

NATIONAL REGULATORY AUTHORITY FOR COMMUNICATIONS

ANNUAL REPORT

2003

Bucharest, December 31, 2003

Art.27 of the **Regulation for the organisation and operation of the National Regulatory Authority for Communications**, approved by Government Decision no.880/2002, published in the Romanian Official Journal, Part I, no.660 as of September 5, 2002, provides the followings:

„Art.27. – (1) ANRC shall publish on its website, no later than the 31st of December each year, a detailed report regarding its activity during that year.

(2) ANRC shall also publish a document on the requests and notices registered prior to the 30th of June of that year and which have not been solved.”

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1. One Year since Liberalisation

***Foreword by the President of the National Regulatory Authority for Communications,
Ion Smeeianu***

There is no doubt that 2003 represents the most important year in the recent history of the Romanian communications – the year of the liberalisation of the electronic communications market. To a novice, liberalisation may seem a punctual event that can be dated precisely in time, no more or less than the end of a monopoly, once the last page of the previous year's calendar was turned. However, for the people that are involved in this process, market players and regulatory authority alike, things get a completely different meaning. For us, what may seem to others as an accomplished task is just the beginning. Free market does not mean only the disappearance of privileges or a mere change in the abstract field of laws and regulations. As far as it concerns us, liberalisation takes the shape of a process, that of transition from monopoly to competition, defined by the creation of a regulatory framework able to put in place the mechanisms of a competitive market, for which the event of January 1st, 2003 is only the birth certificate. Free competition is more like a tree that needs to be nurtured and grown, than 'a reality' placed in our custody at one time or another.

The National Regulatory Authority for Communications is the institution entrusted to arbitrate this process of liberalisation, a corps of specialists assigned to guarantee the emergence of competitive relations, and afterwards to sustain their development. The current activity report unfolds the first steps taken in this direction or, in other words, the meaning of liberalisation for this institution, whose role is to oversee the transformation of this concept into reality. It makes available information about the work involved in this process that was carried out by the ANRC specialists, the necessary steps for a natural roll out of the liberalisation process, for replacing monopoly with strong competition mechanisms.

Now, one year later, looking up in retrospect, the most important were the number of things we had to do and also their urgency. We had to be one step ahead of the dynamic and innovative market. It was the only way to avoid being taken by surprise by subsequent developments, to prevent distortions and imbalances on the market. In the initial phase we had to deal with a package of modern, European laws and a market which started to develop at its periphery, around a big monopoly. On this ground we had to build an entire edifice of punctual regulations as requirements for the emergence of authentic competition. In order to be functional and prosperous, the market needed an infrastructure of rules. I can say today that we succeeded in building up this infrastructure.

Writing these lines, I realize now that I wish we could have put in some measurable visible form the feedback we have received throughout this year from our foreign counterparts, specialists with whom ANRC has established strong contacts. Thus it could have been inserted in the following pages. Even though this is impossible, the received feedback is important and cannot be omitted. To these people, we have stood as an equal partner for dialogue, a corps of specialists having a European mentality, results and efficiency. For

this reason, I have the courage to affirm that, one year after the establishment of the Regulatory Authority, Romania benefits from one of the most modern regulatory frameworks in Europe, which makes it easy for us to meet the EU requirements in this field.

All this time, ANRC has not been involved only in setting up the rules of the game. It also dealt with an avalanche of notifications; it has allotted to new-comers on the market the numbering resources needed; it has informed the operators about the changes in the regulatory framework. All these are underpinning the facts and figures displayed in the following pages. I hope that they will be a telling proof of our efforts and that they will round off my remarks meant to sum up, in a brief overlook, the spirit in which electronic communications and postal services are regulated in Romania.

2. Mission, Objectives and Action Plan

2.1. ANRC Missions and Objectives

The National Regulatory Authority for Communications - ANRC - is the institution entrusted with the implementation of the national policy in the sector of electronic communications and postal services.

In its activity ANRC aims to accomplish **two major objectives**: promoting competition and the best interests of the end users.

In the context of the complete liberalisation of the electronic communications and postal services market, **promoting competition** represents a high priority objective. Competition will act as an incentive for the development of investments and improvement of the market players' efficiency, ensuring the appearance of new technologies, as well as lower tariffs. In order to promote competition, ANRC acts in the following directions:

- Prevent the actions leading to the distortion or restraint of the competition in the electronic communications market;
- Stimulate efficient investments in the infrastructure and promote innovation;
- Promote technological neutrality.

Promoting the interests of end users represents a highly important objective, and for this reason ANRC focuses on the following directions for action:

- Grant Romanian citizens the right of access to Universal Service;
- Ensure the protection of consumers' interests in their relation with the providers, especially by making available a transparent, impartial, simple and free of charge dispute mediation procedure;
- Get involved in protecting the rights of persons, especially the right to privacy, as regards the processing of personal data;
- Promote transparency towards the users by keeping them appropriately informed about tariffs and the other conditions related to the use of publicly available services;
- Promote the specific interests of the users with disabilities or special needs;
- Protect the integrity and security of the electronic communications networks.

2.2. The Main Directions for Action, 2002-2003

- Set clear rules harmonized at European level, as regards the entry on the market of electronic communications services and network providers and postal services providers –elaboration of general authorisations and the standard notification forms;
- Elaborate the National Numbering Plan and the procedure for granting licenses for the use of numbering resources, as well as initiate the process for granting these licenses;

- Elaborate the regulations for the identification of relevant markets in the electronic communications sector and carry out market analyses;
- Identify relevant specific wholesale markets in the electronic communications sector;
- Conduct market analyses in order to determine the existence/non-existence of effective competition in the relevant specific markets;
- Identify the providers with significant power in the relevant specific wholesale markets where there is no effective competition;
- Impose specific obligations on the providers designated as having significant power in the identified markets, in order to eliminate the barriers to the development of effective competition in these markets;
- Initiate the designation process for the universal service provider in the field of postal services;
- Initiate the identification process for the retail markets in the electronic communications sector;
- Identify the providers with significant power on the retail markets in the electronic communications sector;
- Conduct a study in order to identify the areas of applicability of universal service on the entire territory of Romania;
- Elaborate the procedure for designating the universal service providers, after the Ministry for Communications and Information Technology adopts the policy and strategy in this field;
- Initiate the designation process for the universal service providers in the field of electronic communications.

ANRC has achieved all the objectives set for 2002 – 2003, regarding the regulation of wholesale markets in the field of electronic communications. The actions regarding the regulation of the retail markets were initiated after the adoption of Law no.304/2003 on universal service and the users' rights as regards the electronic communications services and networks, hereinafter referred to as the Universal Service Law, and they will be carried out during 2004. Also in 2004, after the Ministry of Communications and Information Technology elaborates and publishes the strategy in this field, ANRC will initiate the first actions for the implementation of universal service in the field of electronic communications.

2.3. ANRC Priorities for 2004

During the first year following the liberalisation, the *ex-ante* regulation focused on the wholesale markets in the electronic communications sector, in order to ensure the necessary conditions for the development of competition.

During 2004, ANRC will concentrate on:

1. Identify the relevant retail markets, designate the providers with significant market power, and impose specific obligations

The regulatory activity will concentrate on the retail markets and market analyses will be periodically conducted on all the wholesale and retail markets during the following years, in order to evaluate the dynamics of the competition development and to determine to what extent did the regulations meet the needs of this sector.

Identification the relevant specific retail markets, determination of the level of competition and designation of providers with significant market power will be carried out based upon criteria set by ANRC (in the *Regulation on the identification of relevant markets in the field of electronic communications networks* and in the *Regulation on conducting market analyses and determining the significant market power*) and information collected during the market analyses conducted at the level of end users (legal and natural persons), as well as among the providers from the electronic communications market, will be analysed and correlated.

2. Complete the Draft *Decision on the Principles and Prerequisites of the Reference Offer for Unbundled Access to the Local Loop*, on grounds of which S.C Romtelecom S.A. shall elaborate and publish a reference offer for unbundled access to the local loop. ANRC shall also analyse how S.C Romtelecom S.A. observes the provisions of this decision.

3. Elaborate two „bottom-up” models for the calculation of long run average incremental costs – for fixed and mobile telephony, and initiative the process of reconciliation between the models elaborated by the providers of fixed public networks (S.C. Romtelecom S.A.) and mobile public networks (S.C. Mobifon S.A. and S.C. Orange România S.A.).

4. Apply the strategy for the implementation of universal service in the field of electronic communications

In Romania, the policy and strategy for the implementation of universal service are elaborated and adopted by the Ministry of Communications and Information Technology and implemented by ANRC. All the necessary steps for the implementation of the universal service objectives will be set out and covered during the implementation process.

After the Ministry of Communications and Information Technology adopts the strategy for the implementation of universal service, ANRC will take all necessary technical measures in order to apply the strategy, elaborate the procedure for the designation of the universal service providers and effectively designate them, respectively.

5. Intensify the surveillance and control actions

ANRC territorial offices will continue and intensify their market monitoring activities initiated in 2003. ANRC representatives from each territorial office have elaborated their control plans, thus covering the entire territory of Romania and providing the specialists at the headquarters with a realistic image of the electronic communications and postal services markets.

6. Intensify the consumer information activities as regards consumers' rights in their relations with the providers of electronic communications services and networks and the providers of postal services

In this respect, two of the most important actions are the publication of the *Consumer Guide*, an online application that will allow users to access the electronic communications services offers directly on ANRC website, offering them the possibility to make a correct choice, and the creation in Bucharest of a consultancy centre that will assist end users on issues related to their rights and the legal ways to protect these rights.

ANRC also intends to sign a memorandum with the National Authority for Consumer's Protection, a document that will define the terms for the cooperation between the two institutions, aiming at a better protection of the consumer of electronic communications and postal services.

7. Designate the universal providers in the field of postal services

ANRC will designate the universal service providers in the field of postal services, on grounds of the Decision of the President of ANRC no.1351/2003 on the conditions and procedure for the designation of the universal service providers in the field of postal services¹.

¹ Published in the Romanian Official Journal, Part I, no.885 as of December 12, 2003.

3. Decisions of the President of ANRC with Significant Impact on the Market Issued During 2002-2003

Decision no.136/2002 for the approval of the Regulation on the identification of the relevant markets within the electronic communications sector

Decision no.137/2002 on the approval of the Regulation for conducting market analyses and determining the significant market power

Decision no.138/2002 on the imposition of some minimum requirements for the provision of the publicly available electronic communications services

Decision no.140/2002 on the approval of the National Numbering Plan

Decision no.141/2002 on the application and granting procedure regarding the licenses for the use of the numbering resources

Decision no.142/2002 on the designation of S.N.Tc. "Romtelecom" – S.A. as having significant power in the market for the access to the public fixed telephony networks for the purpose of call origination, termination and transit

Decision no.143/2002 on the designation of S.C. "Mobifon" – S.A. as having significant power in the market for the access to the mobile telephony network operated by this company, for the purpose of call termination

Decision no.144/2002 on the designation of S.C. "Orange România" – S.A. as having significant power in the market for the access to the mobile telephony network operated by this company, for the purpose of call termination

Decision no.145/2002 on the designation of S.C. "Cosmorom" – S.A. as having significant power in the market for the access to the mobile telephony network operated by this company, for the purpose of call termination

Decision no.146/2002 on the designation of S.C. "Telemobil" – S.A. as having significant power in the market for the access to the mobile telephony network operated by this company, for the purpose of call termination

Decision no.147/2002 on the principles and prerequisites of the reference offer for interconnection with the public fixed telephony network

Decision no.118/2003 on the procedure for the authorisation of the postal services providers

Decision no.123/2003 on the interconnection with the public mobile telephony network operated by S.C. "Mobifon" – S.A. for the purpose of call termination

Decision no.124/2003 on the interconnection with the public mobile telephony network operated by S.C. "Orange România" – S.A. for the purpose of call termination

Decision no.125/2003 on the interconnection with the public mobile telephony network operated by S.C. "Cosmorom" – S.A. for the purpose of call termination

Decision no.126/2003 on the interconnection with the public mobile telephony network operated by S.C. "Telemobil" – S.A. for the purpose of call termination

Decision no.174/2003 on the addition to the Decision of the President of ANRC no.136/2002 for the approval of the Regulation on the identification of the relevant markets within the electronic communications sector

Decision no.801/2003 on the designation of S.C. "Romtelecom" – S.A. as having significant power in the market for the full or shared access to the twisted metallic pair local loop for the purpose of providing broadband electronic communication services and publicly available telephony services at fixed locations

Decision no.802/2003 on the designation of S. C. "Romtelecom" – S.A. as having significant power on the market of leased lines-terminal segments

Decision no.1331/2003² on the establishment of the procedure for the resolution of disputes within the competence of ANRC

Decision no.1332/2003 on reporting of several statistical data by the electronic communications networks and services providers

Decision no.1333/2003³ on the general authorisation regime for the provision of electronic communications networks and services

Decision no.1334/2003 on granting procedure for the usage rights of the national and international signalling points codes

Decision no.1351/2003 on the conditions and procedure for the designation of the universal service providers in the field of postal services

Decision no.1379/2003 on interconnection for leased lines-terminal segment to the fixed public telephony network

Decision no.1380/2003 for approving the regulation for the realisation, by "Romtelecom" - S.A., of accounting separation within the internal cost accounting system

² Replaces **Decision no.139/2002** on the establishment of the procedure for the resolution of disputes within the competence of ANRC, published in the Romanian Official Journal, Part I, no.20 as of January 15, 2003 (**abrogated**).

³ Replaces **Decision no.131/2002** on the general authorisation regime for the provision of electronic communications networks and services, published in the Romanian Official Journal, Part I, no.907 as of December 13, 2002 (**abrogated**).

Decision no.1381/2003 for approving the regulation for the realisation of the top-down long run incremental costing model by "Romtelecom" - S.A.

Decision no.1382/2003 for approving the regulation on the realisation of the "top-down" costing model for the calculation of the long run incremental costs by "Mobifon" – S.A.

Decision no.1383/2003 for approving the regulation on the realisation of the "top-down" costing model for the calculation of the long run incremental costs by "Orange România" – S.A.

Decision no.1384/2003 on the amendment and completion of the Decision of the President of ANRC on the principles and prerequisites of the reference offer for interconnection with the public fixed telephony network

4. Regulatory Activity

4.1. Regulatory Principles

Since the very beginning of its activity, ANRC elaborated its own “code of conduct” defined by a set of guiding principles with practical applicability, designed to ensure the implementation of the new regulatory framework in Romania. Some of the principles are provided by the law, the others are recommended by international experience and the best international practices. The application of these principles is considered essential for achieving the objectives and exerting the functions of the regulatory authority.

TRANSPARENCY

ANRC follows the principle of **transparency** both in its relation with the market players and the users, and keeps the interested persons correctly and completely informed by means of specific communication instruments – public consultation, website, public relations activities, press releases etc.

The actions and mechanisms for regulating the market must be transparent and must allow the providers to make economic decisions based on complete and verifiable information.

In this respect, based on the public consultation procedure, each time ANRC intends to adopt a measure with significant impact on the market the interested persons can send comments that will be answered by ANRC both in writing, under the form of a summary of comments, and during the Consultative Council debates.

Also, ANRC understands that it is important for the users to be aware of their rights and to be well-informed as regards the quality and tariffs of the purchased electronic communications and postal services.

PROPORTIONALITY

ANRC activity in the electronic communications and postal services sector has to be at the same time **flexible and proportional**, well adapted to the proposed objectives, so that ANRC can impose, in the identified markets, a minimum set of regulations in order to ensure the functionality of market mechanisms. An optimum relation between the regulatory costs and the social benefits must also be ensured.

OPPORTUNITY

The application of the regulatory measures must observe the **opportunity** principle, meaning these measures should be adopted in accordance with the market requirements; they should be undertaken gradually and at the right time, taking into account the level of development and the dynamics of the market.

ANRC decisions must be adopted taking into account that any delay or inconsistency may have consequences over the business plans of the electronic communications and postal services providers.

OBLIGATIVITY

The decisions issued by ANRC are **mandatory**. The rules must be clearly specified, must be acknowledged and mandatory for all the providers, considering they are subject to the same competitive rules.

NON-DISCRIMINATION

Acting in accordance with the non-discrimination principle, the regulatory decisions must be **neutral as regards the technologies used** and must not affect competition, the innovation and the development of the most efficient technologies being therefore stimulated.

Under the new regulatory framework for electronic communications, the approach is no longer mainly technical, but the inclusion of certain electronic communications services in the same market is exclusively decided based on economic reasons, depending on the demand and supply substitutability. In other words, if two technologies are not included in the same market, it is not because of the technological differences but of their non-substitutability.

PREDICTABILITY AND STABILITY

The regulatory framework has to be transparent, **stable** on the long term and must have **predictable dynamics**, allowing the providers to elaborate business plans and to make the necessary investments. ANRC current decisions must be predictable for everyone in conformity with the principles, objectives, strategy and action plan, which are all made public in due time.

EFFICIENT USE OF ANRC RESOURCES

The ANRC resources must be used according to a method based on a cost-benefit analysis, as ANRC is financed by the electronic communications and postal services providers and, implicitly, by the users, who need to obtain maximum of benefits from the regulatory activity.

4.2. Dispute Settlement

Following the entry into force of the new legislative framework in the field of communications and postal services that transposes the *acquis communautaire* at national level, Romania is in line with the European policy that aims at offering the market a wider range of alternatives for the settlement of disputes.

The present legislation in the field of electronic communications and postal services brought important changes as regards the methods to settle the disputes between the providers of electronic communications networks and services and between the providers of postal services, or between the end users and the providers of electronic

communications services and postal services, in relation with the obligations imposed to them on grounds of the laws of the electronic communications and postal services sector.

A first step in this direction was accomplished by the provisions of Government Emergency Ordinance no.79/2002 on the general regulatory framework for communications, approved with completions and amendments by Law no.591/2002, a normative act that sets out, as a general framework, the role of ANRC as a mediator and decision-making body in relation with the settlement of disputes between networks and services providers in the field of electronic communications and postal services, in order to promote competition and to protect users' interests in these markets. In this respect, ANRC was authorised to establish the procedure for the settlement of disputes within its competences.

For this purpose was elaborated *Decision of the President of ANRC no.139/2002 on the establishment of the procedure for the resolution of disputes within the competence of the National Regulatory Authority for Communications*, published in the Romanian Official Journal, Part I, no.20 as of January 15, 2003, currently abrogated. The decision regulated the preliminary administrative-legal procedure for the resolution of disputes between the providers of electronic communications services or networks or between the postal services providers.

On grounds of Government Ordinance no.31/2002 on postal services, approved with completions and amendments by Law no.642/2002, hereinafter referred to as the Ordinance on postal services, and of the Universal Service Law, ANRC has competences in the mediation of disputes between the end users and postal services providers, between the end users and the electronic communications providers.

The extension of competences was reflected, at the level of the secondary legislation, in the *Decision of the President of ANRC no.133/2003 on the establishment of the procedure for the resolution of disputes within the competences of the National Regulatory Authority for Communications*, published in the Romanian Official Journal, Part I, no.789 as of November 10, 2003. Decision no.139/2002 was abrogated by this decision, the norms for the resolution of disputes between the providers were updated, and a new procedure for the resolution of disputes between the users and the providers of electronic communications and postal services was added.

This decision states that in case of a dispute between providers of electronic communications networks or services or between providers of postal services relating to the obligations imposed to them according to the legislation within the electronic communications and postal services sector, the interested party may file to ANRC a request for the settlement of the dispute.

Depending on the nature and complexity of the dispute, the President of ANRC designates a Commission responsible for its settlement. This commission initiates a preliminary analysis of the documents provided by the parties and conducts the dispute settlement procedure.

In order to settle a dispute between the providers of electronic communications networks or services or between providers of postal services ANRC set two procedures. Therefore, the interested party can choose the mediation procedure, an alternative made available to the parties as a solution for dispute settlement. The mediation is a structured process

where a neutral and impartial third party assists the parties to the dispute, during a face to face meeting, and the main objective is to reach an agreement advantageous for both parties.

ANRC contribution consists of the clarifications it may provide concerning the applicability area of the legal provisions in the field of electronic communications or postal services concerned. In case the mediation results in the settlement of the dispute, the parties then conclude a transaction. The mediation procedure shall observe the principle of confidentiality and may not exceed 30 days after the complaint is received by ANRC. If the parties do not reach an agreement within this term, the dispute must be settled by contentious procedure.

Also, the interested party may directly resort to the contentious procedure, without first going through the mediation procedure. The contentious procedure automatically starts once the mediation procedure fails.

Following the analysis of all information and points of view expressed in the respective case, the Commission drafts a preliminary solution which is communicated to the parties together with the measures suggested for the settlement of the dispute. Within 15 days after the preliminary solution is communicated, any of the parties may address a request to the Commission for the suggested solution to be re-analysed.

The decision of ANRC regarding the settlement of a dispute must be issued within 4 months after the date when ANRC receives the complaint. In exceptional cases and for the appropriate settlement of the dispute, this term may be extended through decision of the President of ANRC.

At any time during the mediation or contentious procedure the parties may reach an agreement on the object of the dispute.

The decision issued by ANRC may be appealed in front of the Administrative Section of the Bucharest Court of Appeal within 30 days after it is communicated, without the fulfilment of the preliminary procedure under art.5 of Law no.29/1990 on the administrative contentious, with the subsequent amendments.

Should an end user consider that a provider of postal services or a provider of electronic communications services caused a breach of his rights under the Ordinance on postal services and under the Universal Service Law, he has the right to address ANRC for the mediation of the dispute.

ANRC shall take all measures in order to accurately establish the facts and the applicable legal norms, also by convoking the parties, together or separately. The parties have the obligation to make all efforts for an amiable resolution of the dispute and to cooperate for this purpose with the responsible personnel within ANRC.

In case the parties do not reach an agreement on the dispute within 60 days after the receipt of the complaint, ANRC shall communicate them its opinion concerning the manner of solving the dispute, correspondingly motivated. ANRC opinion has the character of a recommendation.

Requesting ANRC to settle a dispute within its competence is free of charge and facultative.

During 2003 ANRC received complaints both from the providers and the end users.

4.3. The General Authorisation Regime for Electronic Communications

In accordance with *Directive 2002/20/EC on the authorisation of electronic communications networks and services*, Government Emergency Ordinance no.79/2002 introduced the principle of providing electronic communications services and networks based on a general authorisation regime, which allows any legal or natural person to become provider of electronic communications networks or services by transmitting a simple notification to ANRC. This regime entered into force shortly after ANRC started its activity, by the adoption of *Decision no.131/2002 regarding the general authorisation framework for providing electronic communications networks and services*, currently abrogated, reduced the bureaucratic barriers and increased the efficiency and transparency of the authorisation activity.

The transition to the general authorisation regime represented an extremely important step towards a free and competitive market. It is a modern mechanism, implemented by the member states of the European Union at the same time as Romania, and it also constitutes a working method that eliminates many of the bureaucratic obstacles faced by young companies.

The general authorisation regime was modified after the Universal Service Law entered into force. The *Decision of the President of ANRC no.1333/2003 on the general authorisation framework for providing electronic communications networks and services*, that includes these changes, is in force starting November 2003.

The provisions of the general authorisation refer to public fixed networks, public mobile networks, public satellite networks, private networks that make use of frequencies (radio mobile professional networks - PMR, TETRA, radio paging, fixed satellite networks - VSAT, mobile satellite networks) and public electronic communications services: telephony, leased lines, data transmissions, Internet access (dial-up, coaxial cable, leased lines, radio), professional mobile radio communications, radio paging.

The persons who intend to provide public electronic communications networks and publicly available electronic communications services or who will provide exclusively for their own needs electronic communications services and networks that make use of frequencies, may gain this right after sending to ANRC a notification **seven days before the beginning of the activity**.

In order to be authorised, the requesters must fill in a standard form and a description file for the networks and services they will provide, to be sent to ANRC together with certain identification documents of the company. The notification standard form and the description file for networks and services can be obtained from ANRC headquarters, from any territorial office of ANRC, as well as from ANRC website.

If, within seven days, ANRC does not inform the requester about any inaccuracy, the notification is considered realized. Upon providers' request or *ex officio*, ANRC releases a

standard certificate that proves their right to provide the networks and services mentioned in the notification.

Until the end of December 2003 ANRC received 1809 notifications and authorised 1560 companies. Standard certificates were released to 1,125 providers. The average period for responding was of 5.97 days.

The Decision of the President of ANRC no.1333/2003 comprises the authorisation procedure, the notification form and the description file for the networks and services to be provided, as well as the rights and obligations of the providers.

The providers of electronic communications networks or services have the right to negotiate and conclude interconnection agreements. Also, the providers of electronic communications networks can conclude contracts regarding the right of access on properties in order to install, maintain or move any element of the network. On grounds of the Universal Service Law, the providers of public electronic communications networks or of publicly available electronic communications services have the right to be designated for the provision of any components of the universal service on the entire territory of Romania or within certain areas.

The providers are obliged, among others, to ensure the security of the electronic communications networks and services against unauthorised access, to observe the provisions under the legislation on personal data processing and to limit the exposure of people to the effects of the electromagnetic fields generated by the networks. Also, on grounds of the Universal Service Law, ANRC can impose on the providers of electronic communications networks and services the payment of a financial contribution for the universal service fund.

