

DECLARATION ON THE OPERATORS WITH SIGNIFICANT MARKET POWER ON THE LEASED LINES MARKET FOR THE PURPOSES OF POINT 1 OF ARTICLE 21 OF THE REGULATIONS FOR THE EXPLOITATION OF PUBLIC TELECOMMUNICATION NETWORKS

- YEAR 2000 -

1. The Regulations for the Exploitation of Public Telecommunication Networks, published in annex to Decree-Law no. 290-A/99, of 30 July, establishes the general conditions for exploiting public telecommunication networks on national Portuguese territory with a view to open network provision, including the supply of leased lines.

An important aspect of this diploma, is the concept of significant market power on the leased lines market, as well as deciding and declaring which operators hold said market power.

These operators shall be subject to the various obligations duly set out in the Regulations for the Exploitation of Public Telecommunication Networks.

2. In accordance with Article 21 of the Regulations for the Exploitation of Public Telecommunication Networks, and following consultation with the Directorate-General for Commerce and Competition (DGCC), it shall fall upon ICP to annually determine, declare and publish a list of public telecommunication network operators who have Significant Market Power (SMS) on the leased lines market.

3. Operators with significant market power shall be presumed to be those with a market share equal to or above 25% of the relevant leased lines market. On the other hand, two or more companies acting concertedly on the telecommunications market can be declared as having significant market power, as can a group of companies which, although legally distinct, are bound by ties of interdependence or subordination.

ICP must determine the market power of a certain operator, taking into account the following criteria: (a) capacity to influence leased lines market conditions; (b) relationship between sales volume and market size; (c) control of local access to end users;

(d) access to financial resources; (e) experience regarding supply of products and services on the market.

4. For the purposes of determining the relevant market, one must consider the various types of lines offered within a certain geographical area (point 3 of Article 21 of the Regulations for the Exploitation of Public Telecommunication Networks).

Leased lines are understood as the telecommunication means of a public network with a capacity for transparent transmission between terminal points without switching functions controlled by the user. This definition includes leased lines via satellite.

The entire national Portuguese territory (including the terminations of international circuits installed in Portugal) was considered as the geographical market.

5. The market shares of public telecommunication network operators offering leased lines, were calculated based on the sales volume.

6. Taking into account the criteria mentioned above, the Concessionaire, Portugal Telecom, S.A., is hereby declared as an operator with significant market power on the leased lines market.

7. Under the terms of point 7, of Article 21 of the Regulations for the Exploitation of Public Telecommunication Networks, should there be any significant alterations to the legal and de facto conditions on which the definition of operators with market power is based, namely with regard to PT-Prime-Soluções Empresariais de Telecomunicações e Sistemas, S.A., ICP may re-evaluate the market power of a certain operator before a year has lapsed from the present declaration and publish a new list.