

ORGANISATION DE COOPÉRATION ET DE DÉVELOPPEMENT ÉCONOMIQUES



ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

OECD COMMUNICATIONS OUTLOOK 2001 Telecommunications

Country: GERMANY

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TELECOMMUNICATIONS - REGULATORY ISSUES

Market Structure and Regulatory Status (Questions 1 -10)

1. Please provide details of the regulation of communication infrastructure, including the public switched telecommunication network (PSTN), provision in your country.

Infrastructure provision for following service	Regulatory Status (e.g. monopoly, duopoly, certain number, fully open to any applicant)	Number of licensed operators (2000) *)
Fixed PSTN (Local, National and International)	fully open to any applicant	173
Network infrastructure capacity (Includes only companies not licensed to provide voice services)	fully open to any applicant	250
Analogue Cellular Mobile (e.g. NMT etc.)	monopoly	1 **)
Digital Cellular Mobile (e.g. GSM, PCS etc.)	certain number	4
Wireless local loop (fixed wireless)	certain number	16
IMT-2000 Operators (i.e. UMTS and 3 rd Generation)	certain number	

*) As of mid 2000

***) Will be phased out probable end of 2000

2. Please provide details for the major public telecommunication operator (PTO) of public switched telecommunication services in your country. (PTOs are state and privately owned entities providing public switched telecommunication services over their own infrastructure) *)

Name of PTO	PTO Ownership Status (2000) (e.g. state owned/privately owned) If a balance of ownership exists please indicate the share (%) held by the government
Deutsche Telekom AG	58% state owned

*) A full list of licensed operators is available at www.regtp.de

3. Please provide details of market share for the largest PTO in the following categories.

	The largest PTO's share	
	End 1998	End 1999
Local Access: % of access lines	99,5%	99%
Local Access: % of local calls	-	-
National Long Distance (% of total minutes) ¹	< 70%	< 60%
International (% of total outgoing MiTT)	< 70%	< 60%
Internet Subscribers ²	-	> 40%

1. If % of minutes is not available, please indicate the % of revenue

2. If share of subscribers is not available, please indicate number of Internet subscribers for the PTO.

4. Please provide details of the number of subscribers by cellular and PCN mobile communication operators.

Name of Operator	Number of Subscribers (End 1999)
1. Deutsche Telekom MobilNet GmbH *)	9 270 000
2. Mannesmann Mobilfunk GmbH	9 500 000
3. E-Plus Mobilfunk GmbH	3 800 000
4. Viag Interkom GmbH & Co	900 000

*) Including Analogue (170 000 subscribers).

5. Please provide a description of the most significant recent policy changes affecting the provision of telecommunications services, as well as any draft laws, or regulatory proposals to be implemented in 2000 to 2001.

Please provide details:

6. Please provide a brief description of the responsibilities of the national regulatory authorities for public telecommunication services. Please highlight any changes over the last 12 months.

Please provide details:

The central areas of responsibility of the Regulatory Authority for Telecommunications and Posts are basically as follows:

- a) *Market entry and licensing:* A licence is required for the operation of transmission lines going beyond the limits of a property and used to provide telecommunications services for the public as well as for the offer of voice telephony on the basis of self-operated networks. As a general rule, licences are granted upon written application. The number of licences in telecommunications markets may be limited if frequencies as provided for by the frequency usage plan are not available for licensing in sufficient quantity. Auctioning or competitive bidding is then used to award the licence.
- b) *Rates regulation:* Rates of dominant companies are subject to special rates regulation by the Regulatory Authority. Ex ante regulation is effected for voice telephony and the offer of transmission lines by dominant companies. The same applies to network interconnection and special network access. In other respects dominant companies are subject to ex post control of anti-competitive practices.
- c) *Network access and interconnection:* The operator of a telecommunications network offering telecommunications services for the public and having a dominant position in such a market must allow other users to access its telecommunications network or parts thereof. As laid down in the Telecommunications Act, companies are required first to try and reach agreement on issues of network access and interconnection by way of negotiations. If such negotiations are successful, the agreement will be subject to the ex ante approval procedure. If no agreement is reached, the parties concerned may jointly appeal to the Regulatory Authority for arbitration. If no interconnection agreement is brought about between the operators of public telecommunications networks, the Regulatory Authority will order interconnection upon appeal by one of the parties concerned. Irrespective of their market power, all operators of public telecommunications networks are required to conduct negotiations on network interconnection with other operators.

There have been no changes in the responsibilities of the Regulatory Authority over the last 12 months.

7. Are there any foreign ownership, size of shareholding or other ownership restrictions on individuals and corporations investing in the incumbent PTO(s) in your country? Yes/ No

If 'yes', please provide details:

8. Are there any communication infrastructures or services (e.g. mobile, cable television, terrestrial broadcasting, satellite broadcasting) that PTOs in your country are not permitted to provide directly? In addition, please specify any restrictions on PTOs investing in companies that provide such infrastructure or services. Please include information on requirements by the incumbent PTO to divest cable networks.

Please provide details:

There are no restrictions placed on PTO(s) under the Telecommunications Act (TKG). Restrictions may occur based on the Law against Restraints of Competition.

However TV and broadcasting **content** is not subject to federal legislation. There are 16 "*Landesmediengesetze*" (Land media laws/acts) each applying to the respective *Land* (federal state), and 16 regulatory bodies usually established in the *Staatskanzlei* or *Staatsministerium* (Chancellery/Ministry of State; i.e. the office of the *Ministerpräsident* <federal state premier>) as far as policies are concerned, and in the *Landesmedienanstalt* (Supervisory Authority for (Private) Broadcasters) as far as administration is concerned. However, there has been a certain kind of "federalisation" at *Länder* level by the conclusion of the *Staatsvertrag über den Rundfunk im vereinigten Deutschland* (Treaty on broadcasting in United Germany concluded by the *Länder* on 31 August 1991 <this treaty is actually being revised>), and - as far as the co-ordination of *Länder* policies and administrations is concerned - by the *Rundfunkkommission der Länder*. (Broadcasting Commission of the Federal States), with a permanent secretary/office at the *Staatskanzlei Rheinland-Pfalz* (Federal State of Rhineland-Palatinate).

