



AGENDA ITEM 7 : RELEVANT MARKETS AND MARKET ANALYSIS

Country Session: The Republic of TURKEY
13-14 July 2006



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Relevant Legislation – I

- By-law on Access and Interconnection published in the Official Gazette in May 2003
 - Communiqué on Principles and Procedures for Designation of the Operators with Significant Market Power (SMP) - June 2003
 - Communiqué on Principles and Procedures for Designation of the Operators with Dominant Position (DP) - June 2003
- Based on 1998 Regulatory Framework

Relevant Legislation – II

- The aims of these Communiqués to identify the operators
 - Having significant market power
 - Having dominant position

- Criteria listed in the Communiqué for determining operator(s) having SMP
 - Market share
 - Power to influence market conditions
 - Correlation between amount of sales and market size
 - Power to control means to access end-user
 - Accessibility to financial resources
 - Experience in launching new services



EXPERIENCE



Experience on the Implementation

- September 2003
 - Mobile telecommunications market: Turkcell designated as SMP
 - Mobile call termination market: Turkcell and Telsim designated as SMP
 - January 2004
 - Mobile telecommunications market: Turkcell designated as DP
 - Mobile call termination market: Turkcell designated as SMP
 - December 2004
 - Mobile call termination market: Turkcell designated as SMP
 - Relevant parties notified that new EC approach stated in the Framework Directive will be applied by 2006
 - December 2005
 - SMP designations made as a consequence of market analysis conducted in accordance with EC 2002 Regulatory Framework
- Transition to 2002 Regulatory Framework in terms of “implementation”



MARKET DEFINITIONS AND ANALYSIS PROCEDURE

Market Definitions

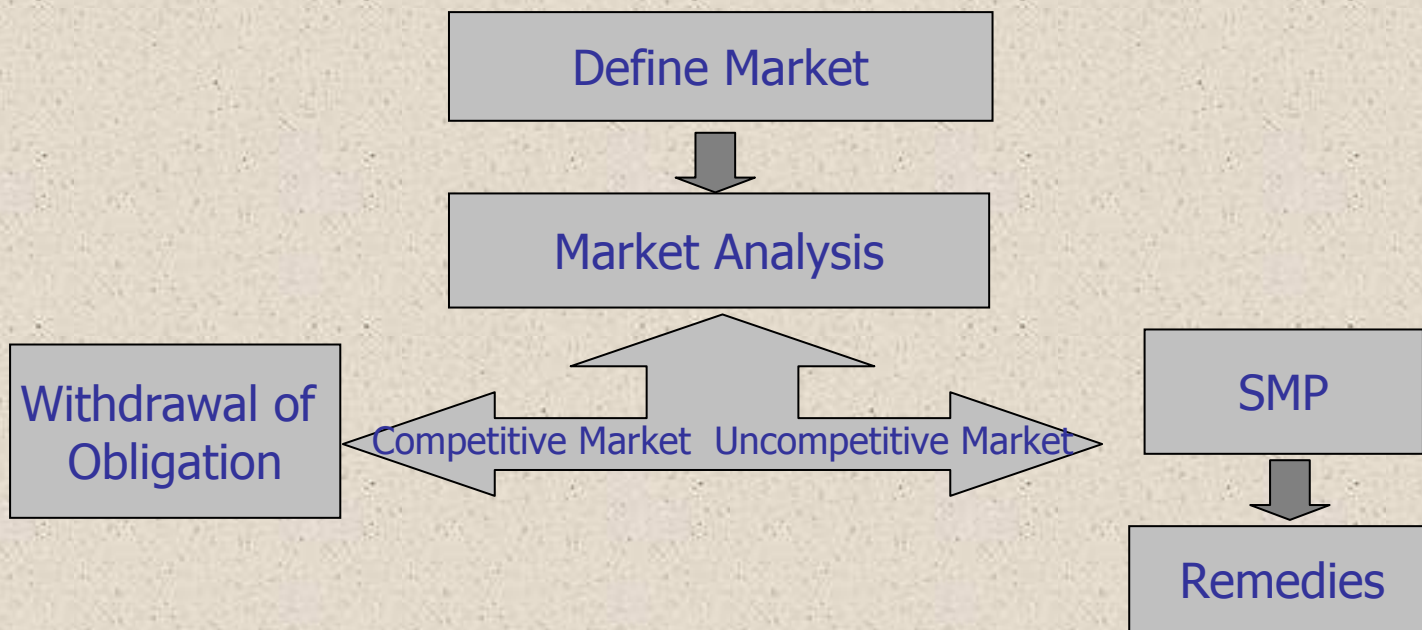
- 18 Relevant Markets listed in the Recommendation taken as the reference point for market definitions

- Economic principles and competition law-based methodologies used for defining markets by taking into account;
 - Demand-side substitutability
 - Supply-side substitutability
 - Potential competition (forward-looking) assessments

- Commission Guidelines on Market Analysis (SMP Guidelines) extensively used for market definitions and assessment of market power in each market

Market Analysis

Relevant parties informed on the procedure by a comprehensive report





Criteria Used for the Assessment of Market Power

Following criteria listed in the SMP Guidelines also used in addition to the criteria mentioned in the SMP Communiqué

- Market shares
- Overall size of undertaking
- Control of infrastructure not easily duplicated
- Technological advantages or superiority
- Easy or privileged access to capital markets/financial resources
- Product/service diversification
- Economies of scale
- Economies of scope
- Vertical integration
- A highly developed distribution and sales network
- Absence of potential competition
- Absence of or low countervailing buyer power
- Barriers to expansion



Market Analysis Procedure

- Data collection and analysis
- Public consultation documents with questionnaires published for each market
- Responses to consultation documents evaluated
- Final decision documents covering SMP designations, responses and TA's evaluations of responses published
- SMP designations published in the Official Gazette



STATUS OF THE MARKET ANALYSIS



Status of Market Analysis: Retail Level

	Relevant Markets at Retail Level	SMP
1	Access to the public telephone network at a fixed location for residential customers	Türk Telekom
2	Access to the public telephone network at a fixed location for non-residential customers	Türk Telekom
3	Publicly available local and/or national telephone services provided at a fixed location for residential customers	Türk Telekom
4	Publicly available local and/or national telephone services provided at a fixed location for non-residential customers	Türk Telekom
5	Publicly available international telephone services provided at a fixed location for residential customers	Türk Telekom
6	Publicly available international telephone services provided at a fixed location for non-residential customers	Türk Telekom
7	The minimum set of leased lines (comprising the specified types of leased lines up to and including 2Mb/sec).	Türk Telekom



Status of Market Analysis: Wholesale Level

	Relevant Markets at Wholesale Level	SMP
8	Call origination on the public telephone network provided at a fixed location	Türk Telekom
9	Call termination on public telephone networks provided at a fixed location	Türk Telekom
10	Transit services in the fixed public telephone network	Türk Telekom
11	Wholesale unbundled access (including shared access) to local loops and sub loops for the purpose of providing broadband and voice services.	Türk Telekom
12	Wholesale broadband access including bit-stream access	Türk Telekom
13	Wholesale terminating segments of leased lines	Türk Telekom
14	Wholesale trunk segments of leased lines	Türk Telekom
15	Access and call origination on public mobile telephone networks	Turkcell
16	Voice call termination on individual mobile networks	Turkcell, Telsim, Avea
17	The wholesale national market for international roaming on public mobile networks	X
18	Broadcasting transmission services, to deliver broadcast content to end users	X

Most Recent Implementation: Mobile Call Termination Market

- ❑ Market defined as “voice call termination on individual mobile networks” and all operators deemed to have 100% market share
- ❑ Different termination rates set for each operator taking into account their market share, network characteristics etc.

Operators	Rate (YKr/min.)	Rate* (€-cent/min.)
Turkcell	14	7.0
Vodafone	15.2	7.60
Avea	17.5	8.75

1 Euro=2,00 YTL as of June 1,2006

Obligations on Operators having SMP

- Non-discrimination
- Transparency (Publication of reference offers)
- Access (Interconnection, co-location and facility sharing)
 - Local loop unbundling (for Türk Telekom)
- Cost-based pricing, accounting separation and cost accounting



FORTHCOMING ISSUES



Forthcoming Issues

- Draft Electronic Communications Law
- Revision of Secondary Legislation
 - Legislation drafts ready to be published in the Official Gazette
 - By-law on Access and Interconnection
 - The Communiqué on SMP
 - Provisions regarding Market Analysis will be added
 - NRA-NCA cooperation in market analysis will be covered
 - The Communiqué on DP
 - Will be repealed



**SCREENING CHAPTER 10
INFORMATION SOCIETY AND MEDIA
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Thank you...