

**Presentation to the Hellenic Parliament  
(Standing Committee on Economic Affairs)  
by  
Professor Nikitas Alexandridis, President of EETT  
10 June 2008**

Ministers and Members of the Parliament,

I would like to thank you for the opportunity you give me to inform you about the role and functions of the Independent Authority EETT (Hellenic Telecommunications & Post Commission) and more specifically – because there are many more – those that pertain to the Shareholders Agreement between the Greek State and Deutsche Telekom.

EETT is the National Telecommunications & Post Regulator. It is the **independent body** that exercises a supervisory role and monitors the strict implementation of the law by all companies in the telecommunications and postal sectors, regardless of their ownership and management status.

EETT, acting in its second capacity as the Competition Authority for the Electronic Communications sector, will examine the said agreement, as soon as the file in question is submitted to us by the contracting parties. The object of the examination will be the consequences that those changes are expected to bring about to the structure of competition among the market players.

Members of the Parliament,

It should be clear to everyone that OTE SA is now operating within a new environment, especially after the **incorporation of the EU/ Commission Directives** for the Electronic Communications with the Greek Law 3431/2006.

Following the analysis that EETT carried out of the 15 Relevant Markets, OTE SA was established as having Significant Market Power (SMP) in most of them. As a result, EETT – according to Community and national legislation – was obliged to impose on OTE SA special “regulatory measures” (Remedies), following a number of public consultations and the respective approvals by the European Commission.

Among its various obligations, OTE SA has the obligation to submit to EETT every year the costing data that have to be checked by EETT, and EETT has the jurisdiction to ex ante price control and to approve or not approve the proposals of OTE SA before these are implemented in the market. In order to modify the price of call services and the retention fees, which are subject to price cap regulation, OTE SA is obliged to submit to EETT its proposed pricing policy, accompanied by all the necessary data, so that EETT can check whether OTE SA abides by the defined price cap. The same obligation stands for all packages of unlimited calls offered by OTE SA, which include local and national calls, as well as calls to mobiles. EETT can approve, reject or approve under conditions any such package. OTE SA cannot proceed to

any publication or implementation of the proposed pricing policy, before EETT comes up with a final decision of approving or rejecting the said policy. **This also stands for the monitoring by EETT, both, the adherence to the competition rules, as well as to the price cap set for the retail tariffs.** As to the retail market for broadband access (ADSL) that is not subject to regulation, OTE SA has the obligation to submit to EETT the proposed retail prices of the said service and of any related packages (conn-x), so that EETT can check and verify the Retail-Minus (i.e. the minimum required difference between retail and wholesale price) that was decided for this specific market (Market 12), in order to avoid cases such as “price squeeze”, “predatory pricing” and “sale below cost”.

If needed, I can present to you in more detail all of OTE’s regulatory obligations (remedies) in each one of the relevant markets.

In conclusion, let me note that, in accordance with existing Community and national legislation, **EETT will continue to control the prices set by OTE SA, for as long as the Law is in force and for as long as EETT establishes that the said company has “significant market power”, in order to safeguard the citizens-consumers’ interests and ensure competition.** EETT’s annual audits are conducted in cooperation with internationally recognized technical & financial consulting houses; they are based on international models and practices and are part of the general regulatory framework established by the EU.

An additional regulatory remedy was the enforcement of the obligation for the **Collocation** of alternative operators into OTE’s exchange centers, so as to enable the Unbundling of the Local Loop (ULL). It should be noted that similar remedies (obligations) have been imposed on the former telecommunications monopolies in the other EU countries, several years ago.

OTE SA is also obliged to provide the **“Universal Service”**, namely the services having to do mostly with the telephony coverage of the entire country. This obligation remains valid, regardless of the ownership status of OTE SA.

With reference to **OTE SA’s telecommunications network**, the situation won’t change after the approval of the agreement with Deutsche Telekom; the network will remain property of OTE SA. However, the law has imposed on OTE **special obligations**, such as the maintenance, quality, safety, pricing and development of the network, conformity with the provisions of the telecommunications legislation in force and with the legislation for the protection of competition and fulfillment of the requirements of “access to the Network and use of the Licensed Services”. The latter obliges OTE SA (for as long as it holds a dominant position in the relevant market) to **“ensure access, with no discrimination, without breaching the principle of equal access and in the same manner as provided to the companies of its group”** to the other telecommunications operators as well, so that they may have access (under payment) to the equipment, the fixed property, the rights of way and to OTE SA’s network, in order to promote competition.

EETT's regulatory actions play a highly important role in the development of competition and protection of the consumers, **by defining the conditions of access by the other market players to this single network infrastructure of the former monopoly.**

All these obligations will continue to exist, obviously, under the new shareholder structure and management of OTE SA.

The consistent implementation on the part of EETT of all the above regulations over the past years (and especially after the passing of Law 3431/2006), has resulted in the strengthening of a healthy competition, which in turn has led to the provision of innovative services and to the considerable drop of retail prices to the benefit of the citizens-consumers. Especially in the broadband Internet access, which is of strategic importance, retail prices have dropped by almost 76%, a fact which led to a significant increase of broadband penetration to the Greek households.

It should be noted that prices have dropped because competition has started to work effectively and because the consumers are presented with a variety of choices and packages by different providers.

Despite this very important progress, we have to point out that our country is still far from the European average in broadband penetration. The effort to strengthen competition and facilitate new investments **must** continue.

Special measures, such as the Ministry's plan for the timely deployment of access infrastructure based on optical fibre, are imperative in order to be able to bridge the gap that separates us from the advanced EU countries. Otherwise, our country risks to return to the "stone age" of electronic communications, at the margin of the EU, and with unpredictable consequences to the competitiveness of our economy.

Within the environment of a new, more intense competition, the companies that will have a future in this industry will be the ones that have modern structures, flexible administrative procedures, with serious international alliances and a long-term development vision. Those who cling to obsolete monopolistic patterns will be faced with unpleasant surprises, watching their competitors seizing the opportunity to snatch away clients and market shares.

On the condition that the Greek State persists, with even greater determination, on applying the new anti-monopolistic rules and on implementing related Community directives, the Greek telecommunications will find the way to converge with the most advanced EU countries. This way, the Greek consumers will enjoy all the benefits of modern technologies of the knowledge society, while companies will enhance their competitiveness, to the benefit of the economy and the increase of employment.

The entrance of a major player in the Greek telecommunications market **could and should** be seen as an important opportunity to enhance the competitiveness of all the companies in the telecoms sector. It **can** become

an opportunity to ensure clearer and more transparent conditions in the business game, to the benefit of the economy, the employment and the well-being of the citizens, throughout the country.