9. What selection procedures are used to grant licences for new Wireless Local Loop (WLL) and IMT-2000 services? (e.g. spectrum auctions, calls for tenders, government appointments, licence on request)?

Please provide details: **WLL : competitive bidding *)**

IMT-2000 : auction *)

*) see Telecommunications Act, Part II, Chapter One, § 10 (Limitation of the Number of Licences) and § 11 (Award Proceedings Following a Limitation of the Number of Licences)

If the number of licences is limited as provided for by § 10 of this Act, the regulatory authority may, after hearing the parties concerned, hold an auction in accordance with (4) below or competitive bidding in accordance with (6) below.. Frequencies for the radio link-up of accesses shall be granted solely by way of competitive bidding.

(4) The aim of the auction is to determine which bidder/s is/are best placed to use the radio frequencies bought at auction efficiently for the offer of the applicable telecommunications service for the public. Prior to the auction, the regulatory authority shall identify, in observance of §47 of this Act and the ordinance having the force of law issued by virtue of this provision,

1. the minimum requirements in terms of specialised skills and qualifications bidders shall evidence in order to be admitted to the auction,
2. the relevant product and geographical market for which the radio frequencies bought at auction may be used in observance of the frequency usage plan,
3. the licence conditions, including the degree of coverage in respect of frequency usage and the time required to achieve such degree, as well as the frequency usage conditions of the future licence that must be observed,
4. the basic number of radio frequencies which the bidder must buy at auction for the startup of the telecommunications service, provided such basic number is necessary.

The regulatory authority shall also determine in detail the rules for holding an auction, such rules being objective, comprehensible and non-discriminatory and taking the interests of small and medium-sized enterprises into consideration. The regulatory authority may stipulate a minimum bid for participation in the auction.

(6) The aim of competitive bidding is to determine which bidder(s), by way of proven skills and qualities, is/are best placed to satisfy users' demand for the applicable telecommunications service for the public. Prior to competitive bidding the regulatory authority shall identify, in observance of §47 of this Act and the ordinance having the force of law issued by virtue of this provision,

1. the minimum requirements in terms of specialised qualifications bidders shall evidence in order to be admitted to competitive bidding,
2. the relevant product and geographical market for which the licences are to be granted,
3. the licence conditions, including the degree of coverage in respect of frequency usage and the time required to achieve such degree, as well as the frequency usage conditions of the future licence that must be observed,
4. the criteria according to which bidders' eligibility is assessed.

Criteria shall be the specialised knowledge and efficiency of the bidders, the suitability of plans to be submitted for the provision of the telecommunications service subject to competitive bidding and the promotion of workable competition in the relevant market. Preferred in the selection procedure shall be those bidders ensuring a higher degree of coverage for the applicable telecommunications services subject to licence. The regulatory authority shall also determine in detail the rules for conducting competitive bidding, such rules being objective, comprehensible and non-discriminatory. In the event of various bidders being equally well placed as a result of competitive bidding, the decision shall be taken by drawing lots.

10. Under the communication regulation existing in your country how would national and international voice telephony services provided over the Internet, by entities other than a PTO, be defined and treated? Please mention any restrictions or obligations that may apply.

Please provide details:

Internet telephony would only be subject to licence if voice telephony was offered on the basis of self-operated networks. Voice telephony is based on the switching of voice in real time. At present, it is assumed that Internet telephony fails to fulfil this criterion. Internet telephony is therefore not deemed a voice telephony service within the meaning of the Telecommunications Act. Thus no licence is required for the offer of Internet telephony. Should the "real time" criterion be met in future, Internet telephony would only be subject to a licence if, in addition, the "self-operated network" criterion was met.

This regulatory treatment of Internet telephony applies irrespective of whether this service is provided by a telecommunications company or an Internet service provider.

Pricing (Questions 11 -12)

11. What, if any, conditions are applied to the tariffs set by PTOs? (Please include any price control information such as price caps or approvals and specify for which services they apply).

Criteria applicable to Rates Regulation**(Sec 24 TKG)**Rates shall be based on the **costs of efficient service provision** and

- contain may not any surcharges - on the costs of efficient service provision - which prevail solely as a result of the provider's dominant position according to §19 of the Law against Restraints of Competition in the relevant telecommunications market (**no surcharges**),
- may not contain any discounts - on the costs of efficient service provision - which prejudice the competitive opportunities of other companies in a telecommunications market (**no discounts**, i. e. no predatory pricing, dumping or price-cost squeeze) or
- may not create any advantages for individual users in relation to other users of identical or similar telecommunications services in the relevant telecommunications market (**no discrimination**), unless there is evidence of an objectively justifiable reason therefor.

Subject to Prior Approval**(Sec 25 (1) TKG)**Rates and rate-related components of general terms and conditions for the offer of **transmission lines** and **voice telephony**, provided the licensee has a **dominant position** according to Sec 19 of the Law against Restraints of Competition in the relevant market.

- Obligation to submit for rates approval (Sec 28 (1) TKG); no divergence from approved rates (Sec 29 TKG).
- Rates for the granting of special network access and for the implementation of an interconnection ordered are subject to ex ante rates regulation, too (see Questions 15, below).

Forms and Procedures for Prior Rates Approval**(Sec 27 (1) TKG)**

- **Individual approval procedure**, i.e. on the basis of the costs of efficient service provision falling to the individual service offerings, or
- **Price cap approval procedure**, i.e. on the basis of the benchmarks it prescribes for the average rates of change in the rates for a basket of combined services.

Denial of Approval**(Sec 27 (2) and (3) TKG)**

- Approval of rates has to be denied where they do not satisfy the criterion "no surcharges" or where it is obvious that they do not meet the criteria "no discounts" and "no discrimination" or where not in conformity with the Telecommunications Act or other legal provisions.
- In the absence of a reason for denial, approval must be granted.

