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CONSULTATION DOCUMENT REGARDING THE REGULATORY STRATEGY FOR THE ELECTRONIC COMMUNICATIONS SECTOR IN ROMANIA (2007-2009)

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Definitions

Basic regulatory objectives: the objectives defined under Art.45 din of the Government Emergency Ordinance no.79/2002 on the general regulatory framework for communications, approved with amendments and completions by Law no.591/2002, with the subsequent amendments and completions, hereinafter referred to as the *Framework-ordinance*, among which we count three essential objectives: 1) promote competition, 2) encourage effective investments in infrastructure and promote innovation, 3) protect the end-users rights and interests, including the right of access to Universal Service.

Short-listing the objectives for the purpose of elaborating a strategy, by setting out several basic regulatory objectives does not affect the relevance of the detailed objectives (promote transparency as to the end-users, promote the specific interest of the disabled and of the users with special needs, protection of personal rights, especially of the right to privacy, promote the integrity and security of the public communications networks, promote media convergence and technological neutrality, promote linguistic and cultural diversity, as well as media pluralism). These are permanently considered as the essential quality parameters of the Romanian regulatory system;

Strategic regulatory objectives: list of the ANRC objectives for 2007-2009, accompanied by a definition of the priority and intertwining relationships between them;

Regulatory principles: set of good practice rules based on which the regulatory policies are established and the regulatory instruments (remedies) are defined and used;

Regulatory policies: conceptual models and general action plans guiding the ANRC decisions and activity for the purpose of achieving specific strategic objectives;

Regulatory instruments: decisions with normative and individual character, functional, operational and financial procedures enforcing the policies in the field, norms and technical regulations in the field of electronic communications, compliance monitoring and control procedures etc. The regulatory instruments include all the remedies defined and used by ANRC for the purpose of achieving the regulatory objectives;

Regulatory information system: information instruments and systems used for understanding the peculiarities and for monitoring the evolution of the electronic communications sector, for defining the relevant markets and analysing the competition status in each of them, as well as for selecting and rendering

operational the most adequate regulatory instruments with a view to achieving the regulatory objectives. The regulatory information system includes all the information sources available to ANRC (such as: statistical data, market studies and analyses, statutory and regulatory financial statements, cost statements and costing models, instruments/models for evaluating *„margin squeeze"* practices of the operators with significant market power, technical-economic models allowing for an assessment of the competitive environment and of the investment incentives etc.), together with the procedures regarding their collection, processing, interpretation and use;

Analysis indicators: statistic, market and financial-economic indicators used in the analysis of the electronic communications sector for the purpose of grounding the strategic objectives, policies and regulatory decisions;

Target-market: the Romanian electronic communications market at the end of 2009; the characteristics of the target-market are determined by the predictable evolution of the electronic communications sector and by the strategic regulatory options to be adopted by ANRC for the purpose of facilitating the achievement of the strategic objectives;

Market segment: a structure unit or a group of homogenous structure units resulted from the process of segmenting the electronic communications sector;

Strategies regulatory option: unitary system consisting of strategic objectives, policies, principles and regulatory instruments, as well as the regulatory information system, required for rendering operational, monitoring the results and adjusting the above mentioned;

Emergent market: a new, developing market, generally having accelerated dynamics, on which there is not enough information to estimate the development of the market limits, of the competitive environment, of the investment framework conditions as well as the incentives for innovation;

Background

According to the 2006 action plan of the National Regulatory Authority for Communications, for the purpose of improving the transparency and predictability of the regulatory framework, ANRC will elaborate and adopt a strategy document which grounds the regulation of the electronic communications sector during 2007-2009.

The regulatory strategy for the electronic communications sector will take into account the principles and trends of the electronic communications sector established in the Romanian Government's Policy in the field of communications and information technology will aim at conducting the functions and achieving the general objectives of ANRC, as defined in Art.44 and 45 of the Framework-Ordinance.

Thus, the regulatory strategy elaborated by ANRC will include a diagnosis of the development of the electronic communications sector since liberalisation and will focus on adjusting the regulatory instruments for the electronic communications sector for the purpose of achieving the objectives defined under Art.45 of the Framework-Ordinance: promote competition, encourage effective investments in infrastructure and promote innovation, protect the end-users rights and interests, promote transparency as to the end-users, promote the specific interest of the disabled and of the users with special needs, protection of personal rights, especially of the right to privacy, promote the integrity and security of the public communications networks, promote media convergence and technological neutrality, promote linguistic and cultural diversity, as well as media pluralism.

Elaborate the regulatory strategy for the electronic communications sector is an instrument counted among the best regulatory practices in Europe. This strategy will result in increasing the degree of predictability of the ANRC regulatory activity and will be performed with the assistance of a consultant to be selected through the public acquisition procedure, as well as with the support of the representatives of the providers of electronic communications networks and services, whose participation is required in the consultation on the opportunity of enforcing the identified strategic measures.

This document is part of the series of public consultations to be organised by ANRC during 2006, which end up in adopting a regulatory strategy document for the electronic communications sector during 2007-2009.

1. Project objectives

The purpose of the regulatory strategy for 2007-2009 resides in improving the coherence and effectiveness of the regulatory decisions adopted by ANRC, while increasing the degree of transparency and predictability of the regulatory framework for the electronic communications sector in Romania. To this end, the ANRC objectives and activities are harmonised with the ultimate aim of the regulatory policies, i.e. protect the end-users' interest as regards the availability, diversity, quality and price of the electronic communications services. The ANRC fundamental objectives are:

- Promote competition;
- Encourage efficient investment in infrastructure and promote innovation;
- Protect the end-uses' rights and interests regarding the electronic communications networks and services, including the right of access to universal service.

Starting from these fundamental objectives, interpreted from a coherent and well-grounded economic point of view, ANRC will establish, based on the diagnosis of the electronic communications sector and of the regulatory framework in Romania, a unitary operational system of strategic objectives, as well as a set of principles, policies and regulatory instruments based on defining, updating and using a complete information system for market surveillance, announcing and grounding the regulatory decisions.

A diagram of the activities to be conducted by ANRC in order to achieve the project objectives is available in **Annex 1**.

QUESTION 1
In your opinion, what are the basic objectives of the ANRC regulatory activity?

2. Diagnosis

2.1. Segmentation of the electronic communications sector

In order to consider the peculiarities of the Romanian electronic communications sector and to effectively establish the strategic objectives, the principles, the policies, the regulatory instruments and the necessary information systems, we need to define homogeneous segments within the sector and to understand their detailed characteristics.

In order to establish the best solution for the structural segmentation of the electronic communications sector, ANRC will perform a detailed presentation of the intertwining technical and economic conditions featured by the services offered by the operators and will define the homogeneous interest areas in the field of regulation based on the characteristics of the competitive and investment environment, while aiming at maximising the *effectiveness of the strategic regulatory options*. Determining these options will allow for rendering operational the fundamental regulatory objectives under maximum effectiveness conditions. During this procedure, ANRC will take into account the structure below, as well as the structure of the relevant markets within the recommendation of the European Commission regarding the relevant markets[1].

<table>
<tr><td rowspan="2"></td><td colspan="3">Fixed and mobile networks</td></tr>
<tr><td>Voice Services</td><td>Broadband Communications Services</td><td>Other services</td></tr>
<tr><td>Services offered on the wholesale markets</td><td colspan="3" rowspan="2">- ANRC strategic objectives
↑
- Regulatory principles and practices
↑
- ISM (Information System for Monitoring the market development, warning and decision-grounding)</td></tr>
<tr><td>Services offered on the retail markets</td></tr>
</table>

The segmentation of the electronic communications sector will be regarded as a combination of the links and correlations between several variables, such as the technical platforms used for service provision (infrastructure type), services offered and the manner of vertical or horizontal integration of the activities chosen by the electronic communications providers.

ANRC will be able to define the correspondence between segments and markets based on the definition and grounding of a theoretical system of economic thinking and base don empirical proofs on the compatibility between the economic thinking proposed and the economic and technical real issues of the Romanian electronic communications sector.

Question 2
In your opinion, which is the most adequate manner of structurally segmenting the electronic communications sector? Ground your opinion.

[1] *Commission Recommendation of 11 February 2003 on relevant product and service markets within the electronic communications sector susceptible to ex ante regulation in accordance with Directive 2002/21/EC of te European Parliament and of the Council on a common regulatory framework for electronic communications networks and services (OJ L 114/8.5.2003 p.45).*

2.2. Identifying the adequate analysis indicators for a diagnosis of the electronic communications sector in Romania

ANRC will determine a set of (economic, financial, technical, statistic, social etc.) indicators for the **quantitative** and **qualitative** assessment of the characteristics of the electronic communications sector, as well as of their evolution, both since the market liberalisation and for the future. The analysis indicators will be correlated with the fundamental objectives of the regulatory activity provided at point 1, focusing on the features of the competitive and investment market.

