

## **EU Commission opens in-depth investigation into the market for wholesale high quality access in Hungary**

Today the European Commission opened an in-depth investigation into the proposal of the Hungarian telecoms regulator to regulate the wholesale leased lines market in Hungary.

The Commission has concerns that the proposal by the Hungarian telecoms regulator NMHH on wholesale leased lines is not compliant with EU telecoms rules.

Leased lines are more advanced and reliable telecommunication services used by business customers to link their locations and sites, allowing for internal communication. The wholesale market for leased lines in Hungary is currently largely competitive and deregulated. In its last market analysis (2011), the national regulatory authority concluded that only very low bandwidth leased lines (up to 2 Mbit/s) required regulation. Today, these lines are disappearing from the market and are being replaced by a new generation of leased lines based on modern technologies (Ethernet).

In its current proposal, the regulator defines a market for wholesale leased lines of all bandwidths and finds that Ethernet-based leased lines provided by Magyar Telekom (MT), which is deemed to have significant market power on the market, should be regulated. This includes the regulation of leased lines with bandwidth above 2Mbit/s.

The Commission, in its letter to the Hungarian regulator, has raised serious doubts as to the compatibility of its proposal with the EU telecoms rules. Based on the information available, the Commission has serious doubts whether MT can exercise significant market power, and behave independently from its competitors and ultimately consumers. This conclusion stems from closer assessment of the market shares, falling prices, and presence of infrastructure competition. Furthermore, the Commission also has doubts as to regulator's methodology to calculate the wholesale charges to be imposed on MT. Inappropriate regulation, which does not assure an adequate return on investments, will stifle innovation and investments, to the detriment of consumers.

The Commission now has two months to discuss the draft measure with the Hungarian regulator, in close cooperation with the Body of European regulators (BEREC). At the end of the Phase II investigation period, the Commission may either lift its reservations or issue a veto decision under Article 7 of the Framework Directive.

## **Downloads**

Commission Decision - EN  
Download



Commission Decision - HU  
Download

## **Related topics**

Article 7

Improving connectivity and access

Telecom laws

Telecom rules

---

### **Source URL:**

*<https://digital-strategy.ec.europa.eu/news/eu-commission-opens-depth-investigation-market-wholesale-high-quality-access-hungary>*