

# The Telecommunications Sector in Israel

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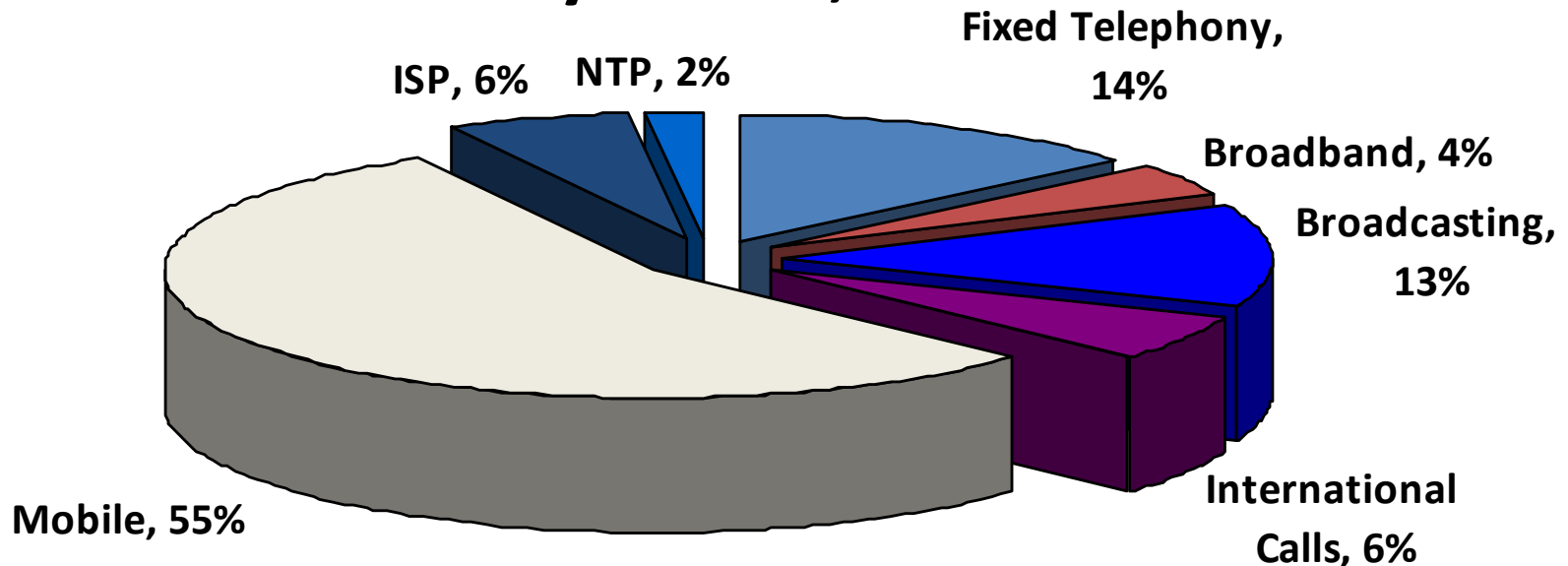
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# Market Overview


























- Revenues of approx. 28 billion NIS in 2008
- Yearly growth of approx 3%
- Significant growth in internet (~14%) and broadcasting (6%)