4.4. Authorisation Regime for Postal Services

The companies that intend to provide postal services in Romania have the right to do this only after they are authorised by ANRC. The authorisation regime for the providers of postal services was implemented by *Decision of the President of ANRC no.118/2003 on the procedure for the authorisation of the postal services providers*, entered into force on April 1, 2003. This authorisation regime brings to the Romanian postal services sector the European regulatory standards destined to the creation and development of a competitive market.

When adopting the new authorisation regime, the main objective of ANRC has been to facilitate the entry of companies on the postal services market. The authorisation is free of charge and, similar to the case of the authorisation of the electronic communications networks and services providers, the procedure is very much simplified, in order to eliminate any unnecessary red-tape.

The right to provide postal services is granted under the general authorisation regime, as a consequence of the notification procedure, or by the issue of an individual license following the submission to ANRC of a standard request. The notification standard form and the individual license standard request form must be sent to ANRC headquarters or to

the territorial office from the county where the requesting company has its headquarters and are available at ANRC headquarters or its territorial offices, or can be downloaded from the website of ANRC, www.anrc.ro.

4.4.1. General Authorisation

The general authorisation regime is the legal regime that allows the provision of postal services that are not within the scope of the universal service. As an essential feature, this regime does not require ANRC to issue an explicit decision.

The postal services that can be provided under the general authorisation regime are the followings:

- a) postal services without added value:* **national post services** (weight of domestic and cross-border postal items is limited to values between 10 - 50 kg); **courier services** (weight of domestic and cross-border postal items is limited to values between 10 – 50 kg); **financial-post services**; **direct mail**;
- b) value added postal services:* **national post services** and **courier services**, both with maximum weight of postal items limited to 50 kg, Express services included; **financial-post services**; **direct mail**.

No later than 45 days after ANRC is notified, the requester obtains the **right** to provide postal services and may begin its activity.

On grounds of the general authorisation regime, the postal services providers have the right to use their network in order to provide other services that are not included in the general authorisation regime, on condition that they obtain the respective necessary authorisations and approvals.

4.4.2. Individual License

The individual license is granted by ANRC for a **10 years period** to the companies that intend to provide postal services within the scope of the universal service and grants them specific rights and obligations additional to those under the general authorisation regime.

The services within the scope of the universal service comprise: clearance, sorting, transport and delivery of domestic or cross-border postal items up to 2 kilograms and of postal packages up to 10 kilograms, the distribution of postal packages up to 20 kg, sent from outside Romania to an address located in Romania, the services for registered or insured items, domestic or cross-border, as well as any other postal services that meet certain social or economic needs of the users and cannot be ensured in a satisfactory manner under the conditions of a competitive market and are designated by Government Decision.

The term for granting the Individual License is of **90 days after the date when the request is registered**.

The postal services providers are bound to observe the following **essential requirements**, which represent general conditions imposed by the Law for the provision of postal services: to ensure the secret of postal deliveries, to ensure the security of the postal network as regards the transportation of dangerous assets, to observe the terms concerning the protection of personnel, to ensure the confidentiality of the transmitted and filed information, to protect the right to privacy and the environment and to observe the terms on territory administration and urbanism.

On grounds of the legislation in force, the provider of postal services is obliged to establish a simple, transparent, and accessible mechanism for solving consumers' complaints, especially with respect to the loss, the total or partial destruction, or the damage of postal items. Also, the postal services providers are obliged to post the complaints solving procedure at their headquarters as well as at each place of business and to have a fixed or mobile access point of their own or of a third party in the area where they provide postal services. The schedule dedicated to customer relations shall be of minimum one working day per week and shall be posted at all access points to the public postal network.

During the eight months that followed the entry into force of the authorisation regime for postal services were received notifications from 126 companies and were authorised 120 providers. At the end of 2003 were only 118 authorised companies, because two of them renounced their granted right. The National Company "Poșta Română" is the only postal operator who submitted to ANRC a request for obtaining the individual licence and presently may provide services within the scope of the universal service.

The regulatory framework for postal services states that the right to provide services under the general authorisation regime may be obtained within 45 days after ANRC receives the notification. The average time interval for responding to the requests received so far is of 11.9 days.

4.5. The Management of the Numbering Resources

4.5.1. Objectives

- Development of electronic communications services according to the most recent technological and market trends;
- Provision of carrier selection;
- Implementation the emergency numbers and short numbers, harmonized at European level;
- Provision adequate traffic routing for the common European numbering.

On grounds of Government Emergency Ordinance no.79/2002, ANRC is responsible for defining the structure and destination of the numbering resources used in Romania. In January 2003, ANRC finalized the elaboration of the new principles for the administration of the numbering resources, by approving and publishing in the Romanian Official Journal

the National Numbering Plan and the application and granting procedure regarding the licenses for the use of numbering resources.

4.5.2. The National Numbering Plan

The *National Numbering Plan* entered into force on January 15, 2003, when it was published in the Romanian Official Journal, Part I, and it was approved by Decision of the President of ANRC no.140/2002.

Aspects regulated by the National Numbering Plan are:

- a) international prefix;
- b) national prefix;
- c) 10xyz type individual codes for the selection of carriers;
- d) 11x type short national numbers;
- e) local numbers;
- f) 0ZABPQMCUD type national numbers.

The new National Numbering Plan allows one billion unique number combinations and therefore theoretically allows the allocation of one billion 10 digits phone numbers. Due to the fact that certain combinations of five, four or even three digits are allotted to special services, some numbering series are blocked and the remaining numbers available for allocation amount to five hundred million, out of which, at the beginning of 2003, approximately 9 million were in use by the subscribers to the telephony services available at that moment on the market.

ANRC made available 90 million such numbers to the providers of electronic communications networks and services. At the same time, are available 810 carrier selection codes of the type 10xyz.

4.5.3. Allocation of Numbering Resources

On grounds of the new legislative framework for electronic communications, ANRC was entrusted to establish the methods for the allocation of numbering resources. This chapter was regulated at the beginning of 2003 by the publication in the Romanian Official Journal, Part I, no.25 as of January 17, 2003, of the *Decision of the President of ANRC no.141/2002 on the application and granting procedure regarding the licenses for the use of numbering resources*.

According to this decision, the right to use numbering resources can be obtained by any authorised provider of electronic communications services and networks, based on a license for the use of numbering resources.

The providers of telephony services who have notified ANRC have to send in applications for the allotment of numbering series. The application is analysed by a commission that meets whenever necessary, but at least once a month, in order to investigate the evolution of the National Numbering Plan and to answer the applications for numbering series.

The following numbering resources can be the object of the license for the use of numbering resources:

- a) series of **100,000** and **10,000** numbers from the national fixed telephony numbers, mentioned in the 2002 National Numbering Plan, where 0Z = 02 and 0Z = 03. In certain justified cases can be allotted series comprising less than 10,000 numbers;
- b) series of **1,000,000** and **100,000** numbers from the national numbers closed for mobile communications, where 0Z = 07;
- c) series of **1000** numbers from the national numbers closed for services with special tariffs, where 0Z = 08 and 0Z = 09, respectively;
- d) individual 10xyz codes for carriers. The carrier is the provider of publicly available electronic communications services who carries the signal from the originating network to the destination network without affecting the information content.

The license is granted within at most 3 weeks after the registration of the application, except for those licenses that are granted by a competitive or comparative selection procedure, with a term of at most 6 weeks. If the same numbering resources make the object of several requests, the commission will examine the applications following the registration order. If all conditions are met, the commission grants the license for the requested numbering resources to the first applicant.

The license can be suspended by ANRC upon holder's request, when the holder does not observe the conditions for the use of the numbering resources, or when the holder has not used any of the numbers during the past 12 months.

Also, the withdrawal of the right to provide electronic communications networks and services based on the general authorisation determines the withdrawal of the license.

In order to stimulate the development of competition after the liberalisation, ANRC decided to grant the right to use numbering resources free of charge.

4.5.4. Licenses Granted in 2003

Until December 31, 2003, 44 companies were granted licenses for the use of numbering resources based on the Decision of the President of ANRC no.141/2002.

In 2003, the companies requested the right to use **50,441,034** numbers and **34,661,000** numbers were allotted. The difference between the resources requested and those allotted is determined by the requests dated February 2003 received from providers of telephony services who were granted the right to use certain numbering resources on grounds of the Telecommunications Law no.74/1996, with the subsequent amendments, and who had the obligation, according to art.16 of the Decision of the President of ANRC no.141/2002, to submit to ANRC a request for the grant of the license for the same numbering resources, but also requested additional resources. The respective companies are S.C. Telemobil S.A. (not allotted: 9,000,000 numbers) and S.C. Orange Romania S.A. (not allotted: 6,000,000 numbers). If we eliminate these two cases, the amount of requested numbering resources becomes **35,441,034**, and the percentage of the granted numbering resources from the total number of resources becomes **98%**.

Depending on the distribution over the numbering domains, the situation of the allotted numbering resources is as follows⁴:

Requested Resources

Domain	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	TOTAL
Z=2	1B	1299B +83b	6B	3B	-	1B	7B	4B+ 3b	-	-	-	-	1321B+ 86b
Z=3	178B +50B	10B	100B	29B	50B	3B	70B	74B	43B	38B	84B +4B	-	679B+ 54B
Z=7	8M+ 6M	3M+ 9M	10B	-	-	-	1M	1M	-	-	-	1M	14M+ 15M+10B
Z=8													
0800	1b	103b	1b	3b	1b	2b	3b	2b	2b	-	3b	-	121b
0801	-	101b	-	-	-	-	1b	-	1b	-	1b	-	104b
0805	-	21b	1	1b	-	-	1b	-	2b	-	1b	-	27b
0807	1b	2b	-	2b	1b	1b	1b	2b	1b	-	2b	-	13b
0808	3b	204b	4b	5b	1b	1b	4b	2b	2b	-	4b	-	230b
0870	1b	40b	-	1b	1b	2b	2b	1b	1b	10b	2b	-	61b
Z=8													
898	-	100b	-	-	-	-	-	-	-	-	-	-	100b
Z=9													
0900	-	12b	-	1b	-	-	2b	1b	2b	1b	1b	-	20b
0903	-	1b	1b	1b	-	-	2b	1b	2b	11b	2b	-	21b
0906	-	1b	-	-	-	-	2b	1b	2b	11b	1b	-	18b
10xy	3	4	6	5	2	1	3	4	2	-	4	-	34

Table 4.1

Allotted Resources

Domain	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	TOTAL
Z=2	-	-	9B+ 2b	1297B + 81b	1B	3B	6B	1B	4B+ 3b	-	-	-	1321B+ 86b
Z=3	-	-	128B	70B	119B	53B	7B	91B	48B	41B	38B	84B	679B
Z=7	-	11M	-	-	-	-	1M	1M	-	-	-	1M	14M
Z=8													
0800	-	-	2b	104b	2b	3b	-	4b	2b	1b	-	3b	121b
0801	-	-	-	101b	-	-	-	1b	-	1b	-	1b	104b
0805	-	-	1b	21b	1b	-	-	1b	1b	1b	-	1b	27b
0807	-	-	2b	1b	2b	2b	-	2b	1b	1b	-	2b	13b
0808	-	-	6b	207b	2b	3b	1b	4b	3b	-	-	4b	230b
0870	-	-	-	41b	1b	3b	-	3b	1b	-	10b	2b	61b
Z=8													
898	-	-	-	100b	-	-	-	-	-	-	-	-	100b
Z=9													
0900	-	-	1b	11b	1b	-	-	3b	1b	1b	1b	1b	20b
0903	-	-	-	2b	1b	-	-	3b	1b	1b	11b	2b	21b
0906	-	-	-	1b	-	-	-	3b	1b	1b	11b	1b	18b
10xy	-	-	6	9	3	3	1	4	4	-	-	4	34

⁴ Where M = 1,000,000 numbers, B = 10,000 numbers, b = 1,000 numbers. Italics were used to mark the resources requested and not allotted.

Table 4.2

40,000 numbers were replaced during 2003 upon the request of the holders of licenses. So far no license has been withdrawn. In 2003, the average time for issuing a numbering license was of 12.2 days, significantly lesser than the 3 weeks from the date of the registration of the request, which is the norm in force.

4.6. Surveillance and Control

The control and surveillance activities of ANRC aim at promoting competition and protecting the users' rights and interests, under transparency, impartiality and objectivity conditions, and it regards the legal and natural persons for whom the legislation in the electronic communications and postal services sector is applicable. The control of the application of the provisions under the normative acts and of the compliance with the obligations imposed to providers, set as ANRC competences, is carried out by the specialized control personnel authorised by the president of ANRC.

In order to regulate the manner for carrying out the surveillance and control activities, *The instructions regarding the control and surveillance activity of ANRC within the electronic communications and postal services sector* were approved and published on ANRC website in August 2003. The control activities are mainly carried out based on the *General plan for the control of the providers of electronic communications services and networks and postal services*, but they can also be initiated by the president of ANRC, upon intimations received from the ANRC divisions or from other persons. During the control procedure, the authorised personnel of ANRC will use the standard forms for the control notice, for the statement of facts and for the notification on the intention to sanction. These forms, as well the model of their badge, are annexes to the aforementioned instructions.

Moreover, in order to promote the transparency towards the players in the electronic communications and postal services market, ANRC published on its website a *Sanctioning Guide*, comprising a synthetic presentation of the obligations of the providers of electronic communications and postal services and the sanctions applicable in case of breaches, according to the legislation in force.

4.6.1. Surveillance

The control and surveillance activity in the territory was organized and coordinated by the Operations Division of ANRC, based on a survey comprising 7 annexes:

- Public payphones;
- Telephone exchanges;
- The postal network of C.N. Poșta Română S.A.;
- The other networks of the postal services providers;
- The providers of Internet access services and data transmissions;
- Social-economic indicators.

The main purpose of this action was to identify the real situation in the territory as regards the electronic communications networks and services and the postal services.

So far, the primary data collected by the territorial offices have been partially processed in order to reflect the status of the electronic communications networks and services and postal services markets throughout the country. Certain processing procedures (e.g. referring to the universal service for electronic communications) will be initiated after the National Institute for Statistics finalises the processing of the data collected during the last Romanian census.

The following issues resulted after these first stages:

- the existence of unauthorised electronic communications services and networks providers and postal services providers;
- discrepancy between the data listed in the providers' notifications and real data.

4.6.2. Control

During the third quarter of 2003, following the approval of *The instructions regarding the control and surveillance activity of ANRC in the electronic communications and postal services sector*, controls were conducted, previously announced and unannounced, with the following purposes:

- Collecting data regarding the leased lines services;
- Verifying the compliance with the maximum interconnection tariffs set by ANRC;
- Verifying the termination of international calls in the GSM networks by the providers who do not have the approval of the network operator to terminate the traffic through VoIP;
- Identifying and sanctioning the unauthorised providers of electronic communications services and networks and postal services.

All the providers of electronic communications have the obligation to send to ANRC a copy of all the access and interconnection agreements. In reality, the providers observed this obligation only after ANRC notified them individually with respect to these obligations.

During 2003, the Surveillance and Control Section within ANRC, the territorial offices in sectors 1, 3 and 5 of Bucharest and the territorial offices from Argeş, Botoşani, Constanţa, Galaţi, and Maramureş county conducted a number of 20 controls, *ex officio* or following consumers' complaints.

5. The Electronic Communications Market

5.1. Volume and Structure of the Market

The Romanian electronic communications market registered a sustained growth during the last years. The value of EUR 3.236 billion in 2002 ranks Romania on the 4th place among the European Union Candidate Countries (Turkey not included) (Chart 5.1).

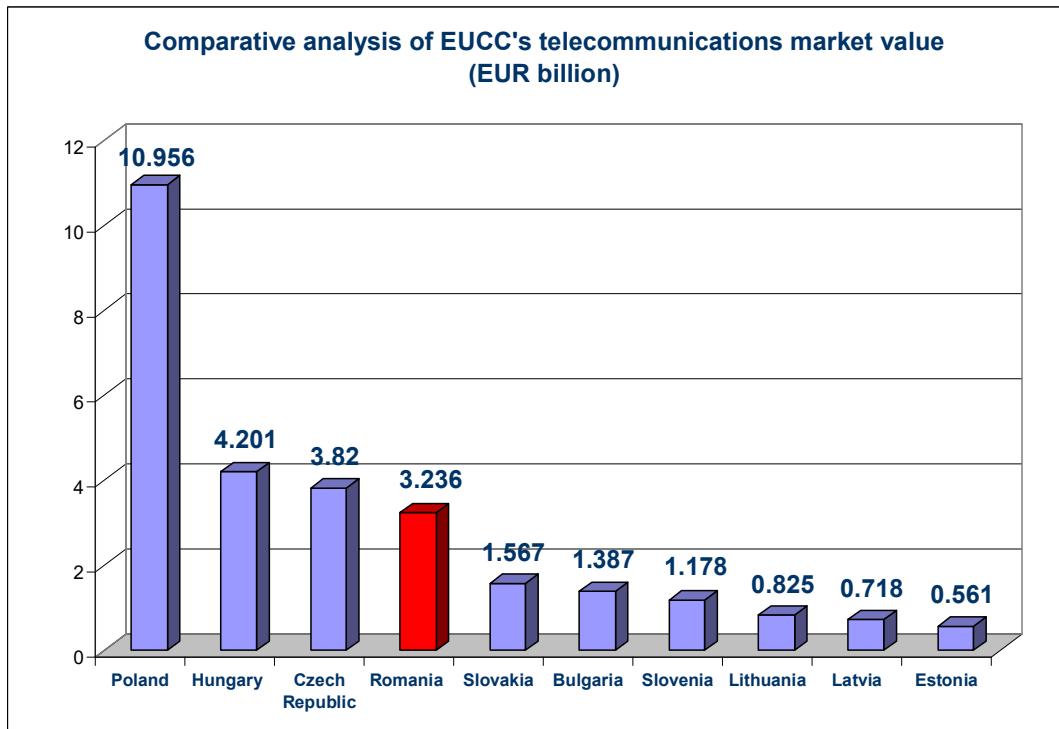


Chart 5.1. Comparative analysis of the volume of the electronic communications markets from the Candidate Countries, 2002

Source: EITO Edition 2003 Book

For 2003, the year following the liberalisation, a positive trend was estimated for all the segments of the electronic communications market. According to EITO estimations for this year, the Romanian electronic communications market will reach by the end of the year the value of EUR 3.6 billion and this increase will be reflected by all sectors (Charts 5.2 and 5.3).

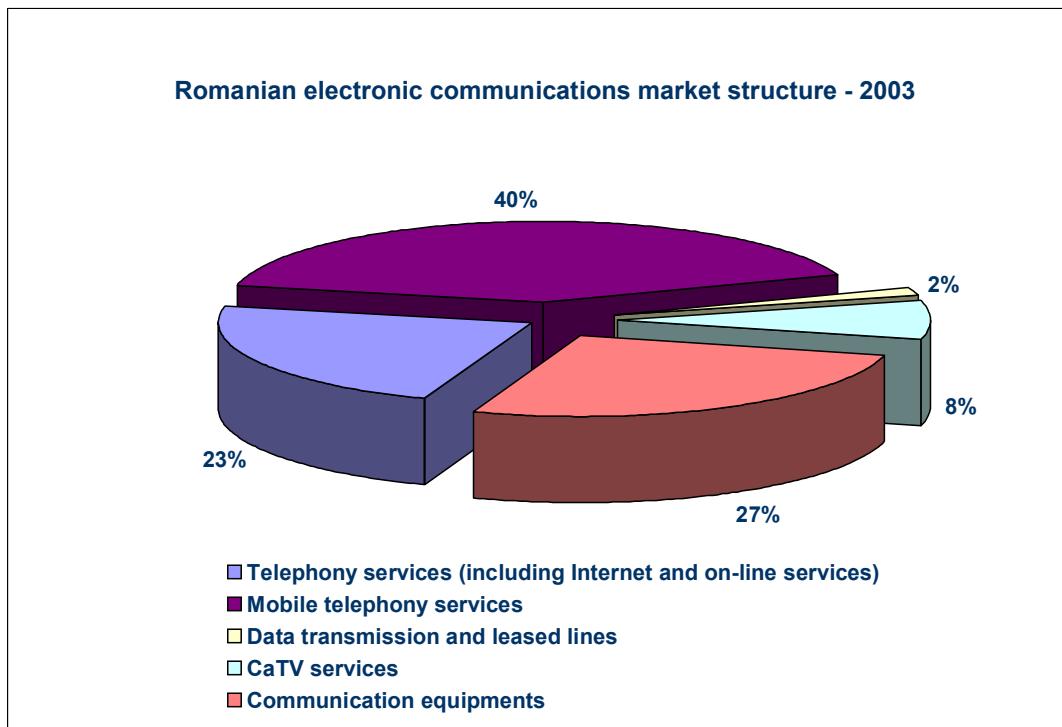


Chart 5.2. The structure of the Romanian electronic communications market in 2003

Source: EITO Edition 2003 Book

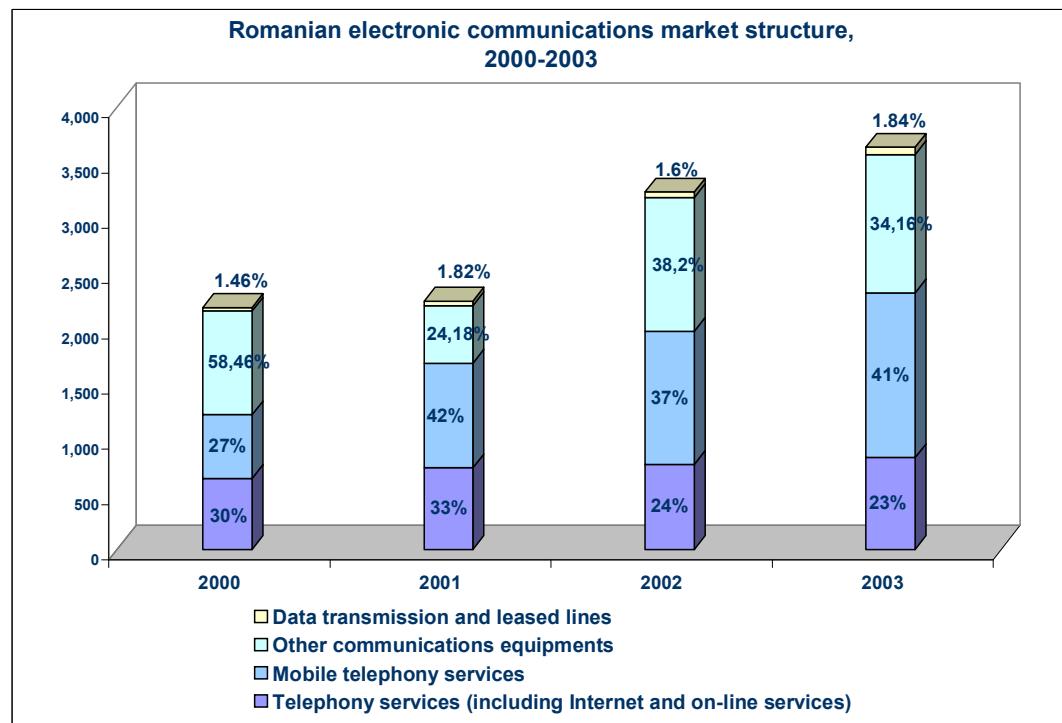


Chart 5.3. The evolution of the Romanian electronic communications market structure

Source: EITO Edition 2003 Book

5.2. Investments in the Electronic Communications Sector

Starting 1990, investments attracted by the telecommunications sector recorded a boost compared to the amount of investments driven by other sectors during the same period. The total investments in the electronic communications market in 2002 amounted to USD 301.7 million⁵, out of which 36% were in the mobile telephony sector. Investments in the fixed telephony reached USD 130 million.

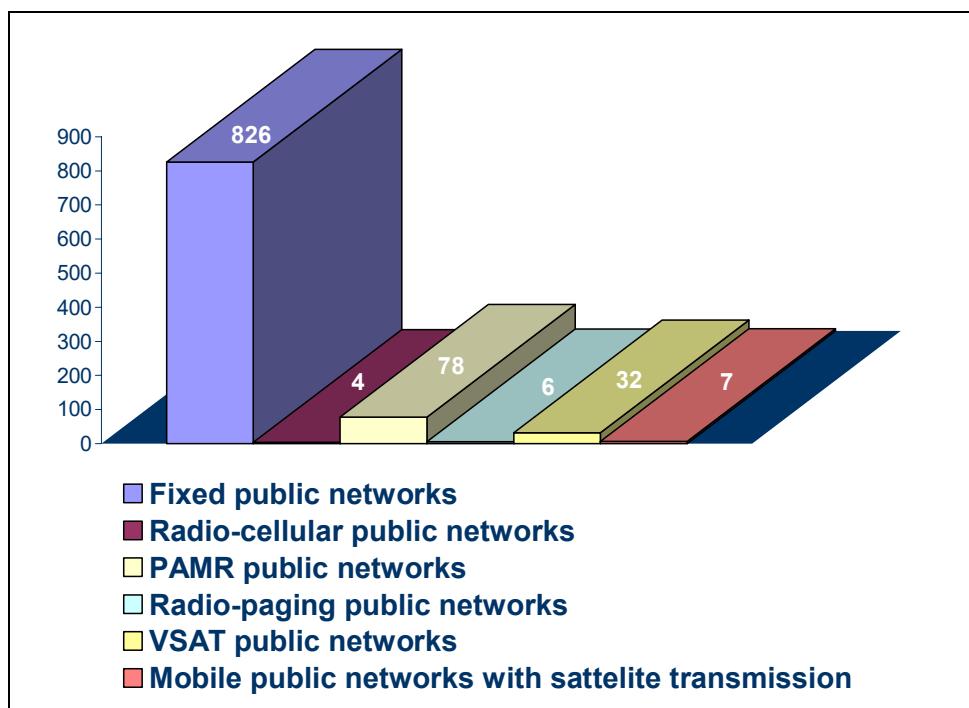
In 2002, foreign investments in Romania represented 2.4% of the GDP and the electronic communications (especially the radio/mobile telephony networks segments) ranked among the main beneficiary sectors, such as natural gas, transport, commerce, automotive industry, etc.

