

Unfair monopoly: Telkom call answered

Telecommunications provider Telkom said on Tuesday it was still studying a judgment by the Competition Tribunal, which found it guilty of abusing its dominance in the telecommunications market between 1999 and 2004 and slapped it with a hefty R449-million penalty.

"Telkom is currently in the process of studying the judgment and its implications, and if necessary a follow-up announcement in this regard will be considered in due course," the telecoms group said in a response to the verdict which saw its shares dive more than 3% in mid-morning trade before recovering.

Announcing its judgment on Tuesday morning, the Tribunal concluded that Telkom leveraged its upstream monopoly in the facilities market to advantage its own subsidiary in the competitive value-added network market.

"Telkom's conduct caused harm to both competitors and consumers alike and impeded competition and innovation in the dynamic value-added network services market. Half of the penalty is to be paid within six months of the Tribunal's decision while the balance is payable within 12 months thereafter."

The Competition Commission had asked the Tribunal to impose an administrative penalty of R3,5 billion on the telecommunications company. The commission wanted the fine to act as a deterrent for excessive pricing by other dominant companies.

The case against Telkom started in 2002 when value-added network service providers accused Telkom of exclusionary conduct and price discrimination. More than 20 companies, including Internet Solutions, and the South African Value-added Network Services Association complained to the commission about Telkom's conduct.

The case was referred to the tribunal in 2004, but hearings only began at the end of last year after several challenges to the competition authorities' jurisdiction.

The service providers alleged that Telkom was denying them access to telecommunications infrastructure that would enable them to offer clients value-added services such as e-mail, internet access, protocol conversions and video conferencing.