

ORGANISATION DE COOPÉRATION ET DE DÉVELOPPEMENT ÉCONOMIQUES



ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

## **COMMUNICATIONS OUTLOOK 2001**

**Country: PORTUGAL**

**Date completed: 29.06.2000**

## TELECOMMUNICATIONS

### 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	19
Network infrastructure capacity (Includes only companies not licensed to provide voice services)	Fully open to any applicant	12
Analogue Cellular Mobile (e.g. NMT etc.)	<sup>1</sup>	----
Digital Cellular Mobile (e.g. GSM, PCS etc.)	Public Tender	3
Wireless local loop (fixed wireless)	Public Tender	9
IMT-2000 Operators (i.e. UMTS and 3 <sup>rd</sup> Generation)	Public Tender	4 to be licensed in 31/12/2000

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
PORTUGAL TELECOM	10% held by the Government

<sup>1</sup> The provision of this service ceased in October 1999.

**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 <sup>1</sup>	100%	100%
Local Access: % of local calls <sup>2</sup>	100%	100%
National Long Distance (% of total minutes) <sup>3,4</sup>	100%	100%
International (% of total outgoing MiTT) <sup>5</sup>	100%	100%
Internet Subscribers <sup>6</sup>		

1.2.4.5. Only fixed telephone services.

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

6. 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	GSM 900 and GSM 1800	Number of Subscribers (End 1999)
1. TMN		
2. Telecel		
3. Optimus		
4.		
5.		

**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:

1. Licensing of the Fixed Wireless Access
2. Liberalisation of the Fixed Telephone Service in 01/01/2000
3. Public Consultation on Local Loop Unbundling
4. Public Consultation on Number Portability
5. Introduction on Carrier Pre-selection
6. Reference Interconnection 2000 (see <http://www.icp.pt/actual/pri2000uk.html>)
7. Public Tender on UMTS/IMT 2000 in September 2000
8. Public Tender on Digital Television in the 3<sup>rd</sup> trimester 2000

**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 national regulatory authority, ICP – Instituto das Comunicações de Portugal is responsible for:

- Supervision, monitoring and enforcement of all regulations concerning telecommunications
- Radio spectrum management
- Approval and homologation of telecommunications material and equipment
- Defining the framework concerning dominant operators
- Defining the interconnection framework concerning dominant operators
- Licensing and registration of telecommunications networks operators and service providers

**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:

No.

**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:

No

9. at 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:

Licences for WLL were granted through a “Beauty Contest” procedure. It is intended to use the same procedure for IMT-2000 licences.

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:

Voice over IP – Licence

Voice over Internet – Registration Act

### **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).

Please provide details:

The prices of PSTN and leased lines for operators with significant market power are subject to the principles of cost orientation, non-discrimination and transparency. Portugal Telecom, S.A., has been notified as an operator with significant market power.

Also, the prices of the other services under Portugal Telecom’s concession (telex, telegraph and broadcasting) are subject to the principles of cost orientation, non-discrimination and transparency.

There are price caps for PSTN and leased line services. PSTN price caps for the period 1998-2000 are:

- IPC –4% a year for all services
- IPC –2% a year for domestic services (connection, rental, local regional and national calls)

Cumulative leased lines price caps are:

- RPI –18% in 1998
- RPI –25% in 1998 and 1999
- RPI –29% for the period 1998-2000

**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:

- 1) “*Pacote Económico*”: Automatic discount for subscribers whose call volume are smaller than 1960\$00/month. The discounts can reach 12,6% in monthly fee and 29,8% in local and regional calls. There is no subscription charge and no monthly rental;
- 2) “*Pensionistas e Reformados*” 784\$00 discount on the monthly rental charge and 328\$50 in calls;
- 3) Discounts for people benefiting from income support: 30% discount on monthly rental and connection charge.

Internet Access Discount Scheme:

- 1) “Net+” Plan: 10% discount per call and off-peak period (18:00H – 9:00H in working days and 0:00H – 24:00H in weekends and public holidays), if call volume exceeds 2500\$00 per month. No monthly rental and no subscription charge.
- 2) “Netline”: Telephone line for exclusive access to the Internet. Offer 2500\$00/month in Internet traffic Monthly rental is 3381\$00. There is no subscription charge.

(Additional pamphlets from the PTO in English or French, or with the main points translated into one of these languages, would be most appreciated. Please provide data in local currency).

