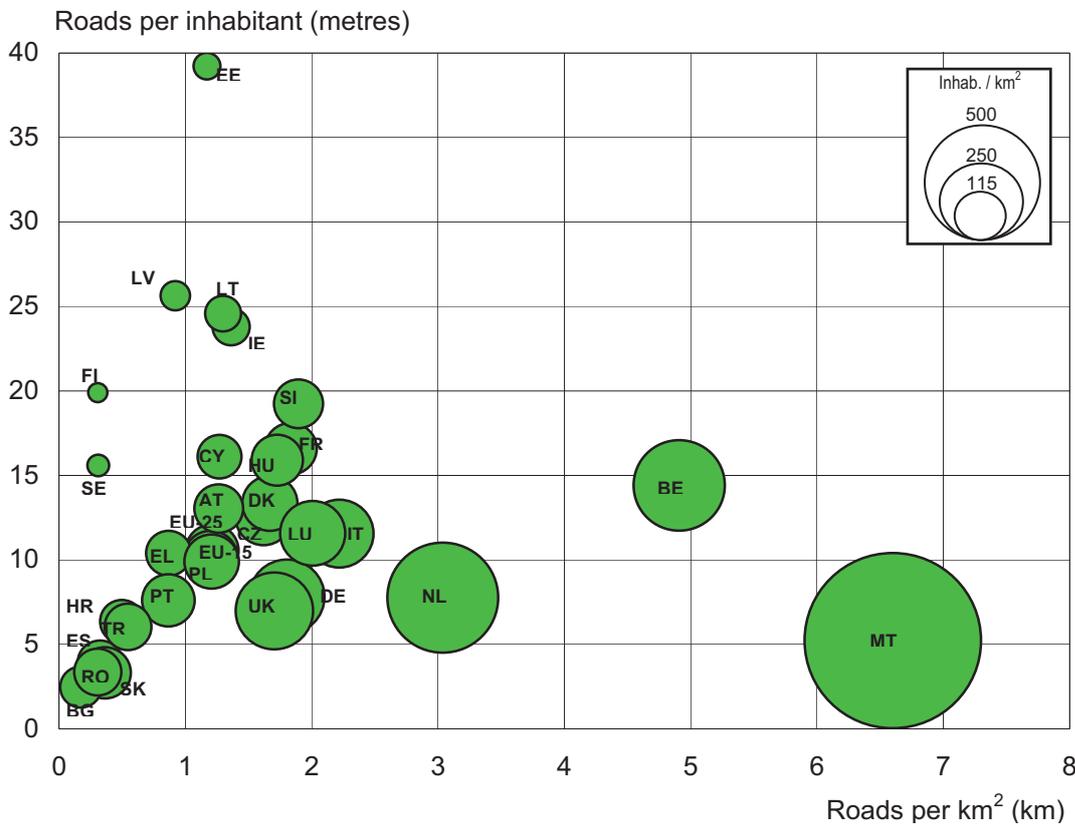
Accessibility can be measured as the ratio of network length to the surface area of a given country. However, such an indicator should be interpreted with care as a result of different population densities between countries (for example, the Netherlands with 392 inhabitants per km² and 3.04 km of road per km², and Finland with 15 inhabitants per km² and 0.31 km of road per km²).

Another measure is to compare network length to population. Both measures are combined in Figure 2.4. It can be seen that there were 3.3 metres of roads per inhabitant in Slovakia in 2003, less than one third of the EU average and almost 12 times less than in Estonia (39.2 m). Sparsely populated countries such as Sweden or Finland, which displayed a low density of roads in relation to surface area, reported high levels of road accessibility in

terms of this measure (both over 15 m per inhabitant), which was more than in densely-covered Belgium (14.4 m), the Netherlands (7.8 m) and Malta (5.2 m).

However, difficulties in the exact definition of 'road' does not allow for a precise comparison in this respect. 'Motorways' and 'Railway lines' are less problematic to define. Unsurprisingly, it appears that in 2003, motorways accounted for the smallest density among the different road types (see Table 2.5). There were 0.37 metres of roads per inhabitant in Cyprus in 2003 against 0.01 metres in Poland. Regarding railway lines, Finland reported the highest level of accessibility with 1.12 metres per inhabitant whereas the Netherlands represented the lowest density with 0.17 metres per inhabitant.

Figure 2.4 Length of road network in relation to population and national territory, 2003 (1)



(1) Roads: motorways, state roads, provincial roads and communal roads (the definition of road types varies from country to country, 'communal roads' sometimes includes roads without a hard surface).
 Motorways: EE, 2002; EL and RO, 2001.
 Other roads: DE, BG and HR, 2004; DK, EE, ES, IT, MT and PT, 2002; EL, LU, RO and TR, 2001; NL and AT, 2000.

Source: Energy and Transport in Figures, Directorate-General of the European Commission for Energy and Transport

Table 2.5 Transport services - length of network, 2003 (kilometres)

	Road (1)					Railways		
	Motorways (2)		Other Roads (3)			Length of lines	Rail lines per inhabitant (metres)	Share electrified (%)
	Motorways	Motorways per inhabitant (metres)	State roads	Provincial roads	Communal roads			
EU-25	58 131	0.13	=====	4 759 957	=====	197 949	0.43	50.4
EU-15	55 093	0.14	=====	3 829 687	=====	150 598	0.39	52.7
BE	1 729	0.17	12 531	1 349	134 130	3 521	0.34	83.1
CZ	518	0.05	54 929		72 300	9 612	0.94	30.6
DK	1 027	0.19	662	9 952	60 328	2 273	0.42	27.5
DE	12 044	0.15	40 969	178 298	413 000	36 054	0.44	55.0
EE	98	0.07	16 442		36 441	959	0.71	13.7
EL	742	0.07	9 158	29 107	75 600	2 414	0.22	3.4
ES	10 296	0.24	16 952	67 969	69 479	14 387	0.34	56.6
FR	10 379	0.17	26 127	359 644	601 851	29 269	0.49	49.6
IE	176	0.04	5 255	11 607	78 773	1 919	0.48	2.7
IT	6 487	0.11	45 696	119 644	496 894	16 287	0.28	68.6
CY	268	0.37	5 440	2 571	3 481	-	-	-
LV	-	-	20 309	31 787	7 338	2 270	0.98	11.4
LT	417	0.12	20 916	57 560	5 783	1 774	0.51	6.9
LU	147	0.33	837	1 891	2 347	275	0.61	95.3
HU	542	0.05	30 536	53 749	75 930	7 950	0.79	35.8
MT	-	-	1 439		647	-	-	-
NL	2 541	0.16	6 650	57 500	59 400	2 811	0.17	73.4
AT	1 670	0.21	10 280	23 086	71 059	5 787	0.71	58.1
PL	405	0.01	18 253	157 044	201 992	19 900	0.52	60.5
PT	2 002	0.19	10 564	4 500	62 528	2 818	0.27	38.2
SI	477	0.24	5 864	32 059		1 229	0.62	41.0
SK	313	0.06	3 335	3 729	10 396	3 657	0.68	42.5
FI	653	0.13	78 197		25 000	5 851	1.12	41.0
SE	1 591	0.18	15 341	82 915	40 000	9 882	1.10	77.3
UK	3 609	0.06	9 466	38 462	364 689	17 050	0.29	30.6
BG	328	0.04	2 961	4 012	11 972	4 318	0.55	65.9
HR	554	0.12	6 683	10 544	10 375	2 726	0.61	36.1
RO	113	0.01	9 141	35 853	27 817	11 364	0.52	34.6
TR	1 881	0.03	31 376	29 929	363 248	8 697	0.12	20.1

(1) The definition of road types varies from country to country, 'communal roads' sometimes includes roads without a hard surface.

(2) EE, 2002; EL and RO, 2001.

(3) DE, BG and HR, 2004; DK, EE, ES, IT, MT and PT, 2002; EL, LU, RO and TR, 2001; NL and AT, 2000.

Source: Energy and Transport in Figures, Directorate-General of the European Commission for Energy and Transport

Network accessibility can also be determined by looking at the availability of vehicles or transport nodes in relation to population levels. When asked how they judge accessibility to transport services in 2006, some 17% of respondents to a Eurobarometer survey (65.3) said they had difficult or no access to local transport services (bus, tram, underground, etc.) and 24% difficult or no access to rail services.

Access to local transport considered easy everywhere, except in Cyprus

Among those who said they had easy access to local transport services individual country figures ranged from just 40% in Cyprus to 88% in Lithuania and Austria, 89% in Spain and 95% in Greece (see Table 2.6). At EU level the percentage rose by nine percentage points from 71% in 2004 to 80% in 2006. Conversely, 13% said access was

difficult. This EU average masks important differences between countries from just 4% in Greece to 40% in Cyprus. It is again Cypriots who give the higher percentage saying spontaneously that they had no access to local transport networks. Here, it should be noted that public transport in Cyprus is essentially performed by privately-run bus services (except for the capital Nicosia) and 'shared' taxi services. Plans exist to expand and improve bus services and restructure public transport throughout Cyprus, with the financial backing of the EU. A similar figure (10%) was noted in Finland and figures of 8% (twice the EU-25 average) were also recorded in France, Ireland, Italy and Hungary. As might be anticipated, easy access to local transport networks was widely claimed by people living in large towns where 94% of those polled gave an affirmative answer compared with just two-thirds (67%) of those living in rural villages.

2. Transport Services

Table 2.6 In general, would you say that access to local transport networks (bus, tram, underground, etc.) is easy or difficult for you? By that, I do not mean 'affordability'. (% of respondents)

	EU-25	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV
Easy access	80	84	85	81	84	79	95	89	70	79	69	40	83
Difficult access	13	14	9	14	13	15	4	7	19	12	18	40	10
No access (spontaneous)	4	1	4	2	2	3	0	2	8	8	8	11	3
Do not know	2	1	2	3	1	3	-	1	3	2	5	9	3

	LT	LU	HU	MT	NL	AT	PL	PT	SI	SK	FI	SE	UK
Easy access	88	83	81	80	80	88	84	85	70	84	77	66	83
Difficult access	9	12	9	18	16	8	10	12	23	13	12	27	12
No access (spontaneous)	1	2	8	1	2	3	4	2	5	3	10	4	1
Do not know	2	3	2	1	2	0	1	1	2	1	1	3	3

Source: Eurobarometer 65.3 (Consumers' opinions of services of general interest), European Commission, 2006

Three-quarters (73%) of European Union citizens said they had easy access to the rail network system and particularly high figures of 80% are noted in Belgium, the Netherlands, Austria and the United Kingdom (see Table 2.7). In 2004, the proportion of EU citizens saying that their access to the national rail network was easy was just 64%, which is 3 points higher than when the survey was carried out in 2002 (in the EU 15). This latest figure at 73% shows a continuing upward trend. One in six citizens, however, said they had difficult access to their country's rail network and this opinion was held by a quarter of the Polish (23%) and Slovenian (25%) polls. A relatively high number of citizens spontaneously saying that they had no access were noted in Ireland (20%), Latvia and Estonia (17%), and Portugal and Slovenia (15%). Understandably, there are variations on a country-by-country basis with some Member States (Cyprus and Malta) having no rail network and other countries benefiting from relatively highly-developed rail infrastructures. There are noticeable variations on a socio-

demographic basis amongst the 73% of EU-25 citizens who said they had easy access to the railway network. While 68% of those aged 55 or more say they have easy access to the rail network, this figure rises substantially to 79% of those aged 15 to 24. Accessibility is obviously perceived as easier among the young. A similar variation is seen on the basis of education where just 64% of those who had left school at the earliest opportunity say they have easy access to the rail network compared with 77% of those who were educated to age 20 or more and 80% of those still studying. Figures also varied by occupation with 81% of white-collar workers, 80% of students and 79% of managers at one end of the range, and figures of just 69% and 67% amongst self-employed and retired people at the other. Apart from the generally mobile students, white-collar workers and managers might perceive access to the rail network as easy; but that doesn't necessarily mean that they actually use it.

Table 2.7 In general, would you say that access to the rail network is easy or difficult for you? By that, I do not mean 'affordability'. (% of respondents)

	EU-25	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY(1)	LV
Easy access	73	80	78	74	74	51	77	79	71	62	69	-	59
Difficult access	16	15	14	15	17	20	15	8	18	14	17	-	19
No access (spontaneous)	8	4	6	8	9	17	8	10	8	20	9	100	17
Do not know	3	1	1	4	1	12	0	3	3	3	4	-	5

	LT	LU	HU	MT(1)	NL	AT	PL	PT	SI	SK	FI	SE	UK
Easy access	71	68	71	-	80	80	67	62	58	72	71	59	80
Difficult access	17	18	16	-	16	13	23	21	25	16	20	20	13
No access (spontaneous)	6	10	10	-	3	6	8	15	15	11	8	14	2
Do not know	6	4	3	100	2	2	2	1	3	1	1	7	5

(1) Neither CY nor MT dispose of railways.

Source: Eurobarometer 65.3 (Consumers' opinions of services of general interest), European Commission, 2006

DISTANCE TRAVELLED

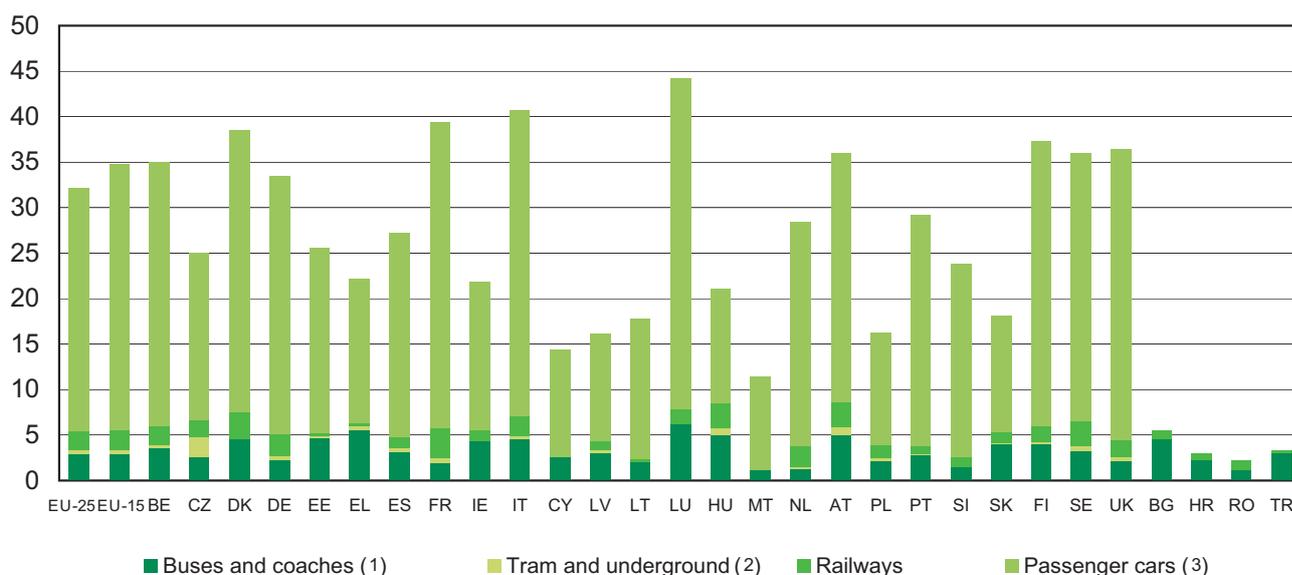
The standard measure of consumption for transport services is the number of passenger-kilometres (pkm), defined as the number of passengers transported multiplied by the number of kilometres travelled. This indicator allows a comparison of traffic between different transport modes.

Total passenger traffic for the main transport services (bus, train, urban rail, air and sea transport) exceeded 1 380 billion pkm within the EU in 2003. Passenger cars accounted for almost 4 450 billion pkm. Hence, public transport services represented almost one fourth of total transport demand.

5.4 km by everybody, every day

Combining traffic and demographic data, each EU-25 citizen travelled an average of 5.4 km per day using rail, tram, underground or bus services in 2003, compared to the EU-15 average of 4.2 km in 1970 and 4.9 km in 1980. A modal breakdown reveals that the EU-25 average person travelled 2.9 km by bus, 2.1 km by rail and 0.4 km by tram or underground in 2003 (see Figure 2.8). Nevertheless, European citizens most frequently travelled by car with an average of 26.7 km.

Figure 2.8 Average daily distance travelled per inhabitant in the EU, 2003 (kilometres/day)



(1) NL, including tram and underground; PL and SK, including only inter-urban traffic; UK, Great Britain only; TR, 2001.

(2) FR, Paris Underground and RER (Réseau Express Régional), underground in other French cities; BG, HR, RO and TR, not available.

(3) UK, Great Britain only; BG, HR, RO and TR, not available.

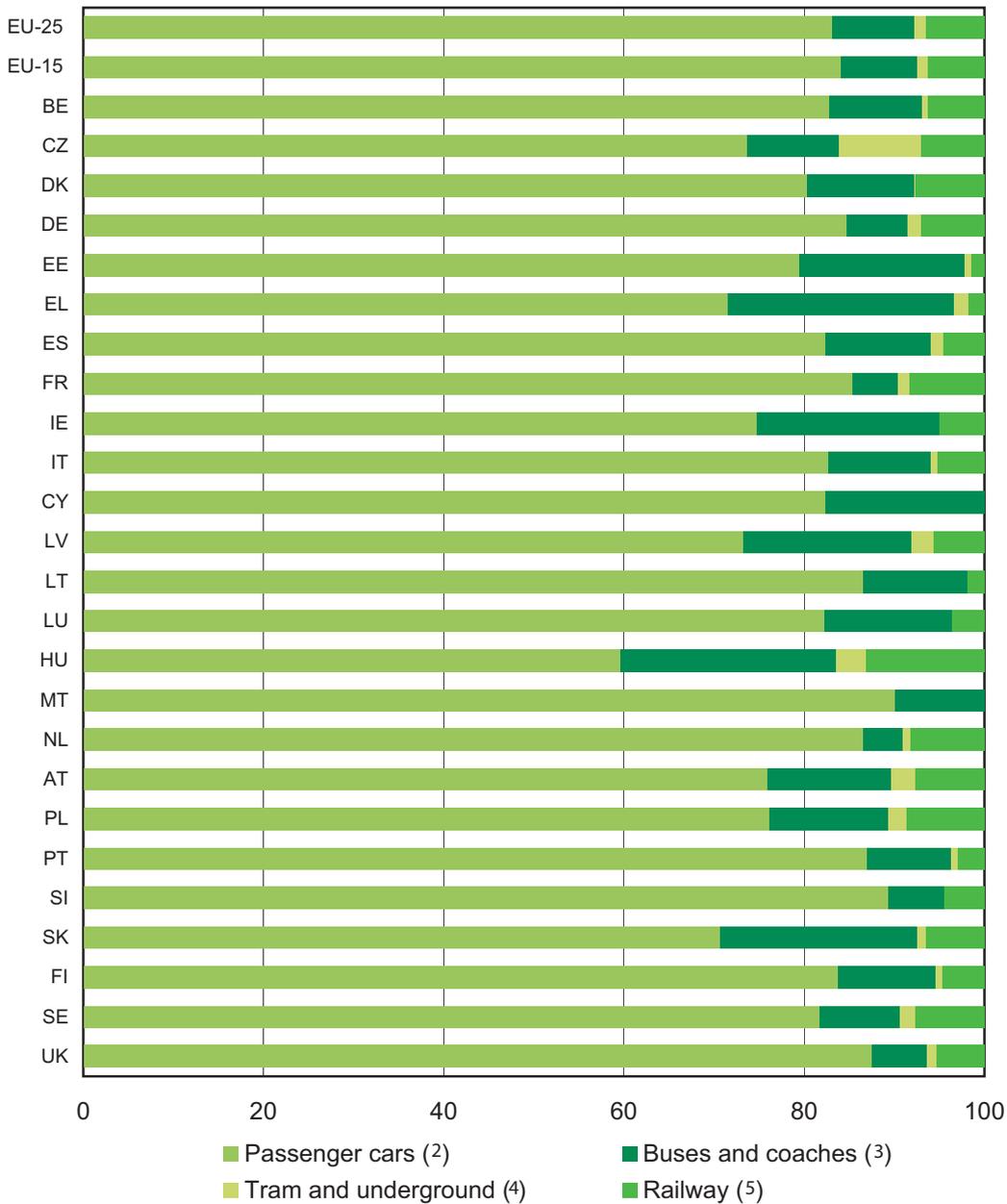
Source: Energy and Transport in Figures, Directorate-General of the European Commission for Energy and Transport

2.1 URBAN TRANSPORT

Buses and coaches were the principal passenger transport service in the EU in 2003, accounting for 9.0% of total passenger transport (by bus, train, urban rail or passenger car - see Figure 2.9) or an average of 1 060 km travelled per inhabitant during the year. Growth in bus and coach traffic has remained stable in the EU since the 1990s (see Table 2.10). Development at EU-level however masks

individual trends in the various countries: whereas noticeable increases in the total performance between 1990 and 2003 were noted in Belgium, Greece, Sweden and particularly in Spain and Ireland, many new Member States, particularly the Baltic States and Slovenia, but also the Netherlands registered large decreases. The most important decreases often occurred during the 1990s.

Figure 2.9 Share of transport modes in total passenger traffic, 2003 (%) ⁽¹⁾



⁽¹⁾ Share of total passenger traffic, including passenger cars, buses and coaches, tram and underground and railway; BG, HR, RO and TR not available.

⁽²⁾ UK, Great Britain only.

⁽³⁾ NL, including tram and underground; PL and SK, including only inter-urban traffic; UK, Great Britain only; TR, 2001.

⁽⁴⁾ IE, CY, LT, LU, MT and SI, no tram or underground network; FR, Paris Métro and RER (Réseau Express Régional), metros in other French cities.

⁽⁵⁾ CY and MT, no railway network.

Source: Energy and Transport in Figures, Directorate-General of the European Commission for Energy and Transport

Table 2.10 Buses and coaches - evolution of passenger transport (billion pkm)

	1990	2000	2001	2002	2003	
EU-25	:	480.6	484.8	481.0	483.0	
EU-15		374.6	402.7	406.9	405.7	407.7
BE		10.9	13.2	13.5	13.6	13.7
CZ	:	9.4	10.6	9.7	9.4	9.4
DK		9.3	9.1	9.0	9.0	9.0
DE		73.1	69.0	68.7	68.0	67.5
EE		4.5	2.6	2.5	2.3	2.3
EL		17.7	21.7	22.0	22.4	22.5
ES		33.4	50.3	51.7	50.1	49.3
FR		41.3	40.0	41.3	42.2	42.7
IE		3.9	6.1	6.3	6.4	6.5
IT		84.0	93.3	94.8	96.5	97.6
CY	:	0.7	0.7	0.7	0.7	0.7
LV		5.9	2.3	2.3	2.4	2.6
LT		7.9	2.3	2.3	2.5	2.6
LU		0.9	1.0	1.0	1.0	1.0
HU		19.3	18.7	18.6	18.9	18.7
MT	:	0.2	0.2	0.2	0.2	0.2
NL (1)		13.0	7.5	7.6	7.2	7.4
AT		14.2	14.8	14.8	14.8	14.8
PL (2)		46.3	31.7	31.0	29.3	30.0
PT		10.3	11.8	11.2	9.9	10.5
SI		6.4	1.6	1.5	1.1	1.1
SK (2)	:	8.4	8.3	8.2	8.2	7.8
FI		8.5	7.7	7.7	7.7	7.7
SE		8.0	10.1	10.3	10.1	10.5
UK (3)		46.2	47.0	47.0	47.0	47.0
BG		26.0	14.6	15.0	17.0	13.0
HR		7.0	3.3	3.5	3.6	3.7
RO		24.0	7.7	7.1	8.3	9.4
TR	:	87.4	76.8			

Source: Energy and Transport in Figures, Directorate-General of the European Commission for Energy and Transport

(¹) Including tram and underground.

(²) Including only inter-urban traffic.

(³) Great Britain only.

2. Transport Services

Compared to the transport performance of buses and coaches, the situation for trams and underground networks is different (see Table 2.11). Indeed, the figures at EU-level reflect the tendency that is found in almost all the individual

countries. In Greece, Spain Italy and the United Kingdom, transport performance increased considerably, whereas it appears to stagnate in Germany.

Table 2.11 Tram and underground - evolution of passenger transport (billion pkm)

	1990	2000	2001	2002	2003	
EU-25	:	70.0	70.6	71.3	72.2	
EU-15		48.5	53.8	54.3	55.1	55.9
BE		0.7	0.9	0.9	0.9	0.9
CZ	:	8.1	8.2	8.3	8.6	
DK	-	-	-	0.0	0.1	
DE		15.1	14.6	14.7	14.7	14.8
EE	:	0.1	0.1	0.1	0.1	0.1
EL		0.8	1.2	1.3	1.4	1.4
ES		4.4	5.2	5.3	5.5	5.6
FR (1)		10.4	10.8	10.9	11.1	11.4
IE	-	-	-	-	-	-
IT		4.2	5.6	5.6	5.9	5.9
CY	-	-	-	-	-	-
LV	:	0.4	0.4	0.4	0.4	0.3
LT	-	-	-	-	-	-
LU	-	-	-	-	-	-
HU	:	2.6	2.6	2.5	2.5	
MT	-	-	-	-	-	-
NL		1.3	1.4	1.4	1.5	1.5
AT		2.1	2.8	2.8	2.8	2.8
PL	:	4.7	4.7	4.6	4.5	
PT		0.7	0.5	0.5	0.6	0.8
SI	-	-	-	-	-	-
SK	:	0.4	0.4	0.3	0.3	
FI		0.4	0.5	0.5	0.5	0.5
SE		2.0	2.0	2.0	2.0	2.0
UK		6.5	8.3	8.3	8.3	8.3

Source: Energy and Transport in Figures, Directorate-General of the European Commission for Energy and Transport

(1) Paris Underground and RER (Réseau Express Régional), metros in other French cities.

LOCAL TRANSPORT NETWORKS: AFFORDABILITY

A Eurobarometer survey (65.3) carried out mid-2006 provides information on consumers' affordability of transport services within town/cities (bus, tram, underground, etc.). Across the European Union, a large majority (78%) of citizens considered local transport services within towns to be affordable and particularly high figures were noted in Greece (98%), Lithuania (93%), Malta (91%) and Slovakia (90%) (see Table 2.12).

At the other extreme, 37% of the polled Finns said that these services were not affordable compared with an EU average of just 10%. The Dutch and German view on affordability stand out as at least 20% thought the price of transport services excessive compared to an EU average of 10%.

Table 2.12 In general, would you say that the price of transport services within towns/cities (bus, tram, underground, etc.) is affordable or not?
By that, I mean that I would like to know if you are able to afford the services you need.
(% of respondents using transport services within towns/cities)

	EU-25	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV
Affordable	78	87	88	76	71	74	98	81	79	82	82	69	80
Not affordable	10	9	2	13	7	16	2	13	14	6	7	18	11
Excessive (spontaneous)	10	4	9	10	20	6	0	4	4	7	11	1	7
Do not know	2	1	0	2	2	4	-	2	4	5	0	12	2

	LT	LU	HU	MT	NL	AT	PL	PT	SI	SK	FI	SE	UK
Affordable	93	81	78	91	71	83	68	76	82	90	55	79	84
Not affordable	6	8	8	1	5	4	16	17	5	3	37	17	11
Excessive (spontaneous)	0	8	14	7	22	13	13	5	11	6	5	1	5
Do not know	1	3	1	1	2	0	3	2	2	1	3	2	1

Source: Eurobarometer 65.3 (Consumers' opinions of services of general interest), European Commission, 2006

Local transport increasingly considered 'affordable'

Amongst the great majority (78%) of EU-25 citizens considering the price of transport services within towns to be affordable, there were just minor variations by gender, age and education and no clear trends were observed. When looking at respondents' occupation, high and low figures were, as might be anticipated, seen between

managers (84%) and the unemployed (72%) (see Table 2.13). There were just minimal variations based upon respondents' place of residence. There has been a noticeable change in attitude across the Union relating to the affordability of local transport networks. The number of respondents considering local transport services to be affordable has grown by 10 points from 68% in 2004 to 78% in this latest survey and the number saying they were not affordable has halved over the same period from 20% to 10%.

2. Transport Services

Table 2.13 In general, would you say that the price of transport services within towns/cities (bus, tram, underground, etc.) is affordable or not?
By that, I mean that I would like to know if you are able to afford the services you need.
(% of respondents using transport services within towns/cities)

	Affordable	Not affordable	Excessive (spontaneous)	Do not know
EU-25	78	10	10	2
Occupation				
Self-employed	79	8	11	2
Manager	84	7	8	1
Other white collar	78	11	10	1
Manual worker	77	11	10	2
House person	76	11	10	2
Unemployed	72	14	12	2
Retired	81	8	9	2
Student	76	12	9	3
Place of residence				
Rural village	78	11	8	3
Small/mid size town	79	9	10	2
Large town	77	11	11	1

Source: Eurobarometer 65.3 (Consumers' opinions of services of general interest), European Commission, 2006

Of the total EU-25 panel involved in this survey, approximately a third said that they had access to transport services within towns, i.e. bus, tram, underground, etc. but did not make use of them. When this group is questioned as to whether they considered the price of these services to be affordable a half (54%) replied in the affirmative, while a further quarter (24%) were unaware of the cost of these services and therefore replied 'don't know' (see Table 2.14). Leading those who considered the prices to be affordable were 94% of Greeks and 83% of Maltese. The highest figures in the 'don't know' category were observed in Ireland (50%), Estonia (45%) and Cyprus (42%). Of this sample, 14% gave cost as the reason they did not use these services and includes relatively high figures of 26%

of Finns. A further 8% of the poll stated spontaneously that the cost of these services was excessive and in the Netherlands, this group rises to 23% – nearly a quarter of those polled.

While there were no major variations by gender, age or education, variations were seen by respondents' occupation with only 44% of the unemployed and 49% of the retired saying the cost of local transport services was affordable compared with 62% of managers. This sentiment was echoed by 60% of those living in large towns compared with 50% of those living in a rural environment.

Table 2.14 In general, would you say that the price of transport services within towns/cities (bus, tram, underground, etc.) is affordable or not?
By that, I mean that I would like to know if you are able to afford the following services.
(% of respondents having access to transport services within towns/cities but not using them)

	EU-25	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV
Affordable	54	69	71	40	48	35	94	64	55	45	58	42	47
Not affordable	13	8	9	14	13	16	3	11	13	3	17	16	6
Excessive (spontaneous)	8	6	13	6	14	4	1	7	3	3	9	1	7
Do not know	24	17	8	40	25	45	3	17	29	50	16	42	40

	LT	LU	HU	MT	NL	AT	PL	PT	SI	SK	FI	SE	UK
Affordable	64	67	54	83	48	64	34	52	62	63	40	45	58
Not affordable	10	9	7	2	4	5	17	15	15	15	26	15	13
Excessive (spontaneous)	3	6	12	5	23	10	9	5	9	5	2	4	4
Do not know	23	18	27	10	25	21	40	28	14	17	33	36	25

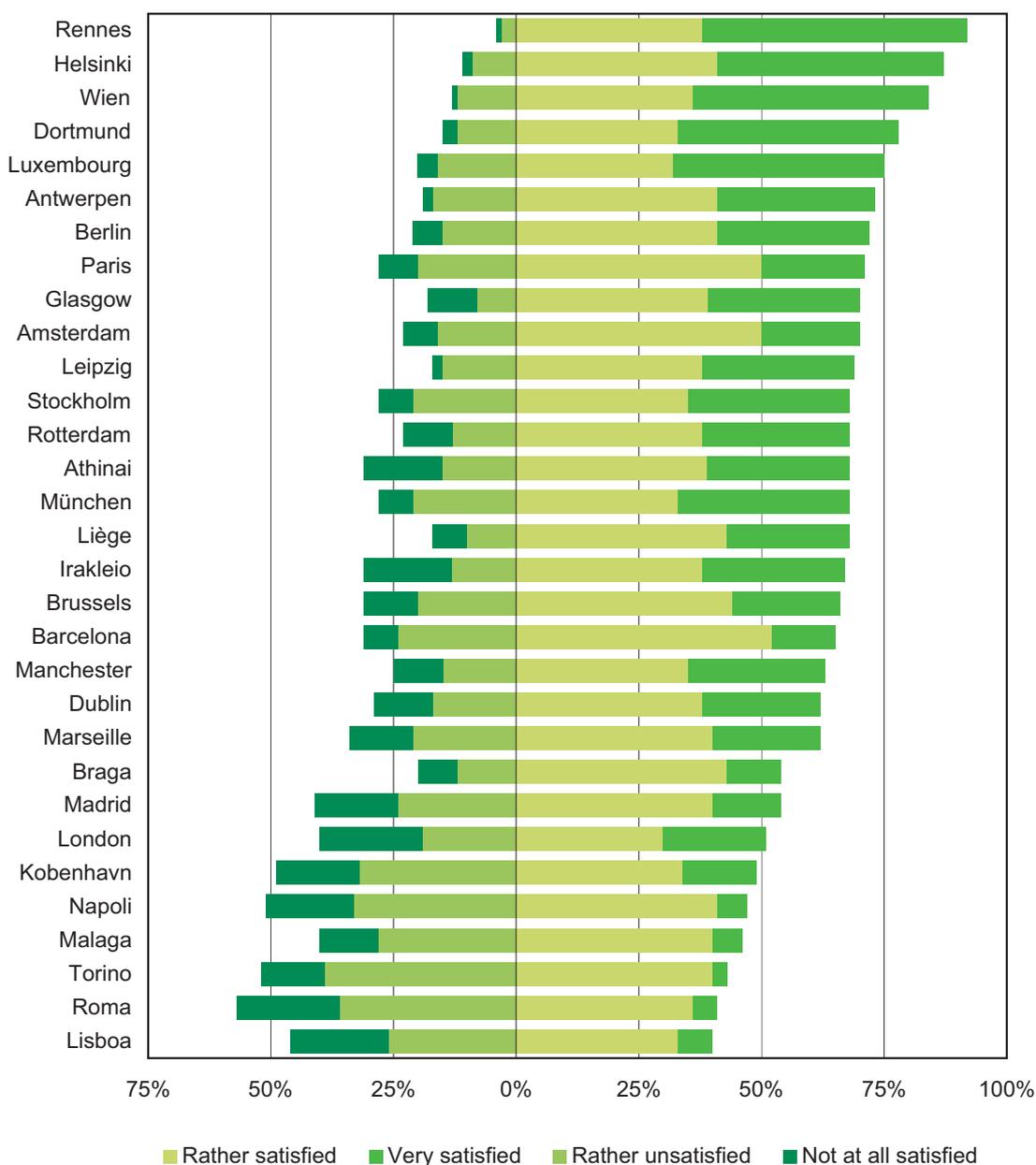
Source: Eurobarometer 65.3 (Consumers' opinions of services of general interest), European Commission, 2006

URBAN TRANSPORT: SATISFACTION

According to a Flash Eurobarometer survey (156) of the European Commission conducted in 2004 to measure the local perceptions of quality of life in 31 European cities, city residents are generally positive about their public transport - 64% are satisfied to very satisfied with the public transport in their city. In Rennes, Helsinki, Vienna, Dortmund and Luxembourg three out four of those polled were satisfied with public transport, while only in four cities more residents

were unsatisfied than satisfied (see Figure 2.15). Recent events, however, can strongly influence people's opinion. In Rennes, for example, a metropolitan line was opened in 2002 and attracted far more passengers than expected. This explains, at least in part, why Rennes has the highest share of satisfied residents. In Copenhagen, on the other hand, a significant increase in the price of public transport caused a lot of dissatisfaction.

Figure 2.15 Generally speaking, please tell me if you are very satisfied, rather satisfied, rather unsatisfied or not at all satisfied with public transport in the city, for example the bus, tram or underground in [city name]:



Source: Flash Eurobarometer 156 (Urban Audit), European Commission, 2004

2. Transport Services

A consumer satisfaction survey on services of general interest² undertaken in 2006 provides detailed information on consumer satisfaction in relation to intra-urban transport. Intra-urban transport refers to the transport of passengers within the urban area of a city or town, by bus or rail. For the survey, consumers were defined as people aged at least 18 years old and having used the service during the past 12 months. Satisfaction was defined as the consumer's assessment of a product or service in terms of the extent to which that product or service has met his/her needs or expectations. Consumer satisfaction was to be measured both directly ('observed satisfaction') as through statistical processing of responses to specific questions ('calculated satisfaction'). The questionnaire used for the survey mainly consists in the evaluation of several aspects of seven topics (overall satisfaction and expectations, quality, price, image, market and personal factors, complaints and commitment) by using a 10-point scale. The objective was to achieve consistency of the rating scales across countries and sectors.

Dissatisfaction with urban transport mainly in Slovakia, Hungary but especially in Cyprus

Urban transport is the general service where European consumers are, in general, least satisfied. The EU-25 average is 7.04 on a scale from 1 of 10. The satisfaction level is sensibly lower in the new Member States.

Table 2.16 illustrates that the proportion of satisfied consumers³ with urban transport is much lower and the proportion of dissatisfied consumers is much higher than in the other services surveyed. The lower average satisfaction level of the new Member States comes simultaneously from a lower percentage of satisfied consumers and from a higher percentage of respondents dissatisfied with the urban transport service. There are strong differences across Member States. The group of countries higher than the EU-25 average ranges from Ireland (66%) to Estonia (50%), with Finland, Latvia, Austria, Luxembourg, Lithuania, Belgium, Greece and Germany in-between. The group with scores similar to EU-25 average starts with France (49%) and ends with Portugal (40%); it also contains Slovenia, the United Kingdom, the Czech Republic and Denmark. The other countries are below the European average. The lowest satisfaction rate is observed in Slovakia (22%).

In terms of dissatisfaction the shares of most countries are in the range from 3.5% (the Netherlands - where remarkably also the satisfied numbers are much lower than elsewhere) to 17% (Sweden). Even higher figures are reached in the Czech Republic (19%), Hungary (22%), Slovakia (31%) and finally Cyprus (54%). It is recalled that the high percentage for the latter country can be explained by a poorly developed public transport system.

Table 2.16 Overall, to what extent are you satisfied with your urban transport supplier? (% of respondents) (1)

	EU-25	EU-15	NMS10	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY
Satisfied	44.5	45.2	40.3	57.1	42.7	42.1	52.3	49.7	53.6	35.4	49.2	65.6	33.7	23.0
Dissatisfied	9.4	8.4	14.7	3.9	18.8	16.7	7.8	10.9	8.0	10.7	7.2	5.0	13.7	53.8
	LV	LT	LU	HU	MT	NL	AT	PL	PT	SI	SK	FI	SE	UK
Satisfied	62.0	57.4	57.5	37.7	29.4	25.0	61.0	39.2	40.4	46.4	21.9	63.9	39.5	43.3
Dissatisfied	4.2	6.8	9.4	22.2	15.9	3.7	7.2	10.8	5.1	12.4	31.5	5.0	17.3	6.7

(1) In each country, the target population was composed of people aged at least 18 years old and having used the service during the past 12 months; respondents have been asked to evaluate their overall satisfaction of the service by using a 10-point scale: the satisfied respondents are those who rated the service from 8, 9 or 10 on a scale from 1 to 10 and the dissatisfied ones rated the service 1, 2, 3 or 4 on a scale from 1 to 10.

Source: Consumer satisfaction survey, Directorate-General of the European Commission for Health and Consumer Protection, 2006

² The consumer satisfaction survey was held in all 25 countries that are members of the European Union, and covers 11 'service sectors of general interest': electricity supply, gas supply, water distribution, fixed telephony, mobile telephony, urban transport, extra-urban transport, air transport, postal services, retail banking and insurance services.

³ The satisfied respondents are those who rated the service from 8, 9 or 10 on a scale from 1 to 10. The dissatisfied ones rated the service 1, 2, 3 or 4 on a scale from 1 to 10.

Table 2.17 shows the proportion of satisfied and dissatisfied consumers distributed by socio-economic category. It appears that retired consumers are the most satisfied (55%). The self-employed are the group with the highest number of dissatisfied consumers (14%).

Regarding the education level, consumers who left secondary school early and those who stopped studying between 16 and 19 years, appear to be the most satisfied (around 47%), whilst the satisfaction rate of those who kept on studying beyond 20 years (43%) is significantly under the EU average. These results are different from those found in the other services of general interest.

Table 2.17 Overall, to what extent are you satisfied with your urban transport supplier? (% of respondents) ⁽¹⁾

	Satisfied	Dissatisfied
EU-25	44.5	9.4
Sex		
Male	43.5	9.8
Female	45.3	9.0
Age		
18-34	39.3	11.4
35-54	42.3	9.6
55+	51.2	7.3
Age when finished full-time education		
15 or less	46.9	8.1
16-19	46.7	8.2
20 or more	42.6	10.6
Still studying	34.7	13.5
Occupation		
Self-employed	40.2	14.0
Manager	38.7	11.5
Other white collar	40.5	8.0
Blue collar	48.0	8.4
Student	35.6	12.2
Homemaker	45.2	8.1
Unemployed	48.8	9.5
Retired	55.3	7.4

Source: Consumer satisfaction survey, Directorate-General of the European Commission for Health and Consumer Protection, 2006

⁽¹⁾ In each country, the target population was composed of people aged at least 18 years old and having used the service during the past 12 months; respondents have been asked to evaluate their overall satisfaction of the service by using a 10-point scale: the satisfied respondents are those who rated the service from 8, 9 or 10 on a scale from 1 to 10 and the dissatisfied ones rated the service 1, 2, 3 or 4 on a scale from 1 to 10.

Urban transport operators in Ireland, Finland, Austria, Latvia, Greece, Belgium, Germany, and Luxembourg have a good reputation according to more than 50% of the users. In Cyprus, Malta, Slovakia and Denmark they are less than 20% to think so. Speaking of quality of service, users in the EU-15 are more satisfied of the urban transport services than in the 10 new Member States (44% for the first against 37% for the latter). Overall, the results by country show similar profiles of responses to what has been observed for the overall image. Users in Ireland and Latvia are the most satisfied with the prices for urban transport services. Indeed, 56% of users in both countries said prices were fair (against an EU-25 average of 35%). The least satisfied are users in the Netherlands (17%), Slovakia (18%), Portugal (19%) and Denmark (20%).

Reluctance to change when there's a choice

In countries where people can have the choice between urban transport companies (i.e. Belgium, Greece, Finland, France, Ireland, Latvia, Lithuania, Netherlands, Portugal, Slovakia, Sweden and the United Kingdom) the large majority of users (89%) has no intention to change service provider in the short run (within the year). Speaking of competition, the majority of European users of urban transport services think there is not enough competition (62%), especially in Sweden (84%), France (83%), the Netherlands (72%) and Slovakia (71%) whereas in Portugal and Ireland, users tend to have the opposite feeling (58% and 53% of positive answers respectively). In addition, more than five users out of ten feel that it would not be easy to change from one urban transport company to another.

2.2 RAILWAYS

Rail remains an important mode of transport that accounted for 6.5% of passenger transport in 2003 (see Figure 2.9). Each EU citizen travelled an average of 755 km by train in 2003 (see Table 2.2 at the beginning of this section). However, for EU-15, the average was 794 km in 2003 compared to an average of 736 km in 1990. The French (1 195 km) and Danish (1 079 km) were the most active train users, as opposed to the Lithuanians (125 km), the Estonians (135 km) and the Greeks (143 km).

Table 2.18 outlines the evolution of the passenger transport performance by railways. In 2005, the total number of passenger-kilometres performed at EU-25 level stood still

6% under that of 1990. However, after a minimum reached in 2002, a slight upward development was registered. Negative trends were particularly marked in many new Member States, where during the same period, the motorisation rate has rapidly increased.

When limiting the view to EU-15, the picture is different: compared to 1990, transport performance in 2005 stood close to 19% higher. Belgium, Ireland, Sweden and the United Kingdom registered the highest relative increases, whereas an important drop during the 1990s was registered in Portugal.

Table 2.18 Railways - evolution of passenger transport (billion pkm)

	1990	2000	2001	2002	2003	2004	2005
EU-25	381.6	350.4	352.7	349.0	345.2	350.6	357.5
EU-15	268.8	304.1	307.9	306.3	304.2	310.9	319.2
BE	6.5	7.7	8.0	8.3	8.3	8.7	9.1
CZ	13.3	7.3	7.3	6.6	6.5	6.6	6.7
DK	5.1	5.5	5.7	5.7	5.8	5.9	5.8
DE	61.0	75.4	75.8	71.4	71.3	72.6	74.9
EE	1.5	0.3	0.2	0.2	0.2	0.2	0.2
EL	2.0	1.9	1.7	1.8	1.6	1.7	1.9
ES	15.5	18.6	19.2	19.5	19.3	19.0	19.8
FR	64.0	69.6	71.2	73.2	71.9	74.3	76.5
IE	1.2	1.4	1.5	1.6	1.6	1.6	1.8
IT	44.7	47.1	46.8	46.0	45.2	45.7	46.1
CY	-	-	-	-	-	-	-
LV	5.4	0.7	0.7	0.7	0.8	0.8	0.9
LT	3.6	0.6	0.5	0.5	0.4	0.4	0.3
LU	0.2	0.3	0.3	0.3	0.3	0.3	0.3
HU	11.4	9.7	10.0	10.5	10.3	10.5	9.6
MT	-	-	-	-	-	-	-
NL	11.1	14.7	14.4	14.3	13.8	13.5	14.0
AT	8.6	8.2	8.2	8.3	8.2	8.3	8.5
PL	50.4	24.1	22.5	20.7	19.6	18.2	17.7
PT	5.7	3.6	3.7	3.7	3.3	3.7	3.8
SI	1.4	0.7	0.7	0.7	0.8	0.8	0.8
SK	6.4	2.9	2.8	2.7	2.3	2.2	2.2
FI	3.3	3.4	3.3	3.3	3.3	3.3	3.5
SE	6.6	8.2	8.7	9.0	9.1	8.9	8.9
UK	33.4	38.4	39.3	40.0	41.1	43.5	44.4
BG	7.8	3.5	3.0	2.6	2.5	2.4	:
HR	3.4	1.0	1.2	1.2	1.2	1.2	1.3
RO	30.6	11.6	11.0	8.5	8.5	8.6	:
TR	6.4	5.8	5.6	5.2	5.9	5.2	5.0

Source: Energy and Transport in Figures, Directorate-General of the European Commission for Energy and Transport

Daily commute between Sweden and Denmark

As regards international rail passenger transport, it is interesting to identify the main country-pairs. Table 2.19 provides indications on the most important relations in 2004. It appears that 70% of the total volume of international rail passenger transport at EU level in 2004 was carried out on these 20 relations alone. The relations between Denmark and Sweden and vice versa accounted for more than 18%. These first two relations in Table 2.19 deserve special attention as it concerns a single link: the Öresund fixed link opened in July 2000. The combined two-track rail and four-lane road bridge offered more than 6 million rail passengers a gateway to either Sweden and Denmark. According to the consortium operating the bridge, close to half of the rail passengers in 2005 consisted of daily commuters (paying special tariffs).

A similar situation exists between France and the United Kingdom (rank 6 and 7) where the Channel Tunnel is the only link for international rail traffic between these countries.

The country pair Luxembourg-France (declared by Luxembourg) can be found on rank 9. As these two countries have only a limited amount of cross border lines, one would expect similar passenger volumes declared between France and Luxembourg (declared by France). However, the latter country pair does not appear in the top-20. This might be linked to fact that passenger volumes declared by French authorities are only based on the sale of regular tickets and do not take into account the season ticket holders of the numerous cross-border workers that come into Luxembourg to work.

Table 2.19 Top 20-list of the most important intra-EU-25 relations in rail passenger transport as a percentage of all relations, 2004 ⁽¹⁾

	Embarking	Disembarking	Number of passengers (thousands)	Importance (%)
1	Denmark	Sweden	3 225	9.5
2	Sweden	Denmark	2 909	8.6
3	Belgium	France	1 990	5.9
4	Austria	Germany	1 802	5.3
5	France	Belgium	1 651	4.9
6	France	United Kingdom	1 296	3.8
7	United Kingdom	France	1 253	3.7
8	Germany	Austria	1 045	3.1
9	Luxembourg	France	1 032	3.1
10	Belgium	Netherlands	610	2.9
11	France	Italy	853	2.5
12	Netherlands	Germany	780	2.3
13	Belgium	Luxembourg	822	2.4
14	Slovakia	Austria	770	2.3
15	Netherlands	Belgium	730	2.2
16	Germany	Netherlands	610	1.8
17	France	Germany	547	1.6
18	Germany	France	546	1.6
19	Netherlands	France	510	1.5
20	Luxembourg	Belgium	497	1.5

Source: Eurostat (Transport statistics), 2006

⁽¹⁾ The basis is the number of passengers; based on mirror data for SE and UK.

RAIL NETWORK: AFFORDABILITY

A Eurobarometer survey (65.3) carried out an inquiry on consumers' affordability of rail services between towns/cities. A very high proportion of Greeks (97%) found the cost of rail services between towns and cities to be affordable (see Table 2.20). High figures of 94% in Lithuania and 90% in Slovakia were also recorded

compared with an EU-25 average of 74%. At the other end of the scale, 36% of Finns considered train fares to be not affordable - a figure well above the EU-25 average of 13%. Of the Dutch 29% and 19% of Germans and Austrians spontaneously stated that rail fares were excessive.

Table 2.20 In general, would you say that the price of rail services between towns/cities is affordable or not? By that, I mean that I would like to know if you are able to afford the services you need. (% of respondents using rail services between towns/cities)

	EU-25	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV
Affordable	74	84	85	76	71	80	97	81	67	77	77	-	84
Not affordable	13	10	4	12	8	9	2	13	23	9	11	-	8
Excessive (spontaneous)	10	4	10	9	19	6	1	4	7	9	12	-	5
Do not know	3	2	0	2	3	4	-	2	4	5	0	-	4

	LT	LU	HU	MT	NL	AT	PL	PT	SI	SK	FI	SE	UK
Affordable	94	81	80	-	62	76	63	83	84	90	53	76	73
Not affordable	4	6	7	-	7	4	20	12	5	3	36	17	18
Excessive (spontaneous)	0	8	9	-	29	19	10	4	8	7	6	3	6
Do not know	2	5	5	-	1	1	7	2	2	1	5	4	4

Source: Eurobarometer 65.3 (Consumers' opinions of services of general interest), European Commission, 2006

There were minimal variations by gender, age and education when respondents who used rail services were asked whether they were affordable or not. Even by occupational grouping, where noticeable variations are often noted, figures ranged between just 72% and 77% with the exception of the unemployed where a smaller figure of 67% was recorded (see Table 2.21). In a similar

attitude shift to that noted in relation to local transport networks, the numbers saying that national rail services are affordable has risen from 63% to 74% over the past two years while the number saying they are not affordable has fallen from 24% to 13%. The percentage of those considering them excessive has remained roughly the same - down by one point to 10% since 2004.

Table 2.21 In general, would you say that the price of rail services between towns/cities is affordable or not? By that, I mean that I would like to know if you are able to afford the services you need. (% of respondents using rail services between towns/cities)

	Affordable	Not affordable	Excessive (spontaneous)	Do not know
EU-25	74	13	10	3
Sex				
Male	75	14	9	2
Female	73	12	11	4
Age				
15-24	73	14	10	3
25-39	73	14	11	2
40-54	73	14	10	2
55+	76	10	10	4
Occupation				
Self-employed	75	10	12	3
Manager	75	13	11	1
Other white collar	77	11	11	2
Manual worker	74	14	9	2
Homemaker	74	12	10	4
Unemployed	67	19	10	3
Retired	75	11	10	4
Student	72	15	10	3

Source: Eurobarometer 65.3 (Consumers' opinions of services of general interest), European Commission, 2006

Half of the group (49%) who had access to rail services between towns but did not use them said that cost was not the reason as they considered the prices affordable (see Table 2.22). This figure is particularly high in Greece where 91% gave this as their response. In fact, 60% of Latvians, 55% of Estonians and 54% of the Irish contributed to the 26% overall figure of those who were unaware of the price of rail services between towns. However, 25% of this segment of the poll gave financial reasons for not using rail services. Of them, 15% stated that they were not affordable, while a further 10% spontaneously said that the cost of rail travel was excessive.

Of the 49% average saying that, the service was affordable, even though they did not use it, there are variations by age and education. Amongst the oldest group polled, 43% considered rail services affordable compared with 53% of those aged 15 to 39 (see Table 2.23). A similar variation was observed by education with 44% of those educated to age 15 or less giving this response compared with 54% of those educated to age 20 or beyond. When respondents' occupation was looked at, the sets of figures which stood out were the 56% of managers and white-collar workers who said train services were affordable compared with just 43% of the unemployed and an even smaller proportion (40%) of the retired.

Table 2.22 In general, would you say that the price of rail services between towns/cities is affordable or not? By that, I mean that I would like to know if you are able to afford the following services. (% of respondents having access to rail services between towns/cities but not using them)

	EU-25	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV
Affordable	49	63	68	39	44	37	91	63	47	30	56	-	31
Not affordable	15	12	11	14	14	7	6	13	20	8	14	-	8
Excessive (spontaneous)	10	5	12	6	18	1	3	7	4	8	11	-	2
Do not know	26	20	9	41	24	55	1	17	29	54	19	-	60

	LT	LU	HU	MT	NL	AT	PL	PT	SI	SK	FI	SE	UK
Affordable	64	62	57	-	39	56	27	49	73	58	36	35	45
Not affordable	9	10	8	-	6	9	17	17	9	17	21	21	20
Excessive (spontaneous)	4	6	8	-	35	16	11	4	3	4	3	4	6
Do not know	23	22	27	-	20	19	45	29	15	21	40	39	29

Source: Eurobarometer 65.3 (Consumers' opinions of services of general interest), European Commission, 2006

Table 2.23 In general, would you say that the price of rail services between towns/cities is affordable or not? By that, I mean that I would like to know if you are able to afford the following services. (% of respondents having access to rail services between towns/cities but not using them)

	Affordable	Not affordable	Excessive (spontaneous)	Do not know
EU-25	49	15	10	26
Sex				
Male	51	15	10	24
Female	47	15	10	27
Age				
15-24	53	14	9	24
25-39	53	16	10	21
40-54	51	17	11	22
55+	43	14	10	33
Age when finished full time education				
15 or less	44	16	10	30
16-19	49	15	10	25
20 or more	54	13	11	22
Still studying	52	15	8	25
Occupation				
Self-employed	51	11	11	26
Manager	56	13	11	20
Other white collar	56	15	11	18
Manual worker	50	16	11	23
Homemaker	54	14	10	22
Unemployed	43	20	13	25
Retired	40	15	9	35
Student	52	15	8	25

Source: Eurobarometer 65.3 (Consumers' opinions of services of general interest), European Commission, 2006

EXTRA-URBAN TRANSPORT: SATISFACTION

Concerning services supplied by extra-urban transport, which refers to the transport of passengers between cities, by bus or rail, including international transport between European cities, a consumer satisfaction survey on services of general interest undertaken in 2006 also allows for some results on consumer satisfaction in relation to extra-urban transport.

In fact, the average satisfaction of the extra-urban transport service is the second lowest of all the services of general interest considered in this survey⁴. There are no significant differences between EU-15 and the 10 new Member States. However, the proportions of both satisfied and dissatisfied respondents in the new Member States are higher than in EU-15, as can be seen from Table 2.24.

Among the countries with a satisfaction rate beyond the European average (which of 46%), the distribution shows that Ireland takes the lead with 72% of consumers who are satisfied. Next come Finland, Lithuania, Latvia and Greece, with figures between 63% and 67%. The satisfaction levels in Slovenia, Hungary, Austria, Poland, the Czech Republic, Spain and Germany are not significantly different from the EU average. In Slovakia, Italy and the Netherlands the figure is below 30%.

In Slovakia the number of dissatisfied consumers reaches 23%, more than double the EU average. Six other countries - Italy, Hungary, Denmark, the Czech Republic, Germany and Austria - show a percentage of dissatisfied consumers between 13% and 18%.

Table 2.24 Overall, to what extent are you satisfied with your extra-urban transport supplier? (% of respondents) ⁽¹⁾

	EU-25	EU-15	NMS10	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY
Satisfied	45.6	45.3	47.1	52.2	43.7	37.5	42.4	58.0	63.4	43.6	52.6	72.4	24.2	-
Dissatisfied	10.3	9.9	12.0	4.6	17.0	17.1	16.2	6.3	4.4	5.1	7.2	3.3	18.0	-
	LV	LT	LU	HU	MT	NL	AT	PL	PT	SI	SK	FI	SE	UK
Satisfied	66.2	66.5	54.2	50.0	-	24.0	49.0	46.2	55.5	51.5	28.6	67.4	54.1	55.4
Dissatisfied	3.5	5.2	6.8	17.6	-	6.0	12.7	7.4	4.5	8.3	23.4	3.3	7.9	6.3

⁽¹⁾ In each country, the target population was composed of people aged at least 18 years old and having used the service during the past 12 months; respondents have been asked to evaluate their overall satisfaction of the service by using a 10-point scale: the satisfied respondents are those who rated the service from 8, 9 or 10 on a scale from 1 to 10 and the dissatisfied ones rated the service 1, 2, 3 or 4 on a scale from 1 to 10.

Source: Consumer satisfaction survey, Directorate-General of the European Commission for Health and Consumer Protection, 2006

⁴ The consumer satisfaction survey was held in all 25 countries that are member of the European Union, and covers 11 'service sectors of general interest': electricity supply, gas supply, water distribution, fixed telephony, mobile telephony, urban transport, extra-urban transport, air transport, postal services, retail banking and insurance services.

Table 2.25 shows the proportion of satisfied and dissatisfied consumers distributed by socio-economic category. It appears that amongst the retired people, blue-collar workers and homemakers about half of the consumers are satisfied - which is significantly higher than the EU-25 average for this sector. The unemployed people, managers and self-employed people are around 45%, which is statistically equal to the EU average. White collar workers score around 40% and students around 30%, which is significantly under the average proportion of satisfied consumers.

The earlier consumers left school, the more satisfied they are. Age is also related to satisfaction: older consumers are more satisfied, and there are more dissatisfied consumers with younger people. Men and women do not differ in this regard.

Table 2.25 Overall, to what extent are you satisfied with your extra-urban transport supplier? (% of respondents) ⁽¹⁾

	Satisfied	Dissatisfied
EU-25 ⁽²⁾	45.6	10.3
Sex		
Male	45.9	11.2
Female	45.3	9.4
Age		
18-34	42.1	12.2
35-54	44.8	10.6
55+	49.8	8.1
Age when finished full time education		
15 or less	50.3	7.7
16-19	48.0	9.5
20 or more	43.6	10.7
Still studying	31.8	17.6
Occupation		
Self-employed	45.3	10.9
Manager	45.5	10.2
Other white collar	42.1	12.5
Blue collar	49.8	8.1
Student	31.7	16.1
Homemaker	49.2	6.8
Unemployed	46.5	13.6
Retired	52.2	6.5

Source: Consumer satisfaction survey, Directorate-General of the European Commission for Health and Consumer Protection, 2006

- ⁽¹⁾ In each country, the target population was composed of people aged at least 18 years old and having used the service during the past 12 months; respondents have been asked to evaluate their overall satisfaction of the service by using a 10-point scale: the satisfied respondents are those who rated the service from 8, 9 or 10 on a scale from 1 to 10 and the dissatisfied ones rated the service 1, 2, 3 or 4 on a scale from 1 to 10.
- ⁽²⁾ Excluding Cyprus and Malta since there is no extra-urban (rail) transport in these countries.

Extra-urban transport operators in Finland, Ireland, Latvia, Luxembourg, Greece, the United Kingdom, Slovenia, Estonia, Portugal and Poland have a good reputation according to more than 50% of the users. In Denmark and the Netherlands, they are less than 20% to think so. Overall, the results by country show similar patterns of responses to what has been observed for the overall image. Users in Ireland and Latvia, Luxembourg, Hungary and the United Kingdom are the most satisfied with the prices for extra-urban transport services (more than 50% of users are satisfied). The least satisfied are users in the Netherlands (14%), Italy (18%), Slovakia (22%) and Denmark (28%). Remarkably, the proportion of dissatisfied people is rather significant in the European Union (15%), in particular in Denmark (34%) and Slovakia (33%). In both countries mentioned, the proportion of dissatisfied users is even greater than that of satisfied users.

In countries where people can choose between extra-urban transport companies (all except Cyprus, Denmark, Germany, France, Hungary, Luxembourg and Malta) the greatest majority of users (88%) has no intention to change service provider in the short run (within the year). Most of the EU-25 users (70%) think that extra-urban transport services are available for everybody in their country, especially in Greece (91%). However, it is the case for only 48% of users in Sweden. Speaking of competition, European users of extra-urban transport services are divided when asked to say whether there is enough competition in their country or not. Indeed, 46% answer positively and the same proportion has the opposite opinion. However, users in the New Member States have a more positive evaluation than those of EU-15: in the first group, 51% think there is enough competition while the others are only 44% to think so.

In Austria, Belgium, Italy, Netherlands, Slovakia and Sweden there is a great majority of negative answers while in Estonia, Spain, Greece, Ireland, Latvia, Lithuania, Poland, Portugal and the United Kingdom, a great majority thinks there is enough competition. Cross border purchasing in the area of extra-urban transport convinces a small proportion of European users (30%). However, it is greater than what was observed for urban transport (15%). Finally, similarly to what has been observed for other services, the great majority of EU-25 citizens (75%) prefer to deal with a national operator as far as extra-urban transport is concerned.

2.3 AIR TRANSPORT

Passenger traffic on intra-EU-25 flights increased at an average annual rate of 7.6% between 1995 and 2000 but, in all probability, due to tragic events of September 11th 2001, decreased slightly in 2001 and 2002. It increased again by 3.9% in 2003.

Table 2.26 provides an EU-25 ranking of the 40 busiest airports in 2004 in terms of total passengers carried, together with the rank of the top airport for the 8 Member States where no airport appeared in the top 40. London/Heathrow continues to hold the top rank with over 67 million passengers; this is 10% of the total air passengers in EU-25. Paris/Charles-de-Gaulle and Frankfurt-Main compete for second place with the rank order in 2004 reversing that of 2003; Paris/Charles-de-Gaulle being in second place in 2004 with just under 51 million passengers followed by Frankfurt-Main with 50.7 million. As in 2003 Amsterdam/Schiphol (42.4 million) and Madrid/Barajas (38 million) follow in the ranking.

Three of the top 40 airports (Berlin/Tegel, Birmingham and Tenerife Sur/Reina Sofia) recorded a small fall in the number of passengers between 2003 and 2004, resulting in a drop in the rank order for the last two airports. Prague/Ruzyně (9.6 million passengers) remains the top airport amongst the new Member States, having moved from a rank of 36th in 2003 to 27th in 2004. Budapest/Ferihegy (from 45th in 2003 to 39th in 2004) and Warsaw/Okęcie (44th in 2003 and 41st in 2004) have also moved up in the rankings.

