

THE NATIONAL REGULATORY AUTHORITY FOR COMMUNICATIONS

ACTIVITY REPORT

2005



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

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

ANRC updates this report during the first six months of each year and issues printed versions in the Romanian and English languages.

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

ANRC was set up in order to protect the rights and interests of the users of electronic communications services and networks and postal services, in what regards transparency of the providers in their relation with the consumers concerning tariffs and usage conditions for services, but also where the processing of personal data and the exertion by all Romanian citizens of the right to universal service are concerned.

ANRC promotes competition in every sector of the electronic communications and postal services markets, and takes all appropriate measures in order to create a favourable environment for the development of investments and innovation. ANRC manages the numbering resources, as well as the integrity and security of the public communications networks.

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1. Foreword

The Users Have the Right to Choose

2005 should stand out in the history of Romanian communications as the year when the users started exercising their right to choose: we have started using solid figures when talking about the market share of the fixed telephony alternative providers, which increased eight times in only one year, reaching 10%. We have stepped over an important threshold in the sector of mobile telephony, too: more than half of the population now use mobile telephones. There are more than 5 million Internet users, subscribing to more than 900 providers. The most important step forward was registered by broadband penetration, which reached 3.5%, exceeding the penetration rate of some EU member countries and placing Romania on top of the list of SEE countries.

The field of communications continued to develop, thus proving – in the third year from the full liberalisation of the market – a sound reaction to competition. More than 2000 providers of communications networks and services operate on the market umpired by ANRC. Big foreign investors confirmed the development prospects of Romanian communications, investing in the Romanian market or strengthening their presence here, stimulated by the market potential and by the modern and predictable regulatory frame. The regulations for the Romanian communications market observe the Community standards and the European Union encouraged the measures for promoting competition set out by ANRC.

We believe that the new tariffs for interconnection with the network of the major provider of fixed telephone services, established by ANRC, will give significant impetus to competition in the near future. The same beneficial effects will be triggered by the cost-orientation of the tariffs for interconnection with the mobile networks, as ANRC is preparing – at the beginning of 2006 - the launch of a public consultation on the interconnection tariffs of Mobifon and Orange Romania.

The 2005 amended procedure of Universal Service implementation determined five operators to roll out their networks into the rural areas in more than 20 counties: the telecentres will give access to communications to the villagers in isolated communities. The market response boosted our final objective: by 2010, the whole country will be connected to telephone networks.

Further to our permanent concern for promoting competition and protecting the end-users' rights, the steps we took this year prove our availability for adjusting the regulatory framework in accordance with the industry's requirements by amending the calculation formula of the monitoring tariff and by the draft law regarding access to the communications infrastructure.

We let results speak for us. This report on the Authority's activity in 2005 further details our achievements, which we hope you should find enlightening: competitive offers, competitive prices, high quality services and modern technologies, i.e. competition – the users' right to choose.

Dan Cristian Georgescu

President of the National Regulatory Authority for Communications

2. Mission, objectives, priorities

2.1 ANRC Mission

The National Regulatory Authority for Communications (ANRC) is the independent regulatory institution in the sector of electronic communications and postal services. In its activity, ANRC pursues the following major objectives: promote competition, protect the end-users' interest and stimulate effective infrastructure investment.

Our mission consists of creating a competitive environment, which should foster the provision of diversified, affordable and quality electronic communications and postal services for all the citizens of Romania - a country to become part of the European Union.

Effective competition provides for all the users' access to services of adequate quality and standards.

ANRC creates equal conditions of development for all the providers of electronic communications and postal services, by removing the barriers to fair and open competition.

Regulatory intervention is required where the market forces do not suffice to safeguard the development of competition or to protect the end-users' interest.

Moreover, in view of our accession to the European Union, we have the task to contribute to the development of the internal market of the Community where we are going to belong.

2.2 Principles and values

The principles grounding the whole ANRC regulatory activity are the following:

- Transparency
- Proportionality
- Opportunity
- Obligatory character
- Non-discrimination
- Predictability and stability
- Efficient use of the ANRC resources.

The ANRC team is committed to and promotes the following values:

- **Quality, i.e. effectiveness, efficiency and professionalism in our activity;**
- **Correctness, i.e. independence and impartiality** as to all the players in the communications market;
- **Respect** for the end-users, industry and colleagues;
- **Transparency, availability** for dialogue and ongoing **communication;**
- **Technological neutrality** and
- **Continuous learning.**

2.3 2005 – Achievements

In 2005, ANRC continued promoting competition on the markets of electronic communications and postal services, thus contributing to the fulfilment of a major target of

the Competition Policy of the Romanian Government – ensuring the institutional-normative conditions for the existence of open competition.

Regulation of retail markets, a process initiated by ANRC ever since 2004, was one of the priorities of the year 2005. The designation of Romtelecom as an operator with significant power on the relevant specific retail markets was followed by the imposition of obligations upon this company, in order to prevent the emergence of anti-competitive practices. These measures prevent those actions of the operator with significant power on the retail markets that could influence the rights of the end-users: charging excessive tariffs or binding the purchase of certain services on the acquisition of other services than the requested ones. The ANRC involvement in the retail markets offers the end-users subscribing to Romtelecom the possibility of using the services of the alternative providers of publicly available telephone services, by simply dialling a carrier selection code before each call. In the second half of 2006, the users will have the possibility of using the carrier pre-selection procedure, too.

Strengthening competition is a perpetual concern for ANRC, the Authority's efforts resulting in more diversified offers at lower prices for the end-users. A remarkable success is the fact that, on the market of fixed telephone services, the market quota of the 74 alternative providers reached 9.9% at the end of 2005. In order to enhance this evolution and taking into account the fact that the local loop is one of the main drivers of development for the services of fixed telephony and broadband Internet, ANRC amended and completed, in close consultation with the industry, the Reference Unbundling Offer (RUO). The new RUO triggers higher quality and more available services of access to the local loop, facilitating the alternative providers' access to thorough information on the terms under which they may benefit from access to the local loop and allowing the identification of all the tariffs charged by Romtelecom from the companies requiring access to the local loop. Furthermore, the new version of the RUO shall establish maximum tariffs for an important set of services that are not included in the current version.

The Authority's steps with a view to promoting free competition on the communications market have also resulted in the cost-orientation of the tariffs for interconnection with the fixed public telephone network. The new, cost-oriented interconnection tariffs established in October 2005 will provide for the development of a competitive market, so that the alternative providers should be able to offer services at tariffs competing with those of Romtelecom, to the benefit of the end-users – competition being the only mechanism compatible with the principles of a viable market economy that could determine the emergence of more diversified services, of higher quality and at lower tariffs. Cutting down interconnection tariffs will result into cheaper calls, increased traffic rates and – indirectly – more and more subscribers to fixed telephone services.

In 2005, ANRC re-designed the process of implementing Universal Service, based on the conclusions of the pilot-project of 2004, in order to increase the attractiveness of telecentres for the potential providers and to reduce the risks of doing business in the rural area. Thus, ANRC concluded partnerships with the local authorities in the localities envisaged for the installation of telecentres – more than 634 mayoralties expressed their interest in participating in the implementation of Universal Service in the localities they manage. Following the first tender, 5 Universal Service providers were designated to install telecentres in 33 localities in the rural areas deprived of access to telephone services. In December 2005, a new tender was launched for the installation of telecentres in 70 more localities. These providers' action will be significantly facilitated by the partnership with the local authorities, who are to manage and finance the telecentre operation at local level.

Regarding the provision of Universal Service in the postal field, the ANRC activity focused on monitoring the quality of postal services within the scope of Universal Service, which the National Company Romanian Post S.A. (CNPR) has the obligation to offer at affordable, transparent, non-discriminatory and cost-oriented tariffs. In order to be able to check the fulfilment of these obligations, ANRC established the terms for drawing up and auditing the separated financial statements of CNPR, imposing this company the obligation to present ANRC a set of reference documents based on which the individual costs of the postal services within the scope of Universal Service shall be identified and analysed. Upon the analysis of these documents, the Authority will establish whether the tariffs charged by this company are justified in relation to the costs incurred for providing the respective services.

Reliable communication between ANRC and the industry representatives, as well as the Authority's availability to consider the reasonable requests of the industry, triggered amendments in the calculation formula of the monitoring tariff owed by the providers of electronic communications networks and services and by the providers of postal services. Thus, starting 2006, according to the provisions of Law no.239/2005 on the amendment and completion of certain normative acts in the field of communications, the providers of public electronic communications networks, of publicly available electronic communications services and of postal services will have the possibility of paying the annual monitoring tariff, owed to ANRC, based exclusively on the income from electronic communications or from postal service activities. The amendment of the calculation base for the monitoring tariff is the result of a legislative initiative promoted by ANRC together with the Ministry of Communications and Information Technology (MCTI).

In the same category of 2005 legislative initiatives of ANRC, we count the draft law regulating the electronic communications networks providers' access on properties, the shared use of the infrastructure for electronic communications networks (masts, pillars, ducts etc.), as well as certain aspects related to the installation of electronic communications networks. The establishment of an adequate legal framework regarding the installation of electronic communications infrastructure and the shared use of this infrastructure takes account of the industry's needs and represents a salient condition in view of promoting competition in the field of electronic communications.

Beside the activities meant to promote competition and ensure a transparent and effective regulatory framework, ANRC undertook an active role in informing the providers and the users on the market of electronic communications and postal services. Therefore, in April 2005, ANRC initiated, with Phare support, an information campaign for the industry and for the end-users, based on the conclusions of a series of market studies conducted during 2004.

In this information campaign, ANRC focused on the providers of electronic communications networks and services and on the users of telephone services. These groups are directly affected by the changes triggered by the liberalisation of the electronic communications market, related to both the regulatory framework, which is continuously adjusting to the requirements of a competitive and dynamic environment, and to the service offer recently launched on the market. The increasingly diversified and attractive offer, which is always searching to use innovating technologies, is challenging the protection mechanisms of the users.

In order to meet the requirements of the providers throughout the country, the Authority initiated the "ANRC Caravan", a communication campaign consisting of a series of regional meetings with the industry representatives. During this series of meetings, the ANRC management travelled in the country in order to discuss with the industry representatives

on latest regulations, on the Authority's current and future actions or plans, as well as on the challenges encountered by the small providers.

3. ANRC Activity

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

In its pursuit of fostering competition on the communications market, in 2005, ANRC continued the regulatory activity in the wholesale and retail markets, by imposing specific obligations on the provider with significant power on the relevant retail markets, i.e. the cost-orientation of the interconnection tariffs charged by the fixed and mobile operators with 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 2005, ANRC aimed also to ensure the disadvantaged categories' access to communications services. This year, the process of Universal Service implementation focused on the installation of telecentres, by means of which Internet and telephone services reach isolated rural communities.

In the postal sector, in 2005, ANRC targeted at the implementation of the quality requirements associated with Universal Service, as well as on the implementation of the obligations regarding tariff cost-orientation and keeping separated accounts, which are incumbent on the Universal Service provider.

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

1. Providers with significant market power

ANRC President's Decision no.1249/2005 on the designation of S.C. "Romtelecom" S.A. as a provider with significant power on the market of calls to public mobile telephone networks, at fixed locations, for legal persons.

2. Regulation of retail markets

ANRC President's Decision no.1250/2005 on imposing obligations on the provider with significant power on the specific relevant retail markets.

3. Access and interconnection

ANRC President's Decision no.1251/2005 on the adoption of the Management Plan for the Frequency Spectrum of the Local Loop and Sub-Loop.

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.

4. Universal Service in the electronic communications sector

ANRC President's Decision no.1298/2005 on the amendment and completion of ANRC President's Decision no.1074/EN/2004 on the implementation of Universal Service in the electronic communications field.

5. Postal services

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 the ANRC President's Decision no.88/2004 on the designation of the Universal Service provider in the postal services field, with the subsequent amendments.

ANRC President's Decision no.1480/2005 on the conditions for elaborating and auditing the separate financial statements by the National Company Romanian Post.

6. Numbering resources

ANRC President's Decision no.189/2005 on amending the ANRC President's Decision no.1311/2004 regarding certain measures for the efficient use of the numbering resources.

7. Standardization

ANRC President's Decision no.57/2005 on publishing the List of Standards and Technical Specifications for the Electronic Communications Networks and Services, as well as for the Associated Infrastructure and Services.

8. Monitoring tariff

ANRC President's Decision no.187/2005 on approving the required forms and usage instructions, for the collection of the budgetary receivables of the National Regulatory Authority for Communications, as well as the model identification card for fiscal executors.

3.2 Legislative proposals

ANRC has permanently proved to be flexible and open regarding the problems of the representatives of the communications industry. With a view to settling two of the most frequent problems signalled by the providers, ANRC initiated two legislative proposals in 2005 regarding the calculation formula of the monitoring tariff and the shared access to communications infrastructure.

3.2.1. Law no.239/2005 amending and completing several normative acts in the field of communications

In 2005, upon the common initiative of ANRC and of the Ministry of Communications and Information Technology (MCTI), Law no.239/2005 amending and completing several normative acts in the field of communications (Law no.239/2005) was adopted and published in the Romanian Official Journal, Part I, no.663 of July 26, 2005.

Law no.239/2005 amends, starting from 2006, the calculation formula of the monitoring tariff owed to ANRC by the providers of electronic communications networks and services and by the providers of postal services and provides the possibility that the annual monitoring tariff be established based exclusively on the income resulted from the provision of electronic communications networks and services or of postal services.

Prior to the adoption of this law, according to the provisions of Art.47-48 of the Government Emergency Ordinance no.79/2002 on the general regulatory framework for communications, approved, with amendments and completions, by Law no.591/2002, with the subsequent amendments and completions (Framework-ordinance) and of Art.51 of the Government Ordinance no.31/2002 on postal services, approved, with amendments and completions, by Law no.642/2002 (Ordinance on postal services), the monitoring tariff was determined based on the providers' turnover (the total amount of incomes resulted from the products sold or from the services provided by an operator during a financial year) of the provider of postal services or of the provider of electronic communications networks and services. Thus, the annual monitoring tariff owed to ANRC for its surveillance and control activity in the markets of electronic communications or of postal services was determined based not only on the income resulted from the activities on these markets, but on the income resulted from the providers' whole operation, irrespective of the activity that may generate it.

