

Progress of the Second Round of Analysis of Electronic Communications Markets

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Market Analysis

The second round of analysis of the Electronic Communications markets was launched by EETT in 2008, roughly two years after successful completion of the first round. In this context, EETT took account as much of domestic conditions and their evolution in the period since the completion of the first round, as of changes in the European Regulatory Framework, given the new Recommendation¹ by the European Commission that reduced the number of markets susceptible to ex ante regulation from 18 to 7.

The first market EETT looked into, within the context of its second round of market analysis, was that for "Voice Call Termination on Mobile Communications Networks". The definition process determined that a distinct relevant market for the termination of (voice) calls on individual mobile networks continues to exist. According to EETT's conclusions, the geographic scope of each individual market is the Greek territory.

Thereafter, based on the market analysis carried out, EETT concluded that the above market is still characterised by a lack of effective competition and that the three providers of mobile communications networks active in Greece still have Significant Market Power (SMP) in the defined relevant markets.

Finally, EETT decided to maintain, and in some cases to amend the regulatory obligations, so as to address the existing competition problems. Among other things, each mobile communications network provider is now obligated to charge the other networks for its voice call termination services based on the

principle of cost orientation. This will bring wholesale termination prices down by approximately 50% over a three-year horizon (2009-2011). End users/consumers are also expected to benefit from this, as long as the drop in wholesale prices is passed through to the providers' retail tariffs.

The next markets looked into by EETT were the one for "Wholesale Physical Network Infrastructure Access (including Full and Shared Unbundled Access) provided at a Fixed Location" and the one for "Wholesale Broadband Access".

These are higher-level wholesale markets of the retail market for broadband access to the Internet. The definition and analysis processes, which were conducted in parallel for these two closely related markets, concluded that both markets continue to exist as distinct wholesale markets in the Greek territory, and that effective competition has not developed therein in the period since the first round of their analysis. OTE SA continues to hold a dominant position and, hence, EETT decided to maintain the existing regulatory

obligations and to impose a series of new rules, so as to address the existing as well as possible future competition problems. Thus, amongst other, the obligation of access to, and use of, specific network facilities (including collocation), as well as the obligation of transparency (including the obligation to publish the relevant reference offers) are maintained and updated. In addition, price control in both these markets is now imposed in the form of cost-oriented pricing.

In the months to come, EETT will look into the remaining four markets referred to in the new Recommendation, as well as all the markets for which the first round of market analysis concluded that they were not effectively competitive; namely: wholesale markets for Interconnection, retail markets for access to the public telephone network, retail markets for calls, as well as wholesale and retail markets for Leased Lines. The second round of market analysis is expected to be completed within the third quarter of 2010 with the issuance of Decisions and the adoption of relevant Draft Measures by EETT.

¹ Commission Recommendation E(2007) 5406 of 17 December 2007 on relevant product and service markets within the Electronic Communications sector susceptible to ex ante regulation, in accordance with Directive 2002/21/EC of the European Parliament and of the Council on a common regulatory framework for Electronic Communications networks and services, as well as its relevant Explanatory Report.