

# **Competition Policy in Telecommunications: The Case of Denmark**

Anders Henten

Center for Tele-Information  
Technical University of Denmark

20-22 November 2002

ITU Headquarters, Geneva, Switzerland



# Basic Telecom Indicators

## (ITST)

	1998	2000	June 2002
Fixed lines (000s)	3'496	3'835	3'909
<b>Fixed lines/100 inhabitants</b>	<b>65.8</b>	<b>71.7</b>	<b>72.7</b>
Mobile subscribers (000s)	1'931	3'363	3'154
<b>Mobile/100 inhabitants</b>	<b>36.3</b>	<b>62.9</b>	<b>77.3</b>
Internet subscribers (000s)	n/a	1'684	2'282
<b>Internet/100 inhabitants</b>	<b>n/a</b>	<b>31.5</b>	<b>42.5</b>
XDSL and cable modems (000s)	n/a	67	354
<b>XDSL+cable/100 inhabitants</b>	<b>n/a</b>	<b>1.2</b>	<b>6.6</b>



# TDC' domestic market shares

## 2000-2002 (ITST)

	1.H 2000	1.H 2001	1.H 2002
Fixed line subscriptions	98	90	86
Domestic traffic (fixed lines)	67	62	65
Mobile phone subscriptions	45	42	40
Domestic traffic (mobile)	45	42	42
International traffic (mobile)	39	40	42
SMS sent	30	28	27
Internet subscriptions	36	33	34
ADSL subscriptions	n/a	55	79



# Major players

- **In general:** TDC, Telia, Orange, Sonofon, Tele2, debitel
- **Fixed carrier selection:** TDC, Tele2, Telia, Tiscali, Orange, Sonofon
- **International fixed traffic:** TDC, Tele2, Telecom Plus, Telia, Global One
- **Mobile:** TDC, Sonofon, Orange, Telia, debitel, Telmore
- **Internet:** TDC, Tiscali, Tele2, Orange, Cybercity
- **ADSL:** TDC, Cybercity, Tiscali



# Penetration levels in comparison

- Consistently among the top 10-15 countries internationally
- Often 3rd-5th among the 5 Nordic countries
- Doing well in high-speed and broadband access – but far behind South Korea and SFOBA



# Broadband and high-speed access, % of households, July 2002 (ITST)

	ADSL + Cable modem + FWA + FTTB	ADSL + Cable modem + FWA + FTTB + ISDN2
UK	3.5	8.6
Norway	6.4	43.5
Germany	7.3	30.5
Netherlands	11.7	32.7
Sweden	13.3	19.3
Denmark	13.7	25.7
SFOBA	30.0	43.3
South Korea	52.2	55.6



## Average monthly fixed line telephony expenditure, residential users, Euro, PPP, incl. VAT, August 2001 (CEC)

	Fixed	Usage	Total
Sweden	14	18	32
Denmark	15	19	34
Luxembourg	20	14	34
Netherlands	18	19	37
Germany	13	26	39
Ireland	19	21	40
Finland	13	27	41
UK	16	26	42
France	14	30	44
USA	14	30	44
EU15	16	30	46



## Non-incumbent market shares, %, telephony outgoing minutes, June 2001 (CEC)

	Local	Long-distance	International
Denmark	37	37	50
Germany	35	35	54
Austria	33	42	56
UK	28	49	69
Spain	10	15	14
Ireland	10	48	33
Luxembourg	7	n/a	26
Finland	7	68	46
France	3	21	26
Netherlands	1	4	30
Greece	0	0	0





# Comparison

- Doing comparatively well
  - Penetration
  - Prices
- Also in terms of competitive level
- Discussion on reasons
  - Competition
  - Regulation



# EU development

- 1987 Greenbook, followed by stepwise liberalisation
  - 1987-1992: Limited liberalisation
  - 1992-1998: Extended
- 1998 deadline: Full liberalisation
- 1999 Review: Convergence and competition policy
- 2002: Telecom package



# Danish development

- End 80s and beginning 90s: Following EU policies
- Regional operators till 1991
- Creation of Tele Danmark to meet international competition
- Change of policy 1994-1995: Best and cheapest
- Total privatisation of Tele Danmark
- Liberalisation 18 month ahead of EU deadline
- Gone further than general EU legislation, e.g. USO and ULL
- 1999: Several pipes to the home
- 2002: Proposal for new telecom act (EU package)



# Situation today

- Competition i mobile and fixed traffic market (especially international)
- Difficulties with competition i fixed access market
- General opinion that regulation has been relatively effective
- Also agreement that regulation can be rolled back
- But concern about the speed among both competitors to TDC and representatives of residential and business users
- Furthermore, concern that competitors are facing great difficulties



# New Danish draft law

- Extensive changes not required in Danish legislation
- The greater reliance on general competition law based on competition analyses may lead in two opposite directions (weaker and stronger regulation)
  - Prohibition of bundling not for all providers, but for USO-providers and other SMP-providers
  - Roaming obligation only for SMP-providers
  - Retail market regulation not only of USO-providers but also other SMP-providers
  - Mobile termination as a separate market and therefore regulation of the mobile termination market



# Institutional aspects 1

- 'Independent' regulator since 1919
- Clear separation of policy development, regulation and operation
- Institutions:
  - Ministry of Science Technoloy and Innovation
  - National IT and Telecom Agency
  - Telecommunications Consumer Board and Telecommunications Complaints Board
  - Self and co-regulation
  - Competition Authority



# Institutional aspects 2

- Relation Ministry – NITA
  - Independence i regulatory matters
  - Expertise of the Ministry
  - Promotion of IT usage
- Relationship NITA- Competition Authority
  - NCA-influence on
    - Maximum USO prices
    - RIO of SMP-providers
    - Accounting separation of SMP-providers
  - Competition law (general competition rules and abuse of dominant position), e.g. on predatory pricing



# Challenges and assignments

- Network access competition, e.g. implications of LRAIC prices
- Greater reliance on competition law, including analyses of the different telecommunication markets
- Convergence and its implications for privacy, security, IPR and consumer protection
- Europeanization of the communication markets
- Dual role of the regulator, emphasizing real independence