Rates Approval for the Offer of Transmission linesIn the absence of a price cap "Transmission Lines", the **individual approval procedure** applies.**Rates Approval for the Offer of Voice Telephony**

- **Price cap approval procedure** according to the price cap "Telephone Service" (coverage: access lines and calls; duration: 1998 - 2001; baskets "residential customers" and "business customers", CPI - 6 % for each basket;

1st period (1998 - 1999): Related to the reference turnover achieved by means of the service offerings contained in the baskets in the reference period from 1 July 1996 to 30 June 1997 by Deutsche Telekom AG, the last approval led to rate level reductions significantly larger than the required 4,3 %, without calling rates of the City tariff zone being increased.

2nd period (2000 - 2001): The requirement to reduce the level of rates by at least 5.4 % based on the reference turnover achieved by means of the service offerings contained in the baskets in the reference period from 1 July 1998 to 30 June 1999, was met by Deutsche Telekom AG already with the first approvals granted under the price cap procedure in 2000.). **The criterion "no surcharges" is deemed complied with if the given benchmarks are observed.**

- **Individual approval procedure** with regard to service offerings not contained in the price cap "Telephone Service", i.e. new optional offerings or essential modification of existing optional offerings.

Subject to Subsequent Examination**(Sec 25 (2) TKG)**

- Rates and rate-related components of general terms of conditions for telecommunications services **other than** the offer of **transmission lines and voice telephony** provided by companies having a **dominant position** according to Sec 19 of the Law against Restraints of Competition in the relevant market (see Sec 30 (2) to (6) TKG, too).
- Approved rates are also subject to subsequent review as regards the criteria "no discounts" and "no discrimination" (see Sec 30 (1) and (3) to (6) TKG, too).

12. If communication discount schemes are available in your country please provide information on one or more popular schemes applicable to low users and dial-up Internet access users from the incumbent PTO. In the space below please indicate the main features:

Low User scheme (i.e. scheme for segments of the community that are financially disadvantaged):

For social welfare reasons Deutsche Telekom AG (DTAG) grants a **social welfare rate for T-Net Calls**, i.e. a reduction on the prices of specific subscriber-dialled T-Net calls.

The "DTAG General Terms and Conditions Social Welfare Rate for T-Net Calls" are shown in the Annex.

- As regards rates regulation (see Questions 11, above), reductions for social welfare reasons are not subject to prior approval. Such reductions are no rates in the legal sense, but waivers of - approved . T-Net call prices.
- With regard to Euro-ISDN multiterminal access lines as standard lines or extra feature lines, since August 1, 1998, DTAG grants the reduction on the prices of specific subscriber-dialled T-Net calls, i.e. calls set-up by DTAG in its PSTN/ISDN.
- Due to the relevant low-income group, the amount of the reduction is at most EUR 6,94 / *DM 13,57*, and at most EUR 8,72 / *DM 17,05* respectively.
- The reduction for customers having analogue telephone access lines, granted on the monthly prices for the line rental (so-called "reduced-rate access lines for low-income groups", will be transferred into new concept "social welfare rate for T-Net calls" within the three years following December 1, 1999. The relevant parts of "DTAG Price List Telephone Service (Telephone Access Line)" are shown in the Annex.

Internet Access Discount Scheme (i.e. accessing the Internet via a PC with a modem over the local PSTN):

As regards the **access to T-Online with the number 0 19 10 and the access code 0 19 30 66**, and to **other ISP with geographical numbers**, DTAG's optional voice telephony service offerings **AktivPlus**, **AktivPlus basis**, and **AktivPlus xxl** are Internet access discount schemes.

- For a monthly provision price of EUR 4.36 / *DM 8.53* (without VAT), i.e. EUR 5.06 / *DM 9.90* (with VAT),
- DTAG provides to **AktivPlus** customers (some 2.5 millions) domestic and specific international calls, calls to mobile network access lines, and calls, i.e. connections, for the access to T-Online and to other ISP at reduced prices. **AktivPlus basis**, neither covering international calls nor calls to mobile network access lines, is monthly provided for EUR 2,16 / *DM 4.22* (without VAT), i.e. EUR 2.51 / *DM 4.90* (with VAT). This apart, AktivPlus basis is identical with AktivPlus (see Annex).
- For a monthly provision price of EUR 6.56 / *DM 12.83* (without VAT), i.e. EUR 7,61 / *DM 14.89* (with VAT), **AktivPlus xxl** customers, having Euro-ISDN multiterminal access lines, get AktivPlus calls at AktivPlus prices. However, as regards the test phase, **on Sundays and national public holidays**, there are **no usage-based telephone charges** for all voice telephony calls to domestic destinations, and for calls, i.e. connections, **for the access to T-Online with the access code 0 19 30 66, and to other ISP with geographical numbers**. As regards the provision of the required Euro-ISDN multiterminal access lines, customers usually chose the package offering T-ISDN xxl, also including the Aktiv Plus xxl call prices.
- In all these cases, the customer has, in addition to the contractual relationship with DTAG for the dial-up access to T-Online or to the other ISP, a contractual relationship with the T-Online or the other ISP for the use of the relevant online- or Internet-services.

As regards **rates regulation**, the following applies:

- Being no voice telephony service (nor a transmission lines) offering, the rates for dial-up access to T-Online or other ISP via the PSTN/ISDN are not subject to prior approval (see Question 11, above). However bundled in optional voice telephony service offerings, the rates are considered as being rate-related components of general terms and conditions for the offer of voice telephony. In consequence, **bundling is subject to prior approval** by the Regulatory Authority.
- Approvals have been granted for the AktivPlus-offerings, however, as regards **AktivPlus xxl** only for a **test phase covering June 1 until December 31, 2000**. In addition, as regards the time after the end of the test phase, DTAG has been ordered to file for approval until September 30, 2000, providing detailed cost statements.

As regards the indications concerning T-Online made by DTAG in the **SEC-Filing** on April 19, 2000 (see Annex), the following applies:

- The T-Online offerings "eco online", "pro", "speed 50", and "speed 100" are covering the dial-up access via
- DTAG's PSTN/ISDN as well as the use of the relevant online- or Internet-services. The user has only a contractual relationship with T-Online, i.e. DTAG's subsidiary T-Online International AG.
- As regards the full flat rate of DM 79.00 (with VAT) introduced by T-Online as of June 1, 2000, the same applies.

