

**Institutional approaches to competition policy**  
**Competition Policy and Regulation of Telecommunications**  
**in Hungary**

**New Initiatives Workshop on**  
**Competition Policy in**  
**Telecommunications**  
**ITU, Geneva 2002**

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**CAH**

## Competition and Regulation of Telecomms in Hungary but where is Hungary?



Population: 10.03 m  
Area: 90,300 sq km  
Per capita GDP  
~4,800 \$

Expectations:  
to be member of EU  
in 2004

Member of ITU  
since 1865 (CCIT)

# Competition and Regulation of Telecomms in Hungary

## Agenda

1. **History**
2. **Hungarian Telecommunications today**
3. **Grade of Competition in Areas of Telecomms**
4. **Problems to be solved**

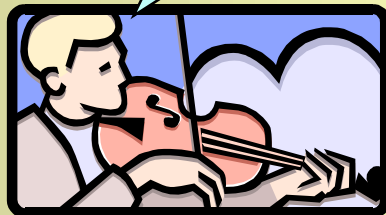
# Competition and Regulation of Telecomms in Hungary

## 1. History

**Till 1993:**

**Full state monopoly**

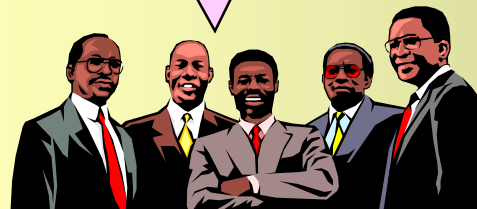
**TRADITION!**



**From 1993:**

**Partial competition**

**COMPETITION!**



## Competition and Regulation of Telecomms in Hungary

### 1. History (cont.):

#### Act 72. of 1992 on Telecommunications (valid till end 2001)

**Public telephony:** concessions for private companies

(indirect competition between different geographical areas – primary districts)

**Public mobile radiotelephony:** restricted number of national concessions

(full competition between the three concession companies)

**Nationwide paging service:** 2 concessions

**Leased line service:** almost full competition

**Cable TV services:** theoretically full competition, practically monopoly

**Data network services:** full competition (including Internet)

**TV and Radio broadcasting:** concession for public service broadcasting and programme distribution

# Competition and Regulation of Telecomms in Hungary

## 1. History (cont.)

### Act 90. of 2001 on Communications (in force from 23.12.2001)

**Public telephony:** full competition from expiry of exclusivity

(from 21.12.2001 for 74 % of the country, from 02.11.2002 for the remaining areas, USO instead of concession)

**Public mobile radiotelephony:** full competition for 4 companies

(concessions are further valid as civil law contracts)

**Leased line services:** full competition

**Cable TV services:** competition is restricted by the 1/6 law only

**Data services:** full competition, but there are disputes at Internet dial-up services

**TV and Radio broadcasting:** concession for public service broadcasting and programme distribution

**Overall principle:** competition - „temperately” infrastructure-based

## Competition and Regulation of Telecomms in Hungary

### 1. History (cont.)

#### Establishment of institutional instruments

1990: Postal and Telecommunications Inspectorate (PTF)

Institute of Frequency Management (FGI)

1993: Merger of PTF and FGI, establishing CAH

2001: Reorganizing the CAH;