Currently, the percentage of the private sector in the electronic communications sector is 70% compared to 45.3% in 1995. The structure of the market is similar to that of other Candidate Countries and one of the common features is the larger market share of mobile telephony compared to fixed telephony.

5.3. Authorised Providers

The liberalisation of the electronic communications market and the rapid evolution of the electronic communications sector generated a high level of optimism, leading to a boom of the number of providers of electronic communications networks and services who are active in the market. By December 31st, 2003, from the total of **1,809 companies that notified ANRC** in order to obtain the general authorisation for the provision of electronic communications networks or services, **1,560** were authorised.

A number of **905** companies were authorised to provide public electronic communications networks (Chart 5.4).



⁵ Source: ITU Report, October 2003.

Chart 5.4. Companies authorised to provide public networks

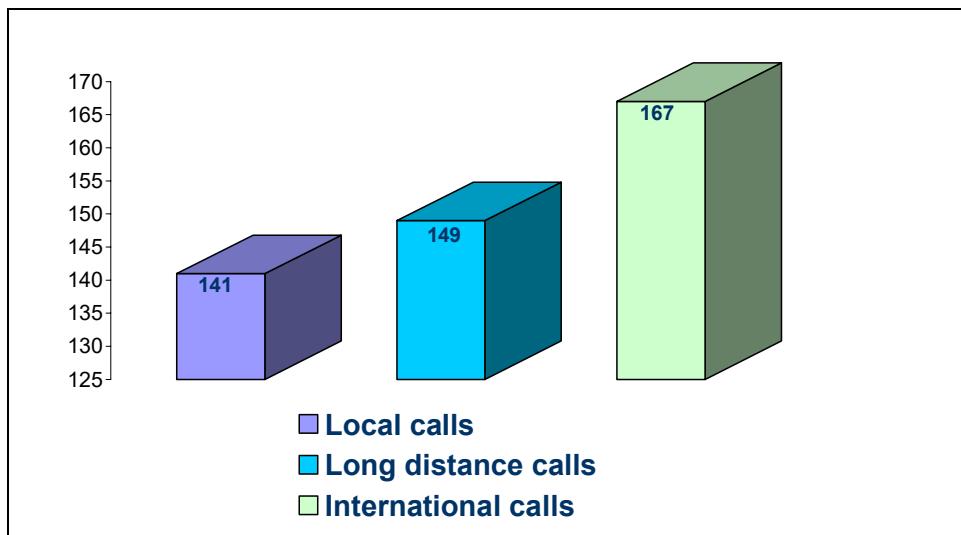
Source: ANRC

181 companies were granted the right to provide telephony services, as follows:

Telephony services through fixed public networks	178
Telephony services through terrestrial public mobile networks	76
Telephony services through satellite	10

Among the companies authorised to provide telephony services through fixed public networks (Chart 5.5):

- 141** companies – provide local calls
- 149** companies – provide long distance calls
- 167** companies – provide international calls
- 75** companies – will install public payphones
- 67** companies – provide ISDN services.

**Chart 5.5. Companies authorised to provide telephony services**

Source: ANRC

As regards the provision of other electronic communications services, ANRC authorised a total number of **493** companies out of which 71% provide data transmissions services and 73% Internet access services (Chart 5.6). Also, a large number of companies notified in order to obtain the general authorisation for the provision of professional mobile radio communications and radio-paging services.

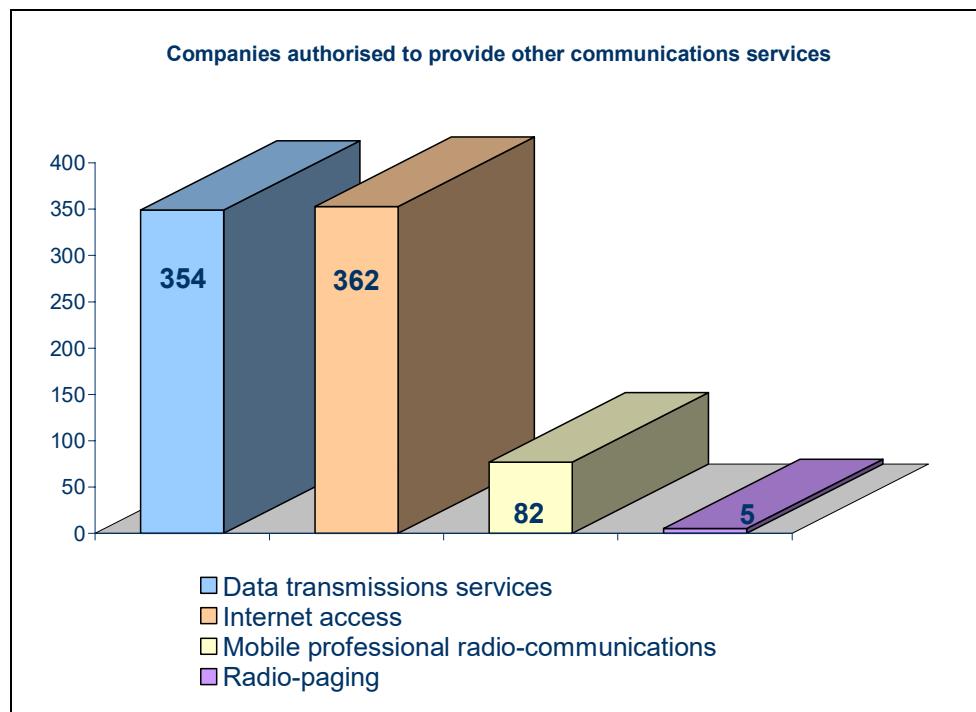


Chart 5.6. Companies authorised to provide other communications services

Source: ANRC

5.4. Numbering Resources

Until December 31, 2003, ANRC granted 44 licenses for the use of numbering resources, amounting to over 34 million numbers from all the domains. From the 0Z=02 (02XX XXX XXX numbers) and 0Z=03 (03XX XXX XXX numbers) domains were allotted 20.046 million numbers for the provision of telephony services through fixed public electronic communications networks, representing 58% of the allotted numbering resources. (Chart 5.7).

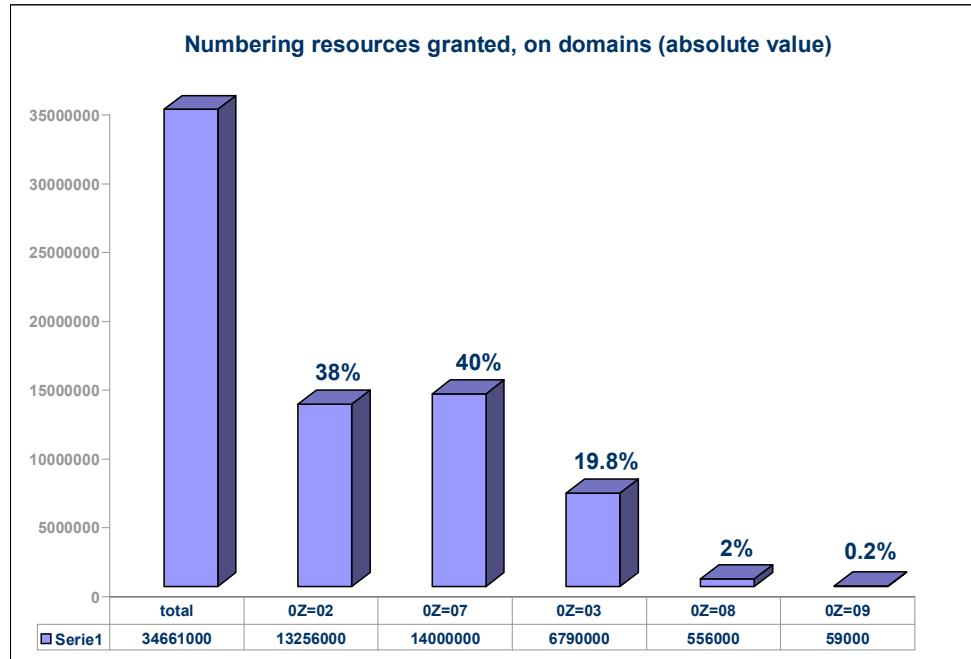


Chart 5.7. Numbering resources allotted, on domains

Source: ANRC

Even though S.C. Romtelecom S.A. owns most of the numbering resources for telephony services provided through fixed public electronic communications networks (in the 0Z = 02 and 0Z = 03 domains), there is an important number of providers who requested geographic and non-geographic numbers in the closed or open numbering for telephony services provided through fixed public electronic communications networks, in order to provide alternative services in this market (Chart 5.8).

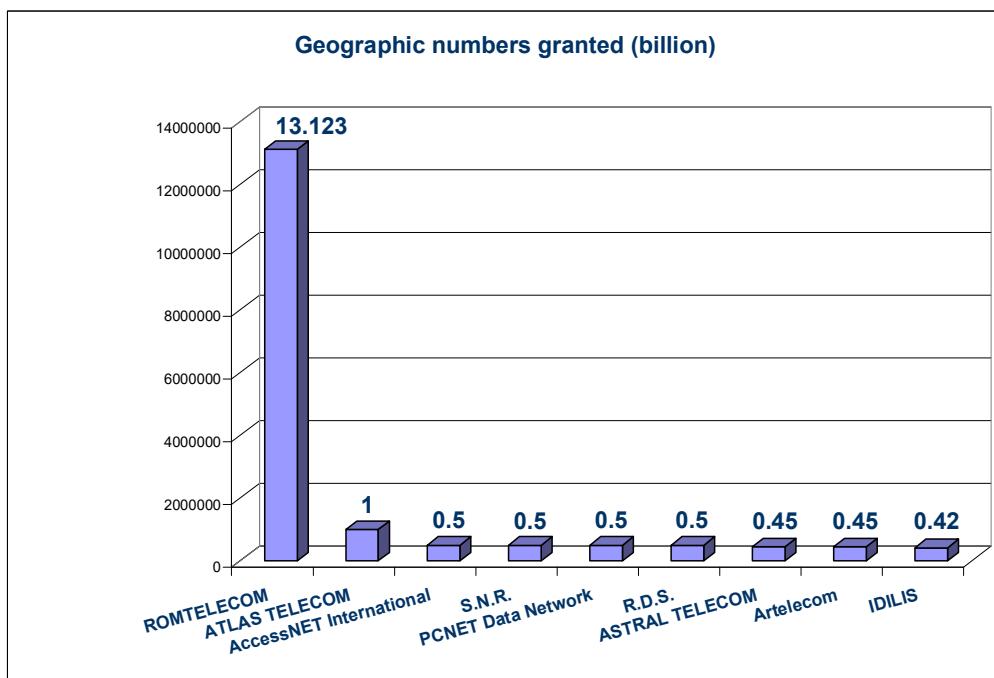
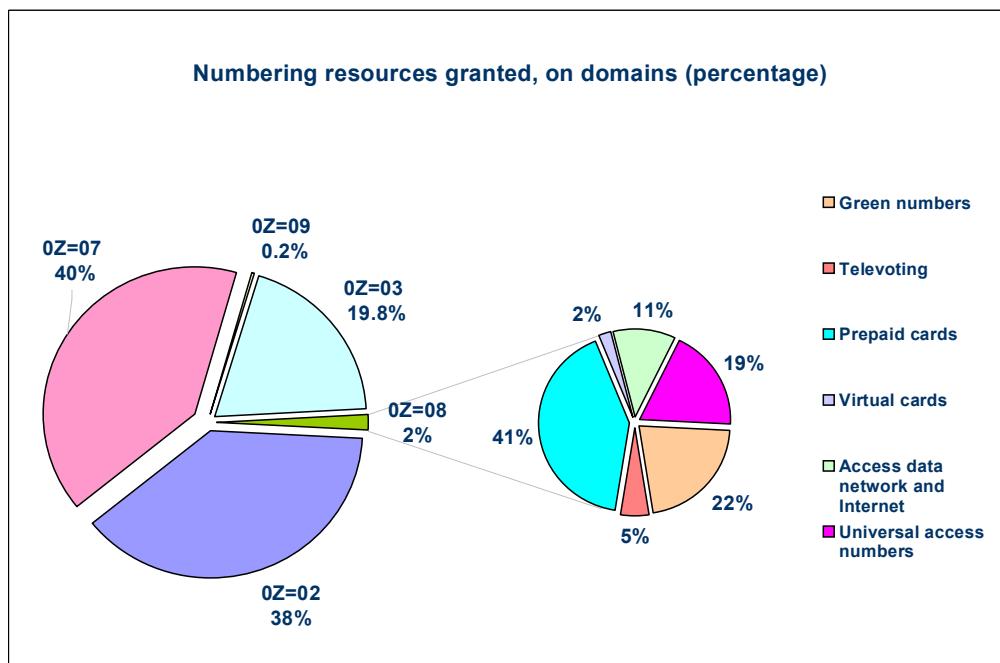


Chart 5.8. Geographic numbers allotted**Source:** ANRC

As regards the telephony services provided through public mobile telephony services, by the end of 2003 were allotted numbering resources to S.C. Cosmorom S.A., S.C. Mobifon S.A., S.C. Orange România S.A. and S.C. Telemobil S.A. – representing 14 million numbers. By December 31, 2003, a number of 76 providers were authorised to provide telephony services through public mobile networks.

In the 0Z = 08 domain were allotted series of 1,000 numbers to 35 de companies, in a total amount of 556,000 numbers to be used for green numbers, televoting, prepaid cards, virtual cards, data networks and Internet access services and universal access services. The numbering resources in the 0Z = 09 domain represent a small percentage among the total resources managed by ANRC. 59,000 numbers have been allotted from this domain so far, i.e. approximately 0.2% of the total numbering allotted, to be used for services included in categories such as entertainment, games, phone contests, for general, marketing, business information services, as well as for services destined for adult entertainment.

**Chart 5.9. Numbering resources allotted, on domains****Source:** ANRC

6. The Fixed Telephony Sector

6.1. Overview

Romania is one of the few countries where the segment of telephony services provided through fixed public networks follows a positive trend between 2002 and 2003: the value of the fixed telephony market estimated for 2003 is 10% higher than in the previous year (Chart 6.1).

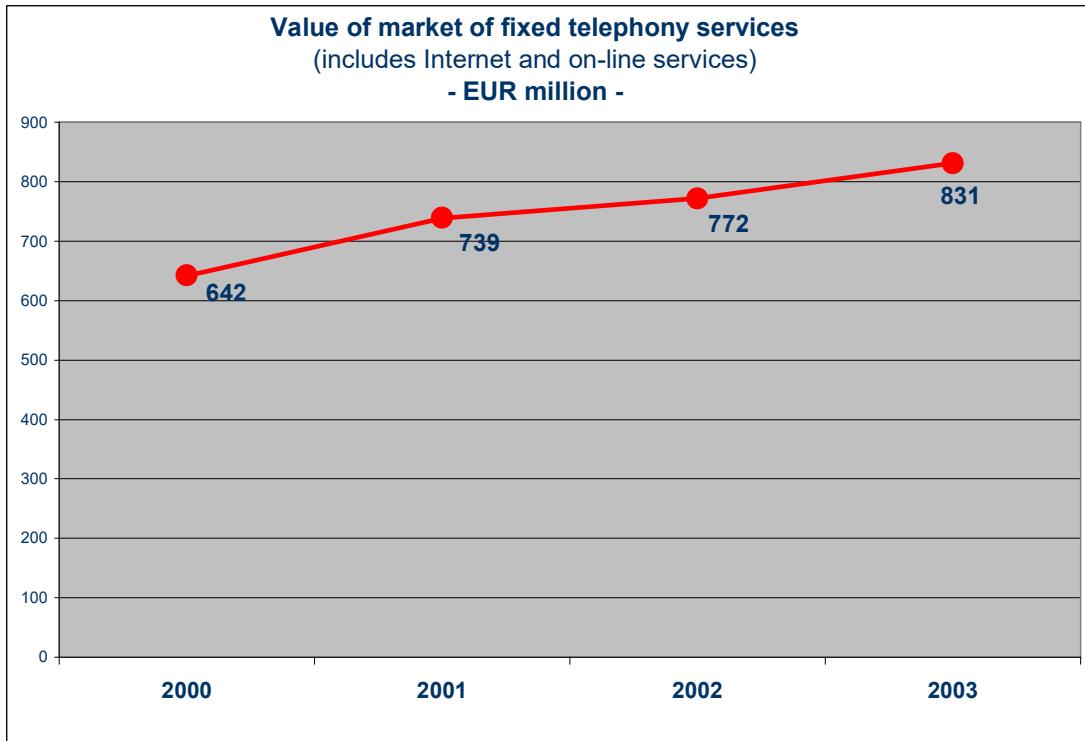


Chart 6.1. The value of the fixed telephony market

Source: EITO Edition 2003 Book

The digitalization rate increased and reached 72% in 2002, compared to 69% in 2001, stimulating the development of the offer for value added services and the improvement of the quality of services (Chart 6.2).

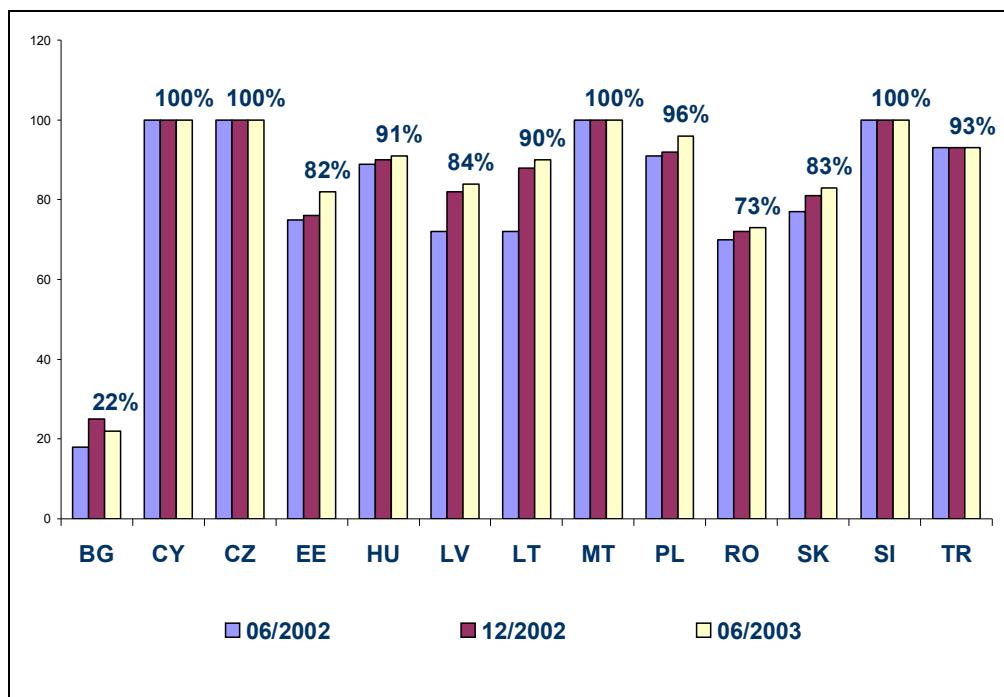


Chart 6.2. Digitalization rate of the fixed public networks in the Candidate Countries, 2002 - 2003

Source: ANRC, based on the 4th IBM Report on Monitoring of EU Candidate Countries, December 16, 2003

6.2. Investments

The total investments in the fixed telephony market in 2002 reached approximately ROL 4,227⁶ billion (USD 130 million) with a substantial increase estimated for 2003, due to the opportunities created by the liberalisation of the fixed telephony market.

6.3. Authorised Providers

By December 31, 2003, 905 companies were authorised to provide fixed public telephony networks and 178 companies to provide telephony services through fixed public networks.

⁶ ITU Report for 2002.

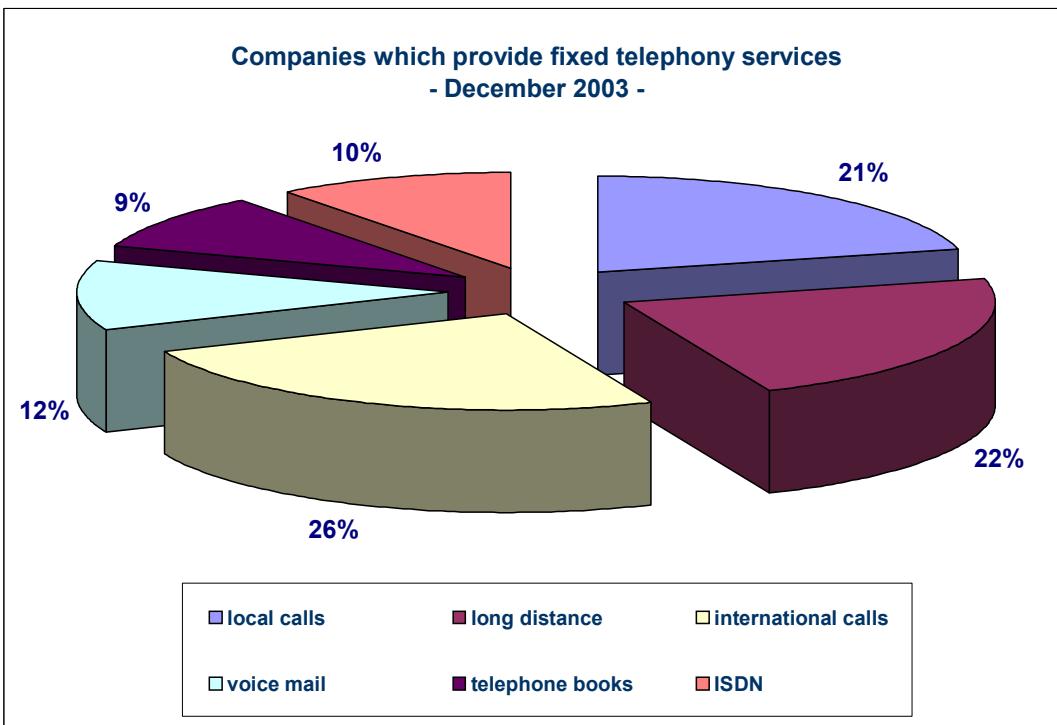


Chart 6.3. Companies authorised to provide fixed telephony services (December 31, 2003)

Source: ANRC

The largest part of the providers newly entered in the market of telephony services provided through fixed public networks started to offer telephony services on the international calls segment. By the end of December 2003, over 30 operators were providing telephony services through prepaid cards in the Romanian market.

6.4. Penetration Rate

The number of telephony lines has increased slowly between 2002 and 2003 (Chart 6.4). The growth rate of the total number of telephony lines was 14% between 2000 and 2003.

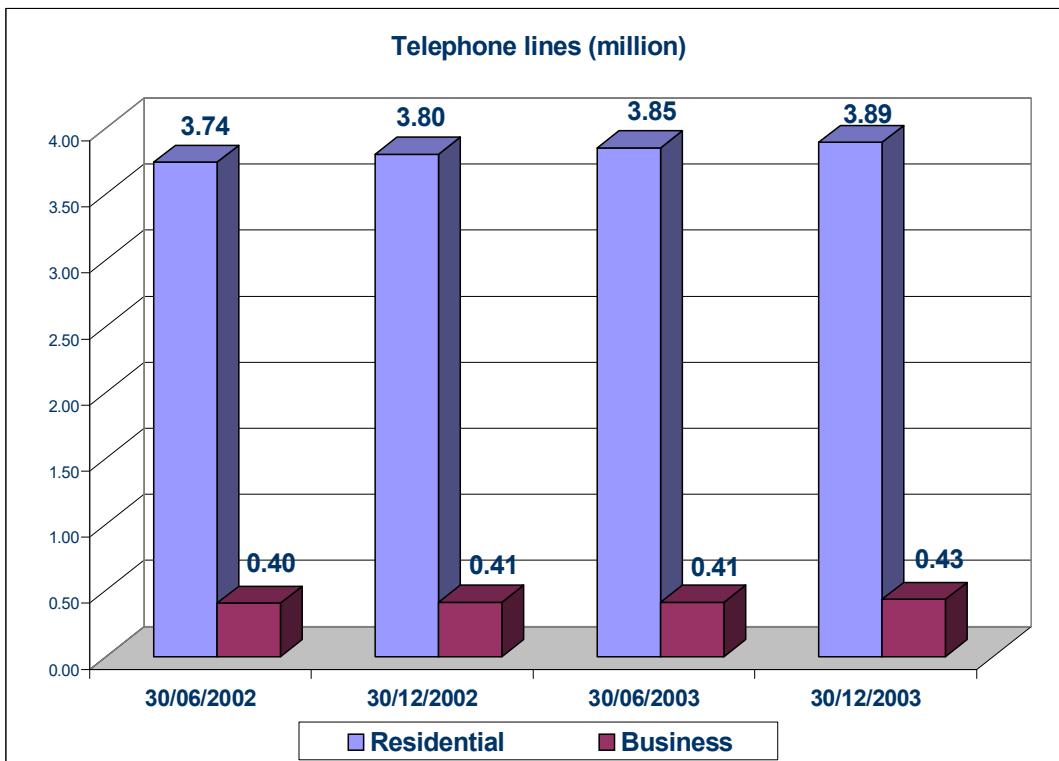


Chart 6.4. Number of fixed telephone lines

Source: *S.C. Romtelecom S.A.*

The penetration rate of fixed telephony is the lowest among the Candidate Countries: 19.6% by the end of 2002 (Chart 6.5). The penetration rate of telephony services provided through fixed public networks is expected to grow following the liberalisation of the market at the beginning of 2003.

