



## Wholesale Market for Access and Call Origination on Mobile Telephony Networks (Market 15 of the European Commission Recommendation)

In the framework of a market analysis procedure for ex ante regulatory purposes, EETT has reached the conclusion that there exists a distinct relative wholesale market for access and call origination on mobile telephony networks, covering the entire Greek Territory. The relevant market includes the following elements:

- > All wholesale access and call origination services provided by the MNO's (Mobile Networks Providers).
- > All MNO's in a single relevant market of numerous providers.
- > Self-provided access and call origination from vertically integrated MNO's in Greece.

These characteristics would facilitate definition of a market which would support the existence of numerous forms of access referring to various business models, including provision of independent services (e.g., airtime with different brand name or without brand name), access by MVNO's, indirect access (i.e., Carrier Pre-selection), and national roaming.

Since, a close connection between the field of competition at the retail level and the need for imposing access at a wholesale level in the mobile sector might exist, EETT has also sought to specify the parameters for the definition of mobile telephony services market at the retail level.

In view of the above, EETT has reached the conclusion that the relevant market for the provision of retail mobile services consists of a mobile services "package" and excludes fixed telephony services.

This relevant product market includes mobile retail access, key outgoing voice services from mobile phones (both national and international), basic and value added SMS, international roaming and supplementary mobile data services. Based on community practice, the provision of such services on a prepaid or contract basis falls under the same relevant product market. Based on the principle of technological neutrality, the provision of such services through 3G networks shall be included in the service package which forms the relevant product market.

Finally, EETT has concluded that the geographical scope of the aforementioned markets (wholesale and retail) is the Hellenic Territory.

Further to the definition of a relevant market for wholesale access & call origination on mobile networks in Greece, EETT has carried out an analysis aiming at identifying the said market is characterised by the existence of effective competition or whether one or more companies have a Significant Market Power (SMP) in the aforementioned market, either Individually or Collectively:

### [A] EETT's conclusions as to the existence or not of an Individual Dominant Position are the following:

It is not possible to successfully support that an MNO has an individual SMP and therefore is able to function independently from its competitors or customers in the relevant wholesale access and call origination on mobile

telephony networks market. More specifically:

- > No MNO holds a market share greater than 50% of the relevant market, based either on subscribers or revenues. The criterion of 50% was established following the AKZO Case as a disputable proof of individual dominant position. Moreover, it seems that no MNO holds a share equal to 40% of the market which is the market share usually connected to the minimum criterion for dominant position established following the United Brands Case.
- > Second, under relevant conditions, no MNO has significant competitive difference from its nearest competitor as to market shares. It is usual, for example, for a company with dominant position to be found at least double in size than its closest competitor, as to market share.
- > Third, no MNO has a competitive advantage compared to another MNO which would be so significant as to provide a dominant position. The three providers hold 2G and 3G licenses, while all three providers are vertically integrated and characterised by powerful logos.
- > Fourth, the first position in the Greek market has not always been stable, since COSMOTE and VODAFONE have held first position as to their market shares and TIM HELLAS has recently won a significant share of the market following the Q TELECOM and TIM HELLAS concentration.



### [B] EETT's conclusions as to the existence or not of a Collective Dominant Position are the following:

At least for the current stage of market development and in the context of the "ex ante" market analysis carried out by EETT pursuant to the European regulatory framework, there are insufficient indications as to whether the companies COSMOTE and VODAFONE on the one hand, or the companies COSMOTE, VODAFONE and TIM HELLAS on the other hand, have a collective or joint dominant position in the relevant market for access and call origination. The reason for which EETT has reached the aforementioned opinion for the purposes of ex ante analysis, is based, inter alia, on the following:

- > The market concentration rate, even if it is not low, is estimated at approximately 3,194 of the HHI (Herfindahl - Hirschman Index) concentration index. The said market concentration rate is significantly lower than the relevant rate in a Member State (Ireland), where a collective SMP was identified.
- > Even though the market is reaching a level of maturity and penetration of traditional 2G services has reached high levels, it is believed that there is still room for development with the introduction of 3G services.
- > While there is a number of common trading characteristics between the companies COSMOTE and VODAFONE (and TIM HELLAS to a certain degree) which could possibly appear as symmetric and therefore capable of leading to a collusive practice (e.g. product uniformity, joint availability of technological innovations and convergence of their market shares), in general, it is not possible to reach any conclusions with sufficient certainty in the framework of the present



"ex ante" analysis, as to whether the commercial interests of the companies is question may be aligned in such way as to provide sufficient grounds for the existence of SMP which could be maintained throughout the duration of the present examination as to all retail mobile services. Moreover, the average ROCE (Return on Capital Employed) and ARPU (Average Revenue per User) levels do not indicate that the Greek mobile market demonstrates the levels of structural stability required for identifying the existence of a collective dominant position in lack of an identification of abuse (which could be investigated in turn within the framework of the implementation of competition rules by EETT).

- > TIM HELLAS, following the recent concentration with Q TELECOM, may have some quite different goals in comparison to its other two competitors. On a trading level, TIM HELLAS will acquire the increasing client base of Q TELECOM (consisting of prepaid airtime customers for the most part) while on the competitive level, according to the EU Decision for the approval of the concentration of TIM HELLAS/ Q TELECOM companies, TIM HELLAS may become an even more effective competitor of COSMOTE and VODAFONE.

- > Contrary to the situation in Ireland and Spain where the National Regulatory Authorities have identified the existence of a collective SMP based on the fact that there was a significant unexpressed demand by the alternative providers for wholesale mobile access to which however the MNO's did not respond, no relevant situation is observed in Greece. Therefore, there are no indications that the functions of MNO's at the wholesale level allow for collusive practice.

EETT has therefore reached the conclusion that in the framework of the present "ex ante" examination and analysis no conclusive evidence was found according to which it would be possible to characterise any mobile company operating in Greece (either individually or collectively) as having an SMP in the relevant market. Therefore, it is not necessary to impose any obligations on any mobile network operator in the market for wholesale access and call origination. However, EETT shall continue to monitor the relevant market in order to examine whether its conclusions as to the competitive conditions in the market in question. Such action is also quite significant, in view of the higher concentration rate of the market, following the concentration of the companies TELECOM and TIM HELLAS.