ANNEX to Question 12 “Low User Scheme”

DTAG: GENERAL TERMS AND CONDITIONS SOCIAL WELFARE RATE FOR T-NET CALLS

Last Revision: 1 August 2000

This translation is not the authentic text. The German version shall be part of the contractual agreement.

Deutsche Telekom AG (DTAG) provides the social welfare rate for T-Net calls (hereinafter referred to as social welfare rate) in accordance with the provisions of the Telekommunikations-Kundenschutzverordnung (TKV)¹⁾ and the following General Terms and Conditions. The TKV applies even if it is not expressly referred to in the following terms and conditions.

1 Subject Matter of Terms and Conditions

The following terms and conditions regulate the social welfare rate for telephone access lines, T-Net 100, T-Net 200, T-ISDN 300, T-ISDN xxl, and Euro-ISDN multiterminal access lines as standard lines or extra feature lines, in the telephone service. The provision of the telephone access lines, T-Net 100, T-Net 200, T-ISDN 300, T-ISDN xxl, and Euro-ISDN multiterminal access lines is not the subject matter of this contractual agreement.

2 Prerequisites

The social welfare rate is only granted once per customer. The respective telephone access line, T-Net 100, T-Net 200, T-ISDN 300, T-ISDN xxl, or Euro-ISDN multiterminal access line may not be predominantly used for commercial purposes. The social welfare rate shall also be provided to customers living in a household with relatives who meet the following prerequisites:

- 2.1 For customers who
 - are exempt from paying radio and TV fees due to general working disability or low income in accordance with criteria set forth in national law, or
 - receive BAFöG ²⁾ in accordance with the Bundesausbildungsförderungsgesetz ²⁾,DTAG grants the social welfare rate for specific subscriber-dialled T-Net calls handled by DTAG within a billing period.
- 2.2 For customers who are blind, deaf or have speech impediment and whose disability is recognised as being at least 90 %, DTAG grants the social welfare rate for specific subscriber-dialled T-Net calls handled by DTAG within a billing period.
- 2.3 The social welfare rate is only provided for telephone access lines, T-Net 100, T-Net 200, T-ISDN 300, T-ISDN xxl, and Euro-ISDN multiterminal access lines which, with regard to calls set up to destinations outside the local network area, are permanently pre-selected on DTAG.

3 Scope of Service Offerings

- 3.1 Subject to technical and operational feasibility, DTAG provides to the customer the social welfare rate for T-Net calls.
For social welfare reasons DTAG grants on the prices of all subscriber-dialled
 - Standard T-Net calls, and
 - T-Net calls for the Access to T-Online with the number 0 19 10 which are billed by DTAG at the price of City calls,set forth in the Price List Telephone Service (Domestic Calls), and on the prices of all subscriber-dialled
 - Standard T-Net calls,
 - T-Net calls within bordering zones, and
 - T-Net calls to the Austrian customs exclaves,set forth in the Price List Telephone Service (International Calls), a reduction to customers, meeting the prerequisites under 2.1, of at most EUR 6,94 / DM 13,57, and to customers, meeting the prerequisites under 2.2, of at most EUR 8,72 / DM 17,05.
The reduction will be granted on the call prices without VAT within a billing period. The cannot be transferred, in total or in part, to the next billing period. Claims of third parties will not be taken into account. In case that the beginning of the contractual agreement is not identical with the beginning of a billing period, the full reduction will be granted for the period until the end of the billing period. In the case that the end of the contractual agreement is not identical with the end of a billing period, the full reduction will be granted for the period covering the beginning of the last billing period and the end of the contractual agreement.

3.2 Combinations

The social welfare rate is only granted in combination with specific special tariffs of DTAG. The social welfare rate cannot be agreed for telephone access lines, T-Net 100, T-Net 200, T-ISDN 300, T-ISDN xxxl, or Euro-ISDN multiterminal access lines for which another reduction for social welfare reasons has already been granted by DTAG.

4 Obligations and Responsibilities of the Customer

In particular, the customer will be obliged to inform DTAG without undue delay if the above prerequisites cease to prevail.

5 Termination

The contractual relationship may be terminated by either party with effect from the end of any working day. For any termination to be effective, a written notice of termination must be received by the competent branch office of DTAG or the customer at least six working days prior to the date of termination. Saturdays are not deemed to be working days.

- 1) The Telekommunikations-Kundenschutzverordnung (TKV) is the Telecommunications Customer Protection Ordinance issued under Sec 41 TKG (Telekommunikationsgesetz <Telecommunications Act>). English translations of these legal texts can be retrieved from the Internet at: <http://www.regtp.de>
- 2) The Bundesausbildungsförderungsgesetz (abbreviated BAföG), i.e. the Federal Education Promotion Act, stipulates the prerequisites for education subsidies granted to students, in particular. The subsidies granted under this Act are called BAföG, too.

DEUTSCHE TELEKOM: PRICE LIST TELEPHONE SERVICE (TELEPHONE ACCESS LINE)**(Excerpt)**

Last Revision: 1 March 2000

This translation is not the authentic text. The German version shall be part of the contractual agreement.

3 Standard Service**3.1 Monthly Rental and Installation**

No.	Service Offering	Price	
		VAT excluded EUR DM	VAT included EUR DM
1	Telephone Access Lines (basic price), per line and month	10.93 21.38	12.68 24.81

5 Special Prices for Additional Service Facilities that are No Longer Newly Provided

The following additional service facilities for the telephone access lines are no longer newly provided. Where contractual agreements on these service facilities are still in effect, the following prices shall be charged:

No.	Service Offering	Price	
		VAT excluded EUR DM	VAT included EUR DM
1	Reduced-rate Access Lines for Low-income Groups Reduced-rate access lines for low-income groups are no longer newly provided at special prices. Concluded contracts on reduced-rate access line for low-income groups, will be executed during the duration of the respective contracts at the following prices.		
1.1	for reduced-rate access lines for low-income groups provided until November 30, 1999, at a monthly basic price of DM 9.08 (with VAT), basic price, per access line and month	4.00 7.82	4.64 9.08
1.2	for reduced-rate access lines for low-income groups provided until November 30, 1999, at a monthly basic price of DM 5.04 (with VAT), basic price, per access line and month	2.22 4.34	2.58 5.04