The analysis indicators will be established considering all the characteristics of the electronic communications sector, both statically (at a certain moment) and dynamically (historic evolution). Thus, ANRC will propose indicators for the evaluation of all the aspects of the electronic communications sector (technical, economic, financial, statistic, social etc.), both at sector level and at the level of the whole market.

In order to establish the analysis indicators, ANRC will use the statistical data available for 2003-2005, as completed by specific statistical data obtained from market studies, independent reports, benchmarking considering markets with similar features etc. The information system currently used by ANRC is available in **Annex 2**.

Question 3
In your opinion, which are the fundamental objective analysis indicators that you consider adequate in the process of diagnosis of the electronic communications sector? Ground the proposed solutions.

2.3. Conducting a diagnosis of each homogeneous segment of the Romanian electronic communications sector

ANRC will use the set of analysis indicators for the purpose of a qualitative and quantitative analysis of the evolution of the communications sector since the liberalisation. The diagnosis will be conducted at the level of the identified segments of the electronic communications sector and will start from the technical and economic analysis of the services offered on the retail market, within each segment.

Technical analysis

ANRC will perform technical analyses regarding the services offered by the providers of electronic communications providers on the retail markets. These analyses will include at least the following aspects:

- Description of the characteristics, conditions and technical restrictions that affect the service offered on the retail market;
- Identification/definition of the elements available on the wholesale market (the input) making possible the provision of the service on the retail market;
- Essential facilities from a technical-economic point of view, required for the provision of the respective service;
- The best technical solution for the provision of the respective service, considering the relevant circumstances.

Economic analysis

An ANRC economic analysis will focus on the following issues:

- Evaluate the structure of the relevant markets and of the best system of competitive remedies, based on an assessment of the definition of the relevant markets established by ANRC, of the decisions for the designation of the providers with significant market power and of the remedies imposed by ANRC;
- Estimate the supply and demand evolution of the fixed and mobile telephony, of Internet and leased line services;
- Estimate the price evolution for the services offered by the operators;
- Estimate the comparative evolution of traffic in the fixed and mobile networks (substitutability of the services offered at fixed/mobile locations);
- Evaluate the effectiveness of the provision of services to the users (owned infrastructure, leased infrastructure etc.);
- Identify and present the business models used by the new-entrant providers of services;
- Identify and ground the relevance of the economic thinking theories and models applicable for characterising the effectiveness of the economic environment at the level of each identified segment.

Question 4
In your opinion, which are the technical-economic issues to be analysed for the purpose of evaluating the evolution of the electronic communications sector?

Financial analysis

In correlation with the technical and economic solutions for the provision of a service in the identified retail market, ANRC, assisted by a consultant, will elaborate **economic-financial models** to evaluate the long-term feasibility of providing such a service. These models will be adapted, to the largest possible extent, to answer the anticipated evolutions of the electronic communications sector (e.g. the process of communication media convergence, respectively the process of transition to Next Generation Networks. Each economic-financial model elaborated will allow ANRC to estimate relevant indicators for the analysis of

investment incentives for the providers of electronic communications networks and services.

During this combined proceeding of technical, economic and financial analysis, ANRC will identify the **essential infrastructure elements,** which are difficult to replicate, as well as the main deficiencies related to the regulation of prices for the services offered by the operators with significant power in the wholesale markets. ANRC will analyse the relationship between the regulated prices for the essential facilities controlled by the operators with significant market power and the viability of the economic-financial models of the alternative operators for the provision of certain services in the retail market.

Question 5
Which are the main services you offer in a package on the retail market? Which are the allocation keys you use for the separation of income and expenditure within each service?

Question 6
What is the rate of return you consider reasonable, taking into account the profitability level required by the shareholders and the interest rate for the credits contracted? Which is the maximum period of investment return you consider viable in case of investing in the electronic communications sector? Ground your answer.

Question 7
Which are the essential infrastructure elements identified so far in your activity and which are the main regulatory deficiencies associated with them?

Question 8
Do you consider that the tariffs for access to the network of S.C. Romtelecom – S.A. and the tariffs for interconnection with the network owned by S.C. Romtelecom – S.A. and with the mobile networks allow for obtaining a sufficient margin for the alternative operators? Provide arguments.

2.4. Identification of the intertwining conditions binding the segments of the electronic communications market under analysis

During the diagnosis, ANRC will analyse the intertwining conditions binding the various sectors of the electronic communications sector identified according to point 2.1 and will define the manner in which the objectives, the policies, the principles, the regulatory instruments and the information system of monitoring, warning and grounding the regulatory decisions take into account these conditions.

The intertwining conditions will be defined taking into account the segment/market correspondence, highlighting the relationships identified between the segments/markets lying on the same level (horizontal correlations), between the segments/markets belonging to different hierarchical levels (vertical correlations) as well as between the segments/markets which are not directly correlated (horizontally or vertically).

Here are some examples of intertwining conditions:

- Conditions affecting the competitive environment: services in various segments are sold in a package, are economically and functionally substitutable, are complementary; the effects of the control held by the dominant operators on the essential facilities, which are difficult to replicate, as well as of other strategic variables on competition in other segments/markets etc.
- Conditions affecting the investments and the rhythm of implementing innovation: scale and economies, scope and density economies, the dynamics of various segments; effect of the control held by the dominant operators on the essential facilities, which are difficult to replicate, and of other strategic variables on the investment incentives etc.
- Conditions determined by the technical peculiarities of the networks and services – usage of multifunctional technical platforms, the trend of technology convergence etc.

Question 9

In your opinion, which are the technical, economic and financial conditions, linking the segments of the electronic communications sector? Ground your answer.

2.5. Evaluate the external influences affecting the electronic communications sector

ANRC will analyse the correlations and extra-sector influences having a significant impact on the evolution of the electronic communications markets, such as the correlation between the markets of electronic communications and the markets of communications equipments, the markets of information systems (hardware and software), the markets of information content etc. ANRC will also analyse the correlations at macroeconomic level between the development of the electronic communications sector and the development of the business environment at a general economic level.

Question 10

Provide examples of extra-sector influences on the electronic communications sector that you encountered during your activity as well as their impact on your activity (examples: equipments price cuts, evolution of the interest rate for credits, inflation evolution, government fiscal policy etc.).

2.6. Diagnosis of the regulatory environment

Based on the diagnosis performed at the level of the various segments of the electronic communications sector, considering the analysis indicators correlated with the fundamental objectives, ANRC will analyse the extent to which the basic objectives of the regulatory activity have been served through the regulatory policies, principles and instruments in force.

The deficiencies assessed will be analysed with reference to each market segment and will be explained based on the analysis indicators identified and of the conclusions of the technical, economic and financial analyses conducted according to point 2.3 for the purpose of evaluating the competitive conditions and the investment incentives in the electronic communications sector.

For each assessed deficiency of the regulatory activity, ANRC will analyse:
- The general objective to which it is associated;
- An explanation of this deficiency based on the analysis indicators;
- Estimate the extent of the assessed deficiency (minimum, medium, important);
- Cause of the deficiency produced;
- Correlation of the respective deficiency with other deficiencies or priority regulatory objectives;
- Regulatory measures (or lack of the regulatory measures) whose establishment/enforcement/delay/lack drove to the deficiency assessed;
- Deficiencies of the information systems based on which the regulatory measures in force were grounded.

Question 11
Specify, in your opinion, the deficiencies of the regulatory policies, principles and instruments of ANRC, enforced within each segment of the electronic communications sector. Ground your answer.

2.7. Diagnosis of the regulatory information system

ANRC will conduct an evaluation of the information system currently used and of the manner in which answers to the requirements generated by the effective regulation of the electronic communications sector, for the purpose of achieving the fundamental objectives of the regulatory activity.

To this end, ANRC will make a complex analysis on the information system and instruments used in the regulatory activity, which must include the following elements:

- The information instruments used;
- Regulatory purpose and objective guiding the use of a certain instrument;
- Effectiveness of the instruments used for the achievement of the basic objectives of the regulatory activity;
- Deficiencies of the methodology used in the elaboration of instruments;
- Correlations (lack of correlation) between the existing instruments;
- Conformity with the European practices.

Question 12

Which do you consider to be the main deficiencies of the information system of ANRC, presented in Annex 2?

3. Identification of the strategic options for the achievement of the basic objectives of the regulatory activity

3.1. Theoretic models of economic thought

The conceptual grounding of the economic regulation strategy, for the purpose of identifying economic realistic strategic objectives, ANRC will analyse the current economic theories regarding an effective regulatory approach of the electronic communications sectors.

ANRC will identify the economic theories and practices that are relevant for the current situation in Romania, as resulted from the diagnosis. The enforcement of these theories will have the objective of creating a regulatory framework to produce effects as close as possible to those resulted from the functioning of a competitive market of electronic communications and networks, which should maximise social welfare and create an attractive environment for investments and innovation.