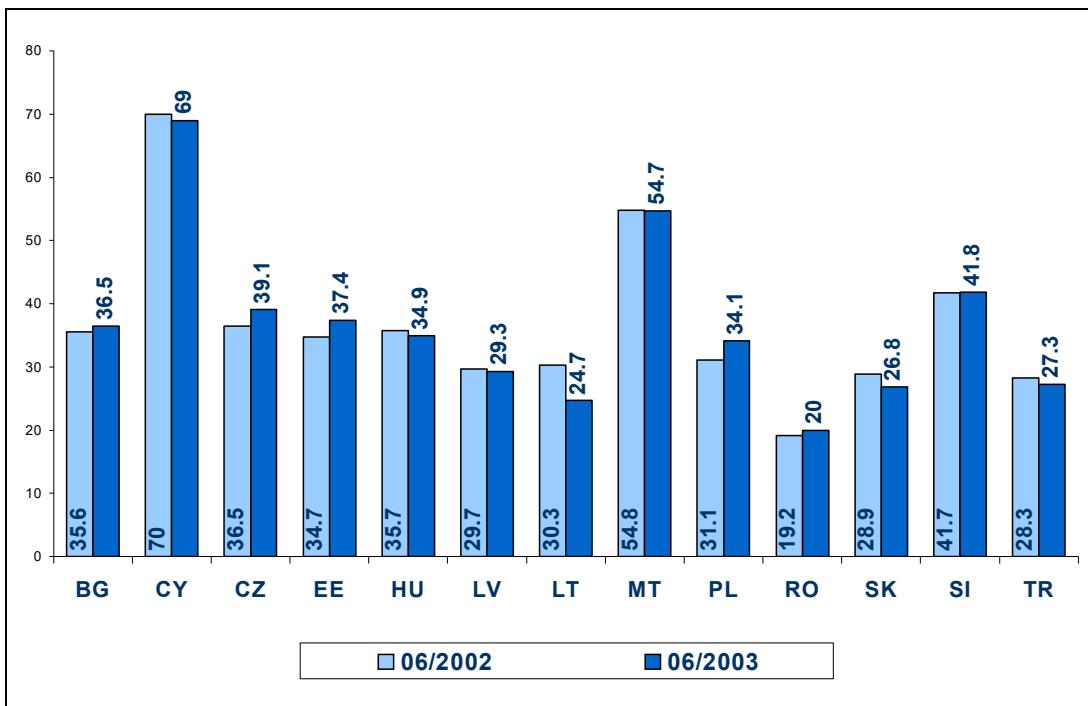


Chart 6.5. Fixed lines penetration rate per 100 inhabitants in the Candidate Countries, 2002 and 2003

Source: ANRC, based on the 4th IBM Report on Monitoring of EU Candidate Countries, December 16, 2003

6.5. Regulatory Activity

The entry of new providers in the market is facilitated both by the general authorisation procedure and the obligations regarding access and interconnection imposed by ANRC to S.C. Romtelecom S.A.

On grounds of the legislative framework and according to the regulatory principles, ANRC initiated, during the autumn of 2002, the process for the identification of relevant markets within the electronic communications sector. During this process nine relevant wholesale markets were identified, such as the relevant market of *access to the fixed public networks for the purpose of call origination, termination and transit*⁷. Within the meaning of this report, "call" stands for all the calls for publicly available telephony services as well as dial-up, ISDN and fax services.

ANRC acknowledged the lack of competition on this relevant wholesale market and S.C Romtelecom S.A. was identified as having significant power, in accordance with the provisions of the *Regulation for conducting market analyses and for determining the significant power on the market*⁸.

⁷ On grounds of the Decision of the President of ANRC no.136/2002 on the approval of the Regulation on the identification of the relevant markets within the electronic communications sector, published in the Romanian Official Journal, Part I, no.916 as of December 16, 2002 (http://www.anrc.ro/acte_emise_en/Traducere%20-%20decizia%20136%20identificarea%20pietelor%20relevante.pdf)

⁸ Approved by Decision of the President of ANRC no.137/2002 on the approval of the Regulation for conducting market analyses and determining the significant market power, published in the Romanian Official Journal, Part I, no.916 as of December 16, 2002 (http://www.anrc.ro/acte_emise_en/Traducere%20-%20decizia%20137%20analize%20de%20piata%20si%20SMP.pdf).

6.5.1. The Regime for the Interconnection with the Fixed Public Network of S.C. Romtelecom S.A.

In order to remedy the lack of competition on the market, for the purpose of creating, developing and maintaining efficient competition, ANRC imposed⁹ to the operator with significant power, S.C Romtelecom S.A., a series of obligations as regards interconnection of the fixed public telephony network with the public communications networks installed, operated, controlled or made available by other operators, establishing a legal interconnection framework for voice, ISDN, Internet, dial-up and fax services.

Thus, S.C Romtelecom S.A. has the obligation to grant interconnection at all points in its network where it is technically feasible and at all the local or transit switches, respectively, for the purpose of local, regional or national interconnection.

ANRC imposed to S.C. Romtelecom S.A. the obligations of **transparency, non-discrimination, accounting separation** and **cost orientation of tariffs on efficient costs**, as well as the obligation to provide, whenever an operator requests interconnection, all the services and information necessary for the interconnection, including collocation services and other technical resources for the adequate installation, connection, operation and maintenance of the collocated equipments.

In order to implement the transparency obligation, S.C. Romtelecom S.A. has published on its website, at the beginning of February 2003, the ***Reference Interconnection Offer for the Interconnection with the Fixed Public Telephony Network (RIO)***¹⁰, which includes also the ***Offer of collocation services for the interconnection in the spaces of S.C. Romtelecom S.A.***¹¹.

RIO contains the description of the interconnection services provided by S.C. Romtelecom S.A. together with the technical and commercial requirements, including the tariffs for these services.

By the end of December 2003 **17 companies had concluded** interconnection agreements with S.C. Romtelecom S.A.

Based on RIO, S.C. Romtelecom S.A. provides both interconnection services for any-to-any communication, as well as interconnection services for call origination by means of carrier selection (on a call by call basis), for call termination and for call transit.

The RIO interconnection tariffs (for termination and origination, respectively) are **50% lower** than the termination tariffs charged by S.C. Romtelecom S.A. in the interconnection agreements with the public mobile networks operators, prior to the intervention of ANRC. The RIO tariffs provided for termination and origination, respectively, are as follows:

⁹ On grounds of the Decision of the President of ANRC no.147/2002 on the principles and prerequisites of the reference offer for interconnection with the public fixed telephony network (http://www.anrc.ro/acte_emise_en/ANRC%20Decision%20RIO%20Principles&Prerequisites.pdf).

¹⁰ http://www.romtelecom.ro/files/pdf/interconectare/Romtelecom_ORI_feb_03_14mar2003.PDF

¹¹ [http://www.romtelecom.ro/files/pdf/interconectare/Romtelecom_ORI_Anexa_A_feb_03_\(rev1\)_14mar2003.PDF](http://www.romtelecom.ro/files/pdf/interconectare/Romtelecom_ORI_Anexa_A_feb_03_(rev1)_14mar2003.PDF)

Interconnection level	Tariffs	
	Peak hours	Off peak hours ¹⁾
Local	EUR 1.15 cent	EUR 0.90 cent
Regional	EUR 2.14 cent	EUR 1.97 cent
National	EUR 2.55 cent	EUR 2.35 cent

¹⁾ Between 22:00 – 08:00 Monday to Friday and 00:00 – 24:00 Sunday and Saturday.

Table 6.6. Interconnection tariffs charged by S.C. Romtelecom S.A.

Source: ANRC

Comparatively, the interconnection tariffs set by ANRC are lower than the average tariffs charged in those EU Candidate Countries that have already liberalized the electronic communications market. According to the 4th IBM Report on Monitoring of EU Candidate Countries, published in December 2003, the average interconnection tariff at local level in the EU Member States is EUR 0.62 cent. In the Candidate Countries, this average is EUR 1.72 cent.

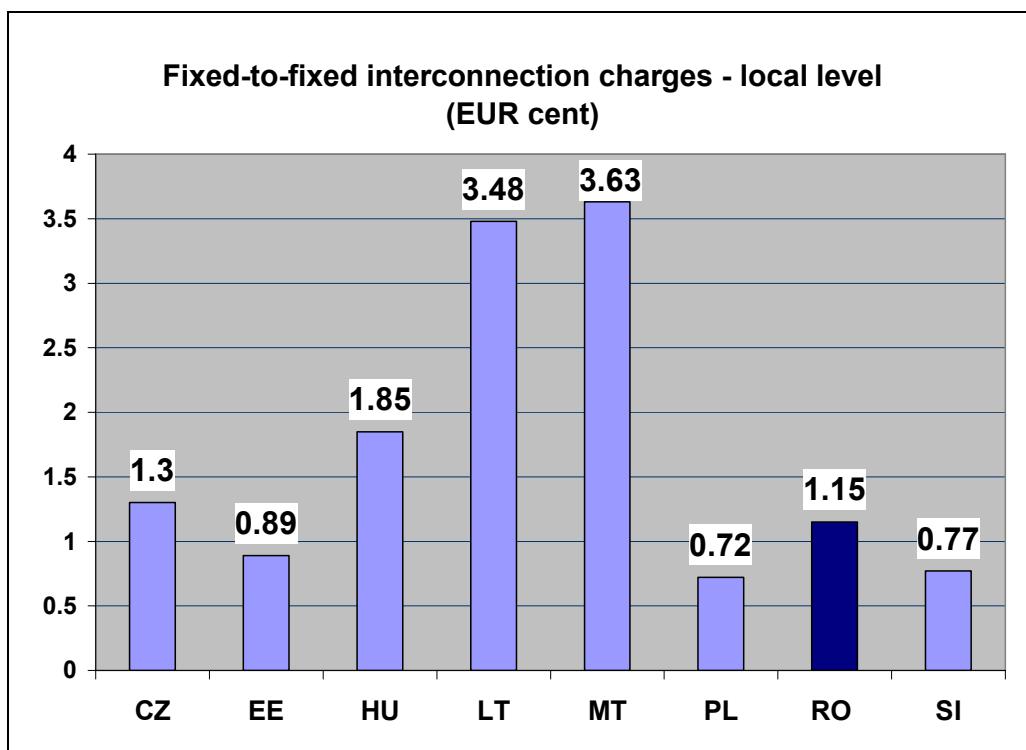


Chart 6.7. Fixed-to-fixed interconnection charges – local level

Source: ANRC, based on the 4th IBM Report on Monitoring of EU Candidate Countries, December 16, 2003

The average interconnection charges-simple transit in the EU Member States is EUR 0.96 cent. In the Candidate Countries, this average is EUR 1.53 cent.

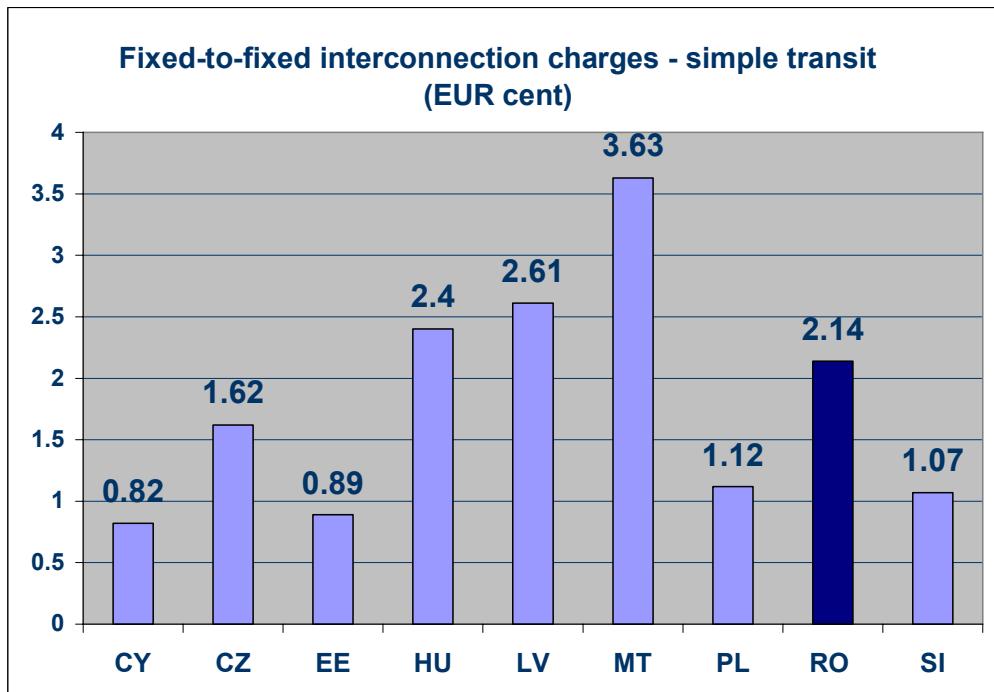


Chart: 6.8. Fixed-to-fixed interconnection charges – simple transit

Source: ANRC, based on the 4th IBM Report on Monitoring of EU Candidate Countries, December 16, 2003

The average interconnection charges-double transit in the EU Member States is EUR 0.62 cent. In the Candidate Countries, this average is EUR 1.53 cent.

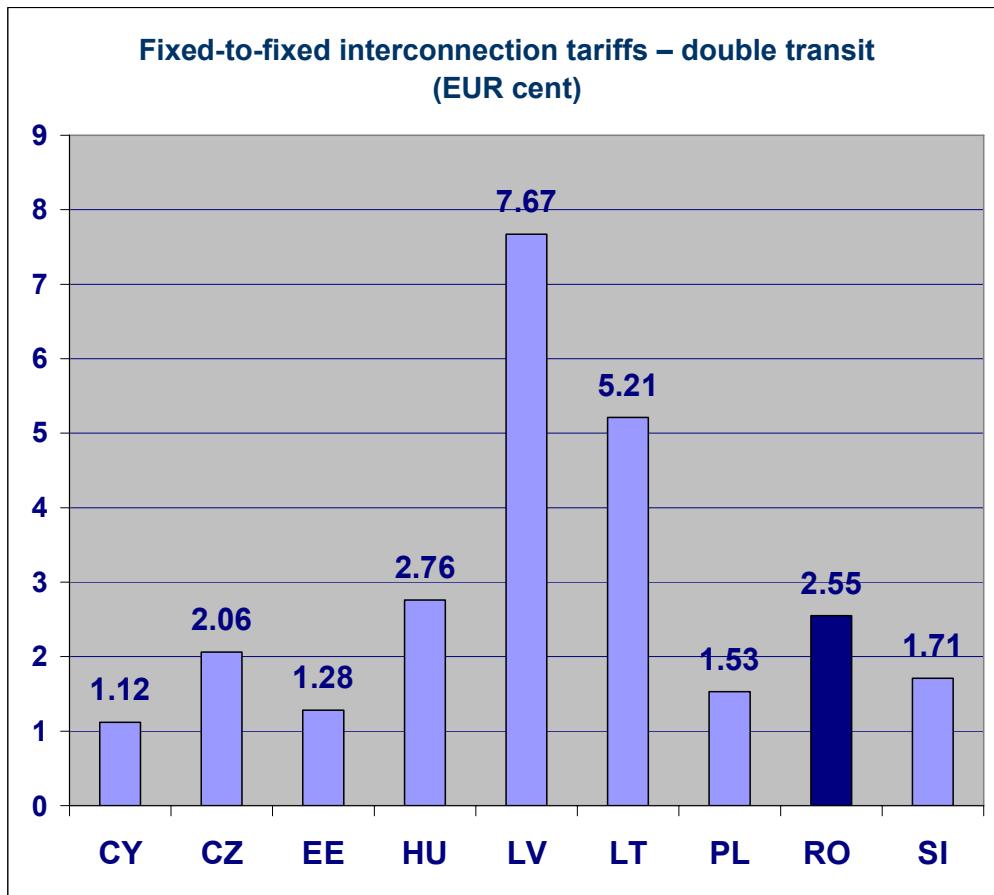


Chart: 6.9 Fixed-to-fixed interconnection tariffs – double transit

Source: ANRC, based on the 4th IBM Report on Monitoring of EU Candidate Countries, December 16, 2003

The beneficiaries of the **interconnection** agreements concluded on grounds of RIO who decide to request collocation, can choose between physical collocation inside S.C. Romtelecom S.A. building, physical collocation outside S.C. Romtelecom S.A. building (on land free of buildings or in other buildings within S.C. Romtelecom S.A. space) or virtual collocation (the personnel of the interconnected operator does not have physical access to the collocated equipments and S.C. Romtelecom S.A. personnel installs, operates and maintains these equipments).

The monthly collocation tariffs charged by S.C. Romtelecom S.A. are **EUR 5/sqm** in cities with less than 150,000 inhabitants and **EUR 10/sqm** in the cities with minimum 150,000 inhabitants (space usage only).

Upon specific request from the industry, in order to meet the concrete needs as regards the provision of transit services through the networks of the operators already interconnected with S.C. Romtelecom S.A., in December 2003 ANRC regulated¹² the indirect interconnection, which allows the competitive development of the transit services

¹² By the Decision of the President of ANRC no.1384/2003 on the amendments and additions to Decision no.147/2002 on the principles and prerequisites of the reference offer for interconnection to the public fixed telephony network.

segment of the interconnection market. S.C. Romtelecom S.A. must update the RIO no later than March 1, 2003, in order to offer the indirect interconnection service.

Thus, S.C. Romtelecom S.A. has the obligation to give another operator (the beneficiary carrier) the possibility to interconnect with its network for the purpose of transiting the calls originated in the network of S.C. Romtelecom S.A. to the network of a third fixed telephony operator. A subscriber of S.C. Romtelecom S.A. will be able to dial the carrier selection code (CSC) of the third operator or the numbering of the third operator in the 0ZAB=0800 (Green numbers) or 0ZAB=0808 (prepaid cards) domains, used for the provision of intelligent network services, and his call will be routed through the carriers' network towards the network of the third operator, even if this operator is not directly interconnected with the network of S.C. Romtelecom S.A. or even if he had concluded an interconnection agreement that does not allow him to have direct access to all the subscribers of the incumbent operator.

Even when the third operator has concluded an interconnection agreement with S.C. Romtelecom S.A. for the origination of calls to all S.C. Romtelecom S.A. subscribers, he can decide whether to use a carrier in order to obtain more efficient and inexpensive access to these subscribers.

Upon specific request from the industry, ANRC has also imposed¹³ to S.C. Romtelecom S.A. the obligation to provide interconnection for access to the intelligent network services provided by another operator, using the numbering in the 0ZAB = 0800 (Green numbers) or 0ZAB = 0808 (prepaid cards) domains, thus giving the newly entered operators the possibility to provide S.C. Romtelecom S.A. subscribers with services by means of prepaid cards and free numbers services.

6.5.2. Accounting Separation

Accounting separation represents a specific accounting methodology, based on a structure of activities that is divided into distinct business units, depending on a set of common features. Thus, accounting separation is realized so as to reflect the costs, revenues and capital employed associated to each defined business unit, as if they were distinct legal entities.

Accounting separation creates the premises for ANRC and for other providers to verify the observance of the transparency, non-discrimination and cost-orientation obligations by the operator designated as having significant power on the markets in which these obligations have been imposed. Accounting separation can offer a clear and transparent image of the wholesale prices, costs and transfer charges between the defined business units of the operator designated as having significant power, as well as a picture of their global profitability.

Being designated as having significant power on the market for the access to public fixed telephony networks for the purpose of call origination, call termination and transit, S.C.

¹³ By the Decision of the President of ANRC no.1384/2003 on the amendment and completion of Decision no.147/2002 on the principles and prerequisites of the reference offer for interconnection with the fixed public telephony network.

Romtelecom S.A. was imposed¹⁴ the obligation to keep separate accounting for the activities related to interconnection and access to its network or to associated facilities. In order to implement this decision, ANRC has elaborated the *Regulation for the realization, by "Romtelecom" - S.A., of accounting separation within the internal cost accounting system*, approved by *Decision of the President of ANRC no.1380/2003*. The regulation comprises detailed rules for the elaboration, publication and audit of the separated financial statements, establishing their structure and level of detail, the methodology for the allocation of costs, revenues and capital employed, as well as the transfer charges system applied for the products and services provided between business units and sub-units.

On grounds of this regulation, S.C. Romtelecom S.A. must provide separated financial statements on four business units: *core network, access network, retail and other activities*. The *core network* business unit will be supplementary detailed, as the operator has the obligation to prepare financial statements also for its business subunits: *interconnection, leased lines-core and other activities of the core network*.

The separated financial statements include the profit and loss account, the mean capital employed statement and the return on capital employed statement, for each business unit and subunit, as well as explanatory notes and accounting policies. The explanatory notes will include, among others, the statement on the costs of network elements and the statement on the costs of services. The separated financial statements will be prepared based on current costs and will be reconciled with the statutory accounts of S.C. ROMTELECOM S.A.

The first set of separated financial statements will be prepared for the 2004 financial year and will be published within 4 months after the publication of the statutory financial statements.

6.5.3. Cost Orientation of Interconnection Tariffs

Interconnection bears a special significance in the context of electronic communications market liberalisation, as access to the users of other operators, especially the users of the operator with significant power, represents an essential requirement for market. Given the fact that interconnection costs represent a large share of the costs borne by a newly entered operator, the mechanisms used for establishing the interconnection tariffs are considered to have significant impact on the market competition and on the profitability of all the interconnected operators. Therefore, the decisions regarding the interconnection tariffs need to be based on solid economic principles and objective analyses.

Interconnection stimulates competition among operators and may determine the efficient use and development of infrastructure and even the entry of new providers in the market. To this end, the regulatory authorities unanimously recognize that setting correct and efficient interconnection tariffs is an essential requirement for the creation of prerequisites of a competitive market.

¹⁴ By the Decision of the President of ANRC no.147/2002 on the principles and prerequisites of the reference offer for interconnection with the fixed public telephony network.

Cost orientation of tariffs based on a costing model for the calculation of long run incremental costs is transparent enough as to ensure the new entrants that the interconnection tariffs are indeed cost oriented, on one hand, and that the methodology for establishing the interconnection tariffs will be sufficiently stable over time as to allow operators to develop their own business plans, on the other hand.

The interconnection tariffs will be non-discriminatory and non-preferential, ensuring equal treatment between the new entrant providers as well as between them and the retail activities of the operator imposed the cost orientation obligation.

Being designated as having significant power on the market of access to the public fixed telephony networks for the purpose of call origination, termination and transit, S.C. Romtelecom S.A. was imposed the obligation of cost orientation of the tariffs set in RIO, based on a costing model for the calculation of long run incremental costs, or in the absence of such calculation model, based on other methods approved by ANRC.

Therefore, in a first phase, the interconnection tariffs were regulated based on international benchmarking, as at that time there was no cost calculation model accepted. The international benchmark was adjusted in order to approximate the level of tariffs charged by an efficient operator under the specific conditions in the Romanian electronic communications market.

In order for S.C. Romtelecom S.A. to implement in an effective and transparent manner the obligation of cost orientation of tariffs, ANRC elaborated the *Regulation for the realization of the top-down long run incremental costing model by "Romtelecom" - S.A.*, approved by Decision of the President of ANRC no.1381/2003.

The regulation contains detailed rules regarding the realization of the top-down costing model for the calculation of long run incremental costs for the activities related to interconnection of and access to the network of S.C. Romtelecom S.A. or its associated facilities. The tariffs will be established based on the reconciliation between the costing model realized by S.C. Romtelecom S.A. and the bottom-up model realized by ANRC. S.C. Romtelecom S.A. will have to observe the flexibility and transparency requirements imposed by the ANRC regulation.

On grounds of this regulation, S.C. Romtelecom S.A. shall develop and implement the costing model not later than August 31, 2004.

6.5.4. The Evolution of the Tariffs for the Telephony Services Provided through Fixed Public Networks in 2003

On grounds of art.38 of the Universal Service Law, „*Until a decision of the president of ANRC will be adopted as per the present law with respect to the level of tariffs for retail provision of services, the tariffs charged by the National Telecommunications Company „Romtelecom” – S.A. for such services at the moment the present law enters into force may not be raised*“. Thus, on **September 2, 2003**, upon S.C. Romtelecom S.A. request, ANRC approved the first step of the tariffs rebalancing process and granted this operator the right to change the tariffs charged for the subscriptions and the international calls, as well as to express in Euro the tariffs for all the services provided on the retail market:

Monthly line rental tariffs charged by S.C. Romtelecom S.A.

