



**Contribution of
Hellenic Telecommunications Organisation S.A. (OTE S.A.)

to the ERG Consultation on the draft Common Position on
Geographic Aspects of Market Analysis (definition and remedies)**

August 2008

OTE is pleased to contribute to the public consultation launched by ERG on “ERG draft Common Position on Geographic Aspects of Market Analysis (definition and remedies)”. With its commitment in making investments, promoting innovative solutions and services in the Greek market, OTE S.A. (Hellenic Telecommunications Organisation), the incumbent telecommunications provider in Greece, welcomes this Common Position that responds to the emerging need to define geographically differentiated markets and defines the appropriate methodology both in market definition and differentiation of regulatory remedies.

ERG acknowledges that the importance of geographical aspects of market analysis has arguably increased over the past few years. This is due to an increase in coverage and market share of “alternative” networks or operators such as unbundling operators, cable network operators, operators using frequencies for WLL/WiMax etc. This increase has not taken place uniformly within national territories due to the differences in barriers to entry relevant to geographically differentiated economies of scale. This has resulted in significant differences in competitive conditions between geographic areas, despite the fact that all different geographic areas are covered by the network of the incumbent operator.

OTE agrees with the view expressed in the consultation that the historically followed market analysis approach, where geographic market definitions were based on the coverage of the incumbent network operator, on the argument that there was a national uniform price of the incumbent operator is not further applicable in many relevant markets. As it is, also, stated in the ERG draft Common Position there are certain relevant markets, more precisely the market for wholesale broadband access, the market for terminating segments of leased lines, the market for trunk segments of leased lines, the market for transit services in the fixed network, and the retail markets for access to the fixed telephone network for residential and non-residential customers, where a geographically differentiated approach to market analysis might be justified on the basis of the current level of competition in most of the Member States.

Nonetheless, OTE would like to comment that it should be made clear that the proposed ERG guidelines for a geographically differentiated approach to market analysis (definition and remedies) and the corresponding flowchart should be followed by all NRAs in the relevant markets that such an analysis has been identified as justified. In other words it should be recommended that it is necessary that NRAs in the above mentioned relevant markets, where definition of local markets or differentiation of remedies is justifiable, should perform the analysis of assessing the homogeneity of competitive conditions in different geographic areas and define a national market only if the analysis fails to prove that there is geographic differentiation. If this is left at the discretion of the NRA, this could lead to significant discrepancies among Member States in market definitions and imposed remedies, an approach that is not in line with the aim of succeeding harmonisation among Member States and creation of a single European electronic communications market.

Finally OTE would like to point out that possible implications of a geographic analysis and the implementation of geographically differentiated remedies, can indeed significantly increase the burden on NRAs as well as on operators and might render regulation more complex, but this should not discourage regulators. The possible implications of not performing a correct market analysis and not defining accurately the competition conditions and moreover applying excessive remedies, might have a detrimental effect on operators and will distort competition.

To conclude it is our view that the Common Position has to make clear that in the relevant markets of:

- wholesale broadband access,
- terminating segments of leased lines,
- trunk segments of leased lines,
- transit services in the fixed network, and
- retail markets for access to the fixed telephone network for residential and non-residential customers

NRAs should always apply the geographically differentiated market analysis methodology in order to establish if geographically differentiated market exists or not.