ANNEX to Question 12, Part “Internet Access Discount Scheme”

Scope of Service Offerings				
No.	Service offerings	Price ¹⁾		
		Standard	AktivPlus basis	AktivPlus
			EUR	DM
1	Provision of the Optional Voice Telephony Calls Offering, per month and access line	not applicable	²⁾ 2.16 4,22	³⁾ 4.46 8.53
2	Provision of T-Net Calls	Standard Price	Reduced Price	Reduced Price
2.1	Domestic Calls			
2.1.1	- Standard T-Net Calls City ⁴⁾	yes ⁵⁾	yes ⁶⁾	yes ⁷⁾
2.1.2	- Standard T-Net Calls Regional ⁸⁾ and Nationwide Deutschland ⁹⁾	yes ¹⁰⁾	yes ¹¹⁾	yes ¹²⁾
2.1.3	- Calls to the Accesses of T-Online ¹³⁾	yes ¹⁴⁾	no ¹⁵⁾	yes ¹⁶⁾
2.1.4	- Calls to Mobile Networks ¹⁷⁾	yes ¹⁸⁾	no ¹⁹⁾	yes ²⁰⁾
2.2	- International Calls	yes ²¹⁾	no ²²⁾	22 destinations ²³⁾

1) VAT (16 %) excluded.

2) Deutsche Telekom Price List AktivPlus basis, Item 2 No. 2; Last Revision: 1 August 2000.

3) Deutsche Telekom Price List AktivPlus, Item 2 No. 2; Last Revision: 1 August 2000.

4) City calls are T-Net calls to access lines in local network areas that are part of the City tariff zone of an originating local network area. The City tariff zone includes as a rule the originating local network area, all local network areas that immediately border on the originating local network area, and non-bordering local network areas with a tariff distance of at most 20 km (Deutsche Telekom Price List Telephone Service (Domestic Calls), Item 4.2.1; Last Revision: 1 August 2000).

5) Deutsche Telekom Price List Telephone Service (Domestic Calls), Items 4.3.1 No. 1 and 4.3.2 No. 1; Last Revision: 1 August 2000.

6) Deutsche Telekom Price List AktivPlus basis, Item 3 No. 1; Last Revision: 1 August 2000.

7) Deutsche Telekom Price List AktivPlus, Item 3.1 No. 1; Last Revision: 1 August 2000.

8) Regional calls are T-Net calls to access lines in local network areas that are part of the Regional tariff zone of an originating local network area. The Regional tariff zone of an originating local network area includes local network areas with a tariff distance of at most 50 km insofar as they are not part of the City tariff zone (Deutsche Telekom Price List Telephone Service (Domestic Calls), Item 4.2.2; Last Revision: 1 August 2000).

9) Nationwide Deutschland calls are T-Net calls to access lines in local network areas that are part of the Deutschland tariff zone of an originating local network area. The Deutschland tariff zone of an originating local network area includes local network areas with a tariff distance of more than 50 km (Deutsche Telekom Price List Telephone Service (Domestic Calls), Item 4.2.3; Last Revision: 1 August 2000).

10) Deutsche Telekom Price List Telephone Service (Domestic Calls), Items 4.3.1 No. 2 and 4.3.2 No. 2; Last Revision: 1 August 2000.

11) Deutsche Telekom Price List AktivPlus basis, Item 3 No. 2; Last Revision: 1 August 2000.

12) Deutsche Telekom Price List AktivPlus, Item 3.1 No. 2; Last Revision: 1 August 2000.

13) Accesses of T-Online with the number 0 19 10 and the access code 0 19 30 66.

14) The prices for City calls apply (Deutsche Telekom Price List Telephone Service (Domestic Calls), Items 5 No. 10 and Items 4.3.1 No. 1 and 4.3.2 No. 2; Last Revision: 1 August 2000).

15) The standard prices for City calls apply. See 14), above.

16) The reduced prices for City, Regional and Nationwide Deutschland Calls also apply to other T-Net calls such charged (Deutsche Telekom Price List AktivPlus, Item 3.1; Last Revision: 1 August 2000).

17) C Mobile Network and the four GSM Mobile Networks (D1, D2, E-Plus, and E2, i.e. Interkom).

18) Deutsche Telekom Price List Telephone Service (Domestic Calls), Item 6; Last: 1 August 2000.

19) The standard prices apply. See 18), above.

20) Deutsche Telekom Price List AktivPlus, Item 3.1 No. 3; Last Revision: 1 August 2000.

21) Deutsche Telekom Price List Telephone Service (International Calls); Last Revision: 1 February 2000.

22) The standard prices apply. See 21), above.

23) Calls to Andorra, Belgium, Denmark, France, Great Britain, Isle of Man, Italy, Canada, Channel Islands, Liechtenstein, Luxembourg, Monaco, the Netherlands, Northern Ireland, Austria, Switzerland Spain, the Vatican State, and the United States of America (EUR 0,0837 / DM 0,1637), and to the Czech Republic, Turkey and Hungary (EUR 0,1719 / DM 0,3362), for every 60 seconds or part thereof (Deutsche Telekom Price List AktivPlus, Item 3.1 No. 3; Last Revision: 1 August 2000). For calls to other destinations, the standard prices apply. See 22), above.