Table 2.26 Top airports in EU-25 in terms of total passengers carried, 2004

			Number of passengers (thousands)	Growth 2003- 2004 (%)
1	London/Heathrow	UK	67 110	6.2
2	Paris/Charles-de-Gaulle	FR	50 951	6.1
3	Frankfurt-Main	DE	50 700	5.6
4	Amsterdam/Schiphol	NL	42 425	6.6
5	Madrid/Barajas	ES	38 155	7.9
6	London/Gatwick	UK	31 392	5.0
7	Roma/Fiumicino	IT	27 160	6.6
8	München	DE	26 601	11.1
9	Barcelona	ES	24 354	8.3
10	Paris/Orly	FR	24 049	7.1
11	Manchester/Intl	UK	20 970	7.4
12	London/Stansted	UK	20 909	11.7
13	Palma de Mallorca	ES	20 363	6.5
14	Kobenhavn/Kastrup	DK	18 889	7.6
15	Milano/Malpensa	IT	18 419	5.4
16	Dublin	IE	17 032	7.9
17	Stockholm/Arlanda	SE	16 467	7.7
18	Bruxelles/National	BE	15 445	2.3
19	Düsseldorf	DE	15 092	6.8
20	Wien/Schwechat	AT	14 711	15.7
21	Atens	EL	13 659	11.7
22	Malaga	ES	11 930	4.6
23	Berlin-Tegel	DE	10 976	-0.5
24	Helsinki-Vantaa	FI	10 729	10.5
25	Lisboa	PT	10 394	9.4
26	Hamburg	DE	9 764	4.3
27	Praha/Ruzyně	CZ	9 573	28.8
28	Nice/Côte d'Azur	FR	9 327	2.2
29	Las Palmas/Gran Canaria	ES	9 218	3.1
30	Milano/Linate	IT	8 945	2.5
31	Birmingham	UK	8 797	-1.4
32	Stuttgart	DE	8 649	16.6
33	Glasgow	UK	8 557	5.4
34	Alicante	ES	8 532	4.6
35	Tenerife Sur/Reina Sofia	ES	8 370	-3.3
36	Köln/Bonn	DE	8 249	7.5
37	Edinburgh	UK	7 992	6.9
38	London Luton	UK	7 520	10.8
39	Budapest/Ferihegy	HU	6 445	28.6
40	Lyon/Satolas	FR	6 125	4.5
41	Warsawa/Okęcie	PL	6 092	17.9
48	Larnaka	CY	4 742	5.3
73	Malta/Luqa	MT	2 790	5.4
107	Luxembourg	LU	1 509	4.1
123	Riga Airport	LV	1 056	48.7
125	Ljubljana	SI	1 046	13.0
127	Vilnius Intl	LT	994	37.6
128	Tallinn/Ulemiste	EE	991	39.5

Source: Air transport in Europe in 2004, Statistics in Focus, Transport 2/2006, Eurostat, 2006

Nearly 225 million passengers arrived in or departed from the EU-25 in 2004 with an extra-EU origin or destination (see Table 2.27). This was an increase of 14.5% on the number for 2003. Increased traffic was recorded in all world regions; for the majority of regions the increase was over 10% and over 20% for four regions. As a share of the total extra-EU traffic, countries of Europe outside EU-25, with 71 million passengers being transported in 2004, formed almost a third of the total (31.8%). This was followed by North America with nearly a quarter share (23.6% - over 50 million passengers). The African continent accounted for 16% of international extra-EU passenger transport with 36

million passengers. North Africa (with popular holiday destinations) was the origin or destination of 24 million of these passengers. Increases in traffic in excess of 24% compared to 2003 were recorded for North Africa and East Africa. The rest of Africa, Central Africa, Southern Africa, and West Africa registered increases well below the average: 5.0%, 5.4% and 7.2% respectively. Increases in traffic of just over 20% were registered to the Far East and to the Near and Middle East, showing a recovery from the previous year when the outbreak of SARS (Severe Acute Respiratory Syndrome) in the Far East and the war in Iraq took place.

Table 2.27 Airborne transport - international extra-EU passenger transport by world region, 2004

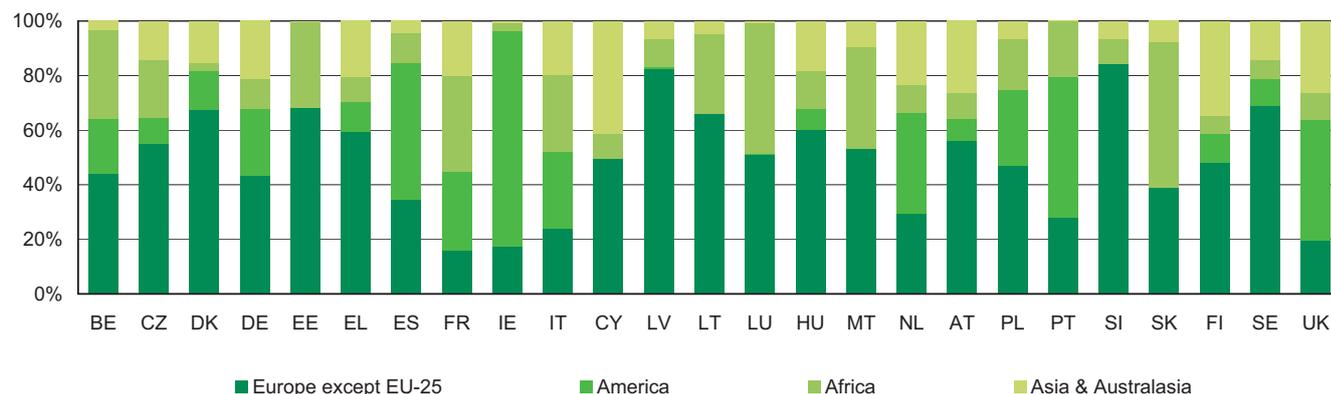
World Regions	Passengers (thousands)	Growth 2003-2004 (%)	Share in total extra-EU (%)
Total Extra-EU	224 948	14.5	100.0
Europe other than EU-25	71 438	14.7	31.8
North America	53 198	10.7	23.6
North Africa	24 046	24.2	10.7
Far East	21 893	20.6	9.7
Near and Middle East	15 605	20.3	6.9
Central America and Caribbean	10 652	8.3	4.7
South America	7 758	17.1	3.4
Southern Africa	5 661	5.4	2.5
Indian Sub-Continent	5 374	13.1	2.4
West Africa	3 825	7.2	1.7
East Africa	1 800	24.5	0.8
Australasia, S. Seal Is. & Antarctica	1 596	12.4	0.7
Asian Republics of the Ex-USSR	1 140	11.8	0.5
Central Africa	694	5.0	0.3
Unknown	268	-70.2	0.1

Source: Air transport in Europe in 2004, Statistics in Focus, Transport 2/2006, Eurostat, 2006

Figure 2.28 shows that the share of world regions in international extra-EU passenger transport is not uniform across Member States. Although a region may form a large share of the passenger traffic for a Member State, the actual number of passengers transported may be a very small percentage of the total EU traffic to that region. For France, Ireland and the United Kingdom, the region of Europe except EU-25 represents 20% or less of the total in contrast to Latvia and Slovenia where the share is over 80%. This region has the largest share for all the new Member States except for Slovakia, where the share for

Africa is larger. The American region forms an important share for Spain, Ireland, the Netherlands, Portugal and the United Kingdom. The share for this region is significant only for Poland amongst the new Member States. The share for Africa is large for France, Luxembourg, Malta and Slovakia. The region of Asia and Australasia is important for Cyprus and Finland; the caveat mentioned earlier of actual numbers transported applies here. The shares between the four world regions are most equally balanced for France and Italy.

Figure 2.28 Airborne transport - share of world regions in international extra-EU passenger transport by Member State, 2004 (%)



Source: Air transport in Europe in 2004, Statistics in Focus, Transport 2/2006, Eurostat, 2006

2. Transport Services

Air transport considered highly satisfactory

According to a consumer satisfaction survey undertaken in 2006, air transport is the service which European consumers are most satisfied with. The average satisfaction is relatively high (it amounts to 7.96 in a scale from 1 to 10); it is even higher in the new Member States.

The proportion of satisfied consumers is high, mainly in the new Member States (almost 3 out of 4 consumers gave a

score of 8 or higher - see Table 2.29). The satisfaction rates in the countries with a score higher than the EU-25 average range from 83% (Germany) to 74% (Slovenia). This group also contains Cyprus, Hungary, Austria, Lithuania, Finland, Greece and the Czech Republic. In many European countries the proportion of satisfied consumers is not statistically different from the EU average (66%). Only five countries drag the European average down: Belgium, France, the Netherlands and Italy, with satisfaction levels from 60% to 51% and, sensibly below this, Spain with 45%.

Table 2.29 Overall, to what extent are you satisfied with your air transport supplier? (% of respondents) ⁽¹⁾

	EU-25	EU-15	NMS10	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY
Satisfied	66.1	65.5	72.6	59.7	75.7	65.0	83.2	64.1	76.2	45.0	56.1	67.0	51.1	83.0
Dissatisfied	3.5	3.6	3.1	2.4	6.9	5.1	1.7	3.9	3.8	6.1	5.7	3.6	3.4	3.5
	LV	LT	LU	HU	MT	NL	AT	PL	PT	SI	SK	FI	SE	UK
Satisfied	68.0	78.6	66.5	82.5	63.6	52.9	82.2	67.7	64.1	73.8	62.0	77.5	62.4	67.6
Dissatisfied	3.6	0.7	2.6	2.5	2.9	1.2	1.1	1.3	0.9	4.5	8.2	3.2	4.5	4.4

⁽¹⁾ In each country, the target population was composed of people aged at least 18 years old and having used the service during the past 12 months; respondents have been asked to evaluate their overall satisfaction of the service by using a 10-point scale: the satisfied respondents are those who rated the service from 8, 9 or 10 on a scale from 1 to 10 and the dissatisfied ones rated the service 1, 2, 3 or 4 on a scale from 1 to 10.

Source: Consumer satisfaction survey, Directorate-General of the European Commission for Health and Consumer Protection, 2006

Table 2.30 shows the proportion of satisfied and dissatisfied consumers distributed by socio-economic category. The professional categories that are most satisfied with air transport are the blue collars workers (71%) and the retired people (70%). On the other hand, the managers are relatively less satisfied, with only 63% of satisfied respondents. One may wonder whether this result

is related to the frequency of use. This question was not asked in the survey. However, if one uses the proportion of respondents who answered to the questions related to air transport as a proxy for the frequency of use it appears that the occasional users are relatively more satisfied. This could be due to the fact that they associate air transport with pleasant occasions such as holiday trips.

Table 2.30 Overall, to what extent are you satisfied with your air transport supplier? (% of respondents) ⁽¹⁾

	Satisfied	Dissatisfied
EU-25	66.1	3.5
Sex		
Male	65.7	4.0
Female	66.6	3.0
Age		
18-34	64.7	4.0
35-54	64.7	3.1
55+	69.4	3.5
Age when finished full time education		
15 or less	61.5	5.1
16-19	67.0	3.5
20 or more	67.3	3.3
Still studying	60.8	2.9
Occupation		
Self-employed	64.7	5.0
Manager	63.4	4.1
Other white collar	64.9	3.8
Blue collar	71.1	2.8
Student	62.5	2.5
Homemaker	66.8	2.1
Unemployed	66.7	3.4
Retired	70.1	2.9

Source: Consumer satisfaction survey, Directorate-General of the European Commission for Health and Consumer Protection, 2006

⁽¹⁾ In each country, the target population was composed of people aged at least 18 years old and having used the service during the past 12 months; respondents have been asked to evaluate their overall satisfaction of the service by using a 10-point scale: the satisfied respondents are those who rated the service from 8, 9 or 10 on a scale from 1 to 10 and the dissatisfied ones rated the service 1, 2, 3 or 4 on a scale from 1 to 10.

In Germany, Finland and the Czech Republic more than eight users out of ten consider the national air transport company as having an overall positive image (for an EU-25 average of 65%).

Although in Spain and Italy less than 50% of users are satisfied with their air transport company, the proportion of dissatisfied consumers is very low (7% and 6% respectively), in line with the EU-25 average (4%). The overall quality of services convinces a majority of users, especially in the new Member States (76% against 67% in the EU-15). Again the Czech Republic (87%), Germany (86%) and Finland (84%) are at the top of the list together with Hungary where users are a little more convinced of the quality of services provided by their air transport company (83% against an average for the new Member States of 76%) than its overall reputation on the market (79% against an average for the new Member States of 77%). For a large share of users in Germany (77%), Hungary (73%), the Czech Republic (72%), Ireland (71%), the United Kingdom (68%), Latvia (67%), Austria (66%), Slovakia (64%) and Finland (61%), the air transport company they use most has fair prices. This is less the case in Spain (34%), Italy and Portugal (36% both), the Netherlands (37%), Sweden

(43%), France (44%) and Malta (46%). It is interesting to note that almost one fifth of Dutch users are dissatisfied with the prices charged by their usual air transport company (for an EU-25 average of 12%).

Danes, Swedes and Slovenes least attached to national air operators

Remarkably, although the level of commitment to air transport companies is relatively high (76%), it seems to be lower in the new Member States (67%) than in the EU-15 (77%). More than 80% of respondents in Finland, Greece, Portugal, Luxembourg and Germany said they will still use their national air transport company in the next 12 months whereas in Slovakia and Hungary they are respectively 56% and 59% to say so. Considering the liberalisation in air transport, the preference for a national operator is less marked than for other services, especially in the new Member States (54% against 61% in the EU-15). The least attached to national operators are the Danes, the Swedes and the Slovenes as a majority (more than 50%) said they do not prefer to deal with a national air transport company. The Greeks and people from Cyprus have the opposite opinion (more than 80% of positive answers).

Air passenger rights: common rules not only since liberalisation

The single market for air transport in the European Union has greatly benefited passengers: they enjoy lower fares and a wider choice of carriers and services than in the past. But other measures are needed to protect passengers' interests and ensure that they fully profit from the single market.

Air passengers are in a weak position to defend their rights. For example, when booking a flight, they have to accept conditions laid down by airlines; they cannot negotiate their contracts - and rarely know them. When their journeys do not go as planned, perhaps because of denied boarding or cancellation of a flight, they rely on the good will of the carrier to continue their journey or return home. In such cases, passengers are badly placed to look after themselves, particularly when being far from home.

With regard to the frequent problem of denied boarding in spite of a confirmed ticket (overbooking), the EU has taken action as early as 1991 when Regulation 295/91/EEC came into force. A system of compensation payment by the airline operating the flight was installed, together with the offering of alternative travel arrangements and the provision of meals and accommodation, if necessary. This Regulation was however limited to scheduled flights departing from an airport within an EU Member State. Package flights were governed by Directive 90/314/EEC.

Since February 2005: rights extended to more flights

In 17 February 2005, Regulation 261/2004 came into force, extending the rights to charter and domestic flights. Furthermore, when a flight is operated by an airline based in an EU Member State, these rights also apply to flights from an airport outside the EU to a destination inside the EU. Going beyond cases of denied boarding or the cancellation of flights, long delays are now also covered.

Passengers' rights include to be informed about their rights by the airline in the form of a written notice, reimbursement of their tickets, a free return flight to the point of departure, if appropriate or a later flight to their destination, or compensation (staggered up to EUR 600 for flights of over 3500 km). Additionally, meals, refreshments, means of telecommunication and hotel accommodation if necessary must be made available even if the incidents happen outside the control of the airline (force majeure). In the event of a cancellation, passengers have the right to compensation as for denied boarding/overbooking and this under certain conditions. There is no financial compensation foreseen for delays as this often happens outside the airlines' control. All measures also apply to passengers flying with a ticket issued under a fidelity program of an airline.

Application to low-cost air carriers, too

Passenger rights as explained above apply to low-cost airlines as well. Indeed, the amounts for financial compensation are not linked to the ticket price as there is no difference with regard to the discomfort a passenger is subjected to, whether flying first class or low-cost. Passengers are always entitled to receive written information on their rights, appropriate assistance and alternatives to proceed with their travel plans or to receive a refund - even if the incidents happen under force-majeure circumstances.



Initiatives beyond the measures linked to the operation of flights

The Council of Ministers and the European Parliament agreed on a series of rights for passengers with reduced mobility in Regulation 1107/2006 of 5 July 2006. The regulation includes the creation in all airports with over 150 000 passengers of designated points which people with reduced mobility can approach to request assistance. They cannot be refused boarding, except in a few very strictly defined cases. The airport operators are responsible for the provision of these services free of charge; those affected cannot be charged for any additional costs. The request for assistance (for example to and from the aircraft) must be made known by the persons concerned at least 48 hours before departure. All airlines serving the airport (according to their passenger share) are to contribute to the financing of these services.

The objective of Regulation 785/2004 of 21 April 2004 was the harmonisation of the level of insurance in air transport, establishing the minimum levels of insurance cover per passenger and per item of luggage. The minimum level of insurance in respect of third-party liability was also established. The rules are equally valid for Community airlines as for non-EU aircraft operators and apply to damage occurring in flight and on the ground. As well as accidents, insurance must also cover the risks of war, hijackings, acts of terrorism and sabotage. Aircraft operators are obliged to present insurance certificates to the competent Member State authorities.

Regulation [EC]889/2002 transposed the Montreal Convention on liabilities of airlines into Community law; damage-claims can be initiated in a court proceeding for a delay in the transport of passengers and their baggage, including for domestic EU-flights (within one Member State).

Regulation [EC] 2111/2005 on the blacklist of airlines also includes the right for passengers to know who will transport them to their booked destination (identity of the operating carrier) and this at the moment of booking or, if not possible, at a later stage.

More information on the right of air passengers can be obtained through:
http://ec.europa.eu/transport/air_portal/passenger_rights/information_en.htm

2.4 WATER TRANSPORT

Maritime links can be of considerable importance for countries with many islands (such as Denmark, Greece, Spain, Italy, Sweden and France), but also for countries with significant coastlines, for which inter-country links are very important (such as Greece/Italy, Ireland/UK, UK/France or Nordic countries).

Conversely, passenger transport via inland waterways is very limited and of low importance (except perhaps for transport in and around Venice and on the North Italian lakes).

The top-20 ports are detailed in Table 2.32 below, for the total of passengers embarked and disembarked. Certain ports display similar or identical figures. These correspond to port pairs linked by a ferry connection (Rio-Antirio, Paloukia Salaminas-Perama, Helsingborg-Helsingor, Messina-Reggio di Calabria). It should be noted that the connection Rio-Antirio has become obsolete in 2004 as a fixed link now connects mainland Greece to the Peloponese.

Table 2.31 Passenger transport by Member States: passengers embarked and disembarked in all ports, 2003 (thousands)

	Inwards	Outwards
EU-25	207 368	205 213
EU-15	202 773	200 720
BE	371	369
CZ	-	-
DK	24 358	24 294
DE	16 036	16 110
EE	2 615	2 557
EL	51 460	51 300
ES	10 782	9 259
FR	13 700	13 705
IE	1 874	1 872
IT	41 287	41 289
CY	144	143
LV	57	61
LT	68	67
LU	-	-
HU	-	-
MT	71	69
NL	1 024	990
AT	-	-
PL	1 617	1 572
PT	306	310
SI	23	24
SK	-	-
FI	8 216	8 125
SE	16 545	16 203
UK	16 814	16 894
BG	3	1
RO	0	0

Source: Maritime transport of goods and passengers 1997-2003, Statistics in focus, Transport 9/2005, Eurostat, 2005

Table 2.32 Top-20 ports in passenger transport - number of passengers embarked and disembarked, 2003 (thousand)

			Number of passengers (thousands)	Growth 2002-2003 (%)
1	Dover	UK	14 770	-10.2
2	Calais	FR	13 729	-8.4
3	Antirio	EL	13 688	-3.7
4	Rio	EL	13 688	-3.7
5	Paloukia Salaminas	EL	12 541	3.4
6	Perama	EL	12 541	3.4
7	Helsingborg	SE	11 693	0.2
8	Helsingor	DK	11 646	0.3
9	Messina	IT	9 833	-4.1
10	Reggio Di Calabria	IT	9 698	-4.3
11	Piraeus	EL	9 315	7.8
12	Helsinki	FI	8 549	-3.6
13	Stockholm	SE	7 294	6.9
14	Napoli	IT	6 811	1.5
15	Puttgarden	DE	6 422	-2.6
16	Rodby (Faergehavn)	DK	6 421	-1.3
17	Tallinn	EE	5 172	0.7
18	Santa Cruz De Tenerife	ES	5 011	3.1
19	Capri	IT	4 749	-5.5
20	Algeciras	ES	4 542	6.0

Source: Maritime transport of goods and passengers 1997-2003, Statistics in focus, Transport 9/2005, Eurostat, 2005

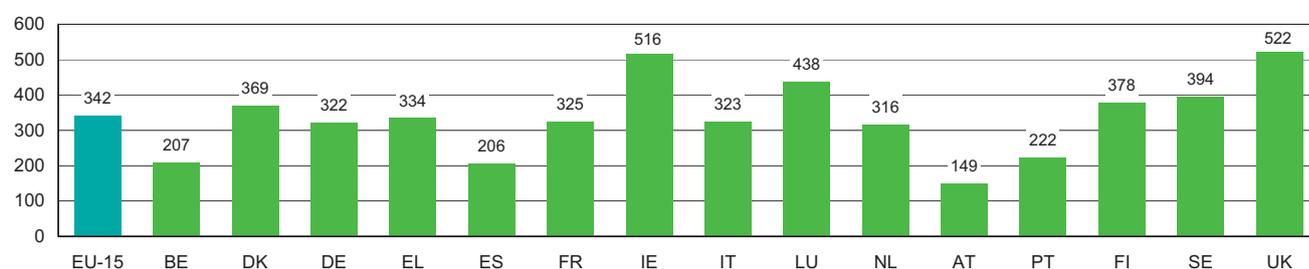
2.5 CONSUMPTION EXPENDITURE AND PRICES

CONSUMPTION EXPENDITURE

From the methodological point of view, it is important to keep in mind that transport expenditure may be associated with a variety of activities, including tourism. It may not always be easy to make a distinction between accommodation and travel expenditure, especially in the case of package holidays. Although estimations can often be made, this was not the case in Austria, where expenditure on transport services from the Household Budget Survey excludes holiday travel, hence underestimating mean expenditure levels. Similarly in Denmark, data for passenger transport by railway is aggregated with bus transport and recorded as combined passenger transport.

EU-15 households generally spent between 206 PPS (Spain) and 438 PPS (Luxembourg) on transport services in 1999, with the exception of Austria⁵ (149 PPS), Ireland (516 PPS) and the United Kingdom (522 PPS) that displayed values outside this range (see Figure 2.33). Transport by bus or coach and rail accounted for the largest proportion of total expenditure in each Member State (see Figure 2.34). Rail was the largest transport service expenditure item in Belgium, Germany, France, the Netherlands and Austria⁶.

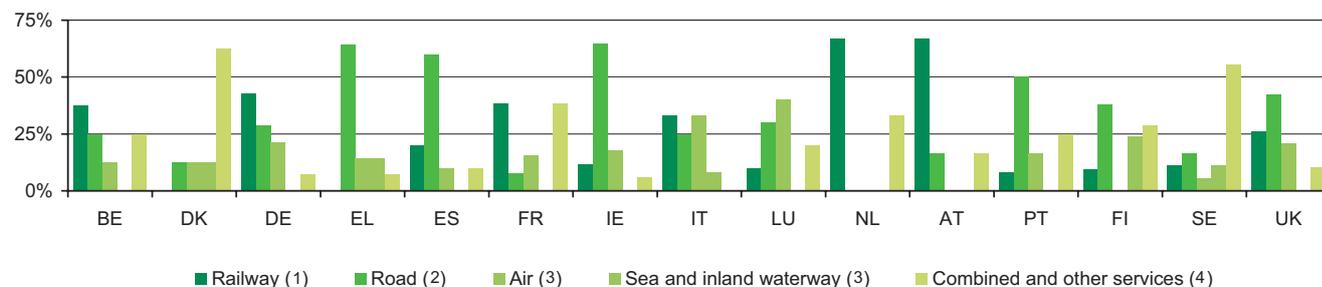
Figure 2.33 Transport services ⁽¹⁾
Mean consumption expenditure, 1999 (PPS per household)



⁽¹⁾ AT, excluding holiday travel.

Source: Eurostat, Household Budget Survey (theme3/hbs)

Figure 2.34 Transport services
Breakdown of consumption expenditure, 1999 (%)



⁽¹⁾ DK, not available; AT, excluding holiday travel.

⁽²⁾ AT, excluding holiday travel.

⁽³⁾ NL, not available; AT, excluding holiday travel.

⁽⁴⁾ DK, including railway; AT, excluding holiday travel.

Source: Eurostat, Household Budget Survey (theme3/hbs)

⁵ Excluding holiday travel.

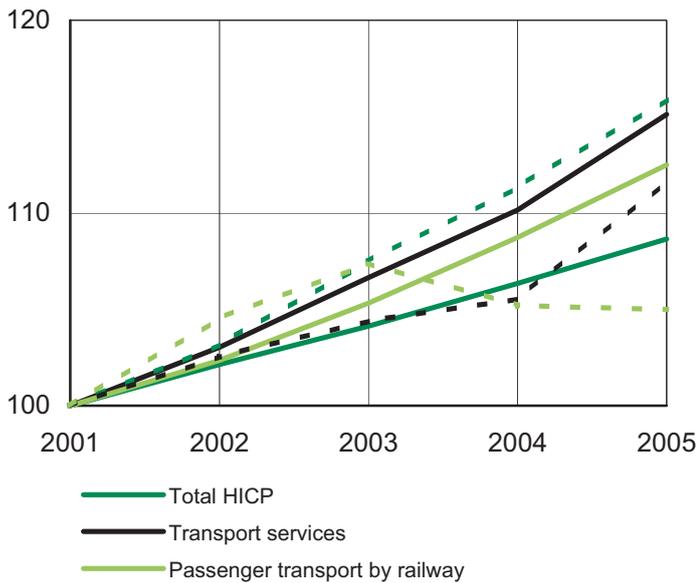
⁶ DK, not available.

PRICES

Transport prices rose at a faster pace than inflation between 2001 and 2005 (see Figures 2.35 and 2.36). Price level indices underline the considerable difference in passenger transport tariffs that exist within the EU-25. These differences may reflect a wide range of costs, as well as different policies with respect to subsidising public transport. As a general rule, transport service tariffs are higher in northern Europe than in eastern Europe. Data for

earlier years showed that the Czech Republic, Greece, Lithuania and Slovakia displayed the lowest price levels compared with the EU average for all of the main transport modes in 2002, whilst consumers in the United Kingdom faced the highest price levels for transport services (some 63% above the EU average). Price levels were also relatively high in Sweden (53% above the EU average), Denmark and Finland (both 44%).

Figure 2.35 Transport services
Development of harmonised indices of consumer prices in the EU (2001=100)



Source: Eurostat, Harmonised indices of consumer prices (theme2/price)

Looking at the development of the individual transport modes, a 12.5% price increase between 2001 and 2005 is observed for railways at EU-25 level. Latvia was the only Member State that registered a decrease (-14%) whereas Hungary, Portugal, Slovenia and Slovakia recorded increases over 30%.

Cyprus and Slovakia stood out of the lot when considering road transport, with price increases exceeding 40% (EU-25 average: 16%). Here, Belgium was the only country to report a decrease (-6%).

The picture is less uniform for air transport: the EU average price increase of close to 12% incorporates a variety of country values that range from price decreases of around 20% (Belgium, Estonia) to price increases as high as 40% (Spain, Italy, Lithuania).

Transport by sea and inland waterways is obviously of lesser importance at EU level but it should nevertheless be noted that for countries such as Greece and Malta, where water transport plays a substantial role, prices increased by 36% and 27%, respectively.

Figure 2.36 Transport services
Absolute growth in consumer prices, 2001-2005 (%)



(1) Not applicable.
(2) Not applicable.

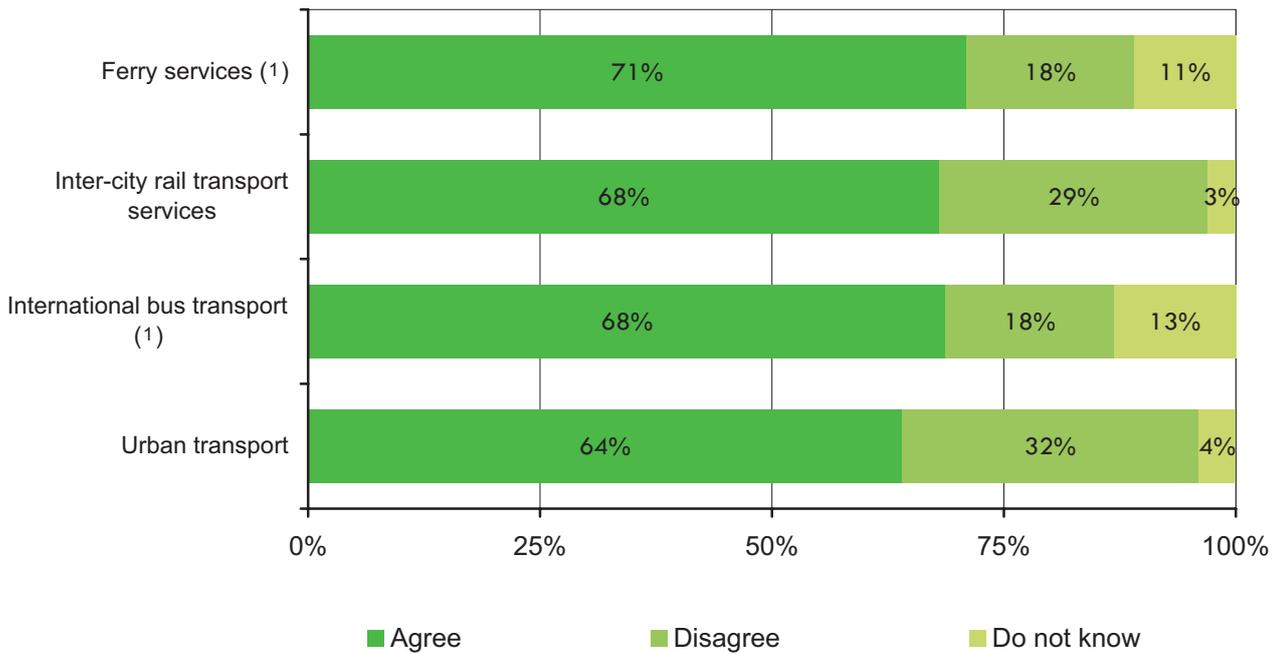
Source: Eurostat, Harmonised indices of consumer prices (theme2/price)

2. Transport Services

A 2005 Eurobarometer survey (63.2) on passengers' rights tried to give a horizontal perspective of the opinions of Europeans on the different transport services, namely local urban transport, inter-city rail transport, air transport, ferry services and international bus transport. When comparing results of the different transport services for the information on prices and terms, it can be noted that in general a majority of Europeans considers this information to be satisfactory or comprehensive for each service. Passengers of ferry services seem to be the most numerous to agree that information on prices and terms for this service is satisfactory, with a rate of 71% (see Figure 2.37). Inter-city rail transport services and international bus

transport follow with 68%. Finally, urban transport reaches a rate of 64%. Nevertheless, it is important to note here that one third (32%) of citizens disagree with this statement and do not find this information satisfactory. A similar remark can be made for inter-city rail transport. This item was not suggested for air transport services. However, Europeans are divided on whether or not air fares are indicated unambiguously. While 39% answer that prices are not indicated unambiguously, 32% answer on the contrary that they are, and another 29% answer that they don't know. This allows it to be assumed that for this transport service, the information on prices and terms is less satisfactory.

Figure 2.37 Information on prices and terms is satisfactory
(% of respondents in the EU-25)



(1) For ferry services and international bus services the item wording differs somewhat: 'Information on prices and terms of ... is comprehensive'.

Source: Eurobarometer 63.2 (Passengers' Rights), European Commission, 2005

2.6 SELECTED ASPECTS LINKED TO TRANSPORT SERVICES

The concept of quality can be associated with a variety of parameters: availability, accessibility, information to customers, time (length of trip, adherence to schedule), customer service, comfort, safety, as well as environmental impact. Some of these can be objectively measured, such as accessibility, punctuality or safety and they are

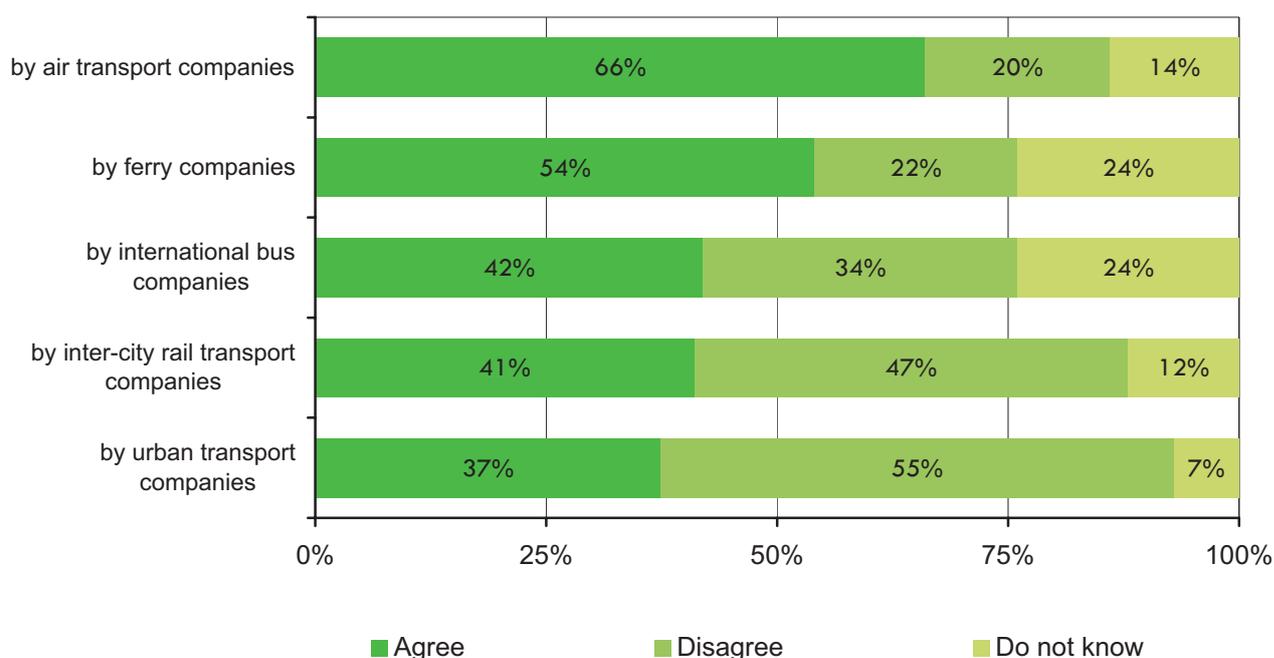
addressed elsewhere in this chapter. But others may be more subjective feelings that also help to shape consumers' opinions of the general quality of the services being offered.

ATTITUDES ON TRANSPORT OF PERSONS WITH REDUCED MOBILITY

When comparing results between the different transport services for the statement that people with reduced mobility are adequately taken care of (addressed in Eurobarometer survey (63.2) on passenger rights), it can be noted that there are several important discrepancies of opinion. The highest rate of agreement can be found for air transport companies with a rate of 66% among persons having already used air transport services in the last twelve months (see Figure 2.38). The care given by ferry companies to people with reduced mobility is also acknowledged by a slight majority of passengers in general having used ferry services (54%). However, for the other three transport services, citizens seem divided: 42% of

respondents agree that international bus companies take adequately care of people with reduced mobility, against 34% who disagree and 24% who don't know. As for inter-city rail transport companies, the rates are 41% agreeing against 47% disagreeing. Finally, the results for urban transport companies show that only a minority of 37% agree with this statement against 55% who disagree that people with reduced mobility are adequately taken care of by these companies. It can be concluded that urban transport companies and inter-city rail transport companies have a more negative image when it comes to the care of people with reduced mobility.

Figure 2.38 People with reduced mobility are adequately taken care of by ...
(% of respondents in the EU-25)



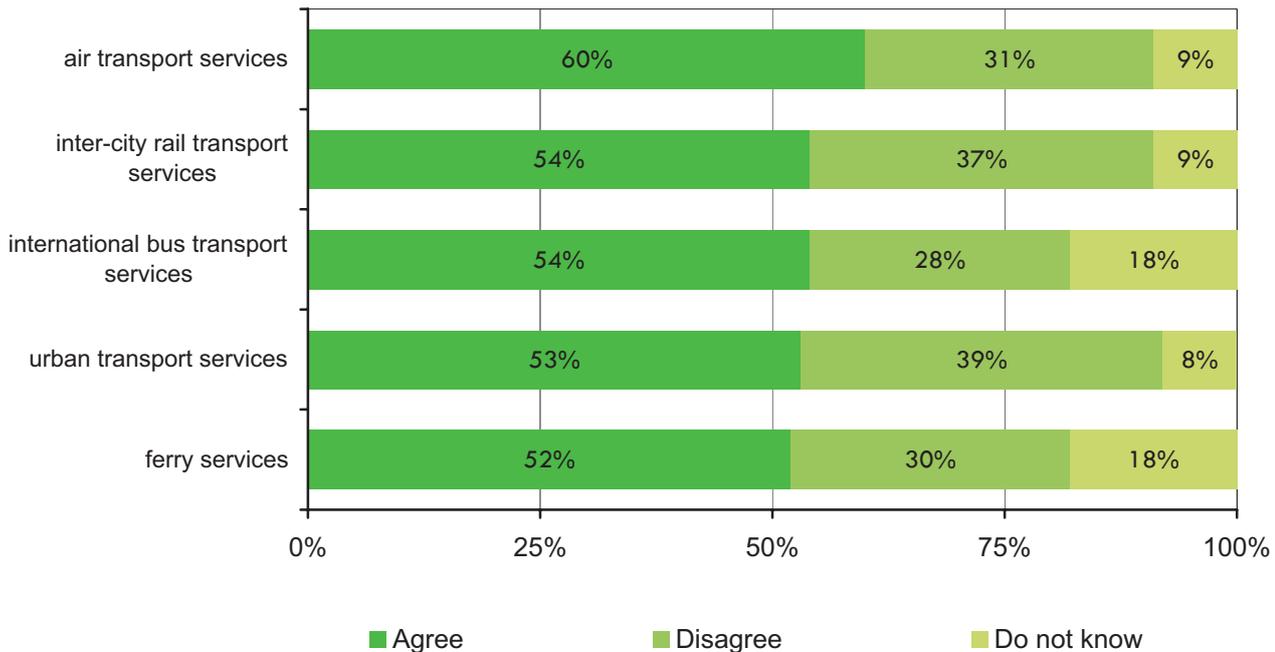
Source: Eurobarometer 63.2 (Passengers' Rights), European Commission, 2005

ATTITUDES ON THE FILING OF COMPLAINTS

The comparison of the views as to the efficiency of improving transport services by making suggestions or filing complaints shows that throughout all the different services a majority of Europeans agree. Nevertheless, this agreement rate is somewhat higher for air transport services, at a rate of 60% (see Figure 2.39). Inter-city rail transport services (54%), international bus transport services (54%), urban transport services (53%) and ferry services (52%) all score similar rates above the 50% mark. One should however note the somewhat higher levels of disagreement with this statement for urban transport

services and inter-city rail transport services, with rates of respectively 39% and 37%. Again, these two services have a somewhat more negative image among EU citizens. It is important to keep in mind that the respondent's perception of the 'efficiency' of making suggestions or filing complaints in order to improve transport services remains somewhat relative here: for the most part, these opinions are simply based on the principle of undertaking such actions, and far less on the respondent's actual experience of having done so in the past.

Figure 2.39 Making suggestions or filing complaints is an efficient means of improving...
(% of respondents in the EU-25)



Source: Eurobarometer 63.2 (Passengers' Rights), European Commission, 2005

In the 2006 Eurobarometer survey (65.3) on services of general interest, nobody in seven of the 25 Member States of the European Union had made a complaint about transport services within towns and cities over the past two years. It required relatively high figures of 12% in Sweden, 8% in Cyprus and 6% in the United Kingdom, the Netherlands, Italy and Denmark to push the EU average level of complaints up to just 4%. The split in the channels of complaint carries on the established pattern in that the majority of complaints (i.e. 3%) are directed to the service provider and just 1% to a complaint-handling body. When looking at the 4% of users of transport services within towns who had made a complaint over the last two years, there were no significant variations by gender, age, education or occupation.

Still, according to the same survey, 5% of EU-25 citizens had cause to complain about some aspect of rail services between towns and cities over the past two years and relatively high figures are observed in the Netherlands (12%) and in the United Kingdom and Italy where the complaints level reaches 7%. The groups more likely to complain and therefore be above the 5% EU-25 average were those educated to 20 or more (7%), self-employed

(8%) and managers (9%). Apart from this, no other noticeable patterns were observed.

Complaint handling relating to transport services within towns and cities produced a 10 percentage-point divide between the 54% saying that their complaint was dealt with well compared with 44% taking the contrary view. At the extremes of each group of respondents were 15% stating the job had been done very well compared with 16% who said it had been done very badly. No meaningful variations are noted in these data by age, gender, education or occupation.

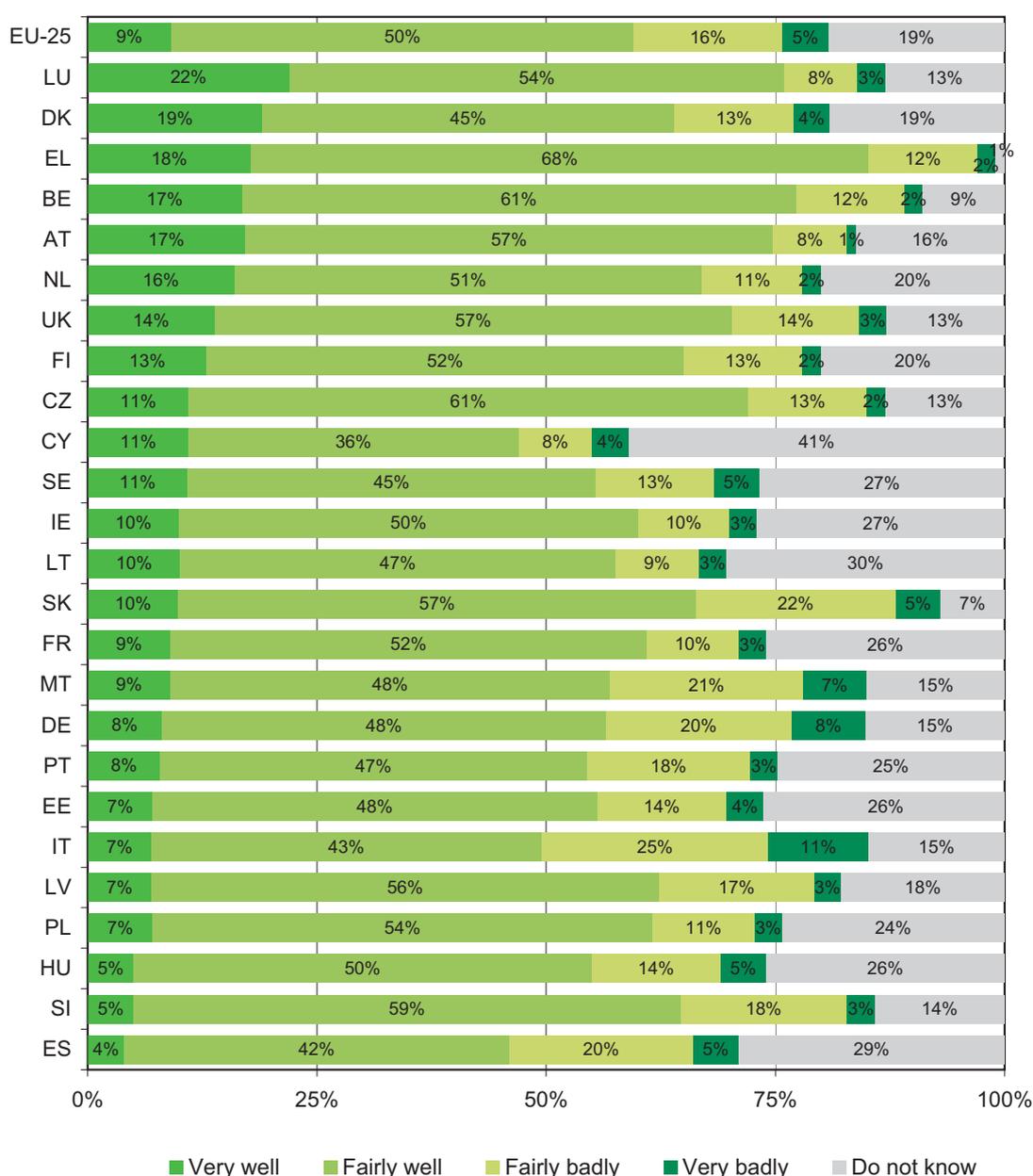
Of the complainants on the national rail services, 17% considered their complaint had been dealt with very well, and with twice this number (35%) saying it had been done fairly well, constituted a majority (52%) of this group who were satisfied with complaint-handling by the operators of rail services between towns and cities in their countries. This figure is 8 percentage points ahead of the 44% saying their complaint had been dealt with badly. Once again, no clear patterns emerged on the socio-demographic element of this relatively small group.

ATTITUDES OF CONSUMER PROTECTION

In the same Eurobarometer survey (65.3), virtually three times (60%) as many EU citizens believed consumer interests relating to transport services in towns were well protected compared with just 21% taking the opposite view and this positive view rises to 85% in Greece (see Figure 2.40). Citizens of Luxembourg held strong views in this area and 22% of them compared with an EU average of just 9% said consumer interests were very well protected with regard to local transport services. Lithuanians (30%) and Spaniards (29%) had a very high 'don't know' factor on this issue compared with an EU-25 average of 19%. Among Italians, 35% thought that consumer interests were badly protected in this service area compared with an EU-25 average of just 21%. Relatively high figures of 28% were also noted in Germany and Malta.

Of the youngest age-group, 66% of them compared with 57% of those aged 55 or more, felt that consumer interests were well protected in respect of transport services within towns or cities. There was also an increase in this positive view as education levels rose with figures of 55% amongst those educated to age 15 or less and 61% amongst those educated to age 20 or beyond. While just 52% of the self-employed felt consumer interests were well protected, this figure rises to 67% of students. As might be anticipated, due to the relative paucity of local transport services in rural areas, just 55% of those living in villages said consumer interests were well protected compared with two thirds (65%) of those living in large towns.

Figure 2.40 In general, how well do you think consumers' interests are protected in respect of the transport services within towns/cities? (% of respondents)



Source: Eurobarometer 65.3 (Consumers' opinions of services of general interest), European Commission, 2006

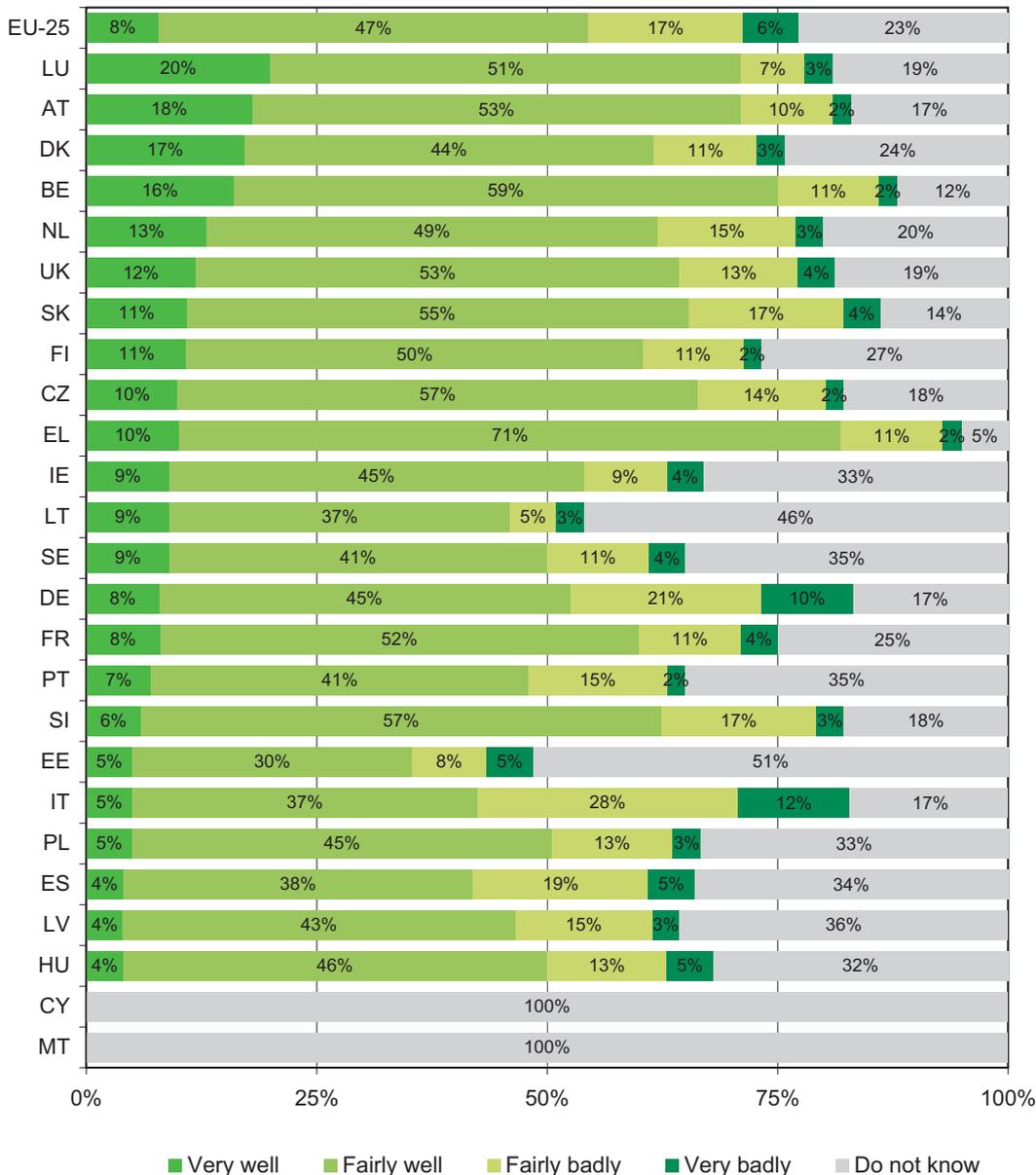
2. Transport Services

A majority of EU-25 citizens (55%) believe consumer interests are well protected in the domain of rail services between towns and cities (see Figure 2.41). However, this sentiment again appears to have certain reserves with 47% of those polled saying this protection was fairly good and just 8% saying it was very good. Greeks were particularly satisfied with the protection of consumer interests in this service: 81% of the Hellenic poll believes that these interests were well protected. Among Italians, however, only 43% hold this opinion. A high 'don't know' factor of 23% across the EU adds to the view that opinions on certain consumer issues are very much clustered in the middle ground.

Older people and those with the least education were those who were least certain about this issue and both recorded figures of 29% in the 'don't know' category compared with an EU-25 average of 23%. As might be expected from this, a different set of figures is seen amongst the youngest age-group (15-24) and those educated to age 20 or beyond. Both these groups returned a lower figure of 19% in the

'don't know' category. While no socio-demographic patterns were observed generally when the data relating to those who thought that consumer interests were badly protected, variations are seen amongst the 55% taking the contrary view and believing consumer interests were well-protected in the area of rail services. Accordingly, just 51% of those aged 55 or more had this positive view compared with 62% of those aged 15 to 24. A similar divide was seen amongst the least educated (49%) compared with figures of 56% of those educated to age 20 or beyond and an even larger 63% amongst those still studying. When looking at respondents' occupation, it was seen that a relatively small percentage of self-employed (47%) and house persons (49%) compared with 59% of white-collar workers and 63% of students thought that consumer interests were well protected. There was also a noticeable variation by respondents' location with 59% of those living in large towns believing that consumer interests were well protected compared with just 50% of those living in rural villages.

Figure 2.41 In general, how well do you think consumers' interests are protected in respect of the rail services between towns/cities? (% of respondents)



Source: Eurobarometer 65.3 (Consumers' opinions of services of general interest), European Commission, 2006

TRANSPORT SAFETY

Measuring transport risk - and comparing it with other countries - is not clear-cut, for there are different ways of measuring it. One method is to simply count the number of accidents and divide by the total population, to arrive at, for example, the number of deaths per million inhabitants. But while the mortality-population ratio cancels out countries' respective population differences, it does not reflect the actual usage or transport performance of the transport mode.

For example, one train accident resulting in a hundred deaths in a very small country would give a very high ratio of deaths per million inhabitants, but if only 10% of the population use the train and for short journeys, this does not say much about the relative safety of rail travel, compared with say the car.

Linking the number of deaths with the distance travelled serves as a better measure in this respect: the unit of measure representing the transport of one passenger over a distance of one kilometer.

This said, when it comes to making comparisons with air transport, reliable statistics on passenger kilometres in air

traffic are scarce. What is more, even if reliable pkm figures were obtainable, the picture would nevertheless be distorted since only a few accidents happen during the cruising phase; most happen at take-off and during the initial climb or during the final approach and landing. Long-haul flights are therefore not noticeably more dangerous than short-haul flights

A problem linked to road traffic fatalities is the differentiation between passenger, driver and even also third party deaths (such as a pedestrian crossing the road, for example). For a passenger faced with choosing between one transport mode or the other, data based on passenger deaths are probably the most valuable.

This said, transport safety has greatly improved in recent decades. The number of fatalities has been falling since 1970 for all modes of transport service, both in relative and absolute terms, despite the considerable rise in traffic. Nevertheless, more than 44 thousand persons have lost their lives in traffic accidents in 2004, the overwhelming majority in road accidents (see Table 2.42).

Figure 2.42 Fatalities by mode of transport in the EU, 2004

Fatalities (units)	
Airlines (1)	6
Railways (2)	84
Road (3)	43 556
Water transports	589

Source: Energy and Transport in Figures, Directorate-General of the European Commission for Energy and Transport

(1) Onboard fatalities only.

(2) Rail passengers only.

(3) Persons killed are all persons deceased within 30 days of the accident; EU-25 total including 2002 data for BE.

Road safety much improved, despite higher transport performance

Today, roads are without doubt safer than a few decades ago. Better road design, higher standards for obtaining driver's license, stricter standards in vehicle's technical inspection and especially safer vehicles (both active and passive safety) explain a generally positive development.

Public awareness for safe vehicles was notably raised by the activities of the European New Car Assessment Programme (Euro-NCAP), an independent organisation specialised in the assessment of the safety of passenger cars through various crash tests. Established in 1997 and backed by five European Governments, the European

Commission and motoring and consumer organisations in every EU country, Euro-NCAP has become a catalyst for encouraging significant safety improvements to new car design.

Keeping in mind the focus on services of general interest, official statistics often do not allow for a separation of road fatalities according to the specific vehicle (i.e. bus or coach, taxi).

Linking the number of deaths with the distance travelled (measured in fatalities per billion pkm) air transport reveals as the safest mode of transport in 2003/04, followed by railways.

Figure 2.43 Victims in aviation accidents ⁽¹⁾



⁽¹⁾ Onboard fatalities only.

Source: Energy and Transport in Figures, Directorate-General of the European Commission for Energy and Transport

Figure 2.43 shows the number of air accident fatalities both over EU territory (regardless of whether the operator was registered in the EU or not) and resulting from accidents anywhere in the world involving EU operators. This is an important distinction, given that the planes flying over are from EU and non-EU countries. Such information can feed into measures taken to increase air safety, such as for example setting stringent safety standards for EU air carriers or for banning non-EU carriers that fail EU requirements.

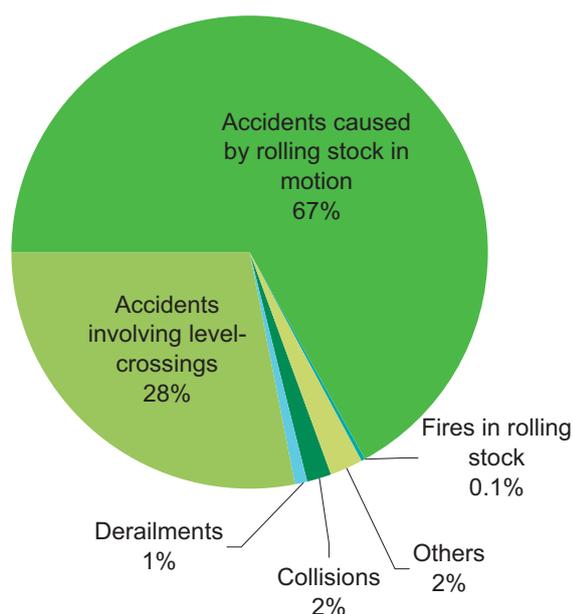
Indeed, decisive steps towards enhancing European air safety and passenger protection was taken in early 2006 with a measure which allows the European Commission to keep European airspace free from airlines and aircraft considered to be unsafe. The Commission has provided online a regularly updated list of airlines considered to be unsafe and therefore not permitted to transfer passengers or cargo in the EU or operate within European airspace. It is expected that the black list will encourage all airlines operating in Europe to comply fully with safety standards and will dissuade unscrupulous airlines from starting up services in or to the EU.

From Figure 2.43 it can be seen for instance that in 1997, 2001 and 2002 the number of deaths over EU-25 territory (from accidents connected with EU and non-EU carriers) exceeded those of deaths linked with EU-25 carriers operating anywhere in the world (including over EU territory). The 2000 death toll, for example, can largely be explained by the *Concorde* crash close to Paris; that of 2005 by the crash of a Cypriot aircraft in Greece

Train passengers only a minority in rail transport accidents

Turning to rail accident fatalities, it should be noted that the minority of rail accident fatalities are actually passengers travelling in trains. Most fatalities involving railways are recorded in accidents occurring at railway level crossings and in shunting procedures as well as track maintenance works. In such accidents, passengers travelling in the trains rarely die (see Figure 2.44).

Figure 2.44 Fatalities in railway accidents: share by type of accident, 2004



Source: Rail accidents, Statistics in focus, Transport 6/2005, Eurostat, 2006

When linking the number of rail passenger fatalities to transport performance, only 0.3 deaths per billion passenger-kilometres were counted at EU level in 2003

(Table 2.45). Obviously, a single severe accident can seriously distort the image from one year to the other.

Table 2.45 Railway fatalities: railway passengers killed in accidents involving railways (units per billion pkm)

	1970	1980	1990	2000	2003
EU-25	:	:	:	0.4	0.3
EU-15	1.7	1.3	0.6	0.4	0.3
BE	0.4	0.6	0.0	0.4	0.5
CZ	:	:	:	0.1	0.3
DK	1.8	0.8	0.2	0.5	0.0
DE	2.4	1.2	0.8	0.5	0.3
EE	:	:	:	:	:
EL	0.5	0.7	0.0	10.6	0.0
ES	1.2	1.3	0.3	0.0	0.8
FR	1.3	0.6	0.5	0.2	0.1
IE	0.0	15.5	0.8	1.4	0.0
IT	1.3	1.2	0.2	0.2	0.2
CY	-	-	-	-	-
LV	:	:	:	:	:
LT	:	:	:	:	0.0
LU	0.0	4.1	0.0	0.0	0.0
HU	:	:	2.9	1.1	0.9
MT	-	-	-	-	-
NL	1.2	0.9	0.2	:	0.0
AT	4.0	1.2	0.7	0.5	0.8
PL	0.5	:	0.4	0.8	0.6
PT	5.4	4.8	3.9	0.6	4.5
SI	:	:	:	0.0	1.3
SK	:	:	:	0.0	0.9
FI	2.3	1.2	0.0	0.6	0.0
SE	1.3	3.6	0.5	0.0	0.0
UK	1.3	1.5	1.1	0.5	0.2
BG	:	:	:	:	10.3
HR	:	:	:	:	4.3
RO	:	:	:	0.0	0.0
TR	1.3	7.3	2.7	1.5	1.4

Source: Energy and Transport in Figures, Directorate-General of the European Commission for Energy and Transport

2. Transport Services

Heavy death tolls in very occasional ferry accidents

Accidents involving maritime passenger transport are rare. Almost all fatalities among the 589 counted in 2004 (see Table 2.42) occurred in accidents with fishing and cargo vessels. Reliable data on the number of deaths occurring in maritime passenger transport operations are not easy to obtain: a situation that can be explained by the flags of convenience, a practice whereby many EU ship operators register vessels in non-EU registers.

Very occasionally however, large accidents happen in EU waters: the *Herald of Free Enterprise*, a roll-on roll-off car

and passenger ferry sank in March 1987, just outside the Belgian port of Zeebrugge, killing 193 passengers. In September 2000, the *Express Samina* ferry drifted off course and struck the rocks of an Islet, off the shores of Paros Island (Greece) causing it to sink. Of the 540 passengers, 79 lost their lives. The most severe accidents in recent history remains the loss of the ferry *Estonia* in 1994 in which 852 lives were lost in the Baltic Sea.

The European Maritime Safety Agency (EMSA) contributes to the enhancement of the overall maritime safety system in the Community. Its goals are, through its tasks, to reduce the risk of maritime accidents, marine pollution from ships and the loss of human lives at sea.

Table 2.46 Transport services
Mean consumption expenditure and structure of household expenditure, 1999

	EU-15	BE	DK	DE	EL	ES	FR	IE	IT	LU	NL	AT	PT	FI	SE	UK
MEAN CONSUMPTION EXPENDITURE (PPS PER HOUSEHOLD)																
Transport services (1)	342	207	369	322	334	206	325	516	323	438	316	149	222	378	394	522
Railway (1)	111	83	0	146	9	40	122	60	99	48	207	95	23	45	48	132
Road (1)	102	43	42	85	222	115	37	335	89	145	13	36	112	141	66	216
Air (1)	64	35	52	59	51	27	57	93	105	172	0	5	40	5	31	106
Sea and inland waterway (1)	12	3	49	10	41	2	4	11	19	11	0	1	1	87	36	9
Combined transport (1) (2)	37	37	209	0	2	0	101	0	0	2	86	0	25	0	213	40
Other purchased services (1)	16	5	18	22	9	21	5	17	11	60	10	12	21	100	0	19
STRUCTURE OF EXPENDITURE (% of TOTAL HOUSEHOLD EXPENDITURE)																
Transport services (1)	1.4	0.8	1.6	1.4	1.4	1.0	1.3	1.7	1.2	1.0	1.2	0.6	1.2	2.1	1.8	1.9
Railway (1)	:	0.3	:	0.6	0.0	0.2	0.5	0.2	0.4	0.1	0.8	0.4	0.1	0.2	0.2	0.5
Road (1)	0.4	0.2	0.2	0.4	0.9	0.6	0.1	1.1	0.3	0.3	0.0	0.1	0.6	0.8	0.3	0.8
Air (1)	:	0.1	0.2	0.3	0.2	0.1	0.2	0.3	0.4	0.4	:	0.0	0.2	0.0	0.1	0.4
Sea and inland waterway (1)	:	0.0	0.2	0.0	0.2	0.0	0.0	0.0	0.1	0.0	:	0.0	0.0	0.5	0.2	0.0
Combined transport (1) (2)	:	0.1	0.9	:	0.0	:	0.4	:	:	:	0.3	:	0.1	:	1.0	0.1
Other purchased services (1)	0.1	0.0	0.1	0.1	0.0	0.1	0.0	0.1	0.0	0.1	0.0	0.0	0.1	0.5	0.0	0.1

(1) AT, excluding holiday travel.