In 2003, subscriptions tariffs increased with an average of 15.35%¹⁵ (Table 6.10).

Service	Tariff available before October 2, 2003 (ROL)	Adjustment rate (%)	Approved tariff (EUR)
LTP Subscriptions– Main telephone line			
Class I – Switched networks			
Individual line 0 pulses included (natural persons)	92000	21.804	3.01
Individual line 50 pulses included (natural persons)	121500	16.510	3.81
Individual line 100 pulses included (natural persons)	150000	13.373	4.58
Individual line legal persons	150000	21.807	4.91
Shared line 0 pulses included (natural persons)	63500	21.795	2.08
Shared line 50 pulses included (natural persons)	94000	14.590	2.90
Shared line 100 pulses included (natural persons)	121500	11.390	3.64
Shared line – legal persons	121500	21.802	3.98
Restricted subscription (social)	46000	21.804	1.50

Table 6.10. Subscriptions - the public switched telephony network¹⁶

Source: ANRC

S.C. Romtelecom S.A. tariffs for the telephone calls

The tariffs of S.C. Romtelecom S.A. for local and long distance calls remained the same (the price for a pulse remained the same, and so did the number of seconds included in one pulse). Also, the tariffs for international calls decreased with up to 45% (with an average of 17%¹⁷) (Tables 6.11-6.13).

Service	Tariff available before October 2, 2003 (ROL/minute)	Adjustment rate (%)	Approved tariff EUR/impulse
Pulse	620	0	0.0167

¹⁵ This percentage is calculated as weighted average of the tariffs expressed in ROL at the official exchange rate as of September 2, 2003.

¹⁶ The tariffs do not include VAT. The tariffs are expressed in Euro and are calculated at the exchange rate as of July 2003, EUR 1 = ROL 37,165.70.

¹⁷ Percentage calculated as weighted average, depending on the traffic volume for each tariff zone.

Local calls	peak/off-peak hours and number of pulses/minute do not change
National calls	peak/off-peak hours and number of pulses/minute do not change
International calls	peak/off-peak hours does not change EUR/minute

To fixed networks

Zone 0 ¹⁸ , 8 – 22	7400	-30.0	0.13
Zone 0, 22 - 8	6800	-30.0	0.12
Zone I ¹⁹ , 8 – 22	14622	-30.0	0.27
Zone I, 22 - 8	12857	-30.0	0.24
Zone II -1 ²⁰ , 8 – 22	16891	-43.5	0.25
Zone II - 1, 22 - 8	15546	-38.6	0.25
Zone II - 2 ²¹ , 8 – 22	16891	-30.0	0.31
Zone II - 2, 22 - 8	15546	-30.0	0.29
Zone III ²²	26218	-34.5	0.46
Zone IV ²³	35546	-34.5	0.62
Zone V ²⁴	37311	-45.0	0.55

¹⁸ **Zone 0:** Moldova.

¹⁹ **Zone I:** Albania, Algeria, Austria, Belgium, Bulgaria, Czech Republic, Cyprus, Croatia, Denmark (incl. Faeroe and Groenlanda), Switzerland, France, Germany, Greece, Ireland, Israel, Italy, (incl. Vatican) Serbia and Montenegro, Liechtenstein, Luxembourg, Macedonia, Malta, Great Britain, Norway, the Netherlands, Poland, Portugal (incl. island Azore and Madeira), Slovakia, Slovenia, Spain (incl. island Canare), Sweden, Turkey, Ukraine, Hungary.

²⁰ **Zone II-1:** Canada, USA (incl. Hawaii and US Virgin Islands).

²¹ **Zone II-2:** Andorra, Belarus, Bosnia-Herzegovina, United Arab Emirates, Estonia, Finland, Georgia, Gibraltar, Iceland, Latvia, Libya, Lithuania, Morocco, Monaco, Palestine, Puerto Rico, Russia, San Marino, Tunisia.

²² **Zone III:** South Africa, Angola, Argentina, Australia, Azerbaijan, Bahrain, Bolivia, Brazil, Colombia, Costa Rica, Philippines, Hong Kong, Jordan, Iran, Japan, Kazakhstan, Maldives, Mexico, Mozambique, Oman, Panama, Paraguay, Qatar, Singapore, Syria, Somalia, Swaziland, Taiwan, Thailand.

²³ **Zone IV:** Netherlands Antilles, Armenia, Aruba, Barbados, Benin, Cambodia, Chile, China, South Korea, Ecuador, Egypt, Ethiopia, Fiji, Gabon, India, Kenya, Kyrgyzstan, Lebanon, Madagascar, Mongolia, Niger, New Caledonia, New Zealand, Papua New Guinea, North Korea, Reunion, Senegal, Seychelles, Sudan, Tajikistan, Tanzania, Turkmenistan, Uzbekistan, Venezuela.

²⁴ **Zone V:** Afghanistan, Central African Republic, Anguilla, Antigua, Saudi Arabia, Ascension, Bahamas, Bangladesh, Belize, Bermuda, Bhutan, Botswana, Brunei, Burkina Faso, Burundi, Cameroon, Cape Verde, Cayman, Chad, Comoros, Congo, Cook Islands, Cote d'Ivoire, Cuba, Diego Garcia, Djibouti, Dominic, El Salvador, Eritrea, Falkland, Gambia, Ghana, Grenada, Guadalupe, Guam, Guatemala, Guinea, Guinea Bissau,

To mobile networks

Zone 0, 8 – 22	7400	0	0.19
Zone 0, 22 - 8	6800	0	0.18
Zone I, 8 – 22	14622	0	0.39
Zone I, 22 - 8	12857	0	0.34
Zone II -1, 8 – 22	16891	-43.5	0.25
Zone II - 1, 22 - 8	15546	-38.6	0.25
Zone II - 2, 8 – 22	16891	0	0.45
Zone II - 2, 22 - 8	15546	0	0.41
Zone III	26218	0	0.70
Zone IV	35546	0	0.95
Zone V	37311	0	1.00

To satellite transmission networks

0087X*1xxxxxxx	151261	0	4.07
0087X*3xxxxxxxx	97815	0	2.63
0087X*6xxxxxxxx	88992	0	2.39
0087X*76xxxxxxxx	62269	0	1.67
00882.13	66723	0	1.79
00881.7	102269	0	2.75
00881.6	66723	0	1.79
00882.16	40924	0	1.10

Table 6.11. Calls made by a subscriber²⁵

Source: ANRC

Equatorial Guinea, Guyana, French Guyana, Haiti, Honduras, Indonesia, Iraq, Jamaica, Kiribati, Kuwait, Laos, Lesotho, Liberia, Macau, Malawi, Malaysia, Mali, Marshall, Martinique, Mauritania, Mauritius, Mayetta, Micronesia, Montserrat, Myanmar - Birmania, Namibia, Nauru, Nepal, Nicaragua, Niger, Niue, Norfolk, Pakistan, Palau, Peru, French Polynesia, Rep.Dominicana, Rwanda, Saipan/Marianne, US Samoa, West Samoa, Sao Tome and Principe, Sierra Leone, Solomon, Sri Lanka, St.Helena, St.Kitts, St.Lucy, St.Pierre & Miquelon, St.Vincent, Surinam, Togo, Tokelau, Tonga, Trinidad Tobago, Turks and Caicos, Tuvalu, Uganda, Uruguay, Vanuatu, Vietnam, British Virgin Islands, Tortola, Wallis & Fortuna, Yemen, Zaire, Zambia, Zimbabwe.

²⁵ The tariffs do not include VAT. The tariffs expressed in Euro are calculated at the exchange rate of EUR 1= ROL 37,165.70 with two decimals, approximated to the immediate inferior two decimals value, except for the tariffs up to EUR 5 cent, approximated to the immediate superior two decimals value.

Service	Tariff available before October 2, 2003 (USD/minute)	Adjustment rate (%)	Approved tariff (EUR/minute)
Calls to mobiles	0.17	0	0.15

Table 6.12. Calls to the national mobile networks²⁶

Source: ANRC

Service	Tariff available before October 2, 2003 (ROL/minute)	Adjustment rate (%)	Approved tariff ROL/pulse
Pulse	950	0	950
Local calls	peak/off-peak hours and number of pulses/minute do not change		
National Calls	peak/off-peak hours and number of pulses/minute do not change		
International calls	peak/off-peak hours and number of pulses/minute do not change		
Calls to mobiles	1 pulse/5.5 sec	-11.3%	1 pulse/6.2 sec peak/off-peak hours does not change

Table 6.13. Calls made from public payphones²⁷

Source: ANRC

The next steps towards the correlation with the costs of provision of telephony services will imply ANRC approval of a tariff rebalancing process, realized based on the accounting statements prepared by S.C. Romtelecom S.A. on grounds of the secondary legislation issued by ANRC.

6.6. The Alternative Offer of Electronic Communications Services, One Year after the Liberalisation

The Romanian market follows the natural trend of the communications markets from other countries, after liberalisation.

²⁶ The tariffs do not include VAT. The USD/EUR conversion factor used is 0.8792 (the exchange rates taken into consideration are the average ones for July 2003, EUR 1 = ROL 37,165.70, USD 1 = ROL 32,676.61, respectively). The tariffs expressed in Euro were approximated to the immediate inferior two decimals value, except for the tariffs up to EUR 5 cent, approximated to the immediate superior two decimals value.

²⁷ The tariffs include VAT.

The **international calls** segment was the first to react to the effects of the fixed telephony market liberalisation. Therefore, in January 2003 have appeared the first providers of international electronic communications services by means of prepaid cards, using the VoIP technology. The tariffs charged by these operators are, on average, 45% lower than the tariffs of S.C. Romtelecom S.A.

As regards the competition on the market of the **local access** of users to a telephony network, 3 providers launched their commercial offers as the very first competitors of S.C. Romtelecom S.A. on the segment of local, national and fixed-to-mobile calls.

The offer of the alternative providers for fixed telephony services having their own subscribers²⁸

Company	Name of the subscription	Monthly line rental	Minutes included	On-net calls		Calls to S.C. Romtelecom S.A. network			Calls public mobile networks to
				Local	National	Local	Regional	National	
<i>Astral Telecom</i>	TeleFix 5	USD 5	60	USD 0.02	USD 0.05	USD 0.027	USD 0.06	USD 0.07	USD 0.15
	TeleFix 10	USD 10	200	USD 0.017	USD 0.047	USD 0.027	USD 0.057	USD 0.067	USD 0.15
	TeleFix 16	USD 16	400	USD 0.01	USD 0.037	USD 0.027	USD 0.047	USD 0.057	USD 0.15
	TelFix ISDN	USD 140		USD 0.01	USD 0.037	USD 0.027	USD 0.047	USD 0.057	USD 0.15
<i>Atlas Telecom</i>	Standard	EUR 4	100	EUR 0.029		EUR 0.029			EUR 0.14
	Optim	EUR 8	300	EUR 0.019		EUR 0.029			EUR 0.14
	Premium	EUR 16	unlimited	free of charge		EUR 0.029			EUR 0.14
<i>RDS²⁹</i>	TEL Conect	EUR 10	EUR 10	EUR 0.02	EUR 0.05	-	-	-	-
	TEL Conect Plus	EUR 100	EUR 100	EUR 0.02	EUR 0.05	-	-	-	-

Table 6.14. The offer of the alternative providers of fixed telephony networks having their own subscribers

Source: *The commercial offers of the providers*

²⁸ Tariffs available as of December 6, 2003. The prices do not include VAT.

²⁹ The offer is available only in the RDS network and only for international calls.

7. The Mobile Telephony Sector

7.1. Overview

Since 1997, the telephony services provided through public mobile telephony networks have known a spectacular increase in Romania. In 2003, the value of the telephony market showed a 20% increase compared to the previous year.

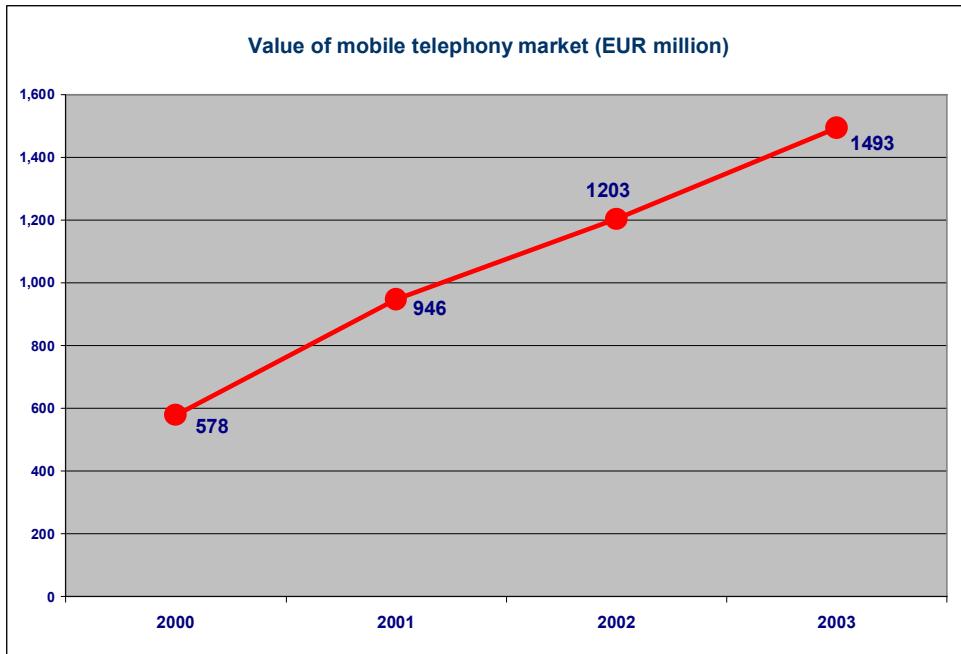


Chart 7.1. The market value of the telephony services provided through public mobile networks

Source: EITO Edition 2003 Book

7.2. Investments

In 2002, the total investments in the market of telephony services provided through public mobile networks amounted to approximately ROL 3,600 billion (EUR 115 million), representing 36% of the total investments in the telecommunications market (total value of investments also includes investments in buildings and lands)³⁰.

7.3. Authorised Providers

At this moment there are four authorised providers of public mobile networks who use all the important types of technologies.

Band	Technology	Operators	Shareholders
900 MHz	GSM	Mobifon S.A.	54.76% Mobifon Holdings B.V., The Netherlands

³⁰ Source: ITU Report for 2002

			20.1% Vodafone Europe B.V., The Netherlands
		Orange România S.A.	51% Orange France (strategic investor) 10.62% Norington Ent., Cyprus
1800 MHz	DCS	Cosmorom S.A.	100% Romtelecom S.A.
450 MHz	CDMA2000	Telemobil S.A.	100% Inquam

Table 7.2. Providers of public mobile networks in Romania

Source: Operators

Even though no UMTS license has been granted so far, the Ministry of Communications and Information Technology made public its intention in this respect. At the same time, 76 persons have been authorised to provide electronic communications services through public mobile networks.

7.4. The Number of Users and the Coverage Area of the Public Mobile Networks

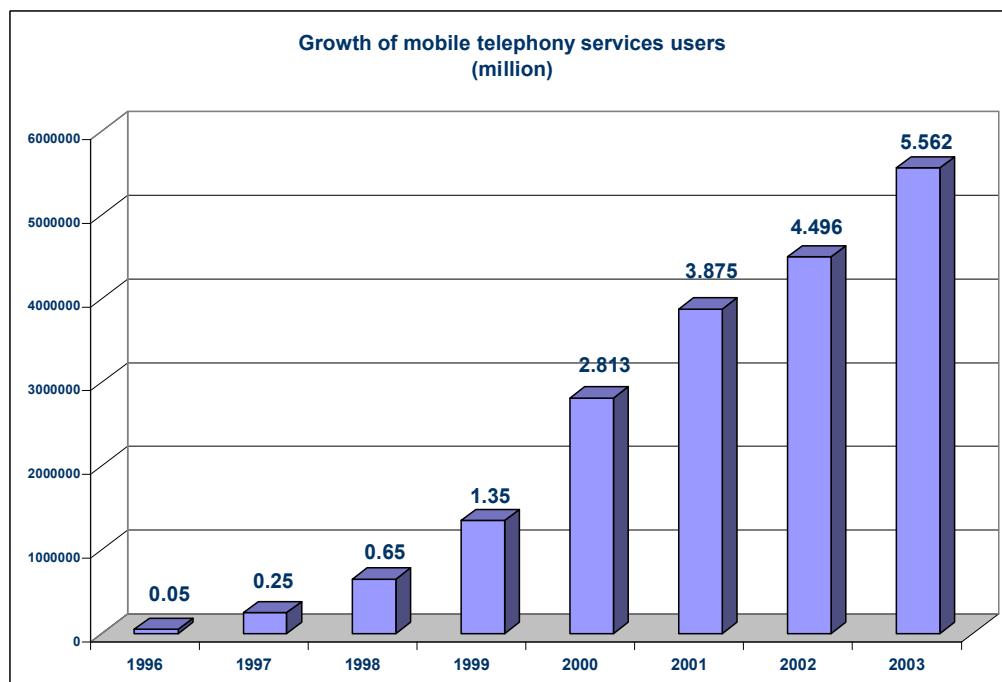


Chart 7.3. The evolution of the number of users of services provided through public mobile networks

Source: ANRC

As of June 30, 2003, the providers of telephony services through public mobile networks reported the following data on the number of users:

Mobifon (CONNEX)	2,746,000
Orange România (ORANGE)	2,589,557
Cosmorom	83,724

Telemobil (ZAPP)	142,000
TOTAL number of mobile telephony users	5,561,281

Table 7.4. Number of users of telephony services provided through public mobile networks as of June 30, 2003

Source: ANRC

By the end of 2003, the total number of mobile telephony users was of 7,039,898, out of which 4,326,736 pre-paid users and 2,713,162 subscribers. The total number of mobile telephony users increased with 26% during the second semester of 2003.

The coverage area of S.C. Mobifon S.A. and S.C. Orange România S.A. networks, respectively, exceeds 70% of the territory and 90% of population (Chart 7.5). However, due to the general economic conditions, the mobile telephony penetration is the lowest among the Candidate Countries (24% by the end of 2002, see Chart 7.6), but the potential for development remains extremely high. By the end of 2002, the number of mobile telephony users exceeded that of the fixed telephony users.

	Mobifon (CONNEX)	Orange România (ORANGE)	Cosmorom	Telemobil (ZAPP)
Coverage [territory]	71.9%	77%	35%	60%
Coverage [population]	90.1%	96%	57%	60%

Table 7.5. Coverage area of the public mobile networks, 2003

Source: MCTI

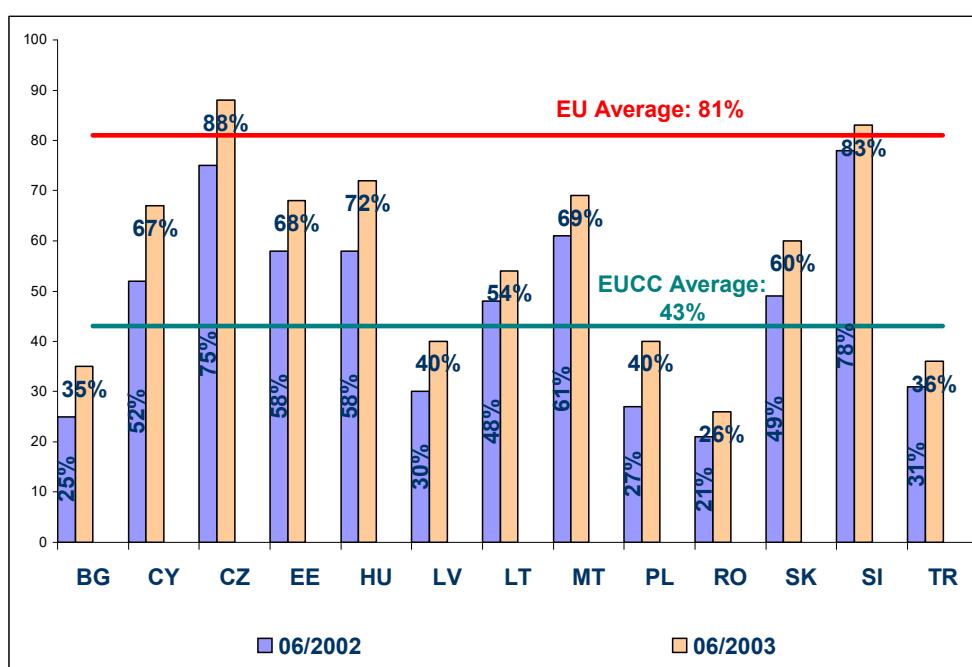


Chart 7.6. 2G Mobile telephony penetration in the Candidate Countries, 2001 - 2002

Source: ANRC, based on the 4th IBM Report on Monitoring of EU Candidate Countries, December 16, 2003

7.5. Regulatory Activity

During the last years, both the European Commission and the regulatory authorities from the EU Member States have shown a real interest in the market behaviour of the public mobile operators, especially as regards the level of tariffs for call termination in the public mobile networks. Therefore, most of the regulatory authorities concluded that these tariffs are too high compared to the associated costs and looked for intervention methods designed to eliminate this situation determined by the absence of effective competition in this market. For this purpose, the operators of public mobile networks, designated as having significant power on the "interconnection market" (wholesale), were imposed the non-discrimination obligation and the obligation to unconditionally grant interconnection, as well as the obligation for cost orientation.

ANRC aims to ensure the effective competition on the electronic communications market and therefore takes all the necessary measures in order to prevent the abusive behaviour of all the operators with significant power on the market.

7.5.1. The Interconnection Regime of the Public Mobile Telephony Networks

On grounds of the *Regulation regarding the identification of relevant markets within the electronic communications sector* the following relevant specific wholesale markets were identified:

- The market for the access to the public mobile telephony network operated by S.C. Cosmorom - S.A. for the purpose of call termination;
- The market for the access to the public mobile telephony network operated by S.C. Mobifon - S.A. for the purpose of call termination;
- The market for the access to the public mobile telephony network operated by S.C. Orange România - S.A. for the purpose of call termination;
- The market for the access to the public mobile telephony network operated by S.C. Telemobil - S.A. for the purpose of call termination.

Each of these operators was designated as having significant power on the market for the access to his own network for the purpose of call termination.

In March 2003, ANRC imposed to these operators the following obligations:

- S.C. Cosmorom S.A. and S.C. Telemobil S.A. have the transparency obligation (making the interconnection tariffs public), to provide certain services and access to certain facilities associated to the interconnection of the public mobile telephony network they operate to the networks of other operators, for call termination;
- S.C. Mobifon S.A. and S.C. Orange România S.A. have the obligations of transparency, non-discrimination, accounting separation, to provide certain services and access to certain facilities associated to the interconnection of the public mobile telephony network they operate with the networks of other operators, for call termination.

As regards S.C. Cosmorom S.A. and S.C. Telemobil S.A., due to the bilateral character of the interconnection contracts, and based on the transparency obligation, ANRC considered that should these companies set the interconnection tariffs in an abusive manner, such practice would be discouraged by the bargaining power of the contractual partners.

Thus, applying the principle of minimum intervention, ANRC limited its area of action as regards these two operators and imposed them only the transparency obligation. However, in case the market behaviour of S.C. Cosmorom S.A. or S.C. Telemobil S.A. proves that other operators' force to counteract is not enough to prevent abuses, ANRC has the right to review the level and power of the regulatory measures.

Transparency is the prerequisite for the implementation of the non-discrimination principle. All the operators have the obligation to publish the tariffs for the interconnection with their public mobile telephony networks, for the purpose of call termination, and to send to ANRC a copy of all the concluded interconnection agreements, within 10 days from their conclusion.

The obligation of non-discrimination imposed to S.C. Mobifon S.A. and S.C. Orange România S.A. is designed to prevent market abuses and requires them to offer equivalent contractual conditions, under similar conditions, both to its own operations or the members of the same group and to other operators.

The cost-orientation obligation for interconnection tariffs imposed to S.C. Mobifon S.A. and S.C. Orange România S.A. is designed to prevent the use of market power for the purpose of setting excessive tariffs. The effect of such an anticompetitive behaviour would be felt by the users of the other electronic communications networks, obliged to pay tariffs that include the surplus paid by the operator on the wholesale market, but also by the operators of these networks, whose competitive capacity is affected by the costs increase. Also, communications between users connected to different networks would be discouraged and a market concentration would be favoured.

Thus, S.C. Mobifon S.A. and S.C. Orange România S.A. have the obligation to determine interconnection tariffs for the purpose of call termination based on a model for the calculation of long run incremental costs, approved by ANRC. Until January 1st 2004, S.C. Mobifon S.A. and S.C. Orange România S.A. will charge the following maximum termination tariffs:

To From	Romtelecom	Mobifon	Orange	Cosmorom	Telemobil
Romtelecom		USD 11 cent	USD 11 cent	N/A	N/A
Mobifon	EUR 2.14 cent		USD 11 cent	N/A	N/A
Orange	EUR 2.14 cent	USD 11 cent		N/A	N/A
Cosmorom	EUR 2.14 cent	USD 11 cent	USD 11 cent		N/A
Telemobil	EUR 2.14 cent	USD 11 cent	USD 11 cent	N/A	

Table 7.7. Termination tariffs in the mobile telephony networks – peak hours

Source: ANRC

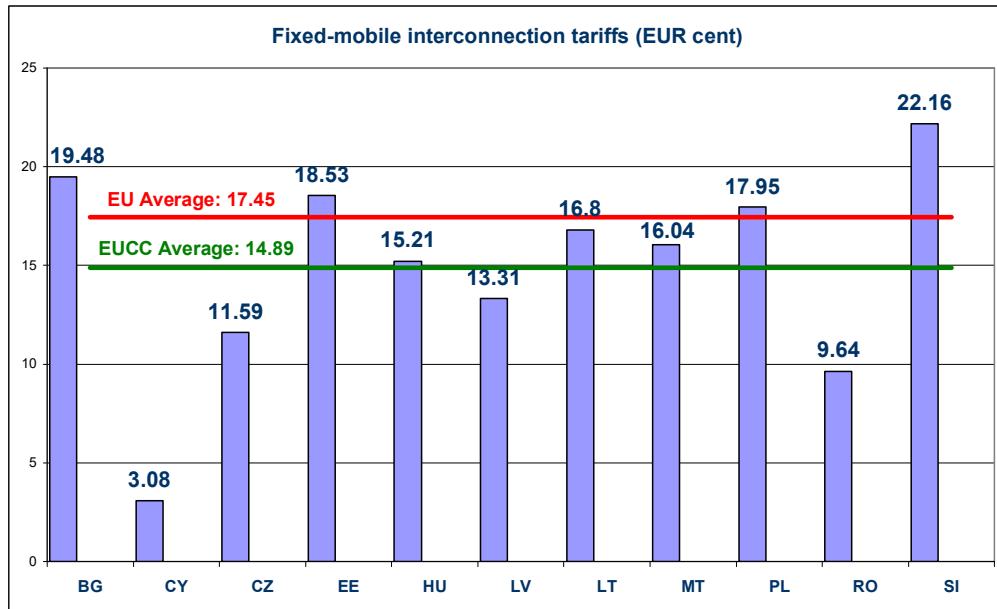


Chart 7.8. Fixed-to-mobile termination tariffs in the Candidate Countries

Source: ANRC, based on the 4th IBM Report on Monitoring of EU Candidate Countries, December 16, 2003

As presented in Chart 7.8, the interconnection tariffs for the termination in the public mobile networks of the calls originated in the fixed public networks are below the average value in the Member States and Candidate Countries.

7.5.2. The Cost Orientation of Interconnection Tariffs

In order to implement in an effective and transparent manner the obligation of the public mobile networks operators to orient the tariffs on costs, ANRC adopted a policy similar to that imposed to S.C. Romtelecom S.A. as regards the cost orientation of tariffs for the interconnection to the fixed public network of this company. In this respect, ANRC elaborated two Regulations for the realization of the top-down costing models for the calculation of the long run incremental costs by S.C. Mobifon S.A. and S.C. Orange România S.A., respectively, approved by the Decisions of the President of ANRC no.1382/2003 and no.1383/2003, respectively.

These regulations contain rules for the realization of the top-down costing models for the calculation of long run incremental costs for the activities related to the interconnection with the public mobile networks, for the purpose of call termination. The tariffs will be set based on the results of the reconciliation process between the costing model developed by the aforementioned operators and a bottom-up costing model developed by ANRC, so that the operators will have to comply with a series of flexibility and transparency requirements, imposed by ANRC regulations.

According to these regulations, the deadline for the development and implementation of the costing models by S.C. Mobifon S.A. and S.C. Orange România S.A. is July 1, 2004.

8. Data Transmissions, Internet Access and Leased Lines Services

8.1. Overview

The data transmissions, Internet access and leased lines services represent approximately 1.6% of the Romanian electronic communications market. The value of this market increased with 12% in 2003 compared to 2002 (Chart 8.1).

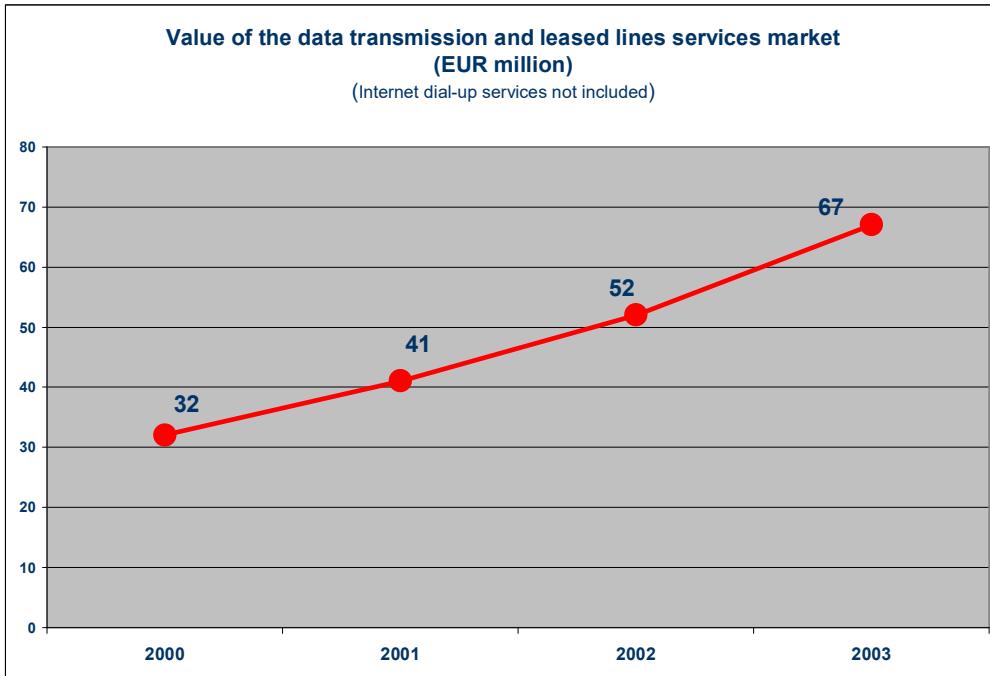


Chart 8.1. The value of the data transmissions and leased lines services market

Source: EITO Edition 2003 Book (statistics for 2003 are estimated)

By means of the regulatory measures applied on these markets, ANRC intends to accomplish the following main objectives:

- to promote the broadband electronic communications services by facilitating access of the new providers to the end users;
- to stimulate competition by eliminating the entry barriers of the data transmissions, Internet access and leased lines services markets;
- to protect the interests of the end users by ensuring the accessibility of internet access and data transmissions services.

8.2. Data Transmission and Internet Access Services

Prior to December 31, 2003, a number of 354 companies were authorised to provide data transmission services and 362 to provide internet access services. The main services provided on the retail market are: VPN, Internet access, VoIP, etc.

The entry into force of the new general authorisation regime and the regulation of the conditions for access and interconnection to the network operated by S.C. Romtelecom S.A. facilitated the entry of new providers on the market.

Thus, by December 31, 2003, a number of 362 companies were authorised to provide **internet access services**. 77% of these reported the provision of access services through twisted metallic pair (dial-up services), 60% through coaxial cable, 77% through leased lines, and 72% using radio access (Chart 8.2).

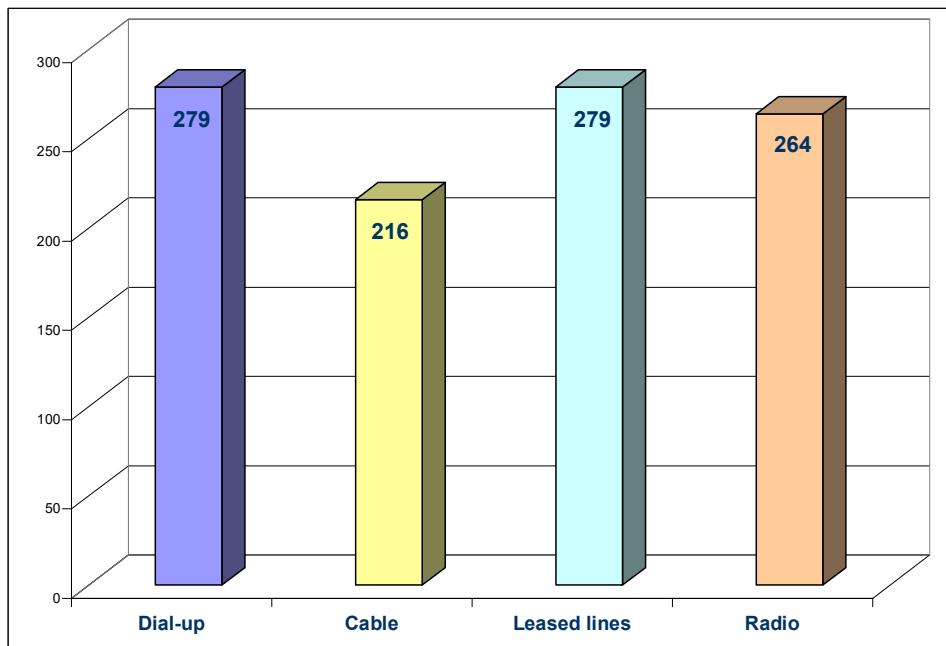


Chart 8.2. Connection means used by providers of internet access services

Source: ANRC

8.3. Broadband Internet Access

Between 2001 and 2002, the number of broadband Internet connections increased 21.8 times, mainly due to the increase of the number of coaxial cable connections provided to residential users (Chart 8.3).

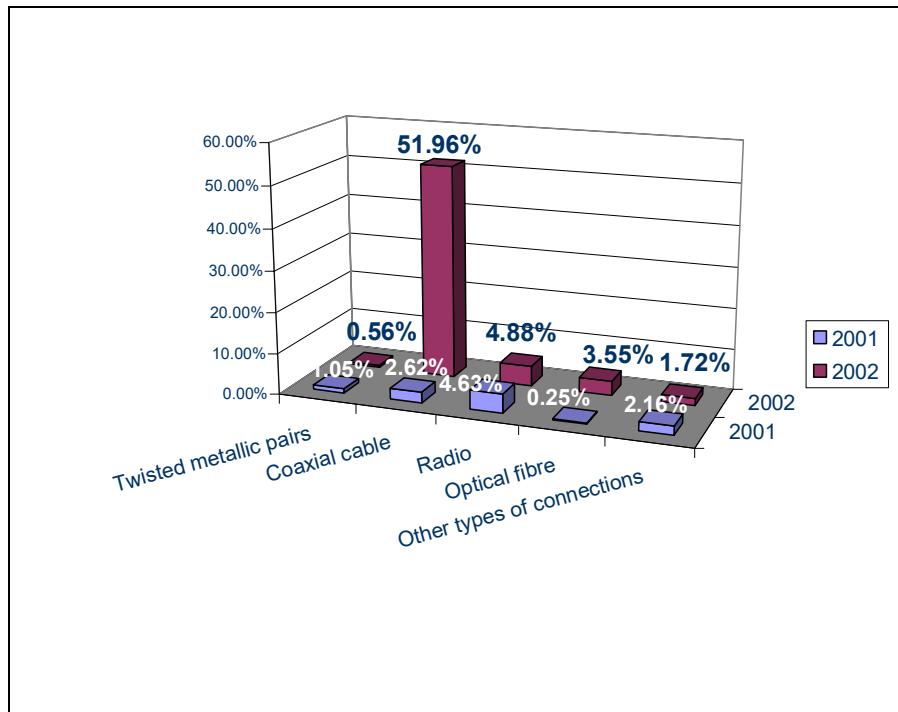


Chart 8.3. The percentage of broadband Internet access connections provided through the access networks owned by providers calculated from the total Internet connections, by type of connection, 2001 and 2002

Source: ANRC, *Study on the wholesale electronic communications markets aimed at identifying the relevant markets for the access to the local loop, to the leased lines, and to the associated facilities, September 16, 2003*

The percentage of broadband connections from the total number of Internet access connections therefore increased from 10.48% in 2001 to 62.68% in 2002 (Chart 8.4).

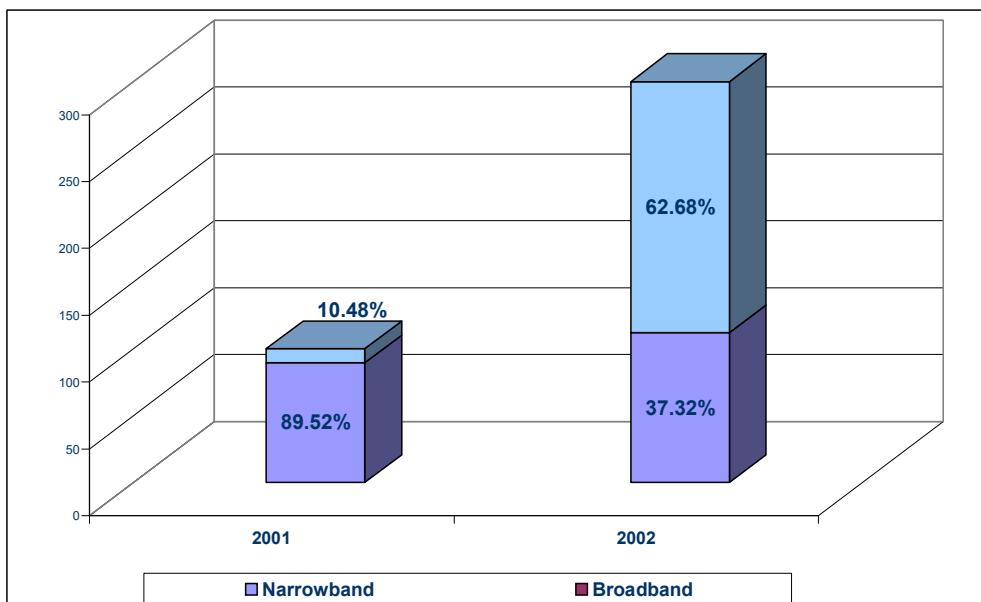


Chart 8.4. The percentage of number of Internet broadband connections from the total number of connections, by type of access networks, 2001 and 2002

Source: ANRC, *Study on the wholesale electronic communications markets aimed at identifying the relevant markets for the access to the local loop, to the leased lines, and to the associated facilities*, September 16, 2003

8.4. Narrowband Internet Access

Even though the increase of dial-up connections is limited by the reduced number of personal computers, a rapid development is estimated to take place during the next years. Also, the growing Internet usage for a multitude of services creates the prerequisites for the development of the Internet access services market. Thus, the percentage of Internet users from the total population, 9% in 2001, even though reduced compared to other European countries, is estimated to reach the level of 16% in 2003 according to data made available by the Ministry of Communications and Information Technology.

As regards the prices, the level of tariffs for the dial-up access services provided through metallic wires remains the smallest among the Candidate Countries and is ranked at the lowest level among the EU Members States.

8.5. Regulatory Activity Regarding Data Transmissions and Internet Access Services

8.5.1. Dial-Up Internet Access

The regulatory regime of the Internet access services provided through dial-up is the same with the regime for the wholesale market of telephony services provided through fixed public networks and no distinction is made between the regulation of the dial-up calls and the telephony calls.

8.5.2. Access to the Local Loop

Based on the results of the market analysis³¹ conducted by ANRC between February 20 – March 24, 2003 and following the application of the criteria under the *Regulation regarding the identification of the relevant markets within the electronic communications sector* were identified the relevant specific wholesale markets listed below:

1. *the market for the full or shared access to the twisted metallic pair local loop for the purpose of providing broadband electronic communication services and publicly available telephony services at fixed locations;*
2. *the market for the provision of «bit stream» access to the local loop made of a pair of twisted metallic wires, optical fibre or coaxial cable and to the radio local loop, for the purpose of providing broadband electronic communications services.*

³¹ Study on the wholesale electronic communications markets aimed at identifying the relevant markets for the access to the local loop, to the leased lines, and to the associated facilities
<http://www.anrc.ro/documente/traducere%20Studiu%20ANRC%206,10,2003.pdf>

Taking into account the specific features of the Romanian market, the experience of other regulatory authorities in this field and the evolutions of the international market, ANRC decided to regulate only the first market, the second remaining to be monitored.

S.C. Romtelecom S.A. was identified as operator with significant power on the market for the full or shared access to the twisted metallic pair local loop for the purpose of providing broadband electronic communication services and publicly available telephony services at fixed locations. Furthermore, in 2004, S.C. Romtelecom S.A. will be imposed one or more of the obligations under arts.9-14 of Government Ordinance no.34/2002 on access to and interconnection of public electronic communications networks and associated facilities, approved with amendments and completions by Law no.527/2002.

The major purpose of ANRC intervention through the regulation of the *unbundled access to local loop* is to facilitate the access of end users to the broadband electronic communications, especially to broadband Internet access services.

The entry into force of the *Decision regarding the principles and prerequisites of the reference offer for unbundled access to the twisted metallic pair local loop of the fixed public telephony network operated by S.C. „Romtelecom” – S.A.* – decision currently under public consultation – will allow newly entered operators the access to the twisted metallic pair local loop of S.C. Romtelecom S.A. under conditions of **transparency, non-discrimination** and **cost orientation of tariffs**, and to provide broadband electronic communications services and publicly available telephony services at fixed points. Also, S.C. Romtelecom S.A. will have the obligation of **accounting separation** within its internal cost accounting system for all the activities related to the provision of unbundled access to the local loop.

The newly entered providers of electronic communications services can choose between two methods of access to the local loop:

- **total access** - the operator rents the twisted metallic pair that constitutes the local loop from S.C. Romtelecom S.A., for his exclusive use, thus being able to independently establish the electronic communications services he will provide to its subscribers;
- **shared access** - S.C. Romtelecom S.A. uses only the low frequency channel (0-4 kHz) for the provision of telephony services and the other frequency channels are used by the newly entered operator for the provision of broadband electronic communications networks (using xDSL technologies).

As regards the tariffs for the access to the local loop, ANRC intends to maintain a balance between two essential objectives: facilitate the rapid market entry of new providers and encourage investments in infrastructure (the construction of new access networks and the development of the existing ones).

8.6. Leased Lines

Until December 31, 2002, S.C. Romtelecom – S.A. had exclusive rights for the provision of leased lines services and the Radio Communications National Society S.A. had exclusive rights for the provision of leased radio lines with a capacity over 2 Mbit/s.

In the light of the objective to promote competition on the retail market, ANRC has identified two relevant specific wholesale markets: *the market for the provision of leased lines-terminal segments* and *the market for leased lines-trunk segments*. The measures implemented by ANRC on these markets take into account the particularities of the Romanian leased lines services market as well as the experience of other regulatory authorities in this field and the evolution of the international markets.

8.6.1. The Market for the Provision of Leased Lines-Terminal Segments Services

Market Analysis

Based on the results of a market analysis conducted by ANRC between February 20 – March 24, 2003, when questionnaires were sent by mail to 494 providers (representing the total number of persons authorised by ANRC for the provision of public electronic communications networks and publicly available electronic communications services, prior to February 1, 2003), ANRC has conducted a detailed analysis of the leased lines services market.

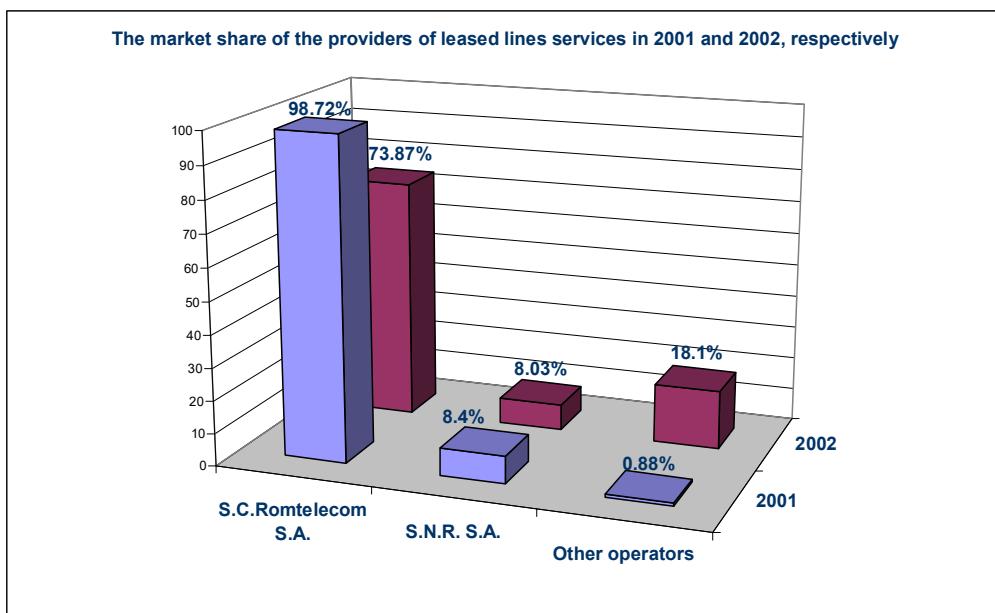


Chart 8.5. The market share of the providers of leased lines services in 2001 and 2002, respectively³²

Source: ANRC, *Study on the wholesale electronic communications markets aimed at identifying the relevant markets for the access to the local loop, to the leased lines, and to the associated facilities, September 16, 2003*

³² The market shares of the leased lines services providers are calculated by converting the capacities of the provided lines into 64 Kbps flows.

Thus, S.C. Romtelecom S.A. is the most important provider of leased lines services, with a market share of 90.72% in 2001 and 73.87% in 2002, respectively. This is one of the most important criteria taken into account when this company was designated as *operator with significant power* on the market for the provision of leased lines services-terminal segments (Chart 8.5).

Even though there are 14 providers who use their own access network for the provision of leased lines services, their share of the market of the provision of leased lines services is small (Chart 8.6).

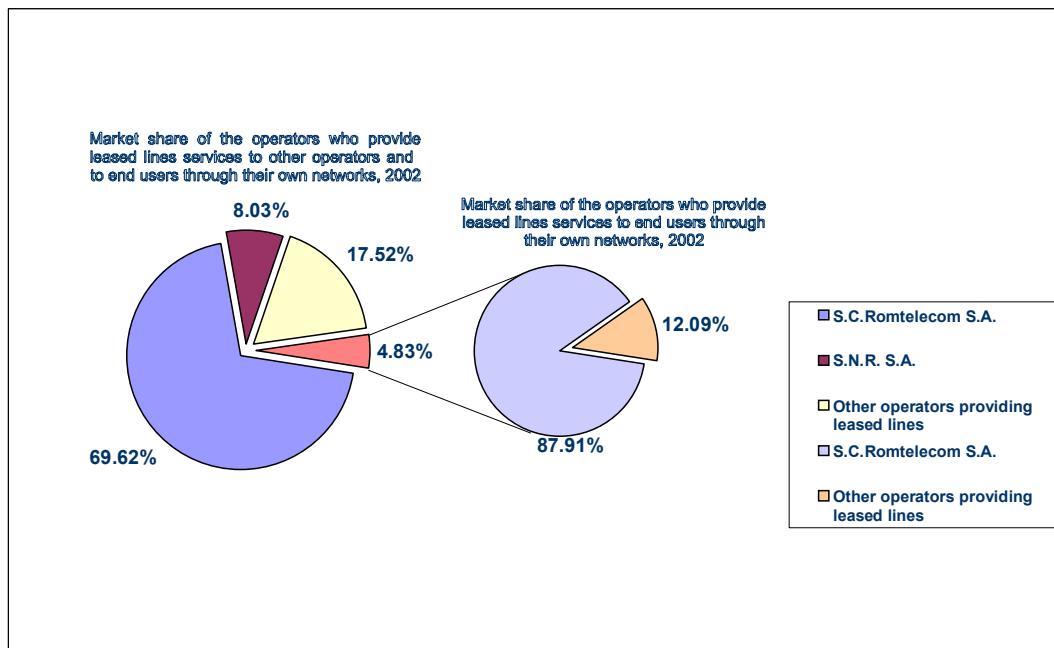


Chart 8.6. The market share of the leased lines services providers in 2002

Source: ANRC, *Study on the wholesale electronic communications markets aimed at identifying the relevant markets for the access to the local loop, to the leased lines, and to the associated facilities, September 16, 2003*

The conclusions of the study indicate that competition and the number of leased lines services providers depend on whether these providers have their own infrastructure and whether they have the possibility to purchase, where efficient, leased lines-terminal segments from the corresponding wholesale market.

In consideration of the above reasons and based on the application of the criteria stated by the *Regulation for conducting market analyses and determining the significant market power*, the President of ANRC adopted the Decision no.802/2003, regarding the designation of S.C. Romtelecom – S.A. as having significant power on the market of the provision of leased lines-terminal segments.

Interconnection with the Fixed Public Network of S.C Romtelecom S.A. for the Purpose of Providing Leased Lines-Terminal Segments Services

ANRC imposed³³ to S.C. Romtelecom S.A. obligations regarding **transparency, non-discrimination, accounting separation** and **cost orientation of tariffs**, as well as the obligation to provide **access to all the necessary services** for the interconnected providers to be able to provide their own electronic communications services. These services include access to operational assistance services and information systems or data bases for preparing orders, maintenance and repairing requests, as well as to the collocation services and other technical resources necessary for the adequate installation, connection, functioning and maintenance of the collocated equipment.

S.C. Romtelecom S.A. has the obligation to allow interconnection at all points of its network where it is technically feasible and at all the transmission nodes of the SDH/PDH network from the regional transmission network, the local subordinated transmission network or the subordinated access network, respectively, according to the network architecture.

In order to promote competition on the downstream retail markets and to encourage efficient investments in infrastructure, ANRC imposed a series of obligations to the operator with significant power on the market of the provision of leased lines-terminal segments services. Therefore, the operators who own national or regional transmission networks will be able to provide leased lines services—total circuit on the retail market by purchasing the leased lines-terminal segments from S.C. Romtelecom S.A., thus competing with the operator with significant power on the market.

The tariffs for leased lines-terminal segments services will be established, in a first phase, based on the tariffs charged by S.C. Romtelecom S.A. for the provision of leased lines services on the retail markets, adjusted in order to eliminate the costs specific to the retail market.

Until March 1, 2004, S.C. Romtelecom S.A. will update RIO in order to provide interconnection services for all the types of leased lines-terminal segments mentioned in the Decision of the President of ANRC no.1379/2003.

8.6.2. The Market for the Provision of Leased Lines-Trunk Segments Services

At this moment, in Romania there are 5 providers that own transport networks at national and regional level, with the possibility to extend them at a national level. Based on the market analysis, ANRC concluded that the providers who have such a network will be able to compete with S.C. Romtelecom S.A. as regards the leased lines services provided at the level of the national transmission network.

Considering that the dynamics of this market is definitely high, the number of providers that offer leased lines-trunk segments using their own infrastructure is estimated an increase.

As a consequence, ANRC has identified the market for the provision of leased lines-trunk segments as a relevant market, which will be monitored as regards the level of competition and the extent to which the entry barriers impede the market development.

³³ By the Decision of the President of ANRC no.1379/2003 on interconnection to fixed public networks for leased lines-terminal segments.

ANRC does not consider necessary to designate an operator with significant power on this market and to impose him specific obligations.

9. Postal Services Sector

9.1. Overview

The Romanian regulatory framework for postal services went through important changes during 2002 and 2003. The development of the economy as a whole resulted in the increase of the number of postal services providers as well as in the appearance of new value-added services. Many of the postal services providers operating in this market also carry out other economic activities, e.g. offering transport services. Nevertheless, National Company Poșta Română S.A. is still the provider with the largest turnover, the only company that offers a complete range of postal services.

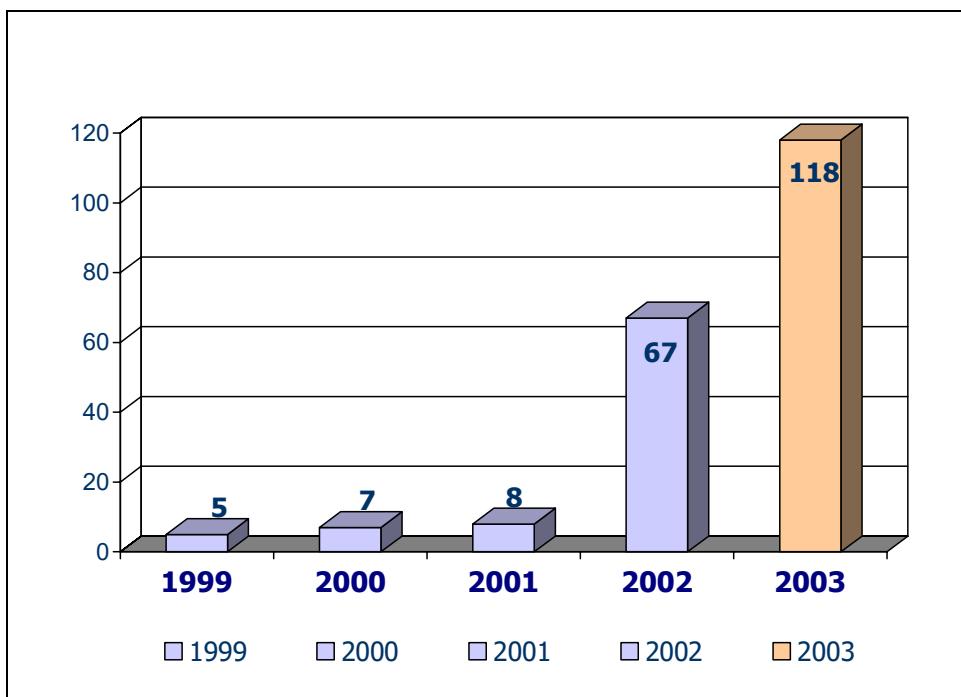


Chart 9.1. Postal services market evolution (number of companies, December 31, 2003)

Source: ANRC

9.2. Regulatory Objectives for the Postal Services Sector

The main concern of ANRC in the field of postal services was the implementation of the new legislation applicable to the postal sector. The Government Ordinance on postal services has significantly changed the authorisation system and has introduced new provisions regarding the regulation of the market, the universal service and associated institutional responsibilities. Moreover, the Universal Service Law has changed the manner of setting out postal tariffs, as it partially repealed Government Emergency Ordinance no.36/2001 on the regime of regulated prices and tariffs to be set out upon approval of the Office for Competition, published in the Romanian Official Journal, Part I, no.115 as of March 7, 2001, approved with amendments and completions by Law no.205/2002, with the subsequent amendments.

Consequently, ANRC activity evolved following two main directions:

- to complete the regulatory framework, by elaborating the necessary secondary legislation;
- to effectively apply the new regulations, especially by implementing the new authorisation system.

These activities were obviously carried out in parallel with ANRC training activities aimed at becoming fully operational, such as the professional training of its personnel (including those employed in the territorial offices) in the field of postal regulations or the activities aimed at increasing the awareness of postal services providers and users as regards ANRC.

9.3. Regulatory Activity

By the beginning of 2003, ANRC has elaborated a decision³⁴ on the authorisation of postal services providers. The decision was adopted following a public consultation and a debate in the Consultative Council of ANRC. Decision no.118/2003 of the President of ANRC sets out the authorisation procedure and the rules that may be applied to postal services providers. The services within the scope of universal service will be provided upon an individual license, while services that are not within the scope of universal service will be provided upon a general authorisation to be obtained following a notification.

Based upon the strategy on universal service in the field of postal services, ANRC has set out the procedure for selecting the universal service provider or providers through *Decision no.1351/2003 of the President of ANRC on the conditions and the procedure for the designation of universal service providers in the field of postal services*, published in the Romanian Official Journal, Part I, no.885 as of December 12, 2003. ANRC can designate a postal services provider as a universal provider upon request or *ex officio*. To this end can be designated only companies that have notified ANRC regarding their intention to provide postal services within the scope of universal service.

Companies that intend to become universal service providers may forward ANRC a request regarding their intention, to be analysed and solved by an evaluation commission established by the President of ANRC. ANRC may designate *ex officio* a universal service provider in case no request for designation is received within the established deadline, or none of the persons who forwarded a request has been designated universal service provider, or no universal service providers have been designated for all the services within the scope of universal service or for the entire Romanian territory. The designation is made upon decision of the President of ANRC and is submitted to public consultation procedure.

According to this decision, the designated providers have the obligation to ensure the continuity of the service provision by at least one collection from each point of access and by at least one delivery at each natural person's domicile and at the headquarters of each legal person, during each working day and not less than 5 days a week, in all cities on the national territory. Additionally, the provider has the obligation to publish information

³⁴ Decision no.118/2003 of the President of ANRC on the procedure for the authorisation of the postal services providers, published in the Romanian Official Journal, Part I, no.212 as of April 1, 2003.

regarding the features of the services he has been designated for, as well as to submit to ANRC approval and then publish the tariffs charged for these services.

In this respect, a draft decision on postal issues is under an advanced stage of elaboration.

Implementing the new regulations mainly comprised the application of the general authorisation regime, the issue of individual licenses, and the surveillance of the postal services market.

9.3.1. General Authorisation

Entry into force of Decision no.118/2003 of the President of ANRC has played a catalytic role for the development of the postal services market, especially for the services that are not within the scope of universal service, (see Charts 9.1 and 9.2, as well as Table 9.3). Following the receipt of 126 notifications, 120 certificates have been issued, attesting the right to provide postal services. Subsequently, two persons renounced to provide postal services and therefore the number of authorised companies amounted to 118 by the end of 2003.

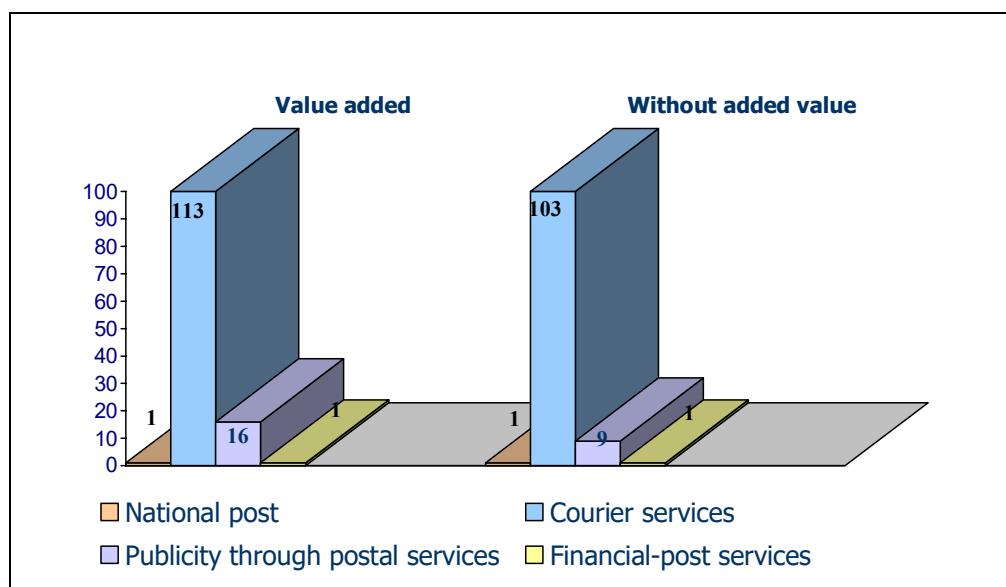


Chart 9.2 Companies authorised to provide postal services (December 31, 2003)

Type of service	No. authorised companies	
Express	8	
Advertisement through postal services	No value added	11
	Value added	15
	Total	16

Table 9.3 Statistics regarding certain categories of postal services

ANRC established a public official registry with authorised providers, available for consultation on ANRC website at http://reg.anrc.ro/posta/reg_univ.php. This registry allows any visitor to learn the name of the companies that are authorised to provide postal services in a certain county, such information proving useful for end users as well as public authorities.

By the end of December 2003, 103 companies were providing services without added value and 113 companies – value added services. Among the latter, 108 companies were providing value added services in the 0 – 10 kg segment and 110 were providing these services in the 10 – 50 kg segment (Chart 9.4).

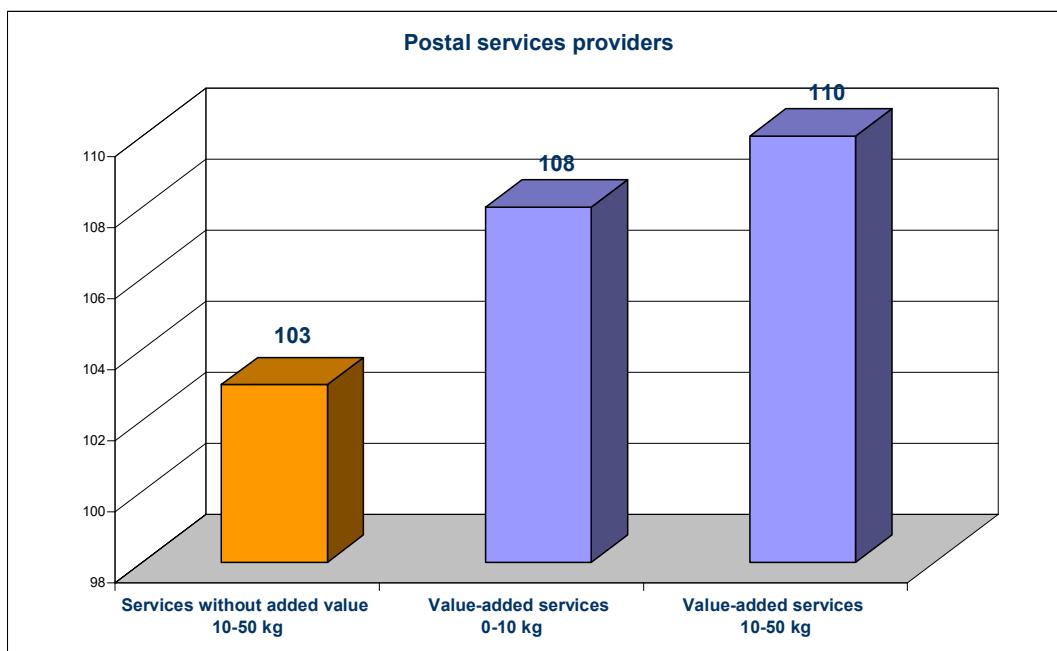


Chart 9.4. Postal services providers

Among the authorised legal persons are enlisted traditional providers on the Romanian market: C.N. Poșta Română S.A., S.C. DHL International Romania S.R.L., S.C. Trans Courier Service (TCS) S.R.L., S.C. TNT Romania S.R.L., S.C. Pegasus Courier S.R.L., S.C. Fan Courier Express S.R.L., who renewed their authorisations, together with many new providers. Although postal activities do not necessarily involve an own infrastructure, most of the operators decided to develop their own postal networks (Chart 9.5).

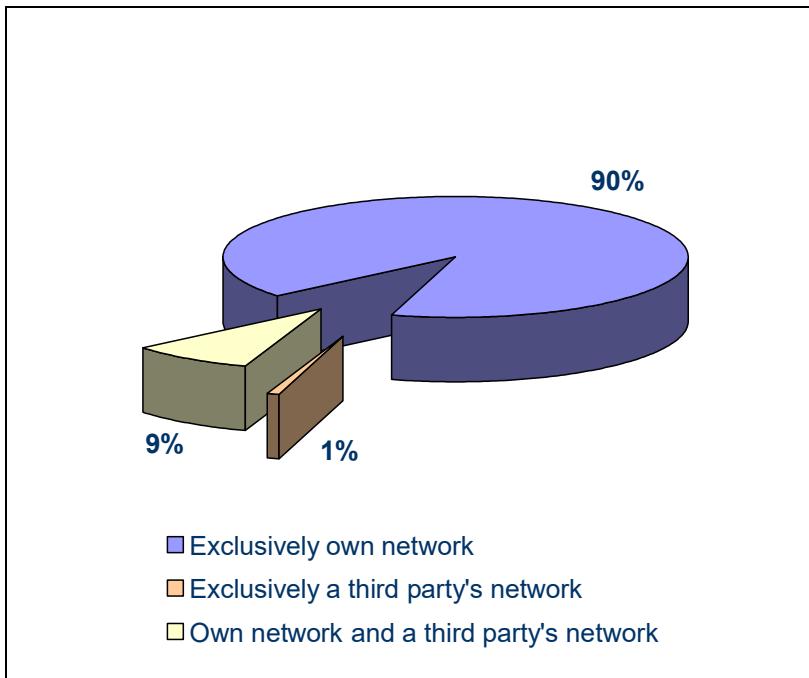


Chart 9.5. Networks used for providing postal services

9.3.2. Individual Licenses

Up to now, ANRC received only one request for granting an individual license, namely from C.N. Poșta Română S.A.

In July 2003, ANRC granted C.N. Poșta Română S.A. the individual license for the provision of postal services within the scope of universal service. This license sets out the services to be provided by C.N. Poșta Română S.A., the quality conditions related to these services, as well as the rights and obligations of the company in its capacity as a provider of postal services within the scope of universal service.

C.N. Poșta Română S.A. must provide these services at affordable, cost-oriented tariffs and must inform the users with regard to the features of the services provided, the tariffs and quality standards related to the provision of these services, and the mechanisms used for solving the complaints received from users. Additionally, the access points with a permanent opening time shall have an 8 hours schedule for activities with the public, and the waiting time at the desk shall not exceed 5 minutes.

With respect to the quality conditions regarding services, the individual license held by C.N. Poșta Română S.A. provides that postal items object to the standard service (items for which the sender does not require special treatment, such as: registered receipt, ensured value etc.) must reach their destination within 4 days at maximum after the date they are handed to the desk. Moreover, the annual number of justified complaints regarding postal items shall not exceed 2 complaints for 1000 postal items for each category, and the annual number of justified notices regarding the behaviour of C.N. Poșta Română S.A. employees shall not exceed 5 notices for 100 employees.

9.3.3. Market Surveillance

In order to ensure fair competition on the market of postal services and the observance of the legislation in force, during 2003 ANRC has carried out several controls at several providers and has applied the lawful sanctions in case of unauthorised provision of postal services.

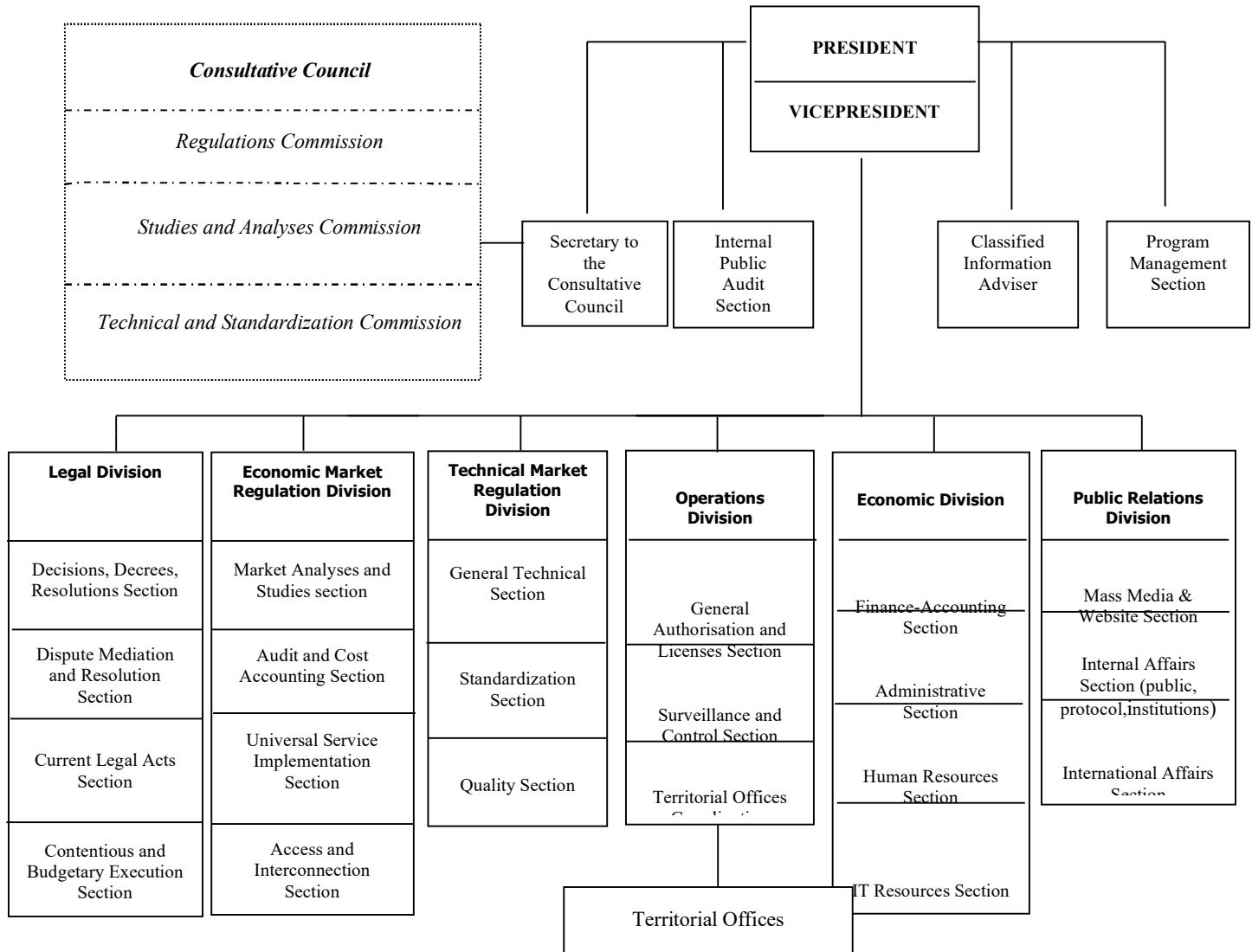
10. ANRC

10.1 Structure of ANRC Personnel

ANRC activity is coordinated by a President and a Vice-President appointed by the Romanian Prime Minister for a 5 years time interval.

In its activity, ANRC is assisted by the Consultative Council, a body aimed at bringing together ANRC representatives and representatives of other state institutions, the companies in the field and the civil society.

ANRC is structured in 6 divisions comprising 23 specialised sections. For an appropriate representation in the territory and for an efficient control activity, ANRC created 47 territorial offices, bodies without legal status, in each county as well as in each of the 6 sectors of Bucharest. In each of these offices, ANRC hired one inspector and one expert, whose role is to ensure the exercise of ANRC competencies in the territory. The hierarchical structure of ANRC is presented in Chart 10.1.



As a result of interviews held until the end of 2003 for the occupation of the available positions, 93 of the 96 positions based at the headquarters in Bucharest were occupied, as well as 92 of the 94 jobs available in the 47 territorial offices of ANRC, resulting in a 97.4% degree of occupancy of the positions in ANRC.

To ensuring an adequate institutional capacity contributed certain fundamental coordinates with respect to personnel policy: existence of well trained and sufficient personnel, capable of facing the specific requirements of this field; appropriate endowment of the working spaces; financial independence and sufficient resources for an optimum functioning of the institution.

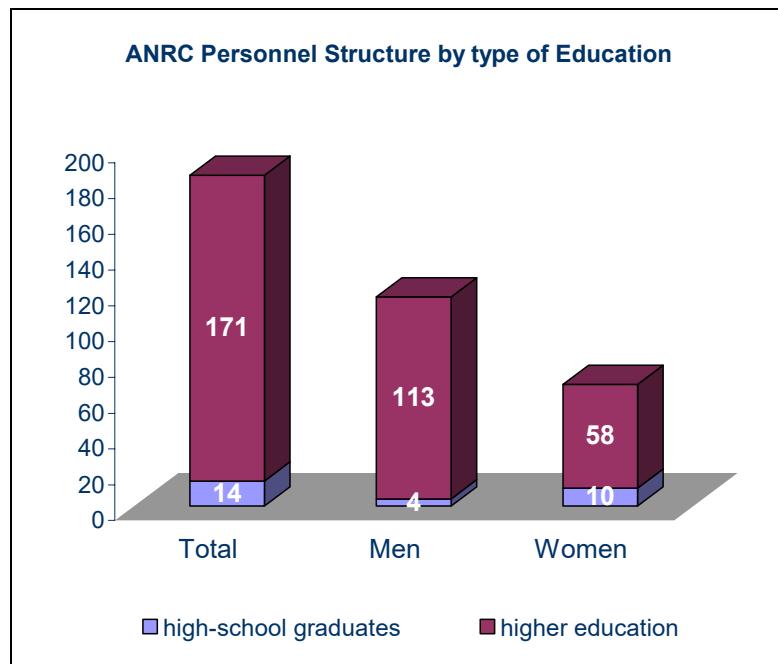


Chart 10.2

92.4% of the 185 employees of ANRC hold a graduate degree, most of them in technical disciplines like electronics and telecom engineering (122), followed by economists (26), Law school graduates (17) and other majors (6) (see Chart 10.3).

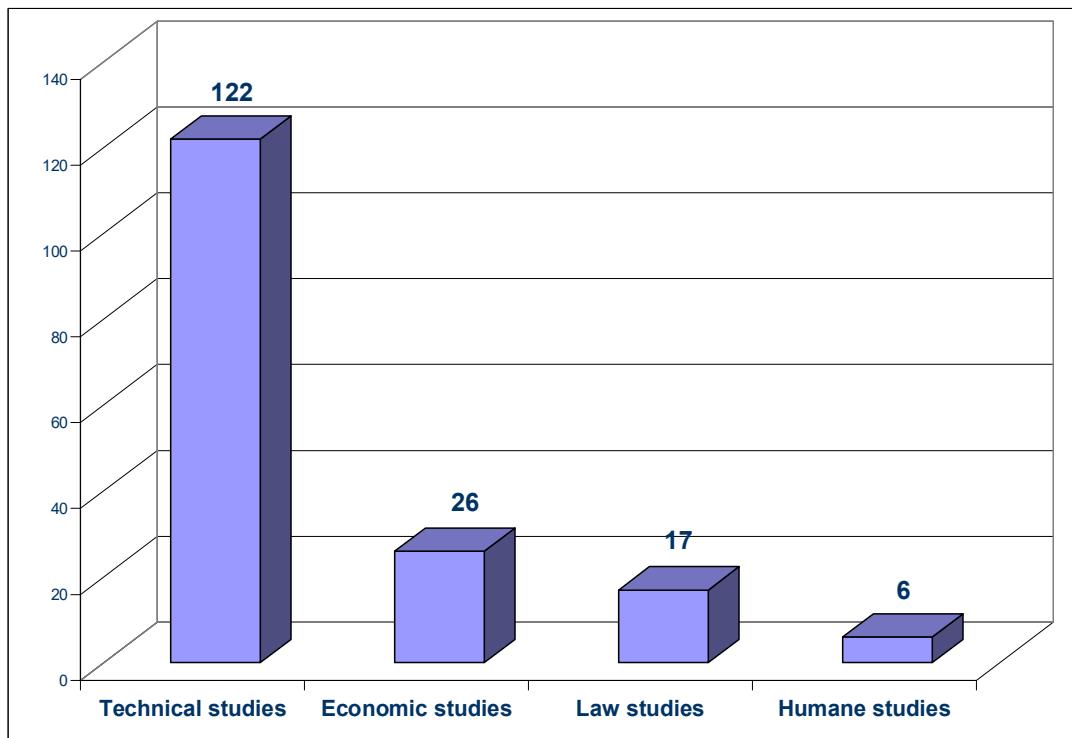


Chart 10.3

In order to fulfil its mission, ANRC needs young and dynamic employees who are ready to answer the challenges of the Romanian electronic communications market. This is reflected by the very strong representation of the 20 to 30 years segment within ANRC (over 50% of the total number of employees).

