

**THE NATIONAL REGULATORY AUTHORITY FOR COMMUNICATIONS
AND INFORMATION TECHNOLOGY**

ACTIVITY REPORT

2006



Art.16 of the **Regulation for the organisation and operation of the National Regulatory Authority for Communications and Information Technology**, approved by Government Decision no.415/2007, published in the Romanian Official Journal, Part I, no.357 as of May 25, 2007, provides the following:

"Art.16. – (1) ANRCTI shall publish on its website, no later than the 30th of April each year, a detailed report regarding its activity during the previous year."

ANRCTI issues printed versions in the Romanian and English languages.

On December 29, 2006 the National Regulatory Authority for Communications and Information Technology (ANRCTI) was established, following the reorganization of the National Regulatory Authority for Communications, which was abolished. The new institution was created in order to answer to the necessities of regulating the information technology field in close connection with the convergent fields of electronic communications and postal services.

In May 2007, ANRCTI took over the specific attributions of the Inspectorate General for Communications and Information Technology (IGCTI) in the fields of radio-communications, audiovisual communications, radio and electronic communications terminal equipments. This process was one of the objectives established by Chapter 20 of the Government's programme, as a necessary step in view of our alignment to the European model in the communications and information technology domain.

The National Regulatory Authority for Communications and Information Technology - ANRCTI - is the independent regulatory body in the field of electronic communications - including the frequency spectrum and the radio and terminal equipments -, information technology and postal services in Romania.

In order to keep the fluidity of content, in the report hereby, in most of the cases, has been used the name ANRC, both for the activities completed during 2006 and in the references to the present moment.

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1. Foreword

The Romanian Electronic Communications Market at the Time of Integration

The year 2006 is from several viewpoints a key one as regards the electronic communications sector. First we talk about the year prior to Romania's accession to the European Union, which may be regarded as a moment to draw the line, to conduct an "X-ray" of the communications market in order to emphasize the business risks and opportunities of the Common Market, to learn what expectations the European Commission has from our country, as well as to acknowledge the perspectives of the European technological environment.

Communications are one of the most dynamic sectors of the national economy and one of the most attractive ones for foreign investors, making us believe the creation of new opportunities for the development of this market is of a major importance.

Competition in the electronic communications market continued to develop in 2006, it is increasingly intense and this fact is clearly reflected in the significant growth of the fixed and mobile telephony. At present, we no longer necessarily talk about competition between services, but about competition between infrastructures. Thus, I may assert that we shall not expect significant changes in this field to take place in 2007, since Romanian communications are already in Europe.

Since the very beginning, ANRC benefited from firm regulations, Romania ranking ahead most Member States as regards adopting the legislation and conducting market analyses. ANRC received positive feedback from the market, since it reacts to the market changes by efficient measures and regulations, by flexibility and transparency. At this moment, one may no longer refer to a national market, but to a European market, and this is a very important aspect to bear in mind. Due to this particular reason, the two issues to be approached starting 2007 are to review the existing regulations and to re-define the markets.

We hereby present you the ANRC achievements for 2006 and invite you to join us in an analysis of our activity, in order to discover the main measures adopted and the fulfilment of our strategic objectives.

Dan Cristian Georgescu

*President of the National Regulatory Authority for Communications and Information
Technology*

2. 2006 – Achievements

2006 has been marked by the adoption of two essential measures dedicated to foster competition in the Romanian electronic communications market: the cost-orientation of the tariffs for the interconnection with the mobile networks of Orange Romania and Vodafone Romania, as well as the regulation on fixed and mobile numbers portability. Moreover, during the second half of this year we rendered operational a certain service dedicated to alternative operators services, that has already proved to play an important role in the development of competition in the European states communications markets: carrier pre-selection, namely the possibility offered to the subscribers of Romtelecom to choose their calls to be taken over and conveyed to destination by another provider of fixed telephone services interconnected with the network of Romtelecom.

The improvement of the conditions for the unbundled access to the local loop by means of ANRC president's decision of May, together with the review of the regime for interconnection with this operator's network, submitted to public consultation between August-September, are part of those measures taken by ANRC in order to improve the regulatory framework destined to developing competition in the market.

2006 has also brought along a new stage in the rebalancing of Romtelecom retail tariffs, allowing the alternative operators to provide subscriptions at comparative tariffs, while Romtelecom will be able to recover its costs, with positive effects on the increase of investments and competition in the market. ANRC has suggested and is going to finalise by the end of the year a price cap formula for the retail tariffs of Romtelecom, on those markets where this company has significant market power. The price cap formula imposes the transfer to end-users of a certain part of the productivity growth of Romtelecom and allows this company to recover the costs increases that are beyond its control, thus ensuring the necessary flexibility for Romtelecom to establish individual tariffs and to react rapidly to the changes occurred in the market.

Significant attention has been shown to promoting end-users' interests. Part of the national programme for the installation of telecentres, by means of which telephone and Internet access services become available in remote and isolated rural areas, ANRC organised in 2006 two tenders covering 223 localities. Also, during June-July, ANRC submitted to public consultation the mechanism for the designation of Universal Service providers which are to install public pay telephones, and is ready to launch a pilot-tender for the installation of public pay telephones in a first series of localities. During July-August, ANRC has submitted to public consultation a draft decision on the obligation of electronic communications services providers to inform the end-users, that establishes the minimum set of information these providers shall include in their telephony offers as well as the ways for making available to end-users such information as well as the issuance conditions and the minimum content of the detailed bills.

Concerning the postal sector, ANRC activity focused on monitoring the obligations imposed on the National Company Posta Romana (CNPR) in its capacity as a Universal Service provider.

The year 2006 was defined by an intense activity on the legislative level as well. Together with the Ministry for Communications and Information Technology (MCTI), ANRC promoted

Government Emergency Ordinance no.70/2006 on amending and completing certain normative acts in the fields of electronic communications and of postal services, the main objective of which is to create – in view of Romania’s accession to the European Union – the necessary mechanisms for co-operation with the European Commission and the regulatory authorities of the other Member States. This normative act also establishes the conditions for the authorised natural persons to enter the postal services market, simplifies the general authorisation procedure in both the electronic communications and the postal services fields, and amends the sanctioning regime and the manner of establishing the monitoring tariff collected by ANRC from the electronic communications networks and services providers and the providers of postal services.

3. The electronic communications market in 2006

3.1 Communications - part of the macroeconomic development

The Romanian economy continued to grow significantly in the last two years. While in 2005 the increase amounted to only 4.1%, the growth in 2006 is forecasted to reach 7%, where an important role in supporting this level is played by the investments – with a rhythm exceeding 10% – but also by the services, that amount for about a half of the gross domestic product of Romania, especially by those services involving advanced technologies that generate gross added value, the communications sector being here comprised.

Communications represent one of the most successful activity domains in the Romanian economy, ranking among those sectors that bring a high contribution in gross added value. It is worth mentioning that there is no sector of the national economy that does not depend on the products provided by the field of communications, since in the intermediate consumption of each sector one can more or less find resources provided by this field.

The communications sector results in a high rate of the gross profit, of around 60% in the last years. The private sector plays the main role in the field of communications, with a weight exceeding 90% in the authorised capital as well as in the turnover, production or gross added value.

The evolutions of the indicators below prove the fact that this field is one of the most dynamic in the Romanian economy:

Table 3.1 Main indicators on the communications sector

	2005	2006
Gross Domestic Product		
- bln. RON	287.2	337.9
- actual growth - %	4.1	7.0
of which:		
- gross added value in communications - %	8.0	8.5

Source: National Institute for Statistics for 2005 and National Prognosis Commission for 2006

The sustained dynamics of the activity in this field is reflected in the evolution of exports of such types of services. Thus, while in 2005 the export of communications services

exceeded over 2 times (2.3) the volume of the previous year, estimates for 2006 indicate that the exported volumes will reach 900 million Euro, an increase by 76% compared to 2005, this evolution being reflected by the increase in the quota of these services in the total export of services at the national level. It is worth observing that this sector registers a high rate of covering exports by means of imports.

The dynamics of the employed personnel in the post and telecommunications sector in 2006 grew 8% as compared to the previous year, showing it remains attractive and continues to develop. The increase in the number of employed personnel in this sector is also reflected in the slight increase of the quota in the total economy, from 1.6% in 2005 to 1.7% in 2006.

Table 3.2 Number of employees and gross salary – post and telecommunications

	2005		2006		Indices	Indices
	Average number of employees (thousand persons)	Gross salary (lei)	Average number of employees (thousand persons)	Gross salary (lei)	(%)	(%)
0	1	2	3	4	5=3:1	6=4:2
Total economy	4558.9	968.0	4660	1130.0	102.2	116.7
Post and telecommunications	72.8	1740.0	78.6	1816.0	108.0	104.4
Quota in total economy (%)	1.6		1.7			

Source: National Institute for Statistics for 2005 and National Prognosis Commission for 2006

The salaries in the communications sector exceed the average amount at the total economy level. Estimates for 2006 show that this sector exceeds 1.6 times the national average - from the average salary viewpoint, which, at its turn, has increased with 4.4% as compared to 2005.

From the inflation viewpoint, evolutions in the last two years indicate that the consumption price index in this sector, except for postal services in 2005, have ranked below the total inflation as well as below the consumption index for services. Moreover, no increases have been registered as regards telephone services during the last two years.

Table 3.3 Index of consumption prices (CPI)

	2005		2006	
	Dec/Dec	average/average	Dec/Dec	average/average
CPI – total	108.6	109.0	104.6	106.5
CPI – services	113.1	110.5	105.9	108.3
Post and telecommunications	106.9	99.9	99.3	100.6
of which:				

- telephone services	105.6	97.7	98.2	98.9
- postal services	111.4	133.7	100.0	103.1

Source: National Institute for Statistics for 2005 and National Prognosis Commission for 2006

As concerns the revenues registered in the domain of communications, distributed per types of activities, according to the CAEN code, a significant nominal growth has been registered.

Table 3.4 Evolution of incomes from post and telecommunications

	2005		2006	
	Million RON	Nominal increase %	Million RON	Nominal increase %
Revenues from post and telecommunications	15,598	121.3	18,440	118.2
of which:				
- post (CAEN code 6411 + 6412)	1,022	125.1	1,280	125.2
- telecommunications (CAEN code 6420)	14,576	121.0	17,160	117.7

Source: 2005 calculated by the National Prognosis Commission based upon the balance sheets centralized by the Ministry of Public Finances, and National Prognosis Commission estimate for 2006.

3.2 General overview of the communications market

Four years after full liberalisation of the Romanian electronic communications market, the number of electronic communications networks and services providers that are active in the market has significantly increased. ANRCTI has collected, verified, processed and analysed information from 99% of the approximately 2,000 electronic communications networks and services providers which were authorised to carry out activities during January 1 – December 31, 2006 (active providers) and had the obligation to report statistical data on their activity of electronic communications services during the said period. Table 3.5 depicts the situation of the active providers, divided depending on the main electronic communications services provided.

Table 3.5 Active providers as of December 31, 2006, depending on the services provided

Categories of services	Active providers
Fixed telephone networks and services	95
Mobile telephone networks and services	4
Internet access services	1,412
Leased lines services	30
Data transmission services	65
Services for the re-transmission of audiovisual programmes	631
Total	2002 ¹

¹ The total number of providers active on the market by December 31, 2006 is represented by the number of providers who reported statistical data to ANRC (approximately 99.6% of the total number of providers which had this obligation, according to ANRC President's Decision no.151/2006). These represented the processing and analysis basis of the report.

Source: ANRC, according to the statistical data submitted by the electronic communications networks and services providers based on ANRC President's Decision no.151/2006

During 2006, the electronic communications market followed trends similar to the European markets as regards the evolution of telephone and Internet services.

The alternative fixed telephone services providers have succeeded, in a very short period of time, to double the market quota, computed depending on the number of access lines. reaching approximately 20%, with a total of more than 820,000 telephone lines installed. As regards the market quota which depends on the volume of the total voice traffic achieved by the providers offering access services in the retail market, it is larger than the market quota calculated depending on the number of access lines (25.9% compared to 19.6%).

The number of users of mobile telephone services, computed based on the number of active SIM cards (subscriptions and prepaid cards) reached 17.4 millions as of December 31, 2006, meaning a 30.4% increase compared to end-2005.

Table 3.6 Active providers in the electronic communications sector, 2003 – 2006, itemized by the category of services provided

<i>Category of services</i>	31.12.2003	30.06.2004	31.12.2004	30.06.2005	31.12.2005	30.06.2006	31.12.2006
<i>Fixed telephone networks and services</i>	37	50	61	64	73	79	95
- origination services	1	1	1	1	1	1	1
- transit services	6	15	19	20	20	25	25
- termination services	6	9	13	13	27	36	38
- access	12	18	23	26	32	45	47
- calls to national destinations	14	17	20	31	42	48	63
- fixed to-mobile-calls	8	14	18	25	34	40	47
- international calls	30	40	48	50	56	63	69
<i>Mobile telephone networks and services</i>	4	4	4	4	4	4	4
<i>Internet access services</i>	233	367	515	692	981	1,154	1,412
- dial-up access	145	166	160	132	130	109	98
- coaxial cable access	56	68	72	73	79	67	85
- fibre optics access	52	72	109	145	217	252	295
- radio access	121	170	219	248	322	343	411
- xDSL access	65	78	93	89	93	67	73
- access by UTP/FTP cable, satellite, other means	124	226	333	520	764	963	1,185
<i>Leased lines services</i>	26	15	17	18	21	24	30
<i>Data transmission services</i>	33	30	36	31	32	58	65
<i>Services for the re-transmission of the audiovisual programmes</i>	489	574	625	626	625	630	631

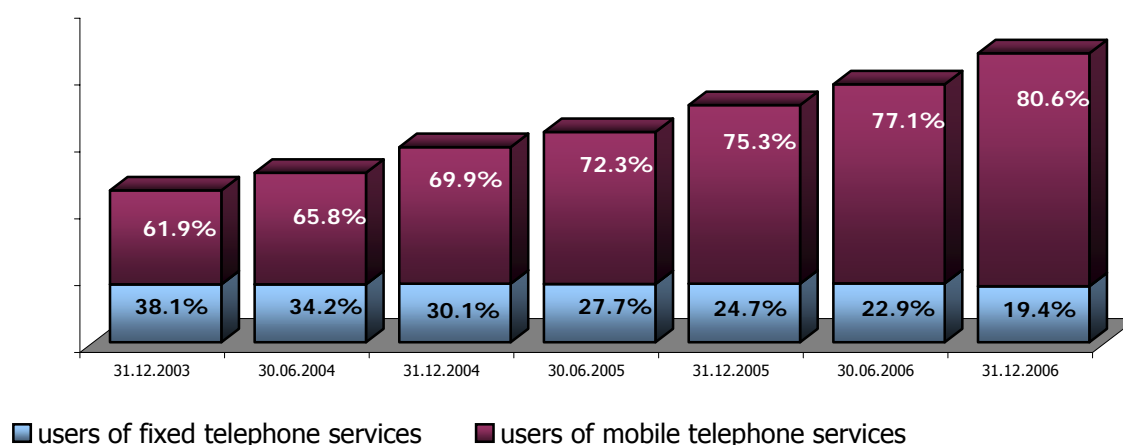
Source: ANRC, according to the statistical data submitted by the electronic communications networks and services providers based on ANRC President's Decisions no.1332/2003 and respectively no.151/2006

Table 3.7 Evolution of the number of fixed telephone services users vs. evolution of the number of mobile telephone services users (active SIM cards)

Indicator	31.12.2003	30.06.2004	31.12.2004	30.06.2005	31.12.2005	30.06.2006	31.12.2006
Total number of telephone services users (million)	11.37	12.70	14.61	15.74	17.74	19.28	21.62
- users of fixed telephone services (%) ²	38.1	34.2	30.1	27.7	24.7	22.9	19.4
- users of mobile telephone services (%) ³	61.9	65.8	69.9	72.3	75.3	77.1	80.6

Source: ANRC, according to the data submitted by the electronic communications networks and services providers based on ANRC President's Decisions no.1332/2003 and respectively no.151/2006

Chart 3.1 Structure of the total number of telephone services users



Source: ANRC, according to the data submitted by the electronic communications networks and services providers based on ANRC President's Decisions no.1332/2003 and respectively no.151/2006

The total number of telephone services users (fixed and mobile) exceeded 21.5 millions as of December 31, 2006. Although the number of mobile telephone services users is increasing compared to the number of access lines to the fixed telephone networks installed in 2006, one may not consider yet that between the two categories of services exists complete substitution (from the viewpoint of the service of access to a telephony network), but that they are complements, since the telephone line in a household may be

² The number of fixed telephone services users is equivalent to the number of connected fixed telephone lines, for which subscriptions are paid.

³ The number of mobile telephone services users is equivalent to the number of active SIM cards by the end of a reported period.

used by more than one person (approximately 3 persons⁴, on average), while most of those who use mobile telephone services did not cancel their fixed telephone services subscription, but used them alternatively.

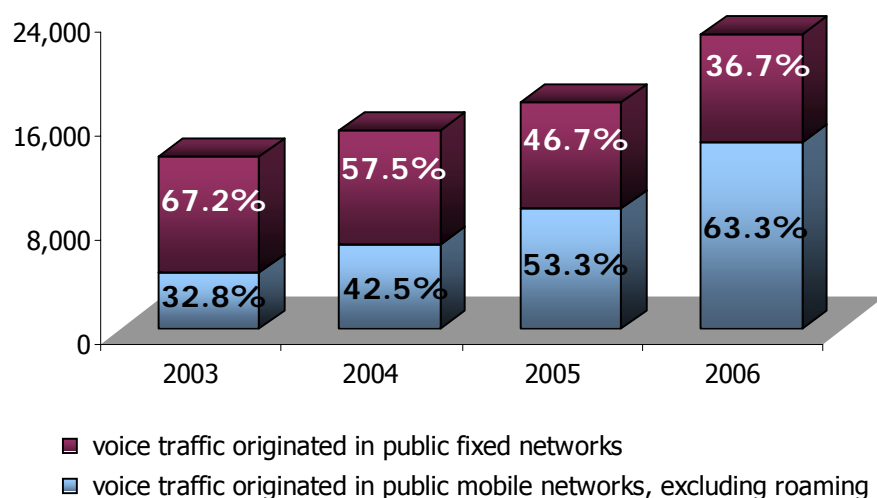
The total voice traffic originated in the Romanian public telephone networks shows a growing trend, with an approximately 29.5% increase in 2006 compared to 2005. This evolution is given by a 136% growth of the voice traffic conveyed through the networks of the alternative providers of fixed telephone services, as well as by the 54% growth of the traffic volume conveyed through the mobile public telephone networks.

Table 3.8 Structure of the voice traffic volume achieved through telephony networks, itemized by the networks where it was achieved - the incumbent's network, the alternative providers' fixed telephone networks and services and, respectively, the public mobile telephone network

Indicator	I semester 2004	II semester 2004	I semester 2005	II semester 2005	I semester 2006	II semester 2006
Total voice traffic originated in the public telephone networks, <i>excluding roaming traffic</i> (million minutes)	7,354	7,944	8,331	9,182	10,606	12,069
voice traffic originated in public mobile networks, excluding roaming traffic (%)	38.9	45.9	48.8	56.5	61.3	65.0
voice traffic achieved by the incumbent through the public fixed networks (%)	60.1	51.9	46.7	37.9	31.5	25.4
voice traffic achieved by the alternative operators through the public fixed networks (%)	1.0	2.2	3.5	5.6	7.2	9.5

Source: ANRC, according to the data submitted by the electronic communications networks and services providers based on ANRC President's Decisions no.1332/2003 and respectively no.151/2006

Chart 3.2 Comparative evolution of the weight of voice traffic originated in public fixed networks and of the weight of voice traffic originated in public mobile networks, within the total traffic, between 2003 and 2006



⁴ According to the National Institute for Statistics, in 2005, the average number of members in a household was 2.938.

Source: ANRC, according to the data submitted by the electronic communications networks and services providers based on ANRC President's Decisions no.1332/2003 and respectively no.151/2006

As regards the evolution of the Internet access connections, one may notice that the investments made in the fibre optic networks, the deployment of the coaxial cable bidirectional networks which diversified this type of services, as well as the introduction and development of the offers of Internet access through DSL technology led to a 37% weight of dedicated access connections within the total number of connections as of December 31, 2006, compared to 10% at end-2003.

The total number of dedicated broadband Internet access connections has increased by approximately 60% in the second semester of 2006, exceeding an absolute value of one million by December 31, 2006. A significant contribution was brought by the increasing number of xDSL connections, as well as by the number of UTP/FTP cable connections, which doubled in only six months.

Table 3.9 Total number of active connections in the electronic communications sector, at the level of end-users, spread over categories of services, as of December 31, 2006

Category of connections	30.06.2006		31.12.2006		Evolution %
	absolute value	%	absolute value	%	
connections for fixed telephone services – natural persons ⁵	3,867,689	15.6	3,644,341	13.0	-5.8
connections for fixed telephone services – legal persons ⁶	553,101	2.2	559,629	2.0	+1.2
connections for mobile telephone services ⁷	14,860,190	60.0	17,419,465	62.1	+17.2
active connections for Internet access ⁸	1,470,408	5.9	2,011,620	7.2	+36.8
connections for services for the re-transmission of audiovisual programmes ⁹	4,019,634	16.2	4,400,158	15.7	+9.5
Total number of connections	24,771,022	100	28,035,213	100	+ 13.2

Source: ANRC, according to the data submitted by the electronic communications networks and services providers for January 1 – December 31, 2006, based on ANRC President's Decision no.151/2006

⁵ The number of connected fixed telephone lines for which subscription is paid by natural persons;

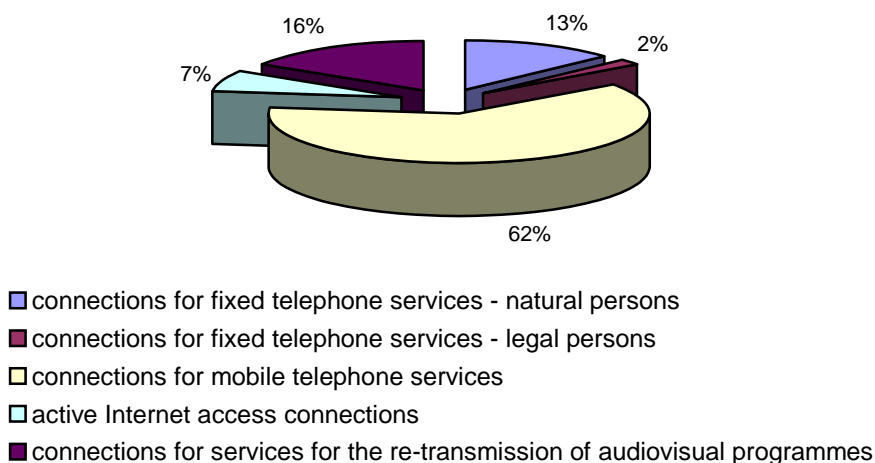
⁶ The number of connected fixed telephone lines for which subscription is paid by legal persons;

⁷ The number of users paying subscriptions and having active prepaid cards;

⁸ The active Internet access connections in the reported period include the dedicated access connections, dial-up access connections at fixed locations for which subscriptions are paid, mobile-to-Internet CSD/GPRS/EDGE/EVDO access connections for which subscriptions are paid, the number of mobile-to-Internet access connections using 3G technology equivalent to the number of users carrying out data transmission within areas covered by 3G services, and respectively mobile-to-Internet access connections using CDMA technology, accessed at least once during the reported period by the subscribers of mobile telephone services;

⁹ The number of subscribers to services for the re-transmission of audiovisual programmes.

Chart 3.3 Structure of the total number of connections in the electronic communications sector, at the level of end-users, spread over categories of services by December 31, 2006



Source: ANRC, according to the data submitted by the electronic communications networks and services providers

The total number of connections in the electronic communications sector used by December 31, 2006, exceeded 28 millions, while the highest weight continues to be that of the mobile telephone services (over 60%). The highest increase in percentage was registered in the active Internet access connections (+37%), while the number of mobile telephone services users showed the most significant growth (+2.5 million new users).

4. ANRC activity

ANRC has permanently in view two main objectives: **promote competition** in the electronic communications and postal services markets and **protect the end-users' interest**.

In its pursuit of fostering competition on the electronic communications market, ANRC continued in 2006 the regulatory activity in the wholesale and retail markets, by imposing specific obligations on the provider with significant power on the relevant retail markets, by cost-orienting the interconnection tariffs charged by the fixed and mobile operators having significant market power, as well as by elaborating proposals for the improvement of the conditions for access to the local loop and for the implementation of number portability in Romania.

In 2006, ANRC continued the implementation of Universal Service in view of ensuring the disadvantaged categories' access to the electronic communications services mainly by installing telecentres, by means of which Internet and telephone services reach isolated rural communities.

In the postal sector, in 2006, ANRC focused on the implementation of the quality requirements associated with Universal Service.

4.1 Decisions with significant impact on the market

4.1.1 Decisions with significant impact on the market, issued by ANRC

1. Access and interconnection

ANRC President's Decision no.190/2006 regarding the amendments and completion of ANRC President's Decision no.1098/2004 on the principles and prerequisites of the reference offer for unbundled access to the local loop and on establishing the terms and procedure for imposing provisions in the Reference Offer for unbundled access to the local loop of S.C. "Romtelecom" – S.A.

ANRC President's Decision no.436/2006 establishing the tariffs for the interconnection services provided by S.C. "Vodafone Romania" – S.A. on the market of access to its own mobile telephone network for the purpose of call termination, based on a long-run average incremental cost model.

ANRC President's Decision no.437/2006 establishing the tariffs for the interconnection services provided by S.C. "Orange Romania" – S.A. on the market of access to its own mobile telephone network for the purpose of call termination, based on a long-run average incremental cost model.

ANRC President's Decision no.4774/2006 on the amendment of the ANRC President's Decision no.436/2006 establishing the tariffs for the interconnection services provided by S.C. "Vodafone Romania" – S.A. on the market of access to its own mobile telephone network for the purpose of call termination, based on a long-run average incremental cost model.

ANRC President's Decision no.4775/2006 on the amendment of the ANRC President's Decision no.437/2006 establishing the tariffs for the interconnection services provided by S.C. "Orange Romania" – S.A. on the market of access to its own mobile telephone network for the purpose of call termination, based on a long-run average incremental cost model.

2. Number portability

ANRC President's Decision no.144/2006 on the implementation of number portability.

3. Reporting statistical data

ANRC President's Decision no.151/2006 on reporting statistical data by the providers of electronic communications networks and services.

4. Postal services

ANRC President's Decision no.66/2006 for the amendment and completion of the ANRC President's Decision no.1480/2005 on the terms for the elaboration and audit of separate financial statements by the National Company Posta Romana S.A.

5. Financial obligations

ANRC President's Decision no.113/2006 on the procedure of exercising the right to make a choice with a view to determining the financial obligations to the National Regulatory Authority for Communications and conducting separated accounts by the providers of electronic communications networks and services and by the providers of postal services.

4.1.2 Draft versions of decisions likely to have significant impact on the market, under adoption at end-2006

1. Access and interconnection

The ANRC President's draft decision regarding the amendment 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, with the subsequent amended and completed, as well as of the ANRC President's Decision no.1379/2003 regarding the interconnection of leased lines-terminal segments with the public fixed telephony network, amended by the ANRC President's Decision no.1330/2004, as well as on imposing provisions in the Reference Offer for interconnection with the public fixed telephone network of S.C. "Romtelecom" – S.A.

2. End-users' rights

The draft ANRC President's decision regarding the obligations of the electronic communications services providers to inform the end-users.

3. Retail markets regulation

The draft ANRC President's decision regarding the establishment of price cap formulas for the services provided by "Romtelecom" – S.A. on the relevant specific retail markets where this company has been designated as having significant power.

The draft ANRC President's decision for amending ANRC President's Decision no.1250/2005.

4. Postal services

The draft ANRC President's decision regarding the authorisation regime for the provision of postal services.

4.2 Legislative proposals

Considering the necessity of full harmonisation of the national legislative framework with the European one, for the purpose of ensuring Romania's compliance with the obligations stipulated in the Accession Treaty to the European Union, as well as in the European Union's constitutive acts, ANRC and MCTI elaborated in 2006 the draft of a Government Emergency Ordinance for amending and completing certain normative acts in the field of electronic communications and postal services.

At the same time, ANRC has permanently proved to be flexible and open regarding the problems of the representatives of the communications industry. In this regard, the Authority initiated a legislative draft having as objective the regulation of certain aspects concerning the shared access to the communications infrastructure.

As well, taking into consideration the necessity of regulating the information technology field in close connection with the sectors of electronic communications and postal services, a draft law has been initiated in view of establishing a unique regulatory authority with the fundamental purpose of enforcing, in a unitary manner, the national policy in the field of electronic communications, information technology and postal services.

4.2.1 Government Emergency Ordinance no.70/2006 on amending and completing certain normative acts in the field of electronic communications and postal services

In 2006, upon the common the initiative of ANRC and MCTI, the Government Emergency Ordinance no.70/2006 on amending and completing certain normative acts in the field of electronic communications and postal services was adopted and published in the Romanian Official Journal, Part I, no.810 of October 2, 2006.

Between 2002 – 2003, the new European regulatory framework was transposed in the Romanian legislation. It is mainly represented by four directives of the European Parliament and of the European Council (Directive 2002/19/EC regarding the access to the electronic communications and associated infrastructure, as well as their interconnection, Directive 2002/20/EC on the electronic communications networks and services authorisation, Directive 2002/21/EC concerning the general regulatory framework for electronic communications networks and services, and Directive 2002/22/EC on the universal service and users' rights relating to electronic communications networks and services). Nevertheless, the new national legislative package in the field of electronic communications networks and services (namely, Government Ordinance no.34/2002 on the access to the public electronic communications network and services and on the associated infrastructure, as well as their interconnection, approved, with amendments and completions, by Law no.527/2002, Government Emergency Ordinance no.79/2002 on the general regulatory framework for communications, approved with amendments and completions by Law no.591/2002, subsequently amended and completed, and Law no.304/2003 on the universal service and users' rights relating to electronic communications networks and services) has not taken over certain procedural provisions of the directives, concerning the co-operation between the regulatory authorities and the European Commission, taking into account that the provisions were exclusively enforced in the European Union's Member States.