Question 13

Which are the economic theories to be considered by ANRC for the purpose of effectively regulating the electronic communications sector?

3.2. Best international practices

In the process of establishing the strategic objectives for the Romanian electronic communications market as far as 2009, ANRC will refer to the regulatory objectives

of the most representative regulatory authorities in Europe and all around the globe. This analysis will include the following:

- Present the strategic regulatory options of other regulatory authorities;
- Compatibility with the regulatory framework existing at European level;
- Similarities with the situation of the electronic communications sector in Romania;
- Differences as to the current situation in Romania;
- Applicability to the situation in Romania;
- SWOT analysis of the options of full or partial inclusion of the strategic options analysed within the strategic regulatory options regulated by ANRC for 2006-2009.

Question 14
Which do you consider to be the strategic regulatory principles and objectives used at international level applicable in the context of the current situation in Romania?

3.3. Define the ANRC strategic objectives for 2007-2009

The strategic objectives will be established so as to ensure the transition of the Romanian market of electronic communications to the target-market. The process of defining the strategic objectives will therefore start from identifying the characteristics of the target-market for 2009.

For the purpose of identifying the characteristics of the target-market for 2009, ANRC will consider the current structure of the Romanian electronic communications sector, as well as its forecast developments, especially regarding the substitution of the voice services offered in the fixed networks with the ones offered in the mobile networks, the adoption of the IP technological solutions, the amendments in the tariff structure, technologic convergence and the enrichment of the *triple-* and *quadruple-play* service packages, the process of transition of the fixed networks owned by S.C. Romtelecom – S.A. to the next generation networks (NGN) – IP-type, the development of the emerging markets.

In order to define the strategic objectives, ANRC will use as reference both the theoretic models of economic thought regarding the effective regulation of the electronic communications sector and the best practices of the most important foreign regulatory authorities. Thus, ANRC will benefit from the strategic objectives having the potential to contribute to achieving the basic regulatory objectives identified according to point 1. Within the set of strategic objectives identified, ANRC will perform an analysis on the following issues:

- The existing conflicts and intertwining conditions binding the strategic objectives, as well as the compromises to be accepted for the purpose of achieving the basic objectives;
- Prioritization of the strategic objectives according to their importance;

- Manner of correlating the strategic objectives with the basic regulatory objectives (manner in which the proposed strategic objectives contribute to the achievement of the basic objectives);
- Predictable effects of adopting the set of strategic objectives on the regulatory policies, principles and instruments and on the information system for monitoring the market evolution, warning and decision-grounding;
- Coherence and effectiveness of the objectives for the purpose of promoting investment in next generation networks and of avoiding economic *bottlenecks*.

If, due to the communications media convergence, ANRC will consider that the structure proposed at point 2.1. is unlikely to remain representative up to 2009, the Authority will analyse the opportunity of defining the strategic objectives by reference to the future structure of the electronic communications sector.

The strategic objectives for the period of transition to the target-market will be established in consideration of the ANRC basic objectives defined at point 1, while their adjustment to the market characteristics will envisage the data revealed by the diagnosis, completed by information resulted from studies conducted at the end-user level and at the level of the providers of electronic communications services in Romania (their objectives are provided in **Annex 3**), as well as the answers and comments received by ANRC from the participants in the public consultation procedure.

The strategic objectives will aim at achieving the basic regulatory objectives as well as at achieving greater, trans-sartorial objectives, such as the objectives of the information society, i2010, or the provisions of the Lisbon strategy regarding the development of information society.

Based on the above-mentioned, ANRC will identify and propose a set of strategic objectives, which are relevant for the anticipated evolution of the electronic communications sector and its transition to the target-market.

Question 15
At what pace and on what scale do you think that the fixed and mobile networks will substitute each other? Ground your answer.

Question 16
At what pace and on what scale do you think that the broadband communication services will be used in Romania and which do you think will be the implications of this development on the regulatory activity? Ground your answer.

Question 17

In your opinion, when do you estimate that the electronic communications operators can provide services based on IP-architecture networks? What will be the impact of providing IP services on the electronic communications sector? Ground your answer.

Question 18
What developments do you foresee for the year 2009 in the electronic communications sector in Romania and what would be the structure of the electronic communications market in 2009? Ground your answer.

Question 19
Do you deem necessary that ANRC should regulate the services provided through next generation networks for the operators with significant market power? What would be the most adequate manner of regulating these markets? Ground the answer.

Question 20
Do you think that there are certain areas on the Romanian territory that require a special regulatory approach? Name the criteria according to which the special geographic areas requiring a different regulatory regime should be approached? Ground your answer.

3.4. Redefining the regulatory policies, principles and instruments resulted from the strategic objectives

ANRC will identify the options for redefining the regulatory policies, principles and instruments in view of achieving the strategic objectives of the regulatory activity in Romania, required during the transition to the target-market, whose characteristics have been identified according to point 3.3. These options will take into account the best regulatory practices at European and international level, as well as Romania's peculiarities, as identified by the diagnosis. As well, the options for redefining the regulatory policies, principles and instruments will consider remedying the deficiencies revealed by the diagnosis and will specify the following:

- The strategic objective envisaged by the respective regulatory policy, principle or instrument;
- The existing options for the achievement of this objective (ways of redefining the existing policies, principles and instruments);
- International experience regarding the manner of implementing the respective objectives/of regulating the respective situation;
- Solutions imposed by the evolution of the legislative framework, at European level;
- Other essential issues in view of correspondingly implementing the identified option.

ANRC will analyse, as well, the main solutions for redefining the regulatory policies, principles and instruments in view of facilitating the transition to NGN networks. These solutions will envisage approaching the following fundamental issues:

- Regulation of the new services provided through NGN;
- Regulation of the existing services provided through NGN.

The options for redefining the regulatory policies, principles and instruments presented will envisage both stimulating the demand for electronic communications services (incentives to be offered the users for increasing the usage rate of electronic communications services), and stimulating the development of the infrastructure required for the provision of electronic communications services in Romania.

In order to establish the options for redefining the regulatory policies, principles and instruments, ANRC will envisage offering solutions of reducing the gap existing between various geographic regions and demographic groups in Romania, as regards the availability and the affordability of electronic communications services. ANRC will analyse the possibility of identifying a set of indicators based on which these groups are to be delimited and monitored.

During the process of defining the action guidelines, ANRC will correlate the strategic options with the current regulatory instruments and with the conclusions resulted from the elaboration of technical-economic models and will take into consideration the provisions of the regulatory framework in place at European level.

Question 21
What incentives can ANRC offer in order to promote effective investment in infrastructure, including in NGN networks? Ground your answer.

Question 22
In your opinion, which are the implications of transition to IP- or NGN- networks on the access and interconnection agreements? Ground your answer.

Question 23
May the development of NGN generate economic bottlenecks or entry barriers? If so, which are these, in which segment of the electronic communications market will they emerge and how can they be remedied by regulation? Ground your answer.

Question 24
How could ANRC narrow the gaps existing between the various geographic areas and demographic groups in Romania from the point of view of the availability and affordability of the electronic communications services? Ground your answer.

3.5. Redefining the information system

ANRC will evaluate the currently available regulatory information system (see **Annex 2**) and will establish the **correlations** and **links** between its elements and the occurring additional modules required for choosing and effectively using the regulatory instruments, for the purpose of achieving the strategic objectives.

Concerning the identification of the strategic options available for the achievement of the strategic objectives established in the process of transition to the target-market, ANRC will elaborate a plan on the amendment/adjustment/enlargement of the existing information system. This plan will take into account remedying the deficiencies of the information system, revealed following the diagnosis analysis, facilitating the monitoring and the regulation of the process of transition to NGN networks, as well as the adjustment to the anticipated evolutions of the electronic communications sector.

Redefining the information system will be regarded as a dynamic process, whose implications change as the communications sector evolves to the target-market based on the evolution of the performance indicators according to point 4. Thus, the information instruments that include means of dynamic adjusting and according with the actual situation of the electronic communications sector, based on its evolution.

ANRC will analyse the situation of the supporting information system that contributes to the achievement of the strategic objectives identified according to point 3.3. This analysis will include:

- Instruments of the supporting information system;
- Correlations between the instruments of the information system;
- Means of dynamic adjusting and according to the market conditions.

Question 25
Please provide opinions regarding the manner of improving and completing the information system available to ANRC, for the purpose of increasing the effectiveness of the regulatory instruments for the purpose of achieving the ANRC strategic objectives.

4. Defining several guidelines for development and performance indicators to be used in the monitoring of the evolution of the electronic communications sector.

ANRC will identify the desirable development guidelines for the Romanian electronic communications sector during 2007-2009 and will establish a set of performance indicators to be used for monitoring the development of this sector.