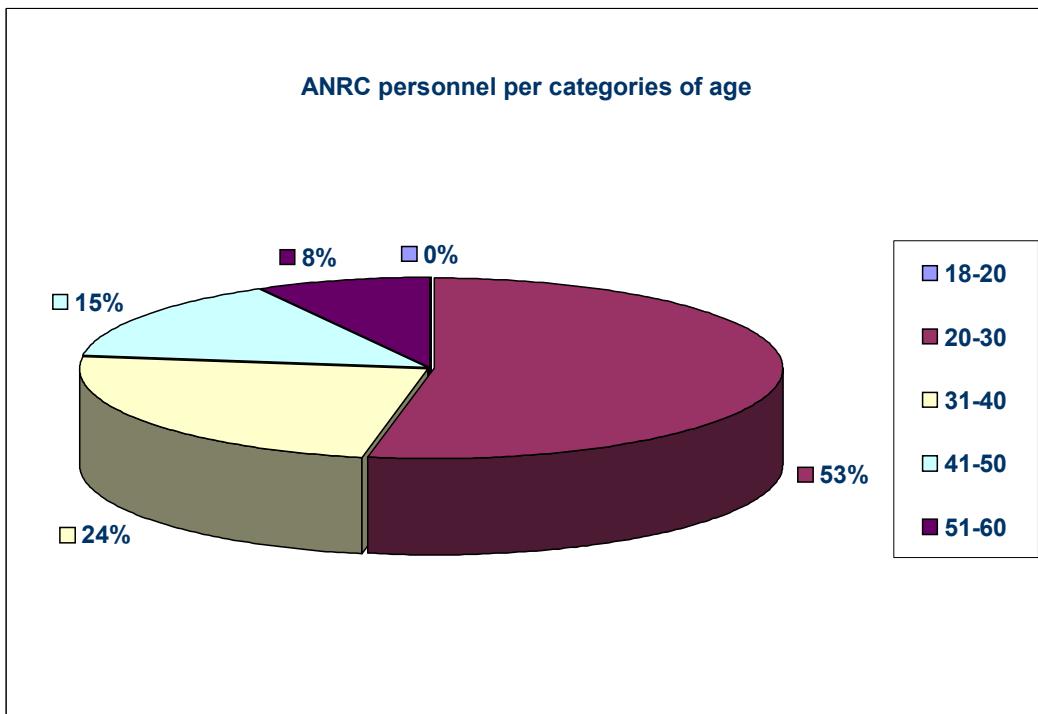


Chart 10.4

Considering that ANRC institutional capacity significantly depends on the continuous professional training of its employees, they were offered access to the most important seminars, debates, courses and conferences on the regulation of electronic communications and postal services, in Romania as well as abroad. The courses envisaged various themes strongly related to ANRC field of activity, such as interconnection, cost accounting and universal service, as well as theoretical and practical aspects of management, with an accent over the fields of public relations, finances and projects financed by the European Union. As a whole, over 100 ANRC employees attended these forms of professional training.

In order to stimulate young specialists in getting involved in the development of this sector and in view of creating a team of young people aware of the changes implied by the European regulatory model for communications, ANRC initiated and conducted an internship program for students during the second half of 2003.

This program addressed students of universities with various profiles and specialities (especially Polytechnics, the Faculty for Electronics and Telecommunications) and its main objectives was to provide the possibility to gain professional experience in a public institution as well as to bring students closer to the specific activities and projects conducted by ANRC. Over 20 students attended this program and obtained very good qualifications.

10.2 Monitoring Tariff

10.2.1 Financing Sources of ANRC

In order for ANRC to finance its running expenses and the capital expenditures, art.41 paragraph (1) of Government Emergency Ordinance no.79/2002 sets out the following sources:

- a) the monitoring tariff due in accordance with arts.47 and 48, for ANRC surveillance and control activity in the electronic communications market;
- b) the annual monitoring tariff due in accordance with art.51 of Ordinance on postal services;
- c) the tariff for the use of numbering resources due in accordance with art.19 paragraph (2);
- d) other incomes ANRC may obtain in accordance with the provisions of the legislation in force.

ANRC may accept donations, inheritances and sponsorships, in accordance with the legal provisions.

The law provides that such collected amounts are fully retained as extra-budgetary incomes, on a permanent basis, at ANRC disposal, and will be used according to the provisions of the budget for revenues and expenditures, approved in accordance with the legal provisions.

10.2.2 ANRC Budgetary Receivables

Through the Decision no.811/2003 of the President of ANRC on the organisation of the activity of collecting ANRC budgetary receivables, published in the Romanian Official Journal, Part I, no.862 as of November 21, 2003, ANRC regulated the regime of the budgetary receivables due to it.

This act sets out the following categories of budgetary receivables due to ANRC:

- a) the annual monitoring tariff due by the providers of electronic communications networks and services in accordance with arts.47 and 48 of Government Emergency Ordinance no.79/2002;
- b) the annual monitoring tariff due by the providers of postal services in accordance with art.51 of the Ordinance on postal services;
- c) the tariff for the use of numbering resources due by the holders of the individual licenses for the use of numbering resources in accordance with art.19 paragraph (2) of Government Emergency Ordinance no.79/2002;
- d) a 25% quota of the amounts representing fines applied in accordance with the provisions of art.17 paragraph (2) of Law no.676/2001 on the processing of personal data and protection of privacy in telecommunications field, of art.59 paragraph (1) of Government Ordinance no.31/2002, approved with amendments and completions by Law no.642/2002, of art.18 paragraph (2) of Government Ordinance no.34/2002 on access to public electronic communications networks and the associated facilities, as well as their interconnection, approved with amendments and completions by Law no.527/2002, of art.55 paragraph (2) of Government Emergency Ordinance no.79/2002, as well as of art.31 paragraph (2) of Universal Service Law, corroborated with the provisions of art.8 paragraph (3) of Government Ordinance no.2/2001 on the legal regime of contraventions,

approved with amendments and completions by Law no.180/2002, with the subsequent amendments;

e) the administrative fines applied on grounds of art.60 paragraph (1) of the Ordinance of the postal services, of art.19 paragraph (1) of Government Ordinance no.34/2002 and of art.56 paragraph (1) of Government Emergency Ordinance no.79/2002;

f) interests and delay penalties due to ANRC in accordance with the legislation in the fiscal domain;

g) other budgetary incomes due to ANRC on grounds of legal provisions.

Following the entering into force of the new Code for Fiscal Procedure, approved by Government Ordinance no.92/2003, the management of ANRC budgetary receivables shall be made in accordance with the new legal provisions.

10.2.3 Monitoring Tariff Calculation Method

Among the above, the main source of income for ANRC is the monitoring tariff. According to art.47 paragraph (1) of Government Emergency Ordinance no.79/2002, „*The providers of electronic communications networks and services authorised hereunder shall pay ANRC an annual monitoring tariff, calculated as a percentage from the turnover of each provider.*” As an exception, art.47 paragraph (8) states that, „*The persons authorised under article 4 who provide exclusively for their own needs electronic communications networks and services that are using radio-electric frequencies shall be exempted from paying the annual monitoring tariff.*”

The annual monitoring tariff represents a percentage of each provider’s turnover. This percentage is annually determined, without exceeding 0.5%, as the rate between the estimated expenses for the current year, set out in ANRC budget approved according to art.42 of Government Emergency Ordinance no.79/2002, minus the incomes estimated to be obtained from other sources, set out in the approved budget, and the cumulated turnover, corresponding to the previous year, of all the providers of electronic communications networks and services who owe the monitoring tariff. The annual monitoring tariff due by each provider is calculated as the above mentioned percentage multiplied by the turnover of the respective provider corresponding to the previous year. The legislative solution was inspired by the regulations at European Union level and provides that the regulatory authorities are mainly financed from the contributions of the persons within their field of regulation.

For 2003 were obliged to pay a monitoring tariff those persons who notified ANRC regarding their intention to start providing electronic communications networks or services prior to the deadline for the registration of annual balance sheets to the territorial units of the Ministry for Public Finances, according to the legislation in force in the field of finances and accounting. Among the persons who notified ANRC, 504 companies owed to ANRC a monitoring tariff for 2003. 30 persons among these declared a turnover equal to zero and consequently did not pay any monitoring tariff. The total turnover of the 504 providers amounted to 1.830 billion euro (69 thousand billion lei).

Using this amount, ANRC set out the monitoring tariff for 2003 for the providers of electronic communications networks and services to **0.207373556%** of the total

turnover of 2002. This percentage was communicated to the providers, to be paid by them in two equal instalments.

After obtaining the financial statements of all the providers who have the obligation to pay the monitoring tariff, ANRC recalculated the percentage of the turnover due by each provider for 2003. This percentage currently amounts to **0.201731794%**. ANRC consequently updated the amounts representing the monitoring tariff due by the providers.

According to the Ordinance on postal services, the tariff for the **providers of postal services** is fixed and represents 0.1% of the turnover for the previous year of each postal services provider. The 67 postal services providers who will pay the monitoring tariff for 2003 declared a turnover for 2002 that amounts to 174 million euro (6500 billion lei).

The monitoring tariff for 2003 was paid by 409 providers of electronic communications networks and services and by 53 providers of postal services, and 80.9% was paid until the end of 2003.

10.3 Communication

The period immediately following the liberalisation of the electronic communications market was characterized by an increased need for information, determined by the introduction of a completely new legislative framework as well as by the changes in the market. Under these circumstances, it was the duty of ANRC to take over a set of information activities that was proportional to its role in this domain, considering that the success of applying new regulations directly depends on the degree of information of the industry and the consumers as regards the changes occurred.

The effects of the electronic communications market liberalisation were first of all noted by the market players, who were confronted with the challenge and the opportunity to develop their business under completely new conditions. That is why the main objective of the ANRC communication activity in 2003 was to create direct channels for the communication with the industry. We based this relationship on the principles of **transparency, information, and public consultation**.

10.3.1 Communication with the Industry and the Users

In order to turn into practice these basic principles of the activity of each modern regulatory body, the ANRC website - <http://www.anrc.ro/> was created, available in Romanian and in English, by means of which all relevant information regarding ANRC activity is brought to public attention and public consultations over the draft regulations are conducted. On the ANRC website is available the full record of the providers of electronic communications networks and services, as well as the similar record of the postal services providers.

Moreover, along with press releases and press information, ANRC elaborates and transmits, on a weekly basis, a newsletter in Romanian and in English that comprises the main weekly information regarding ANRC activity and is also transmitted to the regulatory authorities from the Member States of the European Union and from the Candidate

Countries, as well as to the representatives of the European Commission; this newsletter represents an efficient means of information as regards the measures ANRC adopts or intends to adopt as part of the regulatory process. It is a concise formula for keeping companies and institutions from Romania and from abroad with respect to all these topics. A newsletter comprising the most important international news in the field of communications and the regulatory activity is also elaborated and made available weekly to the users of the ANRC website.

The electronic communications industry promptly responded to ANRC attempts to build informational bridges. The interest of these companies in the information generated or conveyed by ANRC was mainly shown by the high number of visits on the website of the institution - an average of 190 unique visitors per day – but also by the large number of subscribers to the newsletter of ANRC. The number of subscribers to this means of communication dedicated to providers amounted to 945 persons by December 31, 2003.

Consistent with its continuous communication with the industry, ANRC observed the principle of transparency during the entire process of elaborating the regulations. All the decisions of the president of ANRC with a significant impact on the market were submitted to public consultation on the ANRC website, in accordance with art.50 of Government Emergency Ordinance no.79/2002. Since October 2002 until December 31, 2003, on ANRC website were conducted **55** public consultations resulting in 27 decisions adopted.

Amendments brought following the recommendations and comments received from the representatives of the industry were discussed during the Consultative Council meetings, a forum dedicated to consultations with the market players, attended by representatives of ANRC, of the providers and their associations and of other public institutions in fields of interest for the regulation of electronic communications and postal services. The documents submitted to discussions during the meetings of this body and during the reunions of the specialised commissions are published on ANRC website together with the minutes of the previous reunions. Also, the synthesis of the comments and even the comments of the main actors in the market are also published in the same manner. On the ANRC website there are also available the disputes submitted to ANRC in order to be solved, and the solution is added after it is pronounced.

Additionally, ANRC organized an extended consultation meeting dedicated to access to the local loop, addressed to the new entrant providers on the electronic communications market. The success of this reunion lead to the decision that such reunions should be held once every two months, allowing the new entrant providers in the electronic communications market to communicate to ANRC the specific problems they encounter.

10.3.2 Provision of Public Interest Information

During this first year, it also proved very important to establish a way of interacting, a working model in relationship with the market players as well as in relationship with the public. ANRC strategy in this respect was based on professionalism, on an open attitude towards co-operation, on the flexibility and accessibility of all its compartments. This way, information was efficiently and promptly transmitted towards the interested parties and was then reflected by the figures that measure this activity.

It must be mentioned that very often communicating with the public was not limited to the information ANRC is obliged to provide according to Law no.544/2001 on free access to information of public interest, but ANRC made a fruitful use of the expertise of its specialists to the benefit of the industry and the consumers, as they provided, upon each request, free-of-charge consultancy to all those interested.

Requests for Public Information and Petitions in 2003 – In Figures

Total number of requests	460
Requests for information	414
Petitions	46
Requests for information on domains of interest	
Electronic communications	
- <i>telephony</i>	35
- <i>Internet access services</i>	30
- <i>cable television</i>	18
- <i>authorisation (procedure, standard forms)</i>	92
- <i>tariffs</i>	23
- <i>providers</i>	33
- <i>interconnection</i>	10
- Postal services (authorisation, tariffs, providers etc.)	32
- Legislation	15
- Market analyses	14
- General data regarding ANRC (contact data, organisation etc.)	78
- Other	34
Favourably solved requests	405
Unsolved requests	0
Rejected requests	0
Re-directed requests	9
Requests addressed in writing:	283
- on paper	23
- by electronic means	290
Requests addressed by telephone	136
Requests addressed by natural persons	199
Requests addressed by legal persons	220
Administrative requests	0
Complaints in front of the Court of Law	0
Total costs	no additional resources were necessary
Average interval for answering the requests	3 days
Minimum interval for answering	1 day
Maximum interval for answering	11 days
Answering the requests by telephone	immediately

Table 10.1

Since its establishment and for the purpose of building good communication with the public, a specialised section – Internal Relations Section – operates within the Public Relations Division of ANRC, where information can be required and petitions can be submitted. Moreover, a public information office operates within ANRC, providing those interested access to all documents of public interest produced by the ANRC.

10.3.3 Relations with the Media

ANRC relationship with the press evolved towards two major directions. On one hand, ANRC had to make as much a use of this channel as possible in order to transmit to the industry all changes occurred in this field. This element was even more important considering the need that a new system of rules for the operation of the market had to be brought to the attention of the industry. On the other hand, the media was identified as a channel for efficiently communicating with the industry, considering that the companies in this field must be promptly informed as regards ANRC draft decisions ANRC, allowing a the largest possible number of operators to learn they can make comments and recommendations on drafts by means of the public consultation mechanism.

ANRC provided the media with information as to the situation of the market and acted as an authorised and competent source of technical and economical information.

The 74 journalists who were accredited with the ANRC represent the most important media in the country.

Mass Media Communications in 2003 – In Figures

Total number of requests for information	160
Requests per domains of interest (most often)	
- economic regulation	81
- authorisation for electronic communications services	30
- allocation of numbering resources	8
- statistics/market analyses	3
- postal services	5
- legislation	5
Favourably solved requests	149
Requests remained unsolved	3 (requests for interview, cancelled by the requester)
Re-directed requests	8 (requests related to other bodies' competences)
Written requests	47
- on paper	-
- by electronic means	47
Requests addressed by telephone	112
Personally addressed requests	1
Total costs	no additional resources were needed
Average answering time	12 h
Minimum answering time	2h
Maximum answering time	48h
Answers to requests addressed by telephone	immediately
No. subscribers to press releases	914

Table 10.2

On the other hand, ANRC committed itself to introducing the journalists to the latest elements of the new regulatory framework and organized two seminars dedicated to their training, on December 17, 2002 and on October 31, 2003. The first seminar, held shortly after the establishment of ANRC, focused on helping the journalists become familiar with the changes occurred as a result of the modified legislation in this field as well as with ANRC specific attributions and competences. During this meeting, ANRC representatives

made presentations followed by questions and answers on the most important themes in the area of competence of ANRC. During the second seminar, the journalists were invited to choose themselves the subjects to be discussed, as they identified such during the time interval since the liberalisation, in order for ANRC specialists to effectively cover all necessities of information.

ANRC tried to become a credible partner for the press through an objective character of information and an open communication manner towards mass-media.

How Did the Media Reflect ANRC Activity in 2003

Positive or neutral articles	641
Articles with a negative trend	19
Total	660

Table 10.3

10.3.4 Approach for year 2004

The most important part of ANRC communication activity in this first year has been industry oriented. At the same time with the transformations generated on the market by the new regulatory framework and by the disappearance of monopoly, the communication strategy of ANRC will increasingly focus on consumer information. It is the wish of the ANRC staff to represent a source of consumer education and information, as the consumer is the one to whom the liberalised market offers more and more choices.

11. Annual Financial Statement for 2003

11.1 Balance Sheet Closed by December 31st, 2003

No. row	Indicators	- ROL thousand -
		Final value – end of year
	A	2
	ASSETS	
A.	Fixed assets, land, loos tools and other assets (code 101 to 105)	31,487,292
	Fixed assets and land (code 01)	24,566,491
	Loos tools (code 602 + 603 + 604)	4,804,906
	Intangible assets (code 02)	2,115,895
B.	Source of finance (code 140)	267,632,781
3.	Budget of public institutions (code 141 + 190 + 200 + 220 + 260)	267,632,781
3.1.	Liquidities (code 142 + 160 + 170)	121,212,508
	Liquidities of the public institution (code 143 to 159)	121,170,063
	Liquidities of the public institution from extra budgetary revenues (code 120)	121,170,063
	Special destination liquidities (code 161 to 169.2)	42,445
	Liquidities from special destination and re-distributed funds (code 119.01)	42,445
3.2	Source of finance and other values (code 191 to 193)	169,333
	Other values (code 159)	169,333
3.3	Receivables and debtors (code 201 to 219)	144,214,710
	Other receivables (code 213)	134,013,000
	Debtors (code 220)	50,841
	Customers (code 225)	10,150,869
3.4	Expenditures (code 221 + 240 + 250)	0
3.5	Materials (code 261 to 274)	2,036,230
	Other materials (code 600.09)	1,826,328
	Merchandise in consignment at third parties (code 608*)	209,902
	TOTAL (CODE 100 + 110)	299,120,073
A.	FUNDS (code 301 to 308)	31,487,292
	Assets in public state property (code 306)	425,879
	Assets in private state property (code 307)	24,140,612
	Loos tools fund (code 311)	4,804,906
	Intangible assets fund (code 312)	2,115,895
B.	BUDGET FINANCING, REVENUES, PAYABLES AND OTHER SOURCES (code 340)	267,632,781
3.	Budgets of the public institution (code 341 + 370 + 390 + 420)	267,632,781
3.2	Extra-budgeting revenues (code 371 la 378)	116,777,363
	Extra-budgeting revenues of the public institution (code 520)	116,777,363
3.3	Payables, creditors and other sources (code 391 to 411)	150,855,418
	Staff costs (code 230)	1,460,710
	Creditors (code 231)	134,229,069
	Payables to the state budget (code 232)	1,730,754
	Payables to the state social security budget (code 233)	2,921,009
	Suppliers (code 234)	250,903

	Payables to the unemployment contributions (code 235)	261,382
	Accrued income (code 531)	10,001,591
	TOTAL (code 300 + 310)	299,120,073
		- ROL thousand -
No. row	Indicators	Final value – end of year
	A	2
	ASSETS	
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	Suppliers (code 234)	250,903
	Payables to the unemployment contributions (code 235)	261,382
	Accrued income (code 531)	10,001,591

	TOTAL (code 300 + 310)	299,120,073
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11.2 Details of Expenses by December 31st, 2003

No. row	Indicators	Code	Provisions initially approved	Definitive provisions	Payments	Expenditure
A	B	C	1	2	3	4
01	Expenses (code 01 + 69 + 78)		226,753,509	226,753,509	124,691,070	128,368,282
02	A. OPERATING EXPENDITURES (code 02+ 20 + 34 + 36 + 38 + 49)	01	184,254,368	184,254,368	107,836,085	111,619,931
03	TITLE I. STAFF COSTS (code 10 + 11 + 12 + 13 + 14 + 15)	02	120,654,368	120,654,368	71,504,733	75,238,265
04	Salaries	10	50,150,823	50,150,823	46,217,753	48,472,360
05	Contributions to the social security fund	11	12,537,707	12,537,707	10,799,870	12,018,589
06	Contributions to the unemployment fund	12	1,755,280	1,755,280	1,619,464	1,691,493
07	Contributions to the health social insurance	13	3,510,558	3,510,558	3,150,917	3,385,394
08	Travels, missions and transfers expenditures	14	50,000,000	50,000,000	7,391,703	7,345,403
09	Internal travels, missions and transfers expenditures	14.01	20,000,000	20,000,000	1,615,221	1,568,921
10	External travels, missions and transfers expenditures	14.02	30,000,000	30,000,000	5,776,482	5,776,482
11	Lunch tickets	15	2,700,000	2,700,000	2,325,026	2,325,026
12	TITLE II. MATERIALS AND SERVICES EXPENDITURES					

	(code 21 + 22 + 23 + 24 + 25 + 26 + 27 + 28 + 29 + 30 + 31 + 32 + 33)	20	63,600,000	63,600,000	36,331,352	36,381,666
13	Administrative expenditures	24	24,500,000	24,500,000	16,004,019	16,170,065
14	Materials	25	4,000,000	4,000,000	521,899	521,899
15	Consumables	26	12,000,000	12,000,000	3,833,128	3,833,128
16	Current Repairs	27	4,000,000	4,000,000	3,486,169	3,486,169
17	General overhauling	28	8,000,000	8,000,000	6,021,874	6,021,874
18	Books, magazines, periodicals, published works	29	500,000	500,000	492,987	377,255
19	Other expenditures - total, out of which:	30	10,600,000	10,600,000	5,971,276	5,971,276
20	B. CAPITAL EXPENDITURES (code 70)	69	42,499,141	42,499,141	16,854,985	16,748,351
21	TITLE VII. CAPITAL EXPENDITURES (code 71 to 74)	70	42,499,141	42,499,141	16,854,985	16,748,351
22	Capital investment of public institutions and self financing	74	42,499,141	42,499,141	16,854,985	16,748,351

- ROL thousand -

11.3 ANRC Budgeting by December 31st, 2003

- ROL thousand -

No. row	Indicators	Code	Provisions initially approved	Definitive provisions	Collected	x
A	B	C	1	2	3	4
I	REVENUES - TOTAL, out of which:	23.03	226,753,509	226,753,509	246,490,806	
1	- Collection of annual monitoring tariff	23.03.01	150,000,000	150,000,000	140,031,053	
2	- Long term internal loans	44.03.05	0	0	36,131,000	
3	- Revenues from other sources	23.03.00	76,753,509	76,753,509	70,328,753	

No. row	Indicators	Code	Annual provisions	Cumulated quarterly provisions	Payments	Effective expenditures
A	B	C	1	2	3	4
II	EXPENDITURES - TOTAL, out of which:	68.03.50	226,753,509	226,753,509	124,691,070	128,368,282
1	OPERATING EXPENDITURES:	01	184,254,368	184,254,368	107,836,085	111,619,931
1.1	- Staff costs	02	120,654,368	120,654,368	71,504,733	75,238,265
1.2	- Materials and services expenditures	20	63,600,000	63,600,000	36,331,352	36,381,666
2	CAPITAL EXPENDITURE	70	42,499,141	42,499,141	16,854,985	16,748,351
III	BUDGET SURPLUS	98.03	0	0	121,799,736	

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Additionally, the printed version contains the financial statements for 2003, registered in February 2004 with the Ministry of Public Finances, as well as reports on ANRC activity during December 2003.

The full version of the 2003 Annual Report of ANRC is available on ANRC website: www.anrc.ro.