(2) DK, including railway.

Source: Eurostat, Household Budget Survey (theme3/hbs)

Table 2.47 Transport services
Structure of household expenditure, 1999 (%)

	EU-15	BE	DK	DE	EL	ES	FR	IE	IT	LU	NL	AT	PT	FI	SE	UK
BROKEN DOWN BY INCOME DISTRIBUTION (1)																
Lowest twenty percent	1.7	0.7	2.7	2.0	1.5	1.1	1.3	1.5	1.2	1.3	1.6	0.9	1.5	2.0	3.3	2.1
Second quintile group	1.3	0.9	1.6	1.5	1.4	1.0	1.0	1.5	1.1	0.9	1.1	0.5	1.3	1.7	1.8	1.5
Third quintile group	1.2	0.7	1.4	1.3	1.4	1.0	1.0	1.7	1.0	0.9	1.2	0.6	1.2	1.6	1.4	1.6
Fourth quintile group	1.3	0.9	1.3	1.2	1.5	1.0	1.4	2.0	1.1	1.0	1.2	0.5	1.1	1.6	1.6	1.7
Highest twenty percent	1.5	0.7	1.6	1.3	1.4	1.0	1.6	1.8	1.4	1.1	1.2	0.5	1.2	3.0	1.6	2.3
BROKEN DOWN BY AGE OF REFERENCE PERSON OF HOUSEHOLD																
Less than 30	1.9	0.8	2.8	1.8	2.4	0.8	2.0	3.0	0.8	0.9	2.0	1.0	1.1	2.8	2.8	3.0
Between 30 and 44	1.3	0.9	1.4	1.3	1.3	0.8	1.4	1.3	1.2	1.2	1.0	0.5	1.0	2.2	1.6	1.8
Between 45 and 59	1.5	0.8	1.5	1.3	1.5	1.2	1.4	2.1	1.4	1.1	1.4	0.5	1.3	2.1	1.7	2.0
60 and over	1.1	0.5	1.2	1.4	1.4	1.0	0.8	1.0	0.9	0.7	0.9	0.6	1.3	1.5	1.8	1.2
BROKEN DOWN BY TYPE OF HOUSEHOLD																
1 adult without dependent children	1.7	0.8	2.1	2.1	2.0	1.0	1.6	0.9	1.1	1.1	1.7	0.9	2.0	2.3	2.7	2.2
2 adults without dependent children	1.2	0.5	1.4	1.2	1.5	0.9	1.1	1.4	1.0	0.8	1.0	0.6	1.3	2.2	1.7	1.6
3+ adults without dependent children	1.5	0.4	1.2	1.1	1.5	1.1	1.2	2.8	1.3	0.7	1.3	0.3	1.1	1.2	1.4	3.0
Single parent with dependent child(ren)	1.6	0.9	1.8	1.8	2.1	1.6	1.4	2.0	1.5	1.6	2.0	0.9	1.7	1.6	1.9	1.5
2 adults with dependent child(ren)	1.2	0.9	1.4	1.1	1.1	1.0	1.3	1.3	1.3	1.1	1.0	0.5	1.0	2.0	1.3	1.5
3+ adults with dependent child(ren)	:	1.0	2.1	1.1	1.5	1.2	1.5	2.8	1.3	1.2	:	0.4	1.1	1.8	2.0	2.8
BROKEN DOWN BY SOCIO-ECONOMIC CATEGORY OF REFERENCE PERSON OF HOUSEHOLD																
Manual workers (2)	1.3	0.8	1.2	1.3	1.6	0.9	1.0	1.8	1.4	1.2	1.1	0.4	1.3	1.4	1.5	1.8
Non-manual workers	:	0.9	1.6	:	1.6	1.2	1.7	2.1	:	1.3	1.4	0.6	1.1	2.6	1.9	2.3
Self-employed	1.2	0.7	1.6	1.3	1.1	0.9	1.0	1.4	1.3	0.8	1.0	0.4	0.7	2.5	1.2	1.4
Unemployed	:	1.0	2.8	1.6	2.2	1.1	1.3	1.0	1.1	1.5	:	1.0	1.6	1.4	1.5	1.7
Retired	:	0.5	1.2	:	1.4	1.0	0.8	0.8	0.9	0.7	0.9	0.6	1.4	1.4	2.0	1.1
Other inactive (3)	1.7	0.8	3.6	2.1	1.9	1.1	1.7	1.5	0.9	0.8	1.6	1.3	1.7	3.6	2.6	2.0
BROKEN DOWN BY DEGREE OF URBANISATION																
Dense (>500 inhabitants/km ²)	:	0.9	1.9	:	:	1.3	1.7	2.4	1.4	1.2	:	0.8	1.4	2.4	2.5	2.2
Intermediate (100-499 inhabitants/km ²)	:	0.6	1.3	:	:	0.7	0.8	1.3	1.0	1.0	:	0.5	0.9	1.7	1.8	1.9
Sparse (<100 inhabitants/km ²)	:	0.5	0.9	:	:	0.6	0.7	:	1.1	0.9	:	0.3	0.8	1.4	1.5	1.2

(¹) FI, income excluding inter-household transfers and hence incomes of certain groups may be underestimated, such as single parent families.

(²) DE, including non-manual workers; IT, including all non-agricultural persons in employment.

(³) DE, including retired.

Source: Eurostat, Household Budget Survey (theme3/hbs)

3. Energy and Water



3. Energy and Water

In today's economic and social environment, living without energy is hardly possible. Modern societies cannot conceive existing without energy and water supply, even for a limited time. Recent electricity blackouts have shown that disruptions instantly and severely affect our daily life. The lack of electricity often impacts on the availability of other essential services, such as water supply, for those citizens who depend on the delivery of electricity to for pumping water.

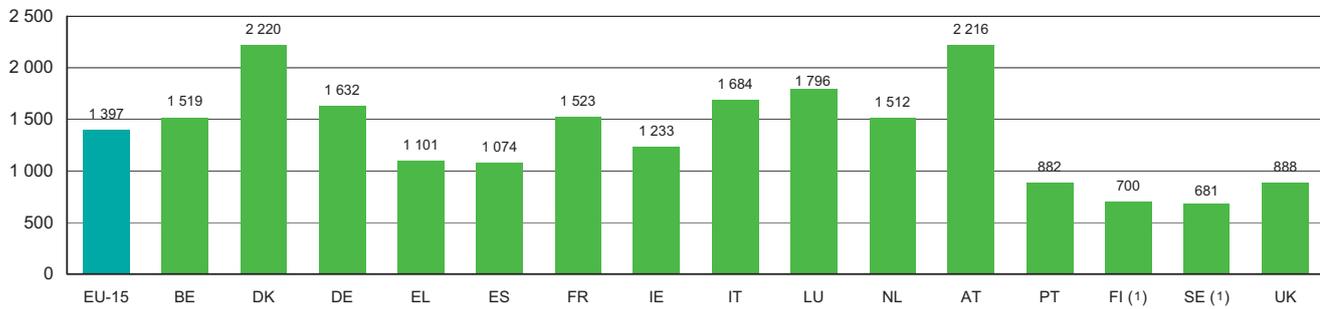
More than a third of expenditure on electricity for energy and water at EU level

One of the largest shares of household consumption of services of general interest is dedicated to energy and water. Indeed EU-15 households devoted, on average, around 1 397 PPS per annum to water, electricity, gas and other fuels. In absolute terms, households spent an average of between 882 PPS (Portugal) and 2 220 PPS

(Denmark) per annum to heat their home, operate household appliances and use running water (see Figure 3.1).

Electricity generally accounted for the largest proportion of spending, exceeding 35% of the expenditure on the items covered within this chapter at EU-15 level, water supply and services accounting for more than one-fourth of EU-15 expenditure and the rest being more or less equally distributed between gas and other fuels. However, certain Member States like France, Spain and Portugal had a higher share in electricity spending due to heating installations (for climatic reasons, a full central heating installation is often not necessary and electric heaters suffice to heat homes during cold days). For instance, it is estimated that 30 % of dwellings in France are equipped with electric heating. Ireland and the United Kingdom also had high shares in spending on electricity, but low shares for water supply and services (accounting for less than 10% of the expenditure on the items considered - see Figure 3.2).

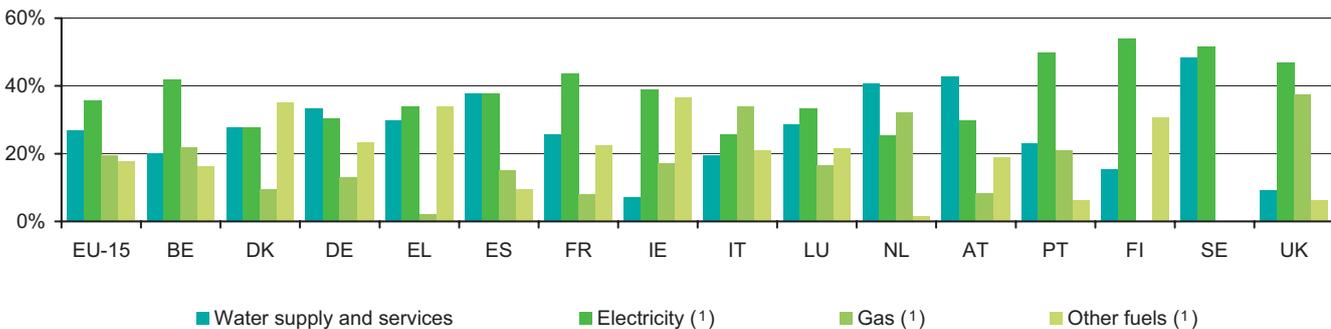
Figure 3.1 Water, electricity, gas and other fuels
Mean consumption expenditure, 1999 (PPS per household)



(1) Excluding heating.

Source: Eurostat, Household Budget Survey (theme3/hbs)

Figure 3.2 Water, electricity, gas and other fuels
Mean consumption expenditure, 1999 (PPS per household)



(1) Excluding heating.

Source: Eurostat, Household Budget Survey (theme3/hbs)

3.1 HOUSEHOLD ENERGY CONSUMPTION

Per capita energy consumption highest in Luxembourg

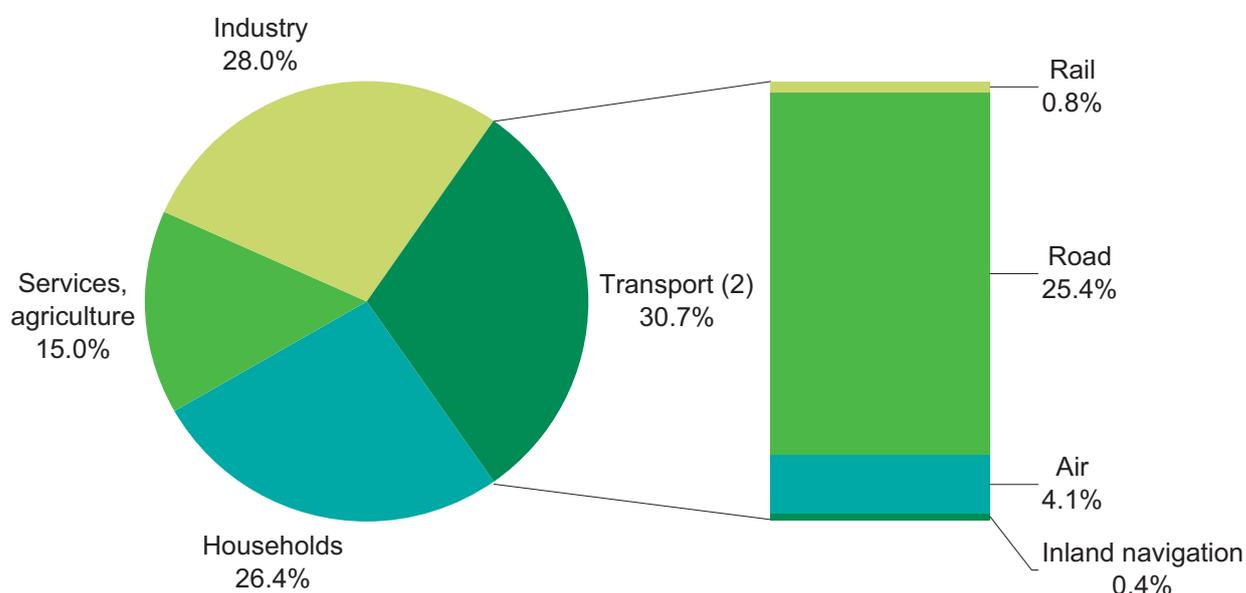
Households were one of the major final energy consumers in the EU, accounting for 26.4% of total energy consumption in 2004 (which can be compared to 28.0% for industrial use) - see Figure 3.3.

Since 1960, the share of transport (road, rail, inland navigation and aviation) of total final energy consumption has been steadily increasing. At the beginning of the 1990s, it overtook the share of industry and reached 30.7% in 2004 (1960: 17%). As can be seen in Table 3.4, in 2004 road transport alone accounted for almost 290 million 'tonnes of oil equivalent' (toe) at EU level, corresponding to 25% of the EU's total final energy consumption.

Within the transport sector (excluding international maritime transport and pipelines), road transport's share was close to 83% in 2004 (1960: 57%). Air transport accounted for 13% (1960: 7%), rail transport stood at 3% (1960: 31%) and transport via inland waterways at 1% (1960: 5%).

The lower part of Table 3.4 reveals that energy consumption per inhabitant was the highest in Luxembourg in 2004 with 9 698 kgoe per inhabitant, whereas Lithuania and Malta had the lowest rates of energy consumption per capita (respectively 1 246 and 1 136 kgoe per inhabitant).

Figure 3.3 Final energy consumption in the EU, 2004 (all products) (% of toe) ⁽¹⁾



⁽¹⁾ Provisional values.

⁽²⁾ Including personal transport.

Source: Eurostat, Energy statistics (theme8/nrg)

3. Energy and Water

Table 3.4 Final energy consumption, 2004 (all products) ⁽¹⁾

	EU-25	EU-15	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV	LT
Final energy consumption (2)	1 141 968	1 013 884	37 416	25 754	15 168	229 920	2 747	20 245	94 317	157 903	11 525	131 206	1 850	3 873	4 281
Industry (2)	319 211	279 653	12 444	9 846	2 921	58 351	623	4 045	30 660	35 891	2 132	41 232	545	742	937
Transport	350 239	322 085	10 201	6 137	5 137	62 610	467	7 960	38 398	50 136	4 607	43 948	859	959	1 319
Rail	8 591	7 314	170	277	101	1 877	48	61	1 040	1 299	51	900	3	93	77
Road	289 688	264 240	8 488	5 520	4 027	53 187	382	6 022	30 817	42 273	3 811	39 094	553	818	1 197
Air	46 966	45 558	1 427	334	888	7 312	30	1 208	5 006	6 256	727	3 707	303	48	40
Inland navigation	4 994	4 972	116	6	121	234	8	669	1 534	308	18	248	:	0	5
Services/households/agriculture (3)	472 517	412 146	14 772	9 771	7 110	108 959	1 657	8 241	25 260	71 876	4 786	46 025	446	2 172	2 026
Services/agriculture (4)	171 441	148 529	4 759	3 931	2 846	31 941	492	2 875	10 895	30 014	2 003	15 973	171	746	657
Households (4)	301 076	263 617	10 013	5 840	4 264	77 018	1 165	5 366	14 365	41 862	2 783	30 052	275	1 426	1 369

	LU	HU	MT	NL	AT	PL	PT	SI	SK	FI	SE	UK	BG	HR	RO	TR
Final energy consumption (2)	4 396	17 399	456	52 456	25 671	56 935	20 122	4 787	10 001	26 541	33 952	153 045	9 026	6 134	26 112	58 131
Industry (2)	993	3 406	47	14 801	7 507	17 742	7 208	1 532	4 138	13 179	13 228	35 061	3 581	1 556	10 726	21 129
Transport	2 640	3 867	267	15 038	7 699	11 316	7 277	1 379	1 585	4 741	8 223	53 471	2 366	1 821	5 178	12 810
Rail	10	162	:	188	313	528	67	28	61	98	278	863	65	53	333	230
Road	2 205	3 484	166	11 004	6 779	10 503	6 343	1 330	1 497	3 936	6 950	39 304	2 128	1 658	4 664	10 338
Air	425	221	101	3 563	598	285	842	21	27	554	847	12 198	173	81	140	1 861
Inland navigation	:	1	:	283	9	1	25	:	:	153	147	1 107	0	29	41	381
Services/households/agriculture (3)	764	10 126	142	22 618	10 465	27 877	5 636	1 876	4 278	8 621	12 501	64 513	3 080	2 757	10 208	24 192
Services/agriculture (4)	132	4 124	53	12 188	3 596	10 454	2 604	639	1 644	3 634	5 361	19 709	976	873	2 238	7 006
Households (4)	632	6 002	89	10 430	6 869	17 423	3 032	1 237	2 634	4 987	7 140	44 804	2 104	1 884	7 970	17 186

In thousand toe

	EU-25	EU-15	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV	LT
Final energy consumption (2)	2 504	2 655	3 590	2 521	2 807	2 786	2 036	1 837	2 209	2 615	2 833	2 278	2 501	1 675	1 246
Industry (2)	700	732	1 194	964	540	707	462	367	718	594	524	716	737	321	273
Transport	768	843	979	601	951	759	346	722	899	830	1 132	763	1 161	415	384
Rail	19	19	16	27	19	23	36	6	24	22	13	16	4	40	22
Road	635	692	814	540	745	645	283	546	722	700	937	679	748	354	348
Air	103	119	137	33	164	89	22	110	117	104	179	64	410	21	12
Inland navigation	11	13	11	1	22	3	6	61	36	5	4	4	:	0	1
Services/households/agriculture (3)	1 036	1 079	1 418	956	1 316	1 320	1 228	748	592	1 190	1 176	799	603	939	590
Services/agriculture (4)	376	389	457	385	527	387	365	261	255	497	492	277	231	323	191
Households (4)	660	690	961	572	789	933	864	487	336	693	684	522	372	617	398

	LU	HU	MT	NL	AT	PL	PT	SI	SK	FI	SE	UK	BG	HR	RO	TR
Final energy consumption (2)	9 698	1 721	1 136	3 222	3 141	1 491	1 916	2 397	1 858	5 077	3 775	2 569	1 160	1 381	1 204	817
Industry (2)	2 191	337	117	909	918	465	686	767	769	2 521	1 471	589	460	350	495	297
Transport	5 824	383	665	924	942	296	693	691	294	907	914	898	304	410	239	180
Rail	22	16	:	12	38	14	6	14	11	19	31	14	8	12	15	3
Road	4 864	345	414	676	829	275	604	666	278	753	773	660	273	373	215	145
Air	938	22	252	219	73	7	80	11	5	106	94	205	22	18	6	26
Inland navigation	:	0	:	17	1	0	2	:	:	29	16	19	0	7	2	5
Services/households/agriculture (3)	1 685	1 002	354	1 389	1 280	730	537	939	795	1 649	1 390	1 083	396	621	471	340
Services/agriculture (4)	291	408	132	749	440	274	248	320	305	695	596	331	125	196	103	98
Households (4)	1 394	594	222	641	840	456	289	619	489	954	794	752	270	424	368	242

In kgoe per inhabitant (5)

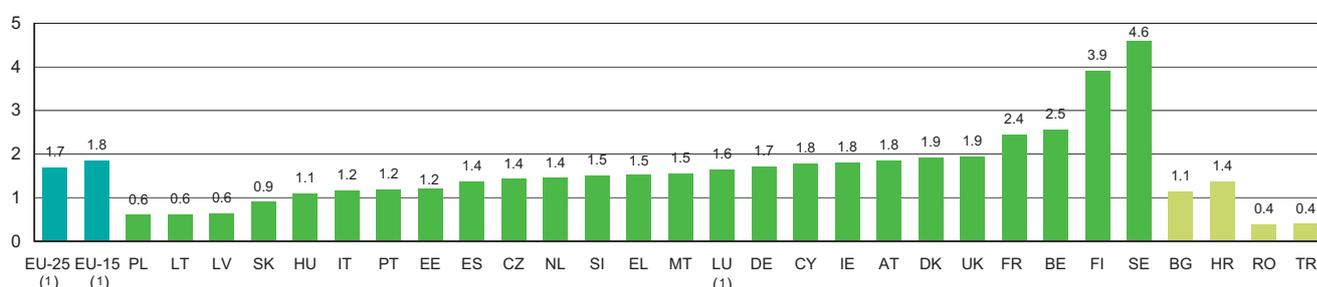
- (1) Bold indicates the country with the lowest final energy consumption; green indicates the country with the highest final energy consumption.
 (2) EU-25, EU-15, DE and ES, provisional value.
 (3) EU-25, EU-15 and DE, provisional value.
 (4) EU-25, EU-15, DE and LU, provisional value.
 (5) Number of inhabitants: EU-25, EU-15, EL, IT and UK, 2003.

Source: Eurostat, Energy statistics (theme8/nrg)

Whereas Table 3.4 supplies details on the final energy consumption regardless of the 'energy product', Figure 3.5 is limited to the final electricity consumption of households in 2004, expressed in GWh (Gigawatt/hour) per 1 000 inhabitants. At EU-25 level, a consumption of 1.7 GWh was calculated (EU-15: 1.8 GWh). Sweden and Finland show a consumption that is two to three times higher, explained by the fact that the most common form of heating in detached

houses in these countries is electricity (relatively cheap to install and simple to run). In apartment buildings, district heating systems are increasingly common. Moreover, the climatic conditions in the Nordic countries take consumption up to high levels. Conversely, consumption in Poland, Lithuania and Latvia reached only one third of the EU average.

Figure 3.5 Final electricity consumption of households, 2004 (GWh per 1 000 inhabitants)



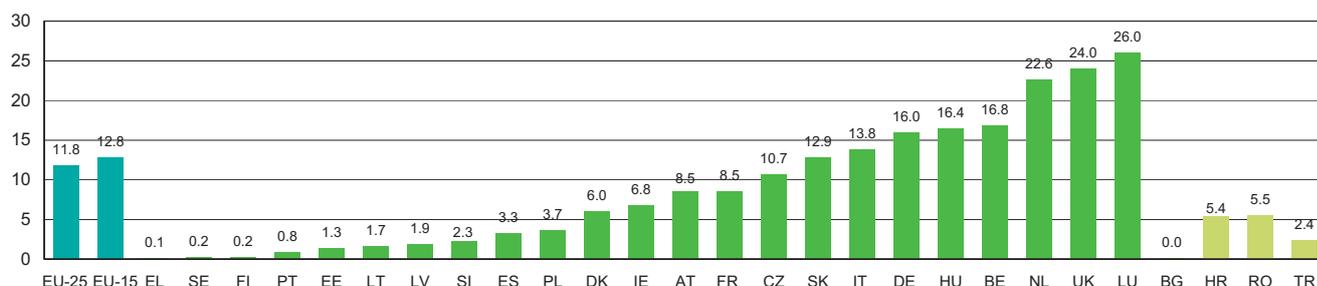
(1) Provisional value.

Source: Eurostat, Energy statistics (theme8/nrg)

The situation is quite different for natural gas (Figure 3.6). Gas use in Sweden and Finland is generally restricted to the localities of old cities with previously existing town gas networks but the vast majority of domestic consumers do not have access to it. This results in low average consumption figures: together with Greece, where the natural gas distribution network is basically limited to densely populated areas of Athens, Thessaloniki and

Thessalia, Sweden and Finland are the countries with the lowest per capita consumption. In countries where the gas network is quite developed, average consumption can be more than double the EU-25 average (established at 11.8 Terajoules per 1 000 inhabitants). This was notably the case for Luxembourg, the United Kingdom and the Netherlands.

Figure 3.6 Final natural gas consumption of households, 2004 (Terajoules per 1 000 inhabitants) (1)



(1) Excluding Cyprus and Malta since there is no gas distribution infrastructure in these countries.

Source: Eurostat, Energy statistics (theme8/nrg)

THE ENERGY MIX: NATURAL GAS COVERS CLOSE TO 40 % OF HOUSEHOLD NEEDS

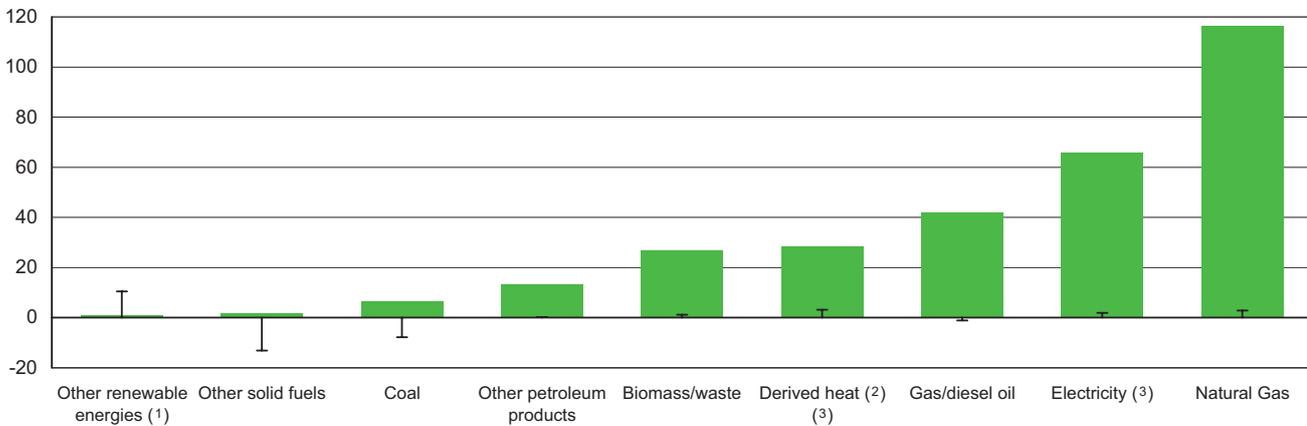
European households consumed 301 million toe of energy in 2004, which was 17.5% more than in 1990.

European households relied on three types of fuel for almost three quarters of their energy needs - apart from natural gas (38.6%), the most important products in the energy mix were electricity (21.9%) and gas/diesel oil (13.9%). During the 1990's households changed their energy mix, switching from solid fuels and petroleum products to natural gas and (to a lesser extent) electricity - see Figure 3.7. The share of natural gas of the total energy consumed by EU-25 households in 2004 was some 6 percentage points more than in 1994. Whilst natural gas and electricity consumption increased between 1994 and 2004 (reaching 116.1 million toe and 65.8 million toe respectively), gas/diesel oil consumption fell to 41.8 million toe.

Within the Member States, there was a low level of natural gas used in households in Finland, Sweden and Greece (with respective shares of 0.5%, 0.6% and 0.7% of total energy consumption in 2004). In certain countries, the share of gas could be slightly higher, as other types of gas (butane, propane) may also be used. However, these gases are bottled or stored in stand-alone tanks and are not part of a network industry and hence not considered here.

Renewable fuels played a small role in the energy mix, but displayed one of the highest growth rates during the 1990s: for example, solar energy consumption grew by an average of 12.4% per annum between 1994 and 2004.

Figure 3.7 Total energy consumption of households in the EU, 2004 (million TOE) and annual average rate of change in the level of household energy consumption in the EU between 1994 and 2004 (% per annum)



(1) Solar energy, geothermal energy and others.

(2) District heating.

(3) 2004, provisional value.

Source: Eurostat, Energy statistics (theme8/nrg)

CHOICE: ELECTRICITY FOR HEATING AND COOKING: EASY TO INSTALL BUT EXPENSIVE TO OPERATE

Comparing natural gas, electricity and heating gas oil, electricity seems to be a more comfortable source of energy for households for heating and cooking. It is indeed an easy source of energy, implying lower infrastructural costs and less danger than natural gas. However, despite these advantages, electricity remains far more expensive than natural gas. At least for heating purposes, gas oil offers an alternative to natural gas as the price level is globally comparable. In some countries the price of gas oil for heating was less than the price of natural gas in 2006 (see Table 3.19).

Most of the dwellings in the EU are equipped with space and water heating using natural gas. A Eurobarometer survey (65.3) on consumers' opinions of services of general interest in 2006 showed that 72% of the people questioned considered that they had easy access to gas supply services¹; 9% had difficult access and 15% no access (see Table 3.9). Difficult access to gas supply services was most often mentioned in Finland (21%), in Slovenia (18%), in Lithuania (17%), in Italy and in Poland (both 16%), as opposed to Denmark (5%), Netherlands (5%), Austria (5%) and Ireland (4%).

Table 3.8 In general, would you say that access to electricity supply networks is easy or difficult for you? By that, I do not mean 'affordability'. (% of respondents)

	EU-25	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV
Easy access	93	96	93	98	97	93	99	95	96	97	76	98	98
Difficult access	4	3	6	1	2	5	1	2	2	2	15	2	2
No access (spontaneous)	1	0	1	0	0	0	-	2	1	0	4	-	0
Do not know	1	1	1	0	1	2	-	1	1	1	6	-	0

	LT	LU	HU	MT	NL	AT	PL	PT	SI	SK	FI	SE	UK
Easy access	96	93	95	97	91	93	97	98	98	95	99	96	97
Difficult access	2	5	3	3	5	4	2	2	1	5	1	3	2
No access (spontaneous)	0	0	1	-	1	1	0	-	0	0	0	-	0
Do not know	1	2	2	-	3	1	1	0	1	0	0	1	0

Source: Eurobarometer 65.3 (Consumers' opinions of services of general interest), European Commission, 2006

¹ Apart from the Cypriot and Maltese polls (these countries do not have gas supply through pipelines). These results include the percentages recorded in Finland, Greece, Denmark and Sweden where 65%, 59%, 51% and 46% respectively of the people questioned spontaneously said that they did not have access to city gas.

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Table 3.9 In general, would you say that access to gas supply networks (gas supply through pipelines) is easy or difficult for you? By that, I do not mean 'affordability'. (% of respondents)

	EU-25	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV
Easy access	72	75	80	38	74	40	29	77	76	51	74	-	56
Difficult access	9	8	11	5	8	12	12	6	6	4	16	-	13
No access (spontaneous)	15	15	8	51	15	30	59	14	15	36	5	100	26
Do not know	4	2	1	6	3	18	1	3	3	9	6	-	5

	LT	LU	HU	MT	NL	AT	PL	PT	SI	SK	FI	SE	UK
Easy access	70	58	90	-	89	69	68	43	46	88	11	9	89
Difficult access	17	6	6	-	5	5	16	14	18	8	21	6	6
No access (spontaneous)	10	28	3	-	2	17	14	35	33	4	65	46	5
Do not know	3	8	1	100	4	9	1	8	3	0	4	39	1

Source: Eurobarometer 65.3 (Consumers' opinions of services of general interest), European Commission, 2006

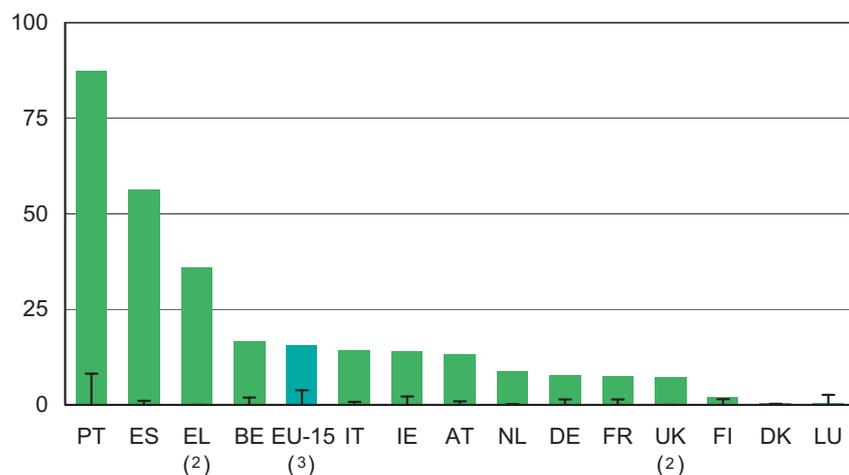
The last section of this chapter looks at the general satisfaction of consumers with their electricity and gas suppliers.

HOUSEHOLD AMENITIES: NOT ONLY A QUESTION OF COST

Data regarding energy amenities shows that four fifths (84.4%) of European households were living in dwellings with central heating, whilst almost all (96.2%) households had hot running water in 2001² - see Figure 3.10. To a certain extent, variations between Member States can be explained as a result of climatic differences (there is often less or no need for heating in southern Member States) and general income levels, differences also occur due to the penetration of alternative heating systems.

For example, the relatively low percentage of Danish and Finnish households without central heating reflects the importance of district heating in these countries. The proportion of dwellings in the EU-15 without central heating or hot water was higher when the tenant was inactive or unemployed (28.1% and 3.9% respectively in 1998).

Figure 3.10 Households with no central heating (bars) or no hot running water (lines) on the premises, 2001 (%) ⁽¹⁾



Source: Eurostat, European Community Household Panel (theme3/ilc_ho)

⁽¹⁾ SE, not available.

⁽²⁾ Hot running water, not available.

⁽³⁾ Excluding SE for central heating; excluding EL, SE and UK for hot running water.

² Excluding SE for central heating; excluding UK and SE for hot running water.

ENVIRONMENT: PAYING MORE FOR 'GREEN ENERGY' IS A LUXURY

Whilst public awareness of the environmental impact of energy use in the industrial and transport sectors is high, the same cannot always be said for air emissions that result from energy consumption within households. Public perception of emissions is often influenced by the distance between energy generation and energy use. For example, a heating boiler in the cellar of a house may smell or smoke when combusting oil, whilst district heated households are clearly separated from their energy source. A shift towards sustainable energy consumption patterns and therefore changes in lifestyle can be expected in the future, with energy prices increasingly likely to reflect environmental costs.

In fact, the willingness to make some efforts, in terms of expense and consumption, in order to face the new energy challenges societies are tackling, has been the topic of a Eurobarometer survey (64.2) conducted in all EU-25 Member States in autumn 2005. Two different questions were used with this purpose in mind: half of the sample in each country was asked whether they would be prepared to pay more for energy produced from renewable sources ('Would you be prepared to pay more for energy produced from renewable sources than for energy produced from other sources? If yes, how much would you be prepared to pay?' - see Table 3.11), while the rest answered a similar question but formulated differently ('As you may know, we are now facing new energy challenges (like high energy prices, international obligations to reduce CO₂ emissions) that could imply efforts from citizens. With which of the following propositions do you agree the most?' [first two propositions] - see Table 3.12).

Both questions prove that people are reluctant to pay more. However a significant percentage (40%), most likely individuals who are more sensitive to environmental issues, would be prepared to pay somewhat more for energy from renewable sources (see Table 3.11). An even higher price rise with an increase of 5% and 13% would be accepted by 27%. Yet the country-to-country analysis reveals the existence of significant differences as far as

price-related efforts are concerned. Most probably linked to a difference in household incomes, a first cleavage is to be found amongst the old EU-15 Member States and the ten new Members, with the latter group being clearly more reluctant to pay higher prices for 'green energy', opposition to such a measure reaching 76% in Slovakia. Moreover, the existence of a market for 'green energy' amongst consumers appears to be more evident in northern Europe with countries such as Luxembourg, Denmark, Finland or the Netherlands being more willing to take action even if this involves an extra financial effort on their part in order to help the environment by consuming energy from renewable sources. In these countries, more than half of the population would be prepared to pay more for 'green energy'. It is interesting to note that 56% of Germans are not prepared to pay more, although the country is the foremost producer of wind energy.

While changing energy usage still generates a certain level of reluctance when it involves financial efforts, reducing energy consumption seems to be a realistic goal on a short-term basis. More than five out of ten Europeans would appear to be willing to reduce their energy consumption and 5% would make this change even if it implies paying more (see Table 3.12). On the other hand, more than one out of four would not reduce their energy consumption. Amongst this group, 12% state they would not change their habits in spite of a potential price increase. Citizens of Luxembourg, the Maltese and Dutch seem to be more prepared to change their practices in terms of energy use with almost seven out of ten citizens stating that they would reduce their energy consumption and therefore that they are not willing to pay more. The Danes appear to be most prepared to assume a price increase in order to maintain their habits while the Greeks and Hungarians are those most unwilling to make any change, either in terms of use or cost. A majority also shares this position in seven other countries, including Poland and Slovakia. It should be recalled that citizens in these countries proved to be especially reluctant to accept major changes in energy consumption (the use of renewable energy) due to its cost implication.

Table 3.11 Would you be prepared to pay more for energy produced from renewable sources than for energy produced from other sources? If yes, how much would you be prepared to pay? (in % of respondents)

	EU-25	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV	LT	LU
No, I am not prepared to pay more	54	54	55	39	56	54	59	45	47	57	58	57	70	73	35
Yes, I would pay up to 5% more	27	29	27	29	29	25	26	33	31	24	25	24	21	14	31
Yes, I would pay 6 to 10% more	11	13	11	22	12	11	11	6	13	7	6	10	5	3	22
Yes, I would pay 11 to 25% more	2	2	1	4	1	2	1	2	4	2	2	2	0	1	3
Yes, I would pay more than 25% more	0	1	0	2	0	-	1	0	0	1	0	0	-	0	3
Do not know	6	1	5	5	2	8	2	14	4	10	9	6	3	9	5

	HU	MT	NL	AT	PL	PT	SI	SK	FI	SE	UK	BG	HR	RO	TR
No, I am not prepared to pay more	66	65	45	52	67	70	55	76	47	50	45	76	53	64	54
Yes, I would pay up to 5% more	21	22	29	32	16	21	26	15	37	26	24	8	23	15	12
Yes, I would pay 6 to 10% more	7	5	18	9	8	3	12	5	13	18	17	1	13	3	3
Yes, I would pay 11 to 25% more	0	0	2	1	1	1	1	1	1	4	2	-	3	0	1
Yes, I would pay more than 25% more	0	-	1	1	0	-	0	-	1	0	1	1	2	-	1
Do not know	5	8	4	5	8	6	6	3	1	2	10	13	7	18	29

Source: Eurobarometer 64.2 (Attitudes towards Energy), European Commission, 2005.

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Table 3.12 As you may know, we are now facing new energy challenges (like high energy prices, international obligations to reduce CO2 emissions) that could imply efforts from citizens. With which of the following propositions do you agree the most? (in % of respondents)

	EU-25	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV	LT	LU
As I do not intend to change my energy consumption habits, I would be prepared to pay more	12	10	16	29	9	16	11	12	11	11	9	23	16	23	14
As I intend to reduce my energy consumption, I would not be prepared to pay more	50	62	48	60	49	48	46	35	64	48	46	30	48	45	68
None of these (spontaneous)	8	4	10	2	12	9	7	10	7	5	7	20	5	15	2
I do not intend to change my energy consumption habits and I would not be prepared to pay more (spontaneous)	15	14	19	4	18	16	28	12	8	14	18	17	24	1	8
I intend to reduce my energy consumption and I would be prepared to pay more (spontaneous)	5	7	1	3	6	0	5	6	4	7	4	2	1	-	5
Other (spontaneous)	1	1	1	1	1	1	-	-	1	0	1	0	0	-	0
Do not know	10	2	5	2	5	11	3	26	5	14	14	8	6	16	3
	HU	MT	NL	AT	PL	PT	SI	SK	FI	SE	UK	BG	HR	RO	TR
As I do not intend to change my energy consumption habits, I would be prepared to pay more	12	15	19	9	18	15	14	15	18	16	11	5	19	11	12
As I intend to reduce my energy consumption, I would not be prepared to pay more	35	66	65	44	57	45	44	54	57	63	48	56	47	40	39
None of these (spontaneous)	11	5	2	11	6	9	10	6	14	3	3	6	5	4	6
I do not intend to change my energy consumption habits and I would not be prepared to pay more (spontaneous)	25	6	5	21	9	19	15	16	7	9	17	17	19	30	14
I intend to reduce my energy consumption and I would be prepared to pay more (spontaneous)	4	1	4	5	0	6	6	3	2	3	10	5	3	1	1
Other (spontaneous)	1	0	1	1	0	1	0	1	-	0	1	-	1	2	0
Do not know	12	7	4	9	9	6	11	5	2	4	10	11	7	12	27

Source: Eurobarometer 64.2 (Attitudes towards Energy), European Commission, 2005.

Concerning the regulation of energy consumption, the Eurobarometer survey (64.2) also allows some results to be presented on the public authorities' measures to help people to reduce their energy consumption. Most European citizens (43%) would require more information on efficient use of energy, but also external steering in the form of tax incentives (40%) (see Table 3.13). The actions related to energy standards are seen to be slightly less effective, higher energy efficiency standards reaching a 32% share and more strict control over the current standards 21%. In most Member States (14 countries),

increased distribution of information is rated as the priority for the public authorities. This is also the case in all the candidate and acceding countries. Citizens of 11 Member States assess the tax incentives as the best way to promote energy efficiency. Respondents in Cyprus (60%), Denmark (59%) and Malta (57%) are the first to appreciate the improvement of awareness by added information provided by the public authorities while the citizens of Sweden (62%) and the Czech Republic (59%) are the first to support the development of tax incentives.

Table 3.13 Against the background of high energy prices, some are proposing to take new measures that will help people to reduce their consumption of energy. According to you, what should be the public authorities' priority to help people to reduce their consumption of energy? (in % of respondents) ⁽¹⁾

	EU-25	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV	LT	LU
Provide more information on efficient use of energy	43	47	36	59	40	44	55	51	44	51	33	60	40	33	49
Develop tax incentives to promote efficient use of energy	40	54	59	44	46	45	27	25	31	40	45	27	34	30	42
Adopt higher efficiency standards for energy-consuming equipment	32	29	27	49	43	26	41	13	32	30	27	41	28	21	25
Control more strictly the application of existing energy efficiency standards	21	30	23	16	21	20	38	10	30	27	15	30	28	26	33
Other (spontaneous)	2	2	0	1	2	1	1	2	4	1	2	1	0	-	3
Do not know	11	2	7	4	7	16	6	23	10	13	12	10	10	21	9
	HU	MT	NL	AT	PL	PT	SI	SK	FI	SE	UK	BG	HR	RO	TR
Provide more information on efficient use of energy	36	57	46	47	35	51	50	45	51	52	46	39	53	39	44
Develop tax incentives to promote efficient use of energy	40	21	54	46	41	33	53	47	41	62	33	36	24	35	21
Adopt higher efficiency standards for energy-consuming equipment	18	36	45	26	20	42	36	40	32	26	37	24	27	35	25
Control more strictly the application of existing energy efficiency standards	20	25	13	24	18	18	29	25	19	22	24	29	28	23	18
Other (spontaneous)	1	2	2	2	1	1	1	2	2	2	0	0	0	2	0
Do not know	19	8	3	11	16	9	7	4	4	4	13	19	10	20	25

⁽¹⁾ Up to 2 answers allowed.

Source: Eurobarometer 64.2 (Attitudes towards Energy), European Commission, 2005.

CONSUMPTION EXPENDITURE: RELATIVELY INELASTIC, CHANGES OCCUR MAINLY THROUGH LONG-TERM INVESTMENTS

Energy consumption within the home is, in the short-term, a relatively inelastic expenditure item, as reactions to price fluctuations can often only be made through investment in new equipment. As energy consumption has risen, there has at the same time been an increase in energy-conserving items (such as double-glazing or insulation), as well as more frequent replacement of equipment (resulting in higher energy efficiency). In the last decade, it was mainly PC's that have entered households as new energy-consuming devices.

European households (EU-15) spent between 2.9% (United Kingdom) and 6.8% (Denmark) of their total consumption expenditure on electricity, gas and other fuels in 1999³ (see Table 3.42). Mean consumption expenditure for these items varied from 673 PPS per household in Spain to 1 604 PPS per household in Denmark.

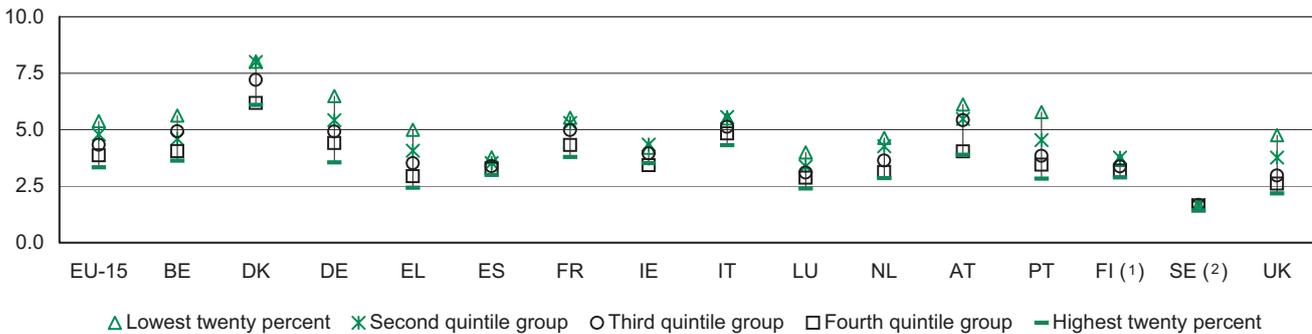
Electricity accounted for in excess of 42% of energy expenditure in the majority of the Member States in 1999, whilst Dutch and Italian households spent a higher proportion on gas (52.8% and 42.0%). Solid fuels

accounted for more than a fifth (20.5%) of energy spending in Ireland and heat energy for more than a third (36.2%) in Denmark.

With increasing income, the proportion of expenditure devoted to energy tends to decrease, because energy consumption does not increase once certain needs are covered (see Figure 3.14). Considering the link between rising income and a reduced share of energy in total expenditure, it was not surprising to find that households spending proportionally more on energy included those whose head was unemployed, retired or otherwise inactive.

The degree of urbanisation was another important determinant, with households in rural areas more likely to spend proportionally more of their total budget on energy. The ratio of the share of energy in total expenditure for households in densely populated areas to that for households in sparsely populated areas was between 0.5 in Finland and 0.9 in the United Kingdom⁴ (see Figure 3.15).

Figure 3.14 Electricity, gas and other fuels
Share of total consumption expenditure, breakdown by income distribution, 1999 (%)



(1) Excluding heating; income excluding inter-household transfers and hence incomes of certain groups may be underestimated, such as single parent families.

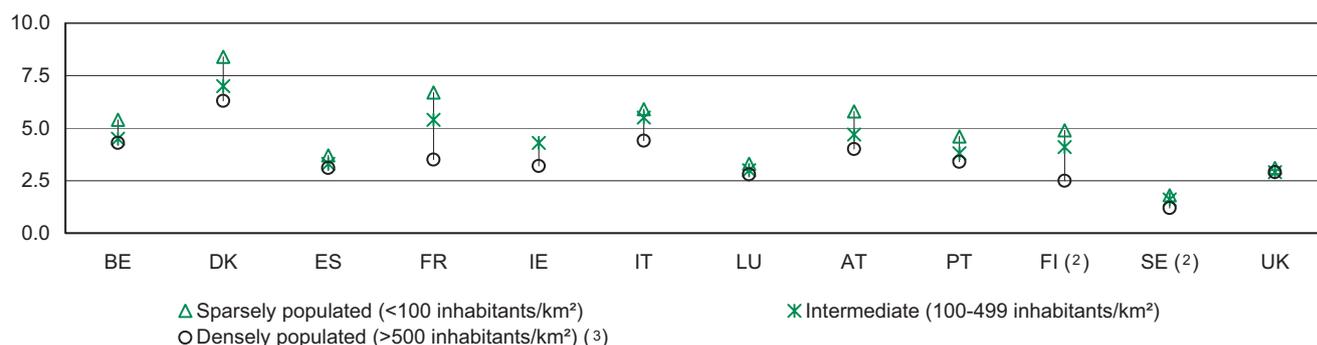
(2) Excluding heating.

Source: Eurostat, Household Budget Survey (theme3/hbs)

³ For the whole of this section on consumption expenditure: FI and SE, excluding heating.

⁴ DE, EL, IE and NL, not available.

Figure 3.15 Electricity, gas and other fuels
Share of total consumption expenditure, breakdown by degree of urbanisation, 1999 (%) ⁽¹⁾



⁽¹⁾ DE, EL and NL, not available.

⁽²⁾ Excluding heating.

⁽³⁾ IE, not available.

Source: Eurostat, Household Budget Survey (theme3/hbs)

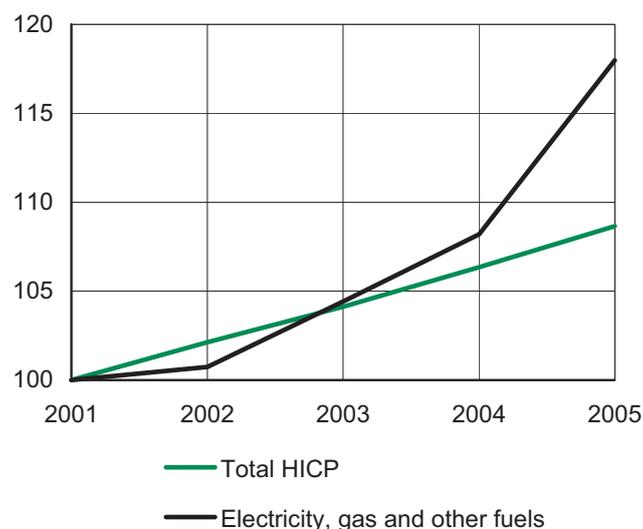
ENERGY PRICES: INCREASE IN MEMBER STATES BETWEEN 2001 AND 2005 RANGED BETWEEN 8% AND 60%

Energy prices have long and short-term signals for consumers. Investment in equipment is based upon price expectations in the future, as well as affordability (income) and choice (whether the chosen fuel network is established in the area). When energy prices rise, consumers may become more aware of their everyday consumption and try to avoid consuming excessive amounts of energy. Alternatively, consumers may look for energy-saving measures. It is generally agreed that consumers are more responsive to rising prices (asymmetric price elasticity)⁵.

Housing, water, electricity, gas and other fuels displayed significant variations in price levels between Member States mainly because of countries with extreme price levels (see Table 3.19 on page 69): Danish households paid up to four times as much for their energy as households in Lithuania.

The price of energy products has risen considerably since 2003, resulting in the harmonised consumer price index for energy overtaking the all-items index (see Figure 3.16 and Table 3.17). Between 2001 and 2005, the absolute change in energy prices varied between a 60.1% increase in Slovakia and a 7.6% increase in Lithuania. Only Romania and Turkey reached a higher value, increases of 138.5% and 105.3% respectively.

Figure 3.16 Electricity, gas and other fuels
Development of harmonised indices of consumer prices in the EU (2001=100)



Source: Eurostat, Harmonised indices of consumer prices (theme2/price)

⁵ Environmental Outlook, OECD, 2001.

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Table 3.17 Electricity, gas and other fuels
Development of harmonised indices of consumer prices in the EU (2001=100)

	2001	2002	2003	2004	2005
Total HICP	100	102	104	106	109
Electricity, gas and other fuels	100	101	104	108	118
Electricity	100	103	107	109	113
Gas	100	99	104	106	118
Liquid fuels	100	95	99	111	141
Solid fuels	100	104	105	110	115
Heat energy	100	102	104	106	115

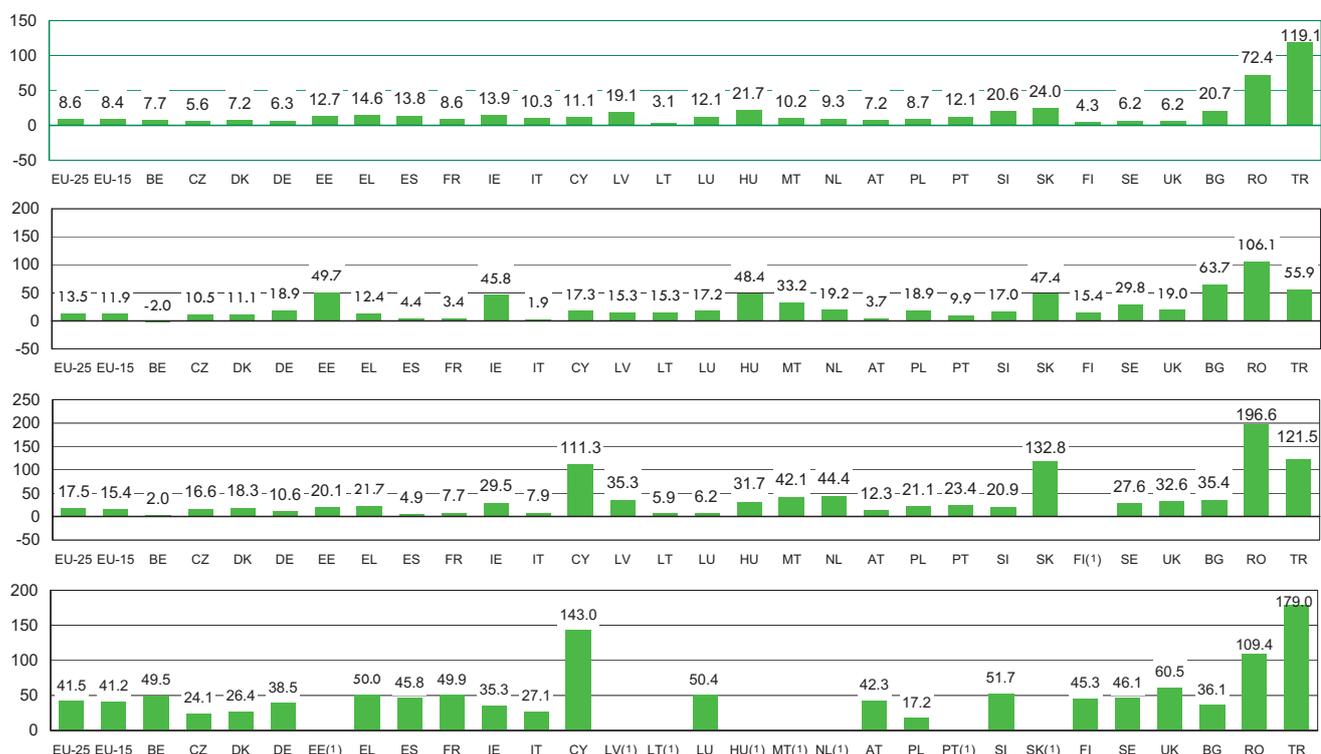
Source: Eurostat, Harmonised indices of consumer prices (theme2/price)

Between the different energy options, there was also a wide variation in price developments between 2001 and 2005 (see Figure 3.18), as the price of electricity in the EU increased on average by 3.2% per annum, whilst the price of liquid fuels rose on average by 9.1% per annum. These absolute changes are strongly influenced by the evolution of prices between 2004 and 2005, when electricity prices increased by 3.7% and those of liquid fuels rose by as much as 27.9% (the latter reflecting the imbalance between supply and demand in crude oil markets). The ongoing process of liberalisation of electricity markets may well be influencing the trend of electricity prices.

Taxes can be used to make energy prices higher, with the aim of influencing consumer choice. Taxation is regarded as a flexible instrument to encourage changes in

consumption behaviour and, combined with subsidies, it can be used to stimulate a wider use of alternative energy products (in particular renewable energy sources). Energy taxes are justified on the grounds of external elements (such as air and water pollution or greenhouse gas emissions), following the *polluter pays* principle. Considering that the consumption of energy products is relatively inelastic, changes to taxation are normally made in progressive steps in order to give consumers time to adapt to the resulting price levels. The inelasticity of energy consumption is shown by a study⁵ on the impact of existing fuel taxation on heating systems chosen by households, where it was found that central heating equipment using natural gas was cheaper, whether the price with or without excise duties is considered.

Figure 3.18 Electricity, gas and other fuels
Absolute growth in consumer prices, 2001-2005 (%)



(1) Not available.

Source: Eurostat, Harmonized indices of consumer prices (theme2/price)

⁶ Towards a European strategy for the security of energy supply, Directorate-General of the European Commission for Transport and Energy, Green Paper, November 2000.

Electricity and gas prices: heterogeneous taxation across the EU

Although the supply of heating gas oil cannot be considered as an SGI, it is interesting to compare the electricity and gas prices with those of heating gas oil. Table 3.19 shows the energy prices European households had to face at the beginning of 2006, with the applicable tax rates of the Member States shown in Table 3.20. The correlation between high taxes and high prices becomes obvious. For example, adding electricity taxes, the price of electricity more than doubled (136.9%) in Denmark, but resulted in a 5.0% increase in Malta and the United Kingdom. It should be borne in mind that the prices communicated are representative for the country and therefore take account of the ongoing liberalisation process.

The tax burden consists of VAT, excise duties and other indirect environmental taxes. Several Member States applied reduced VAT rates to energy products, such as the United Kingdom or Portugal, whilst the Nordic countries applied their standard rates (see page 12 for a list of VAT rates applied to energy products). Excise duties applied to heating gas oil ranged from EUR 10.0 per thousand litres in Luxembourg to EUR 403.2 per thousand litres in Italy, with nine Member States reporting duties between EUR 40 and EUR 90 per thousand litres (as of July 2006).

Table 3.19 Price of natural gas, electricity and heating gas oil for households, all taxes included, 1st half-year 2006 ⁽¹⁾

	Natural gas ⁽²⁾		Electricity ⁽³⁾		Heating gas oil ⁽⁴⁾	
	(EUR per GJ)	(EUR per 100 kWh)	(EUR per GJ)	(EUR per thousand litres)	(EUR per GJ)	(EUR per GJ)
EU-25	14.5	14.2	39.3	:	:	:
EU-15	14.9	14.4	40.1	:	:	:
BE	15.0	14.4	40.1	526.7	14.5	
CZ	11.1	9.9	27.4	641.7	17.6	
DK	33.1	23.6	65.6	987.5	27.1	
DE	17.8	18.3	50.9	589.9	16.2	
EE	5.1	7.3	20.3	483.8	13.3	
EL	:	7.0	19.5	925.0	25.4	
ES	15.1	11.5	31.9	599.9	16.5	
FR	14.1	12.1	33.5	613.0	16.9	
IE	13.9	14.9	41.4	670.9	18.4	
IT	17.8	21.1	58.6	1 072.7	29.5	
CY	:	14.3	39.8	762.6	21.0	
LV	5.9	8.3	23.0	581.8	16.0	
LT	6.9	7.2	19.9	502.5	13.8	
LU	11.5	16.0	44.5	519.0	14.3	
HU	8.2	10.8	29.9	1 068.6	29.4	
MT	:	9.5	26.4	421.6	11.6	
NL	18.8	20.9	58.0	837.9	23.0	
AT	17.4	13.4	37.2	647.2	17.8	
PL	10.5	11.9	33.1	570.9	15.7	
PT	16.1	14.1	39.2	652.0	17.9	
SI	14.4	10.5	29.1	580.4	16.0	
SK	12.1	14.5	40.2	521.6	14.3	
FI	9.2	10.8	29.9	613.4	16.9	
SE	28.8	14.4	39.9	978.1	26.9	
UK	9.2	10.2	28.3	526.9	14.5	
BG	8.6	6.6	18.3	:	:	
HR	9.1	9.2	25.6	:	:	
RO	6.1	10.2	28.4	:	:	

Source: Eurostat, Energy statistics (theme8/nrg)

- ⁽¹⁾ Underlying prices are half-yearly data; data relate to national average or regional prices according to the country; bold indicates the country with the lowest price, purple indicates the country with the highest price.
- ⁽²⁾ Standard consumers are households consuming 93 GJ per year for cooking, water heating and central heating; FI, 2nd half-year 1999.
- ⁽³⁾ Households consuming 3 500 kWh (or 12.6 GJ) per year among which 1 300 kWh (or 4.7 GJ) overnight for a standard dwelling of 90 m².
- ⁽⁴⁾ Households with deliveries between 2 000 and 5 000 litres (or between 72.8 and 181.9 GJ) annually; 2nd half-year 2005.

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Table 3.20 Tax rate on natural gas, electricity and heating gas oil for households, 1st half-year 2006 (% of pre-tax price) ⁽¹⁾

	Natural gas (2)	Electricity (3)	Heating gas oil (4)
EU-25	31.1	31.4	:
EU-15	32.0	32.0	:
BE	25.6	28.4	26.4
CZ	19.0	18.8	37.0
DK	126.1	136.9	94.2
DE	30.4	33.3	31.9
EE	17.8	17.9	32.2
EL	:	9.0	76.2
ES	16.0	22.0	38.9
FR	17.7	33.1	34.4
IE	13.5	16.0	24.5
IT	54.0	36.2	118.6
CY	:	16.8	63.6
LV	17.6	18.1	23.0
LT	18.0	17.9	24.2
LU	6.1	15.3	14.5
HU	14.9	20.0	114.7
MT	:	5.0	3.4
NL	52.6	72.9	68.0
AT	46.0	49.9	49.7
PL	21.9	28.9	38.9
PT	5.0	5.2	32.9
SI	29.5	20.0	56.5
SK	19.3	19.1	24.3
FI	30.6	33.3	42.0
SE	75.3	63.8	128.6
UK	5.1	5.0	23.7
BG	19.9	19.6	:
HR	27.4	21.5	:
RO	19.0	19.1	:

Source: Eurostat, Energy statistics (theme8/nrg)

- (¹) Underlying prices are half-yearly data; data relate to national average or regional prices according to the country; bold indicates the country with the lowest tax rate, purple indicates the country with the highest tax rate
- (²) Based on consumption of 93 GJ per year for cooking, water heating and central heating; FI, 2nd half-year 1999.
- (³) Based on consumption of 3 500 kWh (or 12.6 GJ) per year among which 1 300 kWh (or 4.7 GJ) overnight for a standard dwelling of 90 m².
- (⁴) Based on consumption of between 2 000 and 5 000 litres (or between 72.8 and 181.9 GJ) per year; 2nd half-year 2005; SI, 1st half-year 2005.

Using a service and then paying for it can be viewed as a normal function but, in some cases, it creates a problem in that the user considers the price to be excessive or unaffordable. It is the consumer's belief that the service is sufficiently needed that overrides this price consideration.

In an attempt to gauge affordability of services of general interest, a Eurobarometer survey (65.3), carried out in spring 2006, questioned users' affordability of electricity and gas supply networks across all EU-25 Member States.

Electricity supply networks: full coverage but not always a choice of retailer

Although in many EU countries, there is no alternative supplier of electricity, two thirds (66%) of EU-25 citizens deemed that the cost of electricity supply services was affordable. This figure is highest in Lithuania at 92% and a figure of 85% is seen in Slovenia and 83% in Greece, Austria and the United Kingdom. Taking a contrary view were 50% of the Finnish poll who said that electricity services were not affordable in their country. High figures of 43% and 40% were also observed in Cyprus and Sweden

respectively compared with an EU-25 average of 16%. Half the Maltese respondents and a quarter of those polled in the Czech Republic (24%), Germany (24%), the Netherlands (24%) and Poland (26%) spontaneously said that charges for this utility in their country were excessive. Relatively high 'don't know' figures when compared against the EU-25 average of 2% were observed in Malta (5%), Portugal (6%) and Ireland (7%).