Accesses to T-Online ²⁴⁾ and to Other ISP ²⁵⁾					
No.	City Calls ²⁶⁾	Price ²⁷⁾			
		EUR		DM	
		Standard ³⁰⁾	ISDN Access Lines ³¹⁾	AktivPlus basis ²⁸⁾	AktivPlus ²⁹⁾
		from (analogue) telephone access lines of Deutsche Telekom AG and from access lines of other operators	from ISDN Access Lines of Deutsche Telekom		
1	Mondays through Fridays				
1.1	from midnight to 5 a.m.	0.0528 0.1033 240 seconds ³²⁾	0.0528 0.1033 240 seconds ³²⁾	0.0132 0.0258 60 seconds ³²⁾	0.0132 0.0258 60 seconds ³²⁾
1.2	from 5 a.m. to 7 a.m.	0.0528 0.1033 150 seconds ³²⁾	0.0528 0.1033 240 seconds ³²⁾	0.0132 0.0258 60 seconds ³²⁾	0.0132 0.0258 60 seconds ³²⁾
1.3	from 7 a.m. to 9 a.m.	0.0528 0.1033 150 seconds ³²⁾	0.0528 0.1033 90 seconds ³²⁾	0.0132 0.0258 60 seconds ³²⁾	0.0132 0.0258 60 seconds ³²⁾
1.4	from 9 a.m. to 6 p.m.	0.0528 0.1033 90 seconds ³²⁾	0.0528 0.1033 90 seconds ³²⁾	0.0264 0.0516 60 seconds ³²⁾	0.0264 0.0516 60 seconds ³²⁾
1.5	from 6 p.m. to 9 p.m.	0.0528 0.1033 150 seconds ³²⁾	0.0528 0.1033 240 seconds ³²⁾	0.0132 0.0258 60 seconds ³²⁾	0.0132 0.0258 60 seconds ³²⁾
1.6	from 9 p.m. to midnight ..	0.0528 0.1033 240 seconds ³²⁾	0.0528 0.1033 240 seconds ³²⁾	0.0132 0.0258 60 seconds ³²⁾	0.0132 0.0258 60 seconds ³²⁾
2	On Saturdays, Sundays and National Public Holidays as well as in the Period from 24 December through 1 January included				
2.1	from midnight to 5 a.m.	0.0528 0.1033 240 seconds ³²⁾	0.0528 0.1033 240 seconds ³²⁾	0.0132 0.0258 60 seconds ³²⁾	0.0132 0.0258 60 seconds ³²⁾
2.2	from 5 a.m. to 9 p.m.	0.0528 0.1033 150 seconds ³²⁾	0.0528 0.1033 240 seconds ³²⁾	0.0132 0.0258 60 seconds ³²⁾	0.0132 0.0258 60 seconds ³²⁾
2.3	from 9 p.m. to midnight ..	0.0528 0.1033 240 seconds ³²⁾	0.0528 0.1033 240 seconds ³²⁾	0.0132 0.0258 60 seconds ³²⁾	0.0132 0.0258 60 seconds ³²⁾

24) Accesses with the number 0 19 10 and the access code 0 19 30 66.

25) ISP with geographical numbers.

26) See footnote 4), above.

27) See footnote 1), above. See Chart below, too.

28) Deutsche Telekom Price List AktivPlus basis, Item 3 No. 1; Last Revision: 1 August 2000.

29) Deutsche Telekom Price List AktivPlus, Item 3.1 No. 1; Last Revision: 1 August 2000.

30) Deutsche Telekom Price List Telephone Service (Domestic Calls), Items 5 No. 10 and 4.3.1 No. 1; Last Revision: 1 August 2000 (These calls are set up by Pre-Selection-Telekom or Call-by-Call-Telekom).

31) Deutsche Telekom Price List Telephone Service (Domestic Calls), Items 5 No. 10 and 4.3.2 No. 1; Last Revision: 1 August 2000.

32) Time unit of "n" seconds, i.e. for every "n" seconds or part thereof.

Currency	VAT excluded	VAT included	VAT excluded	VAT included	VAT excluded	VAT included
EUR	0,0132	0,0160	0,0264	0,031	0.0528	0,0620
DM	0,0258	0,0300	0,0516	0,060	0.1033	0,1200

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Form 20-F

**REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF
THE SECURITIES EXCHANGE ACT OF 1934**

OR

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

for the fiscal year ended December 31, 1999

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number 1-14540

Deutsche Telekom AG

PART I

ITEM 1 DESCRIPTION OF BUSINESS

Other Services - *T-Online* (p 29, 30)

At December 31, 1999, T-Online had approximately 4.2 million customers. The T-Online service, which is operated, developed and marketed by T-Online International AG, is Europe's largest online-service and Internet-service provider based on number of subscribers. Through T-Online, Deutsche Telekom offers cost-effective, high-performance Internet access primarily to customers. T-Online is scheduled to become listed on the Neuer Markt segment of the Frankfurt Stock exchange in April 2000, with Deutsche Telekom retaining a controlling ownership interest.

In addition to Internet access, T-Online offers customers access to a number of value-added online-services. The available applications cover a spectrum that includes database research, information and entertainment, and online banking. Based on international research, Deutsche Telekom believes that the majority of online bank accounts in Germany is managed through T-Online.

T-Online significantly expanded portal site activities in 1999, making T-Online the gateway to a wide range of information and entertainment services. In May 1999, T-Online launched the Shopping Portal, through which customers have access to electronic commerce. Currently about 200 vendors present products and services from various industries on the Shopping portal. The Fun & Action portal, which was launched by T-Online's homepage in September 1999, is geared primarily toward younger T-Online customers. This portal offers chat rooms, forums, online games and information tailored for specific target groups. Deutsche Telekom believes that these offers make the T-Online home page more attractive to customers and therefore more attractive to advertisers.

Use of T-Online has continued to grow rapidly. In 1999, subscribers connected to the service a total of some 1.5 billion times, or approximately 44 percent more than in the previous year. In January 1999, the number of subscriber connections in a month exceeded 100 million sessions for the first time. In October 1999, Deutsche Telekom reduced the T-Online eco online charge from three to two pfennigs per minute - charging three pfennings per minute for network access via Deutsche Telekom - and cancelled the six-pfennigs dial-in charge billed previously. Since November 1, 1999, Deutsche Telekom offers T-Online pro, a cost effective package for frequent users. It includes unlimited standard Internet access with transmission speeds of up to 64 Kbit/s within Germany at a monthly subscription fee of currently DM 19.90 and a telephone connection charge of currently 3 pfennigs per minute if accessed via Deutsche Telekom's network. In 1999, Deutsche Telekom began marketing T-Online speed 50 and T-Online speed 100. Both products use Deutsche Telekom's T-DSL to provide broadband access to the Internet. T-Online speed 50 provides 50 hours of high-speed access to the Internet for a monthly price of DM 99, while T-Online speed 100 includes 100 hours for a monthly price of DM 149, online charged of three pfennigs for usage in excess of 50 hours or 100 hours is included in the basic rate. There is no telephone charge.