within the CAH: establishing the Communications  
Arbitration Committee

#### Cooperation with:

National Competition Office

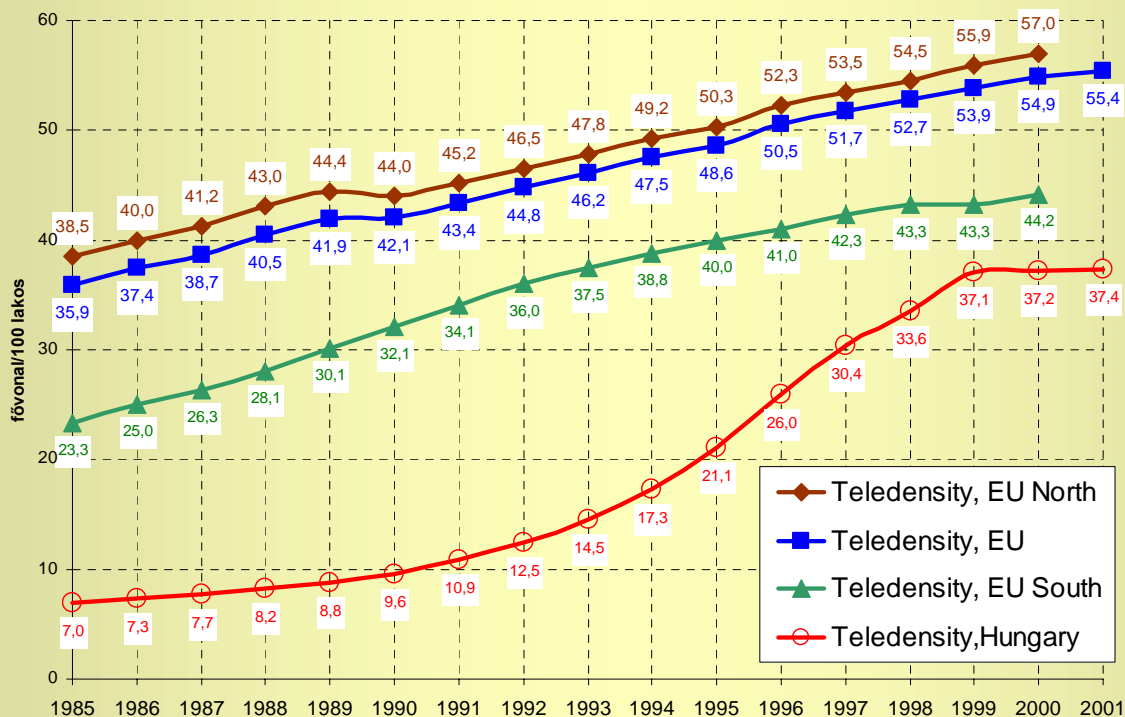
Consumer's Protection Inspectorate

Telecommunications Reconciliation Forum etc.

# Competition and Regulation of Telecomms in Hungary

## 2. Hungarian Telecommunications today

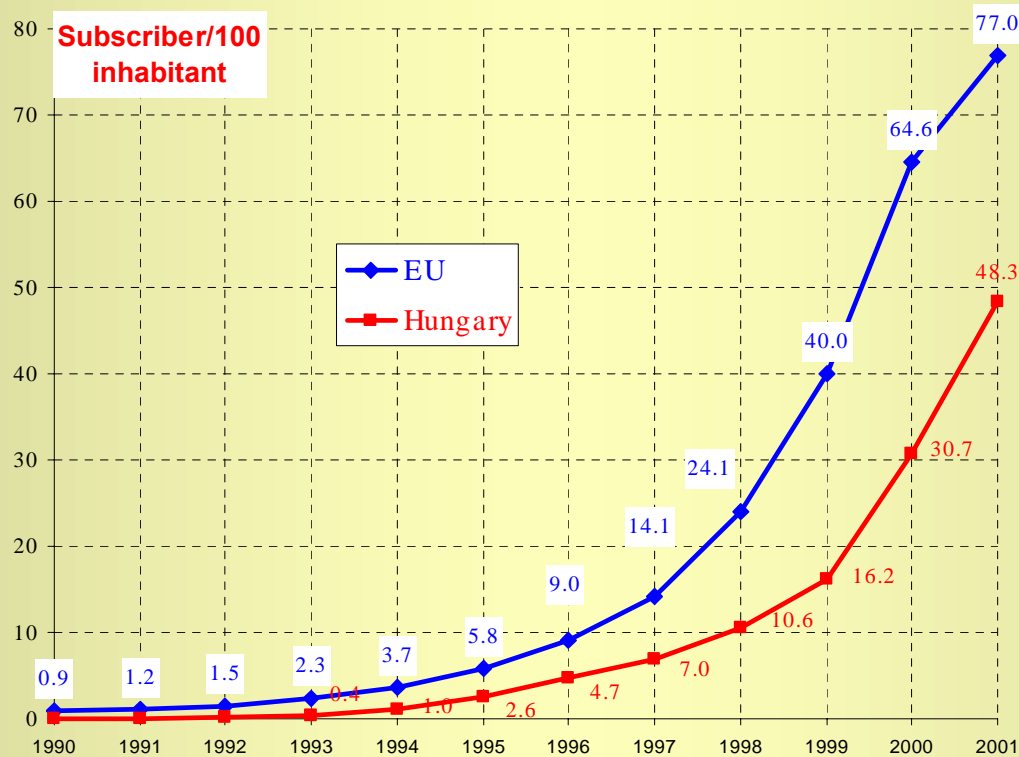
### Public telephone penetration



# Competition and Regulation of Telecomms in Hungary

## 2. Hungarian Telecommunications today (cont.)

### Public mobile radiotelephone penetration



## Competition and Regulation of Telecomms in Hungary

### 2. Hungarian Telecommunications today (cont.)

**Authorization:** service providers should only be notified by CAH, but special licence is necessary for frequency and number usage; network interfaces should be notified as well

**Approval of equipment:** no approval, quality certificate is required for TE - other equipment should comply with electric safety and EMC requirements

**Quality of Service:** defined in the provider's Code of Practice – except for universal service (the latter is regulated in a decree)

**Construction of telco facilities:** Construction licence is necessary, in particular for antenna towers, cable and radio relay tracks

**Interconnection:** mandatory for public network operators (for those of SMP, contracts are to be based on RIO)

**Universal service:** upon agreement with the Minister of Informatics etc.

## **Competition and Regulation of Telecomms in Hungary**

### **3. Grade of Competition in Areas of Telecomms**

#### **PSTN local:**

1993-2001: indirect competition between different geographical areas  
from 2002: full competition with unbundling of the local loop  
(7 new operators, with a handful of business subscribers)

#### **PSTN long distance & international:**

1993-2001: monopoly (from 1998: VoIP allowed)  
from 2002: full competition with carrier selection  
(6 new selectable carriers)