Note: Low user schemes is a term sometimes applied by PTOs to schemes designed for segments of the community that are financially disadvantaged. A dial-up Internet user refers to a consumer accessing the Internet via a PC with a modem over the local public switched telecommunication network.

### **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:

According to the Decree-Law nr. 415/98, of 31<sup>st</sup> December, the management of the National Numbering Plan (NNP) is a responsibility of ICP. Its main elements are published on the ICP website (ICP – New National Numbering).

After public consultation it was decided that operator portability will be implemented on 1<sup>st</sup> July 2001, for geographic numbers (fixed network) and non-geographic numbers (e.g. 800) and operator portability in mobile telephony networks should be introduced in the 1<sup>st</sup> January 2002, simultaneously with the launching of the 3<sup>rd</sup> Generation Mobile.

**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:

The organisation responsible for the administration of our country code is FCCN – Fundação para a Computação Científica Nacional.

### **Interconnection (Questions 15)**

**15. Interconnection between fixed networks.**

	<b>Yes /No</b>	<b>Details</b>
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	The Decree-Law nr. 415/98 of 31/12 (see: <a href="http://www.icp.pt/legisuk/dl415_98uk.html">http://www.icp.pt/legisuk/dl415_98uk.html</a> ) establishes the principle of free negotiation and the finalisation of interconnection agreements. Nevertheless, prices applied by operators with SMP in the interconnection market are subject to the principles of non-discrimination, transparency and cost orientation. Under these terms, ICP established, namely, the maximum interconnection prices to be practised by PT, the operator with SMP in the interconnection market (see <a href="http://www.icp.pt/actual/msword/detpri2000uk.doc">http://www.icp.pt/actual/msword/detpri2000uk.doc</a> ). Under the terms of article 18 of the referred Decree-Law, it is ICP's responsibility to resolve any legal disputes between the operators.
Is there a requirement on the incumbent to publish the rate for PSTN interconnect or access charges?	Yes	The entities notified has having SMP in the interconnection market, fixed telephone services/network market or leased lines market have the obligation to elaborate a Reference Interconnection Offer. PT, which has been notified has having SPM in those markets, has published the interconnection rates ( <a href="http://www.telecom.pt/empresa/interligacao.asp">http://www.telecom.pt/empresa/interligacao.asp</a> )
For the purpose of establishing interconnect or access charges is accounting separation used?	Yes	The entities with SMP offering fixed telephone services/networks of offering leased lines are subject to the obligation of separate accounting.
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 resellers)?	Yes	PT, the historic operator, has the obligation to respect the principle of non-discrimination in the provision of interconnection. In the Alterations to the RIO 2000 ( <a href="http://www.icp.pt/actual/pri2000auk.html">http://www.icp.pt/actual/pri2000auk.html</a> ), ICP determined that the interconnection conditions offered by the PT to its own company (in particular in the retail market) and also to its subsidiary or associated companies should be extended to OLO. The RIO 2000 is applicable to operators of public telecommunications networks and to providers of fixed and mobile telephone service.
Does regulation specify that competitive service providers can collocate facilities on the same site as incumbent PTOs? (Please indicate whether resellers and Internet Service Providers can collocate equipment under the same terms and conditions as PTOs without being designated as a PTO?)	Yes	Collocation for interconnection equipment has been assessed in the RIO 2000. In the alterations to the RIO 2000 ( <a href="http://www.icp.pt/actual/pri2000auk.html">http://www.icp.pt/actual/pri2000auk.html</a> ), ICP has considered that the refusal of access may only be justifiable in the duly documented absence of technical conditions, to preserve network security or in the case of lack of capacity.
What kind of interconnection accounting methodology (e.g. LRIC, FDC, etc.) is used for calculating the incumbent's interconnection charges?		Currently, the cost accounting system of the historic operator is a top-down model based on historic fully distributed costs. ICP is developing a Bottom-Up model, based on LRIC. The determination concerning the maximum interconnection prices applicable in 2000 took into consideration not only the cost accounting systems but also the current European practices and the expected evolution on productivity.

<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>Carrier pre-selection will be implemented in 01/07/2000. The conditions applicable to carrier pre-selection are, in general, the same conditions applicable to carrier selection. International calls, national calls between local switches that are further than 50 Km and fixed-to-mobile calls will be eligible for carrier pre-selection. These conditions are under review and might be modified taking into account the market evolution.</p>
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## 16. Fixed to Mobile Network Interconnection

	Details
<p>Are termination rates to mobile networks published?</p>	<p>No. Concerning fixed-to-mobile calls it is stressed that, in Portugal, mobile operators have been paying an origination rate for fixed-to-mobile calls, and have been keeping the revenues of fixed-to-mobile calls.</p>
<p>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)?</p>	<p>In the framework defined above, mobile termination prices are freely negotiated between the historic operator and the mobile operators. Regarding this matter, ICP has made a determination (<a href="http://www.icp.pt/press/1999/not208uk.html">http://www.icp.pt/press/1999/not208uk.html</a>), where it is stated that, until 01/10/2000, the operators are to review this situation, concluding agreements compatible with the legal principle that the traffic is owned by the originating operator. In fact, the regime that has been in force was created in an historic context where the objective of promoting a swift penetration of mobile phones was considered paramount. Presently, the mobile penetration rate is higher than the fixed penetration rate and the framework, which might have been justified in relation to policy objectives relevant at that time, is no longer adequate. The interconnection rates applicable in 2000 are presently under negotiations between the operators.</p>
<p>Are these rates subject to any regulation (e.g. must they be cost orientated if operators have significant market power)?</p>	<p>Presently, there are no mobile operators notified as having SMP in the interconnection market and, therefore, the interconnection prices applicable by these operators are not subject to cost orientation. However, mobile operators notified as entities with significant market power in the national interconnection market are subject to the obligation of (i) respect the principles of transparency and cost orientation when establishing interconnection prices and (ii) to have separate accounting, on the one hand, for the interconnection activity, and on the other hand, for the other activities.</p>

## 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.

<p>Please provide details:</p> <p>ICP expects to launch a consultation on this issue during 2000, taking into consideration the recent EC Recommendations and EC Communications on Unbundled Access to the Local Loop.</p>
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**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:

Not applicable.

**Consumer Issues (Questions 19 -20)**

**19.**

	<b>Details</b>
<p>In the context of universal service policies, which elements of telecommunication service are considered as part of universal service in your country?</p>	<p>According to article 3 of Decree-Law 458/99 (see <a href="http://www.icp.pt/legisuk/dl458_99.html">http://www.icp.pt/legisuk/dl458_99.html</a>) Universal Service covers:</p> <ul style="list-style-type: none"> <li>- The connection to the telephony fixed network and provision of the fixed telephone service;</li> <li>- The provision of public payphones, in adequate number, in public places and in the public streets;</li> <li>- The provision of a telephony directory and an information service, which includes the fixed and mobile telephone service subscribers.</li> </ul> <p>Under the terms of article 1 of the referred Decree-Law, these obligations have to be in accordance with the following principles: universality, equality, continuity and affordability.</p> <p>In Portugal there are also special conditions for the citizens with special needs under the terms set forth in the respective regulations and legislation in force. These measures have been adopted by the regulatory entity.</p> <p>According to article 10 of the Decree-Law 40/95 (see <a href="http://www.icp.pt/legisuk/dl40-95uk.html">http://www.icp.pt/legisuk/dl40-95uk.html</a>) the historic operator has specific obligations namely: (1) Making available the appropriate terminal equipment, when applied for by the interested party and under remuneration conditions to be established in a Price Convention; (2) Adopting measures, which ensure service access, in more favourable economic conditions, to citizens with less economic resources, namely the retired and pensioners; (3) Adopting measures which ensure a better use of the service by citizens with special needs, namely, installing adequate access to public payphones in streets.</p>
<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>The organisation(s) with universal service obligations are responsible for demonstrating losses and submitting them to approval by ICP, under the terms of article 12º of the Decree-Law 458/99. Such approval should be preceded by an audit carried out by ICP or by an independent body appointed by ICP.</p> <p>If ICP approves the negative margins associated with Universal Service demonstrated by operator, the USO can be financed through a compensation fund for which the public telecommunications network operators and the fixed and mobile telephony service providers will contribute, according to the article 14 of the same Decree-Law.</p> <p>The Universal Service fund is to be managed by an entity independent from its contributors and beneficiaries.</p>
<p>Is the cost of providing universal service calculated? If so please provide the latest annual costing.</p>	<p>The Decree-Law 458/99 defines in its article 12 that the Universal Service providers should specifically demonstrate the negative margins associated and submit them to the ICP's approval.</p> <p>The method for calculating the cost of providing Universal Service is defined in the article 13 of the same Decree-Law. The cost of providing Universal Service is calculated as the difference between the net costs, for an organisation, of having the USO and not having those obligations.</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>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>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>	
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**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>Pending analysis on LLU</p>			