Therefore, with a view to Romania's accession to the European Union, the Government Emergency Ordinance no.70/2006 amends and completes the normative acts in the electronic communications field - for the purpose of harmonising the national legislation with the European legislation - and the procedural aspects concerning the institutional co-operation at the European Union level, mainly stipulated under arts.7 and 24 of Directive 2002/21/EC, under arts.15 and 16 of Directive 2002/19/EC and under art.36 of Directive 2002/22/EC. The European legislation establishes a detailed co-operation and consulting mechanism between the Member States' national regulatory authorities for electronic communications, as well as between them and the European Commission, for the purpose of ensuring the development of certain regulation procedures, harmonised at the European level, as well as the coherent enforcement of the new legislative framework in all Member States.

Thus, ANRC shall have the role to co-operate with the European Commission and the other national regulatory authorities of the Member States, by means of a European mechanism notifying certain measures taken by the national regulatory authorities which could affect the trade among Member States. If the European Commission considers that the measure ANRC intends to take would create a barrier for the unique market or if it seriously holds

back to the measures' compatibility with the European law, ANRC will not be able to adopt the measure proposed within a period of 2 months. During this period, the European Commission may adopt a decision which would require ANRC to retire the measure proposed. Such a decision will be accompanied by a detailed, objective analysis of the reasons for which the Commission considers that the measure should not be adopted, as well as by concrete proposals to modify the measure proposed.

A procedure shall also be established in order to realise the exchange of information between ANRC and the European Commission, on the one hand, and between ANRC and the other national regulatory authorities of the Member States, on the other hand. Therefore, upon the European Commission's motivated request, ANRC shall communicate all the required information, notifying the electronic communications networks and services providers which previously provided the information, if necessary. If necessary, the European Commission can make available to the other national regulatory authorities of the Member States the information communicated by ANRC, unless ANRC had specifically and justifiably required these information to be treated as confidential. Should ANRC consider the information communicated are confidential, in accordance with the national and the European legislation provisions, the European Commission and the national regulatory authorities shall respect the information's confidential character.

ANRC shall be obliged to notify the European Commission on the obligations imposed on the providers with significant market power, in accordance with the provisions of the Government Ordinance no.34/2002 and of Law no.304/2003, regarding the designated Universal Service providers and their obligations, as well as regarding the provisions of the national legislation in the field of Directives' regulation.

In exerting its attributions, ANRC shall also take into account the recommendations of the European Commission. Should the Authority decide not to apply these recommendations, it shall consequently forward a motivated report to the Commission.

Also, Government Emergency Ordinance no.70/2006 comprises certain proposals for amending and completing the present regulatory framework, as a result of the general analysis of the national legislation compatibility with the European one in the field of communications, based upon information and experience ANRC gained after consulting and cooperating with the European Commission representatives and with other European regulatory authorities.

Therefore, the provisions of chapter V of Government Emergency Ordinance no.79/2002, amended for the purpose of implementing the notification mechanism, have been completed, in accordance with the Directive 2002/21/EC, in order to introduce the possibility for ANRC to regulate, in cooperation with other national regulatory authorities, the transnational markets identified by the European Commission. It is worth mentioning that the transnational markets cover the entire, or a significant part of, the European Community territory. The Government Emergency Ordinance no.79/2002 specifically states the possibility for ANRC to identify relevant markets other than those comprised by the European Commission recommendation.

The ANRC objectives have been reorganized in accordance with the provisions of the European Union legislation, emphasising the importance of promoting competition, protecting the European Union end-users' interest and contributing to the development of the European Community internal market. ANRC shall encourage the use of technical

standards and specifications published in the European Community's Official Journal, for the purpose of ensuring services' interoperability and of improving users' possibility to choose. The European Commission may establish certain standards and specifications the use of which is mandatory.

Concurrently, certain access and interconnection obligations have been clarified and certain provisions of Law no.304/2003 have been amended in accordance with the European Union legislation.

The necessity to amend and complete the Government Ordinance no.31/2002 on postal services, approved with amendments and completions by Law no. 642/2002, subsequently amended, resulted from the request to correlate the normative acts system and to harmonise the national legislation with the European Union legislation and with the international agreements to which Romania is part.

Also, Government Emergency Ordinance no.70/2006 improved the legal framework on the monitoring tariff collected by ANRC from the electronic communications services and networks providers and from the providers of postal services and amended the sanctioning regime established by the legislation in the field.

4.2.2 The draft law on the regime of the electronic communications networks infrastructure

ANRC and MCTI elaborated and submitted to public consultation, in November 2005, a draft law regulating the regime of electronic communications networks infrastructure.

The draft establishes the conditions regarding the access on public or private property for the purpose of installing electronic communications networks, the regime of the shared use of such infrastructure, as well as certain issues related to building electronic communications networks.

The establishment of an adequate legal framework dedicated to the installation of infrastructure for electronic communications networks as well as to the shared use of this infrastructure represents an essential condition for promoting competition in the field of electronic communications. The development of national electronic communications networks will enable more citizens to have access to electronic communications services and will encourage the provision of more diversified services.

The draft law provides itemized information on the access on public property of the state or of the territorial administrative bodies, establishing a transparent and non-discriminatory procedure of exercising the right of way. The holders of the right of administration of the assets that are property of the state or of the territorial-administrative units shall make publicly available the access conditions and the tariffs they charge. In case of public properties that are assigned or leased, the conditions and tariffs related to the right of way will be made public by the holder of the assignee or of the lessee only if the assignment or lease contract provides it. A provider gains right of way on a public property after sending the holders of the right of property, administration, assignment or leasing - as the case may be - a request in accordance with the conditions published by these and after concluding a contract. In case the holders of the right of property, administration, assignment or leasing of a public property facility - as the case may be - do not reply to the

access application within 30 days, the draft law provides the principle of approval; in such case, the requester owes the published tariffs from the date of starting the respective works.

In order to acquire the rights of way on private property, a requester shall send either the owner, or – in case of joint estate spaces in multi-residential buildings – the owners' association an offer for concluding an agreement, based on which the parties are to negotiate the terms.

The right of access on public or private property may not be granted unless an agreement is concluded. If an agreement cannot be reached within 45 days from the date of sending a request – in case of public property - or an offer – in case of private property – any of the two parties may address the competent court.

The effective use of the existent infrastructure is the second major issue this draft law approaches. In this respect, the draft law clearly states the electronic communications networks providers' right to negotiate shared use agreements with the owners or administrators of such infrastructure facilities. Should the parties refuse negotiation or not reach an agreement within 45 days from the date of starting negotiations, any of the two parties may address ANRC.

Therefore, ANRC can impose on a person owning or controlling infrastructure facilities the obligation to allow a provider of electronic communications networks to use these infrastructure facilities for the installation, maintenance, replacement or displacement of electronic communications networks, if the respective provider has no viable alternatives to design or carry out construction works – due to reasons regarding environment protection, health or public order –, or if the installation of similar facilities is not economically feasible. Where ANRC imposes the obligation of facility shared use, the Authority may also establish the terms, including tariffs, for this type of use. Such a decision of the ANRC President will be issued in accordance with the procedure for the resolution of disputes provided under art.36 of the Government Emergency Ordinance no.79/2002.

Having regard to the importance of electronic communications networks national expansion, ANRC may impose, in certain well justified cases, general obligations of negotiation and transparency to certain owners or administrators of such infrastructure facilities, provided that all interested persons are consulted.

Concurrently, for the purpose of carrying out certain systematized projects of building electronic communications networks, in order to avoid the random position of networks and necessary supportive infrastructure elements, it is necessary to set out certain measures regarding the construction authorisation of electronic communications networks.

Therefore, the draft law proposes creating the legal framework necessary for the possibility that the designing and installation of electronic communications networks and of the required infrastructure facilities, on the one hand, should be performed simultaneously with the building works for roads and public utilities networks, on the other hand. The electronic communications networks shall follow systematic routes and shall be marked accordingly. The detailed technical norms for the installation and protection of electronic communications networks will be approved by the Government decision, upon the joint proposal of the Ministry of Communications and Information Technology and of the Ministry of Transport, Constructions and Tourism.

The draft law was completed based on the comments and suggestions received during the consultation period, and communicated through the notice circuit, following to be submitted for Government approval after being previously endorsed by all interested public authorities.

4.2.3 The Government Emergency Ordinance no.134/2006 on the establishment of the National Regulatory Authority for Communications and Information Technology (ANRCTI)

Following the necessity to regulate the information technology field in close connection to the electronic communications and postal services field, the Government of Romania issued Government Emergency Ordinance no.134/2006 on the establishment of the National Regulatory Authority for Communications and Information Technology (published in the Romanian Official Journal, Part I, no.1046 as of December 12, 2006), aimed at creating a new institutional framework adequate to the unitary regulation of these fields.

Therefore, by Government Emergency Ordinance no.134/2006, following the reorganisation of ANRC, the National Regulatory Authority for Communications and Information Technology (ANRCTI) was set out as an entity of the central public administration under the Government's subordination and the Prime Minister's coordination, with the specific role of enforcing the national policy and strategy in the field of electronic communications, information technology and postal services.

ANRCTI is an independent institution and its management is ensured by a president and two vice-presidents appointed by the Prime Minister for a period of five years.

The activity of ANRCTI is bounded to the objectives established by the provisions under art.5 of Government Emergency Ordinance no.134/2006. Thus, ANRCTI pursues to promote competition in the electronic communications, information technology and postal services sector, contributing to the development of the internal market of the European Union in the said sector. Moreover, one of the main objectives of ANRCTI is to ensure the protection of users' rights and interests as regards the electronic communications and services, the information society services, as well as the postal services, including by taking all the necessary measures in such a manner that users obtain maximum benefits under the conditions of a competitive market, as concerns offer diversity, tariffs and quality of services.

Furthermore, Government Emergency Ordinance no.134/2006 established the functions and attributions of ANRCTI in the electronic communications, information technology and postal services sector. The main functions of ANRCTI are to regulate the activities in this sector by adopting and implementing functional, operational and financial decisions and procedures whereby to enforce the policies in the field, as well as pursue and control the observance of the respective decisions.

4.3 Simpler rules for market entry

4.3.1 Authorisation regime for electronic communications services and networks providers

The main amendments brought by the Government Emergency Ordinance no.70/2006 on the authorisation procedure for electronic communications services and networks providers refer to the following aspects:

a) currently, the person intending to provide electronic communications services or networks is obliged to notify ANRC on its intention, on the day starting its activity, at the most, in order to be granted the right to provide the types of services and networks mentioned at the notification date. The maximum term provided by the amended art.4 paragraph (2) of the Government Emergency Ordinance no.79/2002 was of maximum 7 days from starting activity;

b) the persons who were sanctioned and from whom the right to provide electronic communications networks or services has been withdrawn shall not be able to provide any type of electronic communications networks and services for 3 years since the withdrawal of such right; the licences for the use of radio-electric frequencies and for the use of numbering resources are also withdrawn, as the case may be. Until now, according to the amended art.4 paragraph (6) of the Government Emergency Ordinance no.79/2002, the respective persons were losing only the right to provide the same types of networks and services they used to provide before, for 5 years since the right's withdrawal.

4.3.2 Authorisation of postal services provision

As for the authorisation procedure for the postal services providers, in accordance with the provisions of Government Emergency Ordinance no.70/2006, starting January 1, 2007, the barriers encountered by the natural persons when intending to entry on the postal services market are removed. These persons are to be the holders of the same rights and obligations as regards the postal services provision as the legal persons.

Also, in accordance with the provisions of Government Emergency Ordinance no.70/2006, ANRC launched for public consultation a draft law on simplifying the general authorisation procedure in the sector of postal services.

4.3.3 Allocation of numbering resources

Licences for the use of numbering resources (LURN) granted

In 2006, 44 companies requested, for the first time, to be granted numbering resources (two of the requests had been filed in 2005) according to the ANRC President's Decision no.141/2002 on the application and granting procedure regarding the licence for the use of numbering resources, subsequently amended. Following the analysis of these requests, 40 licences for the use of numbering resources were granted in 2006.

Besides the numbering resources requested by these companies, in 2006, ANRC assessed 30 requests for the allocation of additional numbering resources to those previously allocated – one of these requests had been initiated in 2005. Where the terms have been fulfilled, ANRC issued other 26 LURN which replaced the licences granted before to the

respective requesters, thus granting licenses to 26 requests filed in 2006 and to one filed in 2005.

The difference between the number of requests ANRC received and the number of LURN it granted is due to the following situations: in 6 of the cases the requesters did not fulfil the numbering resources request procedure, since they did not answer to ANRC's requests of providing certain additional information (3 requests for initial LURN and 3 requests for amending certain current LURN); in one case the procedure of granting the LURN is in progress (a request for initial LURN), and two requests filed by the same company, at close dates, were resolved by granting one licence only.

As a total, in 2006 ANRC allocated 14,347,042 numbers and indicatives, out of a total number of 15,512,048 requested numbering resources, therefore the requested resources/allocated resources rate reaches 92.49%.

On the other hand, in the same period were granted 940,000 numbers, upon holders' request.

The average term of granting a LURN was of 12.5 days (the ANRC President Decision no.141/2002 provides a maximum term of 21 days).

Other types of requests of licences for the use of numbering resources

In 2006, ANRC analysed 7 requests for granting a LURN, which did not concern the allocation of new numbering resources.

Therefore, following the request for a cession of numbering resources, filed in 2005 and completed in 2006, ANRC granted two LURN, amending the conveyor's preliminary licence and respectively granting an initial licence to the transferee. A second cession request, filed to ANRC in 2006, needed additional clarifications from the two licence holders, the procedure being in progress by end-2006.

Furthermore, ANRC solved a request for amending LURN in order to record the modification of a holder's name, as well as two requests generated by the change of holders' headquarters.

Another request was determined by a merger by absorption, in this case being granted a licence to a new holder who took over the right for the use of numbering resources previously granted to the absorbed company.

A request for a 6 months prolongation of the right to use a 10,000 numbers block was also resolved.

The above mentioned granting of numbering resources, as well as another case of merger by absorption, did not imply granting distinct LURN, being registered in parallel with allocations of additional resources. A request for a 6 months prolongation of the right to use a 10,000 numbers block was resolved similarly and, in parallel, were allocated new numbers (therefore no distinct LURN was granted).

Licences for the use of numbering resources revoked, suspended or withdrawn

During 2006, no LURN was revoked, suspended or withdrawn.

Table 4.1 Monthly requests for new numbering resources, itemized by NNP numbering domains

NNP Domain	2005	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Total
Z=2	-	-	-	-	-	1B	-	-	-	50B	-	-	-	51B
Z=3	1B	-	133B	57B	5B	66B	43B	64B	123B	58B	43B	238B	41B	872B
Z=7	-	2M	-	-	-	1M	1M	1M	-	-	1M	-	-	6M
Z=8														
0800	-	-	3b	3b	-	1b	-	3b	1b	3b	2b	1b	-	17b
0801	-	-	-	-	-	-	-	10b	-	1b	2b	-	-	13b
0802	-	-	-	-	-	-	-	200b	-	-	-	-	-	200b
0805	-	-	-	-	-	-	-	-	-	1b	1b	-	-	2b
0807	-	-	1b	-	-	-	-	-	-	-	-	-	-	1b
0808	1b	-	5b	4b	2b	1b	-	3b	3b	2b	1b	2b	1b	25b
0870	-	-	-	1b	-	-	-	1b	-	-	-	-	-	2b
Z=9														
0900	1b	-	1b	1b	1b	-	-	1b	-	2b	1b	-	-	8b
0903	1b	-	1b	-	1b	-	-	1b	-	2b	1b	-	-	7b
0906	1b	-	1b	1b	1b	-	-	1b	-	1b	1b	-	-	7b
10xy	1	1	2	4	-	2	-	2	3	4	1	1	1	22
16xy	1	-	8	3	2	2	-	3	1	4	1	1		26

where: M = 1,000,000 numbers, B = 10,000 numbers, b = 1,000 numbers.

Source: ANRC

Table 4.2 Monthly allocations of new numbering resources, itemized by the NNP numbering domains

NNP Domain	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Total
Z=2	-	-	-	-	-	1B	-	-	-	50B	-	-	51B
Z=3	1B	43B	49B	12B	74B	-	44B	52B	129B	44B	433B	96B	777B
Z=7	2M	-	-	-	1M	1M	-	1M	-	1M	-	-	6M
Z=8													
0800	-	1b	2b	2b	2b	-	-	1b	2b	2b	2b	2b	16b
0801	-	-	-	-	-	-	-	-	-	1b	2b	-	3b
0802	-	-	-	-	-	-	-	-	-	-	-	-	-
0805	-	-	-	-	-	-	-	-	-	1b	1b	-	2b
0807	-	-	1b	-	-	-	-	-	-	-	-	-	1b
0808	-	3b	3b	4b	3b	-	-	2b	3b	2b	1b	4b	25b

0870	-	-	-	1b	-	-	-	1b	-	-	-	-	2b
Z=9													
0900	-	2b	-	1b	-	-	-	-	1b	1b	2b	-	7b
0903	-	2b	-	-	-	-	-	-	1b	1b	2b	-	6b
0906	-	2b	-	-	-	-	-	-	1b	1b	1b	-	5b
10xy	1	1	2	2	3	-	-	1	3	2	1	3	19
16xy	-	3	6	4	2	-	-	2	1	2	1	2	23

where: $M = 1,000,000$ numbers, $B = 10,000$ numbers, $b = 1,000$ numbers.

Source: ANRC

4.3.4 National and international signalling point codes

In an operator's internal signalling network, each signalling point (SP) has an associated unique code ensuring the transmission of information within the network. Signalling point codes in an operator's internal network are managed by the respective operator.

Part of the signalling points of a network are interconnected by signalling links with signalling points in other networks in Romania. Thus, in view of identifying and conveying information between different networks, the respective signalling points must have associated other codes (NSPC), unique for each network.

In Romania, the national signalling point codes (NSPC) are managed and allocated by ANRC, in blocks of eight codes each. This necessity for a unique administrator is due to the fact that, in order to be functional, the national network allowing for the interconnection of all operators within the Romanian territory must be able to associate each signalling point with a unique code.

Similarly, part of the signalling points of the national network are interconnected by signalling links with signalling points in the international network. In this case, other types of signalling point codes are required (ISPC), which are unique in the international network. Such codes are allocated to the national authorities by the International Telecommunication Union, in blocks of 8 (such a block is called *SANC – Signalling Area Network Code*, featuring the Z-XXX format). On their turn, national authorities manage and allocate them to individual operators.

So far, Romania has been allocated 6 SANC blocks, i.e. 48 international signalling point codes (ISPC).

39 individual decisions have been issued for the allocation of SS7 national (NSPC) and international (ISPC) signalling point identification codes. By these decisions, a total number of 48 NSPC blocks (i.e. 384 codes) and 3 ISPC codes were allocated.

Moreover, 3 individual decisions regarding the termination of the right to use identification codes of national SS7 signalling points (NSPC) have been issued. By these decisions, the right to use 20 NSPC blocks (i.e. 160 codes) ended.

Allocation of SS7 national and international SS7 signalling point codes

The regime for the allocation of national and international signalling point codes is regulated by ANRC President's Decision no.1334/2003 on the procedure for granting the right to use national and international signalling point codes.

National and international signalling point codes are allocated for unlimited period, by means of individual decisions. The requests are analysed according to the following criteria:

- a) necessity to obtain the respective signalling point codes;
- b) network structure as provided by the requester;
- c) ensuring an effective and reasonable use of the signalling point codes.

The right to use certain national and international signalling point codes may be granted to the providers of public electronic communications networks, authorised with ANRC, who submit a request therefor.

The cumulated status of national (NSPC) and international (ISPC) signalling point codes allocation is as follows:

Table 4.3 Allocation status of national (NSPC) and international (ISPC) signalling point codes

Domain	Total number of blocks allocated to Romania	Total number of codes allocated to Romania	Total number of blocks allocated by ANRC	Total number of codes allocated by ANRC
ISPC	6	48	-	41
NSPC	-	-	306	2,448

4.4 Competitive safeguards on the wholesale market

4.4.1 Interconnection regime

Interconnection is a specific form of access agreed between the operators of public electronic communications networks, allowing the physical and logical link between public communications networks, communication between the users of various networks, and access to services. Due to interconnection, the users may have access to services provided both by the operator of the network they are connected to and by alternative operators.

Each ANRC intervention on the Romanian electronic communications market is taken in view of maximising the users' benefits, thus ensuring their possibility to choose the most advantageous services from a diversified offer of electronic communications services as regards quality, diversity and price. The Authority aims at achieving this objective by promoting competition in the electronic communications sector, thus creating the proper environment for further market development, to the end-users' benefit. All these principles governed also the steps ANRC took in the field of interconnection, which fostered an

effective and reasonable competitive framework, offering the new-entrants the possibility to compete with the incumbent.

On the markets where there is no effective competition, such as the markets of access to public telephone networks for the purpose of call origination, termination and transit, there are no competitive forces which could reduce the required tariffs to an effective level. Therefore, it is ANRC's responsibility to proceed in order to promote competition and protect users, by identifying the relevant specific markets, by identifying the operators with significant power and by imposing upon them one or more of the obligations stipulated under arts.9–14 of Government Emergency Ordinance no.34/2002.

▪ **Interconnection with the Romtelecom network in view of calls origination, termination and transit**

In 2002, Romtelecom was identified and designated as a provider with significant power on the market of access to the public fixed telephone networks for call origination, termination and transit. Therefore, ANRC imposed on this company certain obligations: transparency, non-discrimination, accounting separation, provision of certain services and granting access to certain facilities, as well as cost-orientation of its tariffs related to the other operators' interconnection with the networks it operates.

In view of observing the transparency and non-discrimination obligations, Romtelecom has the obligation to publish on its website and make available for any requester a Reference Interconnection Offer (RIO), which should comprise at least the minimum set of interconnection services set out in ANRC President's Decision no.147/2002 on the principles and prerequisites of the Reference Offer for interconnection with the public fixed telephone network, with the subsequent amendments and completions. The set of services made publicly available through RIO must be accompanied by the terms, including the tariff-related ones, under which these services are provided to the operators.

Regarding the non-discrimination obligation, Romtelecom shall:

- apply equivalent interconnection conditions, under equivalent circumstances, to all persons who request or already benefit from interconnection with the public fixed telephone network this company operates; and
- provide to other operators all the services and information necessary for the completion of interconnection with the public telephone fixed network they operate, under the same conditions, including quality-related conditions, as those offered for their own services or for the services provided to persons in the same group.

▪ **Reference Interconnection Offer review**

Between August 9, 2006 - September 19, 2006, ANRC submitted to consultation the draft ANRC President's Decision on the amendment and completion of ANRC President's Decision no.147/2002 regarding the principles and prerequisites of the reference offer for

interconnection to the public fixed telephone network, subsequently amended and completed, and of ANRC President's Decision no.1379/2003 on the interconnection of leased lines – terminal segments with the public fixed telephone network, amended by the ANRC President's Decision no.1330/2004, as well as for the imposition of clauses in the reference interconnection offer with the public fixed telephone network of S.C. "Romtelecom" – S.A.

The amendments and completions to ANRC President's Decision no.147/2002 and to ANRC President's Decision no.1379/2003 clarify and complete certain provisions, taking into account both certain disturbances that appeared during the interconnection process and the development of the electronic communications market. The RIO provisions have been reviewed, being mainly correlated with the provisions concerning the interconnection co-location and the unbundled access to the local loop, the completion of the description of interconnection services provided by Romtelecom and the elucidation of conclusion and amendment mechanism related to the interconnection agreements.

In order to ensure transparency, Romtelecom shall have the obligation to include all tariffs for the interconnection services in Annex D "The list of tariffs" to the RIO. For this purpose, Romtelecom shall have the obligation to communicate ANRC the itemised methods used in view of cost-orienting all tariffs provided by RIO, except for those provided in the ANRC President's Decision no.1459/2005.

At the same time, Romtelecom shall be obliged to quarterly update the information related to its access points, considering the fact that such information may be modified and the beneficiaries must have access to updated information, in order to choose the most effective solutions for interconnection.

In what concerns the responsibility for installation and the interconnection link operability, clear provisions have been introduced, as well.

In order to render the interconnection process more efficient, ANRC modified the procedure and the negotiation and implementation terms of the interconnection agreements and of the subsequent requests requiring for these agreements to be amended.

ANRC proposed the inclusion in RIO of the itemised description of the interconnection services currently provided by Romtelecom. At present, the description is comprised in the interconnection standard contract only. Thus, in RIO has been included the description of access to services provided by means of numbers containing 3 and 4 figures, to services provided by means of non-geographic numbers, to services of call origination through the carrier selection procedure and to services of call transit.

ANRC has also introduced in RIO a procedure for the calculation of the damages owed by Romtelecom, should the repair term of damages not be observed.

ANRC is to adopt this decision during the first term of 2007, after analysing the comments and the proposals received during the consultation period.

- **Interconnection with the networks of Vodafone Romania and Orange Romania in view of call termination**

Interoperability of electronic communications networks and services is a salient condition for economic efficiency, promoting competition and maximising the end-users' benefits. In

order to guarantee this interoperability, ANRC imposed on Vodafone Romania and on Orange Romania – both providers with significant power on the markets of access to their own mobile telephone networks for the purpose of call termination – the obligations of transparency, non-discrimination, provision of certain services and granting access to certain facilities. As well, the two providers have the obligation to cost-orient the tariffs for the interconnection of the networks they operate with the public electronic communications networks of other operators, for the purpose of call termination.

▪ **Interconnection with the networks of Telemobil and Cosmote Romanian Mobile Telecommunications in view of call termination**

In order to ensure the interoperability of electronic communications networks and services, based on the principles of economic efficiency, promoting competition and maximising the end-users' benefits, ANRC imposed on *Telemobil* and *Cosmote Romanian Mobile Telecommunications* – both providers with significant power on the markets of access to their own mobile telephone networks for the purpose of call termination – a set of obligations regarding their behaviour on these markets. Thus, the two operators have obligations regarding transparency and the provision of certain services and granting of access to certain facilities, as regards the interconnection of the public mobile telephone networks they operate with the public electronic communications networks of other operators, for the purpose of call termination.

4.4.2 Regulation of the unbundled access to the local loop (RUO)

Creating the frame for the development of competition in the field of broadband electronic communications services is essential for the accomplishment of the ANRC objective of maximising the users' benefits by promoting service diversification, so that they could choose the most advantageous offer as concerns quality and price.

The effective access to Romtelecom's access network for the purpose of providing broadband communications services offers to the alternative operators the real opportunity to enter the market and compete under fair conditions, despite the lack of their own infrastructure. The access network is the network segment that is the most difficult to replicate in the short and medium run by the new entrants. For this reason, unbundling the local loop is an essential condition with a view to ensuring an effective competitive environment in the market of broadband electronic communications services.

Therefore, in order to support the development of the broadband electronic communications services (high-speed Internet) and of the publicly available telephone services at fixed locations, ANRC imposed on Romtelecom – in its capacity as operator with significant market power on the market of providing total or shared unbundled access to the local loop formed by a pair of twisted metallic wires – certain obligations of transparency, non-discrimination, provision of certain services and granting of access to certain facilities, cost-orientation, as well as accounting separation.

The full description of these obligations may be found in ANRC President's Decision no.1098/2004 on the principles and prerequisites of the reference offer for the unbundled

access to the local loop, with the subsequent amendments and completions, and in ANRC President's Decision no.1380/2003 on the approval of the Regulation for the realization, by Romtelecom, of the separate financial statements within the internal accounting system.

For the purpose of complying with the transparency obligation, Romtelecom has the obligation to publish on its Internet website and make available to any requester a Reference Offer for the unbundled access to the local loop (RUO), which must include at least the services for the provision of the unbundled access to the local loop provided in ANRC President's Decision no.1098/2004.

The maximum tariffs charged by S.C. Romtelecom S.A. for providing the unbundled access to the local loop were established based on equivalent services on the market of leased lines – terminal segments and are presented in the following table¹⁰:

	Subscription	Connection fee
Full access to the local loop	8.37 Euro	59 Euro
Shared access to the local loop	4.2 Euro	59 Euro

▪ **Review of the Reference Unbundling Offer**

In order to comply with the transparency obligation, Romtelecom has the obligation to publish on its website and make available for any requester a Reference Unbundling Offer (RUO), which should comprise at least the provision of the services of unbundled access to the local loop stipulated in ANRC President's Decision no.1098/2004.

Between September 29 - November 15, 2005, ANRC consulted the industry regarding the draft decision on amending the Reference Unbundling Offer (RUO).

Taking into account that certain RUO clauses did not comply with the provisions of ANRC President's Decision no.1098/2004, ANRC accordingly elaborated a draft decision on amending and completing RUO provisions. Moreover, ANRC President's Decision no.1098/2004 was amended and completed in order to clarify certain provisions as well as itemize certain obligations imposed on Romtelecom. These amendments and completions have been also included in RUO in view of correlating the provisions of the two documents.

Following the analysis of the comments received during the consultation period, the draft decision was modified and submitted to the debates of the Consultative Council on April 16, 2006. After the debates, the draft decision was finalised. ANRC President's Decision no.190/2006 on the amendment and completion of ANRC President's Decision no.1098/2004 regarding the principles and prerequisites of the Reference Unbundling Offer

¹⁰ Tariffs do not include VAT.

and the clause imposition on the Reference Unbundling Offer of Romtelecom was communicated to this company on May 11, 2006.

The most important provisions of the decision concern the following aspects:

a) Romtelecom's obligation to publish a document on the internal reference conditions for the unbundled access to the local loop (CIRA)

ANRC detailed the non-discrimination and transparency obligations imposed on Romtelecom for the purpose of preventing the emergence of certain anticompetitive practices by which this operator - as an operator with significant power, vertically integrated - could intervene and provide certain internal services in view of offering its own services on the retail market under more advantageous conditions than the ones applied to the Beneficiaries.

Therefore, Romtelecom has the obligation to draw and communicate to ANRC the CIRA, within 75 days from the date when the decision is communicated. The document shall cover all the services for the unbundled access to the local loop, accompanied by the detailed conditions under which these services are internally offered, in view for Romtelecom to provide services on the retail market. As well, Romtelecom has the obligation to publish the CIRA on its website.