Deutsche Telekom intends to introduce new online products during 2000. One planned product consists of unlimited Internet access, including the telephone connection to the Internet, for a flat rate of less than DM 100 per month without additional online or telephone charged. Subject to regulatory approval. Deutsche Telekom also intends to introduce "T-ISDN XXL", a new product that would give ISDN customers unlimited telephone connection on the Internet, on Sundays, without usage-based telephone charges, for a monthly fee of DM 5. ISDN@ctive, another planned new product, would give ISDN customers unlimited narrow-band access to the Internet for an additional monthly charge of less than DM 10.

Deutsche Telekom also intends to promote Internet usage in Germany through special promotional offers. Through a special offer that would provide free Internet access for two years to the first 100,000 T-DSL customers that sign up, Deutsche Telekom intends to begin creating a mass market for broadband Internet access. Deutsche Telekom also intends to provide free Internet access and related software and customer service to schools in Germany.

To further its market leadership position in Germany, T-Online entered into a banking cooperation with comdirect, the online banking subsidiary of Commerzbank AG, in February 2000. As part of this cooperation, T-Online agreed to take a 25 percent equity interest in comdirect, and Commerzbank will take an equity stake in T-Online of approximately 2.1 percent (after giving effect to the listing of T-Online shares that is planned for April 2000 and to the acquisition of Club Internet).

In addition, T-Online took a significant step in the development of its international business in February 2000, when it agreed to acquire a 99.9 percent equity interest in Club Internet, the online service business of the French Lagardère group, in exchange for shares of T-Online representing an equity interest of approximately 5.8 percent in T-Online (after giving effect to the listing of T-Online that is planned for April 2000 and to the acquisition of an interest in comdirect).

Numbering/Domain Names (Questions 13 - 14)

- 13. Please describe the numbering policy in your country. Please mention the responsible authority and whether portability (including geographic portability) has been introduced and for which services (e.g. 800 numbers, cellular numbers, local PSTN numbers).**

Please provide details:

The aim of telecommunications market liberalisation is, through development of competition, to create better prerequisites for an efficient and inexpensive offer of telecommunications networks and services in line with demand. This aim must be supported by the numbering system. Guidelines governing the numbering system are thus the development of free competition and orientation towards user interests. According to the Telecommunications Act (§43 TKG) the Regulatory Authority for Telecommunications and Posts (Reg TP) is responsible for numbering functions. Carrier portability has been available since 1 January 1998 for geographic numbers and numbers of value-added services - such as Freephone Services ((0)800 numbers), Shared Cost Services ((0)180 numbers) and Premium Rate Services ((0)190 numbers). Germany is divided into 5,200 local network areas identified by area codes. Geographic portability is therefore only possible if the location is changed within the local network area. Technical and operational questions concerning numbering and network interconnection are dealt with in a Working Group called AKNN. Members of this Working Group are the network operators (voting right), the manufacturers (no voting right) and the Regulatory Authority for Telecommunications and Posts (no voting right).

- 14. Which organisation is responsible for the administration of your Internet country code top level domain names.** (An example of a country code top level domain name is .be for Belgium). Please provide any details of any recent policy initiatives relating to country code domains.

Please provide details:

DENIC eG Domain Verwaltungs- und Betriebsgesellschaft
Wiesenhüttenplatz 26
60329 Frankfurt am Main
Telefon für sonstigen Geschäftsbetrieb: +49 (0)69 / 27235-0
Telefax: +49 (0)69 / 27235-235

Interconnection (Questions 15 -16)

15. Interconnection between fixed networks.

	Yes /No	Details
Are PSTN interconnect or access charges a matter for commercial agreement between operators? And if so, is there provision for arbitration and by whom?	yes	§ 37 TKG where there is no IC-agreement between TK-carriers, the Reg TP shall order IC insofar and as long as the parties fail to reach an IC-agreement, on proposal of one party § 8 NZV Settlement of Disputes by Reg TP
Is there a requirement on the incumbent to publish the rate for PSTN interconnect or access charges?	yes	The rates approved by Reg TP are published in the official gazette of Reg TP along with the relevant service specifications, § 9 TEntgV. The reference offer is published by Reg TP, § 6 (5) NZV, the incumbent shall undertake to incorporate in its general terms and condition such standard offer.
For the purpose of establishing interconnect or access charges is accounting separation used?	Yes	
Once the interconnection or access charge of the incumbent has been established, is it available as a standard rate for other service providers (including other PTOs and reseller)?	yes	Only public network operators, who are entitled to special network access.
Does regulation specify that competitive service providers can collocate facilities on the same site as incumbent PTOs? (Please indicate whether reseller and Internet Service Providers can collocate equipment under the same terms and conditions as PTOs without being designated as a PTO?)	yes	Not ISPs. They are not entitled to special network access. ISPs get general network access, so called Points of Presence.
What kind of interconnection accounting methodology (e.g. LRIC, FDC, etc.) is used for calculating the incumbent's interconnection charges?		LRIC based on an analytic cost model

<p>Is carrier pre-selection implemented? If so, please describe the coverage of carrier pre-selection (e.g. local, long-distance and international).</p>	<p>Obligation to implement carrier pre-selection (CPS) Under the TKG (Telecommunications Act, Sec 43) direct access operators - providing customer access to the public telecommunications network - shall ensure in their networks - as of 1 January 1998 - that each user is free in his choice of long-distance carrier; such choice shall be enabled by means of permanent pre-selection which can be overridden by a carrier selection prefix each time a particular call is made (call-by-call selection). The Regulatory Authority may suspend this obligation wholly or partially insofar and for as long as this is justified for technical reasons.</p> <p>State of CPS implementation CPS, both permanent pre-selection and call-by-call selection, is implemented for all voice telephony service calls other than local calls. Deutsche Telekom AG's City tariff zone¹ includes local calls and so called near-distance or neighbourhood calls usually until 20 km.</p> <ul style="list-style-type: none"> • There is no CPS for local calls, i.e. no dialling of the local area code as the calling party and the called party are situated in the same local area in which a call originates. (<i>We understand that the EC Commission opened or intends to open violation proceedings against Germany as regards this restriction on CPS.</i>) • There is CPS for near distance or neighbourhood calls, i.e. dialling of the local area code as the calling party and the called party are not situated in the same local area. <p>With regard to other calls not part of voice telephony service offerings the following is applicable:</p> <ul style="list-style-type: none"> • There is CPS for fixed-mobile calls, i.e. calls from the PSTN/ISDN to mobile radio networks. • There is no CPS for mobile services and no special date has been determined for implementation. • There was CPS for non-geographical numbers (value added services) until the end of 2 July 2000. Starting from today, there is no CPS any more.
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16. Fixed to Mobile Network Interconnection

