

# SUMMARY NOTIFICATION FORM: RELEVANT MARKET 14

## 1 MARKET DEFINITION

### 1.1 Affected relevant product/service market

1 Relevant market 14 is the wholesale market of the provision of terminating segments of leased lines. The demarcation line between market 13 and 14 lies between the first network level and the levels below it. The trunk segments are the connections between nodes on the first level of an operator's network. For the incumbent Belgacom, the first level corresponds to the set of 4 Express rings which cover 12 cities.

2 This market includes:

2.1 all trunk segments irrespective of capacity.

3 This market does not include:

3.1 terminating segments.

### 1.2 Affected relevant geographic market

4 The relevant geographic market is national.

### 1.3 Summary of opinion of national competition authority

5 The NCA wonders whether a different demarcation between markets 13 and 14 would have led to the same result.

### 1.4 Overview of the results of the public consultation

6 Five stakeholders sent comments during the public consultation (from 28 April to 12 June 2006). These stakeholders were (in alphabetical order):

6.1 Belgacom;

6.2 BT Belgium;

6.3 FAC (Fixed Alternative Carriers);

6.4 Mobistar;

6.5 Tele2 - Versatel.

7 The following comments were made on the market definition:

7.1 stakeholders agree on the demarcation line between market 13 and 14 but some consider the express ring in the Bruges area to be a special case;

7.2 regulation would still be justified if the incumbent were to install new express rings.

### 1.5 Deviation from relevant markets listed in the Recommendation

8 Market 14 corresponds to the fourteenth relevant market listed in the Recommendation.

## 2 DESIGNATION OF UNDERTAKINGS WITH SIGNIFICANT MARKET POWER

### 2.1 The names of the undertakings designated as having significant market power

9 No operator has been designated as an undertaking with significant market power on relevant market 14.

## 2.2 The criteria relied upon

10 The following criteria were relied upon:

Criterion	Result
market share incumbent (H1 2005)	below 22 % if self supply is included (without self supply probably below 20 %)
sunk costs	substantial; however, that did not prevent alternative operators from entering the market
economies of scale	substantial but shared by a number of operators and thus not an advantage for the incumbent
economies of scope	substantial but shared by a number of operators and thus not an advantage for the incumbent
control of infrastructure not easily duplicated	Belgacom's level 1 infrastructure largely duplicated; main Belgian cities connected by several operators
barriers to change	low
countervailing buyer power	customers have significant bargaining power

## 2.3 The names of the main undertakings (competitors) present/active in the relevant market

11 The main undertakings on market 14 (in alphabetical order):

- 11.1 Belgacom;
- 11.2 BT;
- 11.3 Colt;
- 11.4 Mobistar;
- 11.5 Scarlet;
- 11.6 Telenet;
- 11.7 Verizon;
- 11.8 Versatel.

## 2.4 The market shares of the undertakings mentioned above

12 Basis of their calculation: capacity in 1st half of 2005.

13 Market shares of undertakings:

- 13.1 Belgacom: 22 % including self supply and < 20 % without self supply.

## 2.5 The opinion of the national competition authority

14 The NCA expresses some doubts concerning the method of calculating the market shares on the wholesale markets from the markets shares on the downstream retail market. It is not against the use of self supply but wonders whether this warrants a correct calculation of the market shares.

## **2.6 The results of the public consultation**

- 15 The following remarks were made about the analysis and the designation of SMP operators:
- 15.1 the conclusion that the market is competitive is challenged, and BIPT is invited to look more carefully to criteria like economies of scale and scope, access to credits, state ownership, tariff structure, etc.;
  - 15.2 some stakeholders argue that the market may be competitive on some routes but not on others.

## **3 REGULATORY OBLIGATION**

- 16 As market 14 was found to be effectively competitive, no obligations have been imposed.