# Market Overview

## Telecommunications Market Revenues By Sector, 2008



# Regulatory Liberalization: Fostering Competition

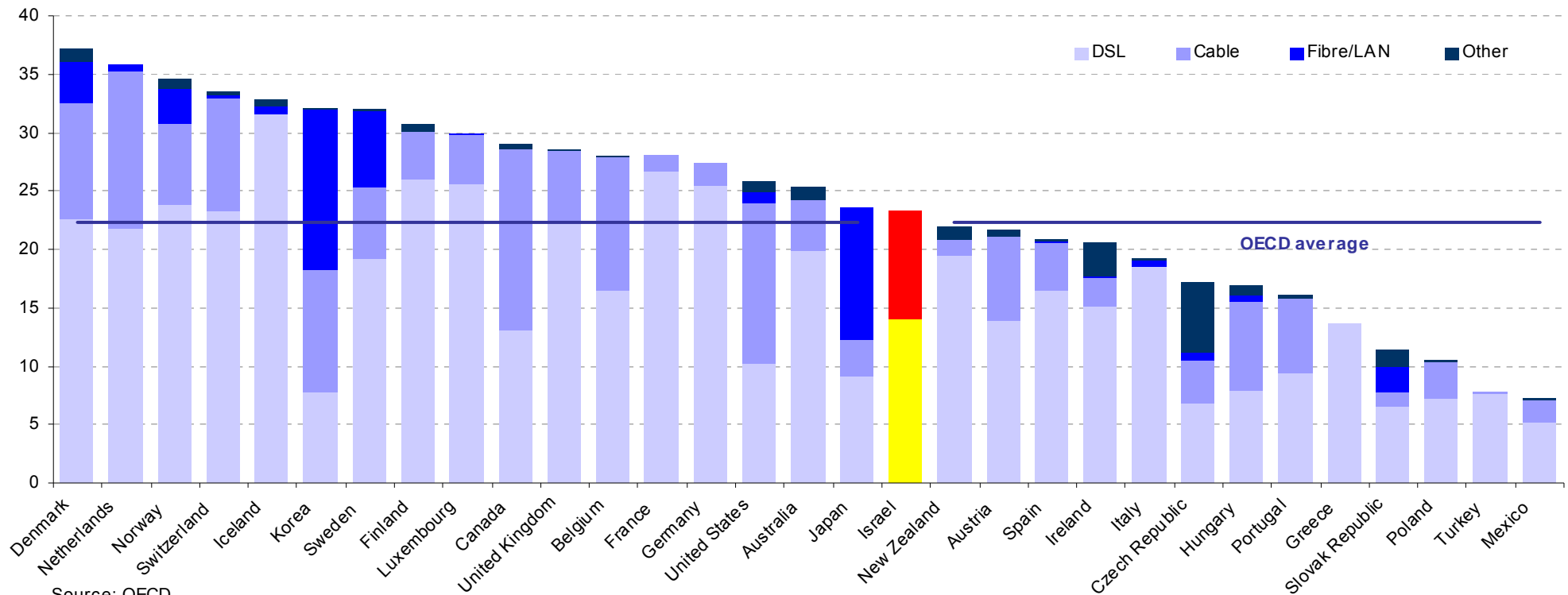
	1994	2000	2009
Mobile services	 <p>Bezeq (Bezeq)</p>	   <p>Bezeq Cellcom Partner</p>	    <p>Bezeq Cellcom Partner MIRS</p>
Fixed services (infrastructure, transmission, telephony)	 <p>Bezeq</p>	 <p>Bezeq</p>	       <p>Bezeq Bezeq-Int'l HOT (cable) 012 Smile Cellcom Partner Globcall</p>
International Long Distance, Internet	 <p>Bezeq</p>	   <p>Bezeq-Int'l Barak 012 Smile</p>	    <p>Bezeq-Int'l Barak (+Netvision) 012 Smile (+Internet Gold) X-fone</p>

# Broadband: An Information Society

- 1,671,000 broadband lines at end of 2008 (1,005,000 ADSL lines; 666,000 cable modems).
- Broadband subscriber growth ~12% (yearly rate) this year.
- Broadband household penetration approx. 72%.
- Broadband penetration per 100 inhabitants approx. 23% (end of 2008).
- Speeds reaching up to 10 Megabit per second on existing networks; 30/100 Mbps on Bezeq/HOT NGA networks, respectively.
- Mandated Universal Service for broadband.

# Broadband: An Information Society

OECD Broadband subscribers per 100 inhabitants, by technology, December 2008



Source: OECD

# A New Competitive Framework: The “Gronau Committee”

- In 2008, a public committee (chaired by Prof. Reuben Gronau) presented its report to the Minister, with recommendations on telecoms competition policy for the future.
- Main recommendations:
  - A wholesale market in fixed telecoms, including local loop unbundling (LLU) on incumbent’s access network
  - Mandated MVNO access on mobile networks
  - Easing of restraints on Bezeq (tariffs, structural separation) as competition takes hold
- The Minister adopted the recommendations (Aug. 2008)
- The MOC intends to utilize the “twinning” project to prepare the necessary regulation for a wholesale market.

Thank You