#### **PLMN:**

1994-1998: competition for 2 GSM and 1 MNT-450 company  
from 1999: competition for 3 GSM/DCS company, merger of NMT  
(internal roaming for the 3. GSM SP, Vodafone)

## Competition and Regulation of Telecomms in Hungary

### 3. Grade of Competition in Areas of Telecomms (cont.)

#### CATV:

1992-1996: communal TV distributing networks transformed into telco companies

from 1996: modernization of networks (radial), 1/6 law, cable modems

#### Internet:

till 2000: dial-up access through PSTN, interconnection via subscr. termination point

2000-2001: implementation of ADSL, cable modems

from 2002: interconnection via network access point, sharing of the PSTN traffic charges to support the Internet usage

#### Leased lines:

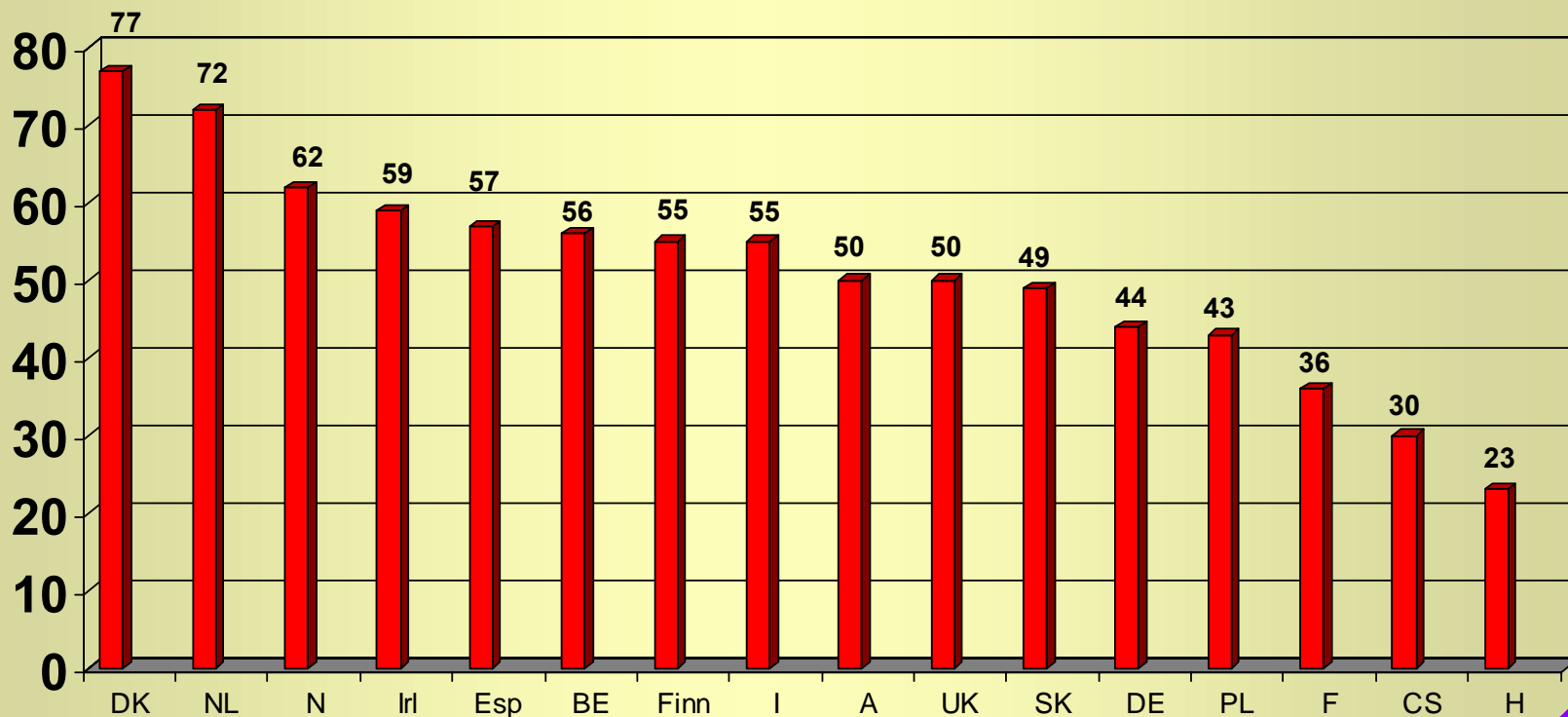
from 1992: service full liberalized

## Competition and Regulation of Telecomms in Hungary

### 3. Grade of Competition in Areas of Telecomms (cont.)

Intensity of the competition in European countries

Teligen index, 2001 (%)



## Competition and Regulation of Telecomms in Hungary

### 4. Problems to be solved

Depending on telecomms sector:

- In a small country, investments are relatively larger for a new entrant (virtual operators are not supported)
- Compressed time period to evolve competition
- High colocation prices at LLU and interconnection
- Operators are hesitating to implement number portability – its economical advantages have been not proved yet
- Termination prices are high – in particular, mobile termination
- Economical and technical background of Internet access should be re-examined (flat-rate, shared loop, shared cable)
- Carrier selection against traditional solution maintained by the incumbent



Thank you for your attention!