Table 3.21 In general, would you say that the price of electricity supply services is affordable or not?
By that, I mean that I would like to know if you are able to afford the services you need.
(% of respondents using electricity supply services)

	EU-25	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV
Affordable	66	75	71	81	63	70	83	73	62	63	66	44	68
Not affordable	16	15	4	10	12	19	8	20	25	11	13	43	16
Excessive (spontaneous)	15	8	24	7	24	10	8	5	9	19	19	9	14
Do not know	2	2	1	3	1	1	-	2	3	7	2	4	2

	LT	LU	HU	MT	NL	AT	PL	PT	SI	SK	FI	SE	UK
Affordable	92	73	68	26	68	83	42	52	85	80	37	40	83
Not affordable	7	11	8	19	5	2	29	28	2	4	50	40	10
Excessive (spontaneous)	0	12	23	50	24	14	26	14	12	13	10	16	6
Do not know	0	4	0	5	3	1	3	6	1	3	2	4	1

Source: Eurobarometer 65.3 (Consumers' opinions of services of general interest), European Commission, 2006

3. Energy and Water

Of the two thirds (66%) of all EU-25 citizens making use of electricity supply services who said it was affordable, there were no significant variations by gender, age or education. However, when responses were analysed by occupation (which is a broad indication of income level), noticeable variations were observed. Accordingly, while 74% of managers and 72% of white collar workers said this service was affordable, the figure falls to 65% of manual workers,

64% of the retired and just 57% of the unemployed. Compared with the results of the 2004 survey⁷, slightly more respondents (66%) than in 2004 (64%) said that prices of electricity services were affordable. The numbers saying they were not affordable dropped from 23% to 16%, although the numbers saying they were excessive rose from 11% to 15%.

Table 3.22 In general, would you say that the price of electricity supply services is affordable or not?
By that, I mean that I would like to know if you are able to afford the services you need.
(% of respondents using electricity supply services)

	Affordable	Not affordable	Excessive (spontaneous)	Do not know
EU-25	66	16	15	2
Sex				
Male	69	15	14	2
Female	64	17	17	2
Age				
15-24	66	15	10	9
25-39	67	17	15	1
40-54	67	17	16	1
55+	66	16	17	1
Age when finished full time education				
15 or less	65	18	17	1
16-19	65	16	17	1
20 or more	69	15	14	1
Still studying	66	15	9	10
Occupation				
Self-employed	66	15	19	1
Manager	74	12	13	1
Other white collar	72	14	13	1
Manual worker	65	18	16	1
House person	67	17	15	1
Unemployed	57	22	18	3
Retired	64	17	18	1
Student	66	15	9	10
Household composition				
1	67	17	15	1
2	68	15	15	1
3	65	16	16	2
4+	64	17	15	3

Source: Eurobarometer 65.3 (Consumers' opinions of services of general interest), European Commission, 2006

The number of EU-25 citizens having access to electricity supply services but not taking advantage of them is too small to allow for a valid analysis of data by country. Examples of these extremely small samples are just single-digit segments in Cyprus, Luxembourg, Sweden and Portugal. Half of this small segment across the European

Union said that they could afford the price of electricity supply services. While 10% were unsure of costs in this area (i.e. gave a 'don't know' response), 27% said the price was not affordable and a further 12% said it was excessive. Due to the small size of this sample, it is too risky to investigate this further.

⁷ Eurobarometer 62.1 (Services of general interest), European Commission, 2004

Gas supply networks: largely irrelevant for Sweden and Finland

Compared with an EU-25 average of 65% of gas supply service users who considered the services were affordable, a figure of 90% was noted in Greece and 92% in Lithuania. Just one in six (16%) citizens across the Union said that gas prices were not affordable. However, in Poland and France, these figures rise to 26% and 34% respectively and 30% of Hungarians and 32% of Germans spontaneously said the price for gas supply services were

excessive. While the 'don't know' average across the Union was just 2%, figures of 5% were seen in France, 6% in Portugal and 7% in Ireland. However, these figures pale into insignificance when compared with a figure of 14% in Sweden and virtually half (47%) of the Finnish poll. This figure might be explained by a Finnish particularity in this respect (low coverage of the gas supply network).

Table 3.23 In general, would you say that the price of gas supply services is affordable or not?
By that, I mean that I would like to know if you are able to afford the services you need.
(% of respondents using gas supply services)

	EU-25	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV
Affordable	65	76	68	77	55	78	90	74	49	62	65	-	74
Not affordable	16	14	6	8	12	12	3	19	34	16	14	-	14
Excessive (spontaneous)	17	8	25	12	32	7	7	5	12	15	20	-	11
Do not know	2	3	1	3	1	4	-	2	5	7	2	-	2
	LT	LU	HU	MT	NL	AT	PL	PT	SI	SK	FI	SE	UK
Affordable	92	77	59	-	69	79	48	66	88	80	47	55	78
Not affordable	7	10	11	-	4	2	26	16	2	6	3	21	12
Excessive (spontaneous)	0	9	30	-	23	15	23	13	8	14	4	9	8
Do not know	1	3	0	-	3	3	3	6	2	1	47	14	2

Source: Eurobarometer 65.3 (Consumers' opinions of services of general interest), European Commission, 2006

3. Energy and Water

At EU-25 level, 17% of the persons who used gas services spontaneously said that prices were excessive. The share was of 11% among those aged 15-24 compared with 20% of those aged 55 or more. While there were only minimal variations by gender and education, there were, however, noticeable differences by occupation. Accordingly, while 22% of the unemployed, 21% of the self-employed and 20% of retired people spontaneously said these charges

for gas supply services were excessive, these figures fell to just 15% of managers and 14% of white-collar workers. Since 2004 (when a similar survey was conducted), the number saying gas services were affordable has remained constant although the share of those saying they are not affordable has dropped by 6 points from 22%. The number saying prices are excessive has risen by 6 points from 11%.

Table 3.24 In general, would you say that the price of gas supply services is affordable or not?
By that, I mean that I would like to know if you are able to afford the services you need.
(% of respondents using gas supply services)

	Affordable	Not affordable	Excessive (spontaneous)	Do not know
EU-25	65	16	17	2
Sex				
Male	67	15	16	2
Female	63	17	18	2
Age				
15-24	64	15	11	10
25-39	66	16	17	1
40-54	66	15	18	1
55+	63	16	20	1
Age when finished full time education				
15 or less	64	17	18	1
16-19	63	16	19	2
20 or more	68	14	17	1
Still studying	64	15	10	11
Occupation				
Self-employed	64	14	21	1
Manager	73	11	15	1
Other white collar	73	12	14	1
Manual worker	63	18	18	2
House person	63	20	16	1
Unemployed	56	19	22	3
Retired	62	16	20	1
Student	64	15	10	11
Household composition				
1	63	17	18	2
2	66	16	17	1
3	64	16	18	3
4+	65	15	17	3

Source: Eurobarometer 65.3 (Consumers' opinions of services of general interest), European Commission, 2006

Across the European Union, among the surveyed that have access to gas supply services but are not using them, 40% said that they could afford gas and this figure reaches 70% in Greece and 59% in Austria. A third of the poll did not know whether they could afford gas and this lack of knowledge of gas prices reaches 84% in Finland and 82% in Sweden. This is unsurprising given the low levels of usage of gas for domestic purposes in these two countries. In Latvia (66%) and Ireland (65%), two thirds of those polled did not know how much gas cost. Just 17% of the sample said that they could not afford gas and this figure reached more than half (51%) of Slovaks. Although the

figures amounted to 20% in Hungary, the average of EU-25 citizens having access to gas supplies and thinking that the prices are excessive was just of 10%.

Making up the 40% EU-25 average of those citizens, who although they had access to gas supplies, did not use it were 42% of men compared with 37% of women. While there were no significant variations by age, just 37% of those educated to age 15 or less compared with 47% of the most educated held this view. There was no clear pattern that emerged by occupation, although a substantial 41% of the unemployed did not give an answer to this question.

Table 3.25 In general, would you say that the price of gas supply services is affordable or not?
By that, I mean that I would like to know if you are able to afford the following services.
(% of respondents having access to gas supply services but not using them)

	EU-25	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV
Affordable	40	53	41	42	43	31	70	42	39	23	46	-	12
Not affordable	17	7	29	3	12	14	15	21	20	9	27	-	15
Excessive (spontaneous)	10	3	18	-	17	1	3	9	7	3	17	-	7
Do not know	33	37	11	55	28	54	12	29	35	65	9	-	66
	LT	LU	HU	MT	NL	AT	PL	PT	SI	SK	FI	SE	UK
Affordable	50	43	35	-	42	59	14	23	47	17	12	16	38
Not affordable	19	1	18	-	5	7	27	21	26	51	3	3	8
Excessive (spontaneous)	7	2	20	-	18	5	7	7	7	8	0	-	-
Do not know	24	54	26	-	35	29	53	49	19	24	84	82	54

Source: Eurobarometer 65.3 (Consumers' opinions of services of general interest), European Commission, 2006

Electricity market indicators of the liberalisation process: full choice of retailers by July 2007 - theoretically

The pricing/tariff structure for electricity is dependent upon the degree of market opening, the number of utilities in an area and the time of day (as most networks have excess capacity during the night).

Reliable electricity supply at acceptable prices is a key driver to economic growth and competitiveness. In order to benefit from efficient energy supply, the EU decided to bring the energy sector into line with the competitive parts of its economy by gradually introducing competition. Directive 2003/54/EC concerning common rules for the internal market in electricity gave deadlines for the opening of the market: 1 July 2004 for all business customers and 1 July 2007 for households. Certain countries anticipated the liberalisation process; others are slower in adopting the necessary measures. Indicators obtained are mainly based on the results of a voluntary, questionnaire-based data collection aimed at monitoring competition in the electricity market.

Table 3.26 outlines the state of progress of the liberalisation process and expresses the degree of market opening (first column). The latter should be understood as the share of electricity consumed by customers that have indeed a choice of electricity supplier (eligible consumers) in the total quantity of electricity consumed.

By September 2005 full market liberalisation was completed in 10 Member States. Ireland was the latest country to reach full market opening in 2005. The eligibility threshold shows that for certain countries the freedom to choose supplier is still limited to non-household customers. In other countries the threshold is linked to consumption of a certain quantity, quantities that are not reached by household consumers.

Table 3.26 Electricity
Degree of market opening as of September 2005

	Declared market opening	Eligibility threshold	Size of open market (in TWh)
BE	90%	Full ¹	60
CZ	74%	non HH	44
DK	100%	Full	33
DE	100%	Full	500
EE	12%	>40GWh	1
EL	62%	non HH ²	29
ES	100%	Full	210
FR	70%	non HH	275
IE	100%	Full	22
IT	79%	non HH	225
CY	35%	>350MWh	1
LV	76%	non HH	4
LT	74%	non HH	6
LU	84%	non HH	3
HU	67%	non HH	22
MT	0%	.	.
NL	100%	Full	100
AT	100%	Full	55
PL	80%	non HH	120
PT	100%	Full	42
SI	77%	non HH	10
SK	79%	non HH	24
FI	100%	Full	80
SE	100%	Full	135
UK	100%	Full ³	335

Source: DG TREN, on the basis of information provided by Regulators / Member States.

⁽¹⁾ in the Flanders region only, non HH (non-households) in other regions.

⁽²⁾ all customers in non-interconnected islands are non-eligible.

⁽³⁾ in Northern Ireland, market open to non-households only.

An electricity generator/ producer is not necessarily also a retailer. With regard to the sales of electricity to end consumers, the latter increasingly have the choice as market opening has clearly led to the creation of new retailers. EU legislation provides for a legal unbundling between the supply (production), the network activities (transmission and distribution) and the sales activities. Should this unbundling not have taken place, a newcomer to the market can get access to the distribution network to serve customers using the so-called Third Party Access rules. Derogations exist for small networks (less than 100 000 connected customers) or small isolated systems (i.e. islands).

Although not applicable to all countries, it can be noted that the number of electricity retailers is generally highest where full liberalisation has already been achieved. Obviously the size of the country has an influence on the number of electricity retailers. Germany registered 940 retailers but only four reached a notable size (at least 5% of the total quantity of electricity supplied at national level).

Similarly, 166 electricity retailers were counted in France, but only one could be considered as 'major'. The Czech Republic, Spain, Italy and Poland registered several hundred retailers. In 2004, Italy reported only one with a market share of at least 5%, in Spain there were three

major retailers, in Poland five, whereas the Czech Republic counted eight retailers of notable size.

Comparing the global situation of 2004 to that of a year earlier, the total number of retailers at EU-25 level (disregarding Finland, which could not supply precise data) decreased from 3 040 to 2 834. A certain consolidation appears to be taking place in various countries.

Considerably fewer retailers were counted in Spain, Denmark, Austria and especially in the Czech Republic. Conversely, eight retailers more were registered in the United Kingdom, 10 more in Italy and 27 more in Poland.

Looking at the number of major retailers in the individual Member States, significant changes between the two years were only observed for Spain, Italy and Poland.

The number of customers switching suppliers may be an indicator as to the effectiveness of competition. In countries where they have the right to choose, electricity consumers remain reluctant to exercise their right to choose. Often, competing offers are unavailable or are too similar to constitute a real choice. Dominant positions and insufficient unbundling, especially at the distribution level, seem to discourage switching apart from the fact that changing suppliers is often perceived as risky.

Table 3.27 Retailing: number of electricity suppliers to final customers, 2003 - 2004

	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV	LT	LU	HU	
TOTAL NUMBER OF SUPPLIERS																
2003	45	365	113	940	42	5	375	166	6	390	1	1	8	11	12	
2004	48	238	75	940	41	4*	315	166	8	400	1	4	8	11	12	
SUPPLIERS HAVING A SHARE OF AT LEAST 5% OF THE TOTAL																
2003	2	8	5	4	1	1	6	1	4	3	1	1	3	3	7	
2004	3	8	:	4	1	1	3	1	4	1	1	1	2	3	7	
	MT	NL	AT	PL	PT	SI	SK	FI	SE	UK	BG	HR	RO	TR	NO	
TOTAL NUMBER OF SUPPLIERS																
2003	1	42	160	175	5	8	18	>100	127	24	8	1	8	5	223	
2004	1	34	125	202	9	7	23	>100	130	32	12	1	20	130	226	
SUPPLIERS HAVING A SHARE OF AT LEAST 5% OF THE TOTAL																
2003	1	3	:	3	1	6	5	3	3	7	8	1	8	1	4	
2004	1	3	5	5	1	6	5	3	3	7	8	1	9	1	4	

Source: Eurostat

* Four suppliers were active in 2004, although there were eleven supply licence holders - Data in italic: estimates.

Gas market indicators of the liberalisation process: high number of gas retailers not necessarily an indicator of competition

The Gas Directive 2003/55/EC is the key European legislation to establish the Internal Market for Gas. The directive had to be implemented by 1 July 2004.

From July 2007 at the latest, all consumers will be free to choose their gas supplier. The current supplier should no longer be the only choice. The market for large consumers has been open for several years. For smaller commercial customers and households, market opening is rather recent or, in certain cases, not yet existent.

Table 3.28 outlines the state of progress of the liberalisation process and expresses the degree of market opening as of

September 2005. The market opening is defined as the percentage of the total natural gas consumed by those customers that are given the choice of their natural gas supplier (eligible consumers).

In September 2005 full market liberalisation was completed in Denmark, Germany, Spain, Italy, the Netherlands, Austria and the United Kingdom. The eligibility threshold shows that for certain countries the freedom to choose supplier is still limited to non-household customers (households should have the choice of their retailers from July 2007 onwards).

Table 3.28 Gas
Degree of market opening as of September 2005

	Declared market opening	Eligibility threshold	Size of open market (in billion m ³)
BE	90%	Full ¹	11
CZ	25%	not available	3
DK	100%	Full	5
DE	100%	Full	82
EE	95%	non HH	1
EL		no information	
ES	100%	Full	20
FR	70%	non HH	28
IE	86%	non HH	3
IT	100%	Full	62
CY	no significant natural gas distribution		
LV	0%	not available	0
LT	90%	non HH	3
LU	80%	non HH	1
HU	66%	non HH	8
MT	no significant natural gas distribution		
NL	100%	Full	38
AT	100%	Full	7
PL	72%	non HH	5
PT		no information	
SI	91%	non HH	1
SK	72%	non HH	24
FI		no information	
SE	95%	non HH	1
UK	100%	Full	95

Source: DG TREN, on the basis of information provided by Regulators / Member States.

(¹) in the Flanders region only, non households in other regions.

By July 2007, all customers should hence become eligible customers, i.e. have the possibility to choose the most attractive gas supplier.

Table 3.29 shows the total number of gas retailers in the various Member States in 2004 (based on a voluntary, questionnaire-based data collection). It is recalled that a gas producer (or importer) does not necessarily have to be a retailer. Most retailers can be found in Germany; with 700 enterprises they outnumber the retailers in Italy (389, down from 412 in 2003) by a large margin. However, only one German enterprise has a market share of more than 5% of the total quantity of gas supplied at national level whereas in Italy, five enterprises responded to this criterion.

Compared to a year earlier and among the 22 Member States for which information for both years is available, 10 registered an increase in the number of retailers, in five countries the number remained stable and in seven the number of retailers actually decreased. It was the UK that showed a noticeable reduction, from 23 suppliers in 2003 to 15 suppliers in 2004. Conversely, Poland registered seven additional gas suppliers, Belgium an additional five and Slovenia an additional four.

The sometimes considerable number of suppliers to final customers however masks the fact that only few retailers

are of considerable size (above the threshold of 5% market share): a maximum of seven suppliers were registered in the Czech Republic, Hungary, Poland and the United Kingdom and five Member States reported only a single major supplier in 2004.

In Belgium and Lithuania, the number of major retailers was reduced by one entity. The markets of Denmark, Greece, Spain and Luxembourg saw one additional major retailer; those of Austria and the UK an additional two.

In general, it should be kept in mind that a high number of retailers and a relatively high number of enterprises that hold at least 5% of the total quantity distributed on the national market does not necessarily mean that there is a certain degree of competition in the country. The gas market can be split by a number of regional distributors where the customer does not have the real choice of a supplier.

The number of customers switching may be an indicator of the effectiveness of competition. In countries or regions where they have the right to choose, gas consumers remain reluctant to exercise this right. Competing offers are often unavailable. Also, changing suppliers is often perceived as risky.

Table 3.29 Retailing: number of gas suppliers to final customers, 2004

	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	LV	LT	LU	HU
TOTAL NUMBER OF SUPPLIERS														
2003	27	14	4	701	14	1	43	31	:	412	1	7	6	14
2004	32	9	7	700	15	2	41	34	2	389	1	5	6	16
SUPPLIERS HAVING A SHARE OF AT LEAST 5% OF THE TOTAL														
2003	3	7	4	1	1	1	3	2	:	5	1	3	3	7
2004	2	7	5	1	1	2	4	2	2	5	1	2	4	7
	NL	AT	PL	PT	SI	SK	FI	SE	UK	BG	HR	RO	TR	
TOTAL NUMBER OF SUPPLIERS														
2003	24	29	40	10	14	1	27	7	23	8	3	27	12	
2004	25	27	47	10	18	1	30	7	15	8	27	28	19	
SUPPLIERS HAVING A SHARE OF AT LEAST 5% OF THE TOTAL														
2003	4	3	7	4	2	1	1	5	5	1	3	4	3	
2004	4	5	7	4	2	1	1	5	7	1	4	5	3	

Source: Eurostat.

SATISFACTION WITH ELECTRICITY AND GAS SUPPLY

The consumer satisfaction survey on services of general interest undertaken by IPSOS/INRA for the Directorate-General of the European Commission for Health and Consumer Protection in 2006 provides information on consumer satisfaction in relation to electricity and gas distribution services. For the survey, consumers were defined as people aged at least 18 years old and having used the service during the past 12 months. Satisfaction was defined as the consumer's assessment of a product or service in terms of the extent to which that product or service has met his/her needs or expectations. Consumer satisfaction was to be measured both directly ('observed satisfaction') as through statistical processing of responses to specific questions ('calculated satisfaction'). The questionnaire used for the survey mainly consists in the evaluation of several aspects of seven topics (overall satisfaction and expectations, quality, price, image, market and personal factors, complaints and commitment) by using a 10-point scale. The objective was to achieve consistency of the rating scales across countries and sectors.

Electricity supply services: higher satisfaction levels in the new Member States

European consumers are fairly satisfied with electricity supply: the average score at EU-25 level is 7.6 (on a scale from 1 to 10). In comparison with the other services of general interest, the electricity supply comes in a middle position (7th place). This applies both to the EU-15 countries as the new Member States (NMS).

When looking at the proportion of satisfied and dissatisfied respondents, a more important difference between EU-15 and NMS10 countries can be observed (see Table 3.30). Compared to EU-15, there are relatively more satisfied

consumers in the new Member States (62%) but also relatively more dissatisfied consumers (7% of respondents). This result may suggest that consumers from the new Member States pay more attention to this service than the EU-15 consumers. It could also point out to higher differences in quality and/or perception levels within these countries. At country level, the proportion of satisfied consumers ranges from 35% (Italy) to 82% (Lithuania). The standard deviation around the average (58%) is about 14%.

Based on the proportion of satisfied consumers, three country groups emerge:

- A first group includes the countries where the proportion of satisfied consumers is meaningfully¹⁰ higher than the EU-25 average. In descending order these are: Lithuania, Austria, Denmark, Slovenia, Ireland, Latvia, Germany, Hungary, Estonia, Luxemburg, Cyprus, Belgium and Finland. One can observe that most of the New Member States (6 out of the 10) are in this first group.
- The second group covers the countries where the proportion of satisfied consumers is not significantly different from the EU-25 average: France, Poland, the Czech Republic, the United Kingdom and Sweden.
- The last group contains the countries where the proportion of satisfied consumers is significantly lower than the EU-25 average: Slovakia, Greece, Malta, Spain, the Netherlands, Portugal and Italy. In Portugal and Italy less than 40% of consumers declare to be satisfied with the electricity supply.

The survey results also show that the proportion of dissatisfied consumers in Malta, Portugal and Sweden exceeds 10% (it is even 17% in Malta). At the other side of the spectrum, in Lithuania, Austria, Belgium, Luxemburg, Denmark, Germany and Slovenia less than 3% of consumers stated to be dissatisfied.

Table 3.30 Overall, to what extent are you satisfied with your electricity supplier? (% of respondents) ⁽¹⁾

	EU-25	EU-15	NMS10	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY
Satisfied	57.6	56.5	62.3	65.2	58.3	78.9	72.7	71.8	48.1	42.7	60.4	73.2	34.8	70.1
Dissatisfied	5.3	4.9	6.7	2.1	9.2	2.2	2.4	4.4	9.5	4.0	3.1	3.5	8.3	6.4
	LV	LT	LU	HU	MT	NL	AT	PL	PT	SI	SK	FI	SE	UK
Satisfied	73.1	81.6	71.5	72.6	47.0	41.1	79.5	59.9	36.4	73.5	52.8	63.2	53.2	58.2
Dissatisfied	3.2	1.6	2.1	8.6	17.4	6.4	2.0	6.4	12.8	2.5	8.5	6.1	11.5	6.6

⁽¹⁾ In each country, the target population was composed of people aged at least 18 years old and having used the service during the past 12 months; respondents have been asked to evaluate their overall satisfaction with the service by using a 10-point scale: the satisfied respondents are those who rated the service from 8, 9 or 10 on a scale from 1 to 10 and the dissatisfied ones rated the service 1, 2, 3 or 4 on a scale from 1 to 10.

Source: Consumer satisfaction survey, Directorate-General of the European Commission for Health and Consumer Protection, 2006

¹⁰ Where the difference is statistically significant with a confidence interval of 95%.

Table 3.31 displays the proportion of satisfied and dissatisfied consumers for different socio-economic groups. In relation to occupation, it illustrates the following results:

- Satisfaction levels do not differ significantly between managers (62%), retired consumers (61%) and blue collar workers (60%): the proportions of satisfied consumers in these professional categories are slightly higher than the EU-25 average (58%).
- There is no statistically significant difference between the proportions of satisfied respondents among unemployed people (59%), white collar workers (57%), students (55%) and EU-25 average. One can observe, however, that the proportion of dissatisfied consumers is the highest with unemployed consumers (9%).
- The lowest proportions of satisfied consumers (slightly higher than 50%) are found with self-employed and house persons.

The education level seems to be correlated somewhat with satisfaction. Statistical analysis shows that there is a statistically significant difference between the respondents who completed secondary education (equally satisfied compared to the EU-25 average) and those who did not (significantly less satisfied).

Regarding the age, in line with the finding of the higher satisfaction level of the retired people, people older than 55 years are significantly more satisfied (60%) than the other categories and than the EU-25 average. The classes from 18 to 34 and from 35 to 54 show proportions similar to the EU-25 average.

Statistically speaking, there is no difference between the proportion of satisfied consumers amongst men and women.

Table 3.31 Overall, to what extent are you satisfied with your electricity supplier? (% of respondents) ⁽¹⁾

	Satisfied	Dissatisfied
EU-25	57.6	5.3
Sex		
Male	57.6	5.0
Female	57.6	5.5
Age		
18-34	57.3	5.5
35-54	56.0	6.4
55+	59.7	3.9
Age when finished full time education		
15 or less	54.6	5.7
16-19	58.3	5.5
20 or more	59.0	4.6
Still studying	56.8	4.5
Occupation		
Self-employed	52.5	6.9
Manager	62.0	3.7
Other white collar	56.7	5.2
Blue collar	60.0	4.6
Student	55.3	5.4
House person	50.5	6.6
Unemployed	58.8	8.7
Retired	60.9	3.9

Source: Consumer satisfaction survey, Directorate-General of the European Commission for Health and Consumer Protection, 2006

⁽¹⁾ In each country, the target population was composed of people aged at least 18 years old and having used the service during the past 12 months; respondents have been asked to evaluate their overall satisfaction with the service by using a 10-point scale: the satisfied respondents are those who rated the service from 8, 9 or 10 on a scale from 1 to 10 and the dissatisfied ones rated the service 1, 2, 3 or 4 on a scale from 1 to 10.

3. Energy and Water

In Austria, Cyprus, Luxembourg and Ireland, more than 7 consumers out of 10 consider their electricity provider as having an overall positive image (for an EU-25 average of 51%). They are only 28% in the Netherlands, 31% in Portugal and Malta, 33% in Italy, 35% in Spain and Sweden to think so. For the majority of EU-25 consumers (57%), their electricity provider offers a quality service. Austrians are the most satisfied consumers as far as the overall quality of electricity distribution is concerned (80% of consumers state to be satisfied). Price is rated lower than quality and image among EU citizens, whether in the EU-15 or in NMS10. Only 35% of them said their provider's prices are fair given the services provided. Luxembourg, Slovenia, Finland and Germany are the only countries where an absolute majority (from 50% to 52%) agrees with this statement.

In countries where the market for electricity distribution is liberalised, i.e. in Austria, Belgium, the Czech Republic, Denmark, Spain, Germany, Finland, the Netherlands, Sweden and the United Kingdom, a large majority of consumers has no intention to change supplier in the short run (within the year). The only exception to this pattern is Belgium where only 46% declare to be committed to their supplier. More than 8 consumers out of 10 prefer to deal with a national electricity provider. The same proportion thinks that the services of these providers are available for everybody and everywhere. In liberalised markets, almost two thirds of consumers think there is enough competition, so that they can get what they want from their electricity provider without having to be afraid of getting less quality. In the United Kingdom and the Netherlands this idea is shared by respectively 84% and 77% of users, whereas they are only 28% to think so in the Czech Republic.

However, when speaking of changing their provider, consumers in liberalised markets are less convinced about the fact that this could be easy to do: 54% believe there are no barriers. The Czechs, Danes, Austrians and Belgians are the least convinced: respectively 18%, 22%, 35% and 36% of the persons polled believing it is easy to change supplier. Finally, only 23% of EU consumers think it is possible to buy from an electricity supplier outside their country. A majority (41%) could not give an answer.

Majority thinks consumers' interest are well protected

The Eurobarometer survey (65.3) on consumers' opinions of services of general interest in 2006 revealed that 62% of EU-25 citizens think that consumers' interests are well protected with respect to electricity supply services (see Table 3.32). Particularly high proportions were registered in Denmark and Luxembourg (both at 77%), Belgium and the United Kingdom (both at 78%) and especially Austria (80%).

Conversely, in Germany, 43% of those polled believe that consumer' interests are badly protected compared with an EU-25 average of 26%.

High 'don't know' figures of 26% were noted in Spain - more than twice the EU-25 average of 12%.

Danish electricity supply services seem to enjoy a particularly good image as virtually three times as many Danes (32%) than the EU-25 average (11%) believed these interests were very well protected.

Table 3.32 In general, how well do you think consumers' interests are protected with respect to electricity supply services? (% of respondents)

	EU-25	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV
Well	62	78	67	77	49	67	68	48	73	71	50	66	68
Very well	11	17	12	32	8	11	12	3	12	16	7	16	10
Fairly well	51	61	54	45	41	56	56	46	61	55	43	49	59
Badly	26	19	26	9	43	18	31	26	16	11	37	22	20
Fairly badly	20	15	20	7	30	16	24	20	12	8	28	18	17
Very badly	6	3	6	2	13	3	7	6	3	3	9	4	3
Do not know	12	3	8	14	8	15	1	26	11	18	13	12	12
	LT	LU	HU	MT	NL	AT	PL	PT	SI	SK	FI	SE	UK
Well	63	77	60	53	70	80	68	49	73	72	72	49	78
Very well	14	22	7	8	16	23	8	8	9	14	15	9	17
Fairly well	49	55	53	45	54	57	60	42	64	58	57	40	61
Badly	14	13	23	37	16	10	16	31	21	23	18	34	14
Fairly badly	10	10	18	30	14	9	13	26	18	21	15	25	13
Very badly	4	2	5	7	3	1	3	5	3	3	3	10	2
Do not know	23	10	18	10	14	9	16	19	7	5	9	17	7

Source: Eurobarometer 65.3, European Commission, 2006

Gas supply services: greatest differences most among services of general interest

European consumers are fairly satisfied with the gas supply: the average score at EU-25 level is 7.6 on a scale from 1 to 10. In comparison with the other services of general interest, the gas supply comes in sixth position. Consumers in the new Member States are slightly more satisfied than in EU-15.

Table 3.33 shows that both the proportions of satisfied consumers and the proportions of dissatisfied consumers are higher in the ten new Member States (considered as a group). In most of these countries fewer consumers take a 'neutral' position. This finding is similar to the results regarding electricity supply

There are fifteen countries where the proportion of satisfied consumers is clearly above the EU-25 average. In the descending order these are first of all Greece, Lithuania and Ireland, with very high numbers of satisfied consumers (ranging from 82 to 87%). These countries are followed by

Denmark, Slovenia, Finland, Austria, and Sweden (from 74 to 78%) and finally Germany, Luxembourg, Estonia, Latvia, Belgium, Hungary and the Czech Republic (from 64 to 70%). As for electricity, six of the ten new Member States are within this group.

In only three countries the proportion of satisfied consumers is not statistically different from the EU-25 average: Poland (59%), the United Kingdom (58%) and France (58%). One can deduce from this that gas supply is the service of general interest where consumer satisfaction differs most across European countries.

The countries with the lowest numbers of satisfied consumers are Portugal, Spain, the Netherlands and Slovakia (from 43% to 49%). Again, the low figure for Italy should be noted (36%).

The highest numbers of dissatisfied consumers are found in three new Member States: Slovakia, the Czech Republic and Hungary with respectively 15%, 10% and 9%. Remarkably, the Czech Republic and Hungary have also relatively high proportions of satisfied consumers.

Table 3.33 Overall, to what extent are you satisfied with your gas supplier? (% of respondents) ⁽¹⁾

	EU-25	EU-15	NMS10	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY
Satisfied	57.9	57.2	60.9	65.2	64.5	77.9	69.7	68.1	87.4	47.7	58.2	81.8	36.4	-
Dissatisfied	4.4	4.0	6.6	2.6	10.1	2.6	3.6	2.1	1.5	3.8	4.5	1.9	4.1	-
	LV	LT	LU	HU	MT	NL	AT	PL	PT	SI	SK	FI	SE	UK
Satisfied	67.5	84.5	69.3	64.9	-	47.6	75.9	58.9	49.5	77.2	43.3	76.6	74.1	58.3
Dissatisfied	4.8	0.7	1.7	9.2	-	3.7	2.7	4.8	4.1	1.2	15.0	1.4	1.9	4.9

⁽¹⁾ In each country, the target population was composed of people aged at least 18 years old and having used the service during the past 12 months; respondents have been asked to evaluate their overall satisfaction with the service by using a 10-point scale: the satisfied respondents are those who rated the service from 8, 9 or 10 on a scale from 1 to 10 and the dissatisfied ones rated the service 1, 2, 3 or 4 on a scale from 1 to 10.

Source: Consumer satisfaction survey, Directorate-General of the European Commission for Health and Consumer Protection, 2006

3. Energy and Water

When considering the different socio-economic groups, it appears that managers (62%) and house persons (61%) are the most satisfied regarding gas supply (see Table 3.34). These groups precede the retired, the white collars, the blue collars and the unemployed (from 56% to 60%), where the satisfaction is not significantly different from the EU-25 average, and finally the students and self-employed (51%), clearly under the average. Yet, even in these groups the proportion of consumers that are really dissatisfied remains low (around 6%), in particular when compared with other services of general interest.

Like for the electricity supply service, satisfaction levels do not differ significantly between the respondents who have been studying until the age of 16 or later (around 59%). But again, respondents that have been at school until the age of 15 (or less) are somewhat less satisfied (55% are satisfied). Finally, the consumers who are still studying are the least satisfied (48%).

When looking at age groups, the respondents up to 55 year old are clearly the most satisfied consumers - 60% of them rated their satisfaction equal to or greater than 8/10.

Satisfaction levels by gender show no differences.

Table 3.34 Overall, to what extent are you satisfied with your gas supplier? (% of respondents) ⁽¹⁾

	Satisfied	Dissatisfied
EU-25 ⁽²⁾	57.9	4.4
Sex		
Male	58.2	4.4
Female	57.6	4.4
Age		
18-34	55.7	4.5
35-54	57.2	4.5
55+	60.0	4.2
Age when finished full time education		
15 or less	54.6	4.4
16-19	59.6	4.1
20 or more	58.8	4.6
Still studying	48.0	7.5
Occupation		
Self-employed	51.0	5.4
Manager	62.2	4.1
Other white collar	59.2	3.7
Blue collar	56.4	4.2
Student	51.0	6.6
House person	60.9	3.5
Unemployed	55.7	6.5
Retired	59.7	4.4

Source: Consumer satisfaction survey, Directorate-General of the European Commission for Health and Consumer Protection, 2006

⁽¹⁾ In each country, the target population was composed of people aged at least 18 years old and having used the service during the past 12 months; respondents have been asked to evaluate their overall satisfaction with the service by using a 10-point scale: the satisfied respondents are those who rated the service from 8, 9 or 10 on a scale from 1 to 10 and the dissatisfied ones rated the service 1, 2, 3 or 4 on a scale from 1 to 10.

⁽²⁾ Excluding Cyprus and Malta since there is no gas distribution infrastructure in these countries.

In Greece, Ireland, Slovenia, Luxembourg and Finland, more than 7 consumers out of 10 consider their gas provider as having an overall positive image (for an EU-25 average of 49%). They are only 25% in Slovakia, 30% in Italy, 32% in the Netherlands and 39% in Portugal and Spain to think so. For the majority of EU-25 consumers (59%), their gas provider offers a quality service. Greeks are the most satisfied consumers as far as the overall quality of gas distribution is concerned (88% of 'satisfied' consumers). For a small share of EU citizens, whether in the EU-15 or in NMS10, the provider's prices are considered fair, given the services rendered. In Slovakia, this proportion is the lowest (16%). Luxembourg, Finland, Lithuania, Ireland, Slovenia and Greece, on the other hand, are the only countries where an absolute majority (from 51% to 63%) agrees with this statement.

More than eight consumers out of ten who have a choice between several gas suppliers (i.e. Austria, Belgium, Spain, Greece, Finland, France, Ireland, the Netherlands, Portugal, Slovakia, Slovenia and the United Kingdom) will keep their supplier in the next 12 months. Almost 8 EU consumers out of 10 prefer to deal with national gas providers. Their services are available for everybody and everywhere, according to 68% of EU gas users and especially in the New Member States (75%, against 67% in EU-15). In addition, when asked whether they think it is possible to buy gas distribution services from a supplier outside their country, a majority could not give an answer (40%) and 38% answered negatively. In liberalised markets, while 87% of Britons, 79% of Portuguese and 67% of Dutch people agree with the fact that in their country there is enough competition, 78% of French people and 74% of Slovaks do not. Speaking of changing provider, EU consumers in liberalised markets are quite divided: 42% believe there are no barriers, especially in the EU-15

(43%, against 22% in the NMS10). Results in the United Kingdom (80%) and Portugal (79%) show the greatest proportion of people agreeing with this statement. The same proportion disagrees with this statement, especially in France (76%) and in Slovakia (71%).

Consumers' interests perceived as well protected especially in the Netherlands and the UK.

The Eurobarometer survey (65.3) on consumers' opinions of services of general interest in 2006 revealed that shows that just over half (51%) of EU-25 citizens think that consumer interests are well protected in the area of gas supply. With a high figure of 71%, the Dutch and the British excel. Indeed, among all the Member States, these two countries feature an extensive gas distribution network; operated routinely for decades.

Citizens' views on the protection of consumer interests for gas supply networks are generally not very strongly held on either a positive or negative basis: only 8% of the poll said these interests were very well protected and a similar 6% said they were very badly protected.

The great majority of opinion tends to the middle-ground with 43% of those polled saying that this protection was 'fairly well' provided.

This lack of conviction shown is reinforced by the fact that 26% of this poll gave 'don't know' as an answer. The high figure for Sweden (91%) and Finland (76%) in this respect is probably due to the low coverage of the gas supply network in this country.

Table 3.35 In general, how well do you think consumers' interests are protected with respect to gas supply services? (% of respondents)

	EU-25	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV
Well	51	64	62	37	40	37	57	37	61	41	49	-	45
Very well	8	13	11	14	6	6	5	3	9	7	7	-	6
Fairly well	43	51	51	23	34	31	53	35	51	34	42	-	39
Badly	23	14	22	3	41	8	12	24	13	9	37	-	15
Fairly badly	17	10	17	2	26	7	10	19	10	6	29	-	12
Very badly	6	3	5	1	15	1	3	5	4	3	8	-	3
Do not know	26	22	16	60	19	55	30	39	26	51	14	100*	40

	LT	LU	HU	MT	NL	AT	PL	PT	SI	SK	FI	SE	UK
Well	50	54	55	-	71	65	54	30	53	68	20	7	71
Very well	10	14	6	-	18	16	5	4	4	14	3	1	16
Fairly well	40	39	49	-	53	49	49	26	49	54	17	6	55
Badly	11	9	24	-	12	10	15	19	15	24	4	2	15
Fairly badly	8	8	19	-	10	8	12	16	13	20	2	1	12
Very badly	3	1	5	-	2	2	3	3	2	3	1	1	3
Do not know	39	37	21	100*	17	25	31	51	32	8	76	91	14

* there is no natural gas distribution network in Cyprus and Malta

Source: Eurobarometer 65.3, European Commission, 2006

3.2 HOUSEHOLD WATER CONSUMPTION AND SUPPLY

Water is a limited natural resource on which human health and development depends; in return human activities have an impact on this resource. The effects of climate change happening will further aggravate the situation in terms of quality and availability of this resource in many regions.

European water policies place great attention on water quality, whether for drinking or other purposes, and Community legislation in these areas basically dates from the 1970s and 1980s. In 2000, a long-term framework for Community action in the field of water policy was established with broader aims, including the promotion of sustainable water use. Notably this framework promotes a gradual implementation of the use of pricing, alongside

other measures, as incentives for consumers to modify their consumption patterns towards a sustainable level with the aim of recovering the full costs of water services. These water pricing policies should be implemented by 2010.

A special Eurobarometer Survey on the Environment published in April 2005 showed that from the consumers' point of view, water is the environment sector most close to citizens hearts and minds - in all EU-25 Member States. Furthermore, the same survey revealed that an overwhelming majority of citizens (between 74% and 95%, EU-25 average of 85%) demands from politicians that they consider protection of the environment as important as economic and social policy.

CONSUMPTION: ONLY 3% FOR COOKING OR DRINKING

The water required for drinking and other domestic purposes is a significant proportion of the total water demand. The proportion of water for abstracted urban use ranges from about 6.5% in Germany to more than 50% in the United Kingdom. Population distribution and density are key factors influencing the availability of water resources. Increased urbanisation concentrates water demand and can lead to the over-exploitation of local water resources.

Higher standards of living are changing water demand patterns. This is reflected mainly in increased domestic water use, especially for personal hygiene. Virtually the entire European population has indoor toilets, showers and/or baths for daily use. The result is that most of urban water consumption is for domestic use. Most of the water use in households is for toilet flushing (33%), bathing and showering (20-32%), and for washing machines and dishwashers (15%). The proportion of water used for cooking and drinking (3%) is minimal compared to the other uses.

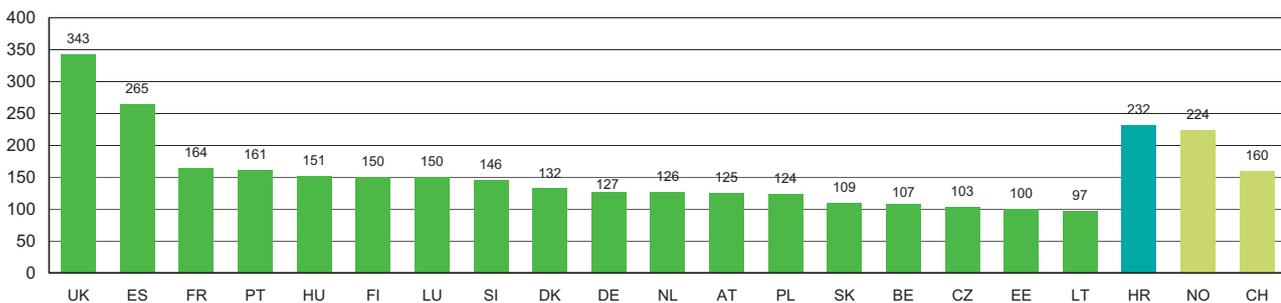
Despite unreliable water supply, the level of domestic water consumption in Europe is high. The leakage in pipes is quite high and is often counted as consumption.

Figure 3.36 shows that average water consumption per person and day is high in several southern Member States and several Nordic countries; Spain and Portugal, as well as the United Kingdom and France, all record average daily consumption in excess of 160 litres per person, whilst consumption in more centrally located countries and the Baltic Member States was below this level¹².

Table 3.37 shows that basic water-consuming amenities, such as running hot water, indoor flushing toilets or baths or showers are available in more than 90% of the dwellings in nearly every EU-15 Member State.

Most households also have a washing machine (see Table 3.38). In most Western European Member States, the share is 90% or higher, a notable exception being Denmark and Sweden, where a fairly substantial number of households is not equipped. The reason for not having a washing machine is in most cases not linked to affordability.

Figure 3.36 Specific household consumption (litres per person and day) ⁽¹⁾



⁽¹⁾ EL, IE, IT, CY, LV, MT and SE, not available.

Source: Yearbook 2005, European Water Association (EWA)

¹¹ Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000.

¹² EL, IE, IT, CY, LV, MT and SE, not available.

One of the most obvious environmental impacts of the household use of water is the generation of waste water. Table 3.39 shows that in most EU Member States around three quarters of dwellings are connected to public sewerage systems, with only Cyprus, Hungary, Poland, Portugal, Slovenia and Slovakia falling below this level. A clear gradient can be observed between the EU-15 countries and the new Member States. In the Accession Treaty, the latter group of countries have been granted a clear and unambiguous transition period, staged from 2005 to 2015.

In the Nordic countries, Cyprus, the Netherlands, Austria and the United Kingdom, all public sewerage involves treatment. At the other extreme, in Malta, 87% of dwellings are connected to a public sewerage system where waste water is still not treated. However, these data are from 2001 and the situation in Malta has considerably improved since then.

Table 3.38 Do you have a washing machine?

	Yes	No - cannot afford	No - other reason	No answer
BE	88.3	3.8	7.9	-
CZ	:	:	:	:
DK	76.8	2.5	20.8	-
DE	:	:	:	:
EE	79.9	9.9	7.8	2.4
EL	93.1	3.8	3.1	-
ES	98.5	0.4	0.9	0.2
FR	92.3	1.9	5.8	-
IE	93.1	2.0	4.9	-
IT	96.3	0.9	2.8	-
CY	:	:	:	:
LV	:	:	:	:
LT	:	:	:	:
LU	94.6	0.3	4.7	0.4
HU	:	:	:	:
MT	:	:	:	:
NL	:	:	:	:
AT	95.0	1.5	3.4	0.1
PL	:	:	:	:
PT	90.8	5.1	4.1	-
SI	:	:	:	:
SK	:	:	:	:
FI	90.0	2.8	7.0	0.3
SE	63.1	2.4	28.5	6.0
UK	:	:	:	:
NO	95.6	0.6	3.8	0.0

Source: Eurostat, EU Survey on Income and Living Conditions (EU-SILC), 2004

Table 3.37 Basic housing amenities in the EU, 2001(%)

	Hot running water	Bath or shower	Flushing toilet	All three
BE	98.1	98.3	98.3	82.6
DK	99.7	99.2	99.6	98.8
DE	98.6	98.8	98.7	91.1
EL	20.8	95.7	94.0	63.3
ES	98.9	99.5	99.7	43.5
FR	98.6	97.8	98.3	90.9
IE	97.8	98.7	98.9	86.0
IT	99.2	99.1	99.2	85.4
LU	97.4	98.8	98.1	84.7
NL	99.8	99.7	99.7	90.8
AT	99.1	98.3	97.1	85.1
PT	91.8	92.0	92.5	12.6
FI	98.5	98.6	98.6	97.1
SE	:	99.1	:	:
UK	:	99.1	99.5	91.7

Source: Eurostat, European Community Household Panel (theme3/ilc_ho)

Table 3.39 Proportion of dwellings connected to public sewerage (%)

	Year	All public sewerage	Public sewerage without treatment
BE	1998	82	44
CZ	2002	80	8
DK	1998	89	0
DE	2001	95	2
EE	2002	72	1
EL	1997	:	11
ES	2002	100	11
FR	2001	82	2
IE	2001	93	23
IT	:	:	:
CY	2000	35	0
LV (1)	2003	72	:
LT	2003	73	11
LU (2)	1999	93	5
HU	2002	62	5
MT	2001	100	87
NL	2002	99	0
AT	2002	86	0
PL (2)	2003	57	7
PT	1998	65	23
SI (2)	2002	63	23
SK	2003	55	3
FI (2)	2002	81	0
SE (2)	2002	85	0
UK (3)	2002	98	0
BG	2003	69	29
HR	:	:	:
RO	2002	43	:
TR	2001	100	83

Source: Eurostat, Environment statistics (theme8/env)

(1) Percentage connected to public sewerage with treatment.

(2) Percentage without treatment: LU, 2003; SI and FI, 2001; PL, 1999; SE, 1998.

(3) England and Wales.

PRICES: A ROLE IN LONG-TERM WATER MANAGEMENT

The use of pricing to promote sustainable water use, as foreseen in the earlier mentioned framework Directive for Community action in the field of water policy, presumes that users must pay in relation to their level of consumption and pollution. It also implies that users must pay a price that covers environmental costs and the depletion of limited resources, as well as the operating and investment costs of the distribution infrastructure. As an example of the price structure, one may cite the basic structure of pricing in France that dates from 1964 and is based on the 'polluter pays' principle. Table 3.40 shows the increasing proportion of an average bill accounted for by water treatment and other charges including specific taxes used to contribute to a sustainable management of water resources.

Harmonised consumer price indices show that water prices have risen each year in the EU-25 between 2001 and 2005. Up until 2005, price increases for water exceeded (in percentage terms) the rise seen in the all-items consumer price index (see Figure 3.41). Over the period 2001 to 2005, the consumer price index for water rose in all of the EU Member States¹³ especially for Ireland and Slovakia, where it increased by as much as 127% and 142% respectively.

Table 3.40 Structure of water bills in France (%) ⁽¹⁾

	1991	2000
Water distribution	53	42
Collect and treatment of waste water	31	31
Payments to the water agencies (2)	8	18
Taxes (3)	7	9

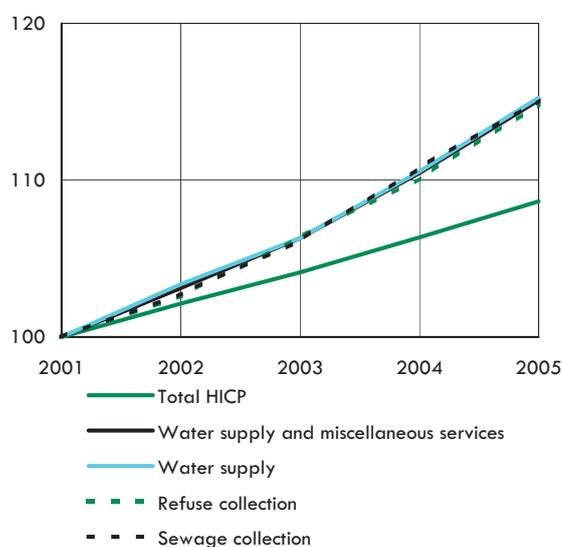
Source: Ministère de l'Économie, des Finances et de l'Industrie - DGCCRF (France)

⁽¹⁾ Average water bill for a typical consumption of 120m³ per year per inhabitant at the end of the year.

⁽²⁾ Intended to ensure the quality and sustainability of the water supply.

⁽³⁾ Fonds National de Développement des Adductions d'Eau, Voies Navigables de France and VAT at 5.5%.

Figure 3.41 Water supply and miscellaneous services relating to the dwelling
Development of harmonised indices of consumer prices in the EU (2001=100)



Source: Eurostat, Harmonised indices of consumer prices (theme2/price)

¹³ SI, not available.

SATISFACTION: BEST AMONG THE SERVICES OF GENERAL INTEREST BUT STILL A NORTH-SOUTH GRADIENT

In 2006, a consumer satisfaction survey¹⁴ looked at consumer satisfaction with the water distribution as one of eleven services of general interest. For the most part, the questionnaire used for the survey consisted in the evaluation of several aspects of seven topics (overall satisfaction and expectations, quality, price, image, market and personal factors, complaints and commitment) by using a 10-point scale. The objective was to achieve consistency of the rating scales across countries and sectors.

As regards water distribution, there are small differences in the average satisfaction levels between EU-15 and the 10 new Member States, but these differences are not statistically significant. Compared to the other services, water distribution ranks in fifth position and is the first of the three utility services (together with gas and electricity supply).

When comparing satisfactions levels¹⁵ between EU-15 and the 10 new Member States, statistical analysis shows that, as a group:

- there are no statistically significant differences between these two groups of countries in relation to the relative number of satisfied consumers;
- there is a statistically significant higher proportion of dissatisfied consumers in the new Member States.

Compared to the European average, there are two groups of countries with statistically significant higher satisfaction rates (see Table 3.42):

- Austria, Denmark, Germany, Cyprus Sweden, Finland

(with proportions of satisfied consumers ranging from 80% to 87%)

- Luxembourg, Slovenia, Ireland and Hungary (from 71% to 73.5%).

In six countries, the satisfaction rates are close to the European average (60%): Belgium, the United Kingdom, Lithuania, the Czech Republic, Greece and Poland. In the remaining countries, satisfaction with water distribution is lower than the EU average: the Netherlands, Malta, Slovakia, Portugal, France, Estonia, Latvia (with satisfaction levels from 50% to 53%) and Spain and Italy where only 40% to 47% of respondents stated to be satisfied with the water distribution. Most of the northern countries are in the first group of countries with high numbers of satisfied consumers, (Denmark, Germany, Sweden, Finland), while most Mediterranean ones are in the last group (Italy, Spain, Portugal, Malta).

Compared to the other utility services, a rather high number of countries with dissatisfied consumers is observed: Malta (14%), Estonia (12%) and Latvia (12%), as well as Greece, the Czech Republic, Slovakia, Portugal, Italy and Lithuania with a proportion of dissatisfied consumers between 8% and 10%. In several countries with average or lower numbers of satisfied consumers, the proportion of dissatisfied consumers was also very low: the figures range from 0.5% in Belgium to 1.5% in Sweden. The Netherlands has both low satisfaction and low dissatisfaction rates, which suggest that their inhabitants are rather neutral regarding this service.

Figure 3.42 Overall, to what extent are you satisfied with your water supplier? (% of respondents) ⁽¹⁾

	EU-25	EU-15	NMS10	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY
Satisfied	60.2	60.5	59.1	64.3	59.2	84.8	83.9	51.5	59.0	46.9	52.0	71.5	40.4	83.0
Dissatisfied	5.4	4.8	7.9	0.4	9.0	1.0	2.2	12.3	9.8	6.1	4.4	8.0	8.6	2.3
	LV	LT	LU	HU	MT	NL	AT	PL	PT	SI	SK	FI	SE	UK
Satisfied	50.5	59.6	73.5	70.6	53.1	53.4	86.8	56.8	52.2	72.0	52.8	79.6	80.7	59.7
Dissatisfied	11.7	8.5	3.2	7.4	14.3	1.0	1.5	7.6	8.6	4.8	8.9	2.9	1.6	5.5

⁽¹⁾ In each country, the target population was composed of people aged at least 18 years old and having used the service during the past 12 months; respondents have been asked to evaluate their overall satisfaction with the service by using a 10-point scale: the satisfied respondents are those who rated the service from 8, 9 or 10 on a scale from 1 to 10 and the dissatisfied ones rated the service 1, 2, 3 or 4 on a scale from 1 to 10.

Source: Consumer satisfaction survey, Directorate-General of the European Commission for Health and Consumer Protection, 2006

¹⁴ The consumer satisfaction survey was held in all 25 countries that are member of the European Union, and covers 11 "service sectors of general interest": electricity supply, gas supply, water distribution, fixed telephony, mobile telephony, urban transport, extra-urban transport, air transport, postal services, retail banking and insurance services.

¹⁵ The satisfied respondents are those who rated the service from 8, 9 or 10 on a scale from 1 to 10. The dissatisfied ones rated the service 1, 2, 3 or 4 on a scale from 1 to 10.

3. Energy and Water

Table 3.43 shows that the professional position and the age group affect hardly the satisfaction rate. The only professional category where the number of satisfied consumers is significantly lower than the average is the group of self-employed people (53%). As regards

education level, similarly to the two other utility sectors, only the respondents who stopped studying at the age of 15 or before are less satisfied (55%) than the average population. Finally, men are slightly more satisfied than woman with water distribution (61% versus 59%).

Table 3.43 Overall, to what extent are you satisfied with your water supplier? (% of respondents) ⁽¹⁾

	Satisfied	Dissatisfied
EU-25	60.2	5.4
Sex		
Male	59.3	5.9
Female	61.0	5.0
Age		
18-34	60.1	5.2
35-54	59.6	5.6
55+	61.0	5.2
Age when finished full time education		
15 or less	54.8	6.2
16-19	61.3	5.2
20 or more	62.6	5.2
Still studying	62.1	4.5
Occupation		
Self-employed	52.7	7.8
Manager	60.0	4.8
Other white collar	60.2	4.6
Blue collar	63.0	4.9
Student	60.7	4.9
House person	57.3	5.9
Unemployed	60.5	6.7
Retired	63.4	5.0

Source: Consumer satisfaction survey, Directorate-General of the European Commission for Health and Consumer Protection, 2006

⁽¹⁾ In each country, the target population was composed of people aged at least 18 years old and having used the service during the past 12 months; respondents have been asked to evaluate their overall satisfaction with the service by using a 10-point scale: the satisfied respondents are those who rated the service from 8, 9 or 10 on a scale from 1 to 10 and the dissatisfied ones rated the service 1, 2, 3 or 4 on a scale from 1 to 10.

In Austria, Cyprus, Finland and Luxembourg, seven consumers out of ten consider their water provider as having an overall positive image (for an EU-25 average of 49%). The least positive image is found in France and in most of the Mediterranean countries (Italy, Malta, Portugal and Spain) where less than four consumers out of ten stated so. The majority of EU-25 consumers (58%) said that their water provider offered a quality service overall. Austrians were the most satisfied consumers as far as the overall quality of water distribution is concerned (83% are 'satisfied consumers') whereas Italians are again at the other side of the spectrum (38% are 'satisfied consumers'). With regard to consumers' attitudes to price, there are considerable differences across the EU. In six countries, less than 30% of consumers think that their water provider prices are fair in comparison with the service provided (for an EU-25 average of 38%). This is the case in Slovakia (22%), Malta (23%), Italy and France (26% each), Portugal and Spain (29% each). On the other hand, Finland, Austria, Slovenia, Denmark, Germany, Luxembourg, Cyprus, Hungary and Ireland show proportions greater than 50%.

In the three countries where the market for water distribution is liberalised, i.e. Finland, France and Latvia, nine consumers out of ten said they will still use their current supplier in the next twelve months. Overall, a fair share of EU-25 consumers (72%) thinks that their water provider services are available for everybody. In the New Member States this proportion reached 82% (against 70% in the EU-15). In Finland, on the other hand, only 44% of respondents agreed with the statement. Although water distribution is liberalised in Finland, France and Latvia, few consumers in these countries believe that there is enough competition (13% on average and only 4% in Latvia). Moreover, even fewer consumers find it easy to change from one supplier to another (8% on average). The possibility of buying water distribution services in another country convinces a small share of EU consumers (14%), even though in Spain it does for a quarter of users.

Table 3.44 Water, electricity, gas and other fuels
Mean consumption expenditure and structure of household expenditure, 1999

	EU-15	BE	DK	DE	EL	ES	FR	IE	IT	LU	NL	AT	PT	FI	SE	UK
MEAN CONSUMPTION EXPENDITURE (PPS PER HOUSEHOLD)																
Water, electricity, gas and other fuels (1)	1 397	1 519	2 220	1 632	1 101	1 074	1 523	1 233	1 684	1 796	1 512	2 216	882	700	681	888
Water supply and services	379	312	616	548	337	401	392	89	334	503	607	951	205	104	334	78
Water supply	158	142	110	329	108	5	174	41	137	41	159	75	127	33	167	41
Refuse collection	86	25	140	165	89	132	0	0	99	143	326	50	16	23	2	0
Sewerage collection	12	0	194	0	23	22	0	0	0	167	0	48	14	33	0	29
Other services relating to the dwelling n.e	123	146	171	55	116	243	219	48	99	152	121	779	48	16	166	7
Electricity, gas and other fuels (1)	1 018	1 207	1 604	1 084	764	673	1 131	1 144	1 350	1 293	905	1 265	677	596	347	810
Electricity	488	635	604	487	364	413	666	472	443	602	374	655	447	386	341	416
Gas	271	332	201	214	30	170	125	206	571	310	478	188	190	3	1	345
Liquid fuels	129	222	172	129	298	71	280	234	123	364	2	230	6	75	2	25
Solid fuels	38	17	42	20	71	18	59	233	62	17	2	119	33	76	2	24
Heat energy	91	0	585	234	1	0	1	0	151	0	50	73	0	56	0	0
STRUCTURE OF EXPENDITURE (% of TOTAL HOUSEHOLD EXPENDITURE)																
Water, electricity, gas and other fuels (1)	5.6	5.5	9.4	6.9	4.7	5.3	6.2	4.1	6.2	4.2	5.9	8.4	4.8	3.9	3.1	3.2
Water supply and services	1.5	1.1	2.6	2.3	1.4	2.0	1.6	0.3	1.2	1.2	2.4	3.6	1.1	0.6	1.5	0.3
Water supply	0.7	0.5	0.5	1.4	0.5	0.0	0.7	0.1	0.5	0.1	0.6	0.3	0.7	0.2	0.8	0.1
Refuse collection	:	0.1	0.6	0.7	0.4	0.7	:	:	0.4	0.3	1.3	0.2	0.1	0.1	0.0	:
Sewerage collection	:	:	0.8	:	0.1	0.1	:	:	:	0.4	:	0.2	0.1	0.2	:	0.1
Other services relating to the dwelling n.e	0.5	0.5	0.7	0.2	0.5	1.2	0.9	0.2	0.4	0.4	0.5	2.9	0.3	0.1	0.8	0.0
Electricity, gas and other fuels (1)	4.1	4.4	6.8	4.6	3.3	3.3	4.6	3.8	5.0	3.0	3.5	4.8	3.7	3.3	1.6	2.9
Electricity	2.0	2.3	2.6	2.1	1.6	2.0	2.7	1.6	1.6	1.4	1.5	2.5	2.4	2.1	1.6	1.5
Gas	1.1	1.2	0.9	0.9	0.1	0.8	0.5	0.7	2.1	0.7	1.9	0.7	1.0	0.0	0.0	1.2
Liquid fuels	:	0.8	0.7	0.5	1.3	0.3	1.1	0.8	0.5	0.8	:	0.9	0.0	0.4	0.0	0.1
Solid fuels	0.2	0.1	0.2	0.1	0.3	0.1	0.2	0.8	0.2	0.0	0.0	0.4	0.2	0.4	0.0	0.1
Heat energy	:	:	2.5	1.0	:	0.0	0.0	:	0.6	:	0.2	0.3	0.0	0.3	:	:

(1) FI and SE, excluding heating.

