



<b>Date</b>	<b>Our reference</b>	<b>Page</b>
November 16, 2016	Dnr: 15-2816	1(4)
<b>Your date</b>	<b>Your reference</b>	

Competition Department  
Emma Närvä  
Head of Unit

## **Notification of the market for wholesale high quality access (market 4).**

Standard form notification (Pursuant to Article 7 of Directive 2002/21/EC)

### Section 1

#### **Market definition**

1.1 The relevant product/service market. Is this market mentioned in the Recommendation on the relevant markets?

The market for wholesale high quality access (market 4 of Commission Recommendation 2014).

The market includes:

- high quality dedicated capacity services, i.e. traditional leased lines
- high quality non-dedicated capacity services with or without QoS, i.e. Ethernet-based capacity services

provided between a fixed termination point at an enterprise and a point of hand over to the wholesale customer.

These capacity services are provided with a specified quality, availability or service level.

1.2 The relevant geographic market

The relevant geographic market is defined as national, i.e. Sweden.

1.3 A brief summary of the opinion of the national competition authority

The Swedish Competition Authority (SCA) had no objections to PTS analysis.

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#### 1.4 Results of the public consultations

Two public consultations has been carried out.

The first consultation concerned the market definition (2015-10-23 - 2015-11-13). The number of respondents amounted to 9 (incl. the Swedish Competition Authority).

*Please see link to the consultation (also containing a memo summarising the consultation followed by PTS comments):*

<http://www.pts.se/sv/Dokument/Remisser/2015/Forsta-samrad-av-forslag-till-marknadsavgransning-avseende-grossistmarknaden-for-hogkvalitativt-tilltrade-marknad-4/>

Most respondents agreed on the proposed market definition.

The second consultation concerned the three criteria test (2016-06-07 - 2015-07-01). The number of respondents amounted to 5 (incl. the Swedish Competition Authority).

<http://www.pts.se/sv/Dokument/Remisser/2016/Andra-samrad-av-utkast-till-analys-av-grossistmarknaden-for-hogkvalitativt-tilltrade-marknad-4-/>

None of the respondents questioned the conclusion that the market is dynamic. However, Colt, TDC and Telenor were of the opinion that there would still be a demand for traditional SDH-based leased lines for several years to come. Hence, they were concerned of the effects of a deregulation of the market.

## Section 2

### **Designation of undertakings with significant market power**

2.1 The name of the undertakings designated as having, individual or jointly, significant market power.

n/a, see 2.2 below.

2.2 The criteria used to designate an undertaking as having significant market power, individual or jointly, or not.

The analysis of the relevant market did not pass the three criteria test. In particular the market is characterised by dynamics (2<sup>nd</sup> criteria), why a SMP-analysis has not been carried out.

2.3 The name of the undertakings (competitors) active in the relevant market. Telia Company (the current SMP-player), DGC, TDC, Teracom and others (in total >50 players, most of them municipality networks).

The basis for calculating market shares is total sales and external sales.

Telia Company (the current SMP-player),

total sales 44 % 2015, down from 61 % 2012.

external sales 50% 2015, down from 69 % 2012.

Also see figures 8 to 12 in the draft decision.

2.5 The opinion of the national competition authority where provided (a brief summary)

The Swedish Competition Authority (SCA) agreed with PTS analysis, under condition that the reported sales figures are reliable.

2.6 The results of the public consultations to date on the proposed designation (a brief summary)

**Barriers to entry**

According to Telia, due to the availability of regulated and commercial provision of copper and fiber access there are no barriers to entry.

**Dynamics**

No respondent questioned the presence of market dynamics, however Colt, TDC and Telenor questioned the reported sales figures from a few municipality networks. The sales figures for these individual networks were later corrected and significantly reduced. However, this did not change the final conclusion.

Colt, TDC and Telenor were of the opinion that there would be a demand for traditional SDH-based leased lines for several years to come. Hence, they were concerned of the effects of a deregulation of the market.

Section 3

**Regulatory obligations**

3.1 The legal basis for the obligation to be imposed, maintained, amended or withdrawn (articles 9 to 13 of Directive 2002/19/EC)

n/a

3.2 The reason for which the imposition, maintenance or amendment of obligations on the undertakings is considered proportional and justified in the  
n/a