The performance indicators will evaluate the evolution of the sector in relation to the identified desirable evolution guidelines, as well as the impact of the regulatory activities, estimating the effectiveness of the regulatory instruments in the achievement of the strategic objectives. ANRC will offer, to the largest possible extent, indications regarding the desirable level of the performance indicators established.

Defining the performance indicators will focus on the following:

- Quantify in qualitative or quantitative terms the evolution of the electronic communications sector;
- Represent a mechanism of warning on deviation from the development guidelines established by means of the strategic options;
- Evaluate impact of the regulatory activities on the electronic communications sector, thus facilitating an assessment of the regulatory activity.

During the process of identifying the performance indicators, ANRC will take into account the characteristics and structure of the target-market, proposing specific target-indicators for each segment identified according to point 2.1.

For the purpose of monitoring the objective of encouraging effective investments in infrastructure and promoting innovation, ANRC will also consider setting out certain financial performance indicators for the electronic communications sector and evaluating the impact of certain regulatory policies and instruments on the financial performance of the electronic communications sector. These indicators will constitute a distinct set of performance indicators, which may be used in determining the development trend of the overall sector of electronic communications.

Question 26
In your opinion, what are the desirable development guidelines of the electronic communications sector?

Question 27
What performance indicators may be defined for the purpose of monitoring the development of the electronic communications sector?

5. Proposing a unitary global strategy for the next 3 years, regarding the regulation of the electronic communications sector in Romania

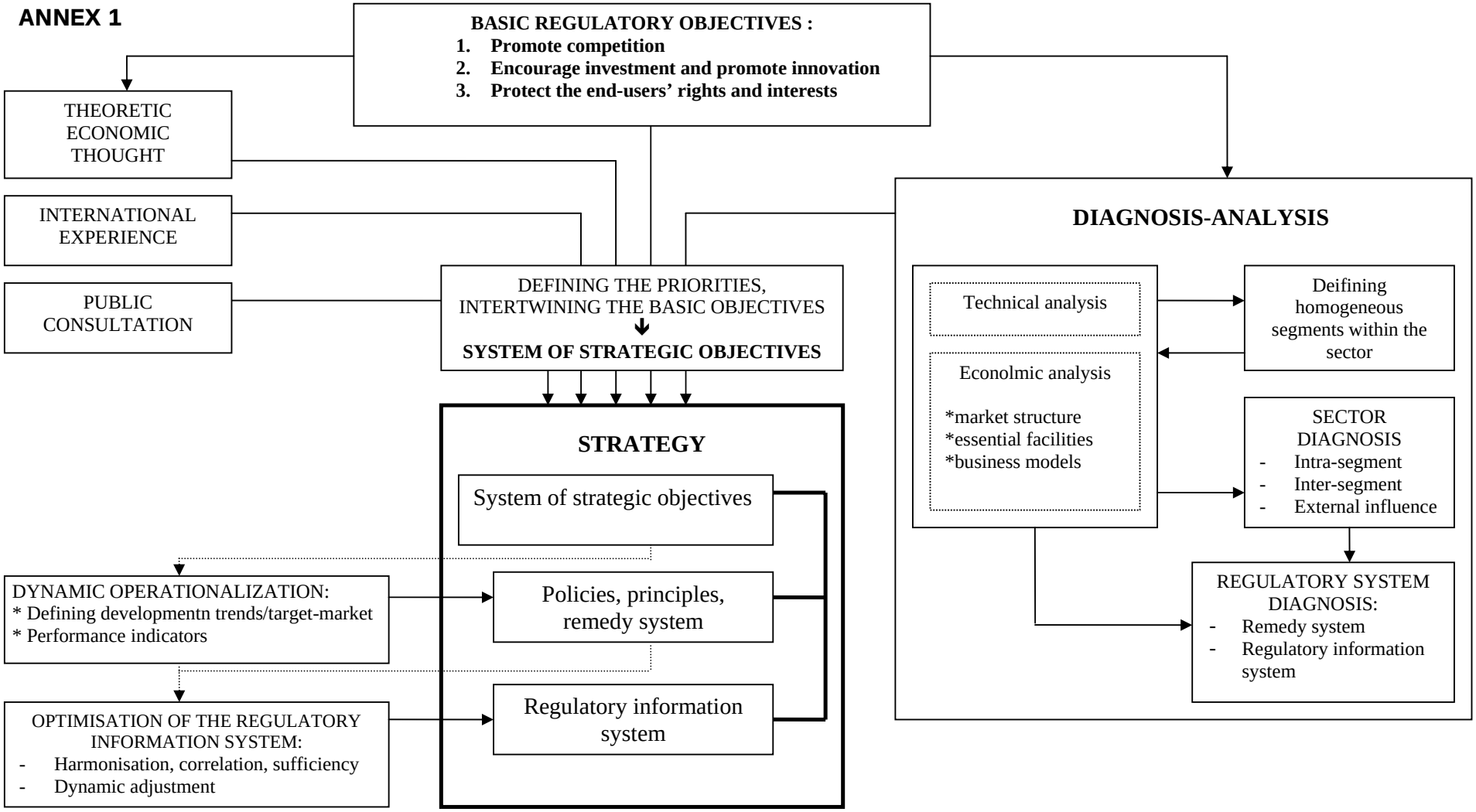
ANRC will elaborate a **standing document** which presents its conclusions regarding the unitary global strategy for the development of electronic communications services in the next 3 years, taking into account the data provided by the diagnosis-analysis, the strategic options recommended at point 3 and the objectives envisaged by them, as quantified based on the performance indicators provided at point 4.

ANRC will ensure that the strategy presented be **relevant** (in relation to the data generated by the diagnosis-analysis), **applicable** (the strategy objectives may be achieved) and **useful** (as concerns the expected impact of the strategy in relation to the basic ANRC objectives). As well, ANRC will see to the strategy being consistent with the national and international strategies in the field of electronic communications and in ancillary fields.

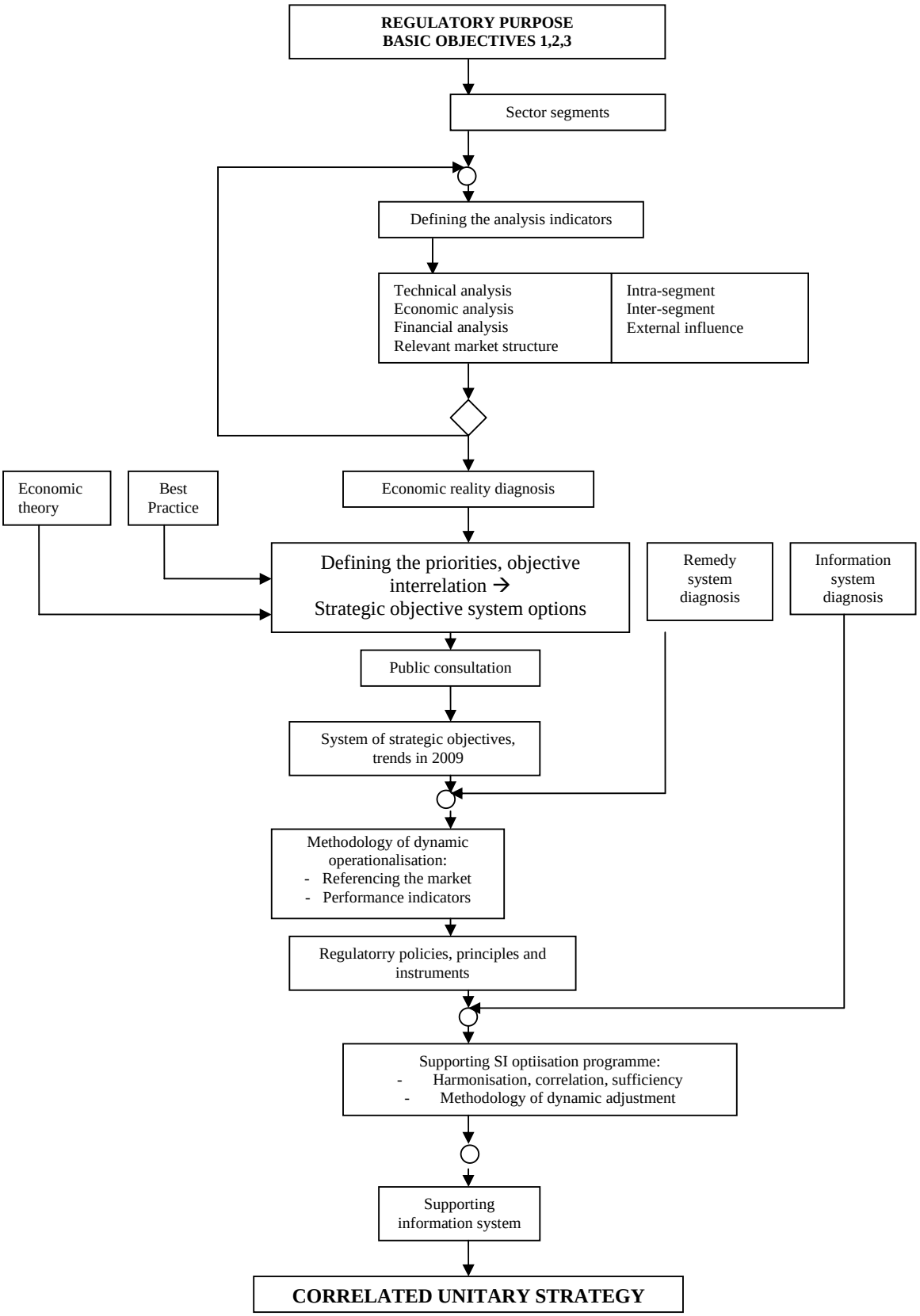
The standing document on the unitary global strategy will include the following issues:

- Conclusions of the diagnosis-analysis;
- Definition of the set of strategic objectives driving to the achievement of the basic regulatory objectives, detailed by relevant segments of the target-market of electronic communications;
- Economic models and theories driving to the choice of the set of strategic objectives;
- Intertwining conditions and conflicts existing within the set of strategic objectives; presentation of the priority strategic objectives;
- Redefining and re-correlating the assembly of regulatory policies, principles and regulatory instruments, so as to result into the achievement of the strategic objectives;
- Updating, redefining and identifying the requirements for completing the information system, so as to satisfy the information requirements generated by the adoption of the set of strategic objectives and by rendering them operational by means of the regulatory policies, principles and instruments;
- Establishing the desirable development conditions for the electronic communications sector, as well as of the performance indicators.

ANNEX 1


BASIC REGULATORY OBJECTIVES :
1. Promote competition
2. Encourage investment and promote innovation
3. Protect the end-users' rights and interests
THEORETIC ECONOMIC THOUGHT
INTERNATIONAL EXPERIENCE
PUBLIC CONSULTATION
DEFINING THE PRIORITIES, INTERTWINING THE BASIC OBJECTIVES
SYSTEM OF STRATEGIC OBJECTIVES
STRATEGY
System of strategic objectives
Policies, principles, remedy system
Regulatory information system
DYNAMIC OPERATIONALIZATION:
* Defining developmentn trends/target-market
* Performance indicators
OPTIMISATION OF THE REGULATORY INFORMATION SYSTEM:
- Harmonisation, correlation, sufficiency
- Dynamic adjustment
DIAGNOSIS-ANALYSIS
Technical analysis
Econolmic analysis
*market structure
*essential facilities
*business models
Deifining homogeneous segments within the sector
SECTOR DIAGNOSIS
- Intra-segment
- Inter-segment
- External influence
REGULATORY SYSTEM DIAGNOSIS:
- Remedy system
- Regulatory information system

FLOW OF ACTIVITIES WITHIN THE REGULATORY STRATEGY



ANNEX 2
INFORMATION SYSTEM CURRENTLY AVAILABLE TO ANRC

I. STATISTICAL DATA

ANRC President's Decision no.151/2006 completing the ANRC President's Decision no.1332/2003 on reporting statistical data by the providers of electronic communications networks and services imposed on the providers of electronic communications networks and services the obligation to transmit ANRC certain statistical data, for the purpose of elaborating, studies, analyses and results and other such documents in the electronic communications field, as well as for the monitoring and control of applying the provisions of the normative acts in force.

This decision established three sets of indicators related to the provision of electronic communications networks and services, as well as the categories of information detailing each indicator. The main types of requested indicators are presented below:

1. GENERAL INDICATORS

- Total income from the provision of electronic communications services
- Income from the provision of fixed public networks – by types of provided services
- Income from the provision of terrestrial mobile public networks – by types of provided services
- Income from the provision of telephone services through fixed public networks – by types of provided services
- Income from the provision of services through terrestrial mobile public networks – by types of provided services
- Income from the provision of leased line services – by types of provided services
- Income from the provision of Internet access services – by types of provided services

- Income from the provision of data transmission services – by types of provided services
- Income from the provision of services for the re-transmission of audio-visual programmes – by types of provided services
- Income from the provision of electronic communications services – by types of provided services
- Investments – by investment type (buildings, land, fixed network equipment, mobile network equipment etc.)
- Data regarding the personnel employed in the field of electronic communications

2. FIXED PUBLIC NETWORKS

- Number of requests in queue for the installation of telephone sets, where the technical conditions for installation are not met;
- Number of ISDN-B channels used;
- Number of telephone lines allocated to public pay telephones;
- Maximum number of telephone numbers that can be connected simultaneously (capacity of local telephone exchanges) (total):
  - in analogical automatic exchanges
  - in digital automatic exchanges
- Percentage of telephone lines that can be connected simultaneously in the urban area (%);
- Number of international telephone circuits;
- Number of physical circuits available in the local loop;
- Percentage of the physical circuits in the local loop available in the urban area (%);
- Number of physical circuits in the local loop made available for other providers (access to the local loop) (total):
  - for the provision of full access to the local loop
  - for the provision of shared access to the local loop
  - for the provision of bit stream access to the local loop

- Percentage of physical circuits in the local loop made available for other providers in the urban area (%)

3. TERRESTRIAL MOBILE PUBLIC NETWORKS

- Number of 2 Mbps flows used for international traffic
- Territory coverage (%)
- Population coverage (%)

4. TELEPHONE SERVICES PROVIDED THROUGH FIXED PUBLIC NETWORKS

- Subscribers/Access lines connected through third parties' access lines
- Traffic:
  - On the retail market:
    - Traffic through own network, including VoIP traffic
    - Traffic through other fixed public network, including VoIP traffic
  - On the wholesale market (services of access to the own network, offered to third parties for the provision of telephone services)

5. TELEPHONE SERVICES PROVIDED THROUGH MOBILE TERRESTRIAL NETWORKS

- Subscribers to voice services/Active SIM cards
- Subscribers to other types of services
- Traffic:
  - On the retail market:
    - Voice traffic
    - Traffic of other types of services (excluding traffic for mobile access to the Internet)
    - Roaming traffic
    - Traffic for mobile access to the Internet
  - On the wholesale market:

6. LEASED LINE SERVICES

- Number of leased lines provided + by types of leased lines provided

7. INTERNET ACCESS SERVICES

- Internet access subscribers/connections
- Internet access services provided through hotspot locations – number of locations
- Internet access traffic - end-user level
- International connections

8. DATA TRANSMISSION SERVICES

- Subscribers/Connections to data transmission services
- Traffic of data transmission services – end-user level

9. SERVICES FOR THE RE-TRANSMISSION OF AUDIO-VISUAL PROGRAMMES

- Number of households connected to analogical or digital networks
- Number of subscribers to analogical or digital networks

10. SERVICES PROVIDED THROUGH SATELLITE PUBLIC NETWORKS

- Subscribers/active SIM cards
- Traffic
    - On the retail market
    - On the wholesale market:
- Subscribers to other services

11. OTHER INFORMATION THAT MAY BE OBTAINED BASED ON INFORMATION REQUESTS ADDRESSED TO THE OPERATORS

II. FINANCIAL INFORMATION AND COSTING MODELS

1. 2004 separated financial statements of S.C. Romtelecom – S.A.

The separated financial statements include information obtained from the internal cost accounting system, regarding the services for which S.C. Romtelecom – S.A. has been designated as a provider with significant market power, mainly for the activities related to access and interconnection with its networks or with the associated infrastructure.

The separated financial statements ensure that the accounting information is sent in a manner presenting an accurate image of the activity performances of S.C. Romtelecom – S.A. Thus, both ANRC and other potential users may investigate whether the tariffs charged are based on costs, transparent and non-discriminatory.

2. The long-run incremental costing model for the calculation of the interconnection costs of S.C. Romtelecom – S.A.

The long-run incremental costing model for the networks of S.C. Romtelecom – S.A. determines the total and incremental costs for interconnection with this company's network, the results obtained being used in the process of cost-orienting the tariffs.

The model reflects the costs associated with the installation, operation and maintenance of an effective fixed public telephone network, while keeping the characteristics of the current architecture of the Romtelecom network, as well as the traffic data.

3. The long-run incremental costing models for the calculation of interconnection costs of S.C. Vodafone Romania – S.A. and S.C. Orange Romania – S.A.

The long-run incremental costing models for the mobile networks determine the total and incremental costs of call termination in the networks of S.C. Vodafone Romania – S.A. and S.C. Orange Romania – S.A., the outcome being used on the process of cost-orienting the tariffs.

The models reflects the costs associated with the installation, operation and maintenance of an effective mobile telephony network, while keeping the characteristics of the current network architecture of S.C. Vodafone Romania – S.A. and S.C. Orange Romania – S.A., as well as those related to the traffic volume.

4. Business model for the implementation of a telecentre (available during 2006)

The business model for the implementation of telecentres will provide information regarding the costs associated with the installation and operation of a telecentre, as well as forecasts for the demand of electronic communications services in the rural area.