CIRA comprises internal services offered for the purpose of providing unbundled access to the local loop, internal offset tariffs afferent to each of these services, quality conditions, terms of services provision, damages repair terms as well as itemised description of the internal procedures for the provision of services (activities, responsible persons, documents' flow, duration etc.).

b) Romtelecom's obligation to publish all tariffs charged from operators which require the provision of the unbundled access to the local loop, for the purpose of ensuring a predictable business environment

c) Introducing a new rule for the allocation of the spaces available for co-location

Based on the analysis realised by ANRC regarding the spaces available for co-location and the way in which they are used by the Beneficiaries and, also, taking into consideration the rules for the administration of co-locatable spaces in other European countries, ANRC introduced a procedure for the allocation of the spaces available for co-location, in view of effectively using the space provided to Beneficiaries.

As well, RUO shall comprise the status of the co-locatable spaces afferent to the access points where Romtelecom's local switches are located as well as the status of the co-locatable spaces afferent to the access points where services of unbundled access to the local loop are already provided. These information shall be monthly updated, being also completed with the status of the co-locatable spaces of other access points where the provision of the unbundled access to the local loop has already begun, as the case may be.

d) The completion of procedure for the negotiation and implementation of the agreements on unbundled access to the local loop

ANRC completed the procedure for the negotiation and implementation of the agreements on unbundled access to the local loop, in view of clarifying certain aspects: the applicable terms in the case of amending or completing a frame-agreement regarding the provision of

unbundled access to the local loop, the maximum term of making available and preparing the co-locatable space by Romtelecom and, respectively, by the Beneficiary.

As well, for clarification purposes, ANRC amended the intermediary terms for making available the services of unbundled access to the local loop.

4.4.3 Regulation of interconnection tariffs

In 2003, the Romanian electronic communications market was liberalised. Under these conditions, market's growing rhythm slowed down and the competition for attracting clients intensified. Therefore, the interconnection tariffs charged by the incumbents became an issue of major public interest and the problem of establishing their optimum level received a greater significance.

Thus, in order to prevent the emergence of certain abuse of dominant position, ANRC, by ANRC President's Decisions nos.147/2002, 123/2003 and, respectively, 124/2003, imposed on Romtelecom, Mobifon/Vodafone Romania and, respectively, on Orange Romania, the obligation of cost-orientation of interconnection tariffs. As well, by the ANRC President's Decisions no.147/2002, Romtelecom has the obligation to keep separated accounts within the internal cost accounting system, in view of monitoring the compliance with the non-discrimination and transparency principles and with the cost-orientation of tariffs.

In order to fulfil its regulatory objectives, namely promoting competition and effective investments in infrastructure, as well as protecting users' rights and interests, ANRC may intervene and regulate the level of the interconnection tariffs charged by the dominant operators. Therefore, ANRC deemed that the best method to estimate the effective costs of the interconnection services provision is to use long-run average incremental cost, so that cost-orientation be fulfilled based on such price cap formulas.

ANRC carried on and completed, during 2006, the process of cost-orienting the tariffs for the interconnection with the mobile telephone networks operated by Vodafone Romania and Orange Romania.

4.4.4 Number Portability

Number portability represents a subscriber's possibility to keep, upon his request, his telephone number when he changes the provider of publicly available telephone services.

The provider who has the right to use, by means of the licence for the use of numbering resources, the number blocks which comprise the number or numbers requested to be ported is called *donor provider (initial donor provider)* and the provider to whom the number is ported is called *recipient provider*. Should the portability be successive, the provider to whom the number had been previously ported is called *donor provider*.

Number portability fulfilment is a salient condition for the purpose of maximising the end-users' benefits and promoting competition in the electronic communications sector.

Subscribers' possibility to keep their telephone number when changing the provider of publicly available telephone services brings great benefits to the respective subscriber, since he is not obliged to inform the others on the fact that his number has been changed. The customers in the business segment will be more interested in number portability

because they will be absolved from additional costs and will have the freedom to choose the telephone services provider that best suits their needs, without risking to lose contact with part of their partners or clients, a very probable thing to happen should they renounce the telephone numbers their clients and partners had been used to.

The Directive 2002/22/EC of the European Parliament and the Council regarding universal service and users' rights relating to electronic communications networks and services states that the Member States have the obligation to ensure that all subscribers of public telephone services providers (including mobile telephone service) benefit from the number portability service, as regards both geographic numbers and non-geographic numbers. These provisions have been transposed in the national legislation by Law no.304/2003.

According to the provisions of art.28 paragraph (1) of Law no.304/2003, "*Art.28 – (1) ANRC shall impose on the providers of publicly available telephone services, including on the providers of publicly available mobile telephone services, the obligation to offer to their subscribers, on request, the possibility to retain their telephone number, independently of the service provider, as follows:*

- a) in case of geographic numbers, at a specific location;*
- b) in case of non-geographic numbers, at any location."*

In accordance with these provisions, ANRC adopted ANRC President's Decision no.144/2006 on the implementation of number portability in Romania.

Prior to its adoption, the decision had been submitted to public consultation, between December 28, 2005 and January 31, 2006, and was debated within the Consultative Council on March 14, 2006.

The decision states the establishment of a general framework for the implementation of number portability in Romania. The providers of publicly available telephone services, authorised under the conditions of art.4 of Government Emergency Ordinance no.79/2002, in their capacity as holders of the licences for the use of numbering resources, have the obligation to offer to their subscribers, on request, geographic and non-geographic portable numbers, as case may be, within 9 months from the adoption of the technical and commercial conditions for the implementation of number portability. After the number is ported, changing the number's destination provided in the National Numbering Plan will be forbidden.

The following categories of numbering resources within the National Numbering Plan are portable:

- a) national geographic numbers within the 0Z = 02 and 0Z = 03 domains;
- b) national non-geographic numbers within the 0Z = 07 domain, regardless the way of payment for the calls for publicly available mobile telephone services provided by means of these numbers (prior or subsequent to the provision of the services);
- c) national non-geographic numbers for various services, within the following sub-domains of the 0Z = 08 domain:

1. 0ZAB = 0800 (green numbers);
2. 0ZAB = 0801 (universal access numbers);
3. 0ZAB = 0802 (universal personal numbers);

d) national non-geographic numbers for Premium Rate services, within the 0Z = 09 domain.

The administration of the number portability process, including the exchange of information between providers regarding the ported numbers, shall be fulfilled through a centralised database (CDB). CDB's components are: the *reference central database*, which comprises the entire set of information related to ported numbers and routing numbers, and the *administrative central database*, which comprises the register of the transactions (administrative procedures) between providers and other additional information, necessary for the fulfilment of number portability.

ANRC will establish the manner of financing the activities determined by the creation and administration of the central database, as well as the central database operator. The routing method used for implementing number portability between networks is ACQ (*All Call Query*).

Should technical limitations appear, the provider that originates the call will be able to use, the routing method OR (*Onward Routing*), while supporting all the additional costs. The routing information will be transmitted through concatenated addresses, the routing number and the called number being concomitantly transmitted within the signalling field "*Called Party Number*". The providers originating calls have the obligation to ensure calls routing towards the ported numbers.

A number is ported if a subscriber files a request in this regard. The request is transmitted to the recipient provider, by means of a standard-form. The recipient provider is responsible towards the requester for fulfilling the porting process. The process shall be completed within 10 working days since the transmission of a request that is accepted by both the recipient provider and the donor provider, except for the following cases:

- a) when the subscriber requests the transfer to be fulfilled in a longer term;
- b) when the subscriber's connection and the starting of the provision of publicly available telephone services by the recipient provider is fulfilled in a longer period of time.

The donor provider may not condition the porting of a number by the subscriber's payment of additional tariffs associated to the transfer process. The donor provider's costs, including the administrative ones, determined by the porting of a number, will be recovered from the recipient provider. The tariffs charged by the donor provider from the recipient provider should not exceed certain limits established by the decision. The recipient providers may charge the end-users certain tariffs for the number portability service. In such cases, the tariffs shall be affordable.

The providers of publicly available telephone services have the obligation of making available for end-users, on request, free of charge, clear, detailed and updated information on the number portability service, including information on the tariffs charged for the provision of this service, as well as for the calls terminated to the ported numbers, both in writing and by making available a Customer Relations Service, available at least 40 hours per week.

For the implementation of number portability, the providers of electronic communications services must be able to achieve a series of specific technical, operational and administrative activities. Furthermore, all these activities must be correlated at national level. Taking these aspects into account, the ANRC President's Decision no.144/2006 on the implementation of number portability provided the establishment of a working group, comprising representatives of the providers of publicly available telephone services – who are holders of licences for the use of numbering resources and have assigned to their subscribers numbers in accordance with the provisions of art.4 paragraph (1) – and ANRC representatives. The working group was co-ordinated by a specialist appointed by the president of ANRC. One of the first tasks of the working group consisted of elaborating technical and commercial conditions for the implementation of number portability, in accordance with the general framework related to number portability implementation in Romania, set out by the ANRC President's decision.

After the adoption of the technical and commercial conditions, the working group will monitor the process of number portability implementation. In order to establish the working group members, ANRC sent **78** letters, requesting from the providers of publicly available telephone services certain information necessary both for establishing the providers who would take part in the group's works and for deciding on its activities. As well, ANRC requested the providers of publicly available telephone services to designate the representatives that would take part in the working group activities. **39** providers communicated that they had assigned to their subscribers numbers from the portable resources, but only **24** of them designated representatives for the working group.

The working group carried out its activity between May-October 2006.

Before every working group meeting, ANRC had elaborated and transmitted to the members the documents to be discussed. After each meeting, the providers' representatives transmitted comments and proposals regarding the manner of resolving the problems discussed. ANRC then analysed the comments and elaborated the draft document, asking the providers to validate it.

The draft document entitled "*Technical and commercial terms for the implementation of number portability*", which was validated by the working group, is to be submitted to public consultation and, subsequently, to the ANRC President's approval.

The document comprises the following chapters:

- Porting request;
- Technical specifications for the implementation of number portability;
- Itemised description regarding the administration procedure of the porting process;
- The rules for the organisation and operation of the central database;
- Modalities for costs offset between providers;
- Quality parameters of the number portability service;

- Modalities of informing the end-users;
- Procedure for amending and completing the technical and commercial terms.

Within 9 months since the adoption of the technical and commercial terms related to the implementation of number portability, the providers of publicly available telephone services have the obligation to offer to their subscribers, on request, the porting of geographic or non-geographic. Therefore, number portability will be available by end-2007.

4.4.5 Carrier pre-selection

Carrier pre-selection (CPS) is a facility offered to the subscribers of Romtelecom, enabling them to choose that all or certain calls be conveyed by the pre-selected services provider (following the conclusion of a contract). The subscriber does not necessarily have to dial an individual selection code of the carrier at each call or use another modality for the purpose of calls being routed towards the destination network by the pre-selected provider.

ANRC conducted an internal study regarding carrier selection, which comprises certain RIO provisions from other European countries, as well as acts issued by the regulatory authorities.

During the meetings dedicated to discussing the implementation of CPS by Romtelecom, several debates took place, addressing the technical, operational and commercial terms for the implementation of the carrier pre-selection procedure.

According to ANRC President's Decision no.1250/2005 on the imposition of obligations upon the provider with significant power on the specific relevant retail markets, Romtelecom submitted to ANRC approval the technical, operational and commercial terms for the implementation of the carrier pre-selection procedure and published its commercial offer on its website.

During the process of reviewing the interconnection regulatory framework, ANRC proposed a series of amendments concerning the carrier pre-selection service, as well as its inclusion in RIO. The public consultation on the review ended on September 19, 2006.

4.5 Safeguards for the users on the retail markets

▪ Rebalancing

According to the provisions under art.38 of the Universal Service Law, "Until a decision of the president of ANRC with respect to the level of tariffs for the retail provision of services is adopted on grounds of this Law, the tariffs charged by the National Telecommunications Company „Romtelecom” – S.A. for these services at the moment of the entry into force of this Law can only be increased with the approval of ANRC."

In accordance with these legal provisions and after assessing the documents and the audit reports transmitted by Romtelecom, on July 7, 2006, ANRC approved the **forth** stage of the rebalancing of retail tariffs for fixed telephone services, starting August 15, 2006.

This stage comprised: the reduction of calls tariffs, a two hours extension of the off-peak hours (18-08 compared to 20-08), the increase of the number of free-of-charge minutes as part of the subscriptions, as well as the increase of the tariffs for subscriptions, connections and Special Internet Access services.

Main tariff changes			
Increase (average)		Reduction (average)	
Subscriptions	25.4%	Local on-net calls	13.3%
Connection		National (long-distance) on-net calls	6.4%
Special Internet Access		International calls for legal persons	10.8%

▪ Price cap formula for retail services

On September 25, 2006, ANRC launched for public consultation a draft decision which establishes the price cap formulas for the retail services provided by Romtelecom on the market where it holds significant power. The price cap formula will be enforced during a period of 3 years, starting 2007, and will allow Romtelecom to increase the tariffs for regulated retail services, within a maximum average equal to the inflation rate (consumer price growth) plus 2.09%.

The price cap formula enforcement pursues, simultaneously, two desiderata: it both imposes the transfer towards end-users of a part of the productivity growth registered within the company, and allows Romtelecom to recover the costs growth which the price cap formula can not control. On the other hand, the price cap formula provides the operator with flexibility in establishing the individual tariffs, allowing for a prompt reaction to market changes.

ANRC will annually check whether the annual maximum average growth rate complies with the limitations, based on the separated accounts prepared by Romtelecom. Should the annual average variation of the tariffs not frame within the one established by ANRC, the difference shall be taken into consideration in the calculation of the annual maximum average growth for the following year.

As well, Romtelecom will have the obligation to notify ANRC on the modification of any of its tariffs, on the introduction of new packages of services or on tariffs reduction schemes on relevant specific retail markets within at least 15 working days before it intends to inform the end-users. The notification must be accompanied by certain justificatory information, so ANRC could assess whether by applying the respective modifications Romtelecom breaches its obligation of not practising margin squeeze, thus limiting the market entry or restricting competition. Therefore, in view of assessing the proposed tariffs, Romtelecom shall communicate to ANRC the average monthly traffic registered in the last 12 months – prior to the communication of the notification – for different categories of subscribers, identified in terms of services combinations, packages of services and options available in the provider's commercial offer for each service provided. In view of the assessment of the packages of services and the tariffs reduction schemes,

Romtelecom shall transmit a monthly average traffic estimate, for each service provided, for each category of end-user which could benefit from the new packages of services and from the tariffs reduction schemes. Also, in 2007, Romtelecom shall transmit to ANRC, only once, taking into consideration the date for fulfilling the notification, the last available separate financial statements for 2005 or for 2006, revised in such a manner that the tariffs for network internal use should be equivalent with the tariffs for services provided to other operators, as stipulated in ANRC President's Decision no.1459/2005, applicable starting January 1, 2007, together with a report of an independent auditor, elaborated in accordance with the International Standard no.4400 regarding the related services – *"Engagements to Perform Agree-upon Procedures Regarding Financial Information"*, that would certify the correctness of the revised separate financial statements.

4.6 Universal Service in the field of electronic communications

4.6.1 Amendment brought to the calculation of the contribution to the Universal Service funding in the electronic communications field

Starting 2006, the mechanism for the calculation of providers' contribution to the Universal Service Fund has been harmonised with the new mechanism for the calculation of the monitoring tariff owed to ANRC, established by Law no.239/2005 on the amendment and completion of certain normative acts in the communications sector.

In this regard, on January 10, 2006, ANRC published and submitted to consultation the draft decision which regulates the procedures and the calculation rules regarding the contribution to the Universal Service, as well as the way in which the electronic communications providers will be able to choose between the two calculation methods.

According to the draft decision, the electronic services providers will have to notify ANRC by sending a standard-form and expressing their option for one of the two modalities of establishing the contribution to the Universal Service, namely:

- a. the establishment of the financial obligation as a percentage of the whole turnover;
- b. the establishment of the contribution as a percentage of the income obtained only from the activities of electronic communications networks and services provision, provided that the operator keeps separated accounts for these activities, conducted and audited under the terms established by ANRC.

In both situations provided above, with a view to establishing the amount of the contribution, the income obtained from interconnection and roaming services offered on the wholesale market will be deducted from the contribution basis. Providers owing this contribution shall be able to request that the income resulted from the services for the transmission of audio-visual programmes be deducted from the turnover, prior to calculating the owed percentage, and they shall keep separated accounts, as well.

After the public consultation, on March 20 was issued the ANRC President's Decision no.113/2006 on the procedure of exercising the right of making a choice with a view to determining the financial obligations to the National Regulatory Authority for Communications and conducting separated accounts by the providers of electronic communications networks and services and by the providers of postal services. Based on it,

providers may choose to pay their financial obligations towards ANRC only in terms of the income resulted from activities carried on in the field of electronic communications.

4.6.2 Installation of telecentres

Through the national programme for the installation of telecentres, the Universal Service providers - chosen following a public tender - install telecentres in remote and isolated localities, offering to the inhabitants telephone, fax and Internet access services. The telecentres ensure the rural community's access to electronic communications services. As well, they are bridgeheads of the communications infrastructure facilitating networks' roll-out to the households. At the same time, the installation of telecentres contributes to educating and making consumers more aware of the electronic communications services, thus increasing the demands for this kind of services in the rural areas.

In the first quarter of 2006, the five providers designated at end-2005 – Euroweb Romania, Vodafone Romania, Orange Romania, Romtelecom and National Radiocommunications Company – installed and rendered operational the 33 arrogated telecentres.

On March 27, 2006, ANRC designated three companies as Universal Service providers in view of installing 70 telecentres in 70 rural localities which had limited access to telephone services. The companies that won the tender launched in September 2006 were: Orange Romania, Rartel and the National Radiocommunications Company.

The net cost for the installation of these 70 telecentres amounted to RON 2,525,475.53, an amount which was compensated by ANRC from the Universal Service Fund. On average, the total cost of the installed equipments and of the maintenance of one telecentre for 3 years, as established by the tender, amounts to RON 36,078 (approximately 10,277 Euro).

ANRC continued the Universal Service implementation process by installing telecentres. Therefore, on April 13, it launched another public tender in order to designate Universal Service providers in 100 rural localities of 23 counties.

The criteria based on which these localities were selected include the commitment of the local authorities to cover the administrative expenses of the telecentre, as well as the number of inhabitants and the low access to telephone services.

The companies which presented offers for the installation of the 100 telecentres in the 23 counties were: TV Adler Trading, Rartel, Vodafone Romania, Orange Romania and the National Radiocommunications Company.

After the tender commission analysed the offers, ANRC designated, on July 17, 2006, four companies in view of installing telecentres in the 100 rural localities for which the tender was organised - Orange Romania, Rartel, the National Radiocommunications Company and Vodafone Romania.

The total net cost of the installation of these 100 telecentres amounted to RON 3,766,617.24, which shall be compensated from the Universal Service Fund, as well. On average, the total cost of the installed equipments and of the maintenance of one telecentre for 3 years, as established by the tender, amounts to RON 37,666 (approximately 10,500 Euro).

On September 11, ANRC launched the fifth public tender (the second in 2006) for the installation of telecentres in other 123 rural localities of 32 counties.

The 123 villages had been chosen from localities with more than 400 inhabitants, identified as having limited access to telephone services. Furthermore, the mayoralties of these localities expressed their availability to participate in the telecentre programme initiated by ANRC and committed themselves to fully cover the telecentre management costs.

Two months later, on November 14, was initiated the analysis of the offers that eight companies presented for the installation of telecentres - 2 K Telecom, TV Adler Trading, Celesta, Orange Romania, Rartel, the National Radiocommunications Company and Vodafone Romania.

On December 19, 2006, ANRC designated four providers, which would install telecentres in the 123 rural localities with limited access to telephone services. The companies that won the tender launched in September, 2006 were: Orange Romania, Rartel, the National Radiocommunications Company and Vodafone Romania.

The total net cost of the installation of these 123 telecentres amounted to RON 4,973,881.31, to be also compensated by ANRC from the Universal Service Fund. On average, the total cost of the installed equipments and of the maintenance of one telecentre for 3 years, as established by the tender, amounts to RON 40,438 (approximately 11,800 Euro).

The main criteria based on which the winning offers were designated during 2006 was the net cost (the requested subsidy) for the installation of the access link and the equipments and, respectively, for the maintenance of the link for three years. Other aspects were nevertheless been taken into consideration:

- previous experience in providing services within the scope of Universal Service;
- retail tariffs charged within the telecentre;
- the manner of ensuring access to emergency calls;
- provision of additional services;
- ensuring certain additional equipments (i.e. copier);
- the period necessary to render the telecentre operational.

The financial proposal weighed 70% in the total score granted for each offer.

During 2006, four commercial companies were designated as Universal Service providers, being obliged to install telecentres in 293 localities, as follows:

Provider	Total number of allocated localities	Telecentres rendered operational in 2006
S.C. Orange Romania S.A.	45	8
S.C. Rartel S.A.	62	12

National Radiocommunications Company S.A.	135	36
S.C. Vodafone Romania S.A.	51	31

The tenders for the installation of telecentres will continue during the following years.

4.6.3 Installation of public pay telephones

On June 20, 2006, ANRC submitted to public consultation a series of documents aimed at regulating the way in which the public pay telephones are to be installed in the remote and isolated rural localities, without any or with low access to telephone services.

The national programme for the installation of public pay telephones is comprised, together with the national programme for installation of telecentres, in the Universal Service measures package by which ANRC co-ordinates the deployment of the communications infrastructure in the rural regions. By means of public pay telephones, the rural population will be able to initiate local, national and international calls towards public fixed telephone networks, public mobile telephone networks, as well as free of charge calls towards the unique number for emergency calls (112).

The public pay telephones will be installed in localities with less than 400 inhabitants, where the installation of telecentres is not economically feasible. According to the documents submitted to public consultation, the localities will be selected by taking into consideration the geographic area, the demographic features, the availability degree of the publicly available telephone services, as well as the commitments of the local public authorities.

In view of installing the public pay telephones, ANRC will organise public tenders for groups of approximately 50-100 localities within the same geographic area. Each company interested in becoming a Universal Service provider shall present an offer for the installation of telephones in minimum 80% of the localities comprised in a group.

The Universal Service provider will be designated for a period of four years and shall have the obligation to install public pay telephones within 120 days since the location necessary for the installation of equipments is made available.

The tenders for the installation of public pay telephones will continue during the following years.

4.6.4 Universal Service Fund

The Universal Service Fund was established in 2004, the first year when the public electronic communications networks providers and the providers of publicly available telephone services contributed to this fund. ANRC administrates the financial resources of the Universal Service Fund and it is distinctly emphasised within the budget of the Authority.

a. Provisions in the ANRC budget regarding the Universal Service Fund

Year	Amount within the budget
2004	57,941,000

2005	32,010,000
2006	39,100,000
TOTAL	129,051,000

b. Total value of the Universal Service Fund according to the imposition decisions issued by ANRC

Year	Amount according to the imposition decisions
2004	60,092,948
2005	25,899,285
2006	30,804,478
TOTAL	116,796,711

c. Total value of amounts collected in the Universal Service Fund

Year	Amounts actually collected		Amounts under dispute
	Current year	Previous years	
2004	48,321,030.80	0	12,327,184.6
2005	19,898,996.00	2,509,855.80	4,893,173
2006	30,155,416.50	12,052,224.29	0
TOTAL	98,375,443.30	14,562,080.09	17,220,357.6

d. Payments made from the Universal Service Fund

Year	Amount paid
2004	0.00 lei
2005	20,726,730.00 lei
2006	8,184,683.45 lei
TOTAL	28, 911,413.45 lei

e. Beneficiaries of the payments made from the Universal Service Fund

Year	Beneficiary	Amount collected	Reason of payment
2004	-	0 lei	-
2005	S.C. Orange Romania S.A.	447,436.00 lei	Telecentres
	S.C. Romtelecom S.A.	20,279,214.08 lei	Subsidies for subscriptions
	S.C. RCS & RDS S.A.	79.92 lei	Subsidies for subscriptions
2006	S.C. Vodafone Romania S.A.	374,444.00 lei	Telecentres
	S.C. Orange Romania S.A.	102,772.00 lei	Telecentres
	S.C. Euroweb Romania S.A.	55,148.00 lei	Telecentre
	S.C. Romtelecom S.A.	299,684.37 lei	Telecentres
	S.C. Romtelecom S.A.	7,352,635.08 lei	Subsidies for subscriptions
TOTAL	-	28,911,413.45 lei	-

4.7 Dispute mediation and settlement

4.7.1 Disputes between providers

According to the current legislative framework in the field of electronic communications, recently modified by the provisions of the Government Emergency Ordinance no.70/2006, where a dispute rises between the providers of electronic communications networks or services, related to the obligations imposed on them by the provisions of the Government Emergency Ordinance no.79/2002, by the special legislation in the relevant field or by ANRC in accordance with the respective provisions, the interested party may notify ANRC or the competent judicial court in order to solve the dispute. The providers may notify ANRC in order to solve the dispute within its competence, free-of-charge and optionally.

In accordance with the nature and the complexity of the disputes, the President of ANRC designates a commission responsible for settling the respective dispute. The commission performs a preliminary analysis of the material provided by the parties and chairs the dispute settlement procedure. During the dispute settlement procedure, the commission plays an active role, keeping in close contact with the parties.

ANRC established two procedures for the settlement of disputes between the providers of electronic communications networks or services. Thus, the interested party may choose the mediation procedure, which is one of the alternatives available for dispute settlement. Mediation is a structured process, in which a third party, which is neutral and impartial, assists the parties in the dispute, during a face-to-face meeting, for the main purpose of reaching an agreement accepted and to the benefit of both parties.

The ANRC contribution in this situation consists of the clarifications it may provide regarding the scope of the legal provisions in the electronic communications sector related to the case. If the mediation results in the settlement of the dispute, the parties conclude a transaction. The mediation procedure must observe the confidentiality principle and cannot exceed 30 days from the date of submitting the petition to ANRC. If the parties do not reach an agreement within this term, the dispute shall be settled by means of the contentious procedure.

As well, the interested party may directly initiate the contentious procedure, without going through the mediation procedure. The contentious procedure shall be initiated *ex officio* also in the case the mediation fails. Upon the analysis of all pieces of information and following the hearing of all the points of view expressed in the case, the commission draws up a preliminary solution to be communicated to the parties together with the measures proposed with a view to settling the dispute. Within 15 days from the date when the preliminary solution is communicated, any of the parties may address a petition to the commission with a view to re-analyse the solution proposed.

The decision by which ANRC settles the dispute must be issued within 4 months from the date when the petition is registered with ANRC. Under exceptional situations, for the adequate settlement of the dispute, this term may be extended by decision of the ANRC President. At any moment of the mediation procedure or of the contentious procedure, the parties may conclude a transaction regarding the object of the dispute. The decision may be challenged before the Court of Appeal of Bucharest – Administrative Contentious Section, within 15 days from the communication date, without going through the preliminary procedure provided under art.7 of the Administrative Contentious Law no.554/2004, with the subsequent amendments.

During 2006, ANRC received eight petitions from the providers of electronic communications networks and services, four of which appealed to the mediation procedure, while the other cases underwent directly the contentious procedure. At present, the procedure for the settlement of all these disputes is in progress. As well, in 2006, ANRC settled three petitions submitted by the providers during the previous year.

The disputes were generally related to issues regarding the interconnection relationships (the establishment by ANRC of the terms under which the interconnection between the parties' networks should be concluded: area of services, technical solution, tariffs, implementation terms within the agreement etc.). As well, in two cases, the plaintiffs requested ANRC - until the pronounced judgement on merits - to take provisional measures. ANRC rejected one of these requests. The other one is in progress to be settled.

4.7.2 Disputes between users and providers

In view of best satisfying the communication needs of the users, given their ever higher demands, the mission of creating and ensuring the premises for the sustainable development of a competitive market in the Romanian field of electronic communications is a difficult one. The Romanian consumers of electronic communications are the supreme instance to assess the success or the failure of the ANRC diligences in the field.

ANRC keeps the consumers informed as regards their rights in the electronic communications sector, so that they could require the service providers to observe these rights. As well, ANRC takes the appropriate measures to ensure that the end-users obtain maximum benefits on a market where the providers freely compete in terms of offer diversity, tariffs and service quality, and where the specific interests of the disabled and of the persons with special needs are promoted.

Regarding the end-users' proper information, according to the provisions of art.20 paragraph (1) of Law no.304/2003, the providers of public telephone networks and the providers of publicly available telephone services have the obligation to make available for the public clear, detailed and updated information related to prices and applicable tariffs, as well as other conditions regarding the possibility to obtain and use the publicly available telephone services in order to ensure the end-users' possibility to decide in full knowledge.

Considering the provisions under art.20 paragraph (4) of Law no.304/2003, according to which ANRC has the competence to establish practical modalities for the providers to make available to end-users the above-mentioned information, ANRC prepared a draft decision on the obligation of the electronic communications providers to inform the end-users. This draft was submitted to public consultation between July, 19 - August, 18 2006. The decision of the ANRC President is to be adopted and published in the Romanian Official Journal, Part I.

In order to protect the end-users interests, considering the provisions under art.36 of Law no.304/2003, which stipulates that ANRC establishes, *"a transparent, simple and inexpensive mediation procedure, in order to amicably, fairly and promptly settle the disputes between end-users and providers of electronic communications networks and services, occasioned by the enforcement of this Law[...]"*, ANRC regulated the concrete

procedure of settling disputes between users and providers of electronic communications services, by issuing ANRC President's Decision no.1331/2003 which establishes the procedure for settlement of the disputes within the competence of the National Regulatory Authority for Communications. Thus, users may address ANRC in view of settling disputes between them and the electronic communications services providers, occasioned by the enforcement of Law no.304/2003, should these disputes not be settled amicably by the parties.

As for the settlement of disputes occasioned by the interpretation and execution of contracts concluded between end-users and electronic communications services providers, in accordance with the provisions under art.19 paragraph (1) letter g) of Law no.304/2003, the providers are obliged to introduce in the contracts clauses which would regulate the procedure agreed for the settlement of disputes, including its initiation method. Should the dispute not be settled amicably, following this procedure, users may notify ANRC under the terms established by the provisions of ANRC President's Decision no.1331/2003.