This situation gave rise to numerous disputes between ANRC and the providers of postal services or, respectively, of electronic communications networks and services, on the calculation formula of the annual monitoring tariff. Despite the fact that the courts of law upheld the calculation formula of the annual monitoring tariff applied by ANRC, as being in accordance with the legal provisions, the Authority considered the arguments of numerous providers who claimed this calculation formula was unreasonable.

In order to settle this issue, ANRC and MCTI submitted a legislative proposal that subsequently became Law no.239/2005. This law provides the possibility of considering a reasonable and proportionate calculation base, consisting of the incomes resulted exclusively from the activities monitored by ANRC. Moreover, the new calculation formula limits the obligation of paying the monitoring tariff to the specific period of the right to provide postal services or electronic communications networks and services.

The new calculation formula of the monitoring tariff, which is enforced starting January 1, 2006, offers the providers two options:

a) calculate the monitoring tariff as a percentage of the whole turnover (as in 2005);

b) calculate the monitoring tariff as a percentage of the income obtained solely from the provision of electronic communications networks and services and of postal services. The providers choosing this option must keep separated accounts for these activities, whereas an independent auditor must certify the respective income, under the terms established by ANRC.

The law also repeals the obligation of the operators who intend to provide electronic communications networks or services using radio-electric frequencies exclusively for their own needs to notify ANRC, which simplified the authorisation procedure. The amendments of the authorisation regime are further detailed in sub-chapter 3.3.1 below.

3.2.2. Draft Law on the regime of infrastructure for electronic communications networks

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

The draft regulates the rights of way 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 on building electronic communications networks.

The establishment of an adequate legal framework on the installation of infrastructure for electronic communications networks and on the shared use of this infrastructure is 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 for 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 property, administration, assignment or leasing - as the case may be - 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. Subsequently, a provider intending to gain access on public property must send the holders of the right of property, administration, assignment or leasing - as the case may be - a request in conformity with the conditions published by them. In case the holders of the right of property, administration, assignment or leasing - as the case may be - of a public property facility does not reply – within 30 days – to the access application, the draft law provides the principle of approval; therefore, the requester shall owe 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 existing infrastructure is the second major issue this draft law approaches. The electronic communications providers have the 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 30 days from the date of starting the negotiations, any of the parties may address ANRC.

According to the draft law, ANRC may impose 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 alternative, due to reasons regarding environment protection, public order and health, design and execution of construction works, 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 may be issued within 3 months from the date of sending a notification.

Furthermore, the draft law proposes creating the legal framework providing 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 construction works for roads and public utility 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 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 is to be completed based on the comments and suggestions received during the consultation period.

3.3. Facilitating free market access

Upon the entry into force of the legislative framework in the field of communications, which transposes the *acquis communautaire* into the national legislation, ANRC was entrusted with establishing clear regulations, harmonised at European level, regarding the market entry of the providers of electronic communications networks and services and of postal services.

3.3.1. Authorisation regime for the providers of electronic communications networks and services

ANRC elaborated the regulations of the general authorisation regime to facilitate the market entry of the companies interested in providing electronic communications networks and services. This regime, requesting the interested companies to submit a plain notification in view of becoming an authorised provider, boosted the number of authorised providers to more than 2200 – by the end of 2005 – and the rising trend is still on.

In 2005, the general authorisation regime was updated, exempting the persons who intend to provide electronic communications networks and services exclusively for their own needs from the obligation to send a notification.

- *Authorisation of the providers of **private** electronic communications networks and services*

Since July 29, 2005, Law no.239/2005 has simplified the authorisation procedure for the persons who intend to provide exclusively for their own needs electronic communications networks or services using radio-electric frequencies (also known as “private” networks or services). Now, these providers may address directly the Inspectorate General for Communications and Information Technology in order to be granted a licence for the use of radio-electric frequencies, without notifying ANRC first. Following the issuance of a licence for the use of radio-electric frequencies, the providers may actually start providing private electronic communications networks or services.

Law no.239/2005 aims at simplifying the stages of the authorisation procedure. According to this law, all the providers of private electronic communications networks or services shall have the same rights and obligations provided in the general authorisation, during the entire period of effective provision of private electronic communications networks and services.

- *Authorisation of the providers of **public** electronic communications networks and services*

The general authorisation regime establishes the electronic communications providers' rights and obligations. Electronic communications networks include fixed public networks, mobile public networks, satellite public networks (such as: radio mobile professional networks - PAMR, TETRA, radio paging, fixed satellite networks – VSAT, mobile satellite networks). The category of publicly available electronic communications services includes: telephone services, leased lines, data transmission, Internet access (through dial-up, coaxial cable, leased lines, radio), professional mobile radio-communications, radio paging services. The authorisation procedure within the general authorisation regime is free of charge.

The persons who intend to provide public electronic communications networks or publicly available electronic communications services must notify ANRC (by sending a standard form, duly filled in) at least 7 days before starting the activity. Where a notification is made under all the legal provisions regarding its transmission, form and content, ANRC issues, upon the provider's request or *ex officio*, a standard certificate that ascertains the fact that the requester transmitted the notification and provides their right to offer the types of networks and services mentioned in the notification. The provision of the networks or services on which ANRC has been duly notified may legally start within 7 days from the date of sending the notification, irrespective of the date of issuance of reception of the standard-certificate.

The authorisation procedure and the standard form are provided in the *ANRC President's Decision no.1333/2003 on the general authorisation regime for the provision of electronic communications networks and services* and are available in detail in the section dedicated to the general authorisation regime on the ANRC website.

Based on the data provided in the standard notification form, ANRC has created and permanently updates the Official Record of the providers of electronic communications networks and services, available on the Authority's website, so that all the interested persons could find information regarding the number of providers and their contact data, as well as the types of networks and services they provide.

By the end of 2005, ANRC had authorised more than 2200 providers of public electronic communications networks and services. Over 1800¹ of them actually provided electronic communications networks and services.

3.3.2 Authorisation regime for the providers of postal services

¹ The number of active providers on 31.12.2005 is the number of providers having reported statistical data to ANRC (approximately 95% of the total number of providers who had this obligation, according to ANRC President's Decision no.1332/2003), which generated the data base processed and analysed in this report. The total number of providers who had started activity on 31.12.2005 amounted to 1900.

There are two procedures governing the authorisation regime for the providers of postal services:

Authorisation for the provision of postal services outside the scope of Universal Service is governed by the provisions of the general authorisation regime. Under these provisions, any legal person intending to provide postal services outside the scope of Universal Service must send ANRC the duly filled in notification standard form, together with the accompanying documents. The right to provide the postal services specified in the notification form may be exercised from the date of listing the company in the Official Record of the postal service providers (within 45 days from the date of submitting the notification).

Authorisation of the provision of postal services within the scope of Universal Service shall be granted following the issuance of an individual licence by ANRC. The providers that intend to provide such postal services have to submit a standard application requesting the issuance of an individual licence. An individual licence is valid for a 10-year period, granting the legal persons that intend to provide postal services within the scope of universal service specific rights and obligations in addition to those under the general authorisation regime.

The ANRC President's Decision no.118/2003 on the procedure for the authorisation of the postal services providers, with the subsequent amendments, establishes the authorisation procedure under the general authorisation regime, upon the issuance of the standard-certificate, as well as the procedure of granting the individual licence.

ANRC makes publicly available, on its website, the Official Record of the postal services providers, permanently updated, so that the interested persons could obtain information regarding the current situation of the authorised providers on the Romanian market of postal services.

By December 31, 2005, 190 postal service providers had been authorised by ANRC.

3.3.3 Allocation of numbering resources

The activity of managing numbering resources consists of setting out and – when required – amending the set of rules governing the use of the numbering resources included in the National Numbering Plan (NNP). Thus, ANRC provides adequate numbering resources for all the providers of publicly available electronic communications services, according to the provisions of Art.12 of the Framework-ordinance.

ANRC allocates numbering resources, establishes and amends the conditions under which the providers of electronic communications may use the numbering resources allotted, monitors the use of these resources and decides their withdrawal.

The ANRC activity of managing numbering resources is governed by the principle of applying equal treatment to all the providers of publicly available electronic communications services.

Regime of granting the licenses for the use of numbering resources

Art.17 of the Framework-ordinance stipulates that "*The license for the use of numbering resources is the administrative document whereby ANRC grants to an authorised provider [...] the right to use certain numbers in order to provide electronic communications services, for a limited period of time*".

In order to be granted the right to use numbering resources provided in the NNP, the providers may submit a request to the ANRC Registrar or may send this request by registered mail with confirmation receipt. The request must contain all the information specified in the procedure of numbering resource allocation, provided in the ANRC President's Decision no.141/2002 on the application and granting procedure regarding the licenses for the use of numbering resources, modified by the ANRC President's Decision no.137/2004.

Should ANRC deem that the information submitted is not sufficient, it may request additional information within 10 days from the date of filing the request.

Licences for the use of numbering resources granted

In 2005, 17 companies requested, for the first time, to be granted numbering resources according to the ANRC President's Decision no.141/2002. Besides the numbering resources granted to these new companies, ANRC issued 31 more licences for the use of numbering resources (in one case, ANRC answered a mixed request, i.e. for granting additional resources and for amending the format of some of the previously allotted blocks).

In 2005, ANRC allocated 10,558,033 numbers, out of a total number of 10,568,033 numbers requested, therefore the proportion requested resources/allocated resources reaches 99.91%.

The average term of granting a LUNR was 13.48 days (the ANRC President's Decision no.141/2002 provides a maximum term of 3 weeks).

Table 3.1 Monthly requests for new numbering resources, itemised by the NNP numbering domains:

NNP Domain	2004	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Z=2	2B	-	40B	-	-	-	-	-	1B+1b	-	-	1B	-	44B+1b
Z=3	1B	85B	8B	117B	-	82B	44B	26B	124B	9B	-	7B	-	503B
Z=7	-	-	1M	1M	-	-	-	1M	-	-	2M	-	-	5M
Z=8														
0800	1b	2b	1b	2b	-	2b	2b	-	3b	1b	-	-	-	14b
0801	-	1b	-	1b	-	2b	1b	-	3b	-	-	-	-	8b
0805	-	1b	1b	1b	-	2b	2b	-	2b	-	-	-	-	9b
0807	1b	1b	-	1b	-	2b	1b	-	2b	-	-	-	-	8b
0808	2b	2b	1b	2b	-	2b	2b	-	2b	1b	-	-	-	14b
0870	1b	2b	-	1b	-	2b	1b	-	2b	-	-	-	-	9b
Z=9														
0900	2b	1b	1b	1b	-	2b	2b	-	2b	-	1b	-	-	12b
0903	2b	1b	1b	1b	-	2b	2b	-	2b	-	1b	-	-	12b
0906	1b	1b	1b	1b	-	3b	1b	-	2b	-	1b	-	-	11b
10xy	1	1	1	3	-	2	2	-	3	1	1	-	-	15
16xy	2	1	1	3	-	3	2	-	3	2	1	-	-	18

where: M = 1 000 000 numbers, B = 10 000 numbers, b = 1000 numbers.

Source: ANRC

Table 3.2 Monthly allocation of new numbering resources, itemised by the NNP numbering domains:

NNP Domain	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Z=2	2B	-	-	40B	-	-	-	1B+1b	-	-	1B	-	44B+1b
Z=3	1B	93B	34B	42B	-	82B	111B	-	83B	49B	6B	1B	502B
Z=7	-	1M	1M	-	-	-	1M	-	-	-	2M	-	5M

Z=8													
0800	1b	3b	-	1b	-	2b	3b	-	2b	2b	-	-	14b
0801	-	1b	-	1b	-	2b	1b	-	2b	1b	-	-	8b
0805	-	2b	-	1b	-	2b	2b	-	1b	1b	-	-	9b
0807	1b	1b	-	1b	-	2b	1b	-	1b	1b	-	-	8b
0808	2b	3b	-	1b	-	2b	3b	-	1b	2b	-	-	14b
0870	1b	2b	-	1b	-	2b	1b	-	1b	1b	-	-	9b
Z=9													
0900	2b	2b	-	1b	-	2b	2b	-	1b	1b	1b	-	12b
0903	2b	2b	-	1b	-	2b	2b	-	1b	1b	1b	-	12b
0906	1b	2b	-	1b	1b	2b	1b	-	1b	1b	1b	-	11b
10xy	1	2	-	2	-	2	3	1	1	2	1	-	15
16xy	2	2	-	2	-	2	4	1	1	3	1	-	18

where: $M = 1\ 000\ 000$ numbers, $B = 10\ 000$ numbers, $b = 1000$ numbers.

Source: ANRC

Other types of requests regarding the use of numbering resources

In 2005, ANRC issued two LUNR licences following two companies' requests for revoking their rights to use part of the previously allocated resources.

As well, upon another company's request, two LUNR were issued, approving the postponement by 6 months of their obligation to release certain numbering blocks.

One of the issued licences transferred the right to use numbering resources from one company to another, following a take-over merger.

One licence was issued upon reception of a notification on changing the company's headquarters.

There were two cases when the respective companies requested the transfer of certain numbering resources from one company to another by assignment of the LUNR; in one case, the companies decided not to perform the assignment, while in the second case, the LUNR holder had not yet answered the additional information request issued by ANRC in accordance with the provisions of the ANRC President's Decision no.141/2002.

Also, a licence was issued upon a request for changing the format of certain previously allocated numbering blocks.

Licences for the use of numbering resources (LUNR) revoked by December 31, 2005

During 2005, 5 licences for the use of numbering resources were revoked, upon the holders' request. Thus, the right of using 50,004 numbers was revoked. No LUNR was suspended or withdrawn.

3.3.4 Allocation and management of signalling point codes (SP)

In an operator's internal signalling network, each 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 defining the signalling links between networks, the respective signalling points must have associated other codes, unique for each network.

In Romania, national signalling point codes (NSPC) are allocated by ANRC. This authority is the only administrator, in view of ensuring the functioning of the national network allowing for the interconnection of all the operators in Romania, which must identify each signalling point by a code unique in the national network.

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, which are unique in the international network. These 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). National authorities manage and allocate them to individual operators.