5. *Price-Cap* model for establishing the retail tariffs of S.C. Romtelecom – S.A. (available during 2006)

The *price-cap* model for establishing the retail tariffs of S.C. Romtelecom – S.A. for the services for which this company has been designated as having significant power on the retail markets will be available during 2006.

6. Other financial data to be obtained through information requests

III. RELEVANT MARKET DEFINITIONS, MARKET ANALYSES AND REMEDIES ENFORCED

Relevant markets	Corresponding relevant markets in the EC Recommendation on relevant markets	Stage of defining and analysing the relevant markets	Market definition	Dominance type (singular / collective / over adjacent markets)	SMP Operators	Remedies	Decisions
Relevant retail markets							
Market of access, at a fixed location, to a public telephone network – residential users	**Market 1**	**Completed**	Product relevant market: retail provision of access, at a fixed location, to a public telephone network for residential users Relevant geographic market: national territory	Singular	Romtelecom S.A.	- carrier selection and pre-selection - control of retail tariffs - forbid binding the provision of services to the purchase of unreasonable packages - separated accounting	**1. Market definition:** ANRC President's Decision no. 1124//2004 on completing the ANRC President's Decision no. 136/2002, for the approval of the Regulation on the identification of the relevant markets within the electronic communications sector **2. SMP:** ANRC President's Decisions no.1331-1338/2004, 1341/2004 and 1249/2005 on the designation of S.C. Romtelecom – S.A. as a provider with significant power on the specific relevant retail markets **3. Remedies:** ANRC President's Decision no.1250/2005 on imposing obligations on the provider with significant power on the specific relevant retail markets
The market of access, at a fixed location, to a public telephone network – business users	**Market 2**	**Completed**	Product relevant market: retail provision of access, at a fixed location, to a public telephone network for business users Relevant geographic market: national territory	Singular	Romtelecom S.A.		
Market of **local** calls provided at fixed locations – residential users	**Market 3**	**Completed**	Product relevant market: retail provision of access, at a fixed location, to a public telephone network for residential users, including origination of local calls – at fixed locations – for publicly available telephone services, including dial-up and ISDN services for Internet access and fax services, for legal persons Relevant geographic	Singular	Romtelecom S.A.		

Relevant markets	Corresponding relevant markets in the EC Recommendation on relevant markets	Stage of defining and analysing the relevant markets	Market definition	Dominance type (singular / collective / over adjacent markets)	SMP Operators	Remedies	Decisions
			market: national territory				
Market of **national** calls provided at fixed locations – residential users		**Completed**	Product relevant market: retail provision of national calls at fixed locations for residential users, including the origination of national calls at fixed locations for publicly available telephone services, including fax services, for residential users Relevant geographic market: national territory	Singular	Romtelecom S.A.		
Market of calls provided at fixed locations **to the mobile public networks** – residential users		**Completed**	Product relevant market: retail provision of calls at fixed locations to the mobile public networks, for residential users, including the origination of calls at fixed locations to mobile public networks, for publicly available telephone services, including fax services, for residential users Relevant geographic market: national territory	Singular	Romtelecom S.A.		
Market of **international** calls provided at fixed locations – residential users	**Market 4**	**Completed**	Product relevant market: retail provision of international calls at fixed locations for residential users, including the origination of international	Singular	Romtelecom S.A.		

Relevant markets	Corresponding relevant markets in the EC Recommendation on relevant markets	Stage of defining and analysing the relevant markets	Market definition	Dominance type (singular / collective / over adjacent markets)	SMP Operators	Remedies	Decisions
			calls at fixed locations for publicly available telephone services, including fax services, for residential users Relevant geographic market: national territory				
Market of **local** calls provided at fixed locations – residential users	**Market 5**	**Completed**	Product relevant market: retail provision of local calls at fixed locations for residential users, including the origination of local calls at fixed locations for publicly available telephone services, including dial-up, ISDN and fax services, for residential users Relevant geographic market: national territory	Singular	Romtelecom S.A.		
Market of **national** calls provided at fixed locations – residential users		**Completed**	Product relevant market: retail provision of national calls at fixed locations for residential users, including the origination of national calls at fixed locations for publicly available telephone services, including fax services, for residential users Relevant geographic market: national territory	Singular	Romtelecom S.A.		

Relevant markets	Corresponding relevant markets in the EC Recommendation on relevant markets	Stage of defining and analysing the relevant markets	Market definition	Dominance type (singular / collective / over adjacent markets)	SMP Operators	Remedies	Decisions
Market of calls provided at fixed locations **to the mobile public networks** – residential users		**Completed**	Product relevant market: retail provision of calls at fixed locations to the mobile public networks, for business users, including the origination of international calls at fixed locations, for publicly available telephone services, including fax services, for business users Relevant geographic market: national territory	Singular	Romtelecom S.A.		
Market of **international** calls provided at fixed locations – business users	**Market 6**	**Completed**	Product relevant market: retail provision of international calls at fixed locations for business users, including the origination of international calls at fixed locations for publicly available telephone services, including fax services, for business users Relevant geographic market: national territory	Singular	Romtelecom S.A.		
Market for the provision of the minimum set of leased lines	**Market 7**	**Not completed**	-	-	-	-	-
Wholesale relevant markets							

Relevant markets	Corresponding relevant markets in the EC Recommendation on relevant markets	Stage of defining and analysing the relevant markets	Market definition	Dominance type (singular/ collective/over adjacent markets)	SMP Operators	Remedies	Decisions
Market of access to fixed public networks for the purpose of call origination, termination and transit	**Markets 8, 9,10**	**Completed**	Product relevant market: wholesale provision of access to fixed public networks, for the purpose of call origination and termination, at fixed locations, and of the commuted transit of calls for publicly available telephone services and for dial-up, ISDN and fax services. Relevant geographic market: national territory	Singular	Romtelecom S.A.	- transparency (RIO publication) - non-discrimination - tariff cost-orientation - separated accounting - compulsory provision of certain services and granting access to certain facilities	**1. Market definition:** ANRC President's Decision no.136/2002 for the approval of the Regulation on the identification of the relevant markets within the electronic communications sector **2. SMP:** ANRC President's 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 **3. Remedies:** ANRC President's Decision no.147/2002 on the principles and prerequisites of the reference offer for interconnection with the public fixed telephony network ANRC President's Decision no. 1380/2003 for approving the regulation for the realization, by "Romtelecom" - S.A., of accounting separation within the internal cost accounting system ANRC President's Decision no. 1381/2003 for approving the regulation for the realization of the top-down long run incremental costing model by "Romtelecom" - S.A. ANRC President's Decision no.1384/2003, and of the ANRC President's Decision no.1379/2003 concerning interconnection for leased

Relevant markets	Corresponding relevant markets in the EC Recommendation on relevant markets	Stage of defining and analysing the relevant markets	Market definition	Dominance type (singular / collective / over adjacent markets)	SMP Operators	Remedies	Decisions
							lines - terminal segments with the public fixed telephone network, as well as regarding the imposition of clauses in the Romtelecom Reference Interconnection Offer ANRC President's Decision no.1330/2004 regarding the amendments and completion of the ANRC President's Decision no.147/2002 on the principles and prerequisites of the reference offer for interconnection with the public fixed telephone network, amended and completed by the ANRC President's Decision no.1384/2003, and of the ANRC President's Decision no.1379/2003 concerning interconnection for leased lines - terminal segments with the public fixed telephone network, as well as regarding the imposition of clauses in the Romtelecom Reference Interconnection Offer. ANRC President's Decision no.1459/2005 on the establishment of tariffs for the interconnection services provided by S.C. „Romtelecom" – S.A. on market for the access to the public fixed telephony networks for the purpose of call origination, termination and transit, based on a LRIC model
Market for the provision of the unbundled – full or shared - access to the local loop consisting of twisted metallic pairs, for	**Market 11**	**Completed**	Product relevant market: wholesale provision of the unbundled – full or shared - access to the local loop consisting of twisted metallic pairs, for the purpose of providing	Singular	Romtelecom S.A.	- transparency (RIO publication) - non-discrimination - tariff cost-orientation - separated accounting	**1. Market definition:** ANRC President's Decision no. 174/2003 on the addition to the ANRC President's Decision no.136/2002 for the approval of the Regulation on the identification of the relevant markets within the