ANRC takes all the measures, including by calling the parties for separate or joint meetings, in order to establish the exact situation and the applicable legal provisions. The parties involved in the dispute have the obligation to make all the diligences for amicably settling the dispute and to collaborate therefore with the ANRC personnel. Should the parties not reach an agreement within 60 days from receiving a complaint, ANRC shall transmit the parties, as a recommendation, its opinion on the manners of solving the dispute, duly motivated.

The most frequent petitions received from the users during 2006 concerned the telephone services and the Internet access services, the problems raised regarding the accuracy of the invoice, the quality of services, the repair time, the information comprised in the itemised invoice or the legality of the contractual terms.

4.8 Surveillance and control, sanctions

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 regard the legal and natural persons to whom the legislation in the electronic communications and the postal services sectors is applicable. The control of the enforcement of the provisions under the normative acts in force and of the compliance with the obligations imposed on providers, set out as ANRC competences, is carried out by the specialised control personnel authorised by the ANRC President.

The regime of sanctions applicable in the field of electronic communications and postal services suffered certain changes by the provisions of the Government Emergency Ordinance no.70/2006. These changes mainly regard the followings:

- in the field of postal services two new contraventions were regulated. The President of ANRC has the right to approve most of the contraventions and shall enforce them by a written resolution on the Statement of Facts;

- in the field of electronic communications was established that a series of contraventions be sanctioned by the decision of the ANRC President and, should the special

legislation be breached, the sanction must be applied directly, without recurring to the intimation procedure under art.59 of the Government Emergency Ordinance no.79/2002;

- in the electronic communications field, the special five days term corresponding to the intimation regime regarding the intention to apply sanctions for the contraventions incriminated by Government Ordinance no.34/2002 was harmonised with the term established by Government Emergency Ordinance no.79/2002, namely at least 30 days for justifying or remedying the breach.

The control activity, conducted on a permanent basis, was carried out by means of the 47 territorial offices of ANRC, which are grouped in five regional centres, and resulted, in 2006, in a total number of 6,773 control actions, of which 2,845 control actions were carried out at the headquarters or at the work points of the providers of electronic communication networks and services and, respectively, 3,887 controls at the headquarters or at the work points of the postal services providers. The other 41 control actions were carried out for the purpose of verifying the fulfilment of the obligations imposed - through the designation decision - on the Universal Service providers in the electronic communications field.

Following these control actions, on national level, 2,209 contraventions were acknowledged - 1,299 on the electronic communications market and 910 on the postal services market. Most of them were remedied following the measures imposed by the ANRC authorised personnel. In conformity with the legal provisions in the electronic communications sector, following the contraventions acknowledged, the President of ANRC established terms and imposed conditions for the remedy of the breaches assessed for 12 providers, by transmitting them the Notifications on the intention to enforce sanctions, which drove to the respective providers' recovery of their legal status.

In 2006, the President of ANRC issued 25 decisions regarding the administrative sanctioning of 14 providers of electronic communications networks and services and 11 providers of postal services, following the providers' failure to report the statistical data. In addition, the Authority issued a decision regarding the administrative sanctioning of a provider of electronic communications networks and services, following his failure to transmit the complete documents and information requested by ANRC.

By the end of December, 2006, on national level, on the fixed telephony market, ANRC carried out 111 control actions during which 61 contraventions were found. Some of these control actions were initiated by the President of ANRC following certain end-users' complaints or petitions.

On the leased lines, data transmission and Internet access market were conducted 1,378 control actions during which were acknowledged 1,020 contraventions. The main breaches committed by the providers in this sector consisted of transmitting data which did not correspond to the real situation in the field. The most serious contravention was the provision of electronic communications networks and services by unauthorised persons. In such cases, the ANRC President enforced sanctions according to the legal provisions.

In the postal services sector, in 2006, on national level, 3,887 control actions were carried out and 910 contraventions were acknowledged, most of them being instantly remedied following the measures imposed by the ANRC authorised personnel. In accordance with the legal provisions, 864 sanctions were also enforced, namely 848 warnings and 16 contraventional fines.

4.9 Communication

4.9.1 Communication with the industry and the users

The ANRC website, www.anrc.ro, is one of the most important tools which provides to both industry and users information regarding the ANRC activity and the evolution of the markets in the communications and postal services sectors.

Continuously updated, the application makes available for the public the main documents resulted from ANRC activity, such as Decisions issued by the Authority and licences for the use of numbering resources, information on the indicators which characterise services in the communications sector and their deployment (these information are obtained from processing the statistical data reported by the providers on a quarterly basis), as well as registers which offer a list of the authorised providers of electronic communications and postal services.

The informative materials, weekly transmitted by ANRC by electronic means, play a significant role in the communication process with the industry and the consumers. The ANRC Newsletter, written both in Romanian and in English, makes available to over 1,620 registered users (including representatives of the European Commission and of European regulatory authorities) information regarding the Authority's weekly activity.

In order to offer a complete image of the regulatory measures and of the worldwide electronic communications market tendencies, ANRC draws up an international newsletter, in Romanian, destined to the Romanian industry, consumers and mass-media representatives.

The website is, as well, the main mechanism for announcing the organisation of public consultations, an essential process in ANRC adoption of decisions with significant impact on the market. In 2006, the 17 public consultations represented a preliminary stage of the Consultative Council reunion. The latter is an advisory body within which representatives of providers and of their professional associations, as well as other public institutions interested in the regulation activity in the communications and postal services sectors, may express their points of view.

Table 4.4 Public consultation process in 2006

1. Number of draft normative acts adopted in 2006*	3
2. Number of draft individual acts communicated in 2006**	6
3. Number of withdrawn drafts	0
4. Number of pending drafts ***	5

5. Number of publicly announced draft decisions:	17
- on the Authority's website	17
- by posting at the ANRC headquarters	17
- in mass-media	17
6. The number of drafts transmitted to natural persons who submitted a request for information regarding a draft normative act	17
7. Number of drafts transmitted to business associations and to other legal persons	17
8. Provided number of persons in charge with the relations with the civil society	1
9. Actual number of persons in charge with the relations with the civil society	1
10. Total number of recommendations received****	517
11. Total number of recommendations included in decisions*****	109
12. Number of participants in the consultations with the industry	100
13. Meetings of the Consultative Council	4
14. Meetings of the sub-commissions of the Consultative Council	4
15. Number of consultative sessions with the industry and working groups	2
16. Number of decisions issued by ANRC, challenged in court as regards the observance of the public consultation procedure in 2006	0
17. Number of law suits against the public administration, for breaking the provisions of the law regarding decisional transparency	0

* in 2006 were adopted, as well:

- The ANRC Action Plan for 2006;

- Government Emergency Ordinance no.70/2006 on amending and completing certain normative acts in the field of electronic communications and postal services;

- Government Emergency Ordinance no.134/2006 on the establishment of the National Regulatory Authority for Communications and Information Technology.

** the total number includes ANRC President's Decision no.190/2006 on the amendment and completion of the ANRC President's Decision no.1098/2004 regarding the principles and prerequisites of the reference offer for unbundled access to the local loop and the imposition of clauses in the Reference Offer for unbundled access to the local loop of S.C. Romtelecom S.A., consulted in 2005 but adopted in 2006

*** the consultation period ended in 2006, ANRC currently analysing the observations received. The Decisions' final form will be established following the industry's consultation during the subsequent meetings of the Consultative Council.

Moreover, the following are currently under adoption:

- The Regulatory Strategy in the electronic communications sector between 2007-2009;

- The documents for the elaboration and presentation of the offer regarding the designation of the Universal Service provider of access to public pay telephones.

**** the total number includes the comments received for the draft decisions, completed during 2006. The comments received during 2006 on the drafts that have not been yet completed will be included in the Report on decisional transparency in 2007

***** the total number encompasses the comments included in the draft decisions, completed during 2006

In order to maintain an efficient dialogue with the operators, ANRC hosted, in 2006, 12 work reunions with their representatives and the associations which represent their interests – the National Association of the Romanian Internet Service Providers (ANISP), the Interlan Association and the Association of the Romanian Telecommunications Operator (AOTR) – within which the main issues of the industry in the field were discussed.

During 2006, ANRC continued the already well-known series of regional meetings with representatives of the industry of electronic communications and of postal services. This series of meetings was initiated last year and was entitled **ANRC Caravan**.

This year, the ANRC Caravan started in June and stopped in Timisoara, Buzau, Alba-Iulia and Bacau. Following the discussions held during these meetings, ANRC could identify the main problems of the electronic communications providers, at local level, and was able to inform the providers on the practical methods by which ANRC may support their operation and the development on the Romanian communications market. More than 300 representatives of Romanian communications industry took part in these meetings.

The international Conference “European Communications in Romania” (Bucharest, October 17, 2006) pointed out the present and the future of the Romanian electronic communications sector, at the meeting point of the market trends and the regulatory strategy, regarded as well from the prospect of Romania’s accession to the European Union. During the Conference, structured on three sessions, the participants discussed subjects such as: regulatory strategy, the evolution of the Romanian electronic communications market and the recovery of the deficiencies in the Romanian communications; Romania’s preparation of the electronic communications sector in view of its accession and certain countries’ experience in the field, following their accession; competition between infrastructures viewed from both national and European perspective; the success recipe on the communications market and the development of successful businesses in the electronic communications field.

More than 250 representatives of the Romanian electronic communications industry participated in the event, which also benefited from the expertise of creditable international consultants and of representatives of several European regulatory authorities.

In 2004, ANRC initiated the programme for the Universal Service implementation in Romania by means of telecentres, programme which focused on ensuring access of all Romanian end-users to telephone services of a certain quality level, regardless the geographic area, as well as to accessible tariffs, considering the specific conditions. So far, 92 telecentres have been installed.

In its pursuit of stimulating the number of visitors in the telecentres and of making the villagers more aware of the services offered there, ANRC initiated an information campaign for the inhabitants of localities without telecentres.

During the campaign were distributed leaflets, announcing the installation of telecentres and describing the services and benefits provided to villagers. Furthermore, ANRC participated in the launch of several telecentres –organised at Moeciu de Sus (Brasov county) and followed by the launch of other two telecentres in Făgetu (Salaj county) and Udupu (Teleorman county).

In order to make the telecentres operational it is necessary to diversify the services range they offer, as well as invest in new equipments. In view of identifying solutions for the development of telecentres and of turning them into points of interest at local level, ANRC organised the **seminar entitled “Telecentres – future successful businesses”** which was dedicated to the leaders of local public administrations, partners in the national programme of installation of telecentres.

Petitions and requests for public interest information

Table 4.5 Requests for information and petitions solved in 2006

Total number of requests	1,033
Petitions	391
Requests for information	642
Requests for information by domain of interest	
Electronic communications	
- <i>neighbourhood networks</i>	26
- <i>networks installation and design</i>	9
- <i>telephone services</i>	74
- <i>Internet access services</i>	36
- <i>cable television</i>	23
- <i>authorisation (procedure, standard forms)</i>	115
- <i>monitoring tariff</i>	17
- <i>electronic communications services tariffs</i>	2
- <i>providers</i>	48
- <i>interconnection</i>	20
Postal services (authorisation, tariffs, providers etc.)	29
Legislation	25
Market analyses	37
General information on ANRC (contact data, organisation etc.)	40
Subsidies for fixed telephone services	5
Other	178
Solved requests	558
Pending requests	-
Unsolved requests	-
Rejected requests	-
Re-directed requests	84
Requests addressed in writing	495
on paper	80
by electronic means	415
Requests addressed by telephone	147
Requests addressed by natural persons	333
Requests addressed by legal persons	309
Administrative requests	-
Complaints in front of the Court of Law	-
Total costs	-
Average interval for answering the requests	9 days
Minimum interval for answering	instantly
Maximum interval for answering	80 days
Answering interval for requests by telephone	instantly
Petitions	391
Petitions by domains of interest:	
- fixed telephony	113
- mobile telephony	54
- Internet	113
- CATV	25
- postal services	12
- other	76
Issues challenged in the petitions	
- billing/costs of services	96
- network/service operation/failure to operate	144
- installation/connection	24
- other	127

Petitions by networks/services providers	
- S.C. Romtelecom S.A.	88
- S.C. RCS & RDS S.A.	93
- S.C. UPC Romania S.A.	31
- S.C. Vodafone Romania S.A.	18
- S.C. Orange Romania S.A.	12
- S.C. Cosmote RMT S.A.	10
- S.C. Telemobil S.A.	5
- Other	134
Petitions addressed by natural persons	312
Petitions addressed by legal persons	79
Petitions solved	48
Redirected petitions	26

ANRC availability for dialogue both with providers and users represented a constant preoccupation in its activity, ever since its settlement. The Authority understood the public's need to be informed, regardless the segment they derive from, therefore promptly answered to their requests.

In 2006, ANRC received more than 600 information requests, an increasing number as compared to the previous years, fact which proves that the public is more aware of the ANRC activity and appeals to this institution in order to be properly informed. The interested legal or natural persons mainly requested for information regarding the stages a person must cover in order to become authorised provider, or information related to telephone services available in Romania. Moreover, the almost 400 petitions addressed to the Authority especially denounce disturbances in the telephone services or Internet access services as well as problems regarding the billing of such services.

4.9.2 Relations with the mass-media

ANRC is aware of the importance of providing to the mass-media representatives accurate and prompt information, since - through the mass-media - the Authority maintains a coherent dialogue with the industry and educates the consumers, in the context of a more diversified offer on the communications market. Thus, in 2006, the journalists accredited by ANRC received 68 press releases.

The deployment of the **ANRC Caravan** and the launch of telecentres offered a good opportunity for ANRC to have a dialogue with the local press representatives and to inform them on its activity.

Table 4.6 Information requests received from mass-media, January – December 2006

Total number of requests	346
Requests for information, by domains of interest (most frequent)	
- economic regulation	44
- authorisation of electronic communications services	6
- interconnection	87
- statistics/market analyses	56
- postal services	6
- legislation/legal issues	29
- numbering	33
- Universal Service	24

- cable television	2
- Internet	8
- other	51
Solved requests	335
Unsolved requests	-
Withdrawn requests	1
Re-directed requests	10
Requests addressed in writing	137
- on paper	-
- by electronic means	137
Requests addressed by telephone	208
Requests addressed personally	1
Total costs	no additional resources were necessary
Average interval for answering the requests	15.55 h
Maximum interval for answering	168 h
Minimum interval for answering	8 h
Answering interval for requests by telephone	instantly
Collaboration with the other divisions	very good

Tabelul 4.7 The ANRC activity reflected by the media, January – December 2006

Total number of media materials	1,003
Positive or neutral media materials	908
Negatively biased media materials	95

4.10 International relations. Projects. Programmes

International affairs

The international activity of ANRC continued at an accelerated pace in 2006, not only to maintain its notoriety at European level, among the public administrations and industry of the EU Member States, but also to effectively get involved in the development and update of the legislation in the field of electronic communications, considering the proximity of Romania's accession to the European Union. Based on collaboration and good practice examples, ANRC benefited from updated information, having access to new sources of information. On its turn, ANRC offered specific information and shared its experience with other authorities, being invited to participate in various events in the field – congresses, conferences, symposia, seminars. Its contribution, as a speaker, has always been appreciated. Taking full advantage of these opportunities, ANRC presented detailed information, endorsed by specific data and relevant figures, both on the situation of the Romanian market and on the legislative developments in our country.

a. IRG and ERG

ANRC continued to actively represent Romania in the Independent Regulators Group (IRG), as a full member, and in the European Regulators Group (ERG), as an observer, becoming a full member starting January 1, 2007. During the plenary meetings of these organisations, as well as during the meetings of the working groups and the project teams, ANRC promoted and upheld the adoption of principles and rules that aimed at harmonising the regulatory practices at European level, while minding the specific conditions on the Romanian market of electronic communications and presenting the situations of the Romanian electronic communications market and relevant case studies.

During 2006, ANRC was very actively involved in the issue of revising the European Regulatory Framework, which was adopted in 2002 and must be harmonised at European level regardless the quick evolutions in this field. ANRC deemed the European Commission's initiative as being an opportunity for Romania, as a future full member of the European Union, to effectively contribute to the review of the Regulatory Framework by introducing harmonised and, as case may be, advantageous clauses for our country.

Upon the request of the presidents of the working groups to discuss about the problems of the mobile telephony market (Mobile Market WG), end-users' problems, Universal Service and consumers' protection (End Users WG) within IRG, ANRC hosted the meetings of these groups in March and respectively in November 2006, in Bucharest.

b. Communications Committee

During 2006, ANRC participated – as an observer – in the working sessions of the Communications Committee (CoCom), a consultative body of the European Commission. The Communications Committee elaborates regulations for the national markets of electronic communications, harmonised at European level.

Among the issues approached at the Communications Committee meetings, in 2006, we count: enforcement of the Framework Directive 2002/21/EC (the notification procedure); implementation of the New Regulatory Framework; regulation of international roaming services; standardization; implementation of the unique European number for emergency calls; implementation of measures for the disabled persons and access to emergency services; the draft Decision of the Commission regarding the 116 numbering; the authorisation system of the pan-European services; services provided by means of the VoIP technology.

c. The dialogue with the EU bodies monitoring the accession commitments

During 2006, ANRC continued reporting the progress Romania registered during the accession process. ANRC reported the progress registered on the markets of electronic communications and postal services during the meetings of the Association Sub-committee no.5 – "*Innovation*" and Sub-committee no.2 – "*Internal Market*".

d. International Telecommunication Union (ITU)

This year, the ANRC activity within ITU materialized mainly in the participation to seminars and working groups, in the data and indicators transmission on the situation of the electronic communications sector in Romania, as well as in the participation – as a partner – to *Connect the World Initiative*. ANRC participated, also, to the ITU Plenipotentiaries Conference in Antalya, Turkey Republic, as a member of the Romanian delegation, our country being chosen member of the ITU Council for the next 4 years.

As a body of the Romanian public administration, ANRC continued to take an active part in the plenary meeting of the European Conference for Post and Telecommunications (CEPT), in the plenary meetings of the Electronic Communications Committee (ECC) and the European Committee for Postal Regulations (CERP), bodies subordinated to CEPT, as well as in the relevant working sessions – problems regarding numbering, standardization, VoIP, future generation networks (NGN) etc.

Connect the World Initiative is a project initiated by ITU in 2005 with the purpose of upholding the creation, until 2015, of conditions under which all world regions with limited or no access to communications services could be connected. As a partner, ANRC participated with the project entitled "*Telecentres - Communications for all*". In November 2006 took place the first meeting of the executive committee of the project and the followings were established: the Action Plan for the following year, the budget, the concrete methods of collaboration between partners, as well as the necessity of attracting new partners in the project.

Furthermore, ANRC continued to take active part to activities organised by other international bodies, such as: World Commerce Organisation (WTO), Universal Postal Union (UPU), French-speaking Regulators Network (FRATEL), the Latin-American Forum of Telecoms Regulators (REGULATEL).

e. Bilateral relations

As regards bilateral relations, in 2006, ANRC not only strengthened the ties previously established with foreign regulatory authorities, but also established new collaboration relations. Among these, we count regulators from: Denmark, Egypt, Finland, France, Germany, Greece, Italy, Great Britain, Netherlands, Turkey, Hungary. ANRC organised a series of experience exchanges with these institutions, which envisaged the adjustment of the EU regulatory practices to the Romanian electronic communications market and information and good practice exchanges, presentation of relevant case studies, as well as improvement of the administrative capacity and professional performance of the ANRC personnel.

Projects and programmes

Phare Projects during 2006

The Project **PHARE RO 2003/005-551.04.10** "*Improving the ANRC institutional capacity*": shortly after successfully completing the implementation of the technical assistance component within the programme **PHARE RO-0107.01**, in view of continuing to strengthen the ANRC institutional capacity and of implementing the Universal Service in the field of electronic communications and postal services, following an international tender, ANRC benefits from another project of technical assistance, **PHARE RO 2003/005-551.04.10**. The project will be completed within approximately 12 months and is structured on 3 modules:

- Module 1 – The Universal Service in the electronic communications sector
- Module 2 – The Universal Service in the postal services sector
- Module 3 – Training of the ANRC personnel and of the local administration representatives,

and its main objectives are:

- revising and redefining the Regulatory Framework in view of ensuring the end-users' right of access to the Universal Service,
- elaboration of adequate regulations for the Universal Service implementation in the sectors of electronic communications and of postal services,

- continuous development of the ANRC institutional capacity, with the purpose of upholding the regulation process in order to liberalise the market for electronic communications and postal services,
- increase the involvement and support level of the local public administrations in the Universal Service implementation process.

Projects Phare initiated in 2006

1) The project **Phare RO 2005/017-553.05.01** "*Support to the National Regulatory Authority for Communications (ANRC) for the implementation of a Central Database System for Number Portability*", the supply project from Phare 2005, *Facilities for special actions* component, shall be fulfilled within 6 months. The implementation of this project will begin in 2007.

The overall objective of this project is to create a Central Database, which would enable the implementation of number portability in Romania, as well as to provide a programme of technical training to the personnel of ANRCTI with a view to develop and successfully implement the number portability procedure. The implementation of number portability is one of the strongest engagements that our country took in accordance with the provisions of Chapter 19 regarding the Negotiations for Romania's accession to the European Union.

Number portability is a new service which the providers of publicly available telephone services offer to their subscribers. The implementation of this service has consequences on all public telephone services users, its impact being considerably stronger when associated with adequate mechanisms in order to ensure the transparency of the porting procedures and of tariffs associated with number portability. Therefore, it is necessary to inform the subscribers regarding the conditions under which they may benefit from this service, as well as to inform the telephone services users on the implications which may appear when calling the ported numbers. Both providers that offer the portability service, on the one hand, and providers that do not offer the portability service, yet originate calls, on the other hand, have the obligation of informing their customers on the number portability service.

The providers of publicly available telephone services are obliged to make available free-of-charge for end-users, on their request, itemised, clear and updated information on the number portability service, including the tariffs charged for the provision of this service and for calls initiated towards the ported numbers, both in writing and by calling a Customers Relations Service, which is available at least 40 hours per week.

2) The project **Phare RO 2005/017-553.05.01.01.04** "*Improving the Institutional Capability of the National Regulatory Authority for Communications (ANRC) in the Area of Ex Ante Regulation*": together with the project **Phare 2005/017-553.05.01**, the supply project from Phare 2005, *Facilities for special actions* component shall be fulfilled within 18 months. The project's purpose is to provide technical assistance and training activities in order to accomplish its specific objective, namely maximising end-users' benefits by promoting sustainable competition in the Romanian electronic communications sector.

The project has the following structure:

Task 1 – Define the relevant markets

Task 2 – Undertake market analyses and identify the relevant markets

Task 3 – Impose *ex ante* remedies/regulatory measures

Task 4 – Hold national consultations and notify the other relevant regulatory authorities

By means of this project, ANRC will benefit, starting 2007, from technical assistance in view of enforcing the specific *ex ante* regulatory instruments, thus defining and analysing the relevant markets in the electronic communications sector.

3) The project **PHARE 2006/018-147.03.18** "*Enhancing the Institutional Capability of the National Regulatory Authority for Communications (ANRC) in the field of Economic Regulation*": the overall objective of the project is to maximise the end-users' benefits by promoting sustainable competition in the provision of broadband Internet access services over the fixed incumbent's access network. The project shall be completed at the end of 2008.

The purpose of the project is to improve the institutional capability of ANRC in the field of economic regulation by creating state-of-the-art information and technical and economic systems, as well as by providing training programmes to ANRC personnel in order to develop ANRC's capacity to understand and improve the competitive environment and the investments on all services markets offered through the access network.

Initially, the project is structured on the following activities:

- develop the *bottom-up* model of Romtelecom access network in order to efficiently calculate the costs of the services provided;
- review Romtelecom costs, with a view to ensure the accuracy of the information provided;
- develop and optimise the model to be used as a base in the calculation of the final costs;
- develop a financial model with the purpose of encouraging investments and innovation of both Romtelecom and new-entrants;
- provide a training programme to ANRC personnel.

5. Fixed telephony

5.1 Number of access lines/subscribers to fixed telephone services – structure and evolution. Penetration rates

Compared to 2005, by December 31, 2006, the total number of access lines to fixed mobile telephone services registered a 4.2% decrease, a tendency slightly attenuated by the simultaneous 12 times increase of the number of access lines to telephone services provided through Internet access connections.

Table 5.1 Dynamics of the number of access lines/subscribers to fixed telephone services. Penetration rates of the fixed telephone services at the population/households level

Indicator	31.12.2002	31.12.2003	30.06.2004	31.12.2004	30.06.2005	31.12.2005	30.06.2006		31.12.2006	
	lines	lines	lines	lines	lines	lines	lines	subscribers	lines	subscribers
Total number of access lines/subscribers, of which:	4,215,235	4,331,564	4,341,462	4,389,024	4,360,317	4,386,311	4,420,790	4,112,853	4,203,970	3,860,367
- number of access lines installed by the alternative providers ¹¹	-	2,794	6,836	51,201	174,859	428,441	651,470	579,096	822,298	748,126
Penetration rate of fixed telephony per 100 inhabitants (%) ¹²	19.43	19.98	20.02	20.24	20.12	20.28	20.46		19.48	
Penetration rate of fixed telephony per 100 households (%) ¹³	n/a	53.24	53.30	53.76	53.02	52.81	52.84		49.78	
Number of access lines to telephone services provided through Internet access connections	-	42	59	58	4,337	4,497	26,316		54,078	

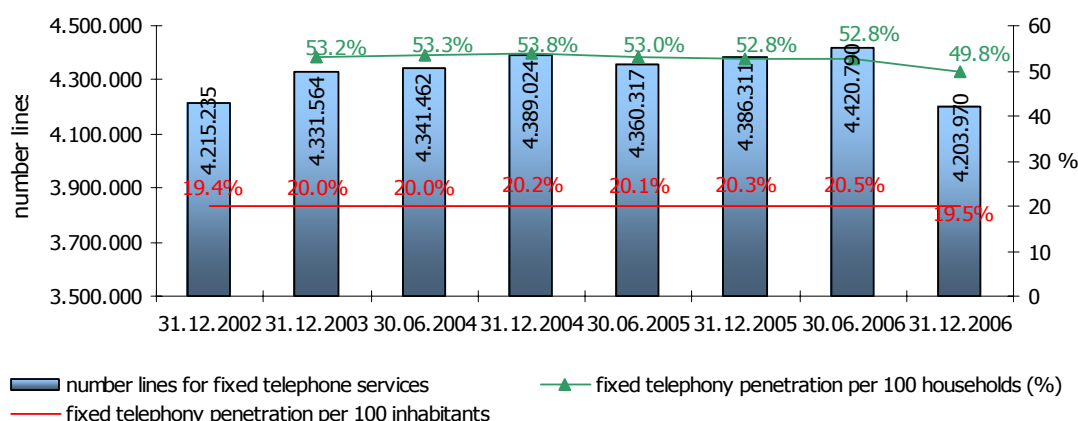
Source: ANRC, according to the data submitted by the electronic communications networks and services provider, in accordance with ANRC President's Decisions no.1332/2003 and, respectively, no.151/2006

¹¹Through own fixed networks and, respectively, by total or shared access to the local loop;

¹²The penetration rate of fixed telephony per 100 inhabitants = no. telephone lines/Romania's population*100; population = 21,680,974 between 2002 – 2004, respectively 21,673,328 by June 30,2005, 21,623,849 as of December 31, 2005, 21,610,200 as of June 30, 2006 (Source: National Institute for Statistics, Census 2002, Statistical Yearbook 2005, respectively estimates of the National Institute for Statistics);

¹³The penetration rate of fixed telephony per 100 households = no. of connected telephone lines for natural persons/no. households in Romania*100; no. households = 7,320,202 (source: National Institute for Statistics, Population and households census, March 18-27, 2002);

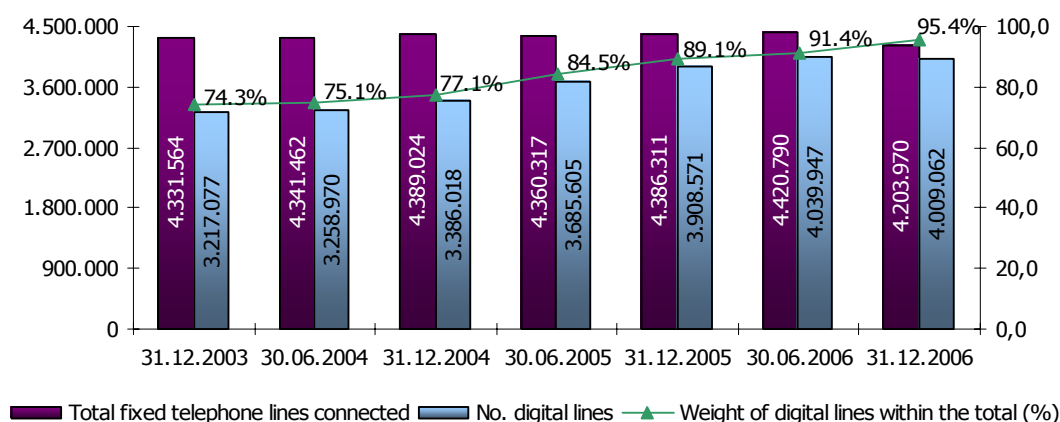
Chart 5.1 Number of lines for fixed telephone services. Penetration rate.



Source: ANRC, according to the data submitted by the electronic communications networks and services providers, in accordance with ANRC President's Decisions no.1332/2003 and, respectively, no.151/2006

As of December 31, 2006, both the penetration rate of fixed telephony at the population level and the penetration rate at the households level registered a decrease as compared to December 31, 2005, being mainly influenced by the reduction of the number of access lines for natural persons.

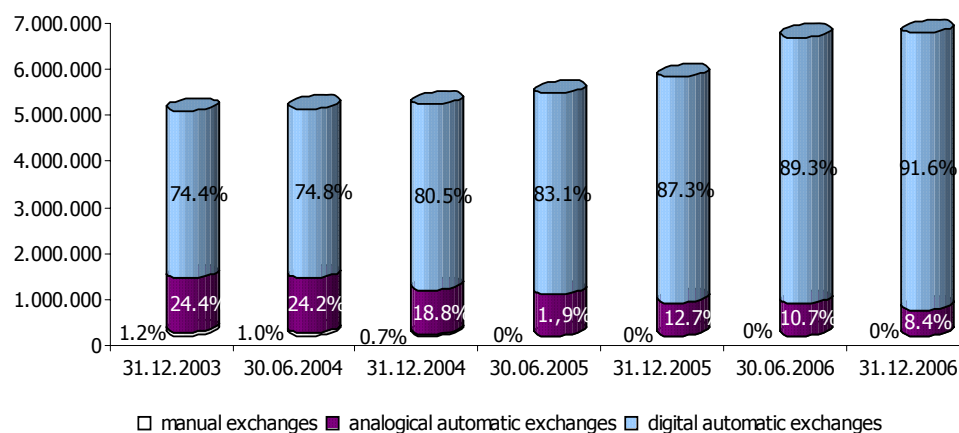
Chart 5.2 Evolution of the digitalization level and of the number of fixed telephony lines connected through public fixed telephone networks



Source: ANRC, according to the data submitted by the electronic communications networks and services providers, in accordance with the ANRC President's Decisions no.1332/2003 and, respectively, no.151/2006.

The increase of the digitalization level is due both to the increase of the investments which the incumbent had realised by modernising the network and to the fact that the alternative operators provide almost exclusively telephone services by means of digital networks (99.5%).

Chart 5.3 Evolution of the weight of fixed telephony lines connected in digital exchanges and of the weight of fixed telephony lines connected in analog automatic exchanges, within the total number of connected fixed telephony lines



Source: ANRC, according to the data submitted by the electronic communications networks and services providers, in accordance with the ANRC President's Decisions no.1332/2003 and, respectively, no.151/2006.

In 2006, the number of active providers on wholesale markets registered a significant growth, comparable in absolute figures with the ones from the previous years. This growth is due mainly to the increasing number of new-entrants on the retail market, as well as to the number of their subscribers, thus generating the need of services on the wholesale markets.

Table 5.2 Status of the number of interconnection/unbundled access to the local loop agreements concluded prior to December 31, 2006

Interconnection/unbundled access to the local loop agreements	31.12.2005	31.12.2006
Number of interconnection agreements for telephone services concluded with the incumbent	51	66
Number of unbundled access to the local loop agreements concluded with the incumbent	14	18
Number of interconnection agreements for leased lines-terminal segments concluded by the incumbent	9	9
Number of interconnection agreements concluded by the alternative providers	31	40

Source: ANRC, according to the data submitted by the electronic communications networks and services providers

The number of interconnection agreements concluded with Romtelecom and the number of interconnection agreements concluded between alternative providers increased, due to the fact that the growth of number of telephone lines connected to their own networks lead to the intensification of the need to communicate with other networks' users.

5.2 Active providers

In 2006, the total number of operational providers of fixed telephone services on the retail market rose with 21 providers, while the number of providers offering national calls services increased as well, amounting to 63.

Table 5.3 Number of active providers of fixed telephone services on the retail market, itemised by the category of services offered

Indicator	31.12.2003	30.06.2004	31.12.2004	30.06.2005	31.12.2005	30.06.2006	31.12.2006
Number of alternative providers	31	41	49	51	59	64	80
Total number of providers¹⁴, of which:	32	42	50	52	60	65	81
Access*	12	18	23	26	32	45	47
Calls towards national destinations**	14	17	20	31	42	48	63
- by means of carrier selection	-	-	-	-	-	19	22
- by means of carrier pre-selection	-	-	-	-	-	-	-
Fixed-to-mobile calls	8	14	18	25	34	40	47
- by means of carrier selection	-	-	-	-	-	13	21
- by means of carrier pre-selection	-	-	-	-	-	-	-
International calls***	30	40	48	50	56	63	69
- by means of carrier selection	-	-	-	-	-	28	30
- by means of carrier pre-selection	-	-	-	-	-	-	-
Number of providers of telephone services offered solely by means of Internet access connections	3	3	3	4	5	15	14

* the provider installs the telephone line

** local calls + long-distance calls + calls to national non-geographic numbers within the 09 domain + calls to 08 national non-geographic numbers + other types of traffic towards destinations within the country

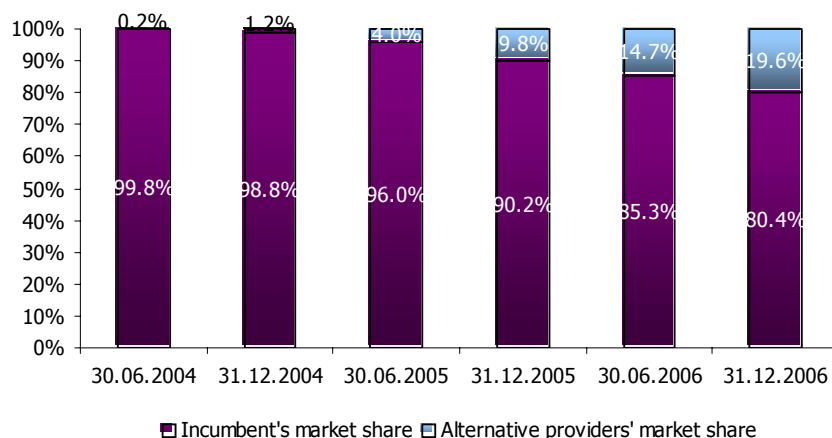
*** international calls + calls towards public networks with satellite transmission

Source: ANRC, according to the data submitted by the electronic communications networks and services providers, in accordance with the ANRC President's Decisions no.1332/2003 and, respectively, no.151/2006.

Most of the alternative providers offer to end-users telephone services by means of other networks, through the carrier selection procedure and/or through the prepaid or virtual cards, while the provision of fixed telephony by means of the total or shared access to the local loop holds a low weight.

¹⁴ Certain providers offer more categories of services, thus, in the total number, the respective services were taken in consideration only once;

Chart 5.4 Structure of the market of services for access to a public fixed telephone market (market share) itemized by the number of access lines and, respectively, by subscribers



Source: ANRC, according to the data submitted by the electronic communications networks and services providers, in accordance with the ANRC President's Decisions no.1332/2003 and, respectively, no.151/2006.

The alternative providers of fixed telephony services succeeded to double their market share related to the number of installed access lines in only one year, reaching almost 20%, summing up more than 820,000 telephone lines, while their market share in terms of total voice traffic volume realized by the providers of access services on the retail market is superior to that calculated in terms of number of access lines (approximately 26% compared to 19.6%). Most of the fixed telephony lines installed by the alternative providers (87.9%) belong to users-natural persons; this indicator also doubled its value between December 31, 2005 - December 31, 2006.

Table 5.4 Dynamics of the number of access lines/subscribers of the alternative providers of fixed telephone services, in terms of the customers category

Indicator	31.12.2003	30.06.2004		31.12.2004		30.06.2005		31.12.2005		30.06.2006		31.12.2006	
	abs.	abs.	evol. (%)	abs.	evol. (%)	abs.	evol. (%)	abs.	evol. (%)	abs.	evol. (%)	abs.	evol. (%)
No. of access lines¹⁵ of alternative providers, of which for:	2,794	6,836	+144.7	51,201	+649.0	174,859	+241.5	428,441	+145.0	651,470	+52.1	822,298	+26.2
- natural persons	181	2,406	+1229.3	41,059	+1606.5	140,743	+242.8	369,267	+162.4	557,648	+51.0	722,971	+29.6
- legal persons	2,613	4,430	+69.5	10,142	+128.9	34,116	+236.4	59,174	+73.4	93,822	+58.6	99,327	+5.9
No. of subscribers by means of access networks of other persons, of which for:	6,187	13,923	+125.0	15,731	+13.0	19,874	+26.3	28,615	+44.0	44,642	+56.1	61,193	+37.1
- natural persons	805	974	+21.0	1,445	+48.4	2,657	+83.9	5,662	+113.1	19,529	+244.9	38,429	+96.8
- legal persons	5,382	12,949	+140.6	14,286	+10.3	17,217	+20.5	22,953	+33.3	25,113	+9.4	22,764	-9.4
No. of access lines to telephone services provided by means of Internet access connections	42	59	+40.5	58	-1.7	4,337	+7,377.6	4,497	+3.7	26,316	+485.2	54,078	+105.5

¹⁵ Through own fixed networks and, respectively, through other persons' access networks by total or shared access to the local loop;

Source: ANRC, according to the data submitted by the electronic communications networks and services provider, in accordance with the ANRC President's Decisions no.1332/2003 and, respectively, no.151/2006.

In the second semester of 2006, the growth of the number of access lines installed by the alternative providers' was due almost exclusively to the customers-natural persons. As for the subscribers/access lines using other access networks, their number increased almost exclusively due to the natural persons, while the number of customers-legal persons decreased by 9.4%.

5.3 Traffic volume through the public fixed telephone networks in Romania – structure and evolution

In 2006, among the traffic categories with the largest weight within the total traffic, the most important increase – by +72% – was registered by the volume of traffic towards other fixed networks. The local voice traffic decreased by 10% as compared to 2005; nevertheless, its decrease was attenuated mainly due to the increase of the national traffic in the alternative providers' own networks.

Table 5.5 Structure of the total traffic volume achieved through Romanian public fixed networks, itemized by call destination

Indicator	I semester 2004	II semester 2004		I semester 2005		II semester 2005		I semester 2006		II semester 2006	
	abs. (million minutes)	abs. (million minutes)	evol. (%)	abs. (million minutes)	evol. (%)	abs. (million minutes)	evol. (%)	abs. (million minutes)	evol. (%)	abs. (million minute)	evol. (%)
National voice traffic*	3,481.8	3,203.4	-8.0	3,046.5	-4.9	2,762.3	-9.3	2,650.1	-4.1	2,556.5	-3.5
National long-distance voice traffic**	482.2	483.2	+0.2	449.4	-7.0	394.9	-12.1	414.6	+5.0	508.3	+22.6
Voice traffic to other fixed networks	16.3	77.5	+374.9	180.8	+133.4	317.4	+75.5	423.3	+33.4	433.3	+2.4
Voice traffic to mobile networks	392.8	402.2	+2.4	387.3	-3.7	392.6	+1.4	437.9	+11.5	521.1	+19.0
International voice traffic	116.6	133.7	+14.6	122.2	-8.6	123.4	+1.0	149.9	+21.4	167.1	+11.5
Dial-up Internet access traffic***	1,481.5	1,217.4	-17.8	1,169.3	-4.0	989.3	-15.4	760.6	-23.1	541.4	-28.8
Traffic towards public networks with satellite transmission	-	-	-	-	-	-	-	0.01	-	0.01	-9.1
Traffic of calls to national non-geographic numbers within the 0Z = 09 domain	-	-	-	-	-	-	-	1.1	-	0.7	-36.5
Traffic of calls to national non-geographic numbers within the 0Z = 08 domain	-	-	-	-	-	-	-	9.6	-	13.4	+39.5
Other types of traffic	-	-	-	-	-	-	-	17.9	-	18.5	+3.5

Total traffic volume	5,971.3	5,517.4	-7.6	5,355.6	-2.9	4,979.9	-7.0	4,864.9	-2.3	4,760.4	-2.1
Traffic volume achieved by the providers of telephone services offered by means of Internet access connections	3.1	3.0	-5.6	7.5	+154.5	33.1	+340.5	33.4	+1.0	31.9	-4.6

* local traffic achieved within own network + local traffic through the access networks of other persons, excluding the traffic resulted from calls for dial-up and ISDN Internet access: between 2004 – 2005 the market share in terms of local voice traffic also includes the traffic volume towards national non-geographic numbers, itemized by call destination, and other types of traffic;

** local traffic achieved within the own network + local traffic through the access networks of other persons, excluding the traffic resulted from calls for dial-up and ISDN Internet access: between 2004 – 2005 the market share in terms of local voice traffic also includes the traffic volume towards national non-geographic numbers, itemized by call destination, and other types of traffic;

*** traffic resulted from calls for dial-up and ISDN Internet access (including the traffic volumes such as ClickNet, Internet Special Access, Internet Premium Rate).

Source: ANRC, according to the data submitted by the electronic communications networks and services providers, in accordance with the ANRC President's Decisions no.1332/2003 and, respectively, no.151/2006

Table 5.6 Dynamics of the total traffic volume achieved by the alternative providers of fixed telephone services, itemized by call destination

Indicator	I semester 2004	II semester 2004		I semester 2005		II semester 2005		I semester 2006		II semester 2006	
	abs.	abs.	evol. (%)	abs.	evol. (%)	abs.	evol. (%)	abs.	evol. (%)	abs.	evol. (%)
Total traffic alternative providers	70.0	175.7	+150.8	294.7	+67.7	514.1	+74.5	761.6	+48.1	1,150.3	+51.0
Local voice traffic*											
National voice traffic**	3.3	16.7	+412.2	38.9	+133.3	91.2	+134.4	196.8	+115.7	489.8	+148.8
Voice traffic to other fixed networks	19.8	84.9	+328.8	177.2	+108.8	300.4	+69.5	379.1	+26.2	411.0	+8.4
Voice traffic to mobile networks	6.3	19.1	+201.8	32.0	+68.1	64.0	+99.9	98.8	+54.4	152.4	+54.2
International voice traffic	40.7	55.1	+35.4	46.5	-15.5	58.5	+25.7	86.6	+48.0	97.1	+12.1
Traffic towards public networks with satellite transmission	-	-	-	-	-	-	-	-	-	-	-
Dial-up Internet access traffic***	-	-	-	-	-	-	-	-	-	-	-
Calls traffic towards national non-geographic numbers within the 0Z=09 domain	-	-	-	-	-	-	-	-	-	0.0	-
Calls traffic towards national non-geographic numbers within the 0Z=08 domain	-	-	-	-	-	-	-	0.1	-	0.1	-45.4
Other types of traffic	-	-	-	-	-	-	-	0.1	-	-	-100-
Traffic achieved by the providers of telephone services offered by means of Internet access connections	3.1	3.0	-5.6	7.5	+154.5	33.1	+340.5	33.4	+1.0	31.9	-4.6

* local traffic achieved within own network + local traffic through the access networks of other persons, excluding the traffic resulted from calls for dial-up and ISDN Internet access: between 2004 – 2005 the market share in terms of local voice traffic also includes the traffic volume towards national non-geographic numbers, itemized by call destination, and other types of traffic;

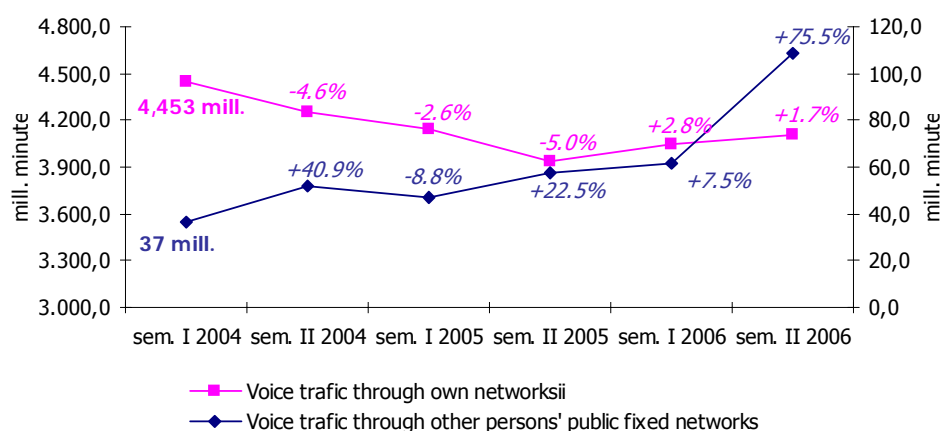
** local traffic achieved within the own network + local traffic through the access networks of other persons, excluding the traffic resulted from calls for dial-up and ISDN Internet access: between 2004 – 2005 the market share in terms of local voice traffic also includes the traffic volume towards national non-geographic numbers, itemized by call destination, and other types of traffic;

*** traffic resulted from calls for dial-up and ISDN Internet access (including the traffic volumes such as ClickNet, Internet Special Access, Internet Premium Rate).

Source: ANRC, according to the data submitted by the electronic communications networks and services providers, in accordance with the ANRC President's Decisions no.1332/2003 and, respectively, no.151/2006

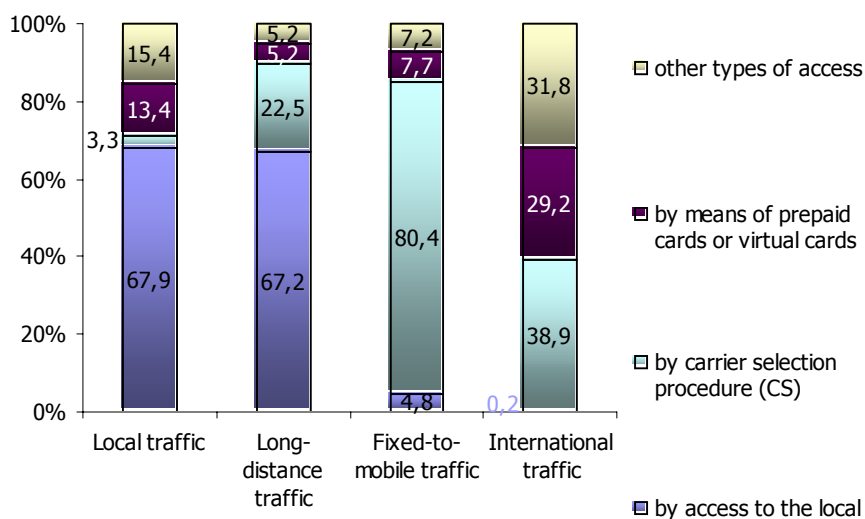
In 2006, compared to 2005, the volume of voice traffic originated in the fixed public telephone networks registered a slight increase of +1.8% (approximately 8.3 billion minutes in 2006 minutes, compared to 8.2 billions in 2005), due to the traffic volume growth registered by the users of the alternative providers (+136.4%). In the second semester of 2006, the subscribers of alternative providers used the fixed telephony mainly to initiate calls towards other fixed networks – 38.3% of the alternative providers' traffic.

Chart 5.5 Structure of the total voice traffic volume itemised by the way of providing services – by own public fixed networks/by other persons' fixed public networks



Source: ANRC, according to the data submitted by the electronic communications networks and services providers, in accordance with the ANRC President's Decisions no.1332/2003 and, respectively, no.151/2006

Chart 5.6 Structure of the traffic volume achieved by the providers who use other public fixed networks, in terms of the network access/way of providing services - 2006



Source: ANRC, according to the data submitted by the electronic communications networks and services providers, in accordance with the ANRC President's Decisions no.1332/2003 and, respectively, no.151/2006

In 2006, the distribution on categories of the total traffic volume achieved through other fixed public telephone networks was significantly different from that of the traffic achieved through the own operators' networks, 51.4% of it representing traffic towards international destinations (compared to only 2.8% in the case of traffic through own networks).

Table 5.7 Alternative providers of fixed telephone services on the retail market, itemized by the categories of fixed telephone services offered in December 2006

Provider	access services by means of the own network *	services of calls to national destinations**	services of international calls***
S.C. RCS & RDS S.A.	✓	✓	✓
S.C. UPC ROMANIA S.A.	✓	✓	✓
S.C. ATLAS TELECOM NETWORK ROMANIA S.R.L.	✓	✓	✓
S.C. TRANS TEL SERVICES S.R.L.	✓	✓	✓
S.C. EUROWEB ROMANIA S.A.	✓	✓	✓
S.C. UTI COMMUNICATIONS SYSTEMS S.R.L.	✓	✓	✓
S.C. INES GROUP S.R.L.	✓	✓	✓
S.C. GTS TELECOM S.R.L.	✓	✓	✓
S.C. FAST CORPORATION S.R.L.	✓	✓	
S.C. PARLATEL S.R.L.	✓	✓	✓
S.C. MEDIA SAT S.R.L.	✓	✓	✓
S.C. GLOBTEL INTERNET S.R.L.	✓	✓	✓
S.C. INTERSAT S.R.L.	✓	✓	✓
SOCIETATEA NATIONALA DE RADIOCOMUNICATII S.A.	✓	✓	✓

S.C. DIAL TELECOM S.R.L.	✓	✓	✓
S.C. NETMASTER COMMUNICATIONS S.R.L.	✓	✓	✓
S.C. INTERACTIVE COMMTECH DEVELOPMENT S.A.	✓	✓	✓
S.C. TELEFONET COMM TECH S.R.L.	✓	✓	✓
S.C. NEVI TELECOM S.R.L.	✓	✓	✓
S.C. ADISAM TELECOM S.A.	✓	✓	✓
S.C. BP OFFICE & SERVICE S.R.L.	✓	✓	
S.C. VITANIC RO S.R.L.	✓	✓	✓
S.C. IDILIS S.A.	✓	✓	✓
S.C. DIGI COMMUNICATION S.R.L.	✓	✓	✓
S.C. TELCOR COMMUNICATIONS S.R.L.	✓	✓	✓
S.C. MOBIMAX TELECOM S.R.L.	✓	✓	✓
S.C. TOTAL TELECOM S.R.L.	✓	✓	✓
S.C. DANUBIUS TELECOM S.A.	✓	✓	✓
S.C. ADVANCED BUSINESS SOLUTIONS INTERNATIONAL S.R.L.	✓	✓	✓
S.C. MASS INTERNET S.R.L.	✓	✓	✓
S.C. VIP NET S.R.L.	✓	✓	✓
S.C. RARTEL S.A.	✓	✓	✓
S.C. AIETES TELECOM GALATI FILIALA TULCEA S.R.L.	✓	✓	
S.C. EASY COMM S.R.L.	✓	✓	✓
S.C. ARVO INTERNATIONAL S.R.L.	✓	✓	✓
S.C. NETPOINT S.R.L.	✓	✓	✓
S.C. PLUG IT INTERNATIONAL S.R.L.	✓	✓	✓
S.C. INTERNET EXPERT 2003 S.R.L.	✓	✓	✓
S.C. NET-CONNECT INTERNET S.R.L.	✓	✓	✓
S.C. IRISTEL ROMANIA S.R.L.	✓	✓	✓
S.C. EFECT SISTEM S.R.L.	✓	✓	✓
S.C. TELEFONET TM S.R.L.	✓	✓	✓
S.C. QUALITY MANAGEMENT SYSTEMS CONSULTING S.R.L.	✓	✓	✓
S.C. WORLD TELECOM NETWORK S.R.L.	✓	✓	✓
S.C. SKY INTERNET S.R.L.	✓	✓	✓
S.C. TELE TWO INVEST S.R.L.	✓	✓	
S.C. A&G COMMUNICATION GRUP S.R.L.		✓	✓
S.C. TELESTAR CORPORATION GMBH S.R.L.		✓	
S.C. COMBRIDGE S.R.L.		✓	✓
S.C. ORIZONT GROUP S.R.L.		✓	✓
S.C. OMEGA TELECOMUNICATII S.R.L.		✓	✓
S.C. CONNET-RO S.R.L.		✓	✓
S.C. CONECT TELECOM S.R.L.		✓	
S.C. NOBEL ROMANIA S.R.L.		✓	
S.C. CENTURY TELECOM S.R.L.		✓	
S.C. VIALTEX PRODCOM S.R.L.		✓	✓
S.C. ROLINK PLUS S.A.		✓	✓
S.C. CALL + S.R.L.		✓	
S.C. TELECOMUNICAȚII CALL AND MORE S.R.L.		✓	

S.C. ONE CENT S.R.L.		✓	
S.C. NXTEL SOLUTIONS S.R.L.		✓	✓
S.C. OMNITECH S.R.L.		✓	✓
S.C. OXIGEN TELECOM S.R.L.		✓	
S.C. ATLANTIC TELECOM S.R.L.			✓
S.C. MAGIC TELECOM S.R.L.			✓
S.C. INTERCOM S.R.L.			✓
S.C. NEXCOM ROMANIA S.R.L.			✓
S.C. TELETEXT INTERNATIONAL S.R.L.			✓
S.C. INTERPOINT S.R.L.			✓
S.C. TIM NET WEB S.R.L.			✓
S.C. CONSEDO INTERCOLLING S.R.L.			✓
S.C. TELEXMAX S.R.L.			✓
S.C. COMPLEX SERVICE S.R.L.			✓
S.C. GLOBAL ECONOMIC PHONE S.R.L.			✓
S.C. I.T.C. INSTITUTUL PENTRU TEHNICA DE CALCUL S.A.			✓
S.C. NET CONECT S.R.L.			✓
S.C. TIM NET TEL S.R.L.			✓
S.C. VOCALPAD ROM S.R.L.			✓
S.C. INTERNATIONAL TELECOM S.R.L.			✓
S.C. TELEVOX S.A.			✓

* the alternative provider installs the telephone line; has subscribers through its own network

** services of local calls + long-distance calls + calls towards other public fixed telephone networks + calls towards public mobile networks + calls towards national non-geographic numbers within the 08 and 09 domains + other types of traffic at national level

*** services of international calls + calls towards public networks with satellite transmission

Source: ANRC

5.4 Regulatory activity

5.4.1 Interconnection regime

RPF agreements

By December 31, 2006, the number of interconnection agreements for the provision of telephone services concluded between Romtelecom and the operators of public electronic communications networks, by virtue of the Interconnection Reference Offer, which were transmitted to ANRC, reached 66.

Cost-orientation

Romtelecom is the only operator of electronic communications networks at fixed locations on which the interconnection tariffs cost-orientation obligation was imposed. The calendar for the reduction of interconnection tariffs down to the level of effective costs was established by the ANRC President's Decision no. 1459/2005 on the establishment of tariffs for the interconnection services provided by S.C. "Romtelecom" – S.A. on the market for the access to the public fixed telephony networks for the purpose of call origination, termination and transit, based on a LRIC model. Thus, starting January 1, 2006, Romtelecom reduced the interconnection tariffs with a percentage varying between 1% and 46%, itemized by service, as follows:

Interconnection service	Maximum tariffs applicable until January 1, 2006 (eurocents/minute)		Maximum tariffs applicable as of January 1, 2006 (eurocents/minute)	
	Peak hours	Off-peak hours	Peak hours	Off-peak hours
Local	1.15	0.90	1.14	0.63
Regional	2.14	1.97	1.94	1.06
National	2.55	2.35	2.27	1.25
Single Transit			0.31	0.17
Double Transit			0.88	0.48

According to the approved implementation calendar, starting January 1, 2007, the interconnection tariffs of Romtelecom shall entirely reflect the effective costs for the provision of services.

Accounting separation

The obligation of keeping separated accounts within the internal accounting system for the activities related to interconnection and access to the own network or the associated infrastructure was imposed on Romtelecom by ANRC President's Decision no.1380/2003 for the approval of the regulation regarding the fulfilment of separate accounting statements within the internal accounting by S.C. "Romtelecom" – S.A., amended by ANRC President's Decision no.1250/2005 on imposing obligations on the provider with significant power on the specific relevant retail markets.

The content and reporting format of the separate financial statements which Romtelecom presents to ANRC and publishes on its website allow the Authority to pursue whether the obligations of transparency, non-discrimination and tariffs cost-orientation are observed.

The separate financial statements prepared for the financial year concluded by December 30, 2005, as well as the Methodology of keeping separate accountings, were audited by an independent auditor and transmitted to ANRC, together with the audit report, by June 30, 2006; the public versions of these documents are available on the website of Romtelecom.

The implementation of this obligation by Romtelecom allows ANRC to pursue whether the obligations of transparency, non-discrimination and tariffs cost-orientation are observed.

According to the provisions of the ANRC President's Decision no.1250/2005, Romtelecom is obliged to present Annex no.5 (Internal offsets structure between the transport network and the retail sale), starting with the separate financial statements prepared for the financial year 2005 (because, according to the same Decision, they were exempted from presenting these information for the first year of reporting). The information comprised in Annex no.5 pursues the compliance with the non-discrimination principle, by reflecting the transfer between services provided both on wholesale and retail market.

Following the analysis of the manner of implementing the provisions of the ANRC President's Decisions no.1380/2003 and, respectively, no.1250/2005 within the separate financial statements afferent to the financial year concluded by December 30, 2005, based on the requested additional information and on the discussions carried with Romtelecom and its auditor, ANRC prepared a report where it expresses its opinion regarding the investigated aspects and proposes recommendations, if case requires. A public version of

this report shall be published on ANRC website under the Audit and Costs Accounting section.

5.4.2 Unbundled access to the local loop

By ANRC President's Decision no.1098/2004 on the principles and prerequisites of the Reference Offer for unbundled access to the local loop, with the subsequent amendments and completions, ANRC imposed on Romtelecom – in its capacity as operator with significant power on the market of provision of total or shared unbundled access to the local loop formed by a pair of twisted metallic wires – certain obligations of transparency and non-discrimination, provision of certain services and granting of access to certain facilities, tariffs cost-orientation and accounting separation.

In order to comply with the transparency obligation, Romtelecom must publish on its website and make available for any requester a Reference Offer for Unbundled Access to the local loop (RUO), which should comprise at least the services of providing unbundled access to the local loop, in accordance with ANRC President's Decision no.1098/2004.

Any operator interested in concluding an agreement on access to the local loop must file a request to Romtelecom. The maximum term provided by the ANRC Decision for the conclusion of such an agreement is 30 days from the receipt of the respective request. Within the request, the operator must state that he accepts the terms of the standard contract for unbundled access to the local loop. Also, he must indicate the access points, the access and co-location options, as well as the other services which are to be acquired. Thus, the maximum term for negotiation is 2 months.

5.4.3 Standardization

During 2006, in its regulatory capacity, ANRC pursued to fulfil its mission, set out by the law, of facilitating the development of electronic communications services and networks in Romania. This objective implies as well the providers' obligation to enforce the open standards, which would be constant in viable economic periods and would make efficient use of the scarce resources.

Monitoring the implementation of standards in the electronic communications industry, ANRC launched in August 2006 a Questionnaire on the implementation of the standards comprised in the *List of standards and technical specifications for electronic communications networks and services, as well as for the associated infrastructure and services*, published in ANRC President's Decision no.57/2005.

The purpose for publishing the *List of standards and technical specifications* was to ensure a basis for the electronic communications industry (public networks operators, services providers) for a harmonised provision of electronic communications networks, electronic communications services, as well as for the associated infrastructure and services in the national and European spaces.

The questionnaire on the status of standards implementation was addressed to a number of 58 operators authorised to provide fixed electronic communications networks and which signed at least one interconnection agreement between networks. According to the List of

standards, the Questionnaire referred to 50 basic standards for technologies with switched circuits (PSTN), particularly standards related to interconnection protocols.

The answers received revealed that, mainly in what concerns the *Interconnection of Networks* and *Leased lines* areas, the enforcement of the standards recommended by Romtelecom is decisive since the other fixed networks providers and especially the new-entrants receive from the incumbent the references on standards and interconnection interfaces, thus enabling them to carry out certain tests.

One of the conclusions drawn from the analysis of the answers to the Questionnaire on standards implementation was that ANRC should make further efforts to update the list of recommended standards and continuously pursue providers' compliance with the requests related to the interoperability of networks and services within the European space and on national level, as well as user's freedom to choose.

To this end, ANRC shall further assume its responsibility of pursuing the implementation of European and international standards in the national electronic communications industry.

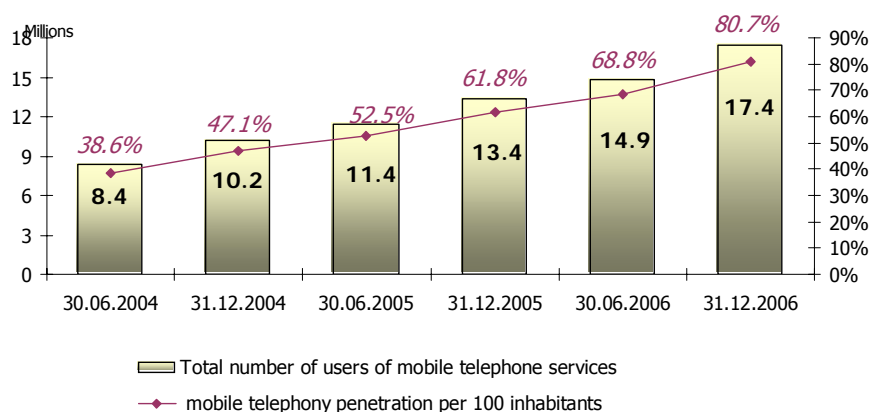
6. Mobile telephony

6.1 Main market indicators

The number of mobile telephone services users (active SIM cards) reached 17.4 millions as of December 31, 2006, which means a 17.2% increase as compared to June 30, 2006 and a 30.4% increase as compared to December 31, 2005. Furthermore, the penetration rate of the mobile telephone services increased, by the same date, by 12 percentage points compared to mid-2006.

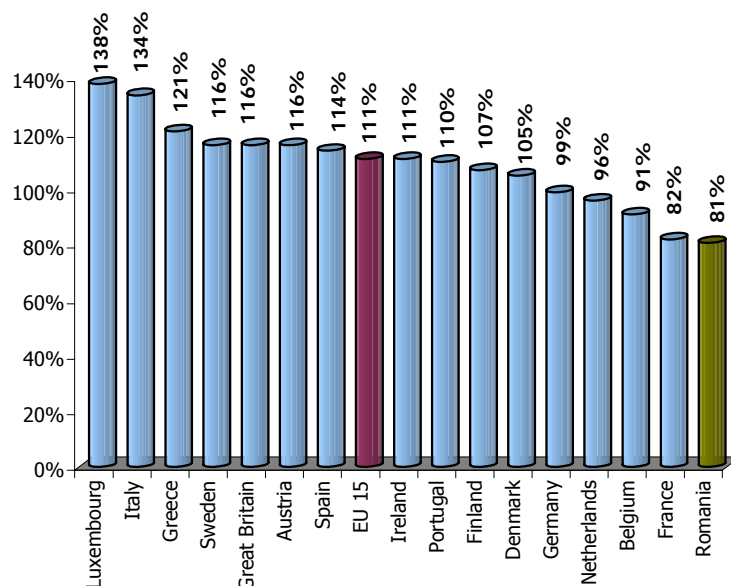
When analysing the evolution in time of the number of users, one may notice that it increases at every end of the year, as compared to the growing rhythm registered at the end of the first six months of that year, mostly due to effects related to seasons, which influence each year these services' sales evolution between July – December.

Chart 6.1 Total number of mobile telephone services users. Penetration rate



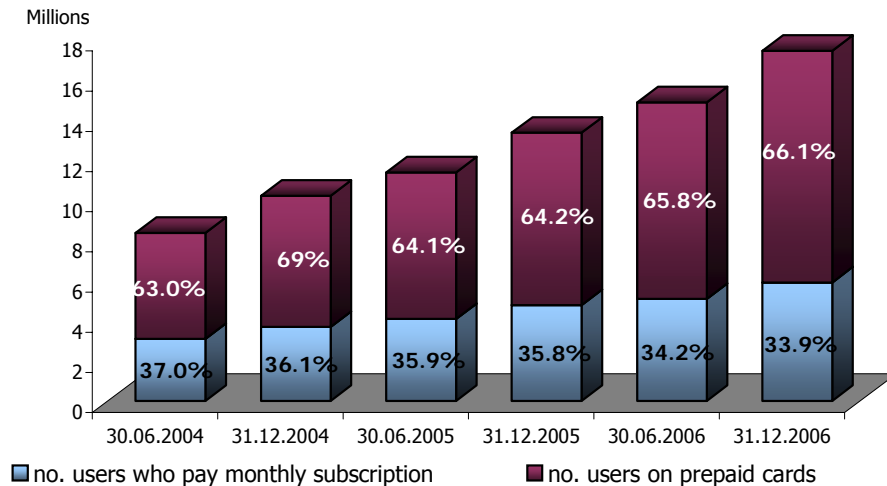
Source: ANRC, according to the data submitted by the electronic communications networks and services providers, in accordance with the ANRC President's Decisions no.1332/2003 and, respectively, no.151/2006

Chart 6.2 Penetration rate of mobile services in Romania vs. EU 15¹⁶ penetration rate vs. EU 15 average penetration rate



Source: ANRC

Chart 6.3 Structure and dynamics of the total number of mobile telephony users, itemized by the payment method used



Source: ANRC, according to the data submitted by the electronic communications networks and services providers, in accordance with the ANRC President's Decisions no.1332/2003 and, respectively, no.151/2006

One may notice that the use of mobile telephone services with prepaid cards continues to register an ascendant trend. The rise of the weight of consumers who use prepaid cards, within the total number of active SIM cards, was of 1.9 percentage points in 2006, therefore by December 31, 2006, these represented almost 66% of the total.

¹⁶ Source: http://www.comreg.ie/_fileupload/publications/ComReg0652.

Table 6.1 Structure of the number of users of mobile telephone services who pay monthly subscriptions, itemized by category of users

Indicator	30.06.2006	31.12.2006	Evolution (%)
Number of users who pay monthly subscriptions (million), of which:	5.1	5.9	+15.9
a) number of users – natural persons	3.4	4.0	+17.1
b) number of users – legal persons	1.7	1.9	+13.6

Source: ANRC, according to the statistical data submitted by the electronic communications networks and services providers, in accordance with the ANRC President's Decisions no.1332/2003 and, respectively, no.151/2006

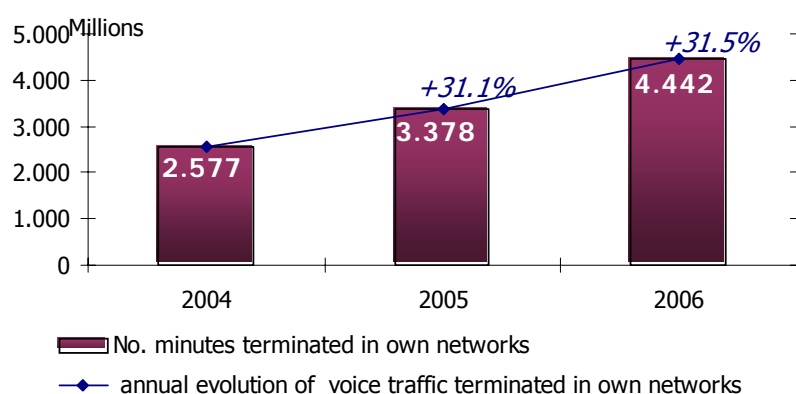
Out of the 5.9 million users who pay monthly subscriptions, registered by December 31, 2006, more than two thirds were natural persons (4 million) and approximately one third were legal persons (1.9 million).

6.2 Data on the traffic volume

6.2.1 The traffic achieved on the wholesale market

The traffic terminated in public mobile telephone networks registers a raising trend in certain periods of the year, depending on the effects related to seasons. Thus, every year, between July 1 - December 31, a more visible growth is registered compared to the first half of the year. This aspect is also noticed in the case of the voice traffic originated towards other public mobile networks. Last year's evolution maintained itself approximately constant – one may notice a constant increase rate compared to 2005 – 31.5%.

Chart 6.4 Annual evolution of the voice traffic terminated in mobile public networks in Romania

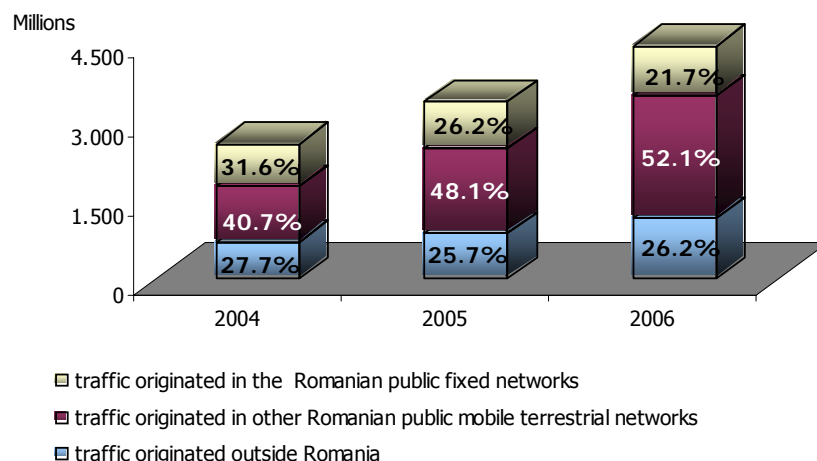


Source: ANRC, according to the statistical data submitted by the electronic communications networks and services providers, in accordance with the ANRC President's Decisions no.1332/2003 and, respectively, no.151/2006

From the viewpoint of the evolution of each category of traffic terminated in mobile public networks, in terms of the origination place, the highest growing rate was registered by *the traffic originated in other mobile public telephones in Romania*, which is by almost 25% higher than at the end of the first semester of the year, correlated to the similar evolution

of the voice traffic originated by end-users on the retail market. The traffic terminated in mobile networks, *originated in fixed public mobile networks in Romania*, increased by 8.8%, yet inferior to the increases registered by the other traffic categories.

Chart 6.6 Structure of the total volume of voice traffic terminated in public mobile networks in Romania, itemised by the origination place



Source: ANRC, according to the statistical data submitted by the electronic communications networks and services providers, in accordance with the ANRC President's Decisions no.1332/2003 and, respectively, no.151/2006

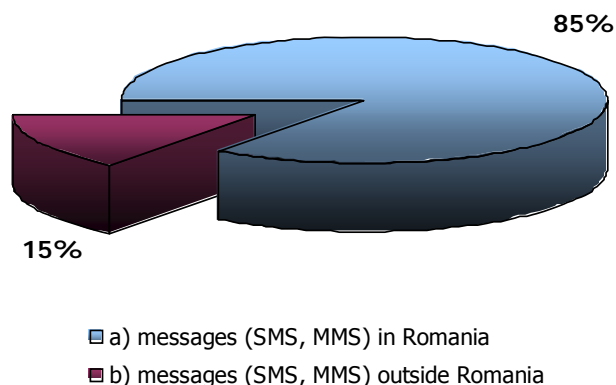
The structure of the traffic terminated in public mobile telephone networks, itemized by the origination place, is characterized by a different weight distribution as compared to the previous years – the distribution between the categories of traffic originated in the public fixed networks in Romania and the traffic originated outside Romania reversed, while the weight of traffic originated in other public mobile networks in Romania strengthened. Between 2005 – 2006, the traffic originated in the public fixed networks in Romania decreased by 4.5 percentage points, while the traffic originated in the public mobile networks in Romania increased by 4 percentage points and the one originated outside Romania increased by 0.5 percentage points.

Table 6.2 Annual/semestrial evolution of the traffic of written and multimedia messages terminated in public mobile networks in Romania, initiated in other public mobile networks, *itemized by the origination place*

Indicator	I semester 2004	II semester 2004	2004	I semester 2005	II semester 2005	2005	I semester 2006	II semester 2006	2006
Traffic of written and multimedia messages terminated in the own networks (mill. messages)	131	168	299	224	274	497	302	321	623
Annual/semester evolution of the traffic of written and multimedia messages terminated in the own networks (%)	-	+27.9	-	+33.2	+22.4	+66.2	+10.4	+6.4	+25.4

Source: ANRC, according to the data submitted by the electronic communications networks and services providers in accordance with the ANRC President's Decisions no.1332/2003 and, respectively, no.151/2006

Chart 6.7 Structure of the traffic of written and multimedia messages terminated in public mobile networks in Romania, initiated in other public terrestrial mobile networks, itemized by the origination place

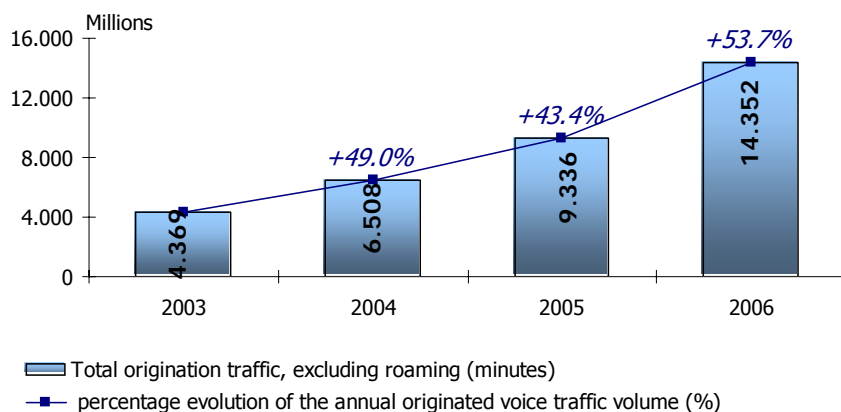


Source: ANRC, according to the data submitted by the electronic communications networks and services providers in accordance with the ANRC President's Decisions no.1332/2003 and, respectively, no.151/2006

The annual growth rate of the total volume of written and multimedia messages terminated in the operators' own networks diminished in 2006 as compared to 2005 (when an increase by 66% was registered compared to 2004), therefore registering the value of +25%.

6.2.2 The traffic achieved on the retail market

Chart 6.7 Dynamics of the total volume of traffic originated in the public mobile networks (excluding roaming)



Source: ANRC, according to the statistical data submitted by the electronic communications networks and services providers in accordance with the ANRC President's Decisions no.1332/2003 and, respectively, no.151/2006

The growing rate of the total volume of voice traffic originated in the mobile networks increased by 10% as compared to the growth rate registered in 2005. According to the chart below, the most significant growth was registered by the traffic achieved within the mobile networks, whilst the growth of the traffic towards fixed networks registered a decrease.

Chart 6.8 Annual evolution of the traffic volume originated in the public mobile networks (excluding roaming), itemized by call destination

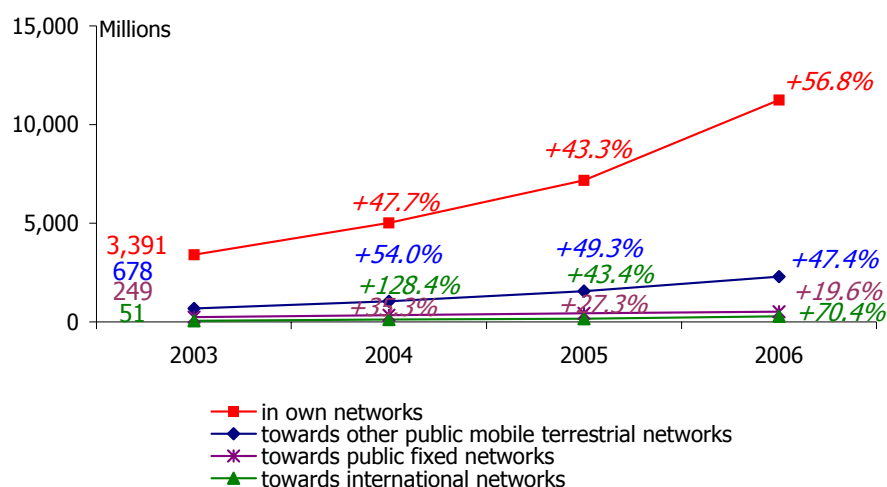


Table 6.3 Annual structure of the voice traffic volume (excluding roaming traffic) originated in the public mobile networks, itemized by call destination

Indicator	2003	2004	2005	2006
Total voice traffic originated (million minutes), excluding roaming, towards:	4,369	6,508	9,336	14,352
- own networks (%)	77.6	77.0	76.9	78.4
- international networks (%)	15.5	16.0	16.7	16.0
- public fixed networks (%)	5.7	5.2	4.6	3.6
- other public mobile networks (%)	1.2	1.8	1.8	2.0

Source: ANRC, according to the statistical data submitted by the electronic communications networks and services providers in accordance with the ANRC President's Decision no.151/2006

As regards the calls made by the users of mobile telephone services, there were no significant changes in the traffic structure itemized by the called destinations. Thus, the traffic towards the own networks continues to hold the largest weight (78.3%). The voice traffic towards international destinations registers the lowest weight in the total (approximately 2%), but has the most significant evolution – a 70.4% increase compared to 2005. Voice traffic towards the public fixed networks registered the lowest increase as compared to the volume for 2005 (19.6%), while its weight in the total originated traffic is continuously dropping.

6.3 Regulatory activity

6.3.1 Interconnection regime

RPM Agreements

Regarding the interconnection agreements concluded between other electronic communications networks operators and the public mobile telephony networks operators prior to December 31, 2006, ANRC received copies of interconnection agreements as follows: 40 agreements related to the interconnection with Vodafone Romania network, 40 agreements related to the interconnection with Orange Romania network, 8 agreements

related to the interconnection with Telemobil network, and 12 agreements related to the interconnection with Cosmote Romanian Mobile Telecommunications.

Tariff cost-orientation

ANRC President's Decisions no.1382/2003 and, respectively, no.1383/2003 approved the regulations regarding the establishment of "top-down" models for the calculation of long-run incremental cost by Vodafone Romania and, respectively, by Orange Romania. On its turn, ANRC committed to develop a "bottom-up" model for the calculation of the long-run incremental costs. Thus, the interconnection tariffs can be effectively cost-oriented based on a hybrid model of cost calculation, resulted from the reconciliation of the "top-down" and "bottom-up" models.

During 2005, ANRC initiated a bilateral consultation process with Vodafone Romania and Orange Romania on the "bottom-up" long-run incremental cost calculation model, in view of maximising the quality and accuracy of its results. This process was followed by a public consultation on the draft decisions on the establishment of tariffs for the interconnection services provided by Vodafone Romania and Orange Romania on the market of access to the own mobile telephone networks for the purpose of call termination, based on a long-run incremental average cost calculation model, starting April 5, 2006.

Considering that Vodafone Romania and Orange Romania had not provided ANRC their own "top-down" cost calculation models, the development of the hybrid model became impossible, ANRC being obliged to enforce the point 12.3 of the first thesis under the *Regulations regarding the costs calculation models*, according to which, *"Should the term provided at point 12.2 not be complied with, the tariffs for services provided by the Operator on the specific relevant markets - on which it was designed by ANRC as having significant power and on which were imposed obligations of cost-orientation – shall be calculated in terms of the results obtained based on the "bottom-up" model, developed by ANRC"*.

The bilateral and public consultations on the draft decisions regarding the establishment of tariffs for the interconnection services provided by Vodafone Romania and Orange Romania materialised in a series of actions in view of optimising and calibrating the "bottom-up" model for the calculation of long-run incremental average costs, following the comments and additional information made available to ANRC.

Therefore, on July 7, 2006, the President of ANRC issued Decisions no.436 and, respectively, no.437, thus regulating the maximum tariffs that S.C. "Vodafone Romania" S.A. and, respectively, S.C. "Orange Romania" S.A. may charge for the provision of interconnection services in view of call termination at mobile locations, as follows:

- a) 7.21 eurocents/minute, since September 1, 2006;
- b) 6.40 eurocents/minute, since January 1, 2007;
- c) 5.67 eurocents/minute, since January 1, 2008;
- d) 5.03 eurocents/minute, since January 1, 2009.

Following the enforcement of these decisions, Vodafone Romania and Orange Romania reduced the interconnection tariffs for call termination in their own networks starting September 1, 2006, down to 7.21 eurocents/minute.

Taking into account that the tariffs charged by the two operators for this type of services in view of call termination at mobile locations are very low compared to the European level, on the one hand, and, on the other hand, by virtue of the desideratum of harmonisation with the European level in the context of Romania's accession to the European Union, starting January 1, 2007, ANRC submitted to public consultation, on October 18, 2006, two draft decisions on postponing with one year the enforcement of the second stage of the interconnection tariffs reduction, without affecting in any way the target tariff level for 2009.

The amendment of the slope of gradual adjustment of the maximum tariffs that can be charged by Vodafone Romania and, respectively, Orange Romania for the provision of interconnection services in view of call termination at mobile locations was provided, on December 12, 2006, by ANRC President's Decisions no.4774/2006 and, respectively, no.4775/2006. The effects of these decisions will be resented between January 1, 2007 and January 1, 2009. In accordance with these decisions, the applicable tariffs will be the following:

- 7.21 eurocents/minute, since January 1, 2007;
- 6.40 eurocents/minute, since January 1, 2008;
- 5.03 eurocents/minute, since January 1, 2009.

6.3.2 Standardization

The consultation on the implementation degree of the European standards during 2006 was addressed as well to the 4 electronic communications services providers, which are authorised to offer mobile networks and which signed interconnection protocols both between them and with other operators' networks.

According to the provisions of the *List of standards recommended by the European Commission*, the Questionnaire referred to a series of standards for GSM technologies, particularly those related to interconnection protocols and service quality.

The conclusions of the consultation on the implementation degree of European standards pointed out that operators of GSM mobile networks comply significantly with the European standards from the *List of standards recommended by the European Commission*, since the GSM cellular telephony networks were fulfilled based on an already existent package of standards, further improved during the networks' exploitation phase. The generations of mobile networks came one after another, during a long development phase where standardization represented the core (an 18 years industrial cycle for the second generation - GSM-GPRS-EDGE - of cellular networks and a 12 years cycle for the third generation - UMTS - of cellular networks).

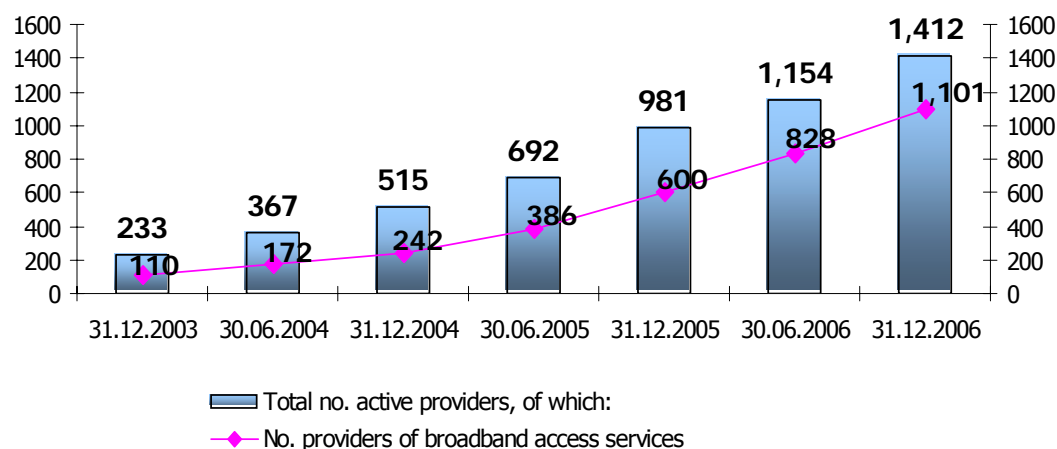
Enforcing the principle of technological neutrality required by the current regulatory framework, ANRC admits that the standardization process is conducted by voluntary actors of the industry. Yet, it is ANRC's role to monitor the consequences of standardization over the development of the electronic communications market, over the elimination of technical barriers from market entry and the appearance of emergent markets in order to respond to the objectives of a competitive electronic communications market.

7. Internet access, leased lines and data transmission

7.1 Market's structure and dynamics

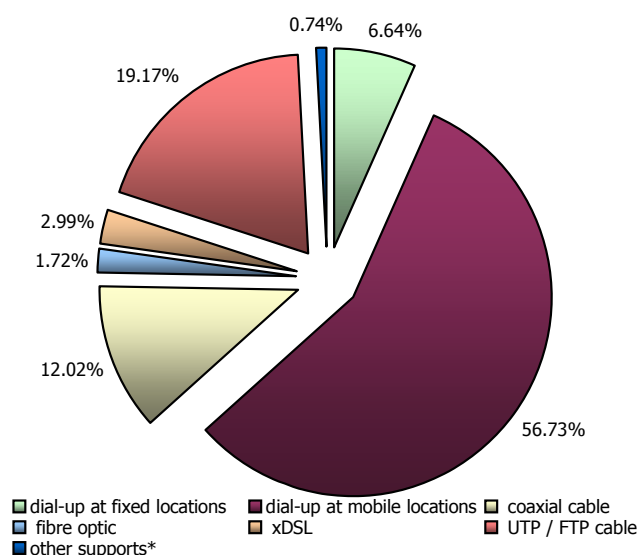
More than 400 providers of Internet access services started their activity in 2006. Thus, by December 31, 2006, there were by 44% more active providers than at end-2005. More than 1,100 of them were providers with commercial offers for broadband Internet access, whereas 1,402 offered dedicated access services.

Chart 7.1 Evolution of the number of active providers of Internet access services



Source: ANRC, according to the statistical data submitted by the electronic communications networks and services providers in accordance with the ANRC President's Decisions no.1332/2003 and, respectively, no.151/2006

Chart 7.2 Structure of the total number of Internet access connections, itemized by support - December 31, 2006

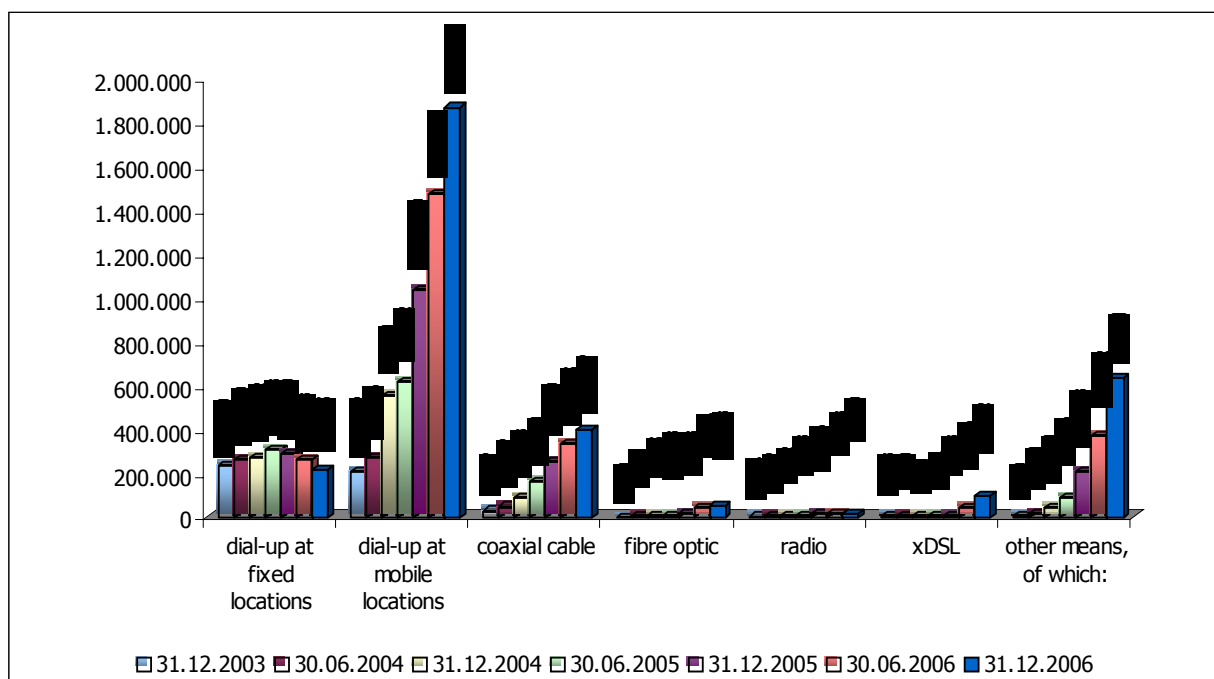


* radio access, satellite access, copper leased-lines access

Source: ANRC, according to the statistical data submitted by the electronic communications networks and services providers in accordance with the ANRC President's Decision no.151/2006

By the end of 2006, the number of Internet access connections at mobile locations held the largest quota (around 57%) within the total number of Internet access connections, followed by the UTP/FTP cable connections (19.2%) and the coaxial cable connections (12.2%). The highest weight of Internet mobile access connections is explained by the fact that they also include connections which allow *free-of-charge* Internet access by means of CDMA/GPRS technologies as part of the subscriptions for mobile telephone services. Moreover, the dial-up connections at fixed locations continue to decrease, both as absolute value (from 288,309 to 218,665 in one year) and as weight within the total number (6.6% compared to last year's 15.8%).

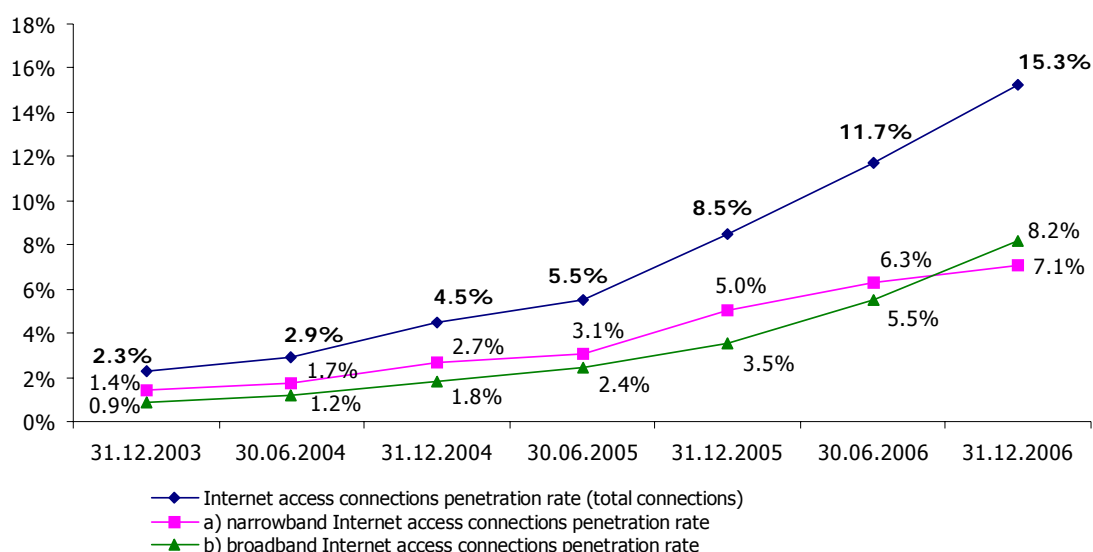
Chart 7.3 Number of Internet access connections – evolution itemized by the support used



Source: ANRC, according to the statistical data submitted by the electronic communications networks and services providers in accordance with the ANRC President's Decisions no.1332/2003 and, respectively, no.151/2006

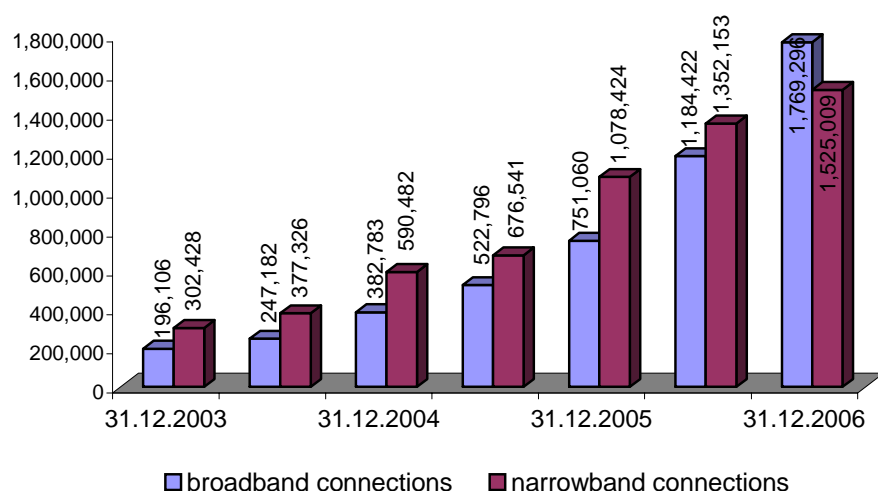
The number of the Internet access connections provided by means of the xDSL technology doubled by December 31, 2006 compared to mid-2006 and, as shown in the chart above, it was 10 times larger than at end-2005. Furthermore, during the last year one may notice a significant increase (by 80%) of the Internet mobile access connections compared to December 2005, mainly due to the evolution of the number of connections provided through GPRS technology within the subscriptions to mobile telephone services, with the option for the Internet access being activated until the end of the reported period, as well as to the number of connections which allow free of charge Internet mobile access through the CDMA technology. The investments the operators made in networks, by using more and more the optical fibres, determined an 200% increase in the number of connections using this type of support, compared to end-2005. The development of the "neighbourhood networks", as an alternative for the Internet access and using mainly the UTP/FTP cable support, determined a significant increase of the number of UTP/FTP cable connections in 2006, their weight within the total number of connections reaching approximately 20% as of December 31, 2006.

Chart 7.4 Penetration rate of the Internet access connections per 100 inhabitants according to the bandwidth used



Source: ANRC, according to the statistical data submitted by the electronic communications networks and services providers in accordance with the ANRC President's Decisions no.1332/2003 and, respectively, no.151/2006

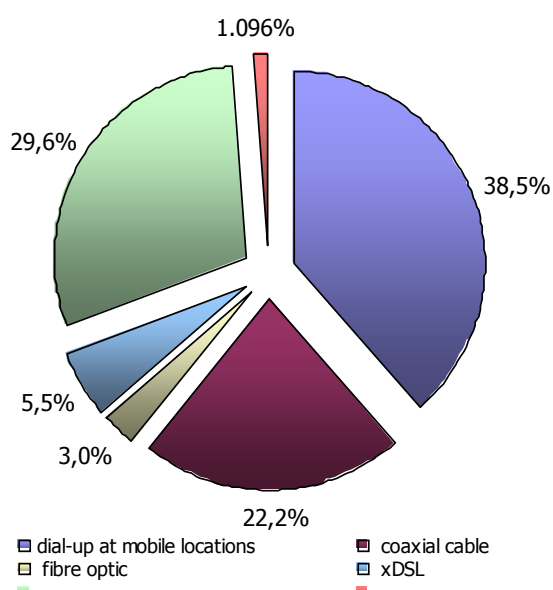
Chart 7.5 Semestrial evolution of the number of Internet access connections, in terms of the bandwidth provided



Source: ANRC, according to the statistical data submitted by the electronic communications networks and services providers in accordance with the ANRC President's Decisions no.1332/2003 and, respectively, no.151/2006

The number of broadband Internet access connections increased by 49% during the second semester, whereas the number of narrowband connections increased by only 13%. Consequently, the weight of the broadband access connections within the total structure increased, disfavours the narrowband connections. It is important to highlight the fact that the positive evolution of the number of broadband access connections is mainly due to the evolution of the dedicated Internet access connections, which doubled as compared to end-2005.

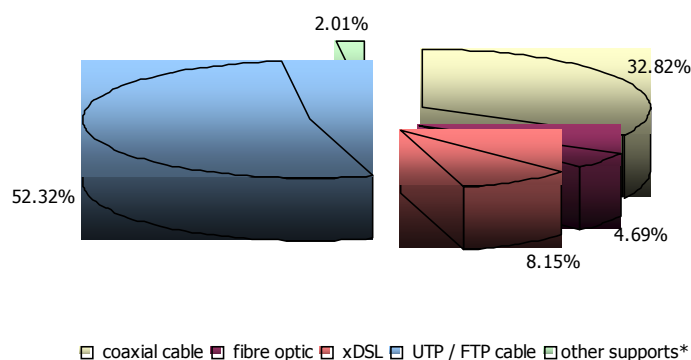
Chart 7.6 Structure of the total number of broadband Internet access connections by December 31, 2006



Source: ANRC, according to the statistical data submitted by the electronic communications networks and services providers in accordance with the ANRC President's Decision no.151/2006

It is worth noticing that, by December 31, 2006, the weight of the mobile Internet access connections decreased within the total number, while the weight of the broadband connections on cable support (coaxial cable and UTP/FTP) followed the ascendant trend registered during the first semester of 2006. Furthermore, the broadband Internet access connections on fibre optic and xDSL supports amounted to 8.5% as of December 31, 2006, compared to 3.1% in 2005.

Chart 7.7 Structure of the total number of dedicated Internet access connections, itemized by support



*radio access, satellite access, copper leased lines access

Source: ANRC, according to the statistical data submitted by the electronic communications networks and services providers in accordance with the ANRC President's Decision no.151/2006

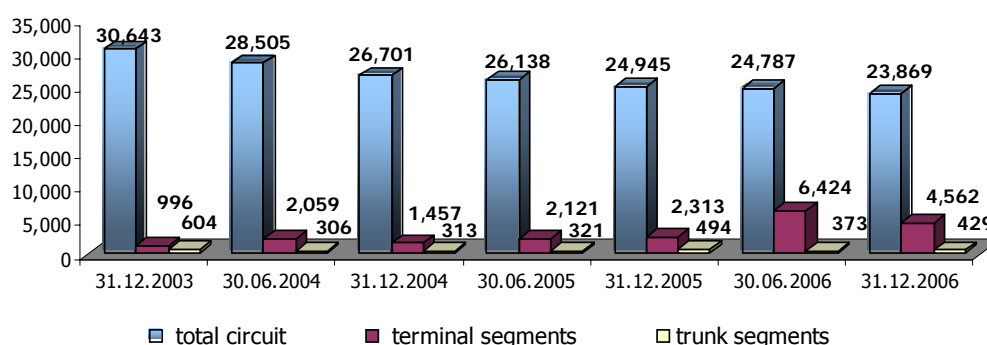
As regards the structure of the total number of dedicated Internet access connections by December 31, 2006, more than half of them were using UTP/FTP cable, followed by the connections using coaxial cable (32.82%). An ascendant trend was registered by the connections provided on fibre optic and xDSL supports, which hold together a weight of more than 12.9% within the dedicated access connections, as compared to 5.4% in 2005.

Table 7.1 Total number of active providers of leased line services and data transmission services

Active providers	31.12.2003	31.12.2004	31.12.2005	30.06.2006	31.12.2006
- leased lines services	26	17	21	24	30
- data transmission services	33	36	32	58	65

Source: ANRC, according to the statistical data submitted by the electronic communications networks and services providers in accordance with the ANRC President's Decisions no.1332/2003 and, respectively, no.151/2006

Chart 7.8 Structure of the total number of leased lines provided between December 31, 2003 - December 31, 2006, itemized by type



Source: ANRC, according to the statistical data submitted by the electronic communications networks and services providers in accordance with the ANRC President's Decisions no.1332/2003 and, respectively, no.151/2006

In the second semester of 2006, the total number of leased lines decreased by approximately 9% as compared to the previous period of time, but increased by 4%, compared to December 31, 2005.

Table 7.2. Number of connections for data transmission services on the retail market, itemized by the technology used

Indicator	30.06.2006	31.12.2006	Evolution (%)
a) X.25	715	386	-46.0
b) Frame Relay	328	397	+21.0
c) ATM	20	27	+35.0
d) TCP/IP of which:	22,477	23,971	+6.6
d1) IP VPN	15,825	23,143	+46.2

e) other technologies/communication protocols (telex, message delivery, VSAT etc.)	463	571	+23.3
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Source: ANRC, according to the statistical data submitted by the electronic communications networks and services providers in accordance with the ANRC President's Decision no.151/2006

In 2006, the evolution of the number of connections of data transmission services on the retail market registered, generally, ascendant values, except for the connections based on the X.25 technology, the volume of which decreased by 46% compared to the previous semester. This involution is mainly due to the development of the banking services provided by means of the ATMs (payment of utilities bills made directly using an ATM) which needs advanced technologies, such as IP, thus allowing a higher data traffic.

7.2 Regulatory activity

7.2.1 Internet: regulating the unbundled access to the local loop

Based on the Reference Offer for Unbundled Access to the local loop published by S.C. Romtelecom S.A., by December 31, 2006, 18 providers had concluded agreements with Romtelecom for the unbundled access to the local loop, in view of providing broadband electronic communications services and publicly available telephone services at fixed locations.

According to the statistical data reported by providers, by December 31, 2006, the number of physical circuits which formed the local loop and were made available by Romtelecom for other providers was of 932, of which 576 are related to the total access to the local loop.

7.2.2 Leased lines: RIO for leased lines, impact of ANRC regulation on the leased lines market

In accordance with the provisions of ANRC President's Decision no.1379/2003 on interconnection for leased lines-terminal segments with the public fixed telephony network, Romtelecom - designated as having significant power on the market of provision of leased lines-terminal segments services - was imposed the obligations of transparency, non-discrimination, accounting separation, provision of certain services and granting of access to certain facilities, as well as tariffs cost-orientation, as concerns the interconnection of the public fixed telephony network it operates with the public communications networks installed, operated, controlled or made available by other operators for the purpose of providing leased lines-terminal segments services.

After having published its RIO for switched traffic services and, respectively, for interconnection services in view of call origination, termination and transit, Romtelecom was imposed by ANRC to amend and complete RIO with provisions regarding interconnection for leased lines-terminal segments, no later than March 1, 2004.

Similarly to the interconnection regime in view of call origination, termination and transit, ANRC imposed on Romtelecom the obligation of offering access to all necessary services in

such a manner that the interconnected operators could provide their own electronic communications services.

Any operator wishing to conclude an interconnection agreement with the public fixed telephone network for leased lines-terminal segments services may file a request to Romtelecom, in this regard. The maximum negotiation term in view of concluding an interconnection agreement, RIO-based, is 2 months from receiving the request.

Romtelecom is obliged to ensure the implementation of the provisions under the interconnection agreement framework concluded with the alternative providers, for each type of leased lines, within a maximum term equal to the regular term for delivering own leased lines -total circuits services on the retail market.

The tariffs charged by Romtelecom for the interconnection with the leased lines-terminal segments service are determined based on the tariffs charged by the company for the leased lines-total circuits services, of which were eliminated certain costs relating to Romtelecom's activity on the retail market.

Having regard that a part of the new RIO clauses did not comply with the provisions of ANRC President's Decision no.1379/2003, ANRC elaborated Decision no.1330/2004 which amends and completes ANRC President's Decision no.147/2002 (amended and completed by the ANRC President's Decision no.1384/2003) and ANRC President's Decision no.1379/2003 on the interconnection of leased lines-terminal segments with the public fixed telephone network, as well as the imposition of clauses in the Reference Interconnection Offer of Romtelecom.

Therefore, regarding the leased lines-terminal segments services, the amendments to RIO stipulated in the ANRC President's Decision no.1330/2004 envisage the completion of the set of products which must be offered based on RIO, by including, among other, the product "local circuit for data transmission" (LCDT), a substitute for the unbundled access to the local loop, by amending the annex on the prognosis process and imposing a flexible codification structure of leased lines-terminal segments, which would allow for an easy pursuit of the sub-segments that are used in order to build a leased line-terminal segment, their technical characteristics, as well as the tariff for the respective product.

Furthermore, in order to also optimise the interconnection process for leased lines-terminal segments, the ANRC President's Decision no.1379/2003 assumed the provisions of the ANRC President's Decision no.147/2002 regarding Romtelecom's transmission to ANRC of the interconnection requests it had received, the elaboration of technical interconnection solutions within 20 days since the receipt of the request, the publishing of a standard interconnection contract, as well as the reduction of the negotiation term, should the Beneficiary accept the provisions of the standard contract and indicate the services he wishes to acquire.

As of December 31, 2006, 9 interconnection agreements based on the Reference Interconnection Offer for the services of leased lines-terminal segments were concluded with S.C. Romtelecom S.A. and remitted to ANRC.

Review of the Reference Interconnection Offer

Between August 9 - September 19, 2006, ANRC submitted to public consultation the draft decision for the review of the Reference Interconnection Offer.

The draft decision envisages the review of certain provisions of ANRC President's Decision no.147/2002 and, respectively, of ANRC President's Decision no.1379/2003, in order to clarify or complete them, taking into account certain disturbances appeared in the interconnection process, as well as the evolution of the electronic communications market. Moreover, ANRC revised the RIO provisions, mainly fulfilling the following: correlation of the provisions related to co-location for interconnection and for unbundled access to the local loop, completion of the description of interconnection services provided by Romtelecom, and clarification of the mechanism for concluding and amending the interconnection agreements.

In accordance with the provisions under ANRC President's Decision no.1379/2003, Romtelecom had the obligation to provide M.1020 analog leased lines (local circuit for data transmission - CLTD). Romtelecom published a Reference Offer for the unbundled access to the local loop (RUO), based on ANRC President's Decision no.1098/2004 on the principles and prerequisites of the reference offer for unbundled access to the local loop, subsequently amended and completed by ANRC President's Decision no.190/2006. Considering that the CLTD leased lines-terminal segments have been provided on a temporary basis, until the provision of an equivalent service based on RUO, Romtelecom may choose to stop providing this service. In such case, it shall have the obligation of including in RIO a term within which the Beneficiaries of such services would be able to choose other services.

As well, ANRC proposed the introduction of certain interconnection services for leased lines-terminal segments of 64 Kbps and 128 Kbps capacity, provided by Romtelecom to the end-users on the retail market, by means of ISDN blocked technology. In order to clarify ANRC President's Decision no.1379/2003 on the types of leased lines that Romtelecom must provide, new provisions have been included regarding the obligation of providing all types of leased lines-terminal segments which enable this operator to provide, on the retail market, its own data transmission services and Internet access services. The leased lines-terminal segments services shall be provided to beneficiaries in all configurations and using all technologies that Romtelecom offers on the retail market or uses as dedicated and permanent support in order to provide, on the retail market, its own leased lines services, data transmission services and Internet access services.

At the same time, considering that there existed certain misunderstandings related to the enforcement of the compensations related to delays in the provision of interconnection services as well as delays in the remedy of damages, ANRC included in the draft decision a provision according to which the repairs shall be calculated and provided in the monthly invoice, separately for each circuit.

Romtelecom will have the obligation to publish a damage remedy procedure, which shall comprise at least the description of the phases and the way of reporting the damage, within the Textbook for the Operation and Maintenance of interconnection links.

ANRC is to adopt the decision during the first quarter of 2007, after analysing the comments and proposals received during the consultation period.

7.2.3 Standardization

During 2006, ANRC experts answered to the questionnaire initiated by the European Commission - *Survey Questionnaire* - relating to the new European strategy in the field of standardizing Communications and Information Technology (ITC), which shall replace the current policy in the field of standardization based on the *New Approach*.

ANRC significantly contributed to this consultation, especially related to:

- type of ITC standards considered necessary by the operators acting in the specific market: EN standards, global standards, open standards,
- role and interaction of ITC standardization with regulatory policies or with research/development,
- position and influence of European standardization activity in the field of ITC at international level,
- attempt of assessing the Internet and globalization influence on the future of standardization in the field of ITC.

Among the emerging technologies, in 2006, a special attention was paid to problems related to standardization and regulatory implications of the *New Generation Networks* (NGN). In this regard, ANRC participated in the seminars organized by the Technical Committees ETSI-TISPAN (*Telecommunications and Internet converged Services and Protocols for Advanced Networking*):

- First phase of the ETSI programme in the development of interconnection standards for NGN networks;
- Specifications for IP interconnection in order to uphold the PSTN/ISDN services in NGN networks;
- Interoperability related to the interconnection of NGN networks, focused on services and not on technologies (technological neutrality of networks providers).

ANRC will continue to monitor the evolution and encourage the use of the new harmonised standards for services provision, technical interfaces or functions of NGN networks, a necessary condition in order to ensure services interoperability and users' freedom to choose.

8. Re-transmission of audio-visual programmes

8.1 Market structure and dynamics

In 2006, the total number of active providers of services for the re-transmission of audio-visual programmes grew, amounting to 631 by December 31. One may especially remark the appearance and development of certain services based on new technologies, as alternatives to the solutions offered by the cable support - starting 2005, the consumers may benefit from digital television with satellite transmission services (DTH) provided in low accessible locations as well, which are not covered by the cable networks, because of the high costs related to infrastructure in areas with low population density.

Table 8.1 Number of active providers of services for the re-transmission of audio-visual programmes

	31.12.2003	30.06.2004	31.12.2004	30.06.2005	31.12.2005	30.06.2006	31.12.2006
Total number of active providers¹⁷, of which by means of:	489	574	625	626	625	630	631
a) cable networks (analog and digital)	489	574	625	626	622	627	626
b) satellite networks (DTH)	0	0	0	0	3	4	5
c) IP technology (IPTV)	0	0	0	0	1	1	1

Source: ANRC, according to the statistical data submitted by the electronic communications networks and services providers in accordance with the ANRC President's Decision no.151/2006

If, in 2004, there were no offers of services for the (re)transmission of the audio-visual programmes in digital format, starting 2005, the "wireless" solutions ("Direct-To-Home"), the solutions based on IP protocol (IPTV), as well as the solutions for video signal digital cable transmission appeared on the market. Therefore, at present, a Romanian client may choose between digital television on coaxial cable (5 providers), digital television using the "Direct-To-Home" solution (5 providers) and IP television (1 provider). It is expected that the development of competition both at the infrastructure level and between providers will produce a significant increase in the quality of services, will favour diversified offers and will satisfy increasingly refined and sophisticated needs.

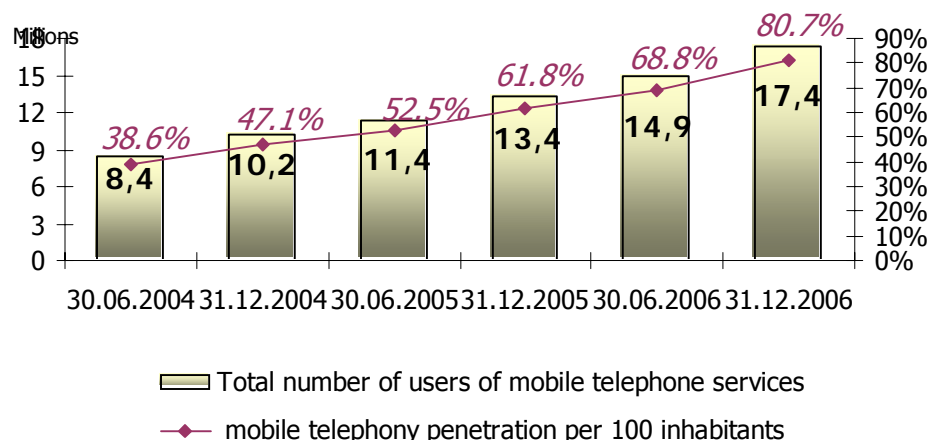
8.2 Data regarding subscribers – structure and evolution

As of December 31, 2006, the *total number of subscribers to the services for the re-transmission of audio-visual programmes* increased by more than 16% compared to end-2005, especially due to the appearance of the alternative cable solutions – "direct-to-home" digital satellite transmission – attracting part of the clients from the rural areas and small towns, which did not have access to the services of the commercial television programmes. Thus, one may assert that the digital satellite (re)transmission of the television programmes is not only an alternative on cable satellite support, but one may consider it as a necessary completion, offering to consumers the possibility to choose, in terms of preferences and needs, a larger or more diversified range of programmes.

The penetration rate on household level registered a positive trend, namely a 5.2 percentage points growth compared to last semester and, respectively, 8.4% compared to the same period of 2005.

¹⁷ Certain providers of services for the re-transmission of audio-visual programmes offer services on various categories of supports.

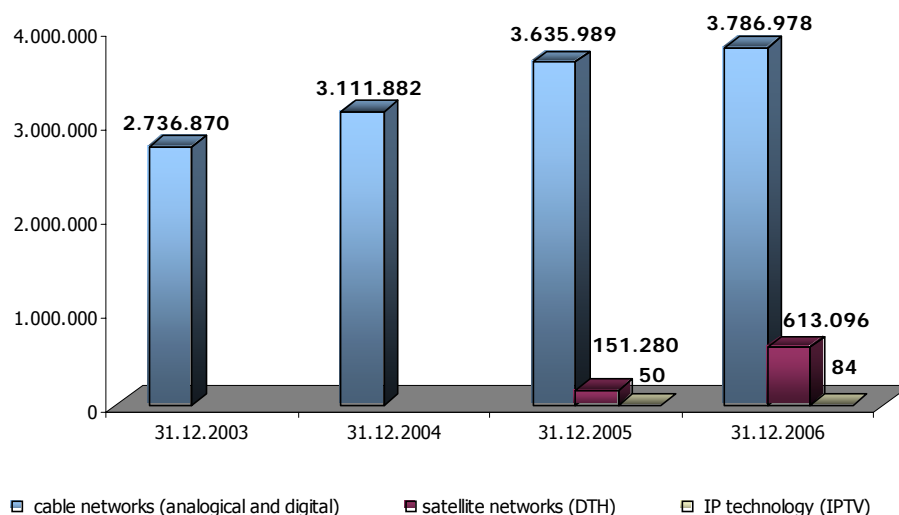
Chart 8.1 Total number of subscribers to programmes re-transmission services. Evolution of the penetration rate on household level



Source: ANRC, according to the statistical data submitted by the electronic communications networks and services providers in accordance with the ANRC President's Decisions no.1332/2003 and, respectively, no.151/2006

The evolution of the number of subscribers to services for the re-transmission of audio-visual programmes is ascendant as regards all categories of supports, especially for the services provided through satellite networks, such as DTH, registering an increase by over 4 times during the last year and by 73% compared to the first semester of 2006. For the services provided through the IP technology, the evolution of the number of subscribers increased by 68% compared to the same period of 2005 and by 75% compared to December 31, 2006. The number of connections on cable support registered a small increase in terms of number of subscribers, by 4% compared to 2005 and by approximately 3% compared to the period January 1 – June 30, 2006.

Chart 8.2 Structure of the number of subscribers to services for the re-transmission of audio-visual programmes, itemized by support



Source: ANRC, according to the statistical data submitted by the electronic communications networks and services providers in accordance with the ANRC President's Decisions no.1332/2003 and, respectively, no.151/2006

By December 31, 2006, the highest weight in the total number of subscribers is again held by the subscribers to services offered by cable network (86%), less than the quota held as of June 30, 2006, whereas the subscribers to DTH satellite networks (direct-to-home) represent 14%, rising by 10% as compared to 2005. Only a low weight is held by the services provided through IP technology, mostly due to its exclusive character both from quality viewpoint and from the provision area, which is limited only for Bucharest and Voluntari-Ilfov.

According to the data submitted by 626 providers of re-transmission services on cable support, *the number of households which have access to a cable network* (including the number of households which do not pay subscriptions for such services) is approximately 5.4 millions (over 73% from the total number of households) compared to *the number of subscribers to the re-transmission services on cable support* registered by December 2006 – approximately 3.8 millions, which highlights the penetration potential of these services. Considering the fact that the commercial offers for services for the (re)transmission of television programmes in digital format were launched at end-2005, their provision being limited only to a few areas, the number of subscribers who receive TV programmes in digital format was very low during the second semester of 2006 – little over 17,000, 97% of which were subscribers to services provided through DTH.

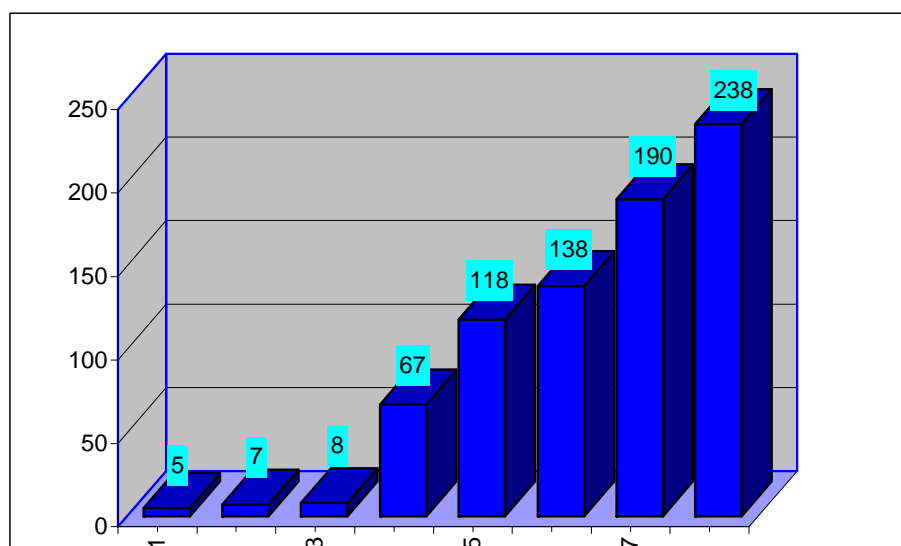
The use of IPTV technology by only one provider of services for the re-transmission of audio-visual programmes, services which are offered in a small area, is reflected in the very low number of subscribers, still it is increasing by 75% compared to the end of the first semester of 2006.

9. Postal services

9.1. Postal services market

The simplified authorisation regime stimulated the development of the Romanian market of postal services, therefore the number of authorised postal services providers increased from 5, in 1999, to 238 in 2006.

Chart 9.1 Evolution of the postal services market (number of authorised providers), 1999 – 2006



Source: ANRC, according to the statistical data submitted by the postal services providers

In 2006, ANRC received 67 notifications on the intention to provide postal services based on the general authorisation regime and 25 requests for amending the provision of postal services and issued 69 standard-certificates, whereas 16 standard-certificates were replaced following the amendments communicated by the providers of the postal services. As well, the Authority received 21 requests for suspending the right to provide postal services, and – subsequently – deleted the respective companies from the Providers' Official Record.

The main types of postal services which were addressed by the notifications on the provision of postal services are depicted in the tables below:

Number of providers of value added postal services (total 217, as of December 31, 2006)		
Domestic post services	within the weight range 0÷10 Kg	1
	within the weight range 10÷50 Kg	1
	Express service	1
Courier services	within the weight range 0÷10 Kg	206
	within the weight range 10÷50 Kg	207
	Express service	32
Financial-postal services		1
Direct mail services		59

Number of providers of non-value-added postal services (total 173, as of December 31, 2006)	
- domestic post services, within the weight range 10÷50 Kg	1
- courier services, within the weight range 10÷50 Kg	166
- financial-postal services	1
- direct mail services	28

9.2 Universal Service

In accordance with the provisions under art.12 of ANRC President's Decision no.88/2004 on the designation of the Universal Service provider in the postal services sector, subsequently amended, CNPR has the obligation to ensure the achievement of the following quality objectives, set out in relation to the distribution norms of mail services, within the weight range 0÷2 Kg, of the fastest standard category: Z+1 for 85% and Z+2 for 97% of the total of domestic postal items and, respectively, Z+3 for 85% and Z+5 for 97% of the total of cross-border postal European items, to the extent that these objectives must be ensured for the postal traffic with each state.

9.3 Standardization

In accordance with the provisions of ANRC President's Decision no.1468/2005 on establishing the terms and procedure for assessing the compliance of the National Company Romanian Post with the quality objectives imposed by ANRC President's Decision no.88/2004 on the designation of the Universal Service provider in the postal services field, with the subsequent amendments, CNPR has the following obligations in 2006:

a) achieving the assessment of the compliance with the quality objectives and determining the real flow according to the domestic postal items comprised in the standard service, by concluding a contract with an independent body, based on which the latter shall effectuate:

- the necessary measurements in order to determine the real flow corresponding to the domestic postal items comprised in the standard service, should CNPR decide not to carry them out directly;

- the necessary measurements in order to assess the compliance with the quality objectives on domestic postal items by the enforcement of *SR EN 13850:2003 – Postal services. Quality service. Measuring the circulation duration from the moment it was collected until the moment it reached its final destination in order to send the individual postal item of the priority/first class service*, within an error margin of maximum 5%, from a 95% trust level and based on a uniform distribution on the national territory of test postal items, or based on another distribution that CNPR deems to be adequate, the necessary corrections being fulfilled when the final results on the real flow are available;

- the necessary measurements in order to assess the compliance with the quality objectives on cross-board European postal items by the enforcement of *SR EN 13850:2003*, should CNPR deem as inappropriate to conclude, in this case, a contract with another independent monitoring body, that would include a provision regarding the use of the UNEX system;

b) assessing the observance of the provisions of the *SR EN 13850:2003* standard on the measurements of the real flux and their results, by contracting an independent audit body which shall have no property or control connection with CNPR or with the independent monitoring body which carried out the respective measurements.

10. ANRC

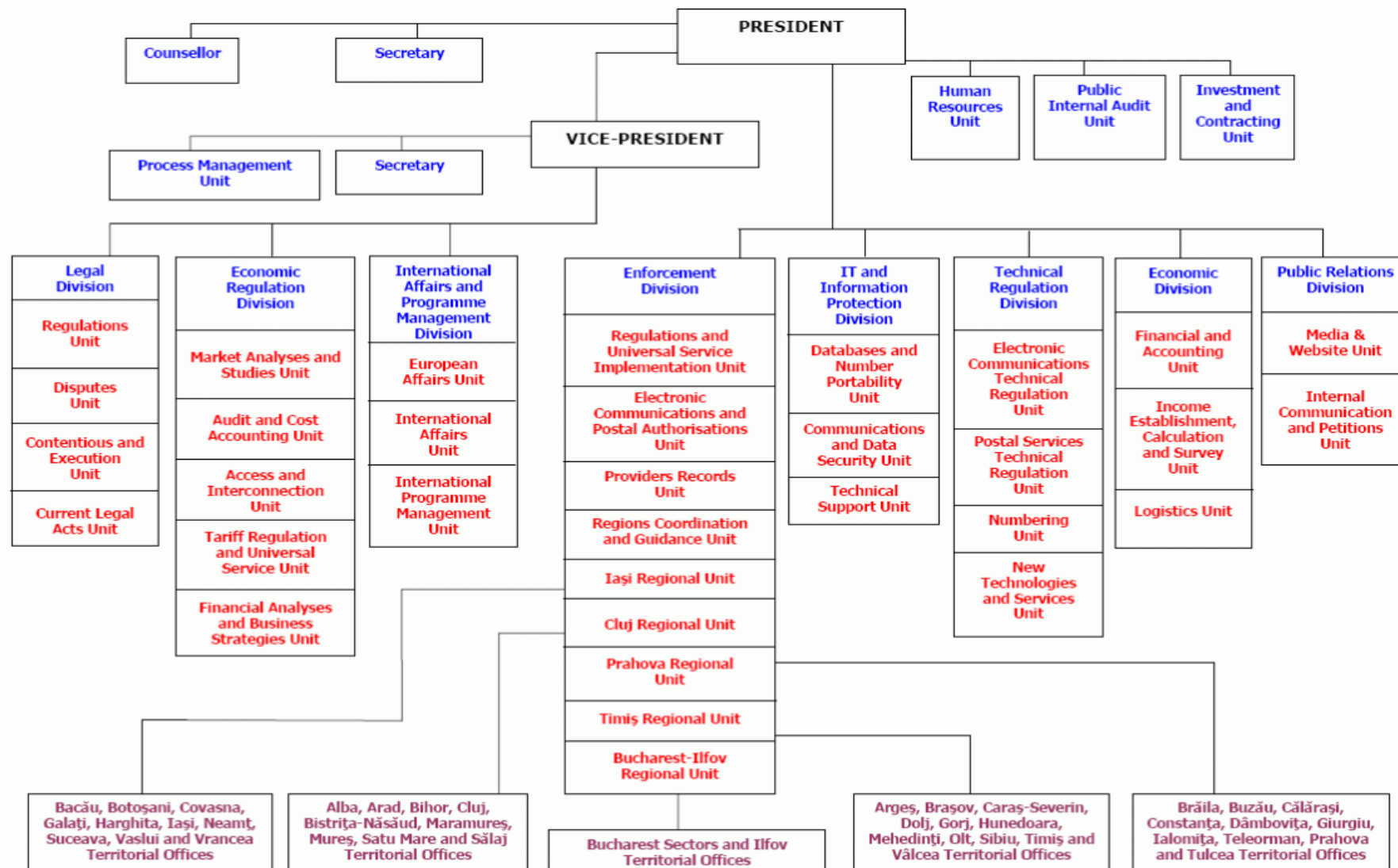
10.1 Personnel structure

The activity of ANRC is coordinated by a president and a vice-president, appointed by the Prime-minister of Romania for a 5-year period.

As the necessity of redrawing the organisation chart according to the current modernisation tendencies in the European public administration arose, since the beginning of 2006, ANRC benefited from the renewal and re-organisation of its internal structure, as well as from a new distribution of its attributions by divisions.

At present, the ANRC organisational structure comprises 8 divisions, structured by 33 specialised units in the direct subordination of the Authority's management. The ANRC activity in the territory is coordinated by 4 implementation units (Cluj, Iasi, Prahova and Timis), as well as by one implementation unit, co-ordinating the activity of the territorial offices of Ilfov and of the 6 districts of Bucharest. Their role is to guide the activity of the ANRC territorial offices. The ANRC territorial offices do not have legal status and are located in each county capital and in each district of the Bucharest municipality. One inspector and one expert are assigned to each of these offices, thus ensuring the exercise of the ANRC attributions in the territory.

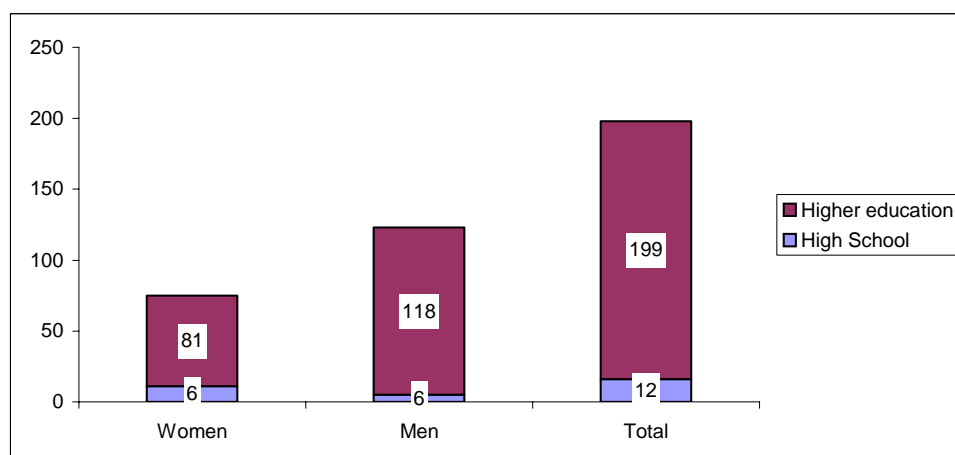
Chart 10.1 ANRC Organisation Chart



As a result of the personnel recruitment and selection sessions held until the end of 2006, 120 of the 152 positions of the ANRC Bucharest-based headquarters were occupied, while 90 of the 98 positions available in the organisation chart for the 5 ANRC regional services were occupied, therefore the degree of occupancy of the ANRC positions reached 85%. During the recruitment and selection procedures, the state-of-the-art and most effective methods and specific techniques were used, in order to employ the best specialists on the employment market in Romania.

An adequate institutional capacity was fostered by the human resources strategy, which followed certain fundamental guidelines: the availability of well-trained and sufficient personnel capable of facing the specific requirements of this field (see Chart 10.2); strengthening the team spirit and the group cohesion; appropriate endowment of the working environment; creating the operational and legal support for ensuring the employees' health; financial independence and provision of sufficient resources for the optimum operation of the institution.

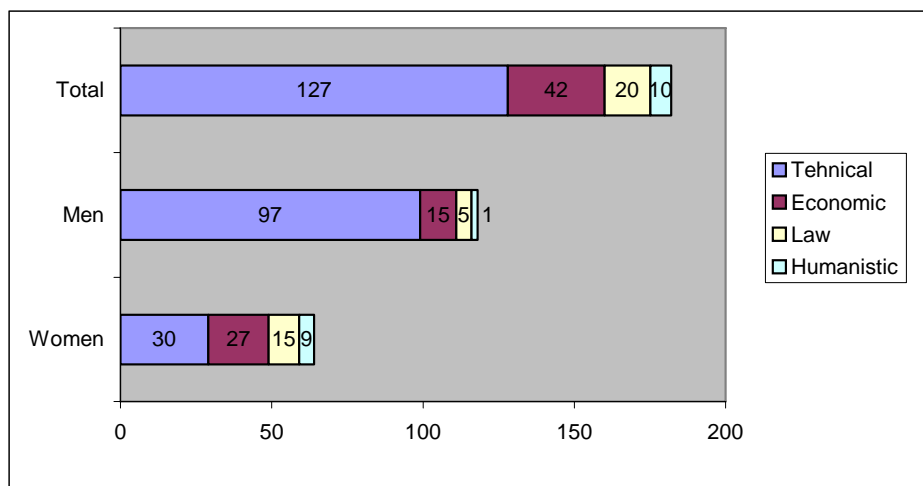
Chart 10.2 Personnel structure, itemized by education degree



Source: ANRC

At the end of 2006, 94.31% of the 211 ANRC employees held a higher education degree, most of them in technical fields (127), followed by economists (42), Law School graduates (20) and humanities majors (10) (see Chart 10.3).

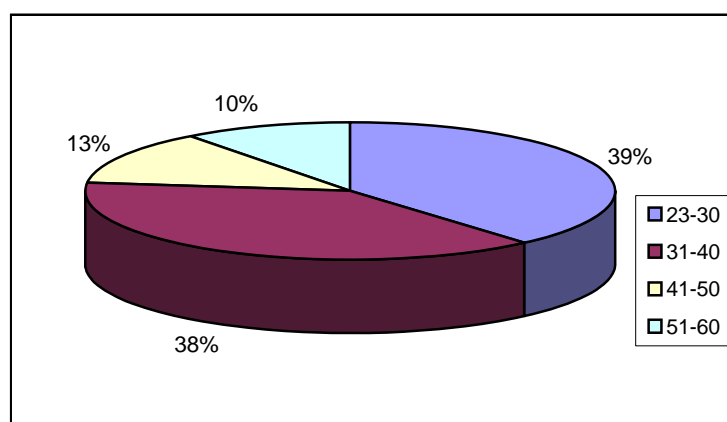
Chart 10.3 Personnel structure, itemized by background



Source: ANRC

In order to fulfil its mission, ANRC needs young and dynamic employees who are up to the challenges of the Romanian electronic communications market. This is reflected by the very strong representation, at the end of 2006, of the 23 – 30 age segment within ANRC (almost 39% of all the employees), closely followed by the 31 – 40 age segment (38%).

Chart 10.4 Personnel structure, itemized by age segments



Source: ANRC

10.2 2006 – financial statements

BALANCE SHEET as of December 31, 2006 Unique Registration Code/C.U.I. 14751237				
code 01				lei
NO.	INDICATORS	Row code	Opening balance	Finishing balance
A	B	C	1	2
A.	ASSETS			
I.	NON-CURRENT ASSETS			
1.	Intangible fixed assets (account 203+205+206+208+233-280-290-293*)	01	227,156	363,818
2.	Technical installations, means of transport, animals, plantations, furniture, office items and other corporal assets (account 213+214+231-281-291-293*)	02	3,427,157	2,475,617
3.	Lands and buildings (account 211+212+231-281-291-293*)	03	2,144,645	2,132,781
4.	Other non-financial assets (account 215)	04		
5.	Non-current financial assets (long-term investments) exceeding one year (account 260+265+267-296)	05		
6.	Non-current debts - amounts to be recovered after a period longer than a year (account 4112+4282+4612-4912-4962)	06	23,665,217	4,696,798
7.	TOTAL NON-CURRENT ASSETS (row 01+02+03+04+05+06)	07	29,464,175	9,669,014
	CURRENT ASSETS			
1.	Stocks (account 301+302+303+304+305+307+309+331+332+341+345+346+347+349+351+354+356+357+358+359+361+371+381+/-348+/-378-391-392-393-394-395-396-397-398)	08	1,162,712	1,518,403
2.	Current debts – amounts to be recovered within a period shorter than one year Total (row 10+11+12), of which:	09	5,904	1,775,327

	Debts from commercial activities and advance payments (account 232+234+409+4111+4118+413+418+425+4282+4611+473**+481+482+483-4911-4961+5187)	10	5,904	1,658,023
	Budgetary debts (account 431**+437**+4424+4428**+444**+446**+4482+463+464+465+4664+4665+4681+4682+4684+4687+469-497)	11	0	117,304
	Debts from activities with the European Community (account 4501+4511+4531+4541+4551+456+457+458)	12	0	0
3.	Short term investments (account 505-595)	13	0	0
4.	Cash accounts and bank accounts (row 15+17), of which:	14	73,922,998	110,149,263
	Treasury accounts, other values, Treasury advanced payments (account 510+5121+5125+5131+5141+5151+5153+5161+5171+520+5211+5212+5221+5222+523+524+5251+5252+5253+526+527+528+5291+5292+5299+531+532+542+550+551+552+553+554+555+556+557+558+5601+5602+561+562+5711+5712+5713+5714+5741+5742+5743+5744)	15	73,906,636	110,147,708
	of which: deposits (account 5153+5222+5602+5714+5744)	16	0	0
	Accounts at commercial banks (account 5112+5121+5124+5125+5131+5132+5141+5142+5151+5152+5153+5161+5162+5172+5314+5411+5412+550+558+560)	17	16,362	1,555
	of which: cash deposits (account 5153)	18	0	0
	Prepaid expenses (account 471)	19	2,278	1,671
5.	TOTAL CURRENT ASSETS (row 08+09+13+14+19)	20	75,091,614	113,444,664
	TOTAL ASSETS (row 07+20)	21	104,555,789	123,113,678
B.	DEBTS	22		
	NON – CURRENT DEBTS – amounts to be paid within a period longer than one year	23		
1.	Non-current payments (account 403+4042+405+269+4622+509)	24	50,704,701	848,801

2.	Long-term loans (account 1612+1622+1632+1642+1 652+166+1672+168-169)	25	9,928,170	5,072,550
3.	Advances on the cost (account 151)	26		
	TOTAL NON – CURRENT DEBTS (row 24+25+26)	27	60,632,871	5,921,351
1.	CURRENT DEBTS – amounts to be paid within a period shorter than one year Total (row 29+30+31), of which:	28	194,101	227,241
	Commercial debts and advances (account 401+403+4041+405+408+ 419+4621+473+481+482+ 483+269)	29	48,871	132,395
	Debts towards budgets (account 440+441+4423+4428+444 +446+4481+4671+4672+4 673 +4674+4675)	30	145,230	94,846
	Debts towards the European Community (account 4502+4512+452+4532+45 42+4552)	31	0	0
2.	Short term loans – amounts to be paid within a period shorter than one year (account 5186+5191+5192+5194+5 195+5196+5197+5198)	32	0	0
3.	Long term loans – amounts to be paid during the current financial year (account 1611+1621+1631+1641+1 651+1671+168-169)	33		
4.	Employees wages and the affherent contributions (account 421+423+426+427+4281+ 431+437+438)	34	923,016	897,203
5.	Other rights due to other categories of persons (pensions, unemployment allowance, grants) (account 422+424+429)	35	0	0
6.	Prepaid revenues (account 472)	36		
7.	Prepaid expenses (account 151)	37		
	TOTAL CURRENT DEBTS (row 28+32+33+34+35+36+37)	38	1,117,117	1,124,444
	TOTAL DEBTS (rw.27+38)	39	61,749,988	7,045,795
	NET ASSETS = TOTAL ASSETS - TOTAL DEBTS= OWN CAPITALS (row 40=row 21-39=row 47)	40	42,805,801	116,067,883
C.	OWN CAPITALS	41		

1.	Reserves, funds (account 100+101+102+103+104+105+106+131+132+133+134+135+136+137+139)	42	4,537,090	4,537,090
2.	Reported result (account 117 – creditor item)	43	38,268,711	88,189,693
3.	Reported result (account 117 – debit item)	44	0	0
4.	Patrimony result of the financial year (account 121- creditor item)	45	0	23,341,100
5.	Patrimony result of the financial year (account 121- debit item)	46		
	TOTAL OWN CAPITALS (ROW 42+43-44+45-46)	47	42,805,801	116,067,883

THE PUBLIC INSTITUTIONS' EXECUTION ACCOUNT - Expenditures
as of: December 31, 2006

code	Chapter 8510	Subchapter	01					lei
Indicators*)	Indicator code	Budgetary debts		Budgetary engagements	Legal engagements	Payments completed	Legal engagements to be paid	Effective expenditure
		initial	quarterly/ definitive					
A	B	1	2	3	4	5	6=4-5	7
TOTAL EXPENSES (01+70)		129,912,046	129,912,046	37,762,080	34,412,344	33,322,109	1,090,235	29,602,06
CURRENT EXPENSES (10+20+30+40+50+51+55+57+59)	01	120,412,046	120,412,046	32,876,269	29,610,526	28,520,291	1,090,235	28,021,18
TITLE I PERSONNEL EXPENSES (code 10.01+10.02+10.03)	10	17,547,046	17,547,046	16,435,569	16,413,394	15,464,831	948,563	15,236,62
Cash wages expenses (code 10.01.01 to 10.01.30)	10.01	12,998,046	12,998,046	12,238,523	12,238,523	11,537,609	700,914	11,540,2
Basic wages	10.01.01	8,224,000	8,224,000	7,944,950	7,944,950	7,337,781	607,169	7,474,0
Management indemnity	10.01.03	731,921	731,921	699,124	699,124	657,803	41,321	653,7
Increases related to work conditions	10.01.05						0	
Other increases	10.01.06	809,350	809,350	619,239	619,239	578,385	40,854	584,6
Additional hours	10.01.07	43,884	43,884	29,688	29,688	26,701	2,987	25,5
Prizes funds	10.01.08	1,766,891	1,766,891	1,766,891	1,766,891	1,766,775	116	1,634,8
Holiday pay	10.01.09	229,291	229,291	226,148	226,148	221,325	4,823	221,1
Travelling expenses	10.01.13	180,000	180,000	70,131	70,131	68,746	1,385	66,7
Other cash wages rights	10.01.30	1,012,709	1,012,709	882,352	882,352	880,093	2,259	879,6

Wages expenses in kind (code 10.02.01 to 10.02.30)	10.02	362,700	362,700	362,700	340,525	340,525	0	362,699
Food tickets	10.02.01	362,700	362,700	362,700	340,525	340,525	0	362,699
Contributions (code 10.03.01 to 10.02.06)	10.03	4,186,300	4,186,300	3,834,346	3,834,346	3,586,697	247,649	3,333,697
Contributions to state social insurance	10.03.01	2,687,300	2,687,300	2,377,388	2,377,388	2,236,907	140,481	2,106,228
Contributions to unemployment insurance	10.03.02	325,000	325,000	318,867	318,867	300,506	18,361	286,834
Contributions to social health insurance	10.03.03	909,000	909,000	878,080	878,080	826,669	51,411	803,140
Contributions to professional work accidents and diseases	10.03.04	65,000	65,000	61,765	61,765	58,225	3,540	56,445
Contributions for vacations and indemnities	10.03.06	200,000	200,000	198,246	198,246	164,390	33,856	80,900
TITLUL II GOODS AND SERVICES (code 20.01 to 20.30)	20	102,865,000	102,865,000	16,440,700	13,197,132	13,055,460	141,672	12,784,568
Goods and services (code 20.01.01 to 20.01.30)	20.01	4,590,000	4,590,000	3,610,444	1,803,532	1,723,294	80,238	1,738,834
Office furniture	20.01.01	300,000	300,000	174,101	91,207	91,207	0	71,770
Cleaning materials	20.01.02	100,000	100,000	56,082	5,617	5,617	0	5,110
Heating, electricity and motive power/propelling force	20.01.03	190,000	190,000	169,619	156,338	143,776	12,562	155,910
Water, canal and waste	20.01.04	100,000	100,000	99,993	12,935	11,912	1,023	12,847
Fuel and lubrifants	20.01.05	600,000	600,000	600,000	148,764	139,720	9,044	208,800
Spare parts	20.01.06	100,000	100,000	79,706	2,917	2,917	0	3,110
Transport	20.01.07	50,000	50,000	22,322	7,010	7,010	0	7,010
Post, telecommunications, radio, TV, Internet	20.01.08	1,300,000	1,300,000	1,098,537	747,443	693,564	53,879	694,800
Materials and services with functional character	20.01.09	1,700,000	1,700,000	1,221,900	581,227	579,503	1,724	529,800
Other goods and services for maintenance and operation services	20.01.30	150,000	150,000	88,184	50,074	48,068	2,006	49,480
Current repairs	20.02	150,000	150,000	136,887	90,976	86,017	4,959	89,700
Goods such as the inventory objects (code 20.05.01 to 20.05.30)	20.05	250,000	250,000	234,294	165,464	165,464	0	49,530
Delegations, transfers (code 20.06.01 +20.06.02)	20.06	1,700,000	1,700,000	948,399	683,379	672,848	10,531	672,500
Internal delegations, transfers	20.06.01	700,000	700,000	174,827	174,827	174,148	679	176,700
Delegations abroad	20.06.02	1,000,000	1,000,000	773,572	508,552	498,700	9,852	495,700
Books, publications and documentary materials	20.11	460,000	460,000	172,459	116,365	116,365	0	109,500
Consultancy and expertise	20.12	2,910,000	2,910,000	1,219,058	822,153	822,153	0	698,500
Professional training	20.13	700,000	700,000	698,782	241,764	238,772	2,992	241,700

Work protection	20.14	50,000	50,000	0	0	0	0	
Actions with scientific and cultural character	20.17	100,000	100,000	17,949	747	747	0	74,747
Other expenses (code 20.30.01 to 20.30.30)	20.30	91,955,000	91,955,000	9,402,426	9,272,752	9,229,800	42,952	9,232,704
Advertisement and publicity	20.30.01	238,000	238,000	57,701	35,910	35,910	0	35,910
Protocol and representation	20.30.02	564,000	564,000	376,381	295,126	272,050	23,076	278,302
Non-life insurance bonus	20.30.03						0	
Rents	20.30.04	708,000	708,000	659,590	648,276	634,481	13,795	642,376
Other expenses with goods and services	20.30.30	90,445,000	90,445,000	8,308,755	8,293,440	8,287,359	6,081	8,275,616
CAPITAL EXPENSES (CODE 71+72)	70	4,500,000	4,500,000	654,011	570,018	570,018	0	1,396,731
TITLE X NON-FINANCIAL ASSETS (code 71.01.01 to 71.01.30)	71	4,500,000	4,500,000	654,011	570,018	570,018	0	1,396,731
Fixed assets (including capital repairs) (code 71.01.01 to 71.01.30)	71.01	4,500,000	4,500,000	654,011	570,018	570,018	0	1,396,731
Constructions	71.01.01	700,000	700,000				0	11,800
Cars, equipments and means of transport	71.01.02	1,223,000	1,223,000	279,765	249,396	249,396	0	1,124,504
Furniture, office items and other corporal assets	71.01.03	238,000	238,000	106,975	53,927	53,927	0	130,302
Other fixed assets (including capital repairs)	71.01.30	2,339,000	2,339,000	267,271	266,695	266,695	0	130,000
FINANCIAL OPERATIONS (CODE 80+81)	79	5,000,000.00	5,000,000.00	4,231,800.00	4,231,800.00	4,231,800.00	0	184,140.00
TITLE XIII CREDIT REIMBURSEMENT (CODE 81.01 +81.02)	81	5,000,000.00	5,000,000.00	4,231,800.00	4,231,800.00	4,231,800.00	0	184,140.00
Reimbursement of internal credits	81.02	5,000,000.00	5,000,000.00	4,231,800.00	4,231,800.00	4,231,800.00	0	184,140.00
TITLE XIV RESERVES, EXCEDENT/DEFICIT	90	25,000,000.00	25,000,000.00	-	-	-	0	-
Deficit	93.01	25,000,000.00	25,000,000.00				0	

PATRIMONY RESULTS ACCOUNT
as of December 31, 2006

code 02 CHAPTER 85.10.01 Communications

lei				
No.	INDICATOR	Row code	Previous year	Current year
A	B	C	1	2
I.	OPERATIONAL REVENUES	01		

1.	Revenues from taxes, insurance contributions and other budgets revenues (account 730+731+732+733+734+735+736+739+745+746+750+751)	02		4,889,608.00
2.	Revenues from economic activities (account 701+702+703+704+705+706+707+708+/-709)	03		4,746.00
3.	Financings, subsidies, transfers, budgetary allowances with special destination (account 770+771+772+773+774+776+778+779)	04		6,279.00
4.	Other operational revenues (account 714+719+721+722+781)	05		46,546,914.00
	TOTAL OPERATIONAL REVENUES (row 02+03+04+05)	06		51,447,547.00
II.	OPERATIONAL EXPENSES	07		
1.	Wages and social contributions afferent to the employees (account 641+642+645+646+647)	08		15,226,511.00
2.	Subsidies and transfers (account 670+671+672+673+674+676+677+679)	09		
3.	Stocks, consumables, works and services executed by third parties (account 601+602+603+606+607+608+609+610+611+612+613+614+622+623+624+626+627+628+629)	10		12,401,981.00
4.	Capital expenses, depreciations and prepaid expenses (account 681+682+689)	11		1,396,732.00
5.	Other operational expenses (account 635+654+658)	12		383,135.00
	TOTAL OPERATIONAL EXPENSES (row 08+09+10+11+12)	13		29,408,359.00
III	RESULT OF THE OPERATIONAL ACTIVITY	14		
	EXCESS (row 06-row13)	15		22,039,188.00
	DEFICIT (row13-row06)	16		
IV	FINANCIAL REVENUES (account 763+764+765+766+767+768+769+786)	17		1,495,615.00
V	FINANCIAL EXPENSES (account 663+664+665+666+667+668+669+686)	18		193,703.00
VI	RESULT OF THE FINANCIAL ACTIVITY	19		
	EXCESS (row 17-row 18)	20		1,301,912.00
	DEFICIT (row 18-row 17)	21		
VII	RESULT OF THE CURRENT ACTIVITY	22		
	EXCESS (row 15+20-16-21)	23		23,341,100.00
	DEFICIT (row 16+21-15-20)	24		
VIII	EXTRAORDINARY REVENUES (account 790+791)	25		
IX	EXTRAORDINARY EXPENSES (account 690+691)	26		
X	RESULT OF THE EXTRAORDINARY ACTIVITY	27		
	EXCESS (row 25-26)	28		
	DEFICIT (row 26-25)	29		
XI	PATRIMONY RESULT OF THE FINANCIAL YEAR	30		
	EXCESS (row 23+28-24-29)			23,341,100.00
	DEFICIT (row 24+29-23-28)			

11. Monitoring tariff

The main income source of ANRC is the annual monitoring tariff owed by the providers of public electronic communications networks and/or publicly available electronic communications services, as well as by the providers of postal services.

In 2006, in the electronic communications sector, the monitoring tariff was calculated either as a percentage from the 2005 turnover of each provider or as a percentage from the income resulted exclusively from activities in the field of electronic communications or of postal services in 2005, based on the option of each provider of public electronic

communications networks and/or publicly available electronic communications services, or of postal services.

Thus, starting 2006, according to the provisions of Law no.239/2005, which amended the provisions of Government Emergency Ordinance no.79/2002 related to the monitoring tariff, the providers of public electronic communications networks and/or publicly available electronic communications services, as well as the providers of postal services, have the possibility to choose between two calculation formulas provided for determining the monitoring tariff owed to ANRC: either based on the previous year turnover, or on the income resulted exclusively from activities carried out in the field of electronic communications or postal services.

For 2006, the monitoring tariff owed by the providers of electronic communications networks and services was calculated as 0.125498596816696% of the 2005 turnover/the income resulted from the activities carried out in the field of electronic communications or postal services in 2005.

In 2006, those obliged to pay the monitoring tariff were the persons who, by December 31, 2005, had the capacity of providers of public electronic communications networks and/or publicly available electronic communications services, as well as the capacity of postal services providers.

11.1 ANRC budgetary debts

According to the provisions under art.48 paragraph (1) of Government Emergency Ordinance no.79/2002, the monitoring tariff represents a budgetary debt, submitted to the provisions of Government Emergency Ordinance no.92/2003 on the Code of fiscal procedure, republished, with the subsequent amendments and completions.

As well, according to the provisions under art.32 paragraph (1) of Law no.304/2003 for Universal Service and users' right relating to the electronic communications networks and services, with the subsequent amendments and completions, the contribution owed to ANRC by the providers of public electronic communications networks and/or of publicly available telephone services for the compensation of the net cost for the provision of services out of the scope of Universal Service is a budgetary debt.

Consequently, during 2006, the ANRC executory bodies took measures of forced fulfilment against ANRC debtors for the purpose of recovering the overdue debts representing monitoring tariffs for 2003, 2004 and 2005, as well as contributions to the net cost for the provision of services within the scope of Universal Service for 2004 and 2005.

For this purpose, the ANRC executory bodies issued summons of forced fulfilment, as well as notifying addresses on the appropriate deduction from the available banking accounts of the debtors, in view of recovering certain overdue debts. The forced fulfilment procedures, including taking measures of mobile and fixed assets forced fulfilment, will be continued in the future as well.

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