



GAZDASÁGI  
VERSENYHIVATAL

**Magyar Telekom hindered the switch-over by subscribers from one to another Internet service provider (ISP) by causing a break of 30 to 60 days of the service through removing and reinstalling the modem at those of the subscribers, which intended to carry out such a switch-over. Through this practice, it hindered the expansion of incumbent ISPs and the market entry of new ones. No fine was imposed, however, as Magyar Telekom voluntarily stopped the abusive practice during the proceeding.**

Magyar Telekom (the Hungarian “arm”, with an annual turnover exceeding 500 billion HUF, of the Deutsche Telekom Group) provides fixed telephony services, internet access and data transmission on leased lines. It provides both wholesale (for ISPs) and retail (through its subsidiary T-Online, for its residential and business subscribers) ADSL access. T-Online dominates the retail ADSL market with an about 50% market share. On the wholesale market, no other ADSL provider operates on the relevant geographic market.

In Hungary, subscribers to ADSL Internet services switch over from one to another ISP typically after the expiration of their respective “loyalty” contracts of one or two years duration with their respective ISPs, in order to make use of significantly lower, in comparison to which are charged to them by those “loyalty” contracts, subscriber fees offered to them by other ISPs within the frame of subscriber fee actions. ISPs become able to carry out, from time to time, such reduced fee actions based on the wholesale reduced price ADSL access actions announced by Magyar Telekom.

The switch-over by subscribers from one to another ISP was, however, hindered by a practice of Magyar Telekom. According to this practice, at subscribers, which cancelled their subscription with their respective ISPs, Magyar Telekom first terminated, within a period of 30 days as a maximum, the operation of the ADSL network by removing the modem; subsequently, it accepted the demand of their new ISP by installing again at the subscriber in question, within another period of 30 days as a maximum, a modem. This practice, which may be supposed to be unjustifiably advantageous for Magyar Telekom and disadvantageous for ISPs and consumers (subscribers), might result in a break of 30 to 60 days of the service at the subscribers.

It might hinder in this way, as an abuse of Magyar Telekom’s dominant position, the expansion of incumbent ISPs and the market entry of new ones.

Magyar Telekom’s prices discriminated between its new and existing customers, when it periodically granted discounts for new subscribers only and maintained higher prices for the existing customers. The Competition Council established, however, that this kind of price discrimination in itself was not anticompetitive; therefore it terminated this part of the proceeding. It concluded that the process of removing first the modems and reinstalling then again other ones, as described above, was also anticompetitive. The length of the period

during which subscribers were lacking the ADSL service was unduly too long. Nevertheless, the Council did not impose any fine as the practice objected to was voluntarily stopped during its proceeding and, subsequently, appropriately changed.