Source: Eurostat, Household Budget Survey (theme3/hbs)

Table 3.45 Water, electricity, gas and other fuels - Structure of household expenditure, 1999 (%)

	EU-15	BE	DK	DE	EL	ES	FR	IE	IT	LU	NL	AT	PT	FI (1)	SE (1)	UK
BROKEN DOWN BY INCOME DISTRIBUTION (2)																
Lowest twenty percent	7.0	7.0	10.5	9.3	6.5	5.2	6.7	4.5	6.6	5.6	7.5	11.0	7.0	4.1	2.2	5.3
Second quintile group	6.3	5.7	10.7	7.9	5.6	5.2	6.5	4.7	6.7	4.7	6.9	9.3	5.7	4.3	2.7	4.2
Third quintile group	5.8	5.9	9.8	7.3	5.0	5.2	6.3	4.3	6.4	4.3	6.0	8.7	4.8	4.0	3.1	3.2
Fourth quintile group	5.4	5.2	8.8	6.7	4.4	5.3	5.8	3.7	6.0	4.0	5.3	7.2	4.5	3.8	3.3	2.8
Highest twenty percent	5.0	4.8	8.8	5.6	3.8	5.5	6.0	3.8	5.7	3.3	5.0	7.3	4.0	3.4	3.8	2.4
BROKEN DOWN BY AGE OF REFERENCE PERSON OF HOUSEHOLD																
Less than 30	4.7	5.1	7.6	6.3	3.9	4.6	3.9	3.4	4.8	3.5	5.4	9.1	4.3	1.6	1.8	2.9
Between 30 and 44	5.1	5.0	8.6	6.6	4.2	4.9	5.2	4.0	5.3	3.8	5.5	7.7	4.1	3.4	2.7	3.0
Between 45 and 59	5.4	5.3	9.3	6.8	4.4	5.0	6.0	3.8	5.8	4.0	5.6	7.7	4.5	4.2	3.5	3.0
60 and over	7.0	6.9	12.5	7.7	5.6	6.2	9.0	5.5	7.4	5.1	7.2	10.0	6.3	5.4	4.2	4.3
BROKEN DOWN BY TYPE OF HOUSEHOLD																
1 adult without dependent children	6.9	7.5	11.2	8.1	5.2	7.1	7.4	5.8	7.6	5.2	7.2	11.1	6.6	3.5	2.5	4.0
2 adults without dependent children	5.9	5.7	9.6	6.6	5.3	6.1	6.9	4.6	6.7	4.0	5.7	8.5	5.9	4.1	3.9	3.1
3+ adults without dependent children	5.5	5.5	8.2	6.4	4.6	5.3	6.6	3.4	6.3	4.4	5.6	7.4	4.4	4.6	3.2	2.7
Single parent with dependent child(ren)	6.2	6.3	9.2	8.2	4.5	6.2	5.6	5.5	5.7	4.6	6.5	8.4	5.0	3.3	2.3	4.8
2 adults with dependent child(ren)	5.1	4.6	8.3	6.5	4.3	5.1	5.2	3.9	5.4	3.7	5.3	7.5	4.2	3.9	3.1	2.8
3+ adults with dependent child(ren)	5.1	5.2	9.2	6.4	4.7	4.7	6.2	3.6	5.6	4.0	4.8	6.2	4.1	4.2	3.1	2.6
BROKEN DOWN BY SOCIO-ECONOMIC CATEGORY OF REFERENCE PERSON OF HOUSEHOLD																
Manual workers (3)	5.2	5.3	8.9	6.5	4.6	4.8	5.6	4.0	5.4	4.3	5.5	7.5	4.5	3.8	3.0	3.1
Non-manual workers	:	4.8	8.5	:	3.9	5.1	5.0	3.6	:	3.3	5.0	8.0	3.9	3.1	3.1	2.6
Self-employed	5.5	5.4	8.9	6.5	4.7	4.9	6.6	4.3	5.8	3.8	6.2	7.8	4.9	4.8	3.8	2.8
Unemployed	6.5	8.0	11.5	8.7	5.4	5.3	6.1	6.3	6.3	5.0	7.3	8.6	5.7	3.9	2.3	4.4
Retired	:	6.9	12.5	:	5.5	6.1	8.7	5.6	7.1	4.8	6.9	9.7	6.4	5.1	4.0	4.2
Other inactive (4)	7.0	6.3	8.0	8.3	5.3	6.6	7.6	6.5	7.7	5.5	7.6	10.0	6.5	1.7	2.8	4.9
BROKEN DOWN BY DEGREE OF URBANISATION																
Dense (>500 inhabitants/km ²)	:	5.7	9.0	:	:	5.6	5.4	3.4	6.0	4.2	:	9.0	4.8	2.9	2.8	3.2
Intermediate (100-499 inhabitants/km ²)	:	5.3	9.7	:	:	5.1	6.7	4.7	6.4	4.1	:	7.6	4.5	4.9	2.9	3.2
Sparse (<100 inhabitants/km ²)	:	6.3	10.6	:	:	4.8	7.8	:	6.6	4.3	:	8.2	5.4	5.7	3.4	3.4

(1) Excluding heating.

Source: Eurostat, Household Budget Survey (theme3/hbs)

(2) FI, income excluding inter-household transfers and hence incomes of certain groups may be underestimated, such as single parent families.

(3) DE, including non-manual workers; IT, including all non-agricultural persons in employment.

(4) DE, including retired.

4. Information Society



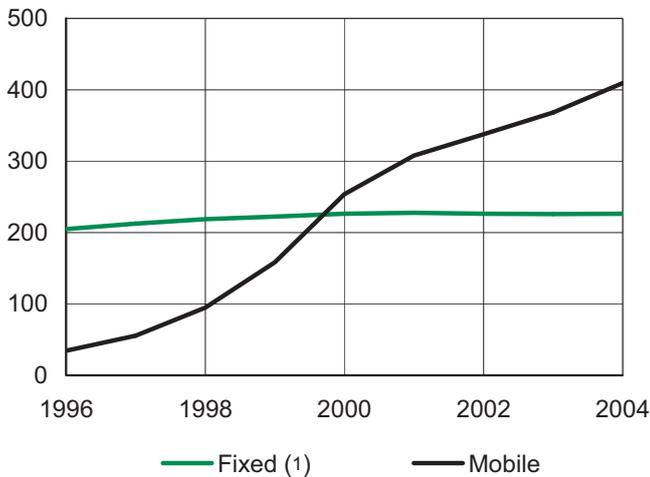
4. Information Society

Until the mid 1990s, all telecommunications services in Europe were provided by state-owned operators in a monopoly situation, with the exception of the UK market, which was in a duopoly situation. However, following the launch of the European telecommunications policy under the impulsion of the Commission in 1987, the process of liberalization of the sector has been progressively rolled out and by January 1998 all telecommunication services have been fully open to competition in the majority of EU countries. In all EU countries, the liberalisation and the implementation of the new EU regulation led to important price decreases, especially for international and long distance telephony, to more choice and better quality services. In parallel, the last decade witnessed an outright

boom in the number of mobile telephone subscriptions (at EU-25 level, the number of subscriptions per 100 inhabitants passed from 8 in 1996 to 90 in 2004) and increased competition has generally caused the price of access to mobile telephony to gradually drop.

One of the most-documented events in the explosion of communications and information technology is the rapid pace of growth that has been witnessed with respect to the Internet. By the turn of the century only 5% of Europeans still did not know what the Internet was¹. For the purposes of this publication, the Internet is considered primarily as a communications service, as it relies on the same infrastructure as telecommunications.

Figure 4.1 Evolution of fixed and mobile telephone lines in the EU-25 (millions)



Source: Eurostat, Telecommunication Services (theme4/telecom)

(¹) Estimated value for 2004.

¹ E-commerce data report, Empirica, 2000 (<http://www.empirica.com>).

4.1 FIXED TELEPHONY

ACCESS AND USAGE

When analysing Eurostat data on network dimensions, it is important to bear in mind that it may be difficult to distinguish between private and business use of the telephone. However, as an official figure, Eurostat's Telecommunications database reports that approximately 70% of main telephone lines were residential, as opposed to professional, ranging between 45% in Lithuania (2004) and 88% in Italy (1999).

Total number of fixed lines peaked in 2001

The number of fixed telephone lines in the EU has increased by 10% over the past eight years. In 1996, there were 204.9 million lines. This increased to reach a peak of 227.4 million in 2001 and declining slightly to 276.3 million in 2004 (see Figure 4.1).

Whilst the EU average stood at 50 lines per 100 inhabitants, Germany and Denmark displayed the highest connectivity rates in 2004, with 66 and 65 lines per 100 inhabitants respectively, (see Table 4.2). These were followed by Cyprus (64 lines/100 inhab.) and Sweden (63 lines/100 inhab.). In the case of Sweden, it is interesting to note that network expansion has been slower than population growth during the 1990s. Consequently, Sweden's connectivity rate has decreased from 68 lines per 100 inhabitants in 1996, a sign that an upper limit has been reached (with Sweden's connectivity rate the highest within the EU until 1997) and that a substitution effect towards mobile subscribers has begun.

Integrated Services Digital Network (ISDN) losing momentum

The digitisation of the fixed line infrastructure is virtually complete across the EU. On the customer side (businesses and households), the number of ISDN lines has witnessed rapid growth. From virtually no ISDN subscriptions in 1990, their number soared to peak in 2001, with some 28 million subscriptions². Household use of ISDN is slowly losing momentum, in particular as a means for high-speed Internet access, where it competes with digital subscriber lines (DSL) and cable modems.

According to a 2006 Eurobarometer survey (64.4) on E-Communications used by households, ISDN³ is still an important means of telephone access in Luxembourg, Germany, the United Kingdom⁴, the Netherlands and

Slovenia. In these countries, more than two in ten households use this kind of service. More than one in three households is equipped with an ISDN-line in Luxembourg. Even if, on average, ISDN services are used by 15% of EU-25 households, the technology is far less widely implemented in countries such as Hungary, Latvia, Turkey or Bulgaria where not even one in 20 households is equipped with a line. In Romania a share of households equivalent to the EU-25 average are equipped with the ISDN technology.

Table 4.2 Fixed telephone lines per 100 inhabitants (units)

	1996	1997	1998	1999	2000	2001	2002	2003	2004
EU-25	46	47	49	49	50	50	50	50	50
EU-15	51	52	53	53	54	54	53	53	53
BE	:	49	50	43	38	36	36	34	33
CZ	27	32	36	37	38	38	36	36	34
DK	62	63	66	68	71	72	69	67	65
DE	54	55	57	59	61	64	65	66	66
EE	31	33	36	37	38	37	35	34	33
EL	50	51	51	52	52	51	49	47	51
ES	39	40	41	42	44	43	43	43	45
FR	57	58	58	58	58	58	58	57	57
IE	38	41	43	47	42	49	45	41	40
IT	44	45	46	47	48	48	48	46	45
CY	56	58	60	62	64	62	61	59	64
LV	30	30	31	30	31	31	30	28	27
LT	28	29	31	32	34	33	27	24	24
LU	63	67	69	73	76	77	56	55	54
HU	26	30	33	35	37	37	36	36	35
MT	49	50	51	52	54	53	53	52	52
NL	54	57	60	61	62	51	50	48	48
AT	48	50	50	48	48	41	40	39	38
PL	17	20	23	26	28	30	31	32	33
PT	38	40	41	42	42	44	40	43	43
SI	33	36	36	38	40	40	41	41	43
SK	23	26	29	31	31	29	26	24	23
FI	55	56	55	55	55	54	52	49	46
SE	68	68	68	67	65	67	65	65	63
UK	52	54	55	53	53	53	52	52	:
BG	32	32	33	34	35	37	37	36	36
HR	:	:	:	:	38	40	38	38	38
RO	14	15	16	17	17	19	19	20	23
TR	:	25	26	27	27	27	27	27	27

Source: Eurostat, Telecommunication Services (theme4/telecom)

² Eurostat's Telecommunications database: BE, EL, FR, IT, LV, MT, AT and UK, not available.

³ According to the national circumstances, ISDN can be used either as a second fixed line for voice call or as a separate fixed line for Internet access.

⁴ Attention is drawn to the fact that 24% seems too high in comparison with the results of other surveys on the matter.

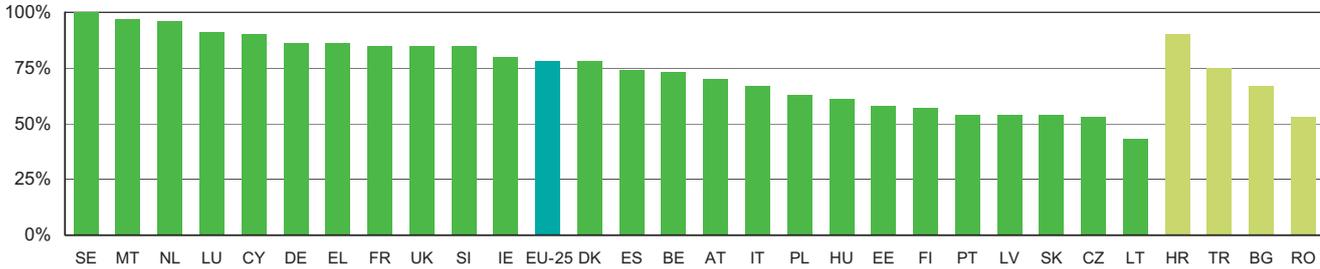
Penetration rates of fixed telephony persistently uneven

According to a Eurobarometer survey (64.4) conducted end 2005/beginning of 2006, almost all households in Sweden, Malta the Netherlands and Luxembourg have a fixed line⁵ at home. On the other hand, this is the case in less than one in two households in Lithuania. Penetration rates of fixed telephony are also low in the Czech Republic, Slovakia, Latvia and Portugal. As far as Accession and Candidate countries are concerned, nine in ten Croatian households have a fixed line at home. The other non-Member States are found below the European average. (see Figure 4.3).

Based on available data for the EU-25 in 2006 (Eurobarometer 65.3), 76% of EU citizens considered fixed telephone services to be important (see Figure 4.4). Higher than average figures were seen among Germans and Maltese (both 91%), as well as Swedes (90%) and Greeks (88%).

23% of the EU citizens, however, considered that fixed telephone services were not important in their daily lives and figures well above the EU-25 average were noted in Finland (62%), Lithuania (59%) and in the Czech Republic (58%). This view is even more polarised in certain countries with high figures of 36%, 34% and 32% noted in the Czech Republic, Finland and Lithuania for those saying fixed telephone services were not at all important in their lives. These figures should be compared with the EU-25 average of just 9%.

Figure 4.3 Percentage of households having at least one telephone access fixed and/or ISDN



Source: Eurobarometer 64.4 (E-Communications Household Survey), European Commission, 2006

Finland: fixed lines considered less important due to high usage of mobile telephony

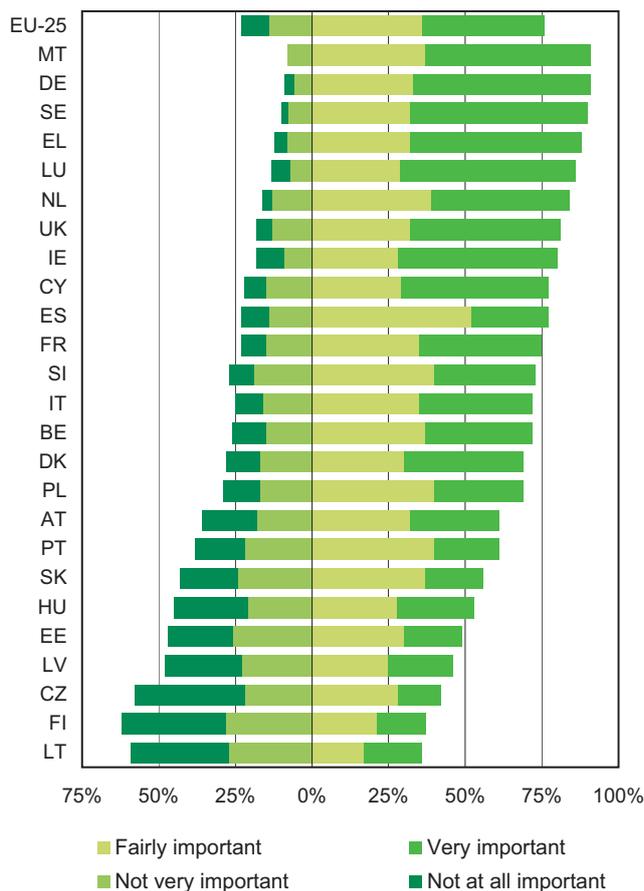
Analysis, on a country-by-country basis, of that segment of the survey which referred to those who thought that fixed telephone lines were 'not at all important', offers some interesting results. It appears that six of the seven countries which have averages which are more than double that of the EU-25, i.e. 19%, are new Member States (the Czech Republic, Estonia, Latvia, Lithuania, Hungary, Slovakia), with the seventh being an old Member State - Finland. The presence of Finland in this list may well be as a result of the wide usage and importance of mobile telephony in that country. The high shares in the new Member States could

be due to mobile telephony networks having developed more rapidly than the fixed telephone network and offering a cheaper means of access to the public telephone network through the acquisition of pre-paid cards and subsidised terminals. Moreover, citizens facing a considerable waiting period to get connected to the fixed telephone network tend to turn to faster solutions, which mobile telephony is indeed.

As might be anticipated, considering the socio-demographic spread of usage of mobile phones, fixed telephone services were deemed important in the daily lives of 85% of 55 year olds compared with just 64% of the youngest group who are keener on the mobile alternative. While 79% of women as opposed to 72% of men held this view, there was little variation by education level.

⁵ Including ISDN and those accesses provided by a cable operator or by an operator providing voice over IP.

Figure 4.4 Please tell me how important are fixed telephone services in your daily life? I mean in order for you to work, shop, contact friends\ family, etc. It is...

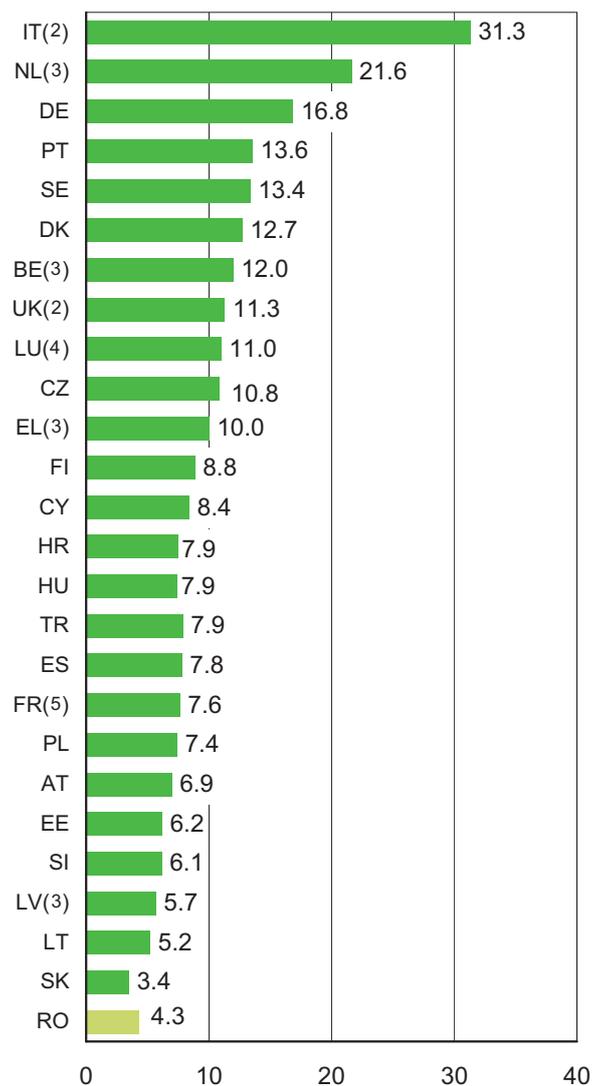


Source: Eurobarometer 65.3 (Consumers' opinions of services of general interest), European Commission, 2006

Italians: 31 minutes per day

Telephone consumption can be measured by the total duration of all telephone calls made in one country during a given period. In Italy, an average of almost 31 minutes of national calls were made on each telephone line every day in 2004, whilst the EU figure lay around 10 minutes (see Figure 4.5). By contrast, in most new Member States, the average duration of national calls was well under 10 minutes per day.

Figure 4.5 Average duration of national telephone calls, 2004 (min. per line per day) (1)



Source: Eurostat, Telecommunication Services (theme4/telecom)

(1) IE, MT and BG, not available.
 (2) 2001.
 (3) 2003.
 (4) 1999.
 (5) 2002.

4. Information Society

As might be expected, international calls, including both intra and extra-EU calls, were much shorter than national calls, averaging just 55 seconds per line per day in 2004⁶ (see Table 4.6), or 6 minutes and 24 seconds per week. Smaller countries naturally reported longer average duration for international calls, with the highest figures in Luxembourg (251 seconds per day, influenced by a high proportion of cross-border workers), Cyprus (152 seconds

per day) and Ireland (118 seconds per day). Amongst the larger Member States, particularly low levels of international calls were recorded in Poland (11 seconds per day in 2004), Hungary (15 seconds per day in 2004) and Portugal (19 seconds per day in 2004). It must be noted that the above figures do not differentiate between calls made by households and those made by business, which represent a particularly large share of international traffic.

Table 4.6 Average duration of international outgoing telephone calls (seconds per line per day)

	1997	1998	1999	2000	2001	2002	2003	2004
EU-15	19	23	27	:	:	:	:	:
BE	45	47	47	65	80	81	82	:
CZ	16	15	19	15	14	:	43	25
DK	25	27	30	30	31	29	29	30
DE	17	21	27	30	26	29	29	30
EE	20	23	23	24	15	27	30	35
EL	18	20	21	:	21	34	40	:
ES	12	15	19	24	30	31	35	34
FR	15	16	15	:	26	27	28	:
IE	76	91	94	169	:	:	:	118
IT	14	16	22	23	30	:	:	:
CY	59	61	63	73	83	98	132	152
LV	11	12	13	14	14	15	:	:
LT	10	9	9	9	10	14	14	17
LU	169	165	169	:	193	243	254	251
HU	:	:	:	6	6	10	14	15
MT	30	32	32	20	23	23	26	28
NL	28	32	37	42	52	:	:	:
AT	44	51	41	:	:	:	:	:
PL	12	15	10	10	10	10	11	11
PT	13	19	21	19	20	21	19	19
SI	26	50	39	46	51	22	41	42
SK	19	16	16	16	18	25	27	32
FI	22	23	25	27	32	28	15	:
SE	28	35	42	47	38	38	39	40
UK	19	28	37	41	41	:	:	:
BG	:	:	:	:	:	:	:	:
HR	:	:	:	:	22	37	39	38
RO	5	6	7	:	:	:	:	8
TR	6	6	6	7	6	6	6	6

Source: Eurostat, Telecommunication Services (theme4/telecom)

⁶ BE, EL, FR, IT, LV, NL, AT, FI and UK, not available.

PRICES AND AFFORDABILITY

Telecommunications consumption expenditure can be broken down between equipment and services (see Figures 4.7 and 4.8). As a general rule, equipment represents a marginal share of total expenditure and is limited to the occasional acquisition of home phones, answering machines, mobile phones or fax machines. In 1999, on average, consumption expenditure on telecommunications equipment was below 40 PPS per household per year. The very high value displayed by Luxembourg (199 PPS) can probably be attributed to exceptional local circumstances (and notably the high number of cross-border workers that buy telecommunication equipment in Luxembourg).

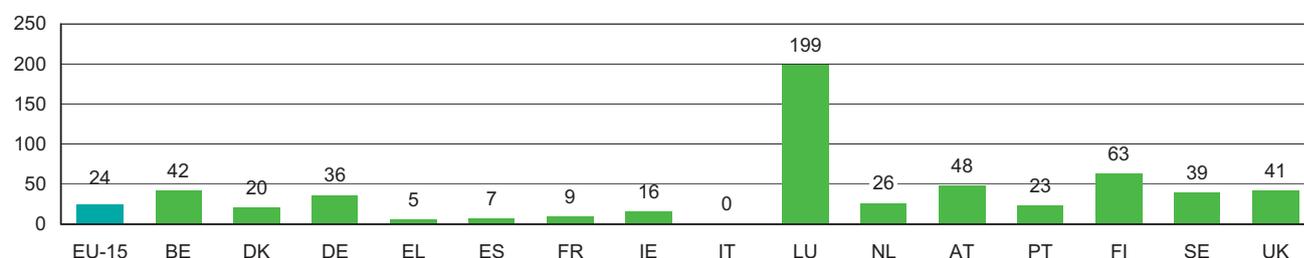
Greeks and Portuguese spend most on services

Household consumption expenditure on telecommunication services ranged between 315 PPS (Spain) and 751 PPS (Greece) in 1999 (data on Ireland not

being available). In relative terms, consumers in Greece and Portugal dedicated the highest share of their household budget to telecommunication services (3.3%), in contrast with Spain (2.0%), whilst for most other countries the average stood around 2.4%. The weight of telecommunication services in total consumption expenditure was higher in households from lower income and age brackets. Similarly, it was notably higher for single revenue households, such as persons living alone or single parents with dependent children.

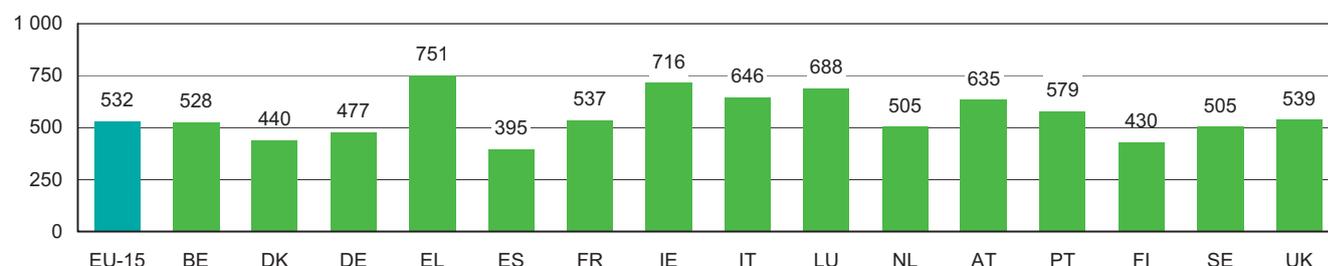
It should however be noted that these data refer to the Household Budget Survey of 1999 (these surveys are carried out only every five to six years and the latest results are not yet available). As major developments in telecommunications have taken place in recent years, these data should be looked at with care.

Figure 4.7 Telephone and telefax equipment
Mean consumption expenditure, 1999 (PPS per household)



Source: Eurostat, Household Budget Survey (theme3/hbs)

Figure 4.8 Telephone and telefax services
Mean consumption expenditure, 1999 (PPS per household)

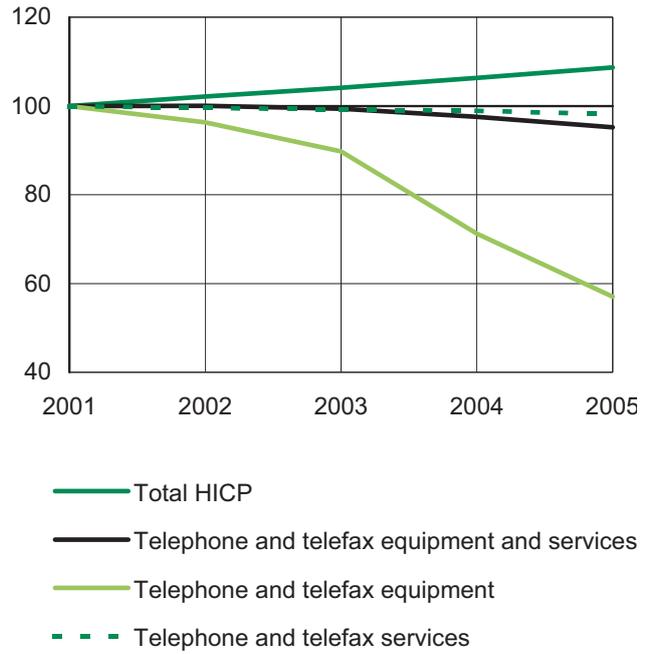


Source: Eurostat, Household Budget Survey (theme3/hbs)

Phone and fax equipment substantially cheaper in recent years

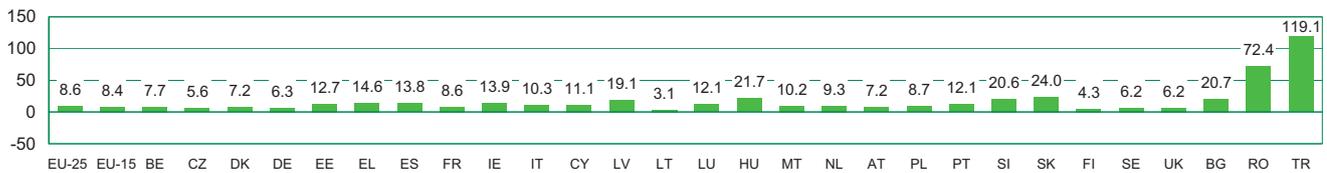
The price of telecommunication equipment and services fell between 2001 and 2005 in the EU by 43.0% and 1.9% respectively (see Figure 4.9). Most Member States experienced a price decrease as regards telephone and telefax equipment and services, except for the Czech Republic (+12.9%), Malta (+21.0%), Slovenia (14.1%) and Slovakia (15.4%), to name but the most important (see Figure 4.10).

Figure 4.9 Telephone and telefax equipment and services
Development of harmonised indices of consumer prices in the EU (2001=100)

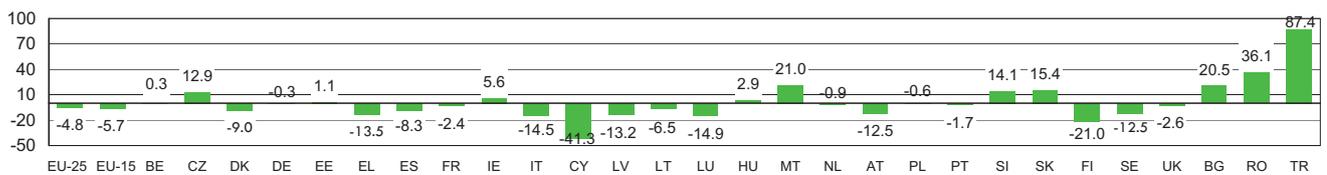


Source: Eurostat, Harmonised indices of consumer prices (theme2/price)

Figure 4.10 Telephone and telefax equipment and services
Absolute growth in consumer prices, 2001-2005 (%)



All-items consumer price index



Telephone and telefax equipment and services

Source: Eurostat, Harmonised indices of consumer prices (theme2/price)

Telephone charges: the concept of baskets

Tables 4.11 to 4.14 present the results of a European Commission report on telephone charges of residential users which analyses the price developments over the 2000-2005 period. The study uses the OECD basket results (see following paragraph) in order to maintain consistency over the 6 years. The report shows the prices as of August each year from 2000 to 2004 and as of 1 September 2005. Tariff data were collected from primary sources, i.e. directly from the telecommunication enterprises, their websites and pricelists. Data were validated by the NRAs so as to reinforce the reliability of the information. Information includes also price data for the main competing operator in each country. The selection of the operator was done on the basis of market presence and size. During the period observed, there have been a few changes in operators' names.

In May 2000 the revised OECD baskets were adopted. These baskets are built along the same lines as the former. In fact there are only minor differences; the changes reflect the current usage patterns better. The baskets now include calls to mobile telephones and international calls. Table 4.11 shows the results from the OECD Composite basket, including both national fixed and mobile calls (respectively 1 200 and 120 calls per year), and international calls (72 calls per year). Figures shown refer to the incumbent operator in each country. Standard tariffs are used, excluding any discount packages. This means that lower costs can be achieved if the user selects another operator or another tariff package.

USA and Japan is included, with Nynex/Bell Atlantic/Verizon in New York for USA and NTT for Japan.

Table 4.11 Residential monthly telephone charges (PPP, including VAT) ⁽¹⁾

	Operator	2000	2001	2002	2003	2004	2005
EU-25 (2)	Weighted average	50.52	48.04	47.52	47.13	44.68	41.43
BE	Belgacom	50.64	42.38	41.87	42.44	42.95	43.27
CZ	Cesky Telecom	72.03	69.75	61.96	61.16	56.84	61.94
DK	Tele Danmark	32.38	29.93	29.52	29.21	29.21	29.21
DE	Deutsche Telekom	38.45	35.43	36.78	37.13	35.62	31.00
EE	Elion	54.36	38.94	37.35	39.91	39.91	42.55
EL	OTE	60.16	55.84	53.18	51.04	48.18	48.52
ES	Telefonica	52.66	47.01	45.83	41.81	42.47	42.46
FR	France Telecom	40.07	39.62	39.6	39.33	39.51	37.17
IE	Eircom	38.87	33.81	34.79	36.54	37.63	37.45
IT	Telecom Italia	48.38	45.41	41.32	40.23	40.29	41.38
CY	CYTA	22.62	28.57	26.3	22.19	21.94	25.11
LV	Lattelekom	90.23	88.88	88.88	88.88	86.99	86.99
LT	Lietuvos Telekomas	101.63	94.34	94.34	94.34	51.71	60.13
LU	P&T Luxembourg	30.26	28.66	28.62	28.62	28.62	28.46
HU	T-Com	75.26	73.69	74.49	89.19	89.44	56.97
MT	Maltacom	:	:	:	62.03	53.63	50.35
NL	KPN	32.46	32.54	34.09	35.43	35.62	35.09
AT	Telekom Austria	43.59	44.3	34.97	34.97	35.12	32.10
PL	Polish Telecom	102.85	99.79	102.84	101.34	90.18	72.31
PT	Telecom Portugal	61.63	61.55	62.28	60.82	58.23	53.87
SI	Telekom Slovenije	34.43	34.16	42.96	45.62	46.57	42.54
SK	Slovak Telecom	68.66	61.8	72.24	72.24	69.10	64.71
FI	TeliaSonera	42.27	41.06	41.1	40.69	41.96	41.96
SE	Telia	26.79	28.61	28.48	27.68	27.64	27.64
UK	BT	40.52	39.61	37.95	37.28	31.25	31.32
JP (3)	NTT	54.27	44.61	42.07	36.97	36.42	35.29
US (3)	PacBell, LA	32.79	26.73	31.7	36.50	36.21	32.75
US (3)	Verizon, NY	41.8	35.02	37.29	43.75	43.46	38.80

Source: Teligen - Report on Telecoms Price Developments from 1998 to 2005, European Commission, December 2005

- (1) Cost for a typical residential telephone user, according to the residential composite OECD PSTN basket. The basket includes both national and international calls: it includes 1 200 national calls, 72 international calls and 120 calls to mobile per year.
- (2) The average is a weighted average across the 25 EU Member States, using population as weight.
- (3) For USA and Japan there are different operators for national and international calls, as there is a split market where different operators traditionally have been allowed into the two markets segments: for USA Verizon, NY and Pacbell, CA are used together with AT&T, while for Japan NTT and KDDI are used.

Continuous drop in prices

In 2005, the charges for the basket as mentioned above amounted to 41.43 PPP at EU-25 level (see Table 4.11), substantially lower than only a year earlier (44.68 PPP). However, when looking at the price development for the individual Member States, highly individual patterns emerge.

In this year, the basket price charged by the main operators in Denmark, Germany, Cyprus, Luxembourg, Austria, Sweden and the UK remained clearly under the EU average. Conversely, those in Lithuania, the Czech republic, Slovakia and especially Latvia and Poland were quite high.

Prices paid in 2005 for these baskets in Japan and the US remained under the aggregate EU price level.

An analysis of the detailed data behind the residential basket prices shown in Table 4.11 reveals that the average fixed (subscription) / usage (price of calls) relationship for 2005 is 41% fixed and 59% usage. This changed from 39% fixed and 61% usage in 2004. Five of the 10 new Member States have a fixed portion well below the average (<30%), while all of the EU-15 countries are reasonably close to the average, most of them with above average fixed proportions.

Table 4.12 shows the development of the call charges actually paid by the consumer on individual national calls. For those countries where unit based charging is used, the cost of the amount of full units was calculated (there is a move towards per second charging in most European countries and in 2005 only Germany, Cyprus, Luxembourg and Malta did not use per second charging). Any call set-up charges, minimum charges and/or call specific duration allowances have been taken into account, on the basis of a ten-minute call at a distance of 50 km.

Large price span among the incumbents

At EU-25 level, the price for such a call amounted to 0.86 PPP in 2005, 36% less than 5 years earlier. Looking at the individual Member States, the price differences were substantial: in 2005, the price for a national 10 minute call charged by the incumbent ranged between 0.23 PPP (Cyprus) to 2.32 PPP (Slovakia). Observing the prices

charged by competitors, savings can be substantial. Large price differences were notably observed in France, Ireland, Italy and Slovakia, whereas they were only marginal in Belgium, Denmark, Spain Luxembourg and Austria. Furthermore, Table 4.12 reveals that the incumbent operator is normally more expensive than the competition, although this is not always the case.

Table 4.12 Price of a ten-minute fixed line national telephone call at peak-time (PPP, including VAT) ⁽¹⁾

	Incumbent	Competitor	2000	2001	2002	2003	2004	2005
EU-25 ⁽²⁾	Weighted average		1.3418	1.2033	1.1371	1.1468	1.0032	0.8557
		Weighted average	:	:	0.8130	0.8439	0.8091	0.6772
BE	Belgacom		1.6820	0.5273	0.5272	0.5433	0.5540	0.5540
		Telenet	:	:	0.2402	0.2402	0.4482	0.5540
CZ	Cesky		2.4059	3.8599	3.8599	3.8599	2.4260	1.8742
		Tele2	:	:	:	:	1.1104	1.1104
DK	TDC		0.4070	0.3084	0.2781	0.2781	0.2781	0.2781
		Tele2	:	:	0.2477	0.2477	0.2477	0.2579
DE	Telekom		1.1087	1.0991	1.1014	1.0920	1.0744	0.4389
		Arcor	:	:	0.8241	0.8241	0.8241	0.8241
EE	Elion		1.2450	0.4377	0.4381	0.4381	0.4381	0.4351
		Tele2	:	:	:	0.4015	0.4015	0.4015
EL	OTE		1.7448	0.4523	0.3817	0.9542	0.9101	0.9181
		Forthnet	:	:	0.3523	0.7340	0.7340	0.7402
ES	Telefonica		1.1926	1.0976	0.6977	0.6207	0.6207	0.6207
		Auna	:	:	0.9181	0.5224	0.6442	0.5954
FR	Telecom		1.1193	0.9040	0.9019	0.9019	0.9019	0.7817
		Cegetel	:	:	0.4858	0.4858	0.4858	0.2202
IE	Eircom		0.7854	0.7854	0.7849	0.6845	0.6845	0.6845
		EsatBT	:	:	0.8256	0.4023	0.3185	0.3176
IT	Telecom		1.7437	1.4585	1.2386	1.2386	1.1607	1.1607
		Wind	:	:	1.0614	1.0659	1.0659	1.1871
CY	CYTA		0.6647	0.4288	0.4288	0.2144	0.2144	0.2316
		CallSat	:	:	:	:	0.1823	0.1823
LV	Lattelekom		2.3180	2.3180	2.3180	2.3180	2.3180	2.3180
		TG	:	:	:	5.3199	5.3199	2.2052
LT	Telekomas		2.2286	2.4059	2.4059	2.4059	1.6480	1.6480
		Lietuvos gelezinkeliai	:	:	:	:	1.6480	1.3232
LU	P&T		0.3206	0.2672	0.2666	0.2666	0.2666	0.2666
		Tele2	:	:	0.2499	0.2498	0.2498	0.2413
HU	T-Com		1.2167	1.2167	1.2167	1.6152	1.6152	1.6152
		Tele2	:	:	:	1.4988	1.4988	1.2978
MT	Maltacom		:	:	:	0.4078	0.3735	0.3733
		:	:	:	:	:	:	:
NL	KPN		0.3921	0.4421	0.4415	0.4530	0.4530	0.4530
		Tele2	:	:	0.3960	0.3960	0.3590	0.3590
AT	Telekom		0.6460	0.6460	0.6262	0.6266	0.4583	0.4583
		UTA	:	:	0.5237	0.5237	0.5163	0.4583
PL	Telecom		2.6969	2.2474	2.2474	2.2474	2.2474	2.2567
		Netia	:	:	2.6969	2.6969	1.8541	2.0508
PT	Telecom		1.1551	0.9477	0.9645	0.8337	0.6686	0.4713
		Oni	:	:	1.3600	1.3600	0.6521	0.6633
SI	Telekom		0.2340	0.2340	0.3591	0.3591	0.3591	0.3591
		Voljatel	:	:	:	:	:	:
SK	Slovak Telecom		1.8168	2.2168	2.2168	2.2168	2.4433	2.3241
		Nextra	:	:	:	:	:	1.9665
FI	TeliaSonera		0.7696	0.7740	0.7738	0.7738	0.7953	0.8303
		Elisa	:	:	0.8127	0.8127	0.8127	0.8127
SE	Telia		0.2487	0.2487	0.2487	0.2487	0.2487	0.2487
		Tele2	:	:	0.2216	0.2216	0.2397	0.2397
UK	BT		1.0873	1.0873	1.0873	1.0873	0.4120	0.4125
		NTL	:	:	0.4799	0.4799	0.4812	0.4812

Source: Teligen - Report on Telecoms Price Developments from 1998 to 2005, European Commission, December 2005

⁽¹⁾ National PSTN 10 minute call charges for a 50 km call at weekdays 11:00.

⁽²⁾ The average is a weighted average across the 25 EU Member States, using population as weight.

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Table 4.13 presents the development of the call charges actually paid by the consumer on individual international calls. As the issue of unit based charges is less relevant for international calls, due to very short units, data have been based on average per minute call charges. Call charges have been calculated for 10 minute calls, but the duration

doesn't alter much in terms of price relationships between originating countries and destinations. Call setup charges are included, as are the scheme with different prices for first and additional periods used in some countries. Prices of individual international calls are analysed with near EU destination country, as defined in the table below:

From	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV	LT
To near EU	FR	DE	SE	FR	FI	IT	PT	BE	UK	EL	EL	SE	SE
From	LU	HU	MT	NL	AT	PL	PT	SK	SI	FI	SE	UK	
To near EU		DE	AT	IT	DE	DE	DE	ES	CZ	AT	SE	DK	FR

Latvia by far the most expensive in 'international'

On average (EU-25), the price of an international ten-minute call has dropped by nearly 31% between 2000 and 2005 (from 3.56 PPP to 2.47 PPP). But as for national calls, prices expressed in Purchase Power Parities vary considerably among the Member States. The price range charged by the respective incumbent operators in 2005 went from 0.49 PPP in Sweden to 13.34 PPP in Latvia. Prices for international calls were also expensive in Lithuania, Poland and Slovakia. Choosing a competitor can save a lot of money in certain countries. However, in Member States where there is a mature competitive market, price differences are generally less strong. A careful look at US and Japanese prices suggest that international telephone calls are relatively cheap for US citizens but expensive for the Japanese.

Table 4.14 shows the monthly rental (including VAT) for a single PSTN connection for residential customers. For the United Kingdom there has been a change of residential package in 2004, after BT abandoned the Residential Standard tariff. Now the BT Together Option 1 tariff is used. USA data is for the New York Metro area. Message rate service is assumed, i.e. where local calls are charged on an individual basis. In Finland and Japan the monthly rental will depend on where in the country the line is connected. The charges shown are for the capital/most densely populated area.

This table doesn't show the corresponding monthly rental charges for competitor providers in each country. However, most of these operators use indirect access, and will as such not have any monthly charges related to line rental.

Usage costs down, fixed costs up

Table 4.14 outlines that in contrast to the prices for national or international calls, which dropped significantly during the period observed, the rental charges for a fixed residential telephone line actually increased at EU-25 level (gradual increase from 12.13 PPP in 2000 to 15.82 PPP in 2005). Monthly rental charges also went up in the US (on the basis of data from Verizon) whereas they remained stable in Japan.

In the individual EU Member States, rental charges increased particularly fast in the Czech Republic, Greece, Spain, Cyprus, Hungary, Poland and Slovakia. At the other end of the scale, three countries registered price decreases: Denmark (but only slight), Austria and Finland. In Latvia, charges remained constant throughout the 2000-2005 period.

Still expressed in Purchase Power Parities (PPP), the monthly rental charge for a fixed residential telephone line in 2005 was lowest in Malta (8.90 PPP), quite far off the average price paid at EU-25 level (15.82 PPP). It was by far the highest in Hungary, with 23.91 PPP.

Table 4.13 Price of a ten-minute fixed line international telephone call at peak-time (PPP, including VAT) ⁽¹⁾

	Incumbent	Competitor	2000	2001	2002	2003	2004	2005
EU-25 (2)	Weighted average		3.564	3.273	3.018	2.882	2.487	2.467
	Weighted average		:	:	1.891	2.154	2.143	2.039
BE	Belgacom		4.323	1.778	1.776	1.877	1.915	1.915
		Telenet	:	:	1.344	1.877	1.877	1.915
CZ	Cesky		:	:	4.700	4.700	5.320	3.114
		Tele2	:	:	:	:	1.998	1.998
DK	TDC		1.631	0.581	0.581	0.581	0.581	0.581
		Tele2	:	:	0.531	0.531	0.531	0.531
DE	Telekom		2.198	1.099	1.102	1.102	1.098	1.102
		Arcor	:	:	1.099	1.099	1.099	1.099
EE	Elion		5.666	2.184	1.681	1.681	1.735	1.736
		Tele2	:	:	:	3.755	3.755	1.400
EL	OTE		4.050	3.619	3.670	3.670	3.618	3.102
		Forthnet	:	:	2.921	2.716	2.716	2.606
ES	Telefonica		4.151	4.151	2.525	1.752	1.752	1.752
		Auna	:	:	3.753	1.672	1.674	1.674
FR	Telecom		2.781	2.781	2.193	2.193	2.098	2.123
		Cegetel	:	:	0.886	0.886	0.662	0.662
IE	Eircom		1.288	1.288	1.287	1.287	1.287	1.287
		EsatBT	:	:	1.287	0.838	0.670	0.838
IT	Telecom		2.820	2.820	2.267	2.140	2.140	2.140
		Wind	:	:	:	2.356	2.356	2.356
CY	CYTA		3.859	3.859	2.359	1.072	0.849	0.720
		CallSat	:	:	:	:	0.793	0.793
LV	Lattelekom		7.600	7.600	7.664	7.664	7.638	13.338
		TG	:	:	:	:	5.320	6.498
LT	Telekomas		9.936	9.936	9.924	9.924	8.445	8.445
		Lietuvos gelezinkeliai	:	:	:	:	10.646	3.109
LU	P&T		1.774	1.238	1.238	1.238	1.176	1.176
		Tele2	:	:	0.957	0.957	0.957	0.819
HU	Matav		6.348	6.348	6.383	3.996	3.996	3.996
		Tele2	:	:	:	5.782	6.048	1.791
MT	Maltacom		:	:	:	10.457	2.181	2.368
		:	:	:	:	:	:	:
NL	KPN		0.670	0.670	0.701	0.783	0.847	0.783
		Tele2	:	:	:	0.600	0.600	0.508
AT	Telekom		2.871	2.871	2.310	2.310	1.773	1.773
		UTA	:	:	1.291	1.291	1.291	0.926
PL	Telecom		8.709	8.709	8.709	8.709	6.742	6.872
		Netia	:	:	7.810	7.810	5.900	5.900
PT	Telecom		4.099	3.326	3.535	3.535	3.535	3.594
		Oni	:	:	1.517	1.517	2.121	3.491
SI	Telecom		:	4.071	2.394	2.394	2.394	1.710
		Vojjatel	:	:	:	:	1.368	1.368
SK	Telekom		9.415	9.415	5.149	5.149	5.244	5.244
		Nextra	:	:	:	:	:	2.264
FI	Sonera		1.598	1.591	1.622	1.622	1.564	1.678
		Elisa	:	:	1.307	1.307	1.307	1.307
SE	Telia		0.900	0.900	0.900	0.493	0.493	0.493
		Tele2	:	:	0.814	0.430	0.484	0.484
UK	BT		3.908	3.908	3.908	3.908	2.336	2.337
		NTL	:	:	2.817	2.819	2.819	2.819
JP	NTT		7.980	7.980	7.980	7.980	8.376	7.980
US	Verizon		0.900	0.900	0.900	0.720	0.720	0.720

Source: Teligen - Report on Telecoms Price Developments from 1998 to 2005, European Commission, December 2005

⁽¹⁾ International PSTN 10 minute call charges for a call to near EU country at weekdays 11:00.

⁽²⁾ The average is a weighted average across the 25 EU Member States, using population as weight.

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Table 4.14 Monthly rental charge for a fixed residential telephone line (PPP, including VAT) ⁽¹⁾

Operator		Aug 2000	Aug 2001	Aug 2002	Aug 2003	Aug 2004	Sep 2005
EU-25 (2)	Weighted average	12.13	13.12	14.29	14.59	15.40	15.82
BE	Belgacom	15.69	15.69	15.69	15.98	16.27	16.61
CZ	Cesky Telecom	10.80	17.57	17.57	17.57	17.57	19.33
DK	TDC	12.16	11.46	11.83	12.03	12.03	12.03
DE	Deutsche Telekom	11.37	11.37	11.94	12.29	14.03	14.29
EE	Elion	5.61	5.61	5.61	5.61	10.99	10.99
EL	OTE	10.34	12.06	14.65	14.65	15.40	17.62
ES	Telefonica	11.51	13.11	15.51	16.76	17.49	17.49
FR	France Telecom	11.05	11.76	12.18	12.18	12.18	13.11
IE	Eircom	14.06	15.28	16.43	18.85	20.26	20.26
IT	Telecom Italia	11.28	12.97	15.05	14.73	14.73	14.73
CY	CYTA	2.68	8.58	8.58	10.72	10.72	13.83
LV	Lattelekom	11.40	11.40	11.40	11.40	11.40	11.40
LT	Lietuvos Telekomas	10.23	10.23	10.23	13.83	13.83	13.83
LU	P&T Luxembourg	11.79	15.87	15.86	15.86	15.86	15.86
HU	T-Com	15.99	20.35	20.35	22.64	22.64	23.91
MT	Maltacom	:	:	:	7.48	9.72	8.90
NL	KPN	14.49	15.16	15.87	16.42	16.76	16.76
AT	Telekom Austria	16.31	17.29	14.95	14.95	14.95	14.95
PL	Polish Telecom	14.05	14.05	19.67	19.67	19.67	23.03
PT	Telecom Portugal	16.69	17.70	18.01	18.69	19.24	19.56
SI	Telekom Slovenije	6.87	6.87	13.34	14.64	14.64	14.64
SK	Slovak Telecom	11.86	11.86	11.86	11.86	14.84	14.84
FI	TeliaSonera	12.18	12.18	11.89	11.89	10.40	10.40
SE	Telia	9.50	11.31	11.31	11.31	11.31	11.31
UK (3)	BT	12.73	13.73	13.06	13.06	15.82	14.44
JP	NTT	9.90	9.90	9.90	9.90	9.90	9.62
US	Verizon	5.94	5.94	7.16	7.16	7.75	7.15

Source: Teligen - Report on Telecoms Price Developments from 1998 to 2005, European Commission, December 2005

⁽¹⁾ Basic monthly rental for a single PSTN connection from the incumbent operator, for residential customers.

⁽²⁾ The average is a weighted average across the 25 EU Member States, using population as weight.

⁽³⁾ UK (BT) charge for 2000 includes a call allowance of GBP 0.80 per month, for 2001 an allowance is GBP 1.30 per month, and for 2002 an allowance of GBP 1.80 per month. From 2004 the BT Together Option 1 tariff is used, with no call allowance, but lower call charges.

Large difference in the perception of the cost of telephone services

When looking at the results of the Eurobarometer survey (65.3) focusing on consumers' opinions of Services of General Interest services, there appears to be a substantial difference in attitudes in price for fixed telephone services. 93% of Slovaks and 90% of Lithuanians considered the prices affordable and, across the European Union, this was a view held by 76% of the poll (see Table 4.15). On the other hand, a relatively high percentage of Finns (33%), Poles (31%) and Cypriots (29%) said the services they were using were not affordable. This view is, in fact, taken further by the Poles of whom a quarter (24%) said spontaneously that prices were excessive. This compares

with an EU-25 average of just 10%. It is important to bear in mind that the affordability remains a personal judgment which may vary from one individual to another.

There were just marginal variations on a socio-demographic basis by age, gender, education and occupation.

In contrast to the findings of the 2004 Eurobarometer survey, and considering the general drop in telephone communication prices outlined on the previous pages, the numbers of respondents considering the price of mobile and fixed lines as not affordable has almost been halved to 13% (2006) from 22% (2004), while the proportion of those considering the prices to be excessive has gone up by only two points from 11% over this two-year period.

Table 4.15 In general, would you say that the price of fixed telephone services is affordable or not? By that, I mean that I would like to know if you are able to afford the services you need. (% of respondents using fixed telephone services)

	EU-25	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV
Affordable	76	84	74	84	89	74	87	72	65	79	66	62	66
Not affordable	13	9	7	9	4	18	8	20	25	9	14	29	19
Excessive (spontaneous)	10	7	18	6	6	8	5	6	9	8	19	7	12
Do not know	1	1	0	1	0	1	-	1	1	5	1	2	2

	LT	LU	HU	MT	NL	AT	PL	PT	SI	SK	FI	SE	UK
Affordable	90	81	76	66	76	88	44	63	83	93	57	80	90
Not affordable	8	7	7	12	4	3	31	21	2	3	33	16	5
Excessive (spontaneous)	1	10	17	18	19	8	24	14	14	4	6	2	4
Do not know	2	3	1	4	1	2	1	2	0	1	3	2	1

Source: Eurobarometer 65.3 (Consumers' opinions of services of general interest), European Commission, 2006

INFORMATION AND CONSUMER COMPLAINTS

With the progressive liberalisation of telecommunications, consumer choice has expanded at a rapid pace over the past decade. A number of new communications providers (as opposed to incumbent, national providers) have entered the EU market and started to compete on price and service, attracting many households with respect to the telephony market (see Table 4.16).

Table 4.17 displays the average satisfaction of Europeans consumers with fixed telephony, according to a consumer satisfaction survey on services of general interest⁷ undertaken in 2006. Overall, consumer satisfaction assesses the fixed telephone service relatively low in comparison with the other services of general interest. The average satisfaction is slightly higher in the EU-15 than in the new Member States. In fact the differences between the new Member States and EU-15 do not stem from differences between the proportion of satisfied persons - which are not significant - but rather from the higher proportion of consumers who are dissatisfied.

At EU-25 level, 8.4% of the surveyed persons declared to be dissatisfied. The new Member States score substantially higher (12.6%) than EU-15 (7.6%). Most dissatisfied consumers were found in the Czech Republic (23%) and Portugal (20%), but relatively high proportions were also registered for Italy (close to 15%), Poland (13%) and Hungary (just over 10%). All other countries showed dissatisfaction rates of well under 10%.

Table 4.16 Number of telephone network operators, 2004 (units)

	Fixed national ⁽¹⁾	Fixed international ⁽²⁾	Mobile
BE	48	48	3
CZ	35	35	3
DK	44	46	24
DE	100	100	4
EE	29	17	5
EL ⁽³⁾	14	17	4
ES	69	69	4
FR	27	27	10
IE	25	25	3
IT ⁽⁴⁾	36	568	4
CY	7	20	2
LV ⁽⁵⁾	8	15	3
LT	9	21	8
LU	10	17	3
HU	54	56	3
MT	1	10	2
NL	33	32	5
AT ⁽⁵⁾	38	36	8
PL	89	89	3
PT	13	13	3
SI	1	12	4
SK	39	39	2
FI	10	10	15
SE	50	50	28
UK ⁽⁶⁾	200	107	4
BG	1	6	3
HR	1	3	2
RO	19	47	4
TR	43	47	3

Source: Eurostat, Telecommunication Services (theme4/telecom)

- ⁽¹⁾ Operators offering national telecommunications.
⁽²⁾ Operators offering international telecommunications.
⁽³⁾ Fixed national, 2003.
⁽⁴⁾ Fixed national, 2001; fixed international, 1999; mobile, 2003.
⁽⁵⁾ Fixed national and fixed international, 2003.
⁽⁶⁾ 2002.

⁷ The consumer satisfaction survey was held in all 25 countries that are member of the European Union, and covers 11 'service sectors of general interest': electricity supply, gas supply, water distribution, fixed telephony, mobile telephony, urban transport, extra-urban transport, air transport, postal services, retail banking and insurance services.

Table 4.17 Overall, to what extent are you satisfied with your fixed phone supplier? (% of respondents) ⁽¹⁾

	EU-25	EU-15	NMS10	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY
Satisfied	52.0	52.1	51.4	62.0	40.7	61.3	71.4	71.0	45.1	36.0	49.3	78.3	27.4	68.5
Dissatisfied	8.4	7.6	12.6	3.2	23.3	7.7	5.9	3.6	9.4	7.5	7.6	1.7	14.8	6.5

	LV	LT	LU	HU	MT	NL	AT	PL	PT	SI	SK	FI	SE	UK
Satisfied	65.1	72.4	68.7	65.2	73.0	39.7	70.1	45.2	29.7	68.5	53.1	60.9	63.4	59.8
Dissatisfied	4.3	4.7	3.6	10.4	2.6	3.3	2.6	13.3	20.1	6.2	9.1	5.1	6.5	4.7

Source: Consumer satisfaction survey, Directorate-General of the European Commission for Health and Consumer Protection, 2006

⁽¹⁾ In each country, the target population was composed of people aged at least 18 years old and having used the service during the past 12 months; respondents have been asked to evaluate their overall satisfaction of the service by using a 10-point scale: the satisfied respondents are those who rated the service from 8, 9 or 10 on a scale from 1 to 10 and the dissatisfied ones rated the service 1, 2, 3 or 4 on a scale from 1 to 10.

The older, the more satisfied

Table 4.18 shows the proportion of satisfied and dissatisfied consumers distributed by socio-economic category. The retired people are relatively more satisfied (58.3%), as well as the white collar workers (55.4%). Both groups are significantly more satisfied than the EU-25 average. Next come unemployed people (54.9%), blue collar workers (52.5%), managers (50.6%) and house-persons (49.9%), with satisfaction rates close to the EU-25 average. Finally, substantially lower, students (41.4%) and self-employed people (40.5%) are significantly less satisfied than the average. These two groups also include the highest proportion of dissatisfied consumers (over 10%).

Whereas fixed telephone operators enjoy a positive image in most of the European countries with results above 50%, 6 countries stand aside: Portugal (25%), Italy (31%), Spain (35%), Denmark, Netherlands and Sweden (39% each). More than 70% of users in Slovenia, Lithuania, Ireland, Cyprus, Latvia, Belgium, Estonia, Germany and Hungary think that their fixed telephone provider offers a quality service overall whereas this is the case of only 33% of Italians and Portuguese and 47% of Dutch citizens.

Germany and Ireland are the countries where fixed telephone users are the most satisfied with the overall prices charged by their operator (61% of 'satisfied' in both countries). At the other side of the spectrum, the lowest shares (less than 40%) of consumers satisfied with the price are found in most of the Mediterranean countries (Portugal, Italy, Spain, Greece and Malta), Netherlands, Poland, Czech Republic, France and Slovakia.

Table 4.18 Overall, to what extent are you satisfied with your fixed phone supplier? (% of respondents) ⁽¹⁾

	Satisfied	Dissatisfied
EU-25	52.0	8.4
Sex		
Male	51.3	8.7
Female	52.6	8.1
Age		
18-34	47.3	9.8
35-54	50.9	8.9
55+	56.0	6.9
Age when finished full time education		
15 or less	50.0	7.9
16-19	54.3	8.5
20 or more	51.5	8.1
Still studying	42.1	10.8
Occupation		
Self-employed	40.5	13.9
Manager	50.6	7.7
Other white collar	55.4	7.9
Blue collar	52.5	7.8
Student	41.4	11.0
House person	49.9	7.9
Unemployed	54.9	5.1
Retired	58.3	6.9

Source: Consumer satisfaction survey, Directorate-General of the European Commission for Health and Consumer Protection, 2006

⁽¹⁾ In each country, the target population was composed of people aged at least 18 years old and having used the service during the past 12 months; respondents have been asked to evaluate their overall satisfaction of the service by using a 10-point scale: the satisfied respondents are those who rated the service from 8, 9 or 10 on a scale from 1 to 10 and the dissatisfied ones rated the service 1, 2, 3 or 4 on a scale from 1 to 10.

Commitment to the phone operator high, except for the Czechs and Estonians

The level of commitment towards fixed telephone operators is rather high in the European Union. Indeed, 77% of consumers said they will still use their fixed telephone supplier in the next 12 months. In Luxembourg and Greece, this is the case of more than nine users out of ten. People in Czech Republic and in Estonia, on the other hand, show the lowest level of commitment (61%).

This variable was not measured in Portugal, Slovakia and Slovenia as the fixed telephone service is not liberalised in these countries.

Most of the EU-25 consumers (84%), especially in the EU-15 (85% against 79% in the new Member States), think that fixed telephone services are available for everybody in their country. In Greece, Ireland, Portugal and the Netherlands this is true for more than 90% of users. The lowest proportion of people agreeing with this statement is found in Latvia (64%).

As regards competition, 75% of EU-25 users (77% in EU-15 and 64% in the 10 new Member States) believe that it is possible to get what one wants from any fixed telephone supplier without having to be afraid to get less quality. Irish and Dutch people as well as Germans agree with this statement most (more than 80% in each country) whereas people in Latvia, Malta, Lithuania and Czech Republic are only 32%, 35%, 43% and 46% respectively to do so. However a lower proportion of EU-25 users think (67% of EU-25 against 69% in EU-15 and 57% in the new Member States) it would be easy to change from one operator to another. The lowest proportions of people

agreeing with this statement are found in Latvia, Lithuania, Malta and Czech Republic (30%, 35%, 37% and 48% respectively).

According to the 2006 Eurobarometer survey (65.3) on consumers' opinions of services of general interest, EU-25 citizens found it generally easy to compare offers from fixed line telephone providers and 53% of the surveyed said this task was easy. However, more than a third (34%) took the contrary view and this important segment is shown by country breakdown (see Table 4.19). In this respect, a look to the number of network operators could be useful (see Table 4.16).

Comparing offers gets difficult when there are many competitors

Taking a positive stance once again, Greeks headed this ranking with 74% of them saying this comparison was easy and this figure includes the highest 'very easy' response from 43% of the Hellenic survey. On the other hand, 53% of Swedes said that this process was difficult and a figure of 46% was noted in Belgium. Very high 'don't know' figures involving around a third of each country's survey were observed in Estonia (32%), Finland (33%), in Lithuania (34%), Cyprus (35%) and Latvia (37%). The Finnish figure may well be caused by the leaning towards mobile telephony in that country. It is worth noting that there are high 'don't know' figures for the Baltic States.

While just 44% of those aged 55 or more found it easy to compare offers from different fixed telephone providers, this figure rises to 60% amongst those aged 15 to 24 (see Table 4.20). There were no significant variations by occupation or education.

