



For Immediate Release

## **HONG-KONG CSL LTD OPPOSES THE UNILATERAL INCREASE IN INTERCONNECTION RATES**

Hong Kong, 25 May 2008 -The dominant fixed line operator, PCCW HKT Telephone Limited (**PCCW**) announced on 23 May 2008 a unilateral increase in its interconnection tariff by 25%. The interconnection tariff is the amount other operators who interconnect with PCCW are forced to pay that operator.

This increase was brought about by PCCW without the agreement (or knowledge) of the other operators and endangers the current low prices enjoyed by Hong Kong consumers as operators will now need to seriously review whether this previously unknown increase means that operators are forced to pass on these significant costs to consumers in the form of price increases.

The Telecommunications Authority (**TA**) has apparently approved the tariff without consultation with the industry. This move by the TA is inconsistent with past practice where on previous occasions, it has sought to bring about changes that impact operators, those affected have been consulted and allowed to lodge submissions with the regulator.

Hong Kong CSL Limited's CEO, Mr. Tarek Robbiati said "This unilateral increase with no industry consultation of a regulated tariff is an astounding case of significant market power by a dominant player that distorts competition and will ultimately harm the public. The Government's stated intent to create a level-playing field in Hong-Kong is called into question by PCCW's conduct."

The allowance of the increase by the TA flies in the face of the purported deregulation of the current fixed mobile interconnection regime which is already an anomaly by international standards, and is destined to be sunsetted in April 2009. Mr. Robbiati also said that "We have gone from a bad Mobile Party-Pay (**MPP**) interconnection regime to an even worse one. This latest ploy represents a cynical attempt by PCCW to milk as much money as it can from mobile operators before it is finally forced to give up the uncontested revenue stream it has enjoyed for years; Revenue that has been used to cross-subsidise products in an attempt to stifle its mobile competitors".

He also said that "CSL will not allow this to go unchecked and will take all legal action in its power to enforce its rights as well as to prevent harm to consumers".

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