Relevant markets	Corresponding relevant markets in the EC Recommendation on relevant markets	Stage of defining and analysing the relevant markets	Market definition	Dominance type (singular / collective / over adjacent markets)	SMP Operators	Remedies	Decisions
the purpose of providing broadband communications services and publicly available telephone services, at fixed locations			broadband communications services and publicly available telephone services, at fixed locations Relevant geographic market: national territory			- compulsory provision of certain services and granting access to certain facilities	electronic communications sector **2. SMP:** ANRC President's 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 **3. Remedies:** ANRC President's Decision no. 1098/2004 on the principles and prerequisites of the reference offer for unbundled access to the local loop ANRC President's Decision no. 190/2006 regarding the Amendments and Completion of the ANRC President's Decision no. 1098/2004 on the Principles and Prerequisites of the Reference Offer for Unbundled Access to the Local Loop as well as regarding the Imposition of Clauses in the Romtelecom Reference Offer for Unbundled Access to the Local Loop.
Market for the provision of bitstream access to the local loop consisting of twisted metallic pairs, fibre optic or coaxial cable and to the radio	**Market 12**	**Completed**	Product relevant market: wholesale provision of bitstream access to the local loop consisting of twisted metallic pairs, fibre optic or coaxial cable and to the radio local loop, for the purpose of providing	-	Market in development - no SMP designated Monitored market	-	**Market definition:** ANRC President's Decision no. 174/2003 on the addition to the ANRC President's Decision no.136/2002 for the approval of the Regulation on the identification of the relevant markets within the electronic communications sector

Relevant markets	Corresponding relevant markets in the EC Recommendation on relevant markets	Stage of defining and analysing the relevant markets	Market definition	Dominance type (singular / collective / over adjacent markets)	SMP Operators	Remedies	Decisions
local loop, for the purpose of providing broadband electronic communications services			broadband electronic communications services Relevant geographic market: national territory				
Market for the provision of leased lines-terminal segments	**Market 13**	**Completed**	Product relevant market: wholesale provision of leased lines-terminal segments Relevant geographic market: national territory	Singular	Romtelecom S.A.	- transparency (RIO publication) - non-discrimination - tariff cost-orientation - separated accounting - compulsory provision of certain services and granting access to certain facilities	**1. Market definition:** ANRC President's Decision no. 174/2003 on the addition to the ANRC President's Decision no.136/2002 for the approval of the Regulation on the identification of the relevant markets within the electronic communications sector **2. SMP:** ANRC President's 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 **3. Remedies:** ANRC President's Decision no. 1379/2003 on the interconnection of leased-line terminal segments with the fixed public telephone network ANRC President's Decision no.1330/2004 regarding the amendments and completion of the ANRC President's Decision no.147/2002 on the principles and prerequisites of the reference offer for interconnection with the public fixed telephone network, amended and completed by the ANRC President's Decision no.1384/2003, and of the ANRC President's Decision no.1379/2003 concerning interconnection for leased

Relevant markets	Corresponding relevant markets in the EC Recommendation on relevant markets	Stage of defining and analysing the relevant markets	Market definition	Dominance type (singular / collective / over adjacent markets)	SMP Operators	Remedies	Decisions
							lines - terminal segments with the public fixed telephone network, as well as regarding the imposition of clauses in the Romtelecom Reference Interconnection Offer.
Market for the provision of leased lines-trunk segments	**Market 14**	**Completed**	Product relevant market: wholesale provision of leased lines-trunk segments Relevant geographic market: national territory	-	Competition, no SMP designated Monitored market	-	**Market definition:** ANRC President's Decision no. 174/2003 on the addition to the ANRC President's Decision no.136/2002 for the approval of the Regulation on the identification of the relevant markets within the electronic communications sector
Market of access to mobile public networks for the purpose of call origination at mobile locations	**Market 15**	**Not completed**	-	-	-	-	-
Market of access to the mobile network operated by S.C. Cosmote RMT – S.A. for the purpose of call termination	**Market16**	**Completed**	Product relevant market: wholesale provision of access to the mobile public network operated by S.C. Cosmote RMT – S.A. for the purpose of call termination, including access to this network for the purpose of call termination, at mobile locations, for publicly available telephone services, originated in other networks Relevant geographic	Singular	Cosmote RMT S.A.	- transparency (publishing the interconnection tariffs) - compulsory provision of certain services and granting access to certain facilities	**1. Market definition:** ANRC President's Decision no.136/2002 for the approval of the Regulation on the identification of the relevant markets within the electronic communications sector **2. SMP:** ANRC President's 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

Relevant markets	Corresponding relevant markets in the EC Recommendation on relevant markets	Stage of defining and analysing the relevant markets	Market definition	Dominance type (singular / collective / over adjacent markets)	SMP Operators	Remedies	Decisions
			market: national territory				termination **3. Remedies:** ANRC President's 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 – entry into force: 24.03.2003
Market of access to the mobile public network operated by S.C. Orange Romania – S.A. for the purpose of call termination		**Completed**	Product relevant market: wholesale provision of access to the mobile public network operated by S.C. Orange Romania – S.A. for the purpose of call termination, including access to this network for the purpose of call termination, at mobile locations, for publicly available telephone services, originated in other networks Relevant geographic market: national territory	Singular	Orange Romania S.A.	- transparency (publishing the interconnection tariffs) - non-discrimination - cost-orientation of interconnection tariffs - separated accounting (this obligation has not been enforced by ANRC decisions) - compulsory provision of certain services and granting access to certain facilities	**1. Market definition:** ANRC President's Decision no.136/2002 for the approval of the Regulation on the identification of the relevant markets within the electronic communications sector **2. SMP:** ANRC President's Decision no.144/2002 on the designation of S.C. "Orange Romania" – 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 **3. Remedies:** ANRC President's Decision no.124/2003 on the interconnection with the public mobile telephony network operated by S.C. "Orange Romania" – S.A. for the purpose of call termination ANRC President's Decision no. 1383/2003 for approving the regulation on the elaboration of the "top-down" costing model for the calculation of the

Relevant markets	Corresponding relevant markets in the EC Recommendation on relevant markets	Stage of defining and analysing the relevant markets	Market definition	Dominance type (singular / collective / over adjacent markets)	SMP Operators	Remedies	Decisions
							long run incremental costs by "Orange Romania" – S.A
Market of access to the mobile public network operated by S.C. Telemobil – S.A. for the purpose of call termination.		**Completed**	Product relevant market: wholesale provision of access to the mobile public network operated by S.C. Telemobil – S.A. for the purpose of call termination, including access to this network for the purpose of call termination, at mobile locations, for publicly available telephone services, originated in other networks Relevant geographic market: national territory	Singular	Telemobil S.A.	- transparency (publishing the interconnection tariffs) - compulsory provision of certain services and granting access to certain facilities	**1. Market definition:** ANRC President's Decision no.136/2002 for the approval of the Regulation on the identification of the relevant markets within the electronic communications sector **2. SMP:** ANRC President's 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 **3. Remedies:** ANRC President's 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
Market of access to the mobile public network operated by S.C. Vodafone Romania – S.A. for the purpose of call termination		**Completed**	Product relevant market: wholesale provision of access to the mobile public network operated by S.C. Vodafone Romania – S.A. for the purpose of call termination, including access to this network for the purpose of call termination, at mobile locations, for publicly	Singular	Vodafone Romania S.A.	- transparency (publishing the interconnection tariffs) - non-discrimination - cost-orientation of interconnection tariffs - separated accounting (this obligation has not been enforced by	**1. Market definition:** ANRC President's Decision no.136/2002 for the approval of the Regulation on the identification of the relevant markets within the electronic communications sector **2. SMP:** ANRC President's Decision no.143/2002 on the designation of S.C. "Mobifon" –

Relevant markets	Corresponding relevant markets in the EC Recommendation on relevant markets	Stage of defining and analysing the relevant markets	Market definition	Dominance type (singular / collective / over adjacent markets)	SMP Operators	Remedies	Decisions
			available telephone services, originated in other networks Relevant geographic market: national territory			ANRC decisions) - compulsory provision of certain services and granting access to certain facilities	S.A. (currently S.C. Vodafone Romania – 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 **3. Remedies:** ANRC President's 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 ANRC President's 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.
Market of international roaming services provided through mobile public networks	**Market 17**	**Completed**	-	-	-	-	-
Market of services of transmission through audio-visual communications networks for the provision of audio-visual programmes to the end-users	**Market 18**	**Completed**	-	-	-	-	-

I. STRATEGIES AND ACTIVITY PLANS IN FORCE

1. Strategy of implementing universal service in the electronic communications sector

The Order of the Minister of Communications and Information Technology no.184/2004 approving *The Policy and Strategy Document on the Implementation of Universal Service in the Electronic Communications Sector*, amended by the Order of the Minister of Communications and Information Technology no.318/2005, establishes the main objectives, in the short, medium and long run, for the policy and strategy regulating the implementation of universal service in Romania, together with the guidelines and the financing resources required for their enforcement.

2. Broadband Electronic Communications Strategy (available during 2006)

The strategy for the development of broadband electronic communications in Romania, which is to be elaborated by the Ministry of Communications And Information Technology, ANRC and the General Inspectorate for Communications and Information Technology, will be based on a diagnosis-analysis of the development of broadband electronic communications in Romania. This analysis will go through the following stages:

- Identification of the features of the actual and potential demand for broadband services in Romania, by means of several studies conducted on residential users, as well as on business users;
- Analysis of the features of the actual and potential offer of broadband services;
- Mapping the geographical areas and the demographic groups that are disadvantaged as concerns the availability and affordability of broadband services;
- Identification of the influences impacting the development of the markets of broadband services, within and outside the electronic communications sector;

- Identification of the challenges and of the opportunities regarding the development of broadband services in Romania.

The consultant to be selected for the elaboration of the *Strategy for the Development of Broadband Electronic Communications in Romania* will elaborate a detailed report presenting recommendations on the unitary global strategy for the development of these services during the next three years, taking into account the data obtained during the diagnosis-analysis and the strategic options identified for the development of broadband communications as regards the offer (increased service availability) and the demand (development of the market of such services). These options will be analysed concerning the objectives under consideration, quantified based on performance indicators proposed by the consultant.

The *Strategy for the Development of Broadband Electronic Communications in Romania* will be completed during 2006.

3. The ANRC Action Plan for 2006

It is available on the ANRC website, at the following address: http://www.anrc.ro/DesktopDefault.aspx?tabid=119

ANNEX 3

OBJECTIVES OF THE MARKET STUDIES CONDUCTED ON BUSINESS AND RESIDENTIAL USERS, AS WELL AS ON PROVIDERS OF ELECTRONIC COMMUNICATIONS SERVICES

A. Studies conducted on business/residential end-users

Main purpose: analysing the consumer behaviour and needs of the end-users of electronic communications services; therefore, the consultant will conduct market studies on business and residential end-users.

The study will assess the extent to which the objective of protecting the end-users' interest has been achieved through the regulatory activity of ANRC. This analysis will consider three view points: tariff affordability for the end-users (tariffs charged for the services offered by the electronic communications operators), degree of consumer satisfaction following the use of services, as far as quality, functionality, novelty, content, communication safety and provider behaviour in relation to the end-users, as well as in relation with the range of choices and the possibility of shifting to another provider of electronic communications services (both at the level of services an at the level of infrastructure).

The market studies will mainly pursue to obtain information on the following issues:

1. The end-users' awareness of the quality, tariff level and diversity of the electronic communications services in Romania, i.e.:
   - degree of satisfaction/awareness of the end-users of the quality and diversity of the electronic communications services used;
   - comparative assessment of the price/quality proportion, as regards the services accessible to the Romanian users, as compared to the ones accessible to other users in the European Union;
   - extent to which the end-users are interested in new/innovative electronic communications services;
2. Degree of information (and awareness) of the end-users on the quality and tariffs of the electronic communications services, as well as on the offers of electronic communications services in Romania;
3. Usage habits;
4. Criteria for choosing a provider;
5. Shifting trends and the relevant reasons;
6. Information sources used in the process of decision-making as regards the purchase of electronic communications services;
7. Barriers encountered when shifting to another provider of electronic communications services;
8. End-user profile.

B. Study / studies conducted on the providers of electronic communications networks or services

Main purpose: obtaining information that should allow an assessment of the manner in which the providers of electronic communications networks or services avail themselves of the regulatory framework in the field of electronic communications and the incentives/perspectives offered by these regulations for the development of competition and for increased investments.

The studies will mainly aim at obtaining information on the following issues:

- extent to which the providers consider the regulatory framework to be (sufficiently) predictable, transparent and steady, so that investments should be stimulated;
- extent to which the providers intend to invest in various segments of the electronic communications sector (for example, whether the operators have sufficient margins for entering a certain market segment, whether the level of the interconnection tariffs and of the tariffs for access to the local loop are attractive enough);
- the market segments featuring important barriers to competition development; what regulatory policies and instruments should be introduced to remove these barriers;
- extent to which the providers intend to include new/innovative and affordable services in their offer;
- issues to be considered by ANRC during the transition to Next Generation Networks;
- extent to which the providers intend to offer innovative access solutions in the wholesale markets;
- assessment of the extent to which the remedies imposed by ANRC on the providers with significant market power diminish their interest in investing in the development of infrastructure and the provision of innovative services;
- inquiry the providers' opinion on the existence of more effective remedies in the wholesale market that could foster competition on the retail market;
- Manner in which the providers deem the regulatory activity (e.g., whether this is considered effective, whether the efforts are justified considering the benefits obtained) and the adequate performance indicators for monitoring the results of the regulatory activity.

LIST OF QUESTIONS UNDER PUBLIC CONSULTATION

Question 28 **..... 5**
In your opinion, what are the basic objectives of the ANRC regulatory activity?

Question 29 **..... 6**
In your opinion, which is the most adequate manner of structurally segmenting the electronic communications sector? Ground your opinion.

Question 30 **..... 7**
In your opinion, which are the fundamental objective analysis indicators that you consider adequate in the process of diagnosis of the electronic communications sector? Ground the proposed solutions.

Question 4 **..... 8**
In your opinion, which are the technical-economic issues to be analysed for the purpose of evaluating the evolution of the electronic communications sector?

Question 5 **..... 9**
Which are the main services you offer in a package on the retail market? Which are the allocation keys you use for the separation of income and expenditure within each service?

Question 6 **..... 9**
What is the rate of return you consider reasonable, taking into account the profitability level required by the shareholders and the interest rate for the credits contracted? Which is the maximum period of investment return you consider viable in case of investing in the electronic communications sector? Ground your answer.

Question 7 **..... 9**
Which are the essential infrastructure elements identified so far in your activity and which are the main regulatory deficiencies associated with them?

Question 8 **..... 9**
Do you consider that the tariffs for access to the network of S.C. Romtelecom – S.A. and the tariffs for interconnection with the network owned by S.C. Romtelecom – S.A. and with the mobile networks allow for obtaining a sufficient margin for the alternative operators? Provide arguments.

Question 9 **..... 10**
In your opinion, which are the technical, economic and financial conditions, linking the segments of the electronic communications sector? Ground your answer.

Question 10 **..... 10**
Provide examples of extra-sector influences on the electronic communications sector that you encountered during your activity as well as their impact on your activity

(examples: equipments price cuts, evolution of the interest rate for credits, inflation evolution, government fiscal policy etc.).

Question 11 ..... **11**
Specify, in your opinion, the deficiencies of the regulatory policies, principles and instruments of ANRC, enforced within each segment of the electronic communications sector. Ground your answer.

Question 12 ..... **12**
Which do you consider to be the main deficiencies of the information system of ANRC, presented in Annex 2?

Question 13 ..... **12**
Which are the economic theories to be considered by ANRC for the purpose of effectively regulating the electronic communications sector?

Question 14 ..... **13**
Which do you consider to be the strategic regulatory principles and objectives used at international level applicable in the context of the current situation in Romania?

Question 15 ..... **14**
At what pace and on what scale do you think that the fixed and mobile networks will substitute each other? Ground your answer.

Question 16 ..... **14**
At what pace and on what scale do you think that the broadband communication services will be used in Romania and which do you think will be the implications of this development on the regulatory activity? Ground your answer.

Question 17 ..... **14**
In your opinion, when do you estimate that the electronic communications operators can provide services based on IP-architecture networks? What will be the impact of providing IP services on the electronic communications sector? Ground your answer.

Question 18 ..... **15**
What developments do you foresee for the year 2009 in the electronic communications sector in Romania and what would be the structure of the electronic communications market in 2009? Ground your answer.

Question 19 ..... **15**
Do you deem necessary that ANRC should regulate the services provided through next generation networks for the operators with significant market power? What would be the most adequate manner of regulating these markets? Ground the answer.

Question 20 ..... **15**
Do you think that there are certain areas on the Romanian territory that require a special regulatory approach? Name the criteria according to which the special

geographic areas requiring a different regulatory regime should be approached? Ground your answer.

Question 21 ..... **16**
What incentives can ANRC offer in order to promote effective investment in infrastructure, including in NGN networks? Ground your answer

Question 31 ..... **16**
In your opinion, which are the implications of transition to IP- or NGN- networks on the access and interconnection agreements? Ground your answer.

Question 32 ..... **16**
May the development of NGN generate economic bottlenecks or entry barriers? If so, which are these, in which segment of the electronic communications market will they emerge and how can they be remedied by regulation? Ground your answer.

Question 33 ..... **16**
How could ANRC narrow the gaps existing between the various geographic areas and demographic groups in Romania from the point of view of the availability and affordability of the electronic communications services? Ground your answer.

Question 25 ..... **17**
Please provide opinions regarding the manner of improving and completing the information system available to ANRC, for the purpose of increasing the effectiveness of the regulatory instruments for the purpose of achieving the ANRC strategic objectives.

Question 26 ..... **18**
In your opinion, what are the desirable development guidelines of the electronic communications sector?

Question 27 ..... **18**
What performance indicators may be defined for the purpose of monitoring the development of the electronic communications sector?