Table 4.19 In general, how easy do you find it to compare offers from different fixed telephone providers? (% of respondents)

	EU-25	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV
Easy	53	46	58	36	51	55	74	54	45	61	50	52	42
Very easy	17	12	22	9	18	21	43	11	11	23	16	22	10
Fairly easy	36	35	36	27	33	34	30	43	34	38	34	30	31
Difficult	34	46	29	43	44	13	25	27	45	17	41	13	21
Fairly difficult	24	34	21	27	31	11	17	21	31	13	25	7	14
Very difficult	11	13	8	16	13	2	8	6	14	5	17	6	6
Do not know	13	7	13	21	5	32	1	18	10	22	9	35	37

	LT	LU	HU	MT	NL	AT	PL	PT	SI	SK	FI	SE	UK
Easy	39	60	50	63	42	58	58	63	54	60	34	36	62
Very easy	13	29	14	20	13	27	19	17	17	23	8	9	23
Fairly easy	27	31	36	43	29	32	39	46	36	37	26	28	39
Difficult	27	23	29	11	41	29	26	18	33	29	33	53	18
Fairly difficult	15	16	19	9	27	20	18	14	21	20	23	37	13
Very difficult	12	7	10	2	14	9	7	5	12	9	10	16	4
Do not know	34	17	21	26	17	13	16	19	14	11	33	11	20

Source: Eurobarometer 65.3 (Consumers' opinions of services of general interest), European Commission, 2006

Table 4.20 In general, how easy do you find it to compare offers from different fixed telephone providers? (% of respondents)

	Easy	Very easy	Fairly easy	Difficult	Fairly difficult	Very difficult	Do not know
EU-25	53	17	36	34	24	11	13
Age							
15-24	60	21	39	26	20	6	14
25-39	58	18	40	31	23	8	10
40-54	52	18	34	38	26	12	10
55+	44	13	31	37	23	14	18

Source: Eurobarometer 65.3 (Consumers' opinions of services of general interest), European Commission, 2006

65% have no interest in switching provider

Just 24% of owners of fixed line telephones had considered changing provider with high figures of 38% being noted in the Netherlands and 42% in Sweden (see Table 4.21). Of this group, two-thirds (16%) found the switching process easy and this figure rises to 33% of Swedes and 24% of the Dutch. It is important that citizens who wish to change providers of any service should be allowed to do this without hindrance. Thus, attention should be paid to an average of 4% of Union citizens who switched fixed telephone providers but found the process difficult, notably

in Sweden (7%) and Italy (8%). A worse situation from a consumer point of view is, however, noted amongst those who tried to switch but gave up due to the obstacles they faced. This was the situation faced by 8% of the Polish and 9% of the Dutch.

On the whole, however, most EU citizens (65%) had no interest in switching service provider in the area of fixed line telephony. Particularly satisfied fixed line users are to be found in Slovenia (89%) and Cyprus (91%). Whether this is due to a lack of competition in the local market or a well-priced and perhaps dominant provider cannot be said here.

Table 4.21 Have you tried/thought about switching your fixed telephone provider in the last two years? (% of respondents using fixed telephone services)

	EU-25	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV
Yes	24	27	17	22	25	11	12	12	34	18	28	3	5
Yes, you switched and it was easy	16	21	10	15	18	8	10	5	22	13	14	1	3
Yes, you switched but it was difficult	4	3	2	4	3	1	1	5	6	3	8	-	1
Yes, you tried to switch but you gave up due to the obstacles you faced	4	2	6	3	4	2	1	2	5	1	6	2	1
No	73	71	81	76	72	85	88	85	64	75	67	95	89
No, you did not try because you are not interested in switching	65	63	67	65	59	81	81	80	54	62	60	91	80
No, you did not try because you thought it might be too difficult	9	9	14	11	14	4	6	5	10	13	7	4	10
Do not know	3	2	2	2	3	4	1	2	2	7	5	2	6
	LT	LU	HU	MT	NL	AT	PL	PT	SI	SK	FI	SE	UK
Yes	4	8	15	6	38	11	21	9	4	6	5	42	25
Yes, you switched and it was easy	1	8	9	4	24	7	11	6	1	3	4	33	21
Yes, you switched but it was difficult	0	0	3	1	5	2	2	0	1	1	0	7	2
Yes, you tried to switch but you gave up due to the obstacles you faced	2	0	3	1	9	1	8	3	2	2	1	2	2
No	93	89	83	91	59	84	76	84	95	92	91	56	72
No, you did not try because you are not interested in switching	84	79	76	85	53	77	70	71	89	82	82	50	67
No, you did not try because you thought it might be too difficult	9	11	7	7	6	7	6	14	6	10	9	6	5
Do not know	3	2	1	3	3	5	3	6	1	2	4	2	3

Source: Eurobarometer 65.3 (Consumers' opinions of services of general interest), European Commission, 2006

4. Information Society

Eighty-four percent of UK citizens and similarly high figures of 81% of Danes and 80% of Irish believed that the terms and conditions offered by their fixed telephone service provider were fair compared with an EU-25 average of 63% (see Table 4.22). However, in Italy and Poland, figures are substantially less - at 36% and 33% respectively.

There were 9% of the total survey who were not aware of the terms and conditions of their contracts and, in Portugal and Estonia, this rises to 19% and 20% respectively.

Table 4.22 In general, would you say that the terms and conditions of your contract with your fixed telephone service provider are fair or unfair? (% of respondents using fixed telephone services)

	EU-25	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV
Fair	63	77	48	81	76	60	64	47	61	80	36	55	69
Unfair	28	19	42	10	18	20	33	36	31	7	56	31	16
Do not know	9	4	10	9	6	20	3	17	8	12	8	14	16
	LT	LU	HU	MT	NL	AT	PL	PT	SI	SK	FI	SE	UK
Fair	63	78	63	70	74	78	33	56	74	77	74	78	84
Unfair	19	13	27	13	10	9	56	25	18	17	14	11	10
Do not know	18	9	10	17	16	13	11	19	8	6	12	11	6

Source: Eurobarometer 65.3 (Consumers' opinions of services of general interest), European Commission, 2006

Eleven percent of EU 25 citizens had made a complaint about the services provided by their fixed telephone operator over the past two years and particularly high figures were noted in Sweden (19%) and Italy (20%) (see Table 4.23). Citizens chose to complain to the service provider rather than to a complaint handling body and the 11% of complainants were split - 10% to the first alternative and just 1% to a complaint handling body.

While there were no significant variations by gender or age, amongst those who had made a complaint on fixed

telephone services, 15% of the most educated had done this compared with 9% of those whose education had ended at age 15 or less (see Table 4.24). Not surprisingly, having a certain level of education seems to be a contributory factor in voicing complaints.

The self-employed were relatively outspoken in this area and 19% of their number had made a complaint over the past two years compared with 12% of white-collar and manual workers and just 8% of house persons and the retired.

Table 4.23 In the last two years, have you personally made a complaint about any aspect of fixed telephone services? (% of respondents using fixed telephone services)

	EU-25	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV
Yes	11	9	12	8	14	7	6	7	5	6	20	12	6
No	88	91	88	92	85	93	94	92	95	92	78	88	94
Do not know	1	0	0	1	0	0	-	1	0	1	2	1	1
	LT	LU	HU	MT	NL	AT	PL	PT	SI	SK	FI	SE	UK
Yes	4	1	13	8	9	6	14	5	2	9	4	19	11
No	96	99	86	92	90	93	85	93	97	90	94	81	88
Do not know	-	0	0	-	1	2	0	1	0	1	1	0	1

Source: Eurobarometer 65.3 (Consumers' opinions of services of general interest), European Commission, 2006

Table 4.24 In the last two years, have you personally made a complaint about any aspect of fixed telephone services? (% of respondents using fixed telephone services)

	Yes	No	Do not know
EU-25	11	88	1
Age when finished full time education			
15 or less	9	90	0
16-19	11	88	1
20 or more	15	84	0
Still studying	9	90	1
Occupation			
Self-employed	19	80	1
Manager	17	82	0
Other white collar	12	87	1
Manual worker	12	87	1
House person	8	91	0
Unemployed	11	89	1
Retired	8	92	0
Student	9	90	1

Source: Eurobarometer 65.3 (Consumers' opinions of services of general interest), European Commission, 2006

Fifty-six percent of EU-25 citizens believed consumer interests were well-protected in the area of fixed telephone services and, with 23% rating this protection as very good, a comparable figure of 80% is arrived at in Luxembourg

(see Table 4.25). Nearly half of Italians (47%), however, say that consumer interests in this area are badly protected and 16% in this country's survey, compared with a 7% EU-25 average, rate this protection as very bad.

Table 4.25 In general, how well do you think consumers' interests are protected in respect of fixed telephone services? (% of respondents)

	EU-25	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV
Well	56	73	48	62	60	52	60	34	59	65	42	65	44
Very well	8	14	8	18	9	8	8	2	6	13	6	16	4
Fairly well	48	59	41	44	51	45	52	32	53	52	36	48	40
Badly	29	20	33	18	29	13	40	40	27	15	47	24	23
Fairly badly	21	16	24	15	22	11	29	31	21	10	31	18	20
Very badly	7	4	9	3	7	2	10	9	7	5	16	6	4
Do not know	15	8	19	20	10	35	0	26	13	20	11	12	33
	LT	LU	HU	MT	NL	AT	PL	PT	SI	SK	FI	SE	UK
Well	37	80	46	75	71	70	46	38	62	62	60	68	78
Very well	6	23	6	13	15	16	4	5	5	10	9	13	15
Fairly well	32	58	40	62	56	54	42	33	57	51	51	55	63
Badly	17	9	25	14	15	10	33	36	28	24	12	17	11
Fairly badly	13	7	17	12	12	7	26	29	21	20	10	14	9
Very badly	5	2	8	2	3	4	7	7	7	4	2	3	2
Do not know	45	10	29	11	14	19	22	26	9	14	28	16	12

Source: Eurobarometer 65.3 (Consumers' opinions of services of general interest), European Commission, 2006

4.2 MOBILE TELEPHONY

ACCESS AND USAGE

There has been a widespread adoption of cellular wireless technology in recent years. The number of mobile subscribers reached 409.2 million in the EU in 2004, equivalent to 90% of the population, up from 3.1 million in 1990. Now, in all countries the penetration of mobile

phones exceeds that of fixed lines. In fact, the penetration of mobile phones is approximately 1.8 times higher on average than that of fixed lines in the EU, this ratio having almost doubled in Lithuania and in Slovakia (see table 4.26).

Table 4.26 Mobile telephone subscriptions per 100 inhabitants (units)

	1996	1997	1998	1999	2000	2001	2002	2003	2004
EU-25	8	12	21	35	56	68	75	81	90
EU-15	9	14	24	40	63	74	79	85	93
BE	5	10	17	31	51	68	79	83	88
CZ	2	5	9	19	42	68	84	95	106
DK	25	27	36	49	63	74	83	89	95
DE	7	10	17	29	59	68	72	79	86
EE	5	10	18	28	41	54	65	77	93
EL	5	9	19	36	54	73	85	81	84
ES	8	10	16	38	61	73	82	90	92
FR	4	10	19	35	51	63	65	70	74
IE	8	15	26	38	63	73	77	86	94
IT	11	21	36	52	74	90	93	98	108
CY	11	14	17	22	32	45	59	77	90
LV	1	3	7	12	17	26	39	52	66
LT	1	4	8	10	14	29	47	61	89
LU	11	16	50	49	70	93	107	120	143
HU	5	7	10	16	30	49	68	78	86
MT	4	5	5	6	29	57	70	73	77
NL	7	11	22	43	68	76	76	83	91
AT	7	15	29	53	76	82	84	88	98
PL	1	2	5	10	17	25	36	46	61
PT	7	15	30	46	65	81	83	90	93
SI	2	5	10	33	57	76	77	87	94
SK	1	4	9	12	21	41	54	68	80
FI	29	41	55	63	72	81	87	91	96
SE	28	36	44	58	72	81	89	98	109
UK	12	15	25	40	67	75	84	89	102
BG	1	0	2	4	9	20	32	45	62
HR	:	:	:	8	24	39	53	57	64
RO	:	1	2	5	9	20	23	32	47
TR	:	3	5	11	22	26	33	40	49

Source: Eurostat, Telecommunication Services (theme4/telecom)

Expected saturation does not happen

Finland, a pioneer in mobile telecommunications, featured one of the highest penetration rates for years. In the meantime however, it has been overtaken by a number of countries. Luxembourg boasted the highest penetration rate of mobile phones in 2004, with 143 subscriptions per 100 inhabitants. The penetration rate can reach more than 100 subscriptions per 100 inhabitants since one person can have more than one subscription. The Luxembourg figure is influenced by the high number of cross-border workers that frequently have a Luxembourg subscription alongside their French, Belgian or German subscriptions. As in the case of fixed lines, it should indeed be borne in mind that once again these figures include phones acquired for professional purposes, which may account for a significant share of mobile subscriptions. The number of subscriptions per 100 inhabitants has surpassed the 100 milestone in four other Member States: Sweden, Italy, the Czech Republic and the United Kingdom have all gone above this threshold. Many other Member States are close to the landmark and the rest of them are steadily approaching. The saturation of the market at this point, as many had expected, does not seem to be happening.

'Pre-paid': very high in Portugal and Italy

An important development within the sphere of mobile telephony in recent years has been the introduction of prepaid access. Pre-paid cards constitute a convenient solution for persons claiming 'not to need' a mobile phone or deeming it 'too expensive'. Pre-paid cards grant subscribers the basic benefits of mobile network access (being reachable or being able to make emergency calls), whilst giving them greater control over expenditure without feeling burdened by a subscription. According to the OECD⁸, 'with the exception of Finland, the [mobile penetration] rankings of different countries have been increasingly affected by how actively operators have marketed pre-paid cards. In countries such as Italy and Portugal, the overwhelming majority of users are pre-paid', with levels between 79% and 91% (see table 4.27). In contrast, the post-paid model still represents the vast majority of subscriptions in Finland.

Table 4.27 Number of mobile pre-paid subscriptions, 2003 (thousands)

	Number (thousands)	Share of mobile subscriptions (%)
BE	5 429	62.3
CZ	7 268	74.9
DK	1 118	23.5
DE	33 307	51.4
EE	:	:
EL	6 757	65.4
ES	21 894	58.4
FR	17 147	41.1
IE	2 510	73.4
IT	51 706	91.2
CY	:	:
LV	:	:
LT	:	:
LU	318	59.0
HU	6 158	77.5
MT	:	:
NL	8 100	61.8
AT	3 338	47.1
PL	9 467	54.4
PT	7 354	78.7
SI	:	:
SK	2 284	62.1
FI	94	2.0
SE	5 003	56.8
UK	36 000	67.9
BG	:	:
HR	:	:
RO	:	:
TR	20 851	74.8

Source: Communications Outlook, OECD, 2005

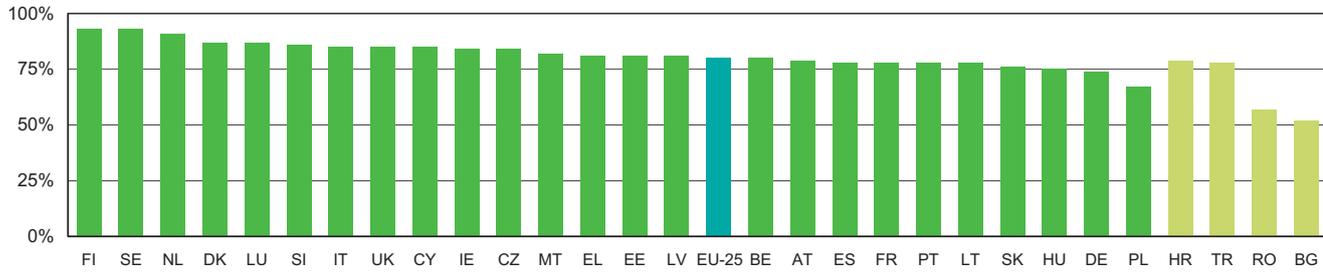
⁸ Communications Outlook, OECD, 2001.

Mobile telephony penetration highest in Scandinavia and the Netherlands

According to the Eurobarometer survey 64.4 on the use of e-communications by households, mobile phone penetration rate is 80% among EU-25 households (i.e. at least one household member equipped with a mobile

phone). This means that the mobile telephony penetration rate is slightly higher than that for fixed telephony (including ISDN) at 78%. Nordic countries and Netherlands top the ranking (see Figure 4.28). However, it should be noted that six new Member States have mobile penetration rates above the EU average: Slovenia, Cyprus, Czech Republic, Malta, Estonia and Latvia. However, the remaining four are found at the bottom.

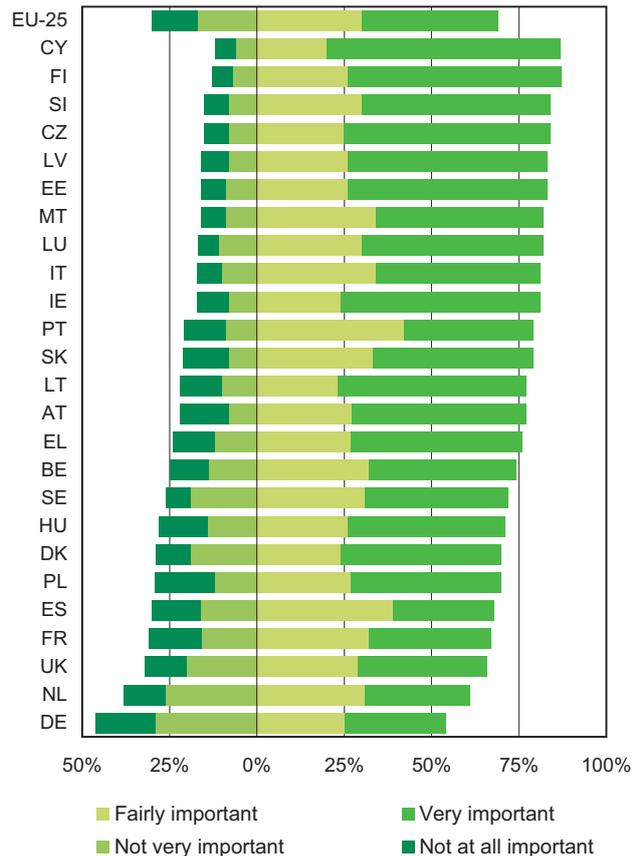
Figure 4.28 Percentage of households having at least one mobile telephone access



Source: Eurobarometer 64.4 (E-Communications Household Survey), European Commission, 2006

More than two-thirds (69%) of EU-25 citizens polled in the Eurobarometer survey 65.3 regarding consumers' opinions of services of general interest considered mobile phones to be important in their daily lives. This was particularly true in new Member States where this figure reaches 74% on average, with 47% deeming mobile phones to be 'very important'. High figures of citizens considering mobile phones to be important in their daily lives are observed in the Czech Republic and Slovenia (both 84%), and in Finland (87%) (see Figure 4.29). Making up this Finnish figure were 61% who considered mobile phones to be very important compared with an EU-25 average of just 39%. However, not all EU citizens think mobile phones are crucial in their lives. Nearly half (46%) of the German poll considered mobile phones were not an important part of their daily lives compared with an EU-wide average of just 30%.

Figure 4.29 Please tell me how important are mobile telephone services in your daily life? I mean in order for you to work, shop, contact friends/family, etc. It is... (% of respondents)



Source: Eurobarometer 65.3 (Consumers' opinions of services of general interest), European Commission, 2006

The younger, the more important

One of the most significant figures to come out of the survey relating to mobile phones is the importance this service has for younger people. Nine out of ten 15-24 year olds said a mobile phone was important in their daily lives. In fact, 59% of this age-group deemed it to be 'very important' (see Table 4.30). At the other end of the age spectrum, just 46% of people aged 55 or more believed a mobile phone was an important part of their daily lives and of this number just 20% said it was very important. It is interesting to note relatively high figures amongst the unemployed where 75% said a mobile phone was

important and just 25% took the contrary view. Education was also a major factor in this with only 52% of the least educated compared with 74% of the most educated giving the mobile phone this level of importance.

Larger households rated the mobile phone more important than smaller units with figures rising from 56% amongst single person households to 79% where there were 4 or more people living under the same roof. Nearly three-quarters of the males surveyed (73%) believed a mobile phone was an important part of their daily life compared with just 65% of women.

Table 4.30 Please tell me how important are mobile telephone services in your daily life? I mean in order for you to work, shop, contact friends\ family, etc. It is... (% of respondents)

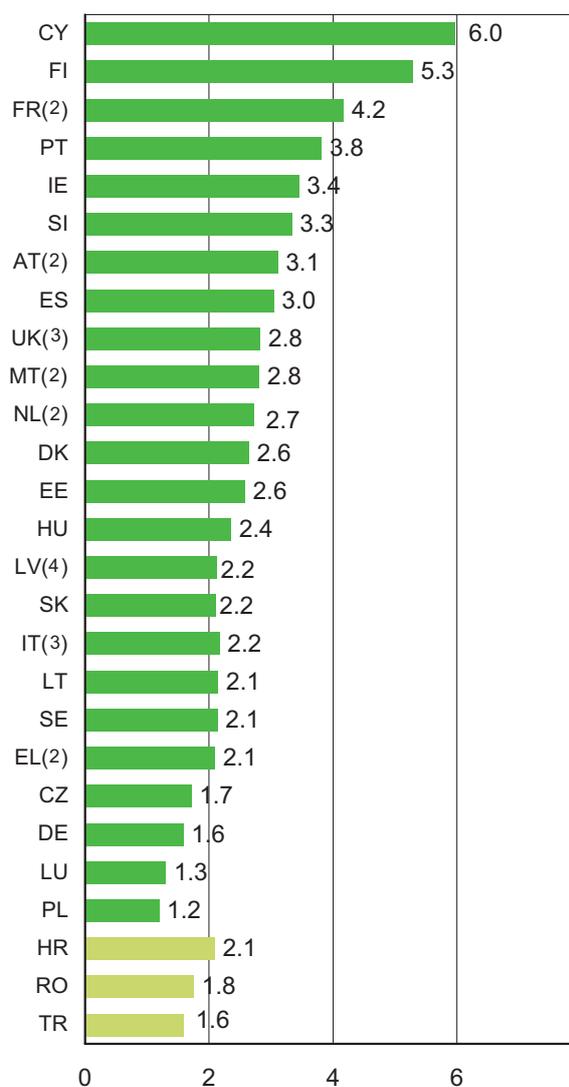
	Very Important	Fairly important	Not very important	Not at all important	Do not know		
EU-25	69	39	30	30	17	13	1
Sex							
Male	73	41	32	26	16	10	1
Female	65	37	28	34	18	16	1
Age							
15-24	89	59	29	11	9	2	0
25-39	84	51	33	16	12	3	0
40-54	71	38	33	29	20	9	0
55+	46	20	26	52	23	29	2
Age when finished full time education							
15 or less	52	24	28	46	19	26	2
16-19	72	41	31	28	18	10	1
20 or more	74	43	31	25	17	8	1
Still studying	89	58	30	11	9	2	1
Occupation							
Self-employed	81	52	29	19	12	6	1
Manager	75	46	30	25	20	4	0
Other white collar	81	48	33	19	14	5	0
Manual worker	78	43	35	22	15	6	1
House person	61	32	29	39	20	18	1
Unemployed	75	41	34	25	15	10	1
Retired	43	18	25	54	23	32	3
Student	89	58	30	11	9	2	1
Household composition							
1	56	32	25	41	17	24	2
2	62	32	30	37	20	17	1
3	77	45	32	23	16	7	1
4+	79	46	33	21	15	6	0

Source: Eurobarometer 65.3 (Consumers' opinions of services of general interest), European Commission, 2006

The more subscriptions, the lower the usage

According to the Eurostat's Telecommunications database, mobile telephony use, as measured by the average number of minutes of calls per subscriber, was highest in the EU⁹ in Cyprus (6.0 minutes per day in 2004), Finland (5.3 minutes per day in 2004), France (4.2 minutes per day in 2003) and Portugal (3.8 minutes per day in 2004 - see Figure 4.31). The Czech Republic (1.7 minutes), Germany (1.6 minutes), Luxembourg (1.3 minutes) and Poland (1.2 minutes per day) had the lowest use of mobile phones in 2004. Well illustrated by the case of Luxembourg, where many (non-resident) cross-border workers also have a Luxembourg subscription, it should be noted that as the number of personal subscriptions increases, the average use tends to decrease. Furthermore, persons might be having (or given by their employer) an additional mobile phone for professional use only, which also influences the average duration of calls.

Figure 4.31 Average duration of cellular mobile calls, 2004 (minutes per subscriber per day) ⁽¹⁾



Source: Eurostat, Telecommunication Services (theme4/telecom)

⁽¹⁾ BE and BG, not available.

⁽²⁾ 2003.

⁽³⁾ 2001.

⁽⁴⁾ 2002.

⁹ Excluding BE.

PRICES AND AFFORDABILITY

The analysis of national (as opposed to roaming) mobile services is based on the OECD baskets for digital mobile services. Due to significant changes in usage patterns the OECD baskets have been redefined with effect from August 2002. The new baskets are not compatible with the 'old' ones, in the sense that they contain an SMS element, include calls to several mobile networks, and do not cover international calls.

Thus, Table 4.32 analyses the new, revised basket based on a medium usage level. All packages analysed in this table are Post-Paid packages (i.e. covering only about half of the market, as the remainder is pre-paid packages - see Table 4.27). Some of the main properties of the new OECD medium usage basket are:

- 75 outgoing calls per month + 35 SMS messages;
- 36% of calls are to fixed line phones, 64% to mobile phones.

The basket also has a unique definition of time of day distribution and call durations, and includes the monthly rental, and any registration charges distributed over 3 years.

The two most prominent operators in each country are covered, based on available subscriber numbers. All relevant packages from each operator are considered, but the final results presented here only show the cheapest package for each basket. Results are shown as Fixed (registration and monthly rental) and Usage (cost of calls

and messages). Included minutes, messages and/or values are covered in the analysis¹⁰.

The asterisk (*) behind the package name means that the package name and most probably its structure has changed between the updates. The package chosen at any time is the cheapest package from that provider for the usage profile in question. This may give rise to significant price changes over time.

The balance of fixed and usage in the mobile baskets will vary considerably between countries, as the preferred packages in some countries contain a lot of calling time included in the fixed charge, hence a higher fixed charge.

'low fixed-high usage' or 'high fixed-low usage' cost structure

Taking into account the above elements, it appears that the price of this medium usage basket amounted to an average 40.35 PPP at EU level (simple average) in 2005. 41% of this amount went to the account of fixed cost (line rental).

Far off the average total cost of the basket at EU level were countries such as Denmark, Cyprus, Luxembourg, Finland and Sweden in which the operators charged notably less (expressed in PPP), and conversely the Czech Republic, Italy, Latvia, Malta and Slovakia, where the basket price was substantially higher. Prices charged by operators vary considerably. As suggested earlier, often a 'low fixed-high usage' or 'high fixed-low usage' pattern can be detected.

¹⁰ It has been established that the calculation of included values or allowances produce misleading results in some cases, when the included value or allowance does not cover all types of calls. This is expected to be corrected in the 2006 revision of the OECD baskets.

4. Information Society

Table 4.32 Monthly charges for national mobile services (PPP, including VAT) ⁽¹⁾

	Operator	Package (2)	Fixed	Price Usage	Total
EU-25 (3)	Simple average across all packages		16.67	23.67	40.35
BE	Mobistar	My Life 150 *	33.90	5.53	39.42
	Proximus	ProxiFun Anytime 60	20.85	26.19	47.04
CZ	Eurotel	Silver *	38.96	21.10	60.06
	T-Mobile	T 80 *	31.65	23.64	55.30
DK	Sonofon	Kvantum 99 *	8.22	4.54	12.75
	TDC Mobil	Mixit Regning *	3.31	16.81	20.12
DE	T-Mobile	TellyActive More Talk	18.45	25.28	43.73
	Vodafone	Vodafone 100	23.01	25.31	48.32
EE	EMT	Prima 300 *	-	40.82	40.82
	Tele 2	Extra 300 *	0.31	33.65	33.96
EL	Cosmote	Cosmote 120 *	27.16	12.49	39.65
	Vodafone	Vodafone 120	27.16	12.73	39.89
ES	MoviStar	Contrato Planes 30 *	0.78	48.39	49.17
	Vodafone	Contrato Autonomos 10 *	-	42.55	42.55
FR	Orange	Forfait Initial 2h Forfait SMS 30	33.74	4.30	38.04
	SFR	Le Compte 2h30 *	32.80	0.59	33.39
IE	O2	five + weekender *	12.57	31.33	43.90
	Vodafone	Perfect Fit 100 *	24.30	15.86	40.16
IT	TIM	TIM Menu Family + Tutti TIM Province Option	5.22	44.85	50.07
	Vodafone	Vodafone Easy *	5.22	39.12	44.34
CY	Cytmobile	Pay Monthly Classic	4.88	8.67	13.55
LV	LMT	National Call	15.84	64.25	80.09
	Tele 2	Free *	-	50.50	50.50
LT	Omnitel	Mano *	-	37.85	37.85
	Tele 2	Joker Laisvalaikis	-	38.98	38.98
LU	LuxGSM	Business	10.68	18.03	28.72
	Tango	Knock-out *	-	14.19	14.19
HU	Pannon GSM	Pannon 150	29.62	7.45	37.07
	T-Mobile	Partner 2 *	30.96	45.42	76.38
MT	Go Mobile	Business Go	59.35	5.16	64.51
	Vodafone	Active Option	58.86	5.71	64.57
NL	KPN	MobielPlus 22.5	22.11	31.53	53.64
	Vodafone	Vodafone 22.50 *	22.11	0.62	22.74
AT	Mobilkom	A1 Xcite Remix	10.39	25.66	36.05
	T-Mobile	Relax Light *	9.92	24.86	34.78
PL	Centertel	Jedna Idea 10 *	4.61	49.70	54.31
	Era	Komfort Komfort 120 *	27.63	9.11	36.74
PT	TMN	Plano Pos Pago *	-	40.43	40.43
	Vodafone	Plano Best *	-	25.54	25.54
SI	Mobitel	Basic	11.85	32.55	44.40
	Si.Mobil	Orto Smart	7.28	27.13	34.41
SK	Orange	Pausal 30 maxi *	17.35	36.76	54.11
	T-Mobile	100Viac *	41.35	14.72	56.07
FI	Elisa	Reilu *	3.68	13.73	17.42
	Sonera	Netto *	1.96	12.76	14.72
SE	Tele 2 Comviq	Comviq Knock-Out *	0.17	16.10	16.27
	Teliamobile	Telia Mobil 100 (plus) *	8.68	15.73	24.40
UK	O2	O2 100 *	34.37	3.09	37.47
	T-Mobile	Relax 100 *	35.75	8.72	44.47

Source: Teligen - Report on Telecoms Price Developments from 1998 to 2005, European Commission, December 2005

⁽¹⁾ National mobile services based on the OECD medium usage basket for digital mobile services. The basket includes 75 outgoing calls and 35 SMS messages per month: 36% of calls are to fixed line phones and 64% to mobile phones. All packages analysed are post-paid packages.

⁽²⁾ Entries with an (*) after the name have changed the package name and structure since 2004.

⁽³⁾ The average is a simple, un-weighted average across EU countries.

Usage of mobile telephony despite financial considerations

Considering the results of Eurobarometer survey 65.3 led in 2006 on consumers' opinions of services of general interest, three-quarters of the people actually using mobile telephones said that they considered them to be affordable and numbers of 90% or above were noted in the Czech Republic (90%), Austria (91%), Lithuania (93%), with a high figure of 94% being seen in Slovakia (see Table 4.33). There might be an implied degree of need driving economic decisions amongst the surveyed persons in France: compared with an EU-25 average of 13%, nearly a third (31%) of French mobile telephone users said that they considered the services to be not affordable. This scenario

of need outweighing purely financial considerations is also seen in the data of mobile telephone users in Malta where more than one-fifth (22%) of those polled spontaneously said that mobile telephone charges were excessive. Other high figures were observed in Italy (16%) and Poland (15%) compared with an EU-25 average of just 10%.

There were minimal variations by gender, age and education when users of mobile phones were asked whether they were able to afford the services they were using. However, as might be expected, managers (82%) and other white-collar workers (80%) had fewer problems in this area than manual workers and the retired (75%) and the unemployed (72% - see Table 4.34).

Table 4.33 In general, would you say that the price of mobile telephone services is affordable or not? By that, I mean that I would like to know if you are able to afford the services you need. (% of respondents using mobile telephone services)

	EU-25	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV
Affordable	76	79	90	86	83	83	88	74	55	80	72	83	71
Not affordable	13	12	2	8	6	14	8	19	31	8	11	13	16
Excessive (spontaneous)	10	9	7	4	11	2	4	6	13	11	16	4	12
Do not know	1	0	0	2	1	1	-	1	1	1	1	0	1

	LT	LU	HU	MT	NL	AT	PL	PT	SI	SK	FI	SE	UK
Affordable	93	80	87	66	78	91	64	77	87	94	83	80	87
Not affordable	7	9	4	11	4	2	19	15	2	2	14	17	10
Excessive (spontaneous)	0	9	9	22	17	8	15	7	11	4	2	2	3
Do not know	0	2	0	1	1	0	2	1	0	0	1	2	1

Source: Eurobarometer 65.3 (Consumers' opinions of services of general interest), European Commission, 2006

Table 4.34 In general, would you say that the price of mobile telephone services is affordable or not? By that, I mean that I would like to know if you are able to afford the services you need. (% of respondents using mobile telephone services)

	Affordable	Not affordable	Excessive (spontaneous)	Do not know
EU-25	76	13	10	1
Occupation				
Self-employed	77	11	11	1
Manager	82	8	9	1
Other white collar	80	10	9	1
Manual worker	75	15	9	1
House person	76	13	9	2
Unemployed	72	18	9	1
Retired	75	13	11	1
Student	74	14	10	2

Source: Eurobarometer 65.3 (Consumers' opinions of services of general interest), European Commission, 2006

INFORMATION AND CONSUMER COMPLAINTS

Table 4.35 displays the average satisfaction of Europeans consumers with mobile telephony as assessed in the consumer satisfaction survey on services of general interest¹¹ undertaken by the European Commission in 2006. Amongst the 11 sectors surveyed in this study, mobile phone service is the third most appreciated service. The average score is 7.9 on a scale from 1 to 10. There is a significant difference between EU-15 and the new Member States: in the latter group the average satisfaction is higher. This difference is due to the much higher proportion of satisfied consumers in the new Member States; in fact the proportion of dissatisfied consumers is not different between both groups of countries. An interesting observation is that most countries have

proportions of satisfied consumers that are higher than the EU-25 average. Satisfaction reaches very high levels in Cyprus, Germany and Hungary (with a satisfaction level of about 83%). Much lower proportions of satisfied consumers are found in France (55%), the Netherlands and Italy (about 50%) and finally Spain (42%).

The dissatisfaction rate varies between Spain (9%) and Cyprus (0.7%) but not in the same order. The two outstanding exceptions are the Czech Republic (6%) and Denmark (6%), which are in the top four regarding the dissatisfaction level, while their satisfaction levels are beyond the EU-25 average.

Table 4.35 Overall, to what extent are you satisfied with your mobile phone supplier? (% of respondents) (1)

	EU-25	EU-15	NMS10	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY
Satisfied	65.9	64.4	72.8	74.4	73.8	71.4	83.5	78.3	70.9	41.7	55.3	73.0	49.7	83.9
Dissatisfied	4.1	4.2	3.9	1.3	5.8	6.0	2.9	1.7	2.7	8.7	6.4	2.6	2.6	0.7
	LV	LT	LU	HU	MT	NL	AT	PL	PT	SI	SK	FI	SE	UK
Satisfied	79.9	79.1	69.2	82.9	79.6	51.0	76.4	67.2	68.8	76.8	73.0	72.7	71.7	67.5
Dissatisfied	2.5	3.6	3.4	2.1	2.3	2.5	2.4	4.1	2.6	2.8	4.1	3.4	4.8	3.4

Source: Consumer satisfaction survey, Directorate-General of the European Commission for Health and Consumer Protection, 2006

(1) In each country, the target population was composed of people aged at least 18 years old and having used the service during the past 12 months; respondents have been asked to evaluate their overall satisfaction of the service by using a 10-point scale: the satisfied respondents are those who rated the service from 8, 9 or 10 on a scale from 1 to 10 and the dissatisfied ones rated the service 1, 2, 3 or 4 on a scale from 1 to 10.

Table 4.36 shows the proportion of satisfied and dissatisfied consumers distributed by socio-economic category. There are no strong differences between the satisfaction levels of the different occupational categories. Self-employed people are the least satisfied, significantly under the EU average with 60%. Other categories are statistically equal to the EU average.

Regarding the education level, the distinction that was noted in other sectors also persists here: consumers who did not complete secondary education (significantly under the EU-25 average with a satisfied proportion of 62%), and the other categories (statistically equal to the EU average).

¹¹ The consumer satisfaction survey was held in all 25 countries that are member of the European Union, and covers 11 'service sectors of general interest': electricity supply, gas supply, water distribution, fixed telephony, mobile telephony, urban transport, extra-urban transport, air transport, postal services, retail banking and insurance services.

Table 4.36 Overall, to what extent are you satisfied with your mobile phone supplier? (% of respondents) ⁽¹⁾

	Satisfied	Dissatisfied
EU-25	65.9	4.1
Sex		
Male	65.5	4.0
Female	66.4	4.2
Age		
18-34	65.4	4.6
35-54	65.7	4.3
55+	67.0	3.1
Age when finished full time education		
15 or less	62.2	3.2
16-19	66.3	4.4
20 or more	67.4	3.9
Still studying	65.2	4.5
Occupation		
Self-employed	60.0	4.5
Manager	69.7	3.2
Other white collar	67.2	3.8
Blue collar	67.0	4.9
Student	63.9	4.2
House person	65.7	3.0
Unemployed	65.6	5.0
Retired	65.4	4.2

Source: Consumer satisfaction survey, Directorate-General of the European Commission for Health and Consumer Protection, 2006

⁽¹⁾ In each country, the target population was composed of people aged at least 18 years old and having used the service during the past 12 months; respondents have been asked to evaluate their overall satisfaction of the service by using a 10-point scale: the satisfied respondents are those who rated the service from 8, 9 or 10 on a scale from 1 to 10 and the dissatisfied ones rated the service 1, 2, 3 or 4 on a scale from 1 to 10.

4. Information Society

Operators in the new Member States enjoy a more positive image than in the EU-15. Indeed, for 80% their mobile provider has an overall good reputation in the market (against 66% in the EU-15). Amongst the new Member States, the Czech Republic, Hungary, Latvia, Lithuania, Malta, Slovakia and Slovenia are the countries where the highest proportion of users agreeing with this statement is observed (88% for the first, 80% for the last 3). In the EU-15, Germany ranks first (82%). Spain and Netherlands are the only countries in the EU-25 where less than 50% of people acknowledge the good reputation of their mobile phone operator (44% and 48% respectively).

Speaking of quality, users in the new Member States are also more satisfied of the services provided by their operator than in the EU-15 (80% for the first against 69% for the latter). The results by country are similar to what has been observed for the overall image. Dutch people are more satisfied with their supplier's quality of service (56%) than with its overall image in the market (48%). Italy and Spain are the only two countries where the lowest proportion of people satisfied with the overall quality of their mobile phone provider are found (47% and 43% respectively).

Most EU citizens happy with their mobile operator

Mobile phone users are relatively satisfied with their operator's prices (55% in the EU-25). This is especially the case in the new Member States (65% against 53% in the EU-15). At the individual country level, in countries such as Ireland, Cyprus, Poland, Denmark, Austria, Slovenia, Lithuania, Estonia, Finland, Latvia, Czech Republic, Hungary and Germany, the share of people who are satisfied with their operator's prices ranges from 60% to 77%. In 6 countries, this share falls down below 50%: Spain (26%), Italy (39%), the Netherlands (42%), France and Portugal (44% each) as well as Sweden (46%).

The level of commitment towards mobile telephone operators is rather high in the European Union. Indeed, 84% of consumers said they will still use their mobile telephone supplier in the next 12 months. In the new Member States there are 88% who say so. In Portugal, Greece, Latvia, Czech Republic and Hungary the level of commitment exceeds 90%. In Denmark, 76% said they will keep their provider but 15% will not, which is the highest score compared to the European average (7%). In Cyprus, almost a quarter could not make up their mind (24% of 'don't know' against a European average of 9%).

Most of the EU-25 consumers (88%) think that mobile telephone services are available for everybody in their country. In Greece and Ireland this is true for 98% and 96% of the users respectively. The lowest proportion of people agreeing with this statement is found in Cyprus (60%).

Speaking of competition, 89% of EU-25 users (90% in EU-15 and 86% in the new Member States) believe that it is possible to get what one wants from any mobile telephone supplier without having to be afraid to get less quality. Greeks (98%), Estonians (97%), Latvians and Britons (95% each), Dutch (94%), Germans and Portuguese (93%), Spaniards (91%) and Polish (90%) agree with this statement most whereas in Malta only 52% do so.

A lower proportion of EU-25 users (78% of EU25 against 77% in EU-15 and 82% in the new Member States) think that it would be easy to change from one operator to another. In France and Denmark it appears to be more difficult than in other countries as only 54% and 60% respectively said there are no barriers.

Comparing different operators' offers difficult in more developed markets

Only 50% of EU citizens said in the framework of Eurobarometer survey 65.3 that it was easy to compare offers from different mobile phone operators and, in Greece and in Malta, this reaches 75% and 73% of the poll (see Table 4.37). In fact, in Greece, nearly half (47%) of those surveyed said this exercise was 'very easy'.

However, while 13% of Europeans, including 25% in Cyprus and 24% in the UK, were unable to give an answer to this question, a very substantial 38% of the poll found the process difficult. This includes particularly high figures of 58% in Denmark and 63% in Sweden. As these last two countries are two of the most abundant users of mobile telephony, with a take-up rate of 96% compared with an EU average of 85%¹², it is interesting that price comparisons seem more difficult in well-developed and competitive markets. This argument gains further weight from the fact that the countries which saw the highest proportion of their polls saying that price comparison was 'very difficult' were again Denmark (30%) and Sweden (27%) compared with an EU-25 average of just 14%.

¹² According to the same survey, where usage rate is valued among EU citizens having access to mobile telephone services, that is to say 92% of the population surveyed.

Table 4.37 In general, how easy do you find it to compare offers from different mobile telephone providers? (% of respondents)

	EU-25	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV
Easy	50	40	69	31	39	66	75	56	34	69	52	66	59
Very easy	18	14	32	10	16	28	47	12	10	27	17	29	17
Fairly easy	32	26	36	20	24	39	28	44	24	41	35	37	42
Difficult	38	54	25	58	53	16	22	26	54	14	41	10	23
Fairly difficult	24	36	18	28	32	13	14	19	34	10	24	7	18
Very difficult	14	18	7	30	21	2	9	7	20	4	17	2	5
Do not know	13	6	6	11	8	18	3	18	12	17	7	25	18

	LT	LU	HU	MT	NL	AT	PL	PT	SI	SK	FI	SE	UK
Easy	60	54	56	73	39	55	62	71	70	72	46	27	55
Very easy	20	25	19	24	15	27	22	20	23	28	17	7	23
Fairly easy	40	28	36	49	24	28	40	51	47	44	29	20	32
Difficult	28	31	30	6	47	34	25	14	19	24	45	63	21
Fairly difficult	18	22	21	5	26	24	17	12	16	17	29	36	14
Very difficult	10	9	9	1	21	10	8	2	3	7	16	27	7
Do not know	12	16	14	21	14	11	13	15	11	4	8	11	24

Source: Eurobarometer 65.3, European Commission, 2006

Young people are prolific users of mobile phones and it is probably this factor which means that 70% of young people aged 15-24 found price comparison easy compared with just 32% of those aged 55 or more (see Table 4.38).

As education levels rose, the task also appeared to get easier, 38% of those who had left school aged 15 or less

considered price comparison easy compared with 53% of those educated to age 19 and 48% of those educated to age 20 or beyond.

When youth and education are combined, the effect is even more striking and 71% of those still studying state that a price comparison exercise was easy.

Table 4.38 In general, how easy do you find it to compare offers from different mobile telephone providers? (% of respondents)

	Easy	Very easy	Fairly easy	Difficult	Fairly difficult	Very difficult	Do not know
EU-25	50	18	32	38	24	14	13
Age							
15-24	70	29	41	26	20	6	4
25-39	61	23	39	34	24	10	4
40-54	49	17	32	43	26	17	8
55+	32	9	22	41	23	19	27
Age when finished full time education							
15 or less	38	12	27	37	21	16	24
16-19	53	19	34	37	25	12	10
20 or more	48	18	30	45	27	18	7
Still studying	71	30	40	26	20	6	4

Source: Eurobarometer 65.3, European Commission, 2006

4. Information Society

Overall, 29% of EU-25 mobile telephone users had looked at the option to change provider (see Table 4.39). What, however, emerges is the enormous variation on a country-by-country basis. In Finland, more than half (52%) of mobile phone users had considered this action and 40% of Danes gave the same reply. At the other end of the scale, figures of just 7% are noted in Portugal, 10% in Malta and 14% in Cyprus. This might be explained by the extent of competition in these countries.

Making up the group of people who had actually switched mobile provider over the past two years is a substantial figure of a quarter (24%) of EU-25 citizens. Of these, 20% said the switching process was easy and this figure includes nearly a third (29%) of Danes and Austrians, and a substantial 47% of Finns. This means that in one of the EU's most developed mobile phone markets virtually half of

mobile telephone users have changed operator without problem in the past 24 months. Making up the 4% of citizens who have switched but who said that the process was difficult were figures of twice the EU average, i.e. 8% in Denmark, Italy and the Netherlands.

Younger people who are highly active users of mobile phones were more prone to switching and 37% of 15-24 year olds have considered doing this as opposed to just 19% of those aged 55 or more.

As education levels rose, the likelihood of switching provider also increased. Accordingly, 23% of the least educated group had considered this option compared with 32% of those educated to age 20 or beyond and 36% of those still studying where age and education come together to increase this offer.

Table 4.39 Have you tried/thought about switching your mobile telephone provider in the last two years?
(% of respondents using mobile telephone services)

	EU-25	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV
Yes	29	28	21	40	34	26	25	23	29	26	31	14	18
Yes, you switched and it was easy	20	20	17	29	24	21	23	14	16	22	18	10	13
Yes, you switched but it was difficult	4	4	2	8	4	3	2	6	6	2	8	-	1
Yes, you tried to switch but you gave up due to the obstacles you faced	4	4	1	3	5	2	1	3	7	2	5	3	3
No	69	71	79	59	64	70	75	76	69	71	67	86	80
No, you did not try because you are not interested in switching	62	62	68	49	53	67	70	72	58	59	60	83	73
No, you did not try because you thought it might be too difficult	7	9	10	9	11	4	5	4	10	12	7	3	7
Do not know	2	1	0	1	3	4	-	1	2	3	2	0	2

	LT	LU	HU	MT	NL	AT	PL	PT	SI	SK	FI	SE	UK
Yes	31	26	17	10	37	34	25	7	16	15	52	32	30
Yes, you switched and it was easy	24	22	14	9	25	29	20	3	10	11	47	26	24
Yes, you switched but it was difficult	3	2	2	1	8	3	1	1	2	1	3	4	2
Yes, you tried to switch but you gave up due to the obstacles you faced	4	1	1	0	5	2	4	2	4	3	2	2	3
No	68	73	82	89	62	62	73	92	83	83	48	67	69
No, you did not try because you are not interested in switching	64	65	77	83	57	57	68	82	80	76	45	60	64
No, you did not try because you thought it might be too difficult	4	8	6	7	4	5	5	10	3	8	3	7	5
Do not know	1	1	0	1	1	4	2	1	1	1	0	1	1

Source: Eurobarometer 65.3, European Commission, 2006

According to Table 4.40, 63% of EU-25 citizens who are using the service believe that the terms and conditions of their contract with their mobile telephone service provider are fair and particularly high levels of satisfaction are noted in Finland (88%), Denmark (85%) and Cyprus (82%). At the other end of the scale are the views of French and Italian mobile users where only 42% and 45% respectively hold this opinion.

Knowledge of these terms and conditions appears to be relatively low in certain Member States, with 19% of the Dutch and 18% of Estonians admitting that they either did not know or they did not understand the terms and conditions of their contract. These figures can be compared with an average figure across the Union of 9%.

Table 4.40 In general, would you say that the terms and conditions of your contract with your mobile telephone service provider are fair or unfair? (% of respondents using mobile telephone services)

	EU-25	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV
Fair	63	74	74	85	72	70	68	51	42	83	45	82	70
Unfair	28	21	17	8	21	12	30	33	51	7	48	8	15
Do not know	9	4	9	7	7	18	2	16	7	10	7	10	15
	LT	LU	HU	MT	NL	AT	PL	PT	SI	SK	FI	SE	UK
Fair	66	73	68	70	69	81	48	72	78	80	88	78	80
Unfair	20	19	20	14	12	7	41	17	14	16	8	9	11
Do not know	14	8	12	16	19	12	11	11	9	4	4	13	9

Source: Eurobarometer 65.3, European Commission, 2006

Young people more inclined to complain

Just 12% of EU-25 citizens had complained about the services provided by their mobile telephone operator in the past two years and 90% of this group had channeled their complaint directly to the service provider rather than to a complaint handling body. Relatively high levels of complaint were seen in the UK, Austria and Italy where this group made up 15% of their country's poll while slightly higher figures of 16% were seen in Finland and Sweden (see Table 4.41).

Younger people were more inclined to complain and making up the 12% EU-25 average were 15% of those

aged 15-24 compared with just 7% of those aged 55 or more (see Table 4.42).

There was also a marked increase in complaint level by level of education. While just 7% of those educated to age 15 voiced a complaint, this figure doubled to 14% amongst those educated to age 20 or more.

While there were no noticeable changes by household composition, the self-employed (18%) and managers (16%) were the most vociferous by occupation, while smaller figures were observed amongst manual workers (10%), house persons (9%) and the retired (7%).

4. Information Society

Table 4.41 In the last two years, have you personally made a complaint about any aspect of mobile telephone services? (% of respondents using mobile telephone services)

	EU-25	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV
Yes	12	6	10	14	14	6	7	11	6	7	15	5	5
No	88	94	90	85	86	93	93	87	93	93	84	95	94
Do not know	1	-	0	1	0	0	-	1	0	1	1	0	1

	LT	LU	HU	MT	NL	AT	PL	PT	SI	SK	FI	SE	UK
Yes	7	2	9	9	11	15	11	5	6	11	16	16	15
No	93	98	90	91	89	84	88	94	94	88	84	84	85
Do not know	0	1	0	0	-	2	1	1	-	1	0	0	0

Source: Eurobarometer 65.3, European Commission, 2006

Table 4.42 In the last two years, have you personally made a complaint about any aspect of mobile telephone services? (% of respondents using mobile telephone services)

	Yes	No	Do not know
EU-25	12	88	1
Age			
15-24	15	84	1
25-39	14	86	0
40-54	11	88	1
55+	7	92	1
Age when finished full time education			
15 or less	7	92	1
16-19	12	88	1
20 or more	14	86	0
Still studying	13	86	1
Occupation			
Self-employed	18	82	1
Manager	16	84	0
Other white collar	13	87	0
Manual worker	10	89	1
House person	9	90	1
Unemployed	11	89	0
Retired	7	92	1
Student	13	86	1

Source: Eurobarometer 65.3, European Commission, 2006

Protection of consumer interests: 20% don't know the situation

Across the European Union, only 51% of the surveyed citizens believed that consumer interests were well-protected in the area of mobile telephone services (see Table 4.43). This is not a particularly strong figure as only 44% of EU-25 citizens believed that consumer interests were fairly well protected and just 7% said that they were very well protected. In addition, a relatively large proportion

(19%) said that they did not know the true situation on this issue. Citizens of Luxembourg and Cyprus, however, held positive views on this issue which led to 73% and 74% respectively of these countries' participants stating that they believed consumers' interests to be well-protected. In France and Greece, however, citizens believe that consumer interests are badly protected and this view is held by 44% of the French and 42% of the Greek. Contributing to the EU-25 average of 19% of the persons surveyed who did not give an answer to this question were 29% of Lithuanians.

Table 4.43 In general, how well do you think consumers' interests are protected in respect of mobile telephone services? (% of respondents)

	EU-25	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV
Well	51	66	63	57	46	66	53	30	40	65	48	74	59
Very well	7	11	11	15	6	12	5	1	4	12	6	17	7
Fairly well	44	55	52	42	40	54	48	30	36	54	42	57	52
Badly	31	25	23	27	36	11	42	39	44	13	40	11	23
Fairly badly	23	20	18	23	28	10	29	30	32	8	27	8	19
Very badly	8	5	4	4	9	2	13	9	12	5	12	3	4
Do not know	19	9	14	16	18	23	5	31	16	21	12	15	18

	LT	LU	HU	MT	NL	AT	PL	PT	SI	SK	FI	SE	UK
Well	51	73	57	68	57	66	55	54	67	70	72	55	61
Very well	7	20	8	11	10	14	6	6	5	15	9	8	10
Fairly well	43	53	49	57	47	52	50	48	62	54	64	47	51
Badly	21	13	17	15	23	14	19	21	23	21	18	24	18
Fairly badly	15	11	12	12	19	11	16	19	20	18	16	21	14
Very badly	6	2	5	3	5	3	3	2	4	3	2	4	4
Do not know	29	14	26	17	20	20	25	25	10	10	10	21	21

Source: Eurobarometer 65.3, European Commission, 2006

From a socio-demographic perspective, the issue of information/education comes out very strongly on this issue concerning the protection of consumers' interests. The 'don't know' factor amongst people aged 55 or more at 34% is just three points away from the 31% noted amongst those who had left school aged 15 or less (see Table 4.44). In a similar way, the 14% 'don't know' factor amongst those educated to age 20 or more and the 10% figure for those still studying is very close to the 11% noted amongst those aged 15-24. This is a powerful indicator that older people - perhaps through lack of interest and thereby information - have a large percentage of their number who are not well

informed on this question and a similar proportion is noted amongst those where the lack of education is a probable driver for these high figures.

The 'don't know' factor amongst men is 16% compared with 22% amongst women.

There are substantial variations on the 'don't know' responses to this question by occupation. While 10% of managers and white-collar workers gave this response, it rises to 24% of house persons and 36% of the retired.

4. Information Society

Table 4.44 In general, how well do you think consumers' interests are protected in respect of mobile telephone services? (% of respondents)

	Well	Very well	Fairly well	Badly	Fairly badly	Very badly	Do not know
EU-25	50	7	44	31	23	8	19
Sex							
Male	52	7	45	33	24	8	16
Female	49	7	42	29	22	7	22
Age							
15-24	65	11	53	25	20	5	11
25-39	56	7	49	34	26	8	10
40-54	49	6	43	37	27	10	14
55+	40	5	35	26	19	7	34
Age when finished full time education							
15 or less	41	5	36	28	20	8	31
16-19	53	7	46	31	23	8	16
20 or more	49	6	43	37	29	9	14
Still studying	66	11	54	24	20	4	10
Occupation							
Self-employed	46	6	40	41	27	14	14
Manager	53	5	48	37	29	8	10
Other white collar	56	6	50	34	26	8	10
Manual worker	54	8	46	33	24	8	13
House person	47	6	40	29	21	9	24
Unemployed	55	8	47	30	24	6	15
Retired	39	5	34	25	19	6	36
Student	66	11	54	24	20	4	10

Source: Eurobarometer 65.3, European Commission, 2006

SUBSTITUTION

According to the Eurobarometer survey (64.4 - E-Communications Household Survey) carried out in 2006, almost everybody has telephone access from the home location (either via a fixed or mobile phone) but the proportion of households having both fixed and mobile access at home is considerably lower (61% at EU-25 level). It appears that 18% of households still only have fixed access. To complement that picture, it is interesting to examine the share of households that only have mobile telephone access.

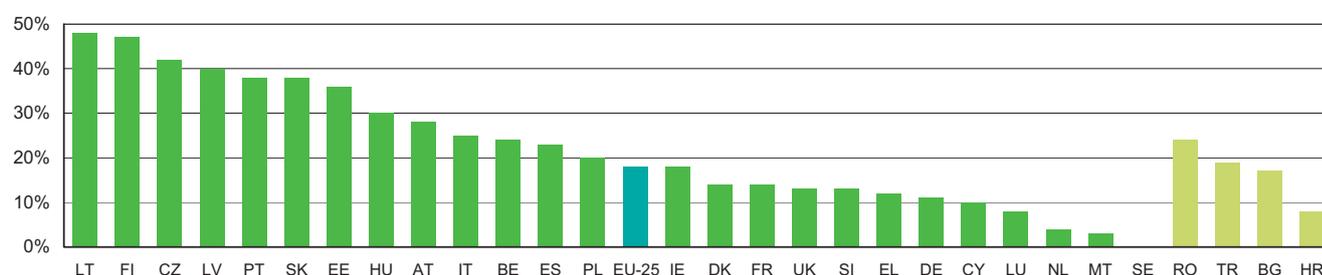
At European level, 18% of households stated they had access to one or several mobile phones but no fixed telephone access (the remaining 3% stated not having fixed nor mobile telephone access). The highest figures for households having mobile phone access only and no fixed telephone access were observed in Lithuania and Finland (see Figure 4.45). Results are also relatively high in the

Czech Republic, Latvia, Portugal and Slovakia where around four in ten households gave the same response. All these countries have overall telephone access rates below the EU average to the exception of Finland where penetration reaches 100%.

On the other hand, not even one in ten households in Sweden, Malta, the Netherlands and Luxembourg are mobile-only users. However, these countries rank highest for the proportion of households having both fixed and mobile access.

In the European countries that are not (yet) EU Member States, the proportion of households only having mobile phone access at home is more or less in line with the EU-25 average. Only in Croatia there are fewer households having only mobile access.

Figure 4.45 Percentage of households having mobile telephone access but no fixed telephone access



Source: Eurobarometer 64.4 (E-Communications Household Survey), European Commission, 2006

Sticking to fixed line because of Internet

Households with a fixed line were also surveyed to analyse their price sensitivity to mobile substitution. They were asked if they would give up their landline if they could use a mobile phone at the same price as the fixed line for local and national calls.

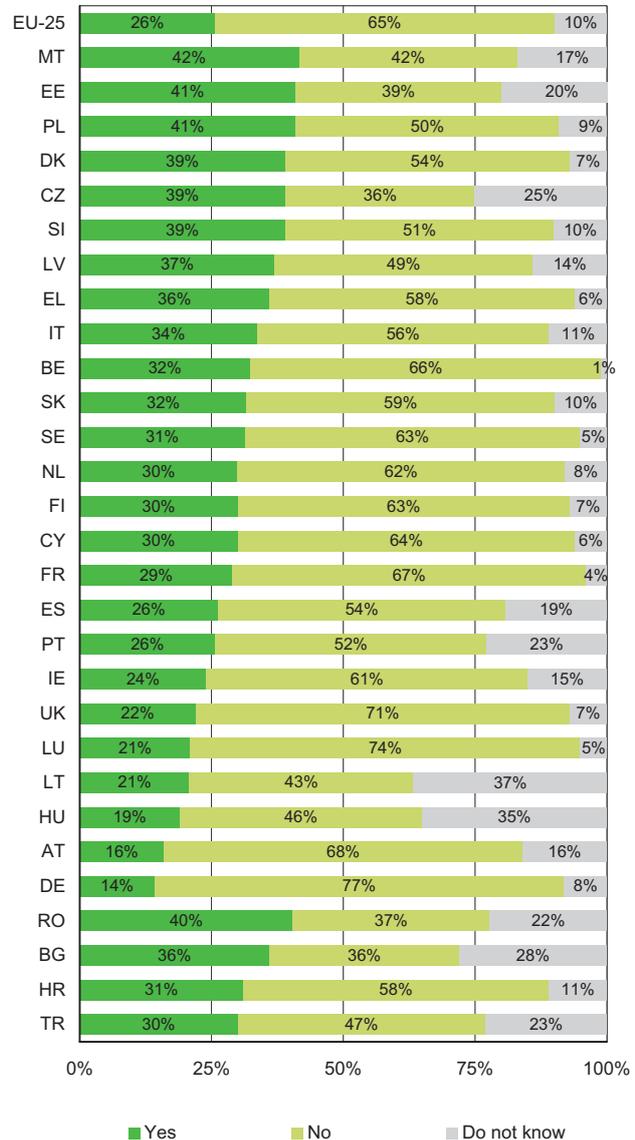
Overall in Europe, one in four households would give up its landline if mobile phone charges were at the same level. In Malta, Estonia and Poland, as many as four in ten households would give up their fixed line (see Figure 4.46).

At the other end of the scale, with figures of more than seven out of ten, the 'no' response prevails in Germany, Luxembourg and the United Kingdom.

The reasons for this negative response would require complementary data gathering and analysis. Even if access to the Internet is cited by 26% of households as a reason to hold on to their fixed line, it should be noted that it is not the most important reason. Only in Denmark, the United Kingdom, Italy, Latvia, Lithuania, Estonia and the Czech Republic it is this reason the most frequently cited one. Unfortunately, the survey did not offer answers allowing differentiating the reasons other than those of ensuring Internet access.

Respondents were also asked to give their personal opinion about mobile telephony. They were asked to cite what was, in their view, the most important benefit of mobile telephony.

Figure 4.46 If your household could use mobile phone(s) at home at the same price as your fixed telephone for local and national calls, would your household give up its landline? (% of households surveyed)



Source: Eurobarometer 64.4 (E-Communications Household Survey), European Commission, 2006

Ability to call 'when something goes wrong' most important

At EU-25 level, a vast majority of respondents feels that mobile telephony has improved their lives. Underlining the subjective importance of mobile telephony, one-third of EU-25 respondents indicated that they have the security of knowing that they can make calls from anywhere if things go wrong. Another third of those surveyed indicated they have the possibility to be contacted everywhere at any time. Two in ten also mentioned the possibility of having the freedom to make calls when they are out and about.

The security aspect is cited by a majority of respondents in Luxembourg, Cyprus,

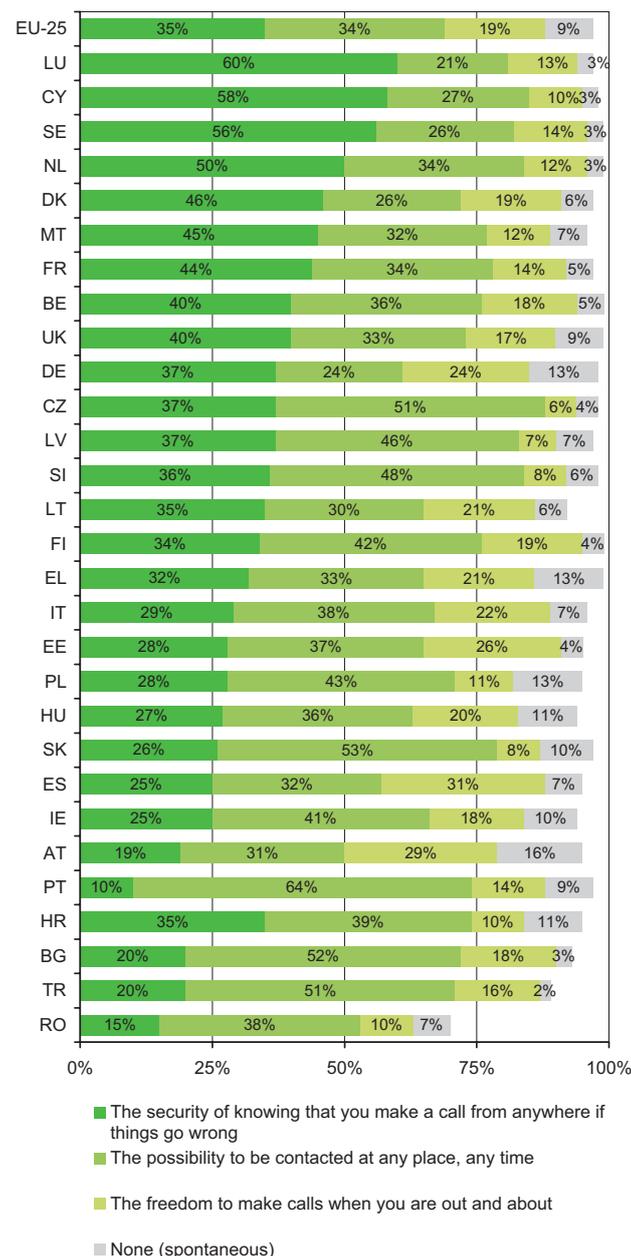
Sweden and the Netherlands (see Figure 4.47). It is also the most frequently mentioned answer in Denmark, Malta, France, Belgium, the United Kingdom, Germany and Lithuania.

In Portugal, Slovakia and the Czech Republic, a majority agrees on the benefit of being contacted at any place at any time. Also among Slovenians, Latvians, Poles, Finns, Irish, Italians, Estonians and Hungarians, this is seen as the most important benefit of mobile telephony.

In Greece, an equal proportion of respondents cited both benefits whereas, in Spain and Austria, respondents tended to refer more often to the possibility of being contacted anywhere and the freedom to make calls when they are out and about.

The possibility to be contacted at any place, any time tops the ranking in all four non-EU Member States.

Figure 4.47 With respect to mobile phones, which of the following is the main benefit for you? (% of households surveyed)



Source: Eurobarometer 64.4 (E-Communications Household Survey), European Commission, 2006

4.3^{INTERNET}

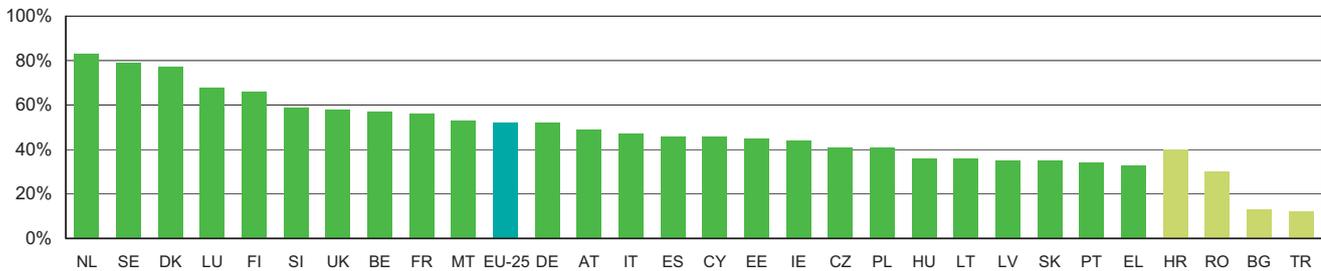
ACCESS AND USAGE

Since 97% of EU-25 households access the Internet via a computer. Internet access via other means is relatively rare (6% via mobile phone, 2% via television)¹³. Hence, an examination of figures on the penetration of PCs in households by country is interesting.

As can be seen in Figure 4.48, Dutch households appear to be the best equipped. They are followed closely by Swedish and Danish households. In these three countries, more than seven in ten households have a personal computer.

In addition, more than half of the households in Luxembourg, Finland, Slovenia, the United Kingdom, Belgium, France, Malta and Germany have a personal computer. This means also that in 14 European Union countries, the penetration rate of personal computers is under the 50% mark. The lowest rates are observed in Greece, Portugal, Slovakia and Latvia.

Figure 4.48 Percentage of households having at least one computer, 2006



Source: Eurobarometer 64.4 (E-Communications Household Survey), European Commission, 2006

¹³ Results of the Eurobarometer survey 64.4 on residential use of e-communications conducted by the European Commission in 2006.

Households with Internet: Slovenia the only new Member State higher than EU-15 average

A computer at home does not necessarily mean that these are hooked up to the Internet. Figure 4.49 depicts the proportion of households with Internet at home. The Netherlands, Sweden and Denmark top the ranking. In Luxembourg, Finland and the United Kingdom, more than 50% of households have Internet access from home.

Among the new Member States, Slovenian households are the best off with 45% of them with Internet access at home. This is 3 points more than the EU-15 average. Other new Member States are found at the bottom of the ranking, together with two EU-15 Member States, Portugal and Greece.

31% of Croatian households have Internet access, but households in Turkey, Bulgaria and Romania lag far behind.

Internet penetration can be high despite narrowband

Regarding households' means of access to the Internet, Figure 4.50 compares narrowband penetration rates with broadband penetration rates. Overall, a majority of household's internet accesses in Europe are now broadband. Indeed, broadband Internet penetration rate is 23% among EU-25 households whereas narrowband Internet penetration rate is 16%.

As might be expected broadband access is more established in those countries with higher Internet penetration rates. However this is not the case in Luxembourg, Slovenia and Germany, countries that have Internet penetration rates above the EU-25 average. In these three countries narrowband access is still prevalent.

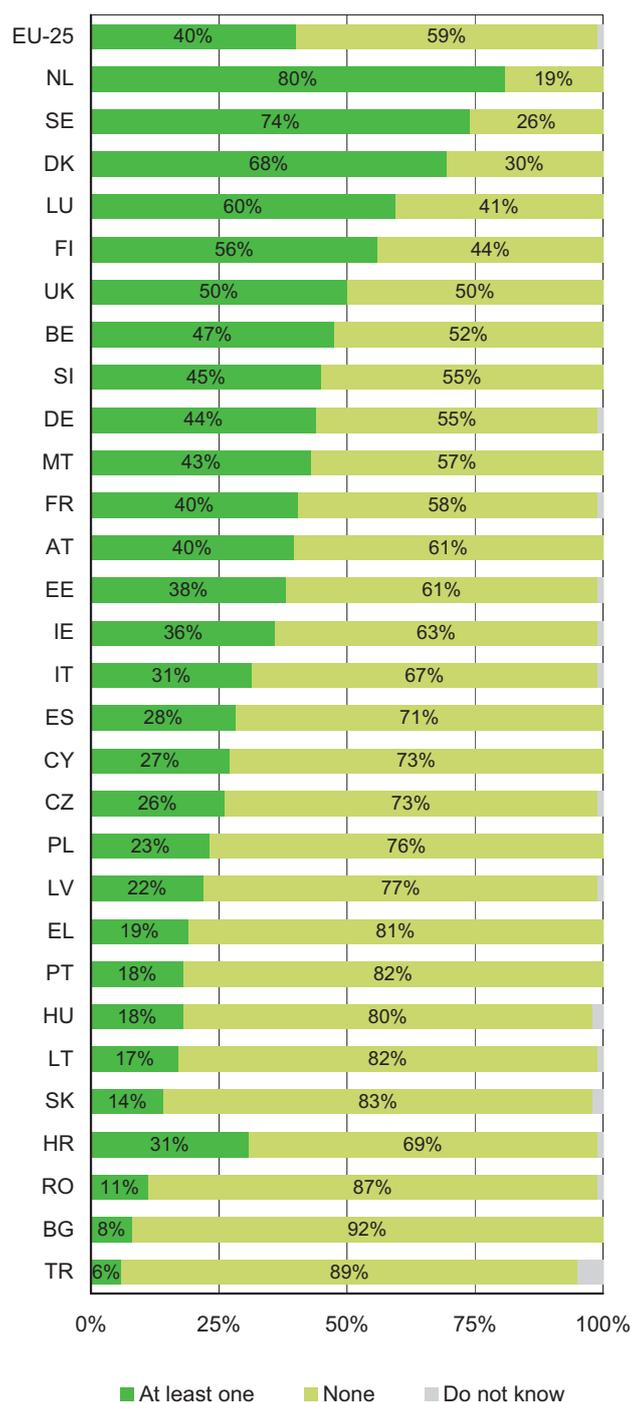
The penetration rate of narrowband Internet access was also higher than average in the Netherlands and Sweden, but this is due to the fact that in these countries the level of overall Internet access is very high.

It is also clear that among the EU-25 countries, narrowband is still the far most important connection mode in Greece, Ireland, Cyprus and Italy whereas the share of narrowband access within total Internet access remains very high in the Czech Republic and Slovakia.

In countries where broadband is well established, the ADSL (Asymmetric Digital Subscriber Line) connection is still used by a majority. In France, Internet connection in homes is by means of ADSL for eight in ten households. The cable TV network, on the other hand, is more widespread in Latvia, Lithuania, Poland and Portugal, as well as in Bulgaria and Romania.

The standard narrowband connection via dial-up line is used by a majority in Ireland, Croatia, Greece, Cyprus, Italy, Slovenia and the Czech Republic.

Figure 4.49 Percentage of households with internet access at home, 2006



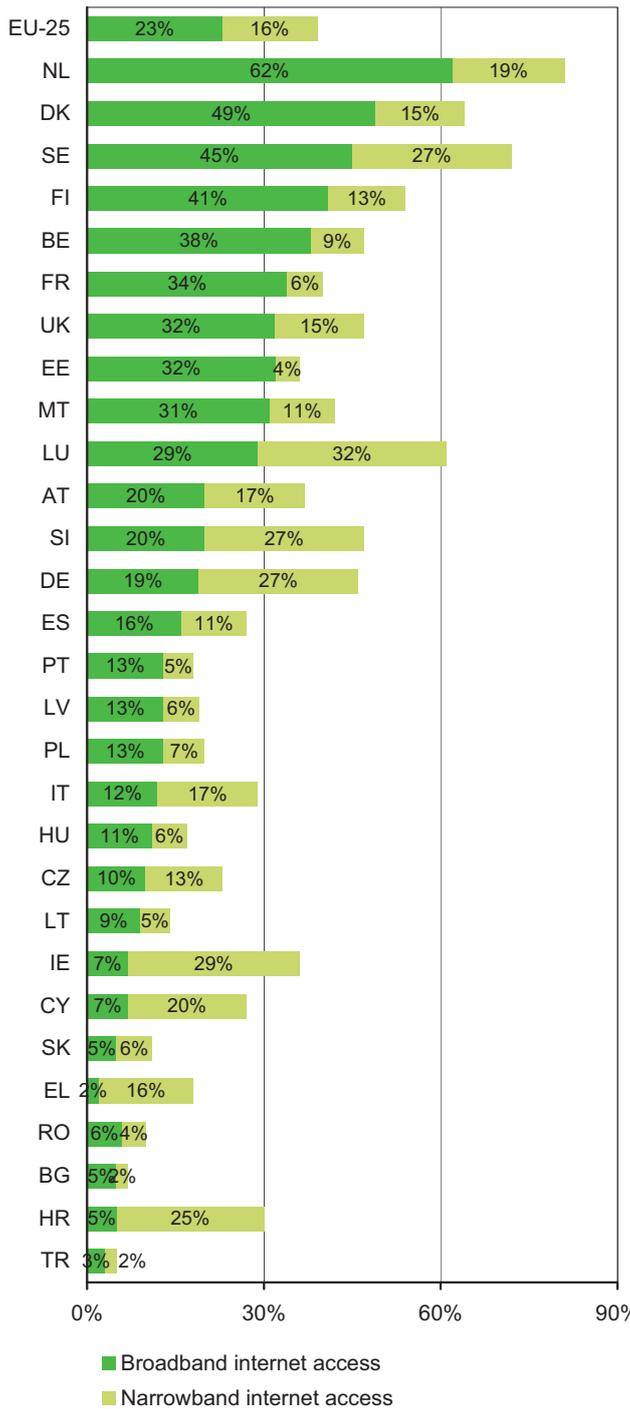
Source: Eurobarometer 64.4 (E-Communications Household Survey), European Commission, 2006

Finland: 4% access the Internet via the mobile network

The case of Finland deserves particular attention since 47% of Finnish households indicate that they are 'mobile only'. How do they access the Internet? Results show that 57% of 'mobile only' households have an Internet access at home. From these, 69% access the Internet through ADSL, 14% through cable TV, 11% via a dial-up connection using a standard telephone line or ISDN and 4% via the mobile network.

4. Information Society

Figure 4.50 Internet: narrowband penetration rates and broadband penetration rates, 2006 (% of households)



Source: Eurobarometer 64.4 (E-Communications Household Survey), European Commission, 2006

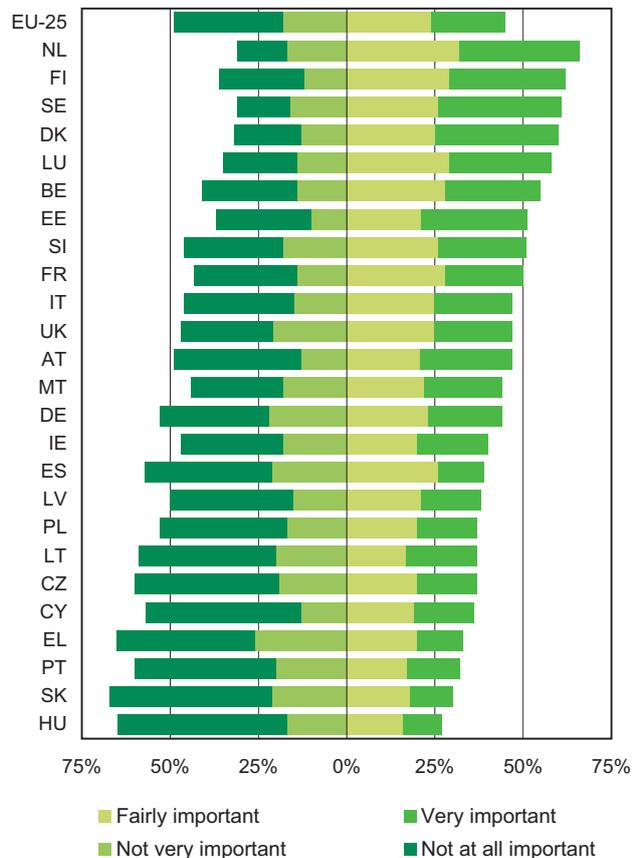
According to a recent Eurobarometer survey, opinion was fairly evenly divided across the EU-25 as to the importance of the internet (both dial-up and broadband) in people's daily lives. 49% of the surveyed persons said it was not important while 45% took the contrary view with a further 6% not giving an answer (see Figure 4.51). The highest percentages in the 'not important' camp were predominantly from new Member States with figures of 67% in Slovakia, 66% in Hungary, 65% in Greece, 60% in Portugal and 60% in the Czech Republic.

Internet 'very important in daily life' for a third of Scandinavians

At the other end of the scale, it was primarily citizens in the northern EU-15 Member States who considered that the Internet was an important part of their daily lives and figures of 66% were noted in the Netherlands, 62% in Finland, 61% in Sweden, 60% in Denmark and 58% in Luxembourg. This pattern is amplified when limiting the view to the proportion who answered 'very important': figures of 35% are seen in Sweden and Denmark, 34% in the Netherlands and 33% in Finland. High 'don't know' factors of 13% were observed in Ireland and Malta.

Amongst actual Internet users, the results are, however, significantly different. 76% think that it is important in their life (69% of the dial-up Internet users, and 80% of broadband Internet users).

Figure 4.51 Please tell me how important are Internet services, be they dial-up or broadband, in your daily life? I mean in order for you to work, shop, contact friends/family, etc. It is... (% of respondents)



Source: Eurobarometer 65.3 (Consumers' opinions of services of general interest), European Commission, 2006

SATISFACTION AND PRICES

In addition to the above findings as regards households' means of access to the Internet, it is also possible to provide some explanation as to why narrowband is still such a widespread means of Internet access. Indeed, households with narrowband access were asked to indicate why they do not have broadband Internet access in the framework of Eurobarometer survey 64.4 (e-communications household survey). Interestingly the most frequently cited reason is the price of broadband (22%). An almost equal proportion of households indicated that they are satisfied with the current speed of their dial-up connection (20%) as who cited that they do not use the Internet enough. 14% of European households indicated that their area is not covered by broadband technology. Lastly, 13% of households plan to subscribe to broadband within the next two months.

Broadband could tempt more households, if cheaper or bundled with other services

Respondents living in households connected to the Internet through narrowband were then asked what factors might influence them to switch to broadband. Almost half of the respondents would be willing to change to broadband Internet if they could do so without paying fixed telephone line rental charges. About the same proportion would switch to broadband if the service was 20% cheaper, whereas only one in three would switch if broadband was 10% cheaper. Furthermore, one in three seems to favour a package offering Internet and television channels.

Similarly, respondents living in households with a broadband Internet access were requested for their personal view regarding a switch to more satisfactory services. A package of television services and the Internet could probably persuade 31% of respondents to switch services, while a package of mobile telephony services and the Internet could attract 28% of them. 25% of respondents were in favour of keeping the broadband Internet service but dropping the fixed telephone service. When offered a

list of statements regarding an upgrading of the broadband service to an even higher speed service, 38% would be willing to have the higher speed service without having a telephone line. One in three would switch to higher speed broadband if they could buy the service as part of a package, together with television channels. However, the issue of price appears to provoke some reluctance: only 10% of respondents would switch to higher speed broadband if the service was 20% more expensive than the current one. This proportion rises to 19% if the service was 10% more expensive.

General consensus in the EU concerning Internet affordability

Respondents to Eurobarometer survey 65.3 on consumers' opinions of services of general interest who said that they were users of Internet services were asked whether they thought the service is affordable or not. There was a general consensus across the European Union amongst users that Internet services, be they dial-up or broadband, were affordable and this was a view held by 80% of those surveyed. In this respect, there is no difference between dial-up and broadband users. In fact, in Greece and Lithuania, this is an opinion voiced by 90% of users and figures of 89% are seen in both the United Kingdom and Germany (see Table 4.52).

While, on average, only 9% of internet users throughout the European Union see the services as being not affordable, a different view on pricing is taken by Cypriots, Finns (19% for both) and Poles (29%).

Despite figures of 20% in Malta, 16% in Poland and 13% in Italy and Hungary, a minimal 6% of the total EU internet user survey said that they thought prices were excessive.

Compared with a EU-25 4% average, high 'don't know' factors were present in Poland (10%) and Ireland (15%).

4. Information Society

Table 4.52 In general, would you say that the price of Internet services is affordable or not?
By that, I mean that I would like to know if you are able to afford the services you need.
(% of respondents using Internet services, be they dial-up or broadband)

	EU-25	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV
Affordable	80	82	80	80	89	70	90	75	82	69	73	71	75
Not affordable	9	10	6	6	4	14	7	17	11	8	11	19	12
Excessive (spontaneous)	6	6	10	5	4	7	3	5	3	8	13	5	6
Do not know	4	3	3	9	2	9	0	2	4	15	4	5	7

	LT	LU	HU	MT	NL	AT	PL	PT	SI	SK	FI	SE	UK
Affordable	90	79	73	64	85	86	46	69	84	78	74	76	89
Not affordable	5	7	7	12	2	3	29	14	5	7	19	16	6
Excessive (spontaneous)	2	8	13	20	9	7	16	8	10	6	3	2	2
Do not know	3	6	6	5	5	5	10	8	2	9	4	5	3

Source: Eurobarometer 65.3 (Consumers' opinions of services of general interest), European Commission, 2006

Respondents who, although having access to Internet services do not use them, were then asked their views on the affordability of the service, i.e. their ability to pay for it. By asking this question, those EU citizens who do not use the service for purely economic reasons can be identified. The sample size here is relatively small and in some countries it is less than 100 but, nevertheless, analysis on a country-by-country basis is undertaken. However, readers should be aware that the sample is still relatively small and that caution should be exercised in interpreting this data.

Across the European Union, 38% of the persons who had access to the Internet but had not taken up the service said that the reason was not financial as it was affordable to them (see Table 4.53). In this group, particularly high figures were seen in the United Kingdom (50%) and in

Luxembourg and Slovenia (both 51%). A substantial third of this group of persons having access but not taking up the service (34%), however, appeared to be uncertain as to the price of connecting to the internet and gave a 'don't know' response. Particularly high figures in this group were noted in Latvia (63%), Ireland (60%) and Finland (58%).

Financial constraints were, however, observed in part of the survey and 21% said that the price of Internet connection was not affordable and figures as high as 38% were noted in Greece and Slovakia. Additionally, 8% of the EU-25 citizens involved in this segment of the survey deemed the price of Internet connection to be excessive and this figure reaches 25% in Slovakia. Ultimately, it is noted that three out of ten Europeans are excluded from using the Internet because they cannot afford to be connected.

Table 4.53 In general, would you say that the price of Internet services is affordable or not?
By that, I mean that I would like to know if you are able to afford the following services.
(% of respondents having access to dial-up or broadband Internet services but not using any)

	EU-25	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV
Affordable	38	48	35	38	37	25	39	45	47	17	41	26	15
Not affordable	21	16	31	8	19	21	38	22	16	18	21	12	11
Excessive (spontaneous)	8	4	12	2	6	4	11	5	5	6	9	7	11
Do not know	34	32	21	53	37	50	13	28	32	60	29	56	63

	LT	LU	HU	MT	NL	AT	PL	PT	SI	SK	FI	SE	UK
Affordable	41	51	31	30	44	32	17	23	51	23	28	31	50
Not affordable	31	7	16	15	5	31	19	29	22	38	15	13	13
Excessive (spontaneous)	7	3	12	7	10	11	14	11	6	25	-	-	0
Do not know	21	39	41	48	42	26	49	37	21	15	58	55	37

Source: Eurobarometer 65.3 (Consumers' opinions of services of general interest), European Commission, 2006

Virtually half (47%) of 15-24 year olds who were not using Internet said that they could however afford it while this figure falls to just 30% of those aged 55 or more (see Table 4.54). Whether these youngest respondents would pay the bill themselves or would have it paid by their parents remains unclear...

Almost identical figures are seen when these data are broken down by level of education with 30% being able to

pay for the service amongst those who left school at 15 and 47% amongst those educated to age 20 or more.

In both these groups (those aged 55 or more and those educated to age 15 or less), there are high 'don't know' figures of 46% and 42% respectively. These categories have possibly an interest in the internet lower than younger and/or better educated groups.

Table 4.54 In general, would you say that the price of Internet services is affordable or not?
By that, I mean that I would like to know if you are able to afford the following services.
(% of respondents having access to dial-up or broadband Internet services but not using any)

	Affordable	Not affordable	Excessive (spontaneous)	Do not know
EU-25	38	21	8	34
Sex				
Male	40	22	8	29
Female	35	20	8	37
Age				
15-24	47	21	10	22
25-39	44	22	8	26
40-54	38	23	10	29
55+	30	18	6	46
Age when finished full time education				
15 or less	30	22	6	42
16-19	39	20	10	32
20 or more	47	18	7	28
Still studying	46	25	10	19
Occupation				
Self-employed	38	19	11	32
Manager	49	14	8	29
Other white collar	49	18	9	23
Manual worker	41	22	9	29
House person	37	19	5	39
Unemployed	37	28	9	26
Retired	28	19	6	46
Student	46	25	10	19

Source: Eurobarometer 65.3 (Consumers' opinions of services of general interest), European Commission, 2006

Competition not limited to telephony

With the progressive liberalisation of telecommunications, consumer choice has expanded at a rapid pace over the past decade. A number of new communications providers (as opposed to incumbent, national providers) have entered the EU market (see Table 4.55) and started to compete on price and service, increasingly attracting households with bundled packages (see next section).

It is important that in a well-operating free market it is easy for consumers to compare prices. In the area of Internet, a first stumbling block would appear to be the fact that there are high levels of 'don't know' - answers: 27% of EU-25 respondents to Eurobarometer survey 65.3 on consumers' opinions of services of general interest (see Table 4.56). However, it should be remembered that usage of broadband, although growing rapidly, still reaches just 47% of citizens across the Union and dial-up just 28% i.e. a total of 75% of EU citizens. In the light of these figures, the 27% 'don't know' factor may be seen as being relatively small.

Generally, European citizens found it easy (43%) rather than difficult (30%) to compare offers from different internet service providers be they dial-up or broadband.

Comparing offers of providers considered very difficult by 16% in Germany and Denmark

Greeks (26%) and Czechs (22%), in fact, found the process very easy compared with 19% of Slovaks and 16% of Germans and Danes who found the exercise very difficult compared with an EU-25 average of 11%.

Table 4.55 Number of Internet service providers, 2004 (units)

BE	92
CZ ⁽¹⁾	2 934
DK	49
DE	900
EE	135
EL	170
ES ⁽²⁾	672
FR	34
IE	20
IT ⁽³⁾	333
CY	15
LV	129
LT	98
LU	32
HU	100
MT	15
NL	:
AT	270
PL	108
PT	30
SI	61
SK	211
FI	120
SE	150
UK ⁽³⁾	700
BG	200
HR	14
RO	515
TR	89

Source: Eurostat, Telecommunication Services (theme4/telecom)

⁽¹⁾ Number of licence holders.

⁽²⁾ 2003.

⁽³⁾ 2002.

Table 4.56 In general, how easy do you find it to compare offers from different Internet service providers? (% of respondents)

	EU-25	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV
Easy	43	41	51	33	38	53	49	47	36	44	42	38	39
Very easy	14	11	22	9	14	20	26	10	8	16	14	17	10
Fairly easy	29	30	29	24	24	33	23	37	27	28	28	21	30
Difficult	30	38	30	43	44	11	37	22	35	14	33	9	18
Fairly difficult	19	26	19	27	28	9	21	15	23	10	19	5	13
Very difficult	11	12	11	16	16	3	15	7	13	3	14	4	5
Do not know	27	21	18	24	18	36	15	30	29	42	25	53	42

	LT	LU	HU	MT	NL	AT	PL	PT	SI	SK	FI	SE	UK
Easy	41	47	34	47	44	42	43	44	57	38	48	35	54
Very easy	14	19	12	16	15	21	14	12	17	14	15	9	21
Fairly easy	27	28	22	31	29	22	29	32	40	24	33	26	33
Difficult	29	22	26	8	37	30	24	16	23	43	28	39	13
Fairly difficult	14	17	17	6	24	21	12	11	17	25	21	28	8
Very difficult	14	5	9	2	14	9	12	5	6	19	7	11	4
Do not know	30	31	40	46	19	28	33	41	21	19	25	27	33

Source: Eurobarometer 65.3 (Consumers' opinions of services of general interest), European Commission, 2006

Users of the Internet in this survey were also asked whether they had tried or thought about switching their dial-up or broadband provider in the last two years.

21% of their number had actually switched provider and this figure is made up of 16% who had made this move without problem and 5% for whom the experience was difficult (see Table 4.57). The proportion of the poll who had not considered switching varies substantially across the EU.

The largest segment (64%) of Internet users were not interested in switching, and, among this group, the highest percentages were observed in Slovenia (82%) and Cyprus (86%).

Seven percent of users across the EU had been put off even trying to move providers because they thought the process would be too difficult and these figures rise to 12% in Portugal and 13% in Ireland.

Of the 4% of Internet users who had tried unsuccessfully to move providers and had given up due to difficulties in making the transfer were 6% of the Dutch poll and 5% of the French and Polish.

Thirty-two percent of Dutch internet users, 30% of the French and 28% of those living in Germany had thought about moving Internet provider in the past two years compared with just 5% of people in Cyprus. The Cypriot attitude on the internet mirrors the responses given on the island to questions on fixed telephone lines and mobile phone services, where respondents seem content to stay with their existing provider. Whether this is because of satisfaction with the existing service provider or the absence of competition is unclear.

It is a strong possibility that as the Internet market expands becoming more developed and competitive, the pressure on customers to change providers will increase due to service providers having to make stronger marketing efforts to gain or retain market share.

4. Information Society

Table 4.57 Have you tried/thought about switching your Internet service provider in the last two years? (% of respondents using Internet services)

	EU-25	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV
Yes	25	23	25	27	28	20	22	18	30	12	23	5	12
Yes, you switched and it was easy	16	15	19	18	20	15	20	10	15	7	12	3	8
Yes, you switched but it was difficult	5	5	2	6	4	2	2	5	9	2	7	2	2
Yes, you tried to switch but you gave up due to the obstacles you faced	4	3	4	3	4	3	0	3	5	2	4	1	3
No	71	75	73	71	69	76	77	78	66	78	69	91	84
No, you did not try because you are not interested in switching	64	67	66	62	57	75	70	73	60	65	62	86	78
No, you did not try because you thought it might be too difficult	7	8	8	9	12	2	7	5	6	13	7	4	6
Do not know	4	2	2	2	3	4	1	4	4	11	8	4	4

	LT	LU	HU	MT	NL	AT	PL	PT	SI	SK	FI	SE	UK
Yes	15	17	17	27	32	19	15	12	13	10	21	27	27
Yes, you switched and it was easy	11	13	10	19	19	15	7	7	8	3	16	19	19
Yes, you switched but it was difficult	1	3	4	5	7	2	3	2	2	3	3	5	4
Yes, you tried to switch but you gave up due to the obstacles you faced	2	1	3	2	6	1	5	3	4	3	1	3	4
No	80	81	79	72	64	75	79	81	85	80	76	70	69
No, you did not try because you are not interested in switching	75	72	76	66	59	69	75	68	82	73	72	62	65
No, you did not try because you thought it might be too difficult	4	8	4	6	5	6	4	12	3	7	4	8	5
Do not know	6	2	4	1	3	7	6	7	2	10	4	3	4

Source: Eurobarometer 65.3 (Consumers' opinions of services of general interest), European Commission, 2006

Compared with both mobile and fixed line telephone users, there was a noticeably smaller percentage of Internet users deeming that the conditions of their contract were unfair and this figure is just 20% compared with 28% for both types of telephone service providers.

Once again, however, high levels of dissatisfaction were noted in Italy: 43% of the persons surveyed deemed

internet service providers' conditions to be unfair and a similar high figure of 42% was noted in Poland (see Table 4.58).

Across the Union, the 'don't know' factor reaches 9% and high figures of 17% are noted in Portugal and Estonia, and 18% in Ireland.

Table 4.58 In general, would you say that the terms and conditions of your contract with your Internet service provider are fair or unfair? (% of respondents using Internet services)

	EU-25	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV
Fair	70	76	79	84	79	75	69	56	63	74	46	75	71
Unfair	20	19	16	8	13	8	27	30	29	8	43	11	13
Do not know	9	5	5	8	8	17	4	15	8	18	11	15	16

	LT	LU	HU	MT	NL	AT	PL	PT	SI	SK	FI	SE	UK
Fair	78	75	70	76	74	81	48	58	80	77	86	72	87
Unfair	7	15	23	10	11	6	42	25	11	13	6	14	7
Do not know	14	10	7	14	15	13	11	17	9	10	7	14	6

Source: Eurobarometer 65.3 (Consumers' opinions of services of general interest), European Commission, 2006

While complaint levels for fixed telephone services were 11% across the EU and those for mobile phones were 12%, levels of complaint over the past 2 years to Internet providers were slightly higher at 13%.

Relatively high levels of complaints were observed in Sweden (26%) and in the Netherlands (19% - see Table 4.59).

The channel of complaint was however the same as was noted for both kinds of telephone user with this 13% being divided between 12% to the services provider and just 1% to a complaint handling body.

Complaints for communications services (mobile, fixed line and Internet) are twice as high - or more - than for the other six services of general interest covered by this Eurobarometer survey¹⁴.

Table 4.59 In the last two years, have you personally made a complaint about any aspect of Internet services? (% of respondents using Internet services)

	EU-25	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV
Yes	13	10	11	11	14	15	5	10	10	6	15	7	11
No	86	89	89	88	85	84	95	88	89	92	83	89	87
Do not know	1	1	-	0	1	1	-	2	1	2	2	4	2

	LT	LU	HU	MT	NL	AT	PL	PT	SI	SK	FI	SE	UK
Yes	9	2	15	16	19	9	13	12	4	8	17	26	14
No	90	98	84	84	80	89	86	84	96	86	83	74	85
Do not know	1	0	1	0	1	2	1	4	-	6	0	0	0

Source: Eurobarometer 65.3 (Consumers' opinions of services of general interest), European Commission, 2006

¹⁴ Eurobarometer survey 65.3 on consumers' opinions of services of general interest was held in 2006 by the European Commission and looks at EU consumer attitudes and beliefs relating to a number of services ranging from communication (telephony, post and internet) to the provision of utility services (water, gas and electricity), public transport and banking.

4. Information Society

34% of EU-25 citizens did not know how well consumer interests were protected in the area of Internet services (see Table 4.60).

This figure is substantially higher than the equivalent 15% noted for fixed telephone services and 19% in market for mobile telephones.

The most negative view on this issue is observed in Greece where 40% of those surveyed said that consumer interests are badly protected compared with an EU-25 average of 25%.

Table 4.60 In general, how well do you think consumers' interests are protected in respect of Internet services? (% of respondents)

	EU-25	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV
Well	41	56	45	52	39	46	39	28	35	44	36	40	36
Very well	5	9	7	14	5	8	3	1	3	7	5	10	4
Fairly well	35	47	38	37	34	39	36	26	32	37	31	30	32
Badly	25	22	20	22	36	12	40	29	31	10	32	10	17
Fairly badly	19	17	16	19	26	10	31	21	22	6	22	8	14
Very badly	7	5	4	3	10	2	10	7	9	4	9	3	3
Do not know	34	22	34	27	25	42	21	44	34	45	33	50	47
	LT	LU	HU	MT	NL	AT	PL	PT	SI	SK	FI	SE	UK
Well	36	52	33	49	56	52	39	26	53	39	61	45	54
Very well	6	13	4	7	10	11	4	3	2	8	7	6	9
Fairly well	30	39	29	43	46	41	35	23	51	31	54	40	45
Badly	11	18	15	8	21	15	15	20	23	23	14	25	11
Fairly badly	8	16	11	8	16	12	12	16	19	19	12	20	9
Very badly	3	2	4	1	5	4	3	4	4	4	2	5	2
Do not know	53	29	51	42	23	33	46	54	24	38	25	30	35

Source: Eurobarometer 65.3 (Consumers' opinions of services of general interest), European Commission, 2006

4.4 BUNDLED PACKAGES

A recent development in e-communication services has been the increasing availability of offers regarding service packages or bundles. Operators and providers offer a variety of services for a single global price. One of the purposes of Eurobarometer survey 64.4¹⁵ was to provide a clearer picture of this aspect.

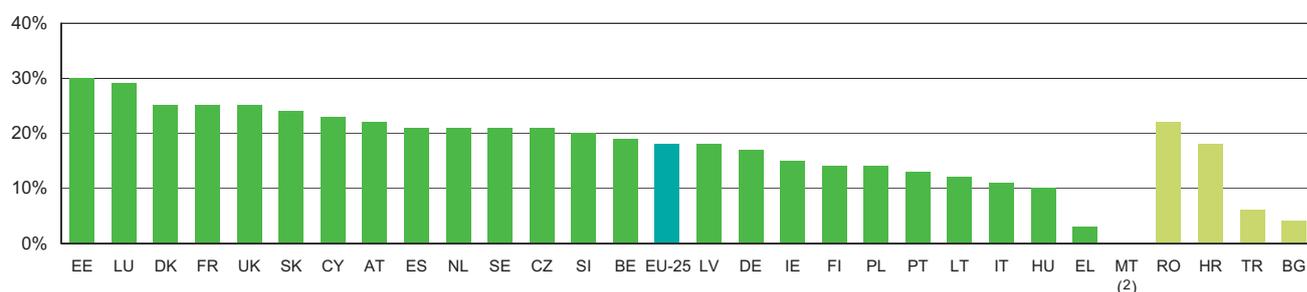
Some form of bundling already adopted in 18% of EU households

Surveyed households were presented a list of services and asked to indicate if they purchased two or more services as

part of one or more service packages at a single price. It was observed that these relatively new 'service packages' have already been adopted by certain proportion of households in several EU-25 countries.

Overall, at EU-25 level, 18% of households have subscribed to at least one service package (see Figure 4.61). However, the proportion is as high as 30% in Estonia, 29% in Luxembourg and 25% in Denmark, France and the United Kingdom. Service packages are not available in Malta.

Figure 4.61 Percentage of households having subscribed to at least one service package ⁽¹⁾



Source: Eurobarometer 64.4 (E-Communications Household Survey), European Commission, 2006

- ⁽¹⁾ Does your household buy two or more of the following services as part of one or more service packages at a single price (bundle): television channels, fixed telephony, mobile telephony, Internet access?
⁽²⁾ Service packages not available in Malta.

¹⁵ Residential survey conducted by the European Commission in 2006 in order to understand how European households and individuals behave in the face of a permanently evolving offer of communication services.

4. Information Society

Table 4.62 details the penetration rates of the different possible combinations of services. It can be seen that although penetration rates are low, certain key combinations stand out. The most frequently purchased

service package at EU 25 level is a combination of fixed telephony and Internet access. The television and fixed telephony combination is, relatively speaking, also quite popular.

Table 4.62 Penetration rates of the different possible combinations of services in purchased service packages ⁽¹⁾

	EU-25	EU-15	NMS10
Television / Fixed telephony / Mobile telephony / Internet access	1%	1%	0%
Television / Fixed telephony / Mobile telephony	0%	0%	1%
Television / Fixed telephony / Internet access	2%	2%	0%
Television / Mobile telephony / Internet access	0%	0%	0%
Fixed telephony / Mobile telephony / Internet access	1%	1%	0%
Television / Fixed telephony	3%	3%	2%
Television / Mobile telephony	1%	1%	2%
Television / Internet access	2%	2%	3%
Fixed telephony / Mobile telephony	1%	1%	1%
Fixed telephony / Internet access	6%	7%	4%
Mobile telephony / Internet access	1%	1%	1%

Source: Eurobarometer 64.4 (E-Communications Household Survey), European Commission, 2006

⁽¹⁾ Does your household buy two or more of the following services as part of one or more service packages at a single price (bundle): television channels, fixed telephony, mobile telephony, Internet access?

A package with things you don't need?

Some interesting observations emerged when respondents were asked to give their personal opinion regarding services packages. Table 4.63 presents the results. It would appear that opinion is split between those respondents who receive some e-communications services via a service package and those who indicated that their household had not purchased such a package.

Those who had made use of the service package(s) are far less inclined to answer that these packages are not interesting due to the fact that they include services that they do not really need. More than half of these respondents indicated that they considered service packages are more convenient since they only have to pay one invoice. They also tend to consider that subscribing to a service package is cheaper than paying for each service separately.

Table 4.63 Attitudes towards service packages, EU-25 ⁽¹⁾
(% of respondents)

	No service package in household	Service package in household
Packages are not interesting because you get services you do not really need	30%	9%
It is more convenient because there is only one invoice	20%	54%
It is cheaper than paying separately for each service	13%	34%
Packages offer less transparency and clarity about the cost and conditions of each service	10%	9%
Packages are not interesting because you are bound to the same provider for all services	10%	5%
Other (spontaneous)	4%	2%
Do not know	27%	9%

Source: Eurobarometer 64.4 (E-Communications Household Survey), European Commission, 2006

⁽¹⁾ What do you personally think about these kinds of communication packages?

5. Postal Services



5. Postal Services

Postal services were the first communications service offered to consumers, allowing them to stay in touch with relatives, businesses and administration, by way of letters, postcards and small parcels. With the development of technology, postal services have progressively had to face increasing substitution from new ways of communicating,

first of all from the telephone and telex, then the fax, and now electronic mail and the Internet.

Postal services are key to consumers' daily life, both as senders and as receivers of mail (invoices, bank statements, advertising, ...)

NETWORK ACCESS

Consumer access to postal services relies on postal access points such as post offices, agencies and also of post boxes. There were some 99 thousand post offices in the EU in 2005 (see Table 5.1). This number has decreased in most Member States during the past decade, which could be to the detriment of the consumer interest (especially in remote areas) Each permanent office served

on average 4600 persons in the EU in 2005, ranging between almost one per seven hundred inhabitants in Cyprus, up to close to one for every thirteen thousand inhabitants in Spain. Consumers post their correspondence in one of 723 thousand post-boxes spread across the EU, equivalent to one for each 635 citizens (see Figure 5.2).

Table 5.1 Postal services - network access, 2005 (units)

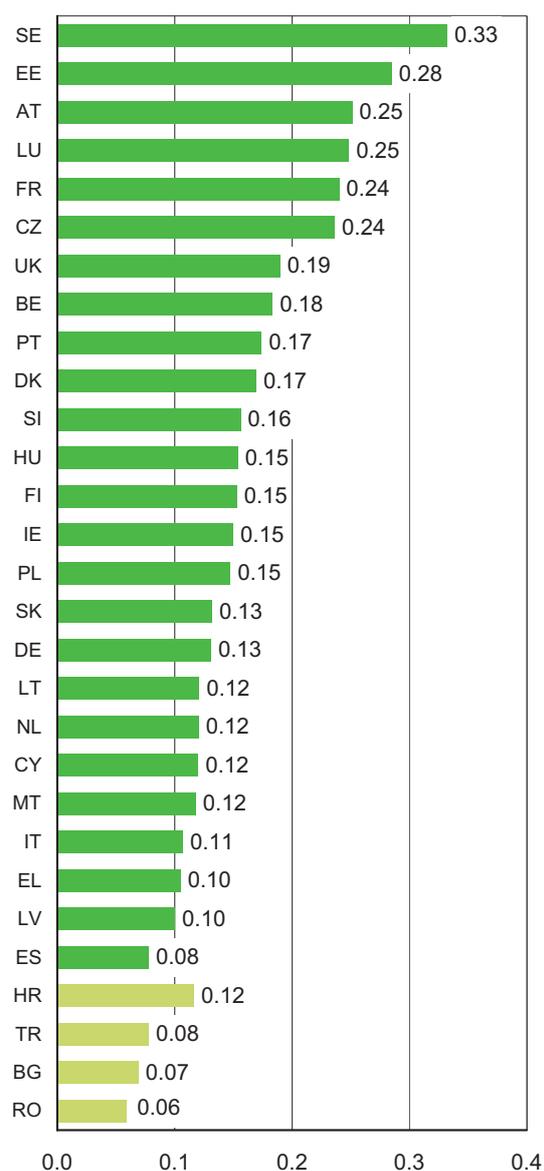
	Permanent post offices ⁽¹⁾	Average number of inhabitants served by a permanent post office ⁽¹⁾	Post-boxes ⁽²⁾
BE	1 409	7 395	19 000
CZ	3 416	2 992	24 107
DK	945	5 747	9 190
DE	12 671	6 526	108 000
EE	544	2 444	3 786
EL	2 093	5 313	11 639
ES	3 291	12 958	33 063
FR	17 008	3 557	145 000
IE	1 570	2 642	6 200
IT	13 831	4 200	62 000
CY	1 111	743	998
LV	975	2 366	2 300
LT	949	3 615	4 141
LU	107	4 345	1 153
HU	2 844	3 551	15 487
MT	51	7 875	472
NL	3 191	5 108	19 540
AT	1 947	4 206	20 539
PL	8 350	4 614	56 623
PT	2 889	3 633	18 232
SI	558	3 525	3 068
SK	1 586	3 405	7 096
FI	1 276	4 114	8 000
SE	1 980	4 566	30 000
UK	14 376	4 151	113 000
BG	3 136	2 464	5 306
HR	1 159	3 927	5 286
RO	6 811	3 188	12 611
TR	4 341	16 861	56 777

Source: UPU (Universal Postal Union)

⁽¹⁾ ES and CY, 2004.

⁽²⁾ ES, 2004; BE, 2003.

Figure 5.2 Number of post-boxes per 100 inhabitants, 2005 (units) ⁽¹⁾



Source: UPU (Universal Postal Union)

⁽¹⁾ ES, 2004; BE, 2003.

Relatively difficult access to postal services for Swedes

The 2006 Eurobarometer survey (65.3) regarding services of general interests concluded that nine out of ten EU citizens said that they had easy access to postal services for sending letters or parcels and particularly high figures of 96% were noted in Ireland, Latvia, Hungary and the United Kingdom (see Table 5.3).

However, a substantial 23% of the Swedish poll and smaller but still significant numbers of those conducted in Italy (13%), Denmark (11%) and Malta (10%) said that access to postal services for sending mail was difficult compared with an EU-25 average of just 7%. Five percent of Italians spontaneously declared that they had no access.

Table 5.3 In general, would you say that access to postal services for sending letters or parcels, etc. is easy or difficult for you? By that, I do not mean 'affordability'. (% of respondents)

	EU-25	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV
Easy access	91	92	92	89	91	93	95	95	93	96	78	93	96
Difficult access	7	8	7	11	8	5	5	2	6	4	13	3	4
No access (spontaneous)	1	0	1	0	1	0	0	1	0	-	5	2	-
Do not know	1	0	0	0	0	2	-	1	0	1	5	3	0

	LT	LU	HU	MT	NL	AT	PL	PT	SI	SK	FI	SE	UK
Easy access	94	91	96	89	94	92	93	94	91	92	95	77	96
Difficult access	3	7	4	10	5	6	6	6	8	7	4	23	4
No access (spontaneous)	1	1	0	-	0	1	0	0	0	0	0	0	-
Do not know	2	1	0	1	1	1	1	0	1	-	0	0	0

Source: Eurobarometer 65.3 (Consumers' opinions of services of general interest), European Commission, 2006

There were just minimal variations on a socio-demographic basis in the responses to the question of access, where 98% of the poll had access either easily (91%) or with difficulty (7%). Unsurprisingly, the only area where a small

variation was noticed was on a local basis where 89% of those living in rural areas or villages compared with 95% living in large towns said they had easy access to postal services for sending letters (see Table 5.4).

Table 5.4 In general, would you say that access to postal services for sending letters or parcels, etc. is easy or difficult for you? By that, I do not mean 'affordability'. (% of respondents)

	Easy access	Difficult access	No access (spontaneous)	Do not know
EU-25	91	7	1	1
Place of residence				
Rural village	89	9	1	1
Small/mid size town	91	6	1	1
Large town	95	5	0	0

Source: Eurobarometer 65.3 (Consumers' opinions of services of general interest), European Commission, 2006

Receiving mail easier than sending mail

As might be anticipated, easy access to receiving post produced slightly higher results than on sending mail as these items are delivered to the home or office.

Accordingly, making up the 93% of the EU-25 poll, saying that access to receiving mail was easy, were figures of 96% from Germany, Ireland, Latvia, the Netherlands, Poland, Finland and the United Kingdom (see Table 5.5).

At the other end of the scale, amongst the high figures contained in the 6% EU 25 average, who said that access was difficult for receiving mail, were 13% of Italian consumers and nearly one in five (18%) Swedish consumers.

3% of the Italian poll said that they had no access to receiving letters or parcels.

Table 5.5 In general, would you say that access to postal services for receiving letters or parcels, etc. is easy or difficult for you? By that, I do not mean 'affordability'.
(% of respondents)

	EU-25	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV
Easy access	93	95	92	92	96	94	95	94	93	96	79	95	96
Difficult access	6	4	7	7	4	4	5	3	6	3	13	2	3
No access (spontaneous)	1	0	1	0	0	0	0	1	-	-	3	2	0
Do not know	1	0	0	0	0	2	-	2	0	1	5	1	1

	LT	LU	HU	MT	NL	AT	PL	PT	SI	SK	FI	SE	UK
Easy access	94	94	95	91	96	93	96	95	92	92	96	82	96
Difficult access	3	5	4	9	3	5	4	5	7	8	4	18	3
No access (spontaneous)	1	1	0	-	0	1	-	0	0	0	0	0	-
Do not know	2	0	0	0	1	1	0	0	1	0	0	0	0

Source: Eurobarometer 65.3 (Consumers' opinions of services of general interest), European Commission, 2006

Looking at the 93% of EU-25 citizens, who said they had easy access to receiving letters or parcels, there were virtually no variations by age. Only a small difference between the 90% of those educated to age 15 or less and 94% of those educated to age 20 or beyond was noted (see Table 5.6).

These small differences match the 92% of citizens living in rural villages compared with 95% in large towns and 91% of the self-employed compared with 95% of managers.

Table 5.6 In general, would you say that access to postal services for receiving letters or parcels, etc. is easy or difficult for you? By that, I do not mean 'affordability'.
(% of respondents)

	Easy access	Difficult access	No access (spontaneous)	Do not know
EU-25	93	6	1	1
Age when finished full time education				
15 or less	90	6	1	2
16-19	93	5	1	1
20 or more	94	6	0	0
Still studying	92	6	1	1
Occupation				
Self-employed	91	7	1	1
Manager	95	4	0	0
Other white collar	93	6	0	0
Manual worker	93	5	1	1
House person	92	6	1	1
Unemployed	92	6	1	1
Retired	92	6	1	1
Student	92	6	1	1
Place of residence				
Rural village	92	7	1	1
Small/mid size town	92	6	1	1
Large town	95	4	1	1

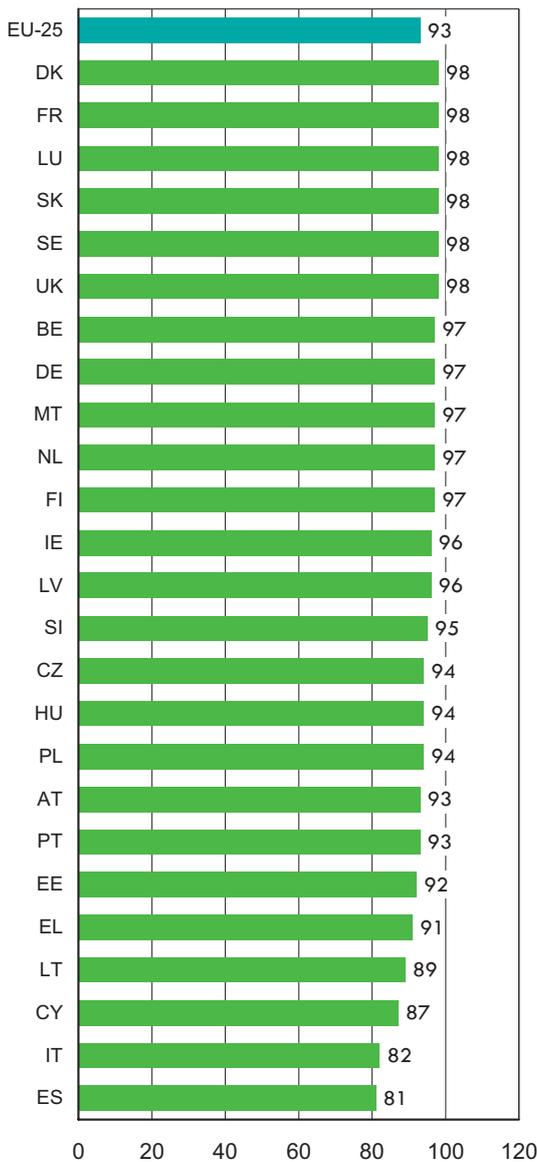
Source: Eurobarometer 65.3 (Consumers' opinions of services of general interest), European Commission, 2006

CONSUMPTION

The question regarding the usage of postal services in the Eurobarometer Survey 65.3 refers to both sending and receiving mail. In view of this, consumption here is considered to include both. An average of 93% of citizens in the EU-25 uses postal services in their country. This however varies from a 98% in Denmark, France, Luxembourg, Slovakia, Sweden and the UK, to 82% and 81%, i.e., almost one in five inhabitants who do not make use of this service, in Italy and Estonia respectively (see Figure 5.7).

Postal services, in general, were used marginally more by the oldest segment of the population (94%) than the youngest (90%) and a similar small variation was seen between the 91% of those educated to age 15 and the 96% of those educated to age 20 or beyond (see Table 5.8).

Figure 5.7 Percentage of population using postal services ⁽¹⁾



Source: Eurobarometer 65.3 (Consumers' opinions of services of general interest), European Commission, 2006

Table 5.8 Percentage of population using postal services ⁽¹⁾

EU-25	93
Age	
15-24	90
25-39	93
40-54	94
55+	94
Age when finished full time education	
15 or less	91
16-19	94
20 or more	96
Still studying	89

Source: Eurobarometer 65.3 (Consumers' opinions of services of general interest), European Commission, 2006

⁽¹⁾ Percentage of respondents having easy or difficult access to postal services.

⁽¹⁾ Percentage of respondents having easy or difficult access to postal services.

94% of all posted items remain 'national'

Approximately 102 billion letter-post items were handled in 2005 by European postal services. This figure includes letters, postcards, printed matter and small packets, but excludes parcels or newspapers. Most posted items are addressed to domestic recipients, as national traffic accounted for 94.4% of the total (sum of domestic traffic, international dispatch and international receipt). Most postal traffic in circulation in Europe originates from business. Although the information dates back to 1997, it is

generally estimated that only a tenth of all mail that is posted in the EU is from households, whilst two-thirds of all mail is addressed to them¹.

Combining postal traffic with demographic data, there were, on average, some 220 letter-post items sent per inhabitant in 2005, ranging from 55 items in Greece up to more than 520 in Finland (see Table 5.9). It is important to note that these figures relate to the number of letter-post items treated by the national post for domestic service and international dispatch, and they do not distinguish between private and business use.

Table 5.9 Postal traffic, 2005

	Number of letter-post items posted per inhabitant (units) ⁽¹⁾	Number of letter post items treated by the national post (millions)		
		Domestic service ⁽²⁾	International dispatch ⁽³⁾	International receipt ⁽⁴⁾
BE	343	3 533	194	200
CZ	272	2 745	33	51
DK	335	1 058	130	78
DE	249	21 437	403	702
EE	201	48	6	6
EL	55	561	46	40
ES	127	5 178	222	140
FR	445	17 543	598	468
IE	182	499	89	91
IT	119	6 833	93	185
CY	71	50	8	12
LV	79	56	4	4
LT	62	43	5	6
LU	484	105	43	28
HU	145	912	15	15
MT	121	43	5	8
NL	:	5 139	:	312
AT	:	994	:	:
PL	83	1 194	60	59
PT	190	1 010	54	43
SI	427	832	8	11
SK	98	511	16	13
FI	521	832	18	36
SE	502	4 360	86	125
UK	356	20 790	448	484
BG	16	59	5	4
HR	70	308	13	13
RO	12	374	8	13
TR	14	1 023	29	76

Source: UPU (Universal Postal Union)

⁽¹⁾ ES, 2004; RO, 2003; LU, 2002; FR, 2000; BE, 1998; DE, 1997; SE, 1996; DK, 1995.

⁽²⁾ ES, 2004; BE, 1999; SE, 1996.

⁽³⁾ ES, 2004; FR, 2000; BE, 1998; DE, 1997; SE, 1996; DK, 1995.

⁽⁴⁾ ES, 2004; NL, 2002; FR, 2000; BE, 1998; DE, 1997; SE, 1996; DK, 1995.

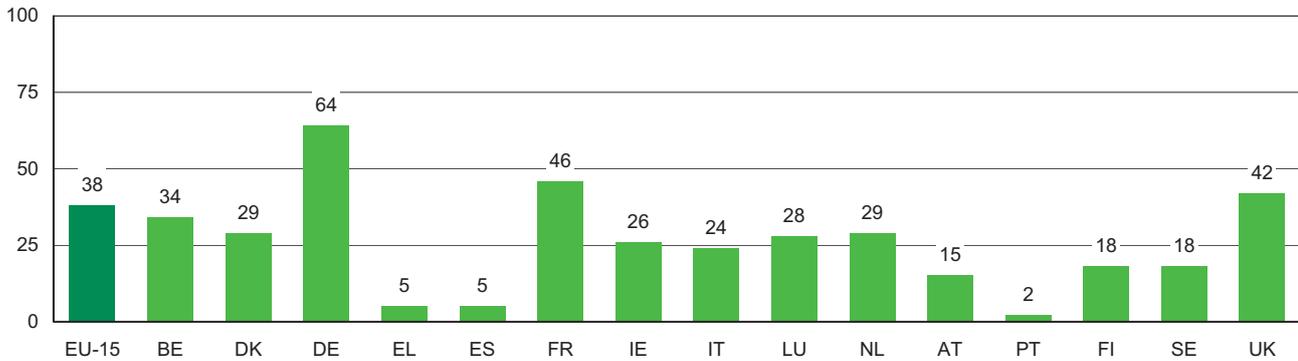
¹ Post 2005, Universal Postal Union, 1997.

CONSUMPTION EXPENDITURE

Postal services are far from being one of the important items as regards the household budget. According to figures from the latest Household Budget Survey, the highest mean consumption expenditure per household on postal services in 1999 was registered in Germany

(64 PPS), well ahead of the United Kingdom (42 PPS). At the other end of the scale, Portugal (2 PPS), Greece and Spain (both 5 PPS) reported the lowest levels (see Figure 5.10).

Figure 5.10 Postal services
Mean consumption expenditure, 1999 (PPS per household)



Source: Eurostat, Household Budget Survey (theme3/hbs)

PRICES

On average, EU customers sending standard letters to national destinations via priority mail were required to place the equivalent of a EUR 0.44 stamp on them in 2005. An additional EUR 0.21 was generally required to send them crossborder to another EU country via priority mail. However, as shown in Table 5.11, stamp prices vary considerably across the EU, often by a factor of three. Malta, Slovenia and the Czech Republic offered the lowest national rates, at EUR 0.16, EUR 0.20 and EUR 0.25 per

item respectively, whilst the highest prices were found in Sweden (EUR 0.59), Italy (EUR 0.60), Denmark (EUR 0.64) and Finland (EUR 0.70). For intra-EU cross-border traffic, the highest prices were found in Sweden (EUR 1.19), more than 3.5 times the Czech tariff (EUR 0.34). However it can be noticed that the price for intra-EU cross-border traffic in the new Member States was relatively high, exceeding always EUR 0.40 per item, with the exception of the Czech Republic (EUR 0.34) and Malta (EUR 0.37).

Table 5.11 Price of a postage stamp for a letter in the EU, 2006 (EUR) ⁽¹⁾

	National ⁽²⁾	EU ⁽³⁾
BE	0.52	0.70
CZ	0.25	0.34
DK	0.64	0.97
DE	0.55	0.70
EE	0.28	0.42
EL	0.47	0.65
ES	0.29	0.58
FR	0.54	0.60
IE	0.48	0.75
IT	0.60	0.65
CY	0.36	0.54
LV	0.45	0.65
LT	0.29	0.49
LU	0.50	0.70
HU	0.36	0.77
MT	0.16	0.37
NL	0.44	0.72
AT	0.55	0.55
PL	0.52	0.75
PT	0.45	0.60
SI	0.20	0.65
SK	0.41	0.60
FI	0.70	0.70
SE	0.59	1.19
UK ⁽⁴⁾	0.47	0.64
BG	0.23	0.41
HR	:	:
RO	:	:
TR	0.36	0.48

Source: SOGETI, on the basis of various national information sources

⁽¹⁾ Ordinary mail, letter of standard size and less than 20 g; CZ, DK, EE, CY, LV, LT, HU, MT, PL, SI, SK, SE, UK, BG and TR, average exchange rates for 2005 were used.

⁽²⁾ HU, letter of standard size and less than 30g; BE, DK, EL, IT, LV, HU, PL, PT, SK, FI, SE and UK, priority mail; SK, 2005.

⁽³⁾ BE, CZ, DK, EL, FR, IT, LV, LT, HU, NL, AT, PL, PT, SI, SK, FI and SE, priority mail.

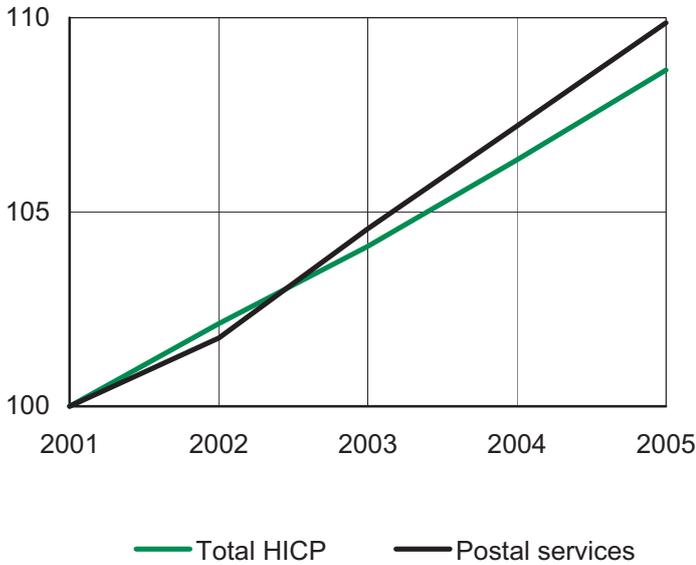
⁽⁴⁾ Great Britain.

5. Postal Services

The price of postal services rose by 9.9% between 2001 and 2005, a rate above the average increase observed for all-items (8.6%) (see Figure 5.12). Besides, in some

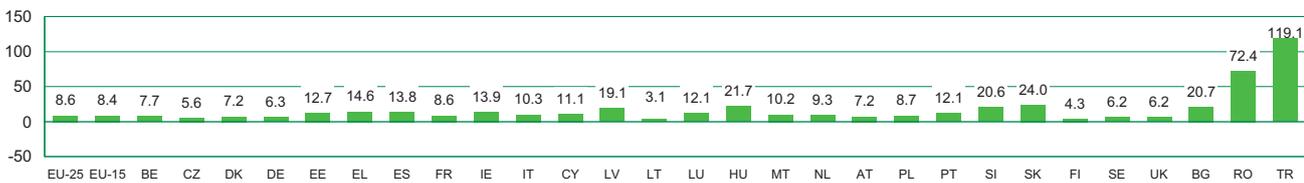
countries such as Hungary (+61.4%), Slovenia (+72.5%) and Slovakia (+49.7%), the price increase was substantial (see Figure 5.13).

Figure 5.12 Postal services
Development of harmonised indices of consumer prices in the EU (2001=100)

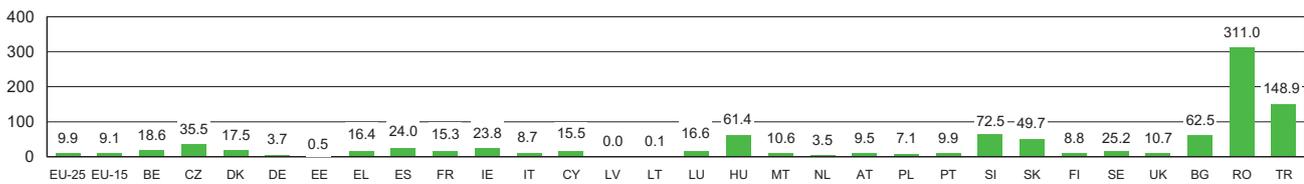


Source: Eurostat, Harmonised indices of consumer prices (theme2/price)

Figure 5.13 Postal services
Absolute growth in consumer prices, 2001-2005 (%)



All-items consumer price index



Postal services

Source: Eurostat, Harmonised indices of consumer prices (theme2/price)

Around 20% of Finns and Swedes consider postal services 'not affordable'

The Eurobarometer survey (65.3) conducted in 2006 on services of general interest reports that 99% of Greeks considered postal services to be affordable and high figures of 96% were also observed in Lithuania and the United Kingdom (see Table 5.14). These figures can be contrasted with an EU-25 average of 87%.

Only 6% of EU-25 citizens considered the cost of postal services to be unaffordable, although this figure is virtually

quadrupled in Finland where 22% of respondents are of this opinion. A high figure of 18% was noted also in Sweden followed by a 13% (double the EU average) in Poland, France and the Czech Republic.

Of note, was a high 'don't know' factor of 6% in Cyprus compared with a minimal EU-25 average figure of 1%.

When looking at these data from a socio-demographic viewpoint, there were just marginal variations by gender, age, education and occupation and all the significant variations are on a country-by-country basis.

Table 5.14 In general, would you say that the price of postal services is affordable or not?
By that, I mean that I would like to know if you are able to afford the services you need.
(% of respondents using postal services)

	EU-25	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV
Affordable	87	92	84	85	85	88	99	87	83	90	86	92	88
Not affordable	6	4	2	8	4	7	1	7	13	4	5	2	6
Excessive (spontaneous)	6	3	13	6	10	2	0	3	2	2	8	-	3
Do not know	1	1	1	1	1	3	-	2	2	3	1	6	3

	LT	LU	HU	MT	NL	AT	PL	PT	SI	SK	FI	SE	UK
Affordable	96	91	86	92	94	89	76	89	89	92	72	74	96
Not affordable	3	3	5	3	1	1	13	6	2	2	22	18	2
Excessive (spontaneous)	0	3	9	4	4	9	8	2	8	5	4	5	2
Do not know	1	3	1	1	1	1	3	3	1	1	2	3	1

Source: Eurobarometer 65.3 (Consumers' opinions of services of general interest), European Commission, 2006

5. Postal Services

Respondents who are not users of the postal service were asked whether they thought it is affordable or not. The sample size of those EU-25 citizens who have access to postal services (both sending and receiving) but do not use them is too small in a large number of the countries polled to allow a meaningful analysis on a country-by-country basis.

Taking this category of respondents from a global EU perspective, two-thirds (65%) said that they could afford postal services. A further 12%, were unsure of the cost of the service (see Table 5.15), 15% said that postal services were not affordable while a further 8% stating that they considered these prices to be excessive.

Amongst those EU-25 citizens who did not use postal services (7%, see Figure 5.7), there was a noticeable variation in those who were unaware of the pricing of this facility and therefore replied 'don't know' (12%). Figures

ranged from 9% of the youngest age band (which may be explained by these using electronic modes of communication) to 15% aged 55 or more. A similar spread was seen when education levels were studied. While just 7% of those educated to age 20 or more gave this response, the figure more than doubles to 17% for those whose education had ended at age 15 or less.

Amongst those who did not use postal services (7%, see Figure 5.7 - but included in the statistical population which relates to Table 5.15), a large proportion still deemed it to be affordable. This was the response given by 72% of those aged 15 to 24 and a similar percentage (74%) of those educated to 20 or more. At the other end of the scale, just one percentage point separated the 58% of those educated to age 15 or less from the 59% of those aged 55 or more who also responded in this way.

Table 5.15 In general, would you say that the price of postal services is affordable or not?
By that, I mean that I would like to know if you are able to afford the services you need.
(% of respondents having access to postal services but not using them)

	Affordable	Not affordable	Excessive (spontaneous)	Do not know
EU-25	65	15	8	12
Age				
15-24	72	13	6	9
25-39	66	14	10	10
40-54	64	13	9	13
55+	59	17	9	15
Age when finished full time education				
15 or less	58	15	10	17
16-19	66	13	11	10
20 or more	74	15	4	7
Still studying	68	17	5	10

Source: Eurobarometer 65.3 (Consumers' opinions of services of general interest), European Commission, 2006

QUALITY

Table 5.16 Postal delivery indicators, 2005

	Percentage of the population having mail delivered at home ⁽¹⁾	Average number of deliveries per day in urban areas ⁽²⁾	Average number of deliveries per week in rural areas ⁽³⁾
BE	100.0	1.0	5.0
CZ	99.9	1.0	5.0
DK	100.0	1.0	6.0
DE	100.0	1.0	6.0
EE	97.0	1.5	6.0
EL	100.0	1.0	3.5
ES	99.7	1.0	5.0
FR	100.0	1.0	6.0
IE	100.0	1.0	5.0
IT	99.0	1.0	6.0
CY	97.0	1.0	6.0
LV	100.0	1.0	5.0
LT	99.9	1.5	5.0
LU	100.0	1.0	5.0
HU	100.0	1.0	5.0
MT	100.0	1.0	6.0
NL	100.0	1.0	6.0
AT	99.0	1.0	5.0
PL	:	1.0	5.0
PT	100.0	1.0	5.0
SI	100.0	1.0	5.2
SK	99.0	1.0	5.0
FI	100.0	1.0	5.0
SE	100.0	1.0	5.0
UK	100.0	1.0	6.0
BG	90.0	1.0	5.0
HR	84.0	1.0	3.0
RO	99.8	1.0	5.0
TR	97.0	1.0	1.0

Source: UPU (Universal Postal Union)

⁽¹⁾ ES, 2004.⁽²⁾ BE, two deliveries per working day in Brussels, Antwerp, Charleroi, Ghent and Liège; ES, two deliveries per day in Madrid; BG, two deliveries per day in Sofia; ES and BG, 2004.⁽³⁾ ES and BG, 2004.

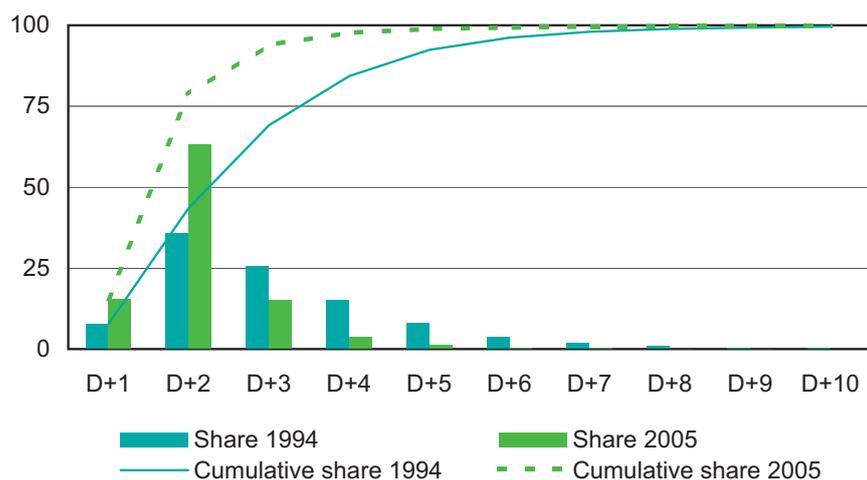
Practically the entire EU population had its mail delivered directly to their homes in 2005 (see Table 5.16), and there was at least one delivery per day in urban areas (including Saturdays), and almost as many in rural areas.

As regards delivery speed, the current Postal Directive (Directive 97/67/EC as amended by Directive 2002/39/EC) establishes cross-border quality targets that should be met for the benefit of consumers. These targets are 85% delivery within three days and 98% delivery within five days. According to the International Post Corporation, the actual performance of postal operators surpasses these objectives (see Figure 5.17). They state that in 2005, some 93.9% of cross-border priority mail was delivered within three days of posting, up from 69.1% in 1994. The average delivery time in Europe was 2.2 days, an enhancement of half a day since 1998 and almost one full day since 1994.

The Commission's aim is to accomplish the Single Market for postal services and ensure a high quality universal service, by opening up the sector to competition in a gradual and controlled way on the basis of the regulatory framework of the Postal Directive. The improvement of the quality of service, in particular in terms of delivery performance and convenient access are fundamental aspects of this policy. In October 2006, the Commission adopted a proposal to take the last step to accomplish the internal market in the postal area. This proposal removes the option Member States have to finance universal service through a monopoly while fully maintaining universal service. Any universal service financing mechanisms which is compatible with the EC Treaty is allowed, except monopolies.

5. Postal Services

Figure 5.17 Delivery days of international first class mail in the EU (% share of mail arriving)⁽¹⁾



Source: UNEX - Unipost External Monitoring System, International Post Corporation, 2006

⁽¹⁾ D is the day of posting and + X expresses the number of days required for collection, transportation and distribution to the receiver; the accuracy of the statistics ranges between 1% and 5% within a 95% level of confidence; the method of calculation is based on a five days business week - that excludes Saturdays and Sundays, as well as national and regional public holidays in the destination country; the following countries have Saturday mail deliveries, DK, FR, DE, IT, NL and UK.

Waiting times are perceived as a difficulty

In the framework of Eurobarometer survey 65.3 regarding consumers' opinions of services of general interest, conducted in 2006, those respondents who said they had difficulty accessing or had no access to postal services were asked which particular difficulties they had encountered. The main problems seen by this group of respondents related to the fact that not only was the nearest post office too far away and possibly had inconvenient opening hours but, having got there, the waiting time could also be considered to be too long.

This sample, which is less than 10% of the total poll, when broken down by country produces results which should be viewed with caution as the sample size is often just double-digit. Accordingly, the broad findings are based upon the

total sample across the EU and are not analysed on a country-by-country basis for this reason. The two major difficulties in accessing postal services were, as seen above, distance of the service from home or work (mentioned by 36% of respondents) and waiting times in the post office (raised by 31% of respondents - see Table 5.18).

There was a noticeable difference by respondents' residence with 48% of this segment who lived in rural villages complaining about the distance compared with just 26% in small towns and 33% in large towns.

There were minor variations by age, gender or education when waiting times were reviewed. Managers (37%) were more impatient than all other occupations. Again, there was a marked variation between the 14% of people living in rural villages who complained about long waiting times compared with 45% in small towns and 38% in large towns.

Table 5.18 Can you tell me what difficulties you have in accessing postal services? ⁽¹⁾
(% of respondents having difficult access or no access to postal services)

	The nearest post office is too far away from your home\ work	The waiting time at your post office is too long	The opening hours are not convenient for you	Your local post office closed down	You do not have adequate means of transport to get to a post office\ shop offering postal services	None (spontaneous)	Other (spontaneous)	Do not know
EU-25	36	31	25	19	10	13	7	2
Occupation								
Self-employed	40	27	26	24	7	20	2	1
Manager	43	37	45	31	6	6	6	2
Other white collar	38	35	35	15	5	7	11	1
Manual worker	29	33	31	15	9	15	7	2
House person	36	33	13	27	10	16	3	1
Unemployed	41	30	14	13	8	13	11	1
Retired	39	27	14	20	15	12	8	3
Student	29	30	31	5	9	12	6	5
Place of residence								
Rural village	48	14	28	29	11	11	4	1
Small/mid size town	26	45	23	8	9	14	9	4
Large town	33	38	22	19	7	15	9	1

⁽¹⁾ Multiple answers allowed.

Source: Eurobarometer 65.3 (Consumers' opinions of services of general interest), European Commission, 2006

The effects on daily life of difficulties in accessing postal services were also analysed in the same Eurobarometer survey. Once again, the sample of respondents saying that they had difficult or no access to postal services was small, so results should be looked at with care.

The two negative responses ('no, not really' and 'no, not at all') and the two positive responses ('yes a great deal' and 'yes, to some extent') are presented together in Table 5.19 in order to give a broad overview of respondents' attitudes

on this issue. For the approximately 10% of EU citizens who have difficulty in accessing postal services, this has a negative effect on the daily life of less than half (44%) of the respondents, of which 7% 'a great deal'. People in middle age (40 to 54) were more concerned over this issue (48%). When looking at the breakdown, by occupation, this attitude was expressed by 50% of the self-employed and managers compared with just 38% of the retired and 33% of students.

Table 5.19 Does the difficulty in accessing postal services have a negative effect on your daily life? (% of respondents having difficult access or no access to postal services)

	Yes	Yes, a great deal	Yes, to some extent	No	No, not really	No, not at all	Do not know
EU-25	44	7	36	54	34	20	3
Sex							
Male	48	6	41	50	31	19	2
Female	40	8	32	57	37	20	3
Age							
15-24	37	3	34	60	33	27	4
25-39	44	7	37	53	35	19	3
40-54	48	10	39	50	33	17	2
55+	43	7	35	55	35	20	2
Age when finished full time education							
15 or less	44	5	39	52	34	18	4
16-19	45	7	38	53	34	20	2
20 or more	45	10	34	54	36	18	1
Still studying	33	6	28	63	36	27	4
Occupation							
Self-employed	50	9	41	49	33	16	1
Manager	50	19	31	49	35	13	2
Other white collar	48	11	37	51	36	15	1
Manual worker	48	6	42	50	30	20	2
House person	41	7	34	55	30	24	4
Unemployed	49	3	46	48	30	19	3
Retired	38	4	34	59	39	20	3
Student	33	6	28	63	36	27	4

Source: Eurobarometer 65.3 (Consumers' opinions of services of general interest), European Commission, 2006

6. Banking Services



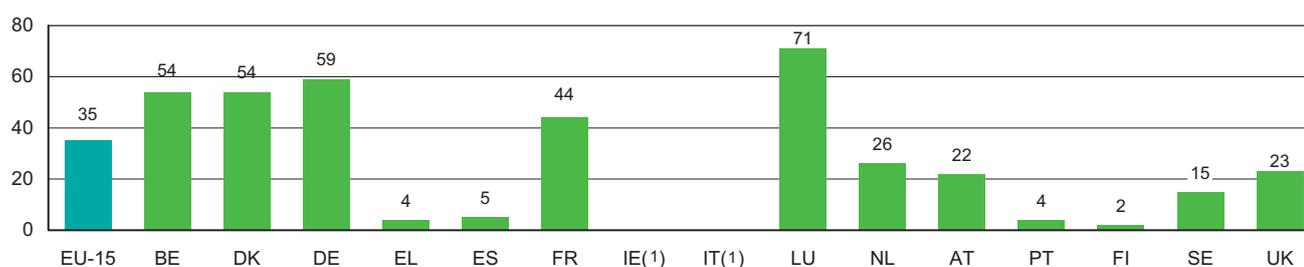
6. Banking Services

Financial services can be defined as services of a banking, credit, insurance, investment or payment nature. They are offered to consumers to help manage their financial situation or manage risk. One main role is to facilitate transactions through payment services. In addition, they can also help ensure financial protection against accidents, damage to property or health problems (through insurance) and they can provide financial liquidity and a way of building assets over a lifetime (through the granting credit on the one hand, and through savings and investments on the other hand). Insurance and financial services represented 2.9% of total household expenditure in 1999 in the EU-15, ranging between 0.3% in Germany and 11.6%

in the Netherlands. It is important to note that the only expenditure items considered in the Household Budget Survey are the charges associated with financial services (bank charges, brokerage fees, tax and pension counselling and service charges for insurance) and not the capital or interest payments (investments) themselves.

When excluding insurance, household expenditure amounted to 35 PPS per household at EU-15 level in 1999. Looking at the available data for the individual Member States, expenditure ranged between 2 PPS in Finland to 71 PPS in Luxembourg (see Figure 6.1).

Figure 6.1 Financial services n.e.c.
Mean consumption expenditure, 1999 (PPS per household)



(1) IE, IT not available.

Source: Eurostat, Household Budget Survey (theme3/hbs)

In the framework of this publication, there is a focus on basic banking services, as insurance and investment go beyond the label of 'services of general interest'. One could

even argue that basic banking services do not qualify for such a label, but against the background of social inclusion, this topic should be covered (see box).

Financial inclusion: Should a bank account and a payment card be a basic right?

Many people, particularly those living on low incomes, cannot access mainstream financial products such as bank accounts and low cost loans. Access to finance is a basic service that appears to be essential for citizens to be economically and socially integrated in today's society. It is a prerequisite for employment economic growth, poverty reduction and social inclusion.

A lack of access imposes real costs on individuals and their families - often the most vulnerable people in our society. Families can be locked in a cycle of poverty and exclusion, or turn to high cost credit or even illegal lenders, resulting in greater financial strain and unmanageable debt.

Is the tackling of financial exclusion then a responsibility of financial services providers? The topic is being discussed at national level (especially in the United Kingdom) and certain action plans have been launched. However, financial exclusion calls for a European exchange and debate.

In the framework of the 2002-2006 *Community action programme* to combat social exclusion, a study already considered the role of micro-credits and related services. Gradually, the concept of micro-credits was replaced by the broader micro-finance, which includes access to bank accounts, investments and insurance. The thematic study *Financial services provision and prevention of social exclusion* launched in 2006 will identify and analyse the most effective policy measures to promote and guarantee access to financial services.

NETWORK ACCESS: RETAIL BANKING

Most households' principal access to retail financial services is through their local bank or an automatic teller machine (ATM), though an increasing number of persons handle their routine banking operations through internet banking. There was a status quo in terms of the number of local branches between 1994 and 2000¹ and a slight decrease from 2001, whilst the number of ATMs increased. More than 200 thousand local branches and almost 260 thousand ATMs existed in the EU² in 2005. As such, there was, on average, one local branch for each 2.2 thousand

inhabitants and one ATM for each 1.7 thousand inhabitants. Network access was the lowest in the Czech Republic and in Lithuania, where there were less than 23 local branches and less than 30 ATMs per 100 thousand inhabitants. On the other hand, there were around 100 branches and 125 ATMs per 100 thousand inhabitants in Spain. The number of ATMs has surpassed the number of local branches in the majority of Member States (see table 6.2).

Table 6.2 Credit institutions - network access, 2005 (units)

	Number of enterprises	Number of local units	Number of ATMs	Local units per 100 thousand inhabitants	ATMs per 100 thousand inhabitants
BE	107	3 284	7 256	31.5	69.6
CZ ⁽¹⁾	90	1 128	2 393	11.0	23.4
DK ⁽¹⁾	184	2 126	2 943	39.3	54.5
DE ⁽¹⁾	2 107	47 607	52 595	57.7	63.7
EE ⁽¹⁾	19	202	779	15.0	57.7
EL	61	3 543	6 230	31.9	56.1
ES ⁽²⁾	359	39 009	51 765	94.4	125.3
FR ⁽¹⁾	900	26 152	25 667	42.0	41.2
IE	:	:	:	:	:
IT ⁽²⁾	814	29 947	36 292	52.4	63.5
CY	:	:	:	:	:
LV	:	:	:	:	:
LT ⁽¹⁾	74	765	1 012	22.3	29.5
LU	:	:	:	:	:
HU	215	3 162	3 531	31.3	35.0
MT	:	:	:	:	:
NL	91	4 100	7 889	25.1	48.3
AT	812	5 112	3 065	62.1	37.2
PL ⁽³⁾	666	12 336	7 585	32.3	19.9
PT ⁽²⁾	206	5 546	11 117	53.5	107.2
SI	25	755	1 490	37.7	74.5
SK	:	:	:	:	:
FI ⁽¹⁾	360	1 823	3 470	34.9	66.4
SE ⁽²⁾	210	2 240	2 647	25.1	29.7
UK ⁽¹⁾	410	14 001	31 989	23.4	53.4
BG ⁽¹⁾	35	2 445	4 199	31.4	54.0
RO	173	3 691	4 415	17.1	20.4

Source: Eurostat, Statistics on credit institutions (theme4/sbs_cre)

(¹) 2004. (²) 2002. (³) 2003.

¹ Not taking into account the increase due to the inclusion of newly privatised institutions within official statistics (for example, Deutsche Postbank).

² Excluding IE, CY, LV, LU, MT and SK.

Definitions

Bank current account and debit card

Bank current account: deposit account offering day-to-day money management facilities such as various flexible payment methods to allow customers to transfer money directly to others. Among standard services of current accounts we may find a cheque book, the facility to arrange standing orders and direct debits, withdraw cash from an ATM and make payments via a debit card. A Current account does not include a saving account where no payment facilities are available.

Debit card: A card that may be used to make electronic payments taking funds directly from the linked current account.

Credit/store cards

Credit cards (VISA, AMEX, MASTERCARD, DINERS ...) are characterised by a specific credit facility: money is lent to people between the time they purchase goods and the time of full repayment of the amount; an interest is to be paid on any balance that is not cleared at the end of the month. There are monthly statements for the money spent specifying the minimum amount to be paid. Credit cards are not bank debit cards, where the money spent on the card is immediately deducted from a linked bank account.

In a Eurobarometer survey (63.2) carried out in 2005 respondents were asked to select from a list of financial services all those which they personally have. The results stemming from this indirect approach represent the types of financial products which first come to mind and items selected are generally those which are primarily used by respondents. It is important to note that the given response rate should not be misinterpreted as implying that the remaining proportion of respondents do not have the corresponding item.

The advantage of this 'multiple answers' approach to questions is that it enables to rank ownership of financial products and their role among EU citizens according to respondents' declaration of those which they personally have. As indicated above, this ranking is best interpreted as being representative of the items most frequently used.

Current account with payment card most popular service

According to Table 6.3 'a current account which comes with a payment card and/or a chequebook' seems to be by far the most popular financial service among European Union citizens with seven in ten confirming that they have such an account. A marked difference in results is, however, observed between the EU-15 group (74%) and the new Member States (52%).

Following next, 34% of EU citizens say that they have 'a credit card'. Here again, there is a marked distinction in results between the EU of 15 (38%) and the new Member

States (15%). 30% state that they have 'a deposit account which pays interests, but has no payment card or chequebook' (EU-15: 34% and NMS-10: 10%).

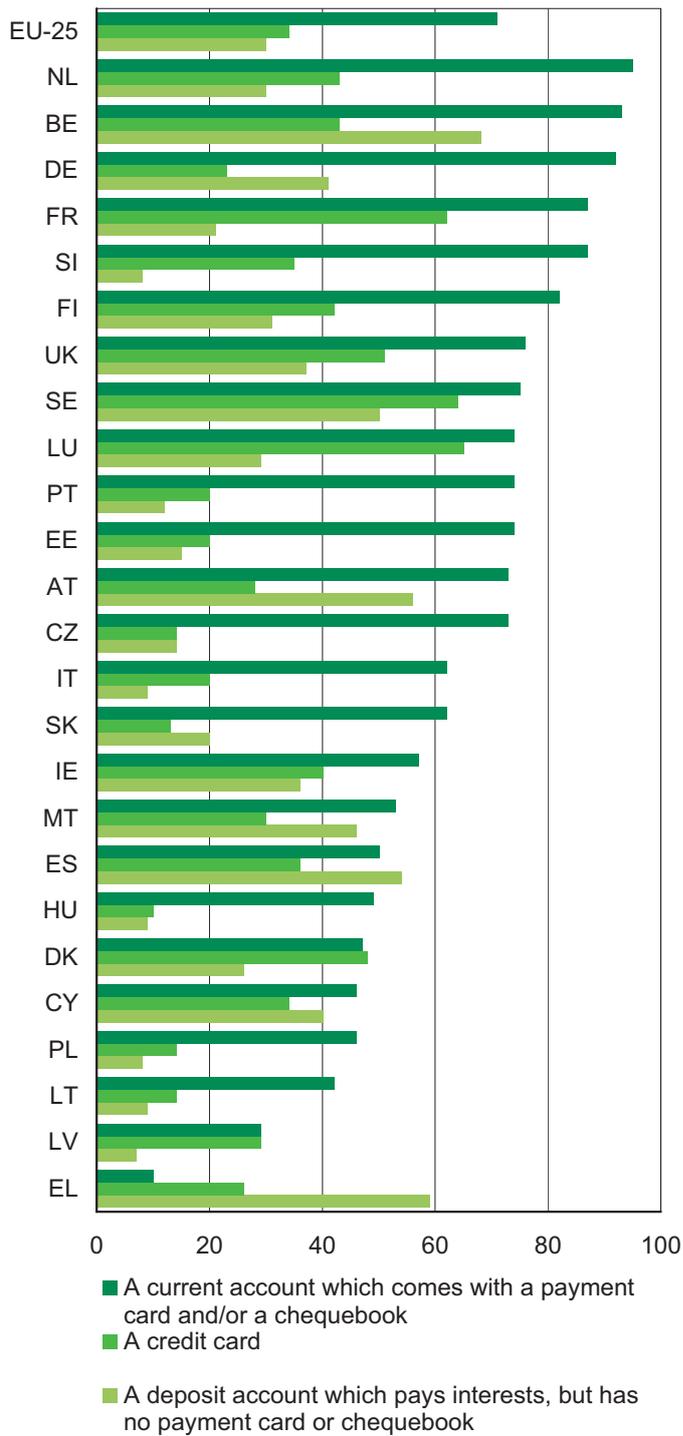
The results focus on the item which was, by far, cited by most respondents: a current account which comes with a payment card and/or a chequebook. The Netherlands, Belgium, Germany, France, Slovenia and Finland stand out at the upper end of the scale with over four in five stating that they have such an account. The situation in Greece, however, seems to be different from the rest of Europe with only one in ten stating that they have a current account. This could be partly explained by the fact that it was only as recently as the early 1990s that the market was opened to private banks. It would seem that deposit accounts without a payment card or chequebook are more popular with 59% stating that they have this type of account.

Those who studied the longest as well as managers and those who trust the advice given by financial institutions stand out for the relatively high proportion which cites a current account which comes with a payment card and/or a chequebook as being a financial service which they personally have. It can therefore be assumed that this product is primarily used by respondents of this profile.

A comparatively high proportion of respondents in Luxembourg (65%), Sweden (64%) and France (62%) confirm that they have a personal 'credit card' compared to only 10% in Hungary and 13% in Slovakia.

Another striking result is that 68% of Belgians have taken the first step towards saving by opening a deposit account.

Figure 6.3 Among the following financial services, which one(s) do you personally have?
(% of respondents)



Source: Eurobarometer 63.2 (Public Opinion in Europe on Financial Services), European Commission, 2005

6. Banking Services

Compared with an EU average of 88%, 97% of Finns and Danes said that they had easy access to the banking system through a current account³ and high figures were also noted in Spain (96%) and in Luxembourg (95% - see Table 6.4).

No access to banking services for 2% of EU citizens

Sixteen percent of Italians, 15% of Latvians and 12% of Slovaks said that they had difficult access to this service compared with an EU-25 average of just 7%.

Italians, in fact, do not appear to benefit from a widespread banking network and 8% of this country's poll says they have no access to this service.

This was also the situation with 7% of Hungarians and 6% of Latvians compared to an average of just 2% across the Union.

Seven percent of Italians and Hungarians did not give a response to this question - more than three times the EU average.

Table 6.4 In general, would you say that access to the banking system through a current account is easy or difficult for you? By that, I do not mean 'affordability'.
(% of respondents)

	EU-25	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV
Easy access	88	94	82	97	94	85	92	96	91	89	70	90	77
Difficult access	7	5	11	3	5	10	8	3	7	6	16	3	15
No access (spontaneous)	2	0	5	0	1	3	0	1	1	3	8	3	6
Do not know	2	0	2	0	0	2	-	1	1	2	7	3	3

	LT	LU	HU	MT	NL	AT	PL	PT	SI	SK	FI	SE	UK
Easy access	84	95	80	89	94	92	84	89	91	81	97	87	93
Difficult access	9	3	7	8	5	4	9	9	7	12	2	10	6
No access (spontaneous)	2	1	7	2	0	1	6	1	1	3	0	2	1
Do not know	4	1	7	1	1	2	2	1	1	3	-	1	0

Source: Eurobarometer 65.3 (Consumers' opinions of services of general interest), European Commission, 2006

³ Eurobarometer survey 65.3 (Consumers' opinions of services of general interest), European Commission, 2006.

Those EU-25 citizens who said they had difficulty in accessing the banking system through a current account were then asked which particular difficulties they had encountered.

This sample, which is slightly more than 10% of the total poll produces results which should be viewed with caution

as the sample size by country is often just double-digit (see Table 6.5). Accordingly, the broad findings are based upon the total sample across the EU and are not analyzed on a country-by-country basis for this reason.

Table 6.5 Can you tell me what difficulties you have in accessing the banking system through a current account? (% of respondents having difficult access or no access to banking system)

	EU-25	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV
The nearest bank branch is too far away from your home\ work	34	55	26	36	35	70	70	41	34	32	19	15	54
None (spontaneous)	22	11	19	24	33	4	6	33	15	12	29	37	24
The opening hours are not convenient for you	16	18	13	21	19	9	5	15	23	10	20	7	4
You do not understand the services offered by the banks	13	8	26	12	10	5	12	7	12	5	13	3	6
The waiting time at your bank is too long	11	8	15	3	3	5	18	-	10	14	19	13	7
You do not have adequate means of transport to get to your bank	8	18	8	7	7	26	9	15	8	2	9	-	9
Other (spontaneous)	8	11	13	3	2	5	4	3	19	9	5	18	-
Your local bank branch closed down	6	17	1	28	15	14	1	-	2	2	2	-	7
You had difficulty with the application procedure (supplying documents\ filling in forms, etc.)	6	5	8	6	7	4	4	2	4	11	8	8	4
Do not know	6	2	-	6	3	7	-	3	3	21	9	10	9
You tried to open a bank account but were refused	2	4	2	-	2	1	-	-	-	6	3	-	-

	LT	LU	HU	MT	NL	AT	PL	PT	SI	SK	FI	SE	UK
The nearest bank branch is too far away from your home\ work	29	28	33	58	53	18	40	48	70	43	46	45	49
None (spontaneous)	27	30	25	15	18	34	21	5	6	6	22	8	9
The opening hours are not convenient for you	8	16	8	-	35	21	5	3	19	13	21	26	12
You do not understand the services offered by the banks	15	3	9	14	8	8	24	3	2	29	8	5	8
The waiting time at your bank is too long	10	-	6	34	4	9	3	3	11	12	18	15	11
You do not have adequate means of transport to get to your bank	11	-	6	20	2	12	5	4	11	16	3	1	7
Other (spontaneous)	3	9	9	3	5	8	8	-	7	18	12	5	14
Your local bank branch closed down	17	16	-	8	38	4	5	1	3	3	22	33	9
You had difficulty with the application procedure (supplying documents\ filling in forms, etc.)	5	3	5	-	9	9	0	3	1	12	-	2	7
Do not know	13	5	7	5	-	4	5	36	-	6	-	11	3
You tried to open a bank account but were refused	1	3	0	-	3	8	-	1	1	0	-	-	3

Source: Eurobarometer 65.3 (Consumers' opinions of services of general interest), European Commission, 2006

6. Banking Services

Making up the 34% average of EU-25 citizens who said that the difficulty they had with current account banking was the distance from the branch were 43% of those educated to age 20 or more and just 30% of those who had left school aged 15 or less (see Table 6.6). As might be anticipated, this reason was cited by considerably more people living in rural villages than those living in large towns and figures of 53% and 18% are seen respectively. This geographic problem is also observed when 10% of those living in rural location say that they do not have a means of transport to get to their bank compared with just 4% of those living in large towns.

20% of men consider opening hours of banks as 'not convenient'

There appears to be strong feeling about the convenience of bank opening hours amongst certain groups. Accordingly, the EU-25 16% average saying opening hours

are not convenient contains figures as varied as 20% for men and 13% for women, 9% for the least educated and 27% for those educated to age 20 or beyond, and even wider differentials between 37% of managers and 33% of white-collar workers compared with just 10% of the retired, 9% of the unemployed and 8% of house persons and students.

Efficiency within the bank itself, as demonstrated by waiting times, is cited by 11% of this particular poll. Making up this EU-25 figure, there was 14% of men and 9% of women. No patterns emerged by age or education but occupation was, as might be expected, a driver, with less patience being shown by managers (21%) and white-collar workers (19%) compared with just 11% of the retired, 9% of house persons and 2% of the unemployed.

Table 6.6 Can you tell me what difficulties you have in accessing the banking system through a current account? (% of respondents having difficult access or no access to banking system)

	The nearest bank branch is too far away from your home/work	None (spontaneous)	The opening hours are not convenient for you	You do not understand the services offered by the banks	The waiting time at your bank is too long	You do not have adequate means of transport to get to your bank	Other (spontaneous)	Your local bank branch closed down	You had difficulty with the application procedure (supplying documents, filling in forms, etc.)	Do not know	You tried to open a bank account but were refused
EU-25	34	22	16	13	11	8	8	6	6	6	2
Sex											
Male	32	21	20	13	14	5	9	6	6	5	3
Female	35	23	13	14	9	10	7	7	5	7	1
Age when finished full time education											
15 or less	30	21	9	17	15	11	9	6	6	8	4
16-19	38	22	20	13	8	8	5	7	8	4	1
20 or more	43	16	27	12	16	6	10	11	3	3	1
Still studying	23	36	8	8	7	1	10	3	4	13	1
Occupation											
Self-employed	37	18	22	9	13	6	10	7	3	4	2
Manager	45	15	37	17	21	7	6	15	7	2	4
Other white collar	34	16	33	15	19	6	3	10	9	5	2
Manual worker	35	20	24	13	13	7	8	6	7	4	2
House person	35	28	8	9	9	16	7	2	4	8	1
Unemployed	32	30	9	7	2	5	7	8	4	11	4
Retired	35	18	10	19	11	10	8	7	7	5	2
Student	23	36	8	8	7	1	10	3	4	13	1
Place of residence											
Rural village	53	17	14	8	8	10	4	9	3	5	1
Small/mid size town	17	27	19	20	15	6	8	5	9	8	3
Large town	18	26	16	12	13	4	19	4	5	7	3

Source: Eurobarometer 65.3 (Consumers' opinions of services of general interest), European Commission, 2006

Methods of payment

Consumers have many ways of making payments; they are no longer restricted to cash. Debit cards, transfers and other forms of electronic payment are now widespread and the market is still developing, for example with the arrival of electronic purses. In 2005, a special Eurobarometer survey (63.2) looked at Europeans payment preferences for significant purchases (worth more than EUR 100 or its equivalent in national currency) in their own country and in another Member State.

Figure 6.7 shows that one in two EU citizens confirms that they prefer to pay for a significant purchase in cash, corresponding to a rise of 3 points since 2003⁴. However, looking at the breakdown of this result for the EU-15 block (45%) and that of the new Member States (69%), this rise is partly explained by the considerably higher result for the latter.

The proportion of respondents using a credit card or other bank card for the payment of significant purchases remains identical since 2003. Here again there is considerable discrepancy between the EU-15 group (39%) and the new Member States (21%).

⁴ Eurobarometer 60.2 (Public Opinion in Europe on Financial Services), European Commission, 2003.

Chequebooks still widespread in France

The analysis focuses on the items which bear the greatest weight, cash and credit card or other bank card. However, some of the more noteworthy points with regard to the other payment possibilities can be noted. For instance, three in four of the French own a chequebook and it does not come as a surprise that their preference for paying for significant purchases by cheque stands out at 35%, corresponding to a dip of 2 points since 2003.

The proportion of Austrians opting for a bank or postal transfer is also noteworthy at 29%.

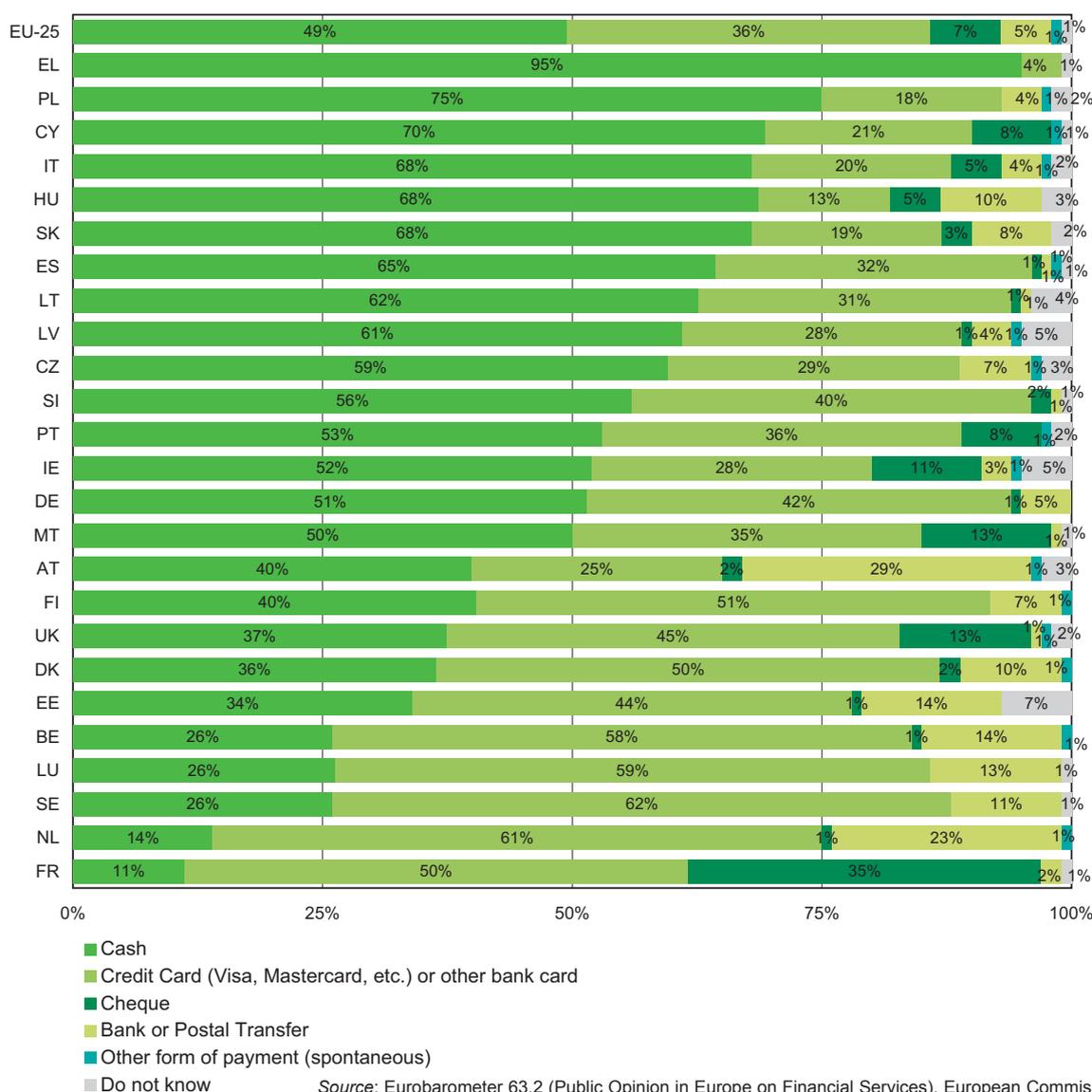
As was observed in 2003, the average result for those opting for cash masks considerable disparities between countries ranging from 95% of Greeks (+1 point) to 11% of the French (-9 points).

In all of the new Member States, with the exception of Estonia, at least one in two respondents prefers to pay for significant purchases in cash. The other Member States where a majority would opt for cash for making significant payments are Greece (95%), Italy (68%), Spain (65%), Portugal (53%), Ireland (52%) and Germany (51%). (repeated from a paragraph above)

The use of a credit card or other bank card seems to be more widespread in Sweden (62%), the Netherlands (61%), Luxembourg (59%) and Belgium (58%).

Regarding the evolution of the use of credit card or other bank cards in all Member States, the general tendency across Europe is a rising trend in the use of electronic means for the payment of significant purchases. Particularly notable positive evolutions are Luxembourg (59%; +17 points) as well as the Netherlands (61%; +14 points). Negative evolutions occurred in only 3 Member States, the most significant of which was in Italy (20%; -16 points).

Figure 6.7 Which one of the following means of payment do you prefer to use to pay for a significant purchase of at least 100 Euros? (% of respondents)



Source: Eurobarometer 63.2 (Public Opinion in Europe on Financial Services), European Commission, 2005

6. Banking Services

Respondents who identified any of the above as their preferred means of payment were then asked the reasons for their choice. As was observed in 2003, the overriding reason at the level of the EU is 'because it is easy', being cited by 76% of respondents (-2 points compared to 2003).

The observation made at the level of the European Union remains true at the national level where in each Member State, the vast majority of respondents (close to or over seven in ten in all countries) opt for their chosen means of payment because it is easy (see Table 6.8).

Table 6.8 Why do you prefer to use this means of payment?
(% of respondents who prefer one of the means of payment proposed to pay for a significant purchase of at least 100 Euros)

	Because it is easy	To avoid the risk of loss or theft	For security/safety reasons	Because it is cheap	To avoid the risk of a dispute	To avoid being attacked	Other (spontaneous)	Do not know
EU-25	76	15	15	12	9	6	5	1
BE	81	29	22	5	10	18	4	0
CZ	83	17	16	17	9	7	2	1
DK	84	18	18	25	16	9	2	1
DE	82	14	15	17	6	7	4	0
EE	79	24	22	11	6	12	5	1
EL	74	9	6	19	19	1	2	0
ES	75	10	8	10	3	6	10	2
FR	78	13	22	8	18	7	5	1
IE	69	12	12	13	8	2	3	3
IT	68	14	6	14	11	4	4	1
CY	82	14	7	19	7	2	4	0
LV	81	13	7	9	7	3	3	2
LT	72	9	15	7	6	4	9	2
LU	85	20	22	15	7	11	3	0
HU	66	8	12	18	14	3	8	2
MT	82	17	6	2	4	3	1	0
NL	80	30	24	6	10	9	4	0
AT	81	22	15	17	12	14	3	1
PL	76	12	10	16	7	5	4	2
PT	75	14	11	7	3	1	5	0
SI	89	11	8	10	5	3	5	0
SK	82	16	10	14	8	6	1	1
FI	84	19	17	22	10	7	3	0
SE	89	19	19	11	6	21	3	0
UK	69	15	26	7	9	4	7	2

Source: Eurobarometer 63.2 (Public Opinion in Europe on Financial Services), European Commission, 2005

When it comes to making significant purchases at the national level it was seen that cash stood out as being the preferred means of payment for one in two citizens. At the European level, it seems that payment preferences for significant purchases are split between credit or other bank card (37%; +4 points) and cash (35%; +1 point - see Figure 6.9). When it comes to making a payment with a credit card

or other bank card it is worth noting the difference in results between the EU-15 group (38%) and the new Member States (29%). At the national level, a much stronger preference for electronic payments by citizens in the EU-15 group compared to their counterparts in the new Member States was also observed.

The proportion of respondents who spontaneously stated that they never bought anything in another Member State dipped to 14% (-6 points). It seems that one in five of the citizens from the MS having recently joined the EU has not yet made a significant purchase in another Member State compared to 8% of citizens in the 'old' Member States, a disparity which can be expected to decrease with time.

The range of results for those preferring to pay for a significant purchase in another Member State using a credit card or other bank card ranges from three in five in the Benelux countries to only 7% in Greece.

Over one in two citizens in Greece (57%), Slovenia (56%) and Cyprus (53%) prefer to pay in cash for a significant purchase elsewhere in the European Union. With regard to Greece, we saw earlier that the Greeks stood out with a result of 95% preferring to pay for significant purchases made in their country in cash.

Close to or over three in ten respondents in Latvia, Portugal, Hungary and Greece spontaneously indicated that they never bought anything in another Member State.

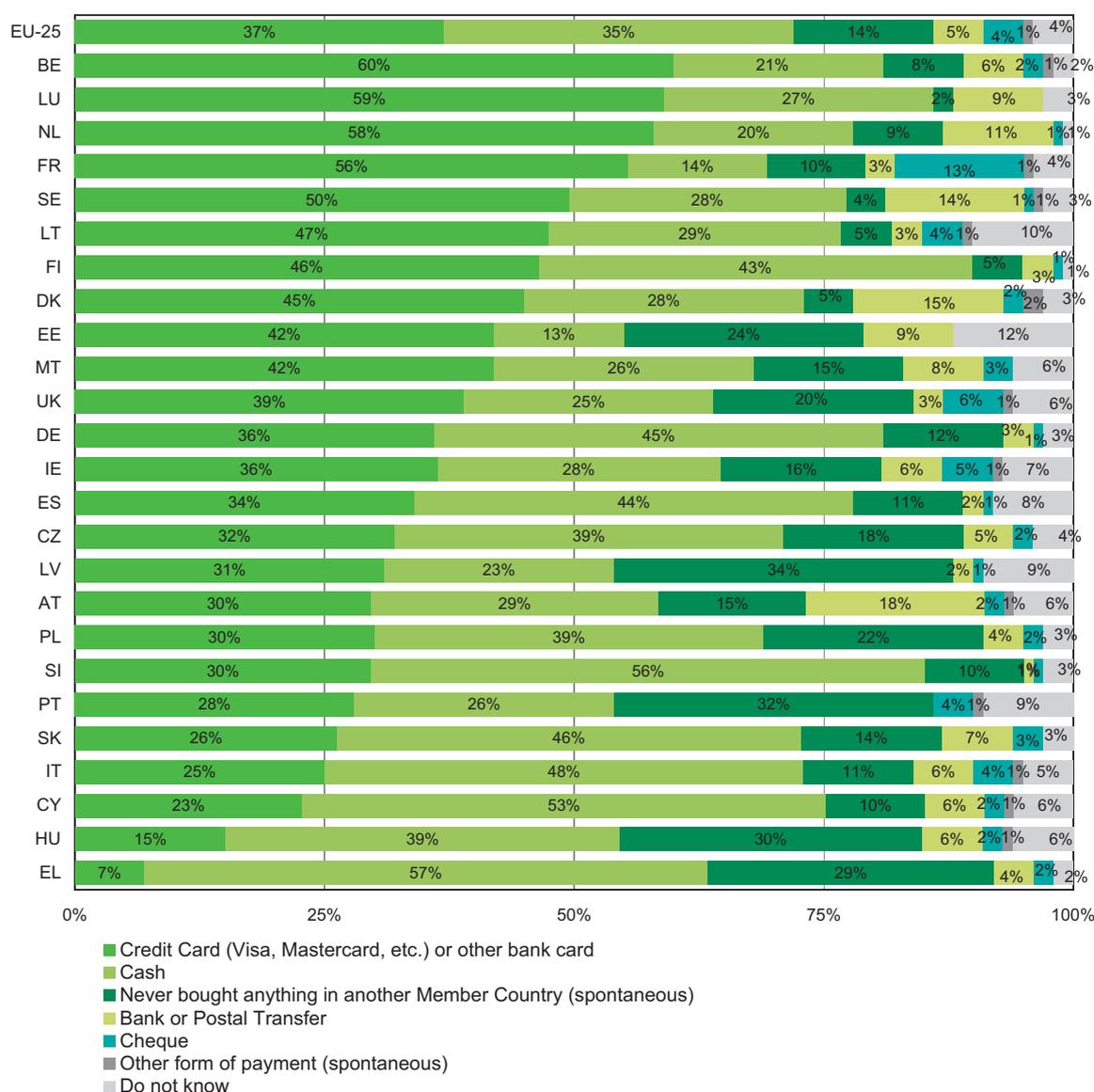
Shopping abroad: increasing popularity of payment cards

Regarding the evolution in results in all Member States, it seems that for purchases made in another Member State, equivalent to over EUR 100, the proportion of users opting for card payments increased in practically all Member States, with the exception of Cyprus (where the results remained static), Slovenia, Slovakia, Hungary and Italy.

Contrary to the trend observed for electronic payments for purchases made in another Member State, the tendency for payment in cash for such purchases is declining in most countries. This would suggest that in these countries at least, there has been a switch-over from cash to card for making cross-border payments for purchases equivalent to at least EUR 100.

However, the rise in preferences for paying in cash is notable in Slovakia (46%; +14 points), Spain (44%; +11 points) and Greece (57%; +10 points).

Figure 6.9 Which one of the following means of payment do you prefer to use to pay for a significant purchase of at least 100 Euros in another Member Country of the European Union? (% of respondents)



Source: Eurobarometer 63.2 (Public Opinion in Europe on Financial Services), European Commission, 2005

6. Banking Services

Respondents who generally prefer paying in cash for a significant purchase in another Member State tend to be young, still studying and opt for cash when it comes to paying for significant purchases made in their own country. Those who prefer to pay for a significant purchase by electronic means tend to be more highly educated (have pursued their studies until at least the age of 20), managers, owners of credit cards or other bank cards and prefer this means of payment for significant purchases made nationally.

Respondents who spontaneously state that they have never bought anything in another Member State are more inclined to be older, have completed their studies by the age of 15, retired and not in possession of a bank or credit card.

As it was seen for significant payments at the national level, ease stands out as the main reason explaining the payment preferences for cross-border purchases of the majority of citizens in each Member State (with the exception of Lithuania where this reason was cited by exactly one in two - see table 6.10).

Table 6.10 Why do you prefer to use this means of payment in another Member Country of the European Union?
(% of respondents who prefer one of the means of payment proposed to pay for a significant purchase of at least 100 Euros in another Member Country of the European Union)

	Because it is easy	To avoid the risk of loss or theft	For security/safety reasons	To avoid the risk of a dispute	Because it is cheap	To avoid being attacked	Other (spontaneous)	Do not know
EU-25	69	19	19	11	10	8	4	2
BE	77	32	24	12	6	17	3	0
CZ	69	26	18	11	11	7	1	4
DK	74	23	19	18	19	10	4	2
DE	75	20	19	8	16	10	4	1
EE	70	31	26	7	10	15	3	2
EL	68	15	9	16	14	2	2	1
ES	72	14	8	3	8	10	9	3
FR	73	14	24	16	6	7	5	2
IE	58	17	18	9	9	4	3	6
IT	62	19	10	14	10	5	3	0
CY	71	20	12	7	16	2	6	1
LV	66	22	16	6	6	6	2	5
LT	50	21	38	8	3	11	7	4
LU	80	20	23	7	12	12	4	0
HU	56	13	19	16	15	4	8	3
MT	66	32	11	4	1	6	1	1
NL	76	24	25	13	6	6	3	1
AT	66	27	18	14	12	14	5	2
PL	64	17	13	8	11	8	4	5
PT	65	18	16	4	6	2	7	3
SI	86	11	8	5	7	4	6	1
SK	68	23	13	10	9	9	2	2
FI	69	26	18	17	16	17	3	1
SE	72	24	23	11	7	22	4	1
UK	61	18	32	11	6	4	5	3

Source: Eurobarometer 63.2 (Public Opinion in Europe on Financial Services), European Commission, 2005

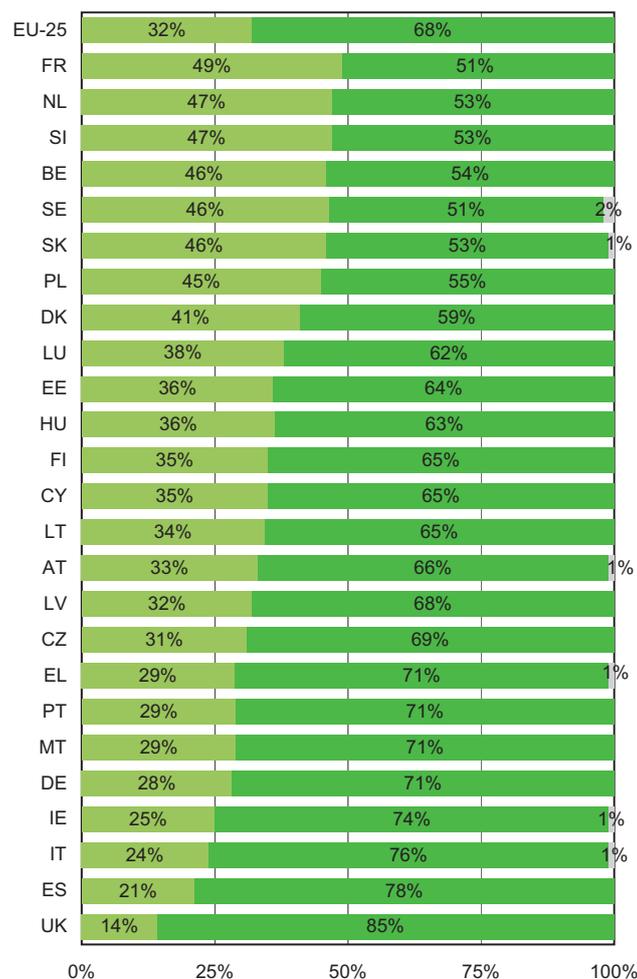
One third allows others to use personal bank card or credit card

Focusing specifically on respondents who own a bank card or credit card, close to one in three respondents in the EU confirm that they allowed someone to use their personal bank or credit card. However, a distinction is observed between the results for the EU-15 group (31%) and the new Member States (40%).

This average once again masks some differences at the national level: the results range from close to one in two in France (49%) to 14% in the United Kingdom (see Figure 6.11).

Respondents who confirmed that they allowed someone to use their personal bank or credit card were then asked to whom they granted permission. A majority of respondents stated that they lent their bank or credit card to their spouse or partner. Belgium, the Netherlands and Portugal can be distinguished for the relatively higher proportion of respondents who state they allowed their child to use their bank or credit card.

Figure 6.11 Have you ever allowed anyone to use your personal bank or credit card? (% of respondents having a bank or credit card)



Source: Eurobarometer 63.2 (Public Opinion in Europe on Financial Services), European Commission, 2005

BANK ACCOUNT HOLDERS' PERCEIVED SATISFACTION

In the framework of Eurobarometer survey 65.3 on consumers' opinions of services of general interest led in 2006, respondents who were users of bank current account services were asked whether they thought the service was affordable or not.

82% of EU-25 citizens felt that bank current account charges were affordable and, in Lithuania, with a figure of 96%, this is a sentiment felt by virtually all those surveyed (see Table 6.12). Figures of 90% or above were observed in Slovakia (94%), Greece (93%), the UK (92%), the Netherlands (91%) and Austria (90%).

However, in Finland, virtually a quarter (24%) of that country's poll said that bank charges were not affordable.

High figures were also observed in France (17%) and Cyprus (15%) - considerably more than the 8% average across the Union.

A substantial one in five (21%) of Italians felt that bank charges were excessive and relatively high figures were also noted in the Czech Republic where 15% of the poll gave this spontaneous response.

5% of the Portuguese, Cypriot and Irish polls and 6% of the Maltese poll gave a 'don't know' response to this question compared with an EU average of just 1%.

There are no significant variations by gender, age and education. The only exception to the 82%- 85% spread by occupation was the 78% noted amongst the unemployed (see Table 6.13).

Table 6.12 In general, would you say that the price of current bank account services is affordable or not?
By that, I mean that I would like to know if you are able to afford the services you need.
(% of respondents using current bank account services)

	EU-25	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV
Affordable	82	87	81	87	86	91	93	82	73	82	68	80	88
Not affordable	8	7	3	7	3	5	4	12	17	5	10	15	6
Excessive (spontaneous)	8	6	15	5	10	2	3	5	7	8	21	1	4
Do not know	1	0	0	1	1	2	-	1	2	5	1	5	3

	LT	LU	HU	MT	NL	AT	PL	PT	SI	SK	FI	SE	UK
Affordable	96	83	83	86	91	90	74	82	89	94	70	82	92
Not affordable	3	5	4	1	1	1	14	9	2	1	24	14	3
Excessive (spontaneous)	-	9	11	7	7	8	9	4	9	3	5	2	2
Do not know	1	3	2	6	1	1	2	5	1	2	1	2	2

Source: Eurobarometer 65.3 (Consumers' opinions of services of general interest), European Commission, 2006

Table 6.13 In general, would you say that the price of current bank account services is affordable or not?
By that, I mean that I would like to know if you are able to afford the services you need.
(% of respondents using current bank account services)

	Affordable	Not affordable	Excessive (spontaneous)	Do not know
EU-25	82	8	8	1
Occupation				
Self-employed	79	7	13	1
Manager	85	7	7	1
Other white collar	82	10	8	1
Manual worker	82	8	8	1
House person	82	8	8	2
Unemployed	78	10	9	3
Retired	82	8	8	2
Student	85	7	4	3

Source: Eurobarometer 65.3 (Consumers' opinions of services of general interest), European Commission, 2006

Respondents who are not holders of bank current accounts were also asked whether they thought the service was affordable or not.

This relatively small sample of around 11% of the respondents across the EU-25 contains -samples that in several Member States are too small, making an analysis between countries statistically invalid. Looking at the broad EU-25 figures, however, produces statistics that show 43% of people without bank current accounts had not done this for financial reasons as they considered this service to be affordable.

Almost 1 in 3 Europeans that don't have a current account claim that the reason for this is affordability. Indeed, 18% of this 'non-banked' group considered bank current accounts to be unaffordable, while 10% went as far as to spontaneously say that the charges for this service were excessive.

A sizeable 29% of the poll, however, did not know what it costs to establish and run a current account and therefore replied 'don't know' to this question. Amongst this group of respondents who gave a 'don't know' response were 36% of those aged 55 or more, 32% of those whose education had ended at age 15 and 41% of the retired.

In the Eurobarometer survey 63.2 on financial services carried out in 2005, a series of statements concerning the perceptions of financial institutions and services were shown to respondents who were asked to identify those with which they agree or tend to agree. A given response rate should therefore not be misinterpreted as implying that the remaining proportion of respondents disagrees with the statement in question. This 'multiple answers' approach provides a clear ranking of statements as shown in Table 6.14.

The item with which most respondents agree is: 'financial transactions are generally secure' (37%). However, this average result at the level of the European Union of 25 masks a distinction in results between the EU-15 group (40%) and the new Member States (23%). Sticking with positive perceptions, 29% believe that 'the confidential information they give to banks or insurance companies is adequately protected'. Here again, the difference between the EU of 15 (32%) and the new Member States (16%) is significant. While on the issue of security, the results of a public at large Flash Eurobarometer survey⁵ conducted in November 2002 are somewhat pertinent. The results to the question on encounters with security problems revealed that one in two (48%) spontaneously stated that they never experienced security problems⁶.

⁵ Flash Eurobarometer 135 (Internet and the public at large), European Commission, 2002.

⁶ While using the Internet, have you ever encountered security problems such as: ... a computer virus, fraudulent use of your credit card number, unsolicited e-mail (spamming), (other security problems: ...), (never experienced Internet security problems), (DK/NA)?

6. Banking Services

On a more negative note, 35% of respondents tend to agree that 'having a bank account is expensive' and the same proportion considers that 'the marketing techniques of financial institutions are aggressive'. Regarding the latter statement, the difference between the EU-15 result (38%) and the new Member States (21%) is again notable.

In the Nordic Member States and the Netherlands, close to, or over two thirds of respondents identified 'financial transactions are generally secure' as being one of the statements with which they tend to agree the most. However, in six of the new Member States as well as three of the Southern Member States (Portugal, Greece and Italy), less than one third of respondents share this opinion.

Denmark and the Netherlands stand out with respectively 59% and 57% of respondents tending to agree that 'the

confidential information they give to banks or insurance companies is adequately protected'. In contrast, in the Czech Republic only 6% cited this. However, it should be noted that the results in the Czech Republic are particularly low in all instances which is partly explained by the considerably high 'don't know' response rate.

Looking at some of the more negative perceptions, Italy (68%) and Ireland (57%) stand out for the particularly high proportions of citizens tending to agree that 'having a bank account is expensive'. In the Baltic States, few identified this as one of the statements with which they agree.

As many as seven in ten Dutch respondents believe that 'the marketing techniques of financial institutions are aggressive' compared to less than one in ten Lithuanians (9%) and Czechs (7%) who tend to agree with this.

Table 6.14 Among the following statements, which ones do you agree or tend to agree with? (% of respondents)

	Financial transactions are generally secure	Having a bank account is expensive	The marketing techniques of financial institutions are aggressive	The confidential information I give to banks or insurance companies is adequately protected	Buying on credit is more useful than dangerous	My rights as a consumer are adequately protected in relation to financial services
EU-25	37	35	35	29	19	19
BE	60	50	54	52	16	38
CZ	5	23	7	6	2	4
DK	69	25	51	59	25	27
DE	36	36	43	33	10	19
EE	36	8	25	21	21	19
EL	12	22	30	13	19	6
ES	46	26	32	25	22	14
FR	43	36	45	38	18	22
IE	34	57	31	25	28	15
IT	11	68	17	11	20	10
CY	33	19	17	23	16	14
LV	24	8	10	18	33	13
LT	33	7	9	14	28	16
LU	57	29	39	51	24	40
HU	35	48	23	16	12	9
MT	44	39	19	46	22	35
NL	71	24	70	57	15	33
AT	40	49	31	35	11	24
PL	22	32	24	17	28	12
PT	31	40	24	14	15	15
SI	61	24	51	45	44	35
SK	15	37	22	11	15	13
FI	76	23	22	52	20	32
SE	65	15	48	53	26	17
UK	51	16	40	42	28	29

Source: Eurobarometer 63.2 (Public Opinion in Europe on Financial Services), European Commission, 2005

SYMBOLS AND ABBREVIATIONS

EU MEMBER STATES

EU-25 Twenty-five Member States of the European Union (up to 31.12.2006):

BE	Belgium	LU	Luxembourg
CZ	Czech Republic	HU	Hungary
DK	Denmark	MT	Malta
DE	Germany	NL	Netherlands
EE	Estonia	AT	Austria
EL	Greece	PL	Poland
ES	Spain	PT	Portugal
FR	France	SI	Slovenia
IE	Ireland	SK	Slovakia
IT	Italy	FI	Finland
CY	Cyprus	SE	Sweden
LV	Latvia	UK	United Kingdom
LT	Lithuania		

As part of Eurostat's guidelines for the dissemination of data when the EU or euro area is enlarged, the aggregate data series commented on in this publication refer to the official composition of the EU in the reference period (between 2004 and 2006). Up to 31 December 2006 the EU-25 included: Belgium, the Czech Republic, Denmark, Germany, Estonia, Ireland, Greece, Spain, France, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, Malta, the Netherlands, Austria, Poland, Portugal, Slovenia, Slovakia, Finland, Sweden and the United Kingdom. From 1 January 2007 the EU-27 also includes Bulgaria and Romania.

BG	Bulgaria
RO	Romania

CANDIDATE COUNTRIES

HR	Croatia
MK	former Yugoslav Republic of Macedonia
TR	Turkey

OTHER COUNTRIES

IS	Iceland
LI	Liechtenstein
NO	Norway
CH	Switzerland

SYMBOLS

-	Not applicable
:	Not available
%	Percent
0	Real zero or value less than 0.5
0.0	Real zero or value less than 0.05

UNITS AND MEASURES

Billion	Thousand million
ECU	European Currency Unit
EUR	Euro
GWh	Gigawatthour
ha	Hectare
kg	Kilogram
km	Kilometre
km ²	Square kilometre
km/h	Kilometres per hour
kWh	Kilowatt hour
m	Metre
m ³	Cubic metre
PPS	Purchasing Power Standard
pkm	Passenger-kilometre
TJ	Terajoule
toe	Tonne of oil equivalent

ABBREVIATIONS

ADSL	Asynchronous Digital Subscriber Line
ATM	Automatic Teller Machine
DSL	Digital Subscriber Line
ISDN	Integrated Services Digital Network
ITU	International Telecommunication Union
NewCronos	Eurostat's reference database
OECD	Organisation for Economic Co-operation and
PC	Personal Computer
SGI	Services of General Interest

European Commission

Consumers in Europe – Facts and figures on services of general interest

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Consumers in Europe

Facts and figures on services of general interest

This publication brings together the most relevant and useful information for the evaluation and development of consumer policy. The material includes data from various sources including EUROSTAT, other Commission services as well as other surveys and studies. This edition focuses on services of general interest. Although the prime objective of this publication is to help policy-makers at the European level to better understand the needs of consumers in general, the publication should also be of use to other stakeholders interested in consumer affairs, such as consumer organisations, other public authorities and even suppliers of goods and services. This is the third edition of a series of publications. Data cover the period 1999-2006.

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