



香港電訊用戶協會

HONG KONG

TELECOMMUNICATIONS USERS GROUP

香港中環紅棉路八號東昌大廈十四字  
14/F, Fairmont House, 8 Cotton Tree Drive, Central, Hong Kong.  
Tel: 2826 0527 Fax: 2868 4387 Website: <http://www.hktug.org>

**Hong Kong Telecommunications Users Group's ("HKTUG")  
Response regarding  
OFTA's consultative paper on PCCW-HKT's market dominance for Business  
and Residential DEL dated 28 November 2003**

The Hong Kong Telecommunications Users Group is pleased to submit our response to OFTA's consultation paper on PCCW-HKT market dominance for both the business and residential DEL. HKTUG is in support of the telecommunications market liberalization and glad to witness the progress made in the last eight years. It is high time to review the dominance status of PCCW-HKT with a view to promote infrastructure investment and service innovation while protecting the consumer's interest. Our opinions on key issues raised in the consultation paper are as below:

**Market Dominance**

1. HKTUG believes that the most indicative factor of market dominance is MARKET SHARE & MARKET CONCENTRATION. In a recent HKTUG Survey on Market Dominance conducted to a small number of companies, there is unanimous consensus that market share is the key factor to assess PCCW-HKT's dominance in the BDEL market. The other factors (CORPORATION RELATIONSHIP, BARRIER TO ENTRY etc.) would be of relevance when the market share drops below majority, i.e. 50% yet with those other factors, the player can continue to enjoy dominance.
2. We also believe that any player having a majority in any market, exceeding 50% should be considered as dominant. In the case of PCCW who is having over 70% of the market, we believe that that they are still the dominant player in Hong Kong.
3. The same survey also indicated that all those surveyed agreed that increased competition is the main benefit of removal of PCCW's dominance status. These will stimulate the other non dominant operators to more aggressive action to build the infrastructure network. As such HKTUG support some small relaxation of the constraints imposed on PCCW as a signal to its rivals so that they can compete more effectively.

**Dominant Player's Obligations:**

1. After all these years of liberalization, we believe that the non dominant players have established certain market influence and so the present scheme of obligations for the dominant player could be somewhat relaxed.
2. One of these is the process for dominant player's pricing flexibility. We believe that if either (i) the timing of pricing notice can be shorten or (ii) no approval

would be required for reduction within a certain percentages – that is even over time the cumulative reduction would not be becoming as predatory pricing or dumping.

3. We also believe that the treatment of Universal Service Obligation by dominant player can be more flexible and a bit less burdensome.

**Type II inter-connection:**

1. We believe that Type II interconnection still plays a crucial role in promoting competition and should not be removed completely. For certain congested routes or rural areas with single access, Type II interconnection is the only choice for effective competition.
2. We also think that the removal of Type II interconnection should NOT result in the reduction of REAL choices (alternative carriers) by users and consumers. We consider that broadband service offered in bundle with cable-TV is not a real choice for users/consumers.
3. One of the most indicative measures of the presence of competition is no pricing increase for similar services. And that pricings for all districts / zones within Hong Kong should remain the same, regardless whether Type II is present or not in that district.

--- END ---