	Details
Are termination rates to mobile networks published?	No, they are not subject of regulation at present
How are the termination rates for fixed-to-mobile calls determined in your country (e.g. commercial negotiated between operators, determined by mobile operator or other)?	Commercially negotiated between operators
Are these rates subject to any regulation (e.g. must they be cost orientated if operators have significant market power)?	At present they are not subject to regulation because none of the mobile network operators has a dominant position

Unbundling (Questions 17 -18)

17. Please describe initiatives for local loop unbundling and indicate when unbundling policies were put in place or the expected date of implementation.

Please provide details:

In Germany there is access to the unbundled local loop since January 1998. There are 8 unbundled varieties and 11 bundled.
REG TP set the rates for access to the local loop.

18. Please provide the prices for access to unbundled local loops and specify the service on offer (e.g. raw copper, DSL subscriber line).

Please provide details:

The monthly rate for twisted copper pair was set at EURO 12.99 on this line, xDSL is possible. The prices for the other varieties were set by Reg TP too. A list is available at www.regtp.de in the German language.

Consumer Issues (Questions 19 -20)

19.

	Details
In the context of universal service policies, which elements of telecommunication service are considered as part of universal service in your country?	<p>In Germany universal services are regulated by Sections 17 to 22 of the Telecommunications Act ("TKG") of 25 July 1996, and the Telecommunications Universal Service Ordinance ("TUDLV") of 30 January 1997, issued by virtue of Section 17(2) of the TKG.</p> <p>In section 1 of the TUDLV designates the following services as universal services in our country:</p> <ul style="list-style-type: none"> • voice telephony (subject to licence) on the basis of a digital switched network and subscriber lines with a bandwidth of 3.1 kHz and with - where technically feasible - the ISDN supplementary services "call waiting", "call forwarding", "itemised call statement", "advice of charge" and "call hold"/"broker's call". • licence-exempt telecommunications services that are directly related to voice telephony, namely the <ul style="list-style-type: none"> • provision of information on subscriber numbers, • publication of subscriber directories (usually once a year), and • nationwide provision of public telephones. • the provision of transmission lines in accordance with Annex II of Council Directive 92/44/EEC of 5 June 1992 on the application of open network provision to leased lines.

<p>Please provide details of any explicit funding mechanism for addressing universal service and its coverage (this can include initiatives related to infrastructure in respect to addressing digital divide issues).</p>	<p>Providers may be obliged to contribute towards providing a universal service only if, contrary to expectations, the universal service, as a basic service for the public, cannot be provided adequately and appropriately without regulatory intervention in the market, or if such provision cannot be guaranteed.</p> <p>In accordance with Section 19(2) of the TKG, any licensee with a dominant position in the relevant product and geographical market may be obliged to contribute towards providing a universal service, unless another, voluntary solution is found.</p> <p>This "contribution" involves the licensee</p> <ul style="list-style-type: none"> • providing the service himself, and/or • paying a universal service levy as a contribution towards compensation for the deficit incurred by a company through providing the universal service. <p><u>Liable to contribute is each licensee,</u></p> <ul style="list-style-type: none"> • operating in the relevant product market for the applicable service and achieving a share of at least four per cent* of the total sales of this market, <u>or</u> • having a dominant position as defined in Section 22 of the Restraints of Competition Act in the relevant geographical market. <p>* This aims to exempt small providers operating in only regional markets from the liability to contribute.</p> <p>The Regulatory Authority for Telecommunications and Posts ("Reg TP") only obliges a company to provide a universal service as provided for by Sections 18 and 19 of the TKG if the universal service is inadequately provided in a relevant product and geographical market, or if there is reason to believe that adequate provision cannot be guaranteed. This has not been the case up until now. Deutsche Telekom AG is, however, obliged under Section 97(1) of the TKG to give the Reg TP one year's notice of any changes in the scope or conditions of its provision of a universal service.</p>
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<p>Is the cost of providing universal service calculated? If so please provide the latest annual costing.</p>	<p>Section 2 of the TUDLV establishes a different pricing criterion for each universal service category: An affordable price for</p> <ul style="list-style-type: none"> • <u>voice telephony</u> is a price that does not exceed the real price payable on 31 December 1997 for telephony services as required by a private household outside a town or city with a population of more than 100,000; • <u>the provision of subscriber number information, subscriber directories, and public telephones</u> is a price that is based on the cost of efficient service provision; and • <u>the provision of transmission lines as designated a universal service</u> is a price as approved by the Reg TP <p>The Reg TP does not have a procedure for calculating the net costs for universal services.</p>
<p>What percentage of telephone subscribers do not have access to an Internet service provider's point of presence with a local call?</p>	<p>0 % (Many providers have a single national access number through which they can be reached at below the cost of a local call)</p>
<p>What is the average monthly online time for a subscriber to the largest PTO's Internet access service (e.g. number of hours).</p>	<p>7,5 hours (T-Online in early 2000)</p>
<p>What is the average household consumption expenditure of telecommunication services in your country? Please provide the data in local currency and specify the year of the survey. Please indicate which of the following telecommunications services are included or excluded -- fixed PSTN services, cellular mobile services and Internet access -- or provide a definition of the indicator used in your country.</p>	<p>1998 the average household spent between 70 and 75 DM (including mobile and Internet). For 1999 numbers are not available yet.</p>

20.

	2000	2001	2002	2003
<p>Please report any estimates of the potential coverage of access lines with DSL by the end of the following years (as a % of total subscriber lines) by the incumbent(s):</p>	<p>ca. 55% (600 Cities)</p>	<p>> 90%</p>	<p>> 90%</p>	<p>> 90%</p>

Source: Deutsche Telekom