So far, Romania has been allocated 5 SANC blocks, i.e. 40 international signalling point codes (ISPC).

In 2005, 21 individual decisions had been issued for the allocation of SS7 national (NSPC) and international (ISPC) signalling point codes. By these decisions, a total number of 27 NSPC blocks (i.e. 216 codes) and 3 ISPC codes were allocated.

Allocation of SS7 national and international signalling point codes

The allocation regime of national and international signalling point codes is regulated by the 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 granted for unlimited period, by individual decision. The right of using certain national and international signalling point codes may be granted to the providers of public electronic communications networks authorised by ANRC who submit a request therefor. The requests are analysed according to the following criteria:

- a) urge of obtaining 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.

Table 3.3 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	5	40	-	39
NSPC	-	-	281	2248

Source: ANRC

3.4 Competition in the wholesale markets of the electronic communications sector

3.4.1 Interconnection regime

Interconnection is a specific form of access agreed between the operators of public electronic communications networks, ensuring 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 step in 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.

The level of the interconnection tariff influences to certain extent the decision and the capacity of the alternative providers to compete in the telephony market, since **the level of the interconnection tariff may lay a barrier for the subscribers who wish to make calls towards other networks**. Based on this assumption, in view of promoting competition in the electronic communications sector, ANRC continued, in 2005, the process of cost-orienting the tariffs for interconnection with the fixed and mobile telephony networks in Romania.

- ***Interconnection with the Romtelecom network (call 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 obligations on ensuring transparency, non-discrimination, separated accounts, the provision of certain services and granting access to certain facilities, as well as the cost-orientation of its tariffs related to the other operators' interconnection with the network 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 provided in the ANRC President's Decision no.147/2002 on the principles and prerequisites of the reference offer for interconnection with the fixed public network, with the subsequent amendments and completions. The set of services made publicly available through the RIO must be accompanied by the conditions, including the tariff-related ones, under which these services are provided to the operators.

Regarding the non-discrimination obligation:

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

For the purpose of concluding an interconnection agreement, the interested operator has to submit a request to Romtelecom, requiring the negotiation and conclusion of an interconnection agreement. The maximum negotiation term established by the ANRC

decisions is of 30 days, on the condition the operator accepts the terms of the standard agreement and indicates the access and interconnection points, the capacity of the interconnection links, the interconnection and collocation options, as well as the other services to be purchased. Otherwise, the maximum term provided for negotiation is of 2 months.

On its website, Romtelecom makes available for the requesters a standard interconnection agreement. In order to facilitate the rapid conclusion of interconnection agreements, in accordance with the regulations in the field, any of the parties may request, informally, clarifications from ANRC regarding the agreement terms under negotiation.

Furthermore, Romtelecom makes available for the operator the required information, so that the latter could efficiently choose the access points for interconnection. In order to access this information, an operator must sign a confidentiality agreement, upon which Romtelecom allots a password allowing access to the secured area of the Romtelecom website, where the respective information is available. Subsequently, the respective operator may offer Romtelecom the data required for interconnection.

Romtelecom must implement the agreement provisions within 3 months from signing the interconnection agreement.

Cost-orientation of the tariffs for interconnection with the Romtelecom network

Before the market liberalisation, on January 1, 2003, for the purpose of creating the conditions fostering competition on the fixed telephony market, ANRC regulated the interconnection tariffs charged by Romtelecom by applying the benchmarking method. Subsequently, ANRC started the preparations for cost-orienting the interconnection tariffs based on a long-run incremental costing model (LRIC). This process was completed on **October 27, 2005**, when ANRC adopted 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 (also called a **“hybrid” LRIC model**), thus establishing the new interconnection tariffs.

By this decision, ANRC imposed Romtelecom the obligation to diminish interconnection tariffs, based on a two-step adjustment schedule, January 1, 2006 and January 1, 2007.

By the end of this transition period, the interconnection tariffs will have diminished, on average², by:

- **16.0%** for local interconnection;
- **51.5%** for distance interconnection;
- **55.8%** for long-distance interconnection.

Table 3.4 Interconnection tariffs imposed on Romtelecom

Interconnection service	Maximum tariffs to be charged starting January 1 st , 2006 (eurocents/minute)		Maximum tariffs to be charged starting January 1 st , 2007 (eurocents/minute)	
	Peak hours	Off-peak hours	Peak hours	Off-peak hours*
Interconnection for local call origination at fixed locations	1.14	0.63	1.02	0.56

² Average reduction – the cumulated effect of reducing the tariffs during peak hours and off-peak hours, considering the volume of the Romtelecom traffic within these intervals.

Interconnection for local call termination at fixed locations	1.14	0.63	1.02	0.56
Interconnection for regional call origination at fixed locations	1.94	1.06	1.18	0.65
Interconnection for regional call termination at fixed locations	1.94	1.06	1.18	0.65
Interconnection for national call origination at fixed locations	2.27	1.25	1.29	0.71
Interconnection for national call termination at fixed locations	2.27	1.25	1.29	0.71
Interconnection for switched single transit	0.31	0.17	0.06	0.03
Interconnection for switched double transit	0.88	0.48	0.20	0.11

** 20.00-08.00 interval (Monday - Friday) and 00.00-24.00 (Saturdays and Sundays and legal holidays)*

With a view to cost-orienting the interconnection tariffs, ANRC developed, assisted by a consultancy consortium, a costing model in compliance with the latest European regulatory practices and principles in the field, at European level. The elaboration principles of the model were submitted to detailed consultation during 2003, and the model was developed and adjusted in 2004 and 2005. Two costing models were developed during this period. One model was elaborated by Romtelecom, based on the costs in the company's financial-accounting statements. This model required efficiency adjustments (removal of costs related to the operator's structural and operational inefficiencies). The other model was elaborated by ANRC, starting from estimates of the request for the services provided by Romtelecom and is based on technical-economic assumptions, including only efficient costs. Subsequently, the two calculation models were reconciled, resulting in a hybrid model, which combines the advantages of the two methods. The bilateral consultations on the hybrid costing model encompassed the period March -July 2005 and were followed by a public consultation (July – October 2005), open to all the industry representatives.

The cost calculation model developed by ANRC

- calculates the costs of an efficient operator;
- allows Romtelecom to recover the costs of a modern, newly-installed network, with a capacity equal to that of the current network, including a reasonable profitability rate;
- offers the alternative operators adequate economic signals regarding the decision to build their own infrastructure or to use the Romtelecom network.

This reduction of the interconnection tariffs may drive to cheaper calls, increased traffic and, consequently, to a larger number of telephony subscribers.

Accounting separation within Romtelecom

In order to efficiently monitor the extent to which the interconnection practices comply with the rules established by ANRC, Romtelecom was imposed the obligation to keep separated accounts for the activities related to interconnection and to access to their network or to the associated infrastructure.

The implementation of this obligation took into account the *Regulations for keeping separated accounts, within the internal cost accounting system, by the company S.C. „Romtelecom” – S.A.*, approved by the ANRC President's Decision no.1380/2003. These regulations detail the rules for the elaboration, publication and audit of separated financial accounts, starting with the financial statements for 2004, by establishing the structure and detail level of these statements, the methodology for allocating costs, incomes and the capital employed, as well as the internal subsidization system applied for the products and services provided to and by the company's own business units and subunits.

ANRC completed these regulations, by the ANRC President's Decision no.1250/2005 on imposing obligations on the provider with significant power on the specific relevant retail markets, introducing the obligation to present distinct financial statements for the retail business sub-units, as follows: access-natural persons, access-legal persons, local calls, national calls, calls to the mobile public networks, special Internet access, international calls, calls from public pay telephones, other retail activities.

Romtelecom transmitted ANRC, on September 30, 2005, the separated financial statements for the financial year completed on December 31, 2004, audited by an independent auditor, as well as the methodology for conducting separated accounts. These documents are public and are available on the Romtelecom website.

- ***Interconnection with the networks of S.C. Mobifon S.A. and S.C. Orange Romania S.A. (call termination)***

Interoperability of electronic communications networks and services is a salient condition of economic efficiency, promoting competition and maximising the end-users' benefits. In order to guarantee such interoperability, ANRC imposed on S.C. Mobifon S.A. (Mobifon) and S.C. Orange Romania S.A. (Orange Romania) - providers with significant power on the markets of access to their own mobile telephone networks for the purpose of call termination – obligations of transparency, non-discrimination, provision of certain services and granting access to certain facilities. As well, the two operators 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.

Cost-orientation of the tariffs for interconnection with the networks of Mobifon and Orange Romania

The maximum limit of the tariffs for call termination in mobile public networks is, as of January 1st, 2004, of 10 USD cents/minute. This level shall be in place until the date when the interconnection tariffs are to be determined based on a long-run cost calculation model.

During 2005, ANRC completed the development of the "bottom-up" long-run incremental costing model, with a view to using it within the process of cost-orienting the tariffs for the interconnection with the mobile public networks operated by Mobifon and Orange Romania, for the purpose of call termination. This model was to be reconciled with the LRIC models developed by operators ("top-down" models).

Since Mobifon and Orange Romania did not send ANRC "top-down" models, the Authority will use the "bottom-up" model in order to cost-orient the interconnection tariffs, adjusted with accounting and operational information made available by the two operators. The cost-orientation process based exclusively on the "bottom-up" model could continue due to a provision in the ANRC regulations, according to which the Authority may overcome a

bottleneck caused by failure to transmit the “top-down” models. Thus, if an operator does not provide the documents required for the elaboration of the models for cost-orienting the interconnection tariffs, a fine may be enforced and the tariffs are to be determined based exclusively on the model elaborated by ANRC. At the end of 2005, the bilateral consultation with each of the two operators was in progress and ANRC is going to launch the public consultation regarding the new interconnection tariffs, resulted from the costing model elaborated by ANRC in 2006.

- ***Interconnection with the networks of S.C. Telemobil S.A. and S.C. Cosmote Romanian Mobile Telecommunications S.A. (call termination)***

In view of ensuring 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 S.C. Telemobil S.A. and S.C. Cosmote Romanian Mobile Telecommunications S.A., - 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 access to certain facilities, as regards the interconnection of the mobile public networks they operate with the public electronic communications networks of other operators, for the purpose of call termination.

3.4.2. Regime of access to the local loop

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 these could choose the most advantageous offer as concerns quality and price.

Thus, in order to foster the development of broadband electronic communications services (high-speed Internet) and of the publicly available telephone services, at fixed locations, ANRC imposed certain obligations on Romtelecom, as an operator with significant power on the market of providing unbundled - full or shared - access to the local loop consisting of a pair of twisted metallic pairs, certain obligations of transparency, non-discrimination, provision of certain services and granting access to certain facilities, of cost-orienting the tariffs, as well as of conducting separated accounting statements. The full description of these obligations is available in the 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 the ANRC President’s Decision no.1380/2003 for approving the regulation for the realization, by S.C. “Romtelecom” - S.A., of accounting separation within the internal cost accounting system.

Provision of the full or shared unbundled access to the local loop, for the purpose of providing broadband electronic communications services and publicly available telephone services, at fixed locations, allows the new entrants to actually provide their own electronic communications services and encourages technological innovation and efficient infrastructure investments.

Effective access to Romtelecom’s access network for the purpose of providing broadband communications services offers the alternative operators the real opportunity to enter the market and to 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. That is why, 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.

The ANRC President's Decision no.1098/2004 establishes part of the conditions for the alternative providers' access to the local loop. This Decision details the following:

- the procedure for gaining access to the Romtelecom distribution frames, setting out the maximum terms for realizing access and the intermediate stages therefor;
- the procedure of making available the local loop to an alternative operator, setting out the maximum terms for realizing access and the intermediate stages therefor;
- conditions regarding the repair of faults occurred in the local loop;
- conditions regarding the granting of reparations for breach of the terms of granting the access to the local loop or of the terms for the repair of faults occurred in the local loop;
- conditions of granting access to certain facilities, etc.

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

Any operator interested in concluding an unbundling agreement must submit a request to Romtelecom. The maximum term provided by the ANRC Decision for concluding such an agreement is of 30 days from the date of receiving the respective request, on the condition that the operator thereby accepts the terms of the standard agreement for access to the local loop and indicates the access points, the access and collocation options, as well as the other services to be purchased. Otherwise, the negotiation term is of 2 months.

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 table³:

Table 3.5 Tariffs for the provision of access to the local loop charged by Romtelecom

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

The local loop management plan and tests performed in view of implementing the VDSL technology

On 5 July, 2005, ANRC President's Decision no.1251/2005 on the adoption of the Management Plan for the frequency spectrum of the local loop and sub-loop was issued, which aims at limiting the risk of interferences and ensuring spectral compatibility for the services and technologies using twisted metallic pairs in the same cable. The plan, which is part of the Reference offer for the unbundled access to the local loop of Romtelecom, ensures, theoretically, 100% cable occupancy rate. This management plan was drawn up by a working group including representatives of the providers of electronic communications

³ Tariffs do not include VAT.

networks and services, of the electronic communications equipment producers and of the public authorities competent in the field of electronic communications.

Between September 14 and October 14, 2005, ANRC submitted to public consultation the document establishing the conditions under which the providers of broadband electronic communications services are allowed to perform tests in Romtelecom's access network, in order to assess the compatibility of the VDSL technology with the other technologies used for the provision of the Internet access service. The initiative of regulating the conditions under which these tests may be performed belongs to ANRC, as a prompt reaction to the requirements of the alternative providers interested in implementing the VDSL technology. Such tests are required in order to evaluate the interferences that may occur between VDSL and xDSL (especially ADSL), as well as for assessing the VDSL compatibility with applications for radio amateurs or with audio-visual communications.

VDSL belongs to the digital technology family (xDSL) and is suited for the implementation on twisted metallic pair local loops, over relatively short distances, providing for the highest data transmission rate (15-25 Mbps) for lines measuring up to 1.1 km. VDSL allows the provision of high-speed Internet access services, digital television or video services upon request.

The tests for the implementation of VDSL technologies on the local loop and sub-loop of the Romtelecom network may be conducted by any provider of electronic communications networks or services (including Romtelecom), based on a set of documents to be submitted for evaluation to a working group consisting of representatives of ANRC, IGCTI and of the profile industry. During the test period, experimental access to high-speed Internet, multi-channel digital television or video services will be available upon request. Upon the completion of the tests, the providers having requested these tests will send the working group a report on the test results. The working group will analyse the report and – if needed – will propose amendments to the management plan.

Revision of the Reference Unbundling Offer

Between September 29 and November 15, 2005, ANRC consulted the industry regarding the draft decision on amending the Reference Unbundling Offer (RUO). ANRC was to adopt the decision in the first half of 2006, following the analysis of the comments and suggestions received during the consultation period.

The documents under public consultation included all the Romtelecom tariffs charged on the companies requiring unbundled access to the local loop, as well as explanatory information on the method of establishing these tariffs. During this procedure, the business environment was consulted on the opportunity of setting maximum tariffs for certain services, such as shifting from the shared access service to the full access service, disconnecting the local loop, operating and maintaining the link cables, setting up a technical solution for the implementation of the unbundled access to the local loop etc.

By virtue of the transparency and non-discrimination obligations, in order to ensure the alternative providers benefit from conditions for access to the local loop similar to those provided in case of Romtelecom's own services, the draft decision under consultation proposed imposing the Romtelecom obligation to publish a document regarding its Internal Reference Conditions for the Unbundled access to the local loop (IRCU) to encompass the full set of services for the unbundled access to the local loop, as well as the detailed conditions for the internal provision of these services, for the purpose of providing Romtelecom's own services on the retail market.

3.5 Competition in the retail markets of the electronic communications sector

In 2005, ANRC focused on promoting competition in the retail markets and adopted regulations meant to prevent the emergence of certain anticompetitive practices by which Romtelecom, as a provider with significant power in the retail markets, could interfere with the end-users' rights.

To this end, on July 5, 2005, ANRC imposed on Romtelecom, by the ANRC President's Decision no.1250/2005, a set of obligations in order to prevent anticompetitive practices. Prior to the issuance of this decision, Romtelecom had been designated as a provider with significant power on the ten specific relevant retail markets⁴. The main anticompetitive practices that may be adopted by the provider with significant power on the retail markets envisage charging excessively high tariffs and conditioning the purchase of certain services by the purchase of other services.

According to ANRC President's Decision no.1250/2005, Romtelecom has the following obligations:

- a) the obligation to offer its users the possibility to use the services of any provider of publicly available telephone services with whom this company has an interconnection agreement, by means of the carrier selection and pre-selection;
- b) forbid conditioning the provision of one service on the end-users acceptance of additional services, without any connection with the service required;
- c) forbid charging excessive tariffs as compared to the costs involved in the provision of the respective services;
- d) forbid charging tariffs under the costs involved in the provision of the respective services.

Until the implementation of the tariff limits or of the formulas of control over rising tariffs, the tariffs charged by Romtelecom for the services provided on the 10 specific relevant markets cannot be increased without the ANRC approval.

Moreover, ANRC requested Romtelecom that the carrier pre-selection procedure be available by mid-2006 and requested this company to implement a separated cost accounting system for the services provided on the retail specific relevant markets, with a view to facilitate the monitoring of the obligation of retail tariffs cost-orientation.

Carrier pre-selection allows the subscribers of the provider with significant power on the retail market to choose that all of or certain call categories should be carried by another service provider, pre-selected (following the conclusion of an agreement), without having to dial an individual carrier selection code for each call.

Presently, ANRC is analysing the separated financial statements elaborated by Romtelecom⁵, based on which the Authority will draw up a mechanism for monitoring the tariffs for the services provided on the 10 retail specific relevant markets.

⁴ ANRC identified, during 2004-2005, 10 specific relevant retail markets: the market of providing access at a fixed location to a public telephone network for natural persons; the market of providing access at a fixed location to a public telephone network for legal persons; the market of local calls at a fixed location for natural persons; the market of local calls at a fixed location for legal persons; the market of long distance calls at a fixed location for natural persons; the market of long distance calls at a fixed location for legal persons; the market of international calls at a fixed location for natural persons; the market of international calls at a fixed location for legal persons; the market of calls at a fixed location to public mobile telephone networks for natural persons and the market of calls at a fixed location to the mobile public networks, for legal persons

⁵ According to ANRC President's Decision no.1380/2003.

As well, ANRC will monitor Romtelecom's compliance with the imposed obligations. Based on the development of the electronic communications sector in Romania, ANRC will review the specific relevant retail markets identified, on a regular basis, by modifying and defining new retail markets whose characteristics request imposing specific obligations on the providers with significant power on these markets. Where the market analyses reveal that, ANRC will establish that, on the specific relevant retail markets identified, there is actual competition, the imposed obligations may be amended or withdrawn.

3.6 Competition in the sector of postal services

With a view to laying the foundation for the development of a competitive environment and to guaranteeing the protection of the end-users' interest, the Universal Service provider designated, the National Company Romanian Post – S.A. (CNPR), was imposed the obligation to charge, for the provision of postal services within the scope of Universal Service, tariffs which are accessible, transparent, non-discriminatory and cost-oriented. The tariffs for the services within the scope of Universal Service may be modified upon the CNPR proposal, after having received the approval of ANRC. In order to ground the decision on the tariff amendments proposed by CNPR and to monitor the compliance with the obligations imposed, ANRC requested CNPR to develop and implement an internal cost accounting system, detailed enough to allow the identification of the individual costs of the postal services within the scope of Universal Service. Based on this internal cost accounting system, CNPR has also the obligation to implement a separated cost accounting system meant to separate the activities within the scope of Universal Service from those outside the scope of Universal Service, as well as the reserved services from the non-reserved ones. CNPR has the obligation to provide ANRC, on an annual basis, the separated financial statements for the previous year, as drawn up based on the separated accounting system. The manner of conducting such separated statements shall be evaluated by an independent auditing body, under the conditions and according to the procedure established by ANRC.

On November 8, 2005, ANRC President's Decision no.1480/2005 on the conditions for conducting and auditing the separated financial statements by the National Company National Post – S.A was issued. This decision aims at improving the quality and credibility of the internal cost accounting system that CNPR has the obligation to implement, as a Universal Service provider. The document establishes the CNPR obligation to present ANRC a set of supporting documents based on which the individual costs of the postal services within the scope of Universal Service may be identified and calculated. Following the analysis of these documents, the Authority will establish whether the tariffs charged by CNPR are reasonable as compared to the costs for the provision of these services. In order to improve the credibility of the information provided by means of the separated accounting statements, these will be evaluated, every year, by an independent auditor who must establish whether these statements were drawn up according to the parameters established by ANRC. In order to ensure transparency as to the users, CNPR will publish on its Internet page a version of the separated financial statements, granting the interested persons the possibility to understand the costs of the provision of postal services within the scope of Universal Service.

3.7 Universal Service in the Field of Electronic Communications

Universal Service implementation must take into account the peculiarities of the situation in Romania, in comparison to the one in other European countries and especially in the member states of the European Union. In most countries of the European Union, the former incumbent, i.e. the national provider of fixed networks, could be easily designated as Universal Service provider, due to its well-developed infrastructure, easy to roll-out towards new users. Romania is in a rather different situation, due to its considerably lower penetration rate.

By mid-2005, the rate of fixed telephony penetration in Romania had amounted to 20.14%, in proportion to the population, and to 53.02%, in proportion to the number of households. Therefore, there is a considerable demand for fixed telephone services, which is not covered by the existing offer. The gap between rural and urban areas concerning the penetration of fixed lines is consistent: 76.03% of the total number of 43 million lines are installed in urban localities, whereas 23.97% serve rural communities. Regarding the penetration rate, rural areas benefit from only 10 fixed telephone lines per 100 inhabitants.

According to the provisions of Law no.304/2003 for Universal Service and the users' rights regarding the electronic communications networks and services (Universal Service Law), which uphold, in conformity with the requests of the European Union, all the Romanian citizens' right to have access to a minimum set of communications services, ANRC initiated – ever since 2004 – the process of implementing Universal Service. Given the low penetration in Romania, the most effective solution identified was the installation of telecentres in the localities with poor access to electronic communications services.

By means of the national programme for the installation of telecentres, the Universal Service providers selected following an open public tender install telecentres in the isolated localities, thus ensuring the inhabitants' access to telephone, fax and Internet services. The telecentres ensure the rural communities' access to electronic communications services, becoming bridgeheads of the communications infrastructure facilitating the roll-out of networks to the level of individual households. Moreover, the deployment of telecentres also contributes to the education of the consumers, who thus get accustomed to the use of communications services, which could consequently increase future market demand in the rural areas.

Another component of the programme for the implementation of Universal Service in Romania is granting subsidies and facilities in case of failure to pay the telephone bill, for low-income families.

Installation of telecentres

Based on the experience of the pilot-project initiated in 2004, by which the company Orange Romania was designated as a Universal Service provider for the installation of 5 telecentres, ANRC re-designed the mechanisms for the implementation of Universal Service, for the purpose of rising the attractiveness of installing telecentres for the potential investors and to limit the risks of running a business in the rural area.

In May-July 2005, ANRC created and proposed for consultation a new mechanism of implementing Universal Service based on concluding three-party agreements between ANRC, the Universal Service providers and the local public administrations. The main amendment was the direct involvement of the mayoralities in the activity of managing the telecentres by making available the location, the personnel, the utilities and the security measures, as well as by actually managing the telecentres.

During the first half of 2005, ANRC conducted an information campaign for the local administration in 1200 localities with limited or no access to fixed telephone services, localities deemed eligible for the installation of telecentres. Thus, the mayoralties found out about how they may support the programme for the implementation of telecentres in the localities they manage.

Following this information campaign, ANRC received 643 letters of commitment from local authorities. In case of 348 localities, the mayoralties committed themselves to cover all the expenses related to the telecentre management.

ANRC launched the first public tender organised in accordance with this new procedure in September 2005. On this occasion, 40 eligible localities were launched in the tender for the installation of telecentres. All of them benefited from the local authorities' support, as ANRC concluded pre-contracts with the mayoralties. In December 2005, the tender commission designated the companies to install telecentres in 33 of these localities in the rural area, with poor or no coverage as regards electronic communications services.

The local public authorities in these localities will cover the whole cost of managing and administering the telecentres. The companies who are to install telecentres are: S.C. Euroweb Romania S.A., S.C. Mobifon S.A., S.C. Orange Romania S.A., S.C. Romtelecom S.A. and the National Radiocommunications Company S.A.

Table 3.6 EUROWEB ROMANIA will install one telecentre in the following locality:

No.	Locality	Commune	County
1.	Puieni	Prundu	Giurgiu

Table 3.7 MOBIFON will install eleven telecentres in the following localities:

No.	Locality	Commune	County
1.	Borlova	Turnu Ruieni	Caras Severin
2.	Maguri Racatau	Maguri Racatau	Cluj
3.	Darza	Crevedia	Dambovita
4.	Stoenesti	Stoenesti	Giurgiu
5.	Negrileasa	Stulpicani	Suceava
6.	Plutonita	Frasin (city)	Suceava
7.	Glavile	Glavile	Valcea
8.	Sinesti	Sinesti	Valcea
9.	Susani	Susani	Valcea
10.	Doagele	Dragomiresti	Vaslui
11.	Obarseni	Vinderei	Vaslui

Table 3.8 ORANGE ROMANIA will install three telecentres in the following localities:

No.	Locality	Commune	County
1.	Serghis	Varciorog	Bihor
2.	Moieciu de Sus	Moieciu	Brasov
3.	Fantanele	Cojasca	Dambovita

Table 3.9 ROMTELECOM will install nine telecentres in the following localities:

No.	Locality	Commune	County
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1.	Rapsig	Bocsig	Arad
2.	Galiciuica	Galiciuica	Dolj
3.	Piscu Nou	Seaca de Camp	Dolj
4.	Olari	Parscoveni	Olt
5.	Soparlita	Soparlita	Olt
6.	Giorocuta	Supur	Satu Mare
7.	Udupu	Tatarastii de Sus	Teleorman
8.	Sfintesti	Sfintesti	Teleorman
9.	Manailesti	Francesti	Valcea

Table 3.10 RADIOCOM will install nine telecentres in the following localities:

No.	Locality	Commune	County
1.	Papauti	Zagon	Covasna
2.	Brezoaia	Brezoele	Dambovita
3.	Jolotca	Ditrau	Harghita
4.	Odesti	Basesti	Maramures
5.	Ursa	Garcov	Olt
6.	Fagetu	Plopis	Salaj
7.	Calinesti	Serbauti	Suceava
8.	Ficatar	Racovita	Timis
9.	Grindu	Grindu	Tulcea

In December 2005, ANRC organised a new tender for the installation of telecentres in 70 more localities having poor access to electronic communications services and whose mayoralties expressed their availability for participating in the installation of telecentres. The tenders for the installation of telecentres will continue throughout the coming years.

Granting subsidies for subscriptions to fixed telephony

In order to ensure the access of the disadvantaged population categories (families who need additional protection due to their low income) to the services provided through the fixed public network at a fixed location, ANRC designated *ex officio*, by individual decisions, 17 Universal Service providers who granted subsidies and facilities in case of failure to pay the telephone bill, based on the ANRC President's Decision no.1074/2004 on the implementation of Universal Service in the sector of electronic communications, with the subsequent amendments and completions.

Subsidies were allocated to those families with a net monthly income per family member lower than 310 RON. Following an information campaign, 500,482 subscribers who met this condition were granted subsidies. The individual subsidy amounted to 15.74 RON and was granted by the designated Universal Service providers to their own subscribers who submitted a request therefor, by deducting the amount from the telephone bill.

Table 3.11 The Universal Service Providers who granted subsidies and facilities in case of failure to pay the telephone bill

No.	<i>Company designated as Universal Service provider who is to grant subsidies and facilities</i>
1.	S.C. ADISAM TELECOM S.A.
2.	S.C. AIETES TELECOM GALATI FILIALA TULCEA S.R.L.
3.	S.C. ASTRAL TELECOM S.A.

4.	S.C. ATLAS TELECOM NETWORK ROMANIA S.R.L.
5.	S.C. EUROWEB ROMANIA S.A.
6.	S.C. INES GROUP S.R.L.
7.	S.C. INTERSAT S.R.L.
8.	S.C. IRISTEL ROMANIA – S.R.L.
9.	S.C. MAGIC TELECOM S.R.L.
10.	S.C. MASS INTERNET S.R.L.
11.	S.C. MEDIA SAT S.R.L.
12.	S.C. NET – CONNECT INTERNET – S.R.L.
13.	S.C. RCS & RDS S.A.
14.	S.C. ROMTELECOM S.A.
15.	S.C. TELCOR COMMUNICATIONS – S.R.L.
16.	S.C. VITANIC-RO S.R.L.
17.	SOCIETATEA NATIONALA DE RADIOCOMUNICATII S.A.

The new calculation formula of the contribution to financing Universal Service

Starting 2006, the calculation mechanism for the providers' contribution to the Universal Service fund will be harmonised with the new calculation mechanism of the monitoring tariff owed to ANRC, as established by Law no.239/2005 amending and completing several normative acts in the field of communications. Thus, based on ANRC President's Decision no.1298/2005 amending and completing Decision no.1074/2004 on the implementation of Universal Service in the electronic communications sector, starting from 2006, the providers will have the possibility to choose one of two methods of calculation of the Universal Service contribution:

- a) calculate the contribution to the Universal Service fund as a percentage from the whole turnover, as in 2005;
- b) calculate the contribution to the Universal Service fund as a percentage from the income obtained from the provision of electronic communications networks and services and of postal services, should the respective provider keep separate accounts for these activities, conducted and audited under the terms established by ANRC.

In the two situations provided above, with a view to establishing the amount of the contribution, the contribution base will be diminished by the income resulted from interconnection and roaming services offered on the wholesale market (as in 2005). The providers owing this contribution will be able to request that the turnover be diminished, prior to calculating the owed percentage, by the income resulted from services for the transmission of audio-visual programmes, also based on separated accounts.

3.8 Universal Service in the postal services sector

Until April 2009, CNPR holds the quality of a Universal Service provider (USP) in the field of postal services. As a USP, CNPR has the obligation to provide the following postal services throughout Romania, at affordable tariffs and at certain quality standards:

- clearance, sorting, transport and delivery of the postal items, domestic or cross-border, up to 2 kilograms;

- clearance, sorting, transport and delivery of postal packages, domestic or cross-border, up to 10 kilograms;
- distribution of postal packages up to 20 kilograms, sent from outside Romania to an address located in the Romanian territory;
- service for registered items, either domestic or cross-border;
- service for insured items, either domestic or cross-border.

As well, CNPR benefited, in 2005, from the exclusive right to provide services consisting of clearance, sorting, transport and delivery of the domestic correspondence items and delivery of the correspondence items sent from outside Romania to an address located in the Romanian territory, whether the delivery is accelerated or not, weighing less than 100 g and valuing less than ROL12,000, including value added tax.

Furthermore, with a view to ensuring the exercise of the Universal Service right for all the Romanian citizens who live in exceptional geographical conditions (where the provision of postal services is hindered or the costs cannot be covered), ANRC elaborated the list of such localities, based on the CNPR proposals, where this provider has the obligation to perform clearance and delivery at least twice a week, as well as a list of the CNPR post offices served by personnel with a short programme of working with the public (at least 2 hours a day). In the latter instance, CNPR has the obligation to take all the necessary measures in order to rule out the short working programme, by December 31, 2006.

According to its objective of protecting the rights and interests of the users of postal services, during 2005, ANRC analysed (making the required amendments) and approved the "Framework-agreement on the provision of postal services within the scope of Universal Service", based on which the Authority established and is about to approve the "Rules for Postal Services".

One of CNPR's most important obligations as a Universal Service provider is compliance with certain quality objectives for the services dealing with correspondence items of the fastest standard category, both domestic and intra-European international. The objectives were established so that, by 2007, the year of Romania's accession to the European Union, these should be harmonised with the European Directive 97/67/EC.

CNPR has the obligation to ensure compliance with the following quality objectives established for the distribution rules of domestic and respectively of intra-European international items of correspondence of the fastest standard category, for services within the scope of Universal Service:

- by the end of 2006, CNPR should deliver 85% of the domestic items of correspondence on the day following the entry and at least 97% of these items on the following two days from entry;
- by the end of 2006, CNPR should deliver at least 85% of the international intra-European items of correspondence within 3 days from entry and at least 97% on these items within 5 days from entry.

In 2005, ANRC established the terms and the procedure for assessing the compliance with these quality objectives, by adopting ANRC President's Decision no.1468/2005. This document establishes that the measurements required for the assessment of compliance with the quality objectives will observe the provisions of standard SR EN 13850:2003.

The measurements required in view of determining the term within which the correspondence items are delivered will be performed by an independent monitoring body. CNPR will select the independent monitoring body based on certain principles imposed by

ANRC in order to make sure the selection is fair and transparent (it should use a competitive or comparative selection procedure, with internal and international participation; the participants in the selection procedure should have no property or control relation with CNPR; the participants in the selection procedure should prove previous experience in the field of providing similar activities etc.). The end-to-end circulation interval shall be measured yearly, starting 2006, based on the results of the latest real flow, and shall be completed by December 31, the respective year. The real flow shall be measured at least once in three years, starting 2006, for the priority items of correspondence. By way of exception, taking into account the fact that the segment of the priority items of correspondence has not become significant yet, in 2006, the real flow shall be measured for all the domestic items of correspondence within the scope of the standard service. Moreover, taking into account the fact that, at the beginning of 2006, there would not be available information on the real flow, the end-to-end circulation intervals will be measured during next year, by way of exception, based on the sample items distribution deemed adequate by CNPR. The required corrections are to be made at the end of the year, when the real flow results are available (the respective measurements are conducted taking into account an error margin of 5%, for a trust level of 95%).

The results of the measurements of the real flow and the results of the measurements of the circulation intervals will be audited by an independent auditing body, selected based on the same principles as in the case of the independent monitoring body. Based on the audited results of these measurements, CNPR will draw up and will send ANRC, every year, a report on the evaluation of the compliance with the quality objectives provided in the ANRC President's Decision no.88/2004.

3.9 Dispute mediation and settlement

The legislation in force in the electronic communications and postal services sector triggered important changes regarding the manner of settling the disputes between the providers of electronic communications networks or services and between the providers of postal services, as well as between the users and the providers of electronic communications or postal services.

The adoption of the new legislative framework in the sector of electronic communications and postal services, which transposes the European Community *acquis* on national level, harmonises the Romanian legislation with the European policies in the field, with a view to providing the market players with several possibilities of dispute settlement.

The Framework-ordinance establishes, in generic terms, the ANRC function of an arbiter and decision-maker in settling the disputes between the providers of electronic communications networks and services and between the postal services providers, for the purpose of ensuring free competition and of protecting the interests of the end-users on the markets of these services. To this end, ANRC was mandated to establish the procedures of solving the disputes in its competence area. According to the Government Ordinance no.31/2002 on postal services and to Law no.304/2003 on universal service and the users' rights regarding the electronic communications networks and services, ANRC has attributions also in the field of settling the disputes between the users and the providers of electronic communications services and of postal services.

This extension to the level of secondary legislation was performed by the adoption of the ANRC President's Decision no.1331/2003 on establishing the procedure of settling the disputes within the competence of the National Regulatory Authority for Communications.

Thus, this decision updates the norms establishing the settlement of the disputes between the providers and a mediation procedure was established for the settlement of the disputes between the end-users and the providers of electronic communications networks and services and of postal services. The methods for solving the disputes within the ANRC competence are optional and cost free. During the dispute settlement procedures, compliance with the principles of the right to defence, equality, celerity and cross-examination is guaranteed.

3.9.1 Disputes between providers

According to the current regulatory framework, where a dispute rises between the providers of electronic communications networks or services or between the providers of postal services, related to the obligations imposed on them by the legislation in the relevant field, the interested party may notify ANRC in order to solve the dispute. Therefore, we must mention that, taking into account the legislation in force, the person interested in the settlement of a dispute has the possibility of notifying either the competent judicial court, or ANRC, as an administrative-jurisdictional body, therefore we witness an alternative competence situation. This situation arose after the entry into force, on October 28, 2003, of Law no.429/2003 revising the Romanian Constitution. Provisions of Art.21(4) of the Romanian Constitution, republished, set out that *"Special administrative jurisdictions are optional and cost-free."* This constitutional text gives the interested party the possibility of choosing between undergoing the administrative-jurisdictional procedure regulated by law - upon which, where its claims have not been satisfied, it may address to a court -, or skipping this procedure, thus submitting a complaint directly to the court. Therefore, the provisions of Art.36(1) of the Framework-ordinance, establishing the obligatory character of notifying ANRC were implicitly amended and this procedure is currently optional.

According to the nature and the complexity of the dispute, the ANRC President 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. As well, during the dispute settlement procedure, the commission plays an active role, keeping in close contact with the two parties.

In order to settle a dispute between the providers of electronic communications networks or services or between the postal services providers, ANRC established two procedures. Thus, the interested party may choose the mediation procedure, which is one of the alternatives available for the parties as a manner of dispute settlement. Mediation is a structured procedure, 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 or the postal services sectors related to the case. If the mediation results in the settlement of the dispute, the parties conclude a transaction. The mediation procedure must respect 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 initiate directly the contentious procedure, without coming through the mediation procedure. The contentious procedure shall be initiated *ex*

officio also in case the mediation procedure fails. Upon the analysis of all the information and following the hearing of all the points of view expressed in the cause, 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 communication of the preliminary solution, any of the parties may address a petition to the commission with a view to re-analysing the proposed solution.

The decision by which ANRC settles the dispute must be issued within 4 months from the date of registering the petition with ANRC. Under exceptional situations, for the adequate settlement of the dispute, this term may be extended by the ANRC President's decision. 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 at 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.

In 2005, ANRC received five petitions from the providers of electronic communications networks and services, four of which appealed to the mediation procedure and one case underwent directly the contentious procedure. **At present**, two disputes have been settled and the procedure for other three disputes is in progress. Furthermore, in 2005, ANRC completed the settlement of six disputes, five of which were submitted by the providers during the previous year and one was submitted in 2005.

Generally, the disputes were related to issues regarding the regulation of the interconnection relationships (tariffs, leased lines, unbundled access to the local loop). As well, in one case, the plaintiff requested ANRC - until the first-instance settlement of the dispute - to take provisional measures, which was not accepted by ANRC.

3.9.2 Disputes between users and providers

In pursuit 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 informs the consumers regarding 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.

In order to protect the end-users' interest, ANRC has the competence to mediate both the disputes between the end-users and the providers of electronic communications networks and services and the disputes between the users and the postal services providers.

Thus, according to the provisions of Art.36 of the Universal Service Law, ANRC established 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.

According to the provisions of Art.31(6) of the Ordinance on Postal Services, the mediation procedure established by ANRC provides the framework for amicably settling the disputes between the users and the providers of postal services. If the complaint addressed to the provider of postal services has not satisfactorily been dealt with, the user concerned may file a complaint with ANRC or may bring proceedings before the competent court of law. These proceedings may be brought even if a complaint on the same matter has been already filed with ANRC.

These legal provisions transposed the requirements imposed by the European Union regulations regarding the protection of the end-users in the fields of electronic communications and postal services.

The users who deem that their rights were infringed by the postal services providers or by the providers of electronic communications services, should such rights be provided in the Ordinance on Postal Services or in the Universal Service Law, may address ANRC for dispute settlement. ANRC takes all the measures, including by calling the parties for separated 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 amiably settling the dispute and to collaborate therefore with the ANRC personnel. If, within 60 days from receiving the first petition, the parties have not reached an agreement regarding the object of the dispute, ANRC will transmit the parties, as a recommendation, its opinion on the manners of solving the dispute, correspondingly motivated.

The most frequent petitions received from the users during 2005 concern the telephone and the Internet access services, the problems raised regarding the quality of services, the repair time, the accuracy of the invoice, the information comprised in the itemised invoice or the legality of the contractual terms.

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

During 2005, the control actions were mainly carried out based on the *General Plan for the control of the providers of electronic communications networks and services and of postal services*, and also on the ANRC President's initiative, upon intimations received from the ANRC units or from other persons. During the control procedure, the authorised personnel of ANRC used the standard forms for the *Control Notice*, for the *Statement of Facts* and for the *Notification on the intention to enforce sanctions*. These forms, as well as the model of their badge, are annexes of the *Instructions regarding the ANRC surveillance and control activity in the fields of electronic communications and of postal services*, which are published on the ANRC website.

In order to promote transparency towards the players on the electronic communications and postal services market, ANRC published on its website a *Sanctioning Guide*, comprising a synthetic presentation of the obligations of the providers of electronic

communications and postal services and the sanctions applicable in case of breaches, according to the legislation in force.

The control activity, conducted on a permanent basis, was carried out by means of the 47 territorial offices of ANRC grouped in 5 regional centres and resulted, in 2005, in a total number of 7354 control actions, of which 3322 control actions at the headquarters or at the work points of the providers of electronic communications networks and services, and respectively - 4032 controls at the headquarters or at the work points of the postal services providers.

Following these control actions, on national level, 1751 contraventions were found, of which 1314 in the electronic communications sector and, respectively, 437 in the postal services sector. Many of these contraventions were remedied following the measures imposed by the ANRC authorised control personnel. In conformity with the legal provisions in the electronic communications sector, following the contraventions found, the ANRC President established terms and imposed conditions for the remedy of the breaches assessed for 11 providers, by means of transmitting them the *Notification on the intention to enforce sanctions*, which drove to the respective providers' recovery of their legal status.

3.11 Communication

3.11.1 Transparency in relation to the industry and the users

The new ANRC website

Through its policy of transparency and permanent interaction with the industry and the end-users, ANRC improved its visual identity and the platform of its website – www.anrc.ro – in order to facilitate quick and effective access to pertinent information on the activity of the Authority and of the markets of electronic communications and of postal services. The new application was supported by the European Union, within a Phare programme, in order to offer the users a sound and professional information background, permanently updated, which should improve the bi-directional communication flow between ANRC and its public.

The new application makes available a search engine for the whole website and two advanced search engines for sorting information from the Official Record of electronic communications providers and from the Official Record of the postal service providers. The ANRC decisions and licences for the use of numbering resources are included in databases and made available for the users, together with multiple choice search applications. ANRC elaborated a set of useful information for the companies, in addition to the "Frequently Asked Questions" section available on the old website.

With a view to keeping an interactive relationship with all the institution's target audiences, the new website hosts a module for creating on-line questionnaires, while preserving the current communication mechanisms. Based on the answers received from the users of the ANRC website, the Authority adjusts its activity to meet the requirements and to be up to the challenges faced by the industry and the end-users.

Furthermore, the new website makes available a set of electronic forms by means of which the users may submit information or accreditation requests, petitions and complaints directly to ANRC, using a very accessible interface.

During 2005, the new ANRC website was accessed by 10,200 visitors a month, on average, as compared to only 8,700 users a month in 2004, which proves the increasing interest in this information instrument manifested by the industry of electronic communications and postal services and by the users of the services available in this market. The most frequently visited pages during 2005 were the "Providers' Record", the page dedicated to secondary legislation and "Frequently Asked Questions".

Electronic application for reporting statistical data

In 2005, the providers of postal services could use an electronic application designed to facilitate the reporting of statistical data they have the obligation to transmit to ANRC, by March 15, every year.

Thus, in January 2005, ANRC made available, on its website, an electronic application by means of which the providers of postal services could send the statistical data required, in electronic form. The electronic application will be made available during every period of reporting statistical data.

Information materials

A very effective instrument ensuring the transparency of the ANRC activity consists of the information materials transmitted by the Authority in electronic format to all the users registered on its website. Thus, the **weekly newsletter** in Romanian and English, transmitted in a new format, summarizes the most important information in a week regarding the ANRC activity. More than 1300 registered users, among which we count representatives of the European Commission and of the regulatory authorities in Europe, benefit from information regarding the regulatory measures adopted by the Authority or from data regarding the market of electronic communications and postal services.

The industry in Romania, the users and the mass media representatives are always informed on the latest developments of the relevant industry and the regulatory measures adopted by foreign authorities, by means of the **international newsletter**, available in Romanian. Thus, ANRC contributes to creating a global image of the tendencies and challenges of the electronic communications industry, which allows the industry representatives all over the country to manage their business based on the landmarks provided by the Authority.

The ANRC Green Number

Ever since April 2005, ANRC made available for the end-users a green number – **0800.855.855**. By means of this green number, the ANRC employees provide public interest information to the requesters, daily, between 8:30 a.m. and 4:30 p.m., while Tuesdays the closing hour is 6:30 p.m.

221 people called the ANRC green number during the 8 months of operation, in order to request information on the providers of fixed telephone services, the providers of Internet access services, as well as on the subsidy and facilities granted in case of failure to pay the telephone bill. Moreover, part of the callers used this number to complain about overcharged bills or the poor quality of some services.

Public consultation

In compliance with the transparency principle, in 2005, ANRC submitted to public consultation, on its website, 17 draft decisions – i.e. all the measures that were likely to bring significant changes in the market. Following the comments received, these draft decisions were analysed during the 3 meetings of the Consultative Council organised

during 2005 and drove to the adoption of 10 decisions with significant impact on the market. The Consultative Council is a forum of dialogue between the representatives of ANRC, of other public institutions, of the industry in the field, and of the civil society, on issues submitted to public consultation. Thus, any interested party may participate and contribute to the elaboration of the secondary legislation issued by ANRC for the markets of electronic communications and of postal services.

Table 3.12 The public consultation process - 2005

Decision-making process	
1. Number of draft normative acts adopted in 2005	4
2. Number of draft individual acts communicated in 2005	7
3. Number of withdrawn drafts*	3
4. Number of pending drafts**	3
5. Number of publicly announced draft decisions:	17
- on the Authority's website	17
- by posting at the ANRC headquarters	17
- by 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 relationship with the civil society	1
9. Actual number of persons in charge with the relationship with the civil society	1
10. Total number of recommendations received***	80
11. Total number of recommendations included in decisions****	45
12. Number of participants in the consultations with the industry	50
13. Meetings of the Consultative Council	3
14. Meetings of the sub-commissions of the Consultative Council	3
15. Number of consultative sessions with the industry and working groups	3
16. Number of decisions issued by ANRC following the procedure of public consultation in 2005, challenged in court	1
17. Number of law suits against the public administration, for breaking the provisions of the law regarding decisional transparency	0
- settled in favour of the plaintiff	0
- rejected	0
- on the roll	0

* following the comments received both from the providers with significant market power, and from the new entrants regarding the cancellation of the draft decisions regarding the obligation of cost-orienting the tariffs of interconnection for the termination of international calls by the providers of fixed and mobile public networks with significant market power, ANRC submitted to the Consultative Council the proposal of withdrawing the respective draft decisions; the participants made no opposition

** the consultation period ended in 2005; ANRC is analysing the comments and suggestions. The final version of the decision will be established following consultation with the industry, within the Consultative Council

*** the total number includes the comments received on the draft decisions completed in 2005 (see 1 and 2). The comments received during 2005 on the drafts that have not been completed yet will be included in the Report on decisional transparency in 2006

**** the total number encompasses the comments included in the draft decisions completed during 2005 (see 1 and 2)

Petitions and requests for public interest information

Table 3.13 Requests for information and petitions solved in 2005

Total number of requests	885
Petitions	192
Requests for public interest information	693
Requests for information by domain of interest	
Electronic communications	
- networks	56
- telephone services	77

- <i>Internet access services</i>	75
- <i>cable television</i>	33
- <i>authorisation (procedure, standard forms)</i>	173
- <i>tariffs</i>	37
- <i>providers</i>	71
- <i>interconnection</i>	4
Postal services (authorisation, tariffs, providers etc.)	28
Legislation	43
Market analyses	5
General data regarding ANRC (contact data, organisation etc.)	27
Other	64
Favourably solved requests	654
Unsolved requests	0
Rejected requests	2
Re-directed requests	37
Requests addressed in writing	428
- on paper	69
- by electronic means	359
Requests addressed by telephone	265
Requests addressed by natural persons	364
Requests addressed by legal persons	329
Administrative requests	0
Complaints in front of the Court of Law	0
Total costs	no additional resources were required
Average interval for answering the requests	3 days
Minimum interval for answering	24 h
Maximum interval for answering	12 days
Answering interval for requests by telephone	instantly

3.11.2 Communication with the industry and the users

ANRC played an active role of informing the providers and the users in the market of electronic communications and of postal services. To this purpose, ANRC initiated, in April 2005, with Phare support, an information campaign for the industry and the users, based on a series of market studies conducted in 2004.

During this information campaign, ANRC focused on the **providers of electronic communications networks and services** and on the **users of telephone services**, both in Bucharest and in the country. These target groups are directly influenced by the changes occurred after the liberalisation of the electronic communications market, both on the level of the **regulatory framework**, which is permanently adjusting to the requirements of a dynamic and competitive environment, and on the level of the **new offer of services** – encompassing an even more diversified range, more tempting, always up to the latest technological developments, and, nevertheless, raising questions regarding the protection means available for consumers.

Communication with the industry

- **The conference entitled „Romanian Communications – 2007 and Beyond“** (Bucharest, April 6, 2005) aimed at increasing the degree of the market players' awareness of challenges and benefits of Romania's accession to the European Union. The conference, made up of two working sessions and two roundtables, presented the progress made by Romania as regards Chapter 19 of the negotiation process (telecommunications and information technology), the policy of the European Union in the field of electronic communications, financial issues and the development of the European

Union policy in the field of electronic communications, case studies and concrete examples of running a successful business in electronic communications, in a country that has recently joined the European Union.

This event organised with the support of the European Union, by the Phare programme, assembled more than 250 representatives of the communications industry in Romania who could benefit from the expertise of prestigious international consultants, of the representatives of several regulatory authorities and of several companies from member states of the European Union.

- **The Providers' Guide** contains essential information regarding ANRC: the most important initiatives by which the Authority promotes competition in the market; the public consultation procedure and the dispute settlement procedure, as well as the providers' equal access to these procedures; the ANRC website. As well, this information leaflet contains information on the institutions authorised to issue certificates or licences for the proper operation in the field of electronic communications.

ANRC printed 5000 leaflets, which were distributed directly to the representatives of the providers of electronic communications networks and services, during the events destined to foster the Authority's dialogue with the industry, as well as by means of the official points of contact with the industry (the 40 territorial offices all over the country, the Authorisation office within the ANRC headquarters and the office for Public Information and Documentation of ANRC).

The Providers' Guide is also available on the ANRC website – www.anrc.ro – on the "Provider's Page" so that any interested person could find a brief presentation of the Authority's activities supporting the providers in the market.

- **The ANRC Caravan** consists of a series of regional meetings between the ANRC management and the representatives of the industry of electronic communications and of postal services during which the Authority's representatives answer the information requirements of the communications industry in the country. **The ANRC Caravan** aims at identifying the specific problems encountered by the providers at local level, as well as at directly informing the industry on the market development and on the ANRC role, objectives and initiatives.

In 2005, the ANRC Caravan started in April and stopped in Cluj-Napoca, Constanta, Iasi and Pitesti, 4 outstanding cities as regards the number of providers of electronic communications and postal services in the 4 geographic regions of Romania. During these events, more than 300 representatives of the Romanian communications industry pointed out problems regarding mostly the shared access to infrastructure and the rights of way and requested the clarification of some actual issues regarding the payment of the monitoring tariff owed to ANRC. Specific issues related to the Authority's relationship with the providers throughout the country were also raised: notification procedure, providers' rights and obligations, possibility of notifying ANRC for the purpose of dispute settlement, the ANRC availability for providing information on specific issues, the public consultation procedure.

Communication with the end-users

- In June, ANRC printed 2 million copies of the "**Fixed Telephony User's Guide**", an information leaflet aimed at raising the degree of awareness of the end-users' rights as to the service providers, of the existence of an alternative fixed telephony offer, of the single emergency call number – 112, of the use of the special regime telephone numbers, of the

carrier selection procedure and of the ANRC green number. As well, the leaflet contains the list of key questions which ANRC advises the users to address the providers before they purchase fixed telephone services.

1,850,000 copies of this information leaflet were distributed during June 2005, into the mail boxes of the families in Bucharest and in the county capitals all over the country. The User's Guide was distributed also during the events dedicated to the industry of electronic communications, as well as by means of specialised communications magazines, of the ANRC territorial offices and of the office for Public Information and Documentation of ANRC. This leaflet is available on the ANRC website, on the **User's Page**, where any interested person may find the "Fixed Telephone User's Guide".

The efforts of informing the end-users on the content of this guide were endorsed by the elaboration of materials on frequently inquired issues, written in accessible language, using widely known terms (articles on the correct use of the numbering resources and on the issues to be considered by a user willing to conclude an agreement with a fixed telephony provider), which were sent to the mass media representatives, on local and national level.

Following the launch of the information campaign for the end-users, the Authority's action was mentioned in 18 articles by the central printed media, in 14 articles by the local press, as well as in one TV programme.

3.11.3 Relationship with the media

The relationship between ANRC and the mass media representatives is based on transparency and prompt reaction. ANRC is aware of the need for providing its public accurate and objective information, therefore the ANRC team is always striving to offer both to the press and to the audio-visual media representatives a continuous flow of relevant information on the Authority's activity in order to maintain, through the mass media, a coherent and transparent dialogue with the industry and to educate the end-users. Thus, in 2005, the journalists accredited by ANRC were transmitted 71 press releases and were invited to participate in 4 press conferences that tackled: the amendment of the calculation formula for the monitoring tariff and for the contribution of the providers of electronic communications networks or services to the Universal Service fund; launching the tender for the installation of telecentres in the rural area; the new interconnection tariffs imposed on Romtelecom; signing the three-party agreements for the installation of telecentres in 33 localities and the presentation of the 2005 activity report of ANRC.

During 2005, ANRC strengthened its relationship with the representatives of the local media, who were less informed on the Authority's initiatives. Thus, during each of the 4 events organised by the ANRC Caravan in Cluj-Napoca, Constanta, Iasi and Pitesti, the journalists in these cities were invited to attend a press conference. These efforts resulted into a greater number of journalists of the local media who have subscribed on the ANRC website in order to receive the Authority's newsletters and press releases and to insert information on its activity in the local media.

Table 3.14 Information requests received from the mass media in 2005

Total number of requests	174
Requests for information, by domains of interest (most frequent)	
- economic regulation	38

- authorisation for electronic communications services	-
- interconnection	10
- local loop	3
- statistics/market analyses	34
- postal services	3
- legislation/legal problems	4
- allocation of numbering resources	13
- Universal Service	19
- cable television	5
- Internet	10
- other	35
Favourably solved requests	170
Unsolved requests	-
Withdrawn requests	3
Re-directed requests	1
Requests addressed in writing	95
- on paper	5
- by electronic means	90
Requests addressed by telephone	78
Requests addressed personally	1
Total costs	no additional resources were necessary
Average interval for answering the requests	32.9 h
Maximum interval for answering	120 h
Minimum interval for answering	8 h
Answering interval for requests by telephone	instantly
Collaboration with the other divisions	very good

Table 3.15 The ANRC activity reflected by the media, January - December 2005

Total number of press materials	788
Positive or neutral press materials	762
Negatively biased press materials	26

3.12 International Relations. Projects. Programmes

International Relations

The international activity of ANRC continued at an accelerated pace in 2005, and the Authority's notoriety in Europe increased, not only among the administrations of the EU member states and of the candidate countries, but also among the relevant operators thereof. Collaboration with the similar institutions witnessed a significant boost, ANRC receiving good practice examples, updated data in the field, as well as access to new information sources and – on its turn – offered specific information and shared its experience with other authorities. ANRC was invited to participate in speciality events in Romania and abroad: congresses, conferences, symposia, seminars. 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 Romania.

IRG and ERG

During 2005, 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. During the plenary meetings of this organisation, as well as during the working groups and the project teams, the ANRC representatives promoted and upheld the adoption of principles and rules that aim at harmonising the regulatory practices at

European level, while minding the specific conditions on the Romanian market of electronic communications.

As a token of appreciation of its active contribution in these bodies' working sessions, in 2005, ANRC hosted – under the IRG aegis – the plenary meeting of the IRG Contact Network (September 8 - 9) and the meeting of the IRG Regulatory Accounting Working Group (June 13 - 14).

Communications Committee

Ever since its establishment, ANRC has 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 harmonised at European level for the national markets of electronic communications.

Among the issues approached in the Communications Committee meetings, in 2005, we count: the implementation of the New Regulatory Framework in the member and in the candidate states, the enforcement of Art.7 of the Framework Directive 2002/21/EC (the notification procedure), the draft recommendation on cost accounting, broadband electronic communications services, harmonised European numbering – especially 116 numbering, Universal Service, services provided through the VoIP technology; the implementation of the single European number for emergency calls – 112; electronic communications services provided through power lines; standardization; implementation of measures for the disabled and access to emergency services. Moreover, ANRC provided the European Commission the data required for the elaboration of monitoring reports on the Romanian electronic communications market.

The dialogue with the EU bodies monitoring the accession commitments

ANRC continued reporting the progress Romania registered during the accession process, and granted special attention to this activity, according to the Accession Treaty. ANRC reported the progress registered on the markets of electronic communications and postal services during the two relevant association subcommittees, Subcommittee no.5 – “Innovation” and Subcommittee no.2 – “Internal Market”. ANRC made also a significant contribution to the elaboration of specific sections of the Report on the progress registered by Romania in the accession preparations.

The European Conference for Post and Telecommunications (CEPT)

As an institution of the Romanian public administration, which, during October 1, 2004 – November 1, 2005, held the presidency of this body, ANRC took an active part in the working groups of the CEPT, during the two plenary meetings organised in Romania, as well as in the sessions of the two bodies subordinated to the CEPT, the Electronic Communications Committee (ECC) and the European Committee for Postal Regulations (CERP), as well as in the relevant working groups and project teams.

ANRC participated also in the activities organised by other international bodies, such as: the International Telecommunication Union (ITU), the French-speaking Regulators Network (FRATEL), the Latin-American Forum of Telecoms Regulators (REGULATEL) and the Universal Postal Union (UPU).

World Summit for Information Society

During November 16-18, 2005, Tunisia hosted the Tunis phase of World Summit for Information Society, organised under the aegis of the United Nations Organisation. This world-class summit aims at setting out an Action Plan for the establishment of an

Information Society for all. Romania participated in this event with its own stand, where it presented an important number of projects and received numerous visitors. ANRC took part in this delegation with a project entitled *Telecentres – Communications for All*. By its commitment to ensuring access to communications for all the citizens of Romania, ANRC considered the installation of telecentres – through the programme for the implementation of Universal Service – as the most effective solution for connecting the people in more than 600 remote rural communities to the public telephone network, thus providing them access to telephone and Internet services. The project *Telecentres – Communications for All*, based on the partnership between ANRC, the providers of electronic communications networks and services and the local public authorities, is part of the International Telecommunications Union, *Partners to Connect the World*, a programme which, within WSIS, offers exposure to the projects elaborated by the WSIS participants (governments, NGOs, representatives of the business environment and of the civil society), in order to connect all the communities to communications services until 2015, at the latest.

Bilateral relations

As regards bilateral relations, in 2005, ANRC strengthened the ties previously established with foreign regulatory authorities. Among these, we count regulators from: Denmark, Finland, France, Germany, Great Britain, Greece, Ireland, Italy, Netherlands, Spain and the United States. ANRC organised a series of experience exchanges with these institutions, which envisaged especially the adjustment of the EU regulatory practices to the Romanian market of electronic communications. These experience exchanges aimed also at improving the professional performance of the ANRC personnel.

Projects and Programmes

During 2005, ANRC completed the implementation of the technical assistance component within the programme Phare RO 0107.01 "Strengthening the National Regulatory Authority for Communications (ANRC/NRAC)". This program encompassed 18 months and was structured into three modules, having the following objectives: strengthening the ANRC institutional capacity for the purpose of elaborating, promoting and implementing specific regulatory measures, according to the *acquis communautaire* and to the best regulatory practices in the field; promoting the information of the public on the new regulatory framework; organisational development and improvement of the employees' professional training.

The activities performed during the module of assistance for the development of the regulatory framework represented a constant support in the ANRC activity, ensuring access to consultancy services provided by renowned companies and thus facilitating the transfer of speciality knowledge and the achievement of a new working procedure. The analyses, models and recommendations made during the implementation of this project resulted in the completion of the legislative and institutional framework harmonised with the requests of the EU legislation in the field of electronic communications and of postal services, as well as in the elaboration of a short-term ANRC strategy focusing on the regulation of retail and wholesale markets, the implementation of Universal Service and the regulation of the allocation of numbering resources, as well as towards the market surveillance and control.

The module destined to promoting the new regulatory framework aimed at informing the service providers and the users of fixed telephone services on the regulatory framework in the field of electronic communications and of postal services. Thus, ANRC elaborated an information guide on the rights and obligations of the users, and initiated a series of

meetings with the communications industry in all the regions of Romania, meant to facilitate direct communication with ANRC regarding problems they face at local level. The providers were invited to take an active part in the public consultation procedure organised by ANRC and to submit comments on the Authority's decisions. Besides, in April 2005, ANRC organised the international conference "Romanian Communications – 2007 and Beyond". The conference offered the participants an excellent frame for information and debate, reiterating the support granted by the Romanian authorities for transition to a fully liberalised and competitive electronic communications sector, as well as for reforming and strengthening the institutional capacity of the Authority, in view of Romania's accession to the European Union.

The activities of organisational development performed within the programme Phare RO 0107.01 envisaged both rendering more effective the Authority's resources by achieving organisational homogeneity at the level of ANRC's structure, and enriching the knowledge and skills of the ANRC employees. ANRC granted special importance to the activities of sustainable professional training of the ANRC personnel, by organising speciality seminars and courses, as well as working visits to regulatory authorities of the EU member states. Moreover, the ANRC employees benefited from special training sessions, dedicated to the improvement of internal and external communication and presentation skills, and of the team spirit, through the organisation of personal development seminars.

During 2005, ANRC also benefited from technical assistance from the International Telecommunication Union (ITU), by means of two projects for the implementation of Universal Service, respectively for imposing *ex-ante* obligations on the provider designated as having significant power on the specific relevant retail markets and for cost-orienting the tariff caps or the tariff calculation models.

4. Electronic Communications Market

4.1 Communications in the context of macro-economic development⁶

Communications are one of the most dynamic sectors of the national economy, featuring one of the highest growth rates in Romania, ranking as the most attractive sector for the foreign investors. During the past four or five years, the communications sector has registered one of the highest contributions to the Gross Domestic Product (GDP) of all the economy sectors. Although this sector's contribution to the GDP is relatively low, as compared to other developed countries, communications profoundly influence economic development through the effects of promoting communications technology and access to information.

The development of communications was also enhanced by the high development rate of the Romanian economy after 2000.

In 2004, although economic growth amounted to 8.3%, it was accompanied by important macro-economic disruption: consumption soared following the significant increase of the net salary, while imports registered higher dynamics than the exports, which emphasized commercial deficit and kept the current account deficit high.

⁶ Source: National Commission for Prognosis

This economic growth – encouraged by the fiscal relaxation reform – continued in 2005, although a series of phenomena hindered its amplitude. Real GDP increased by 4.1%, which is below the annual prognosis, especially due to the repercussions of natural calamities on agriculture, whose gross added value decreased by 13.9%. In this context, communications were the sector featuring one of the fastest development paces. In the last 3 years, this sector constantly grew at a development pace above that of the GDP. In 2002, the gross added value in this sector grew by 5.3%, whereas from 2003 on, the average annual growth rate amounted to approximately 7%.

The boom of the communications sector in 2005 is also illustrated by the dynamics of specific indicators regarding the development of the domestic demand:

- more than 13 million mobile telephony users (as compared to approx. 10.2 million, in 2004);
- the number of Internet users reached 28% of the population of Romania, as compared to 14%, in 2004;
- more than four million fixed telephony users (relatively steady, as compared to the previous year);
- 3.6 million subscribers to services of TV programme re-transmission through cable networks – by 16.8% more than in 2004.

The simultaneous increase of the investment volume, which amounted to 1.8 billion Euro in 2005, enhanced this development.

As regards direct investment, three investment projects were initiated in 2005 (Astral Telecom, Mobifon and the National Radiocommunications Company), amounting to a total value of 398 million dollars, of which a 135 million dollar project (National Radiocommunications Company) was completed.

The roll-out of communications triggered the growth of exports in this sector. In 2004, this sector's exports were by 13% higher than in 2003, i.e. 237 million Euro, as compared to 210 million. In 2005, we witness an exponential growth of the communications services export, whose value doubled (539 million Euro) as compared to 2004.

The communications sector witnessed a constant commercial surplus in the past couple of years: 135 million Euro in 2003, 75 million Euro in 2004 and 251 million Euro in 2005. An important contribution to this growth marked the software export, which increased, in 2005, by 20%. This export segment holds 50% (approx. 280 million Euro) of the total value of communications export.

In 2005, the average number of employees (calculated as an arithmetical mean of the monthly employed personnel) in the field of communications ("postal services and telecommunications") reached 76.4 thousand, decreasing by 2.0% as compared to 2004, i.e. 1.7% of the average number of employees in the national economy.

The average gross monthly income, in 2005, was 1623 RON, i.e. by 4.0% higher than in 2004 (1561 RON). The employees in this sector earn 1.7 times the average salary per economy – almost as much as last year.

Table 4.1 Number of employees and gross salary – post and telecommunications

	2004		2005		Indices (%)	Indices (%)
	No. employees (thousand persons)	Gross salary income (RON)	No. employees (thousand persons)	Gross salary income (RON)		
0	1	2	3	4	5 = 3:1	6 = 4:2
Total economy of which:	4468.8	818	4575	958	102.4	117.1
<i>Post and telecommunications</i>	72.9	1561	73	1623	100.1	114.2
Weight in total economy	1.6		1.6			
Per total economy		1.86		1.82		

Source: INS and CNP

Table 4.2 Index of consumption prices (CPI)

	Dec. 2004/ Dec. 2003	Average 2004/ Average 2003	Dec. 2005/ Dec. 2004	Average 2005/ Average 2004
CPI – total	109.3	111.9	108.6	109.0
CPI – services	108.7	114.7	113.1	110.5
Telephone services	94.9	110.1	105.6	97.7
Postal services	150.7	150.8	111.4	133.7

Source: INS and CNP

4.2 Overview of the Electronic Communications Market

Within three years from the full liberalisation of the Romanian electronic communications market, the number of providers of electronic communications networks and services operating in the market increased significantly. Thus, on December 31, 2005, there were 2207 authorised providers in the Romanian market, 1900 of which had the obligation to report statistical data on the provision of electronic communications in the second half of 2005. Table 4.3 shows their distribution by the main types of electronic communications services provided.

Table 4.3 Active providers in the market as of December, 2005, itemised by services

Services	Active providers
<i>Fixed telephone networks and services</i>	75
<i>Mobile telephone networks and services</i>	4
<i>Internet access services</i>	981
<i>Leased line services</i>	21
<i>Data transmission services</i>	34
<i>Services of audio-visual programme re-transmission</i>	625
<i>Services of professional mobile radio-communications</i>	208
Total providers	1802⁷

⁷ The number of providers operating in the market on December 31, 2005 is represented by the number of providers who reported statistical data to ANRC (approximately 95% of the total number who had this obligation, according to Decision no.1332/2003). These represented the processing and analysis basis of the report. The total number of providers who had started activity on December 31, 2005, amounted to 1900.

Source: ANRC, according to the statistical data reported by the providers of electronic communications networks and services

Table 4.4 Active providers in the electronic communications market (2003-2005)

<i>Services</i>	31.12.2003	30.06.2004	31.12.2004	30.06.2005	31.12.2005
<i>Fixed telephone networks and services</i>	36	50	61	65	75
- origination services	1	3	2	2	8
- transit services	6	15	19	20	20
- termination services	6	9	13	13	18
- calls to national destinations*	14	21	24	32	44
- international calls	29	40	48	50	58
<i>Mobile telephone networks and services</i>	4	4	4	4	4
<i>Internet access services</i>	233	367	515	692	981
- dial-up access	145	166	160	132	130
- coaxial cable access	56	68	72	73	79
- fibre optic access	52	72	109	145	217
- radio access	121	170	219	248	322
- xDSL access	65	78	93	89	93
- access through other means	124	226	333	520	764
<i>Leased line services</i>	26	15	17	18	21
<i>Data transmission services</i>	33	30	36	31	34
<i>Services of audio-visual programme re-transmission</i>	489	574	625	626	625
<i>Services of professional mobile radio-communications</i>	74	144	176	197	208

* local + distance calls + calls towards other fixed public networks + calls to mobile public networks

Source: ANRC, according to the statistical data reported by the providers of electronic communications networks and services

In 2005, the electronic communications market followed the same tendencies as the rest of Europe, as regards the development of telephone and Internet services.

The number of users of the new-entrant fixed providers increased 7 times in 2005, as compared to 2004: the 31 alternative providers of fixed telephone services installing telephone lines through their own access networks held, on December 31, 2005, a 9.9%⁸ market quota. The fixed telephony alternative providers in Romania (providing services both through own networks and through other networks) acquired a total number of 461,553 subscribers.

The number of users of mobile telephone services featured the most important growth in 2005 (more than 3.1 million new users), which boosted the total number of users to 13.3 million users.

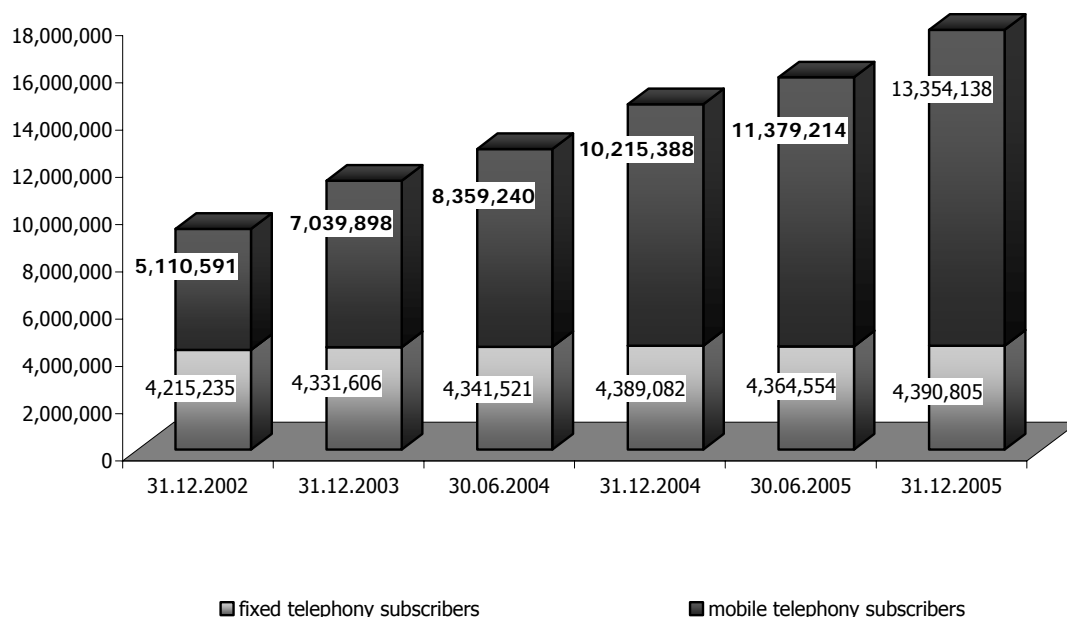
Table 4.5 Evolution of the number of users of fixed telephone services vs. evolution of the number of users of mobile telephone services (2002-2005)

⁸ The market share was calculated based on the number of subscribers in the providers' own network.

	31.12.2002	31.12.2003	30.06.2004	31.12.2004	30.06.2005	31.12.2005
Total number of telephone services users	9,325,826	11,371,504	12,700,761	14,604,470	15,743,768	17,744,943
<i>users of fixed telephone services (%)</i>	45.20	38.09	34.18	30.05	27.72	24.74
<i>users of mobile telephone services (%)</i>	54.80	61.91	65.82	69.95	72.28	75.26

Source: ANRC, according to the statistical data reported by the providers of electronic communications networks and services

Chart 4.1. Evolution of the number of users of fixed telephone services vs. evolution of the number of users of mobile telephone services (2002-2005)



Source: ANRC, according to the statistical data reported by the providers of electronic communications networks and services

Although the user number for fixed telephone services is lower than that for mobile telephone services, 46.9% of the total voice traffic registered in 2005 represented the number of minutes originated in the fixed public networks. The total voice traffic originated in the fixed public networks witnessed a slight decrease - 8.2 billion minutes, in 2005, as compared to 8.8 billion minutes, in 2004 -, whereas the traffic achieved through the alternative operators' networks increased significantly (by approx. 237%). The alternative providers' subscribers use the fixed telephone to call mainly to other networks than the one they subscribe to – 53% of the alternative providers' traffic was traffic to other fixed networks. The weight of voice traffic originated in the mobile public networks, excluding roaming, increased by 7% as compared to the first half of 2005 and by 11% as compared to the second half of 2004, whereas the voice traffic originated in the incumbent's network decreased.

Table 4.6 Voice traffic originated in fixed public networks vs. voice traffic originated in mobile public networks, in total traffic through public telephone networks

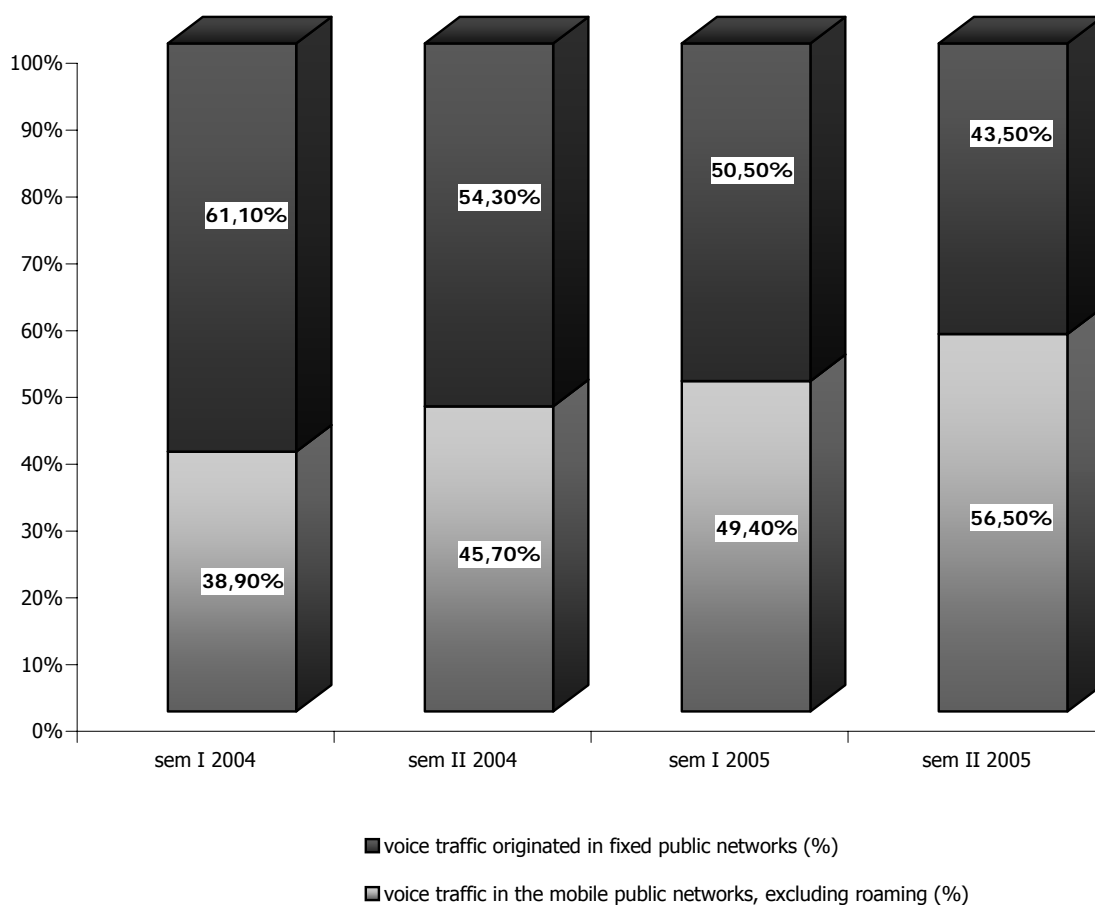
Traffic category	sem I 2004	sem II 2004	Total 2004	sem I 2005	sem II 2005	Total 2005
Total voice traffic originated in the public telephone networks, <i>excluding roaming</i> (million)	7,360	7,966	15,326	8,384	9,188	17,572

minutes)

Voice traffic originated in the mobile public networks, excluding roaming (%)	38.9	45.7	42.4	49.4	56.5	53.1
Voice traffic achieved by the incumbent (%)	60.1	51.9	55.9	46.7	37.6	41.9
Voice traffic achieved by the alternative providers (%)	1.0	2.3	1.7	3.8	6.0	4.9

Source: ANRC, according to the statistical data reported by the providers of electronic communications networks and services

Chart 4.2 Comparative evolution of the weight of voice traffic originated in fixed public networks and of the weight of voice traffic originated in mobile public networks, in total traffic (2004-2005)



Source: ANRC, according to the statistical data reported by the providers of electronic communications networks and services

In the realm of Internet access services, broadband connections represented, on December 31, 2005, 41.05% (751,060) of the total number of 1.8 million Internet access connections, i.e. by 96.21% more than at the end of 2004 (382,783). Among the dedicated broadband connections, at the end of 2005, the highest rate was held by coaxial cable connections (66%).

Taking into account the fact that, in 2005, Romtelecom - the main fixed telephone operator - launched its first commercial offer for broadband Internet access through DSL

support and that xDSL is the most widely used technology for broadband Internet access at European level, we may forecast a rapid growth of this kind of Internet connections in Romania. In the 25 member states of the European Union, in October 2005, 80% of the broadband Internet access lines used the DSL technology, as compared to 78% in 2004, and only 3 of the EU member states featured a DSL market quota below 50%.⁹

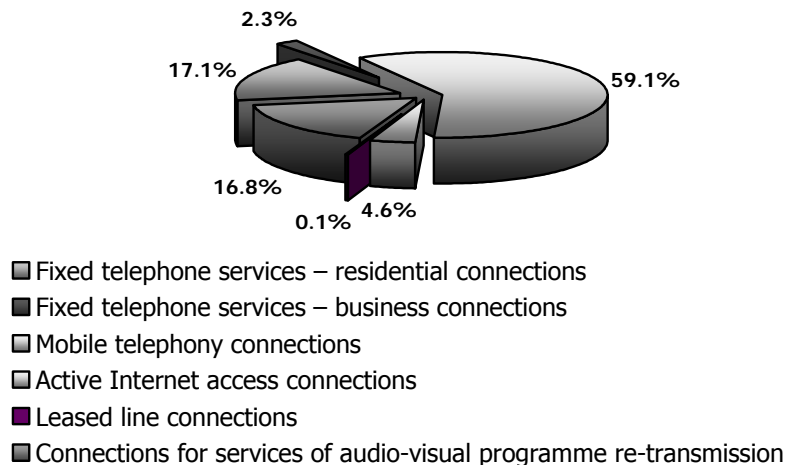
In Romania, in the last half of 2005, the total number of electronic communications connections exceeded 22.6 million. Mobile telephone connections registered the highest weight in the market.

Table 4.7 Total number of connections in the electronic communications sector (end-user level) and their distribution per service categories, as of December 31, 2005

Number of connections	30.06.2005	31.12.2005
Fixed telephone services – residential connections	3,881,198	3,870,211
Fixed telephone services – business connections	483,356	520,594
Mobile telephony connections	11,379,214	13,354,138
Active Internet access connections	869,572	1,047,683
Leased line connections	24,430	25,397
Connections for services of audio-visual programme re-transmission	3,111,882	3,787,319
Total connections	19,749,652	22,605,342

Source: ANRC, according to the statistical data reported by the providers of electronic communications networks and services

Chart 4.3 Total number of connections in the electronic communications sector (end-user level) and their distribution per service categories, as of December 31, 2005



Source: ANRC, according to the statistical data reported by the providers of electronic communications networks and services

5. Fixed telephony sector

5.1 Authorised providers/Active providers

⁹ According to the data in Annex 2 of „The 10th Report on European Communications Regulation and Markets 2004“ of the European Commission, p. 63.

By the end of 2005, there were 2073 companies authorised to provide fixed public networks and 258 companies authorised to provide telephony services by means of fixed public networks, 75 of which actually provided telephone services: 32 companies - by means of their own networks and 54 companies - by means of other access networks.

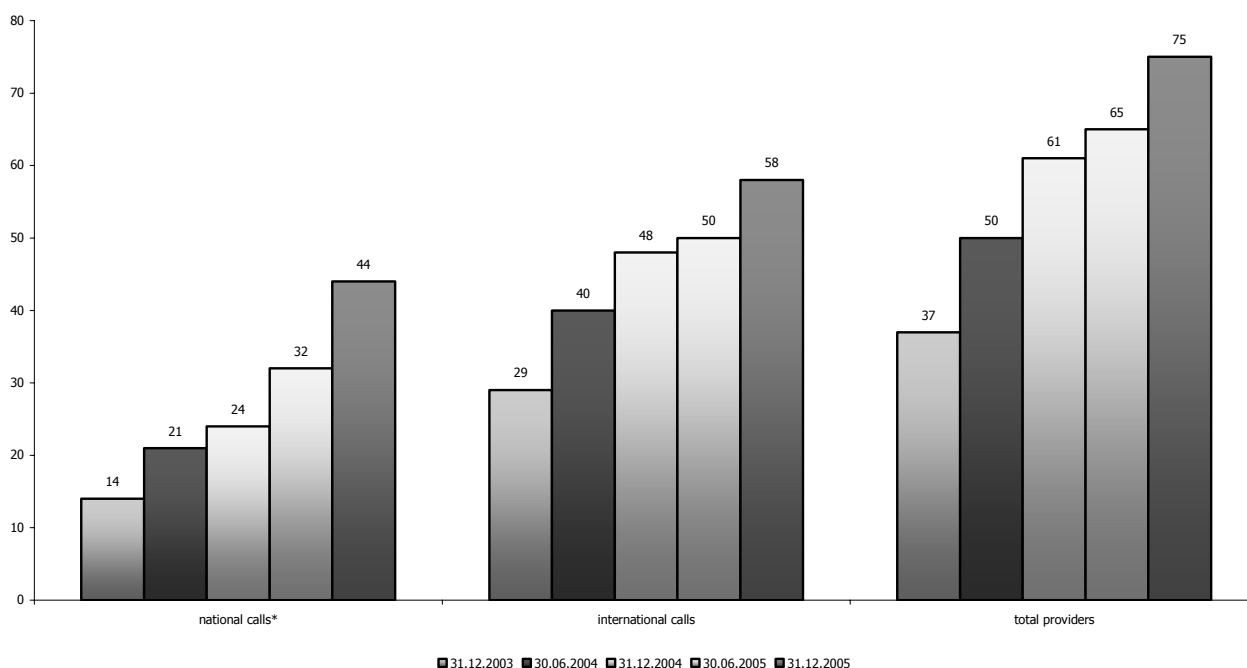
Table 5.1 Number of providers authorised to provide telephony services by means of fixed public networks and number of active providers

	31.12.2003	30.06.2004	31.12.2004	30.06.2005	31.12.2005
Total authorised providers	178	183	219	226	258
Total active providers	37	50	61	65	75
- active providers of access services and calls through own networks	23	20	25	26	32
- active providers of transit services through own networks	6	15	19	20	20
- active providers of services through other access networks	19	32	38	42	54

Source: ANRC, according to the statistical data reported by the providers of electronic communications networks and services

On December 31, 2005, 58 of the companies on the market of telephone services through fixed public networks offered international call services and 44 companies offered national call services (local, long-distance, calls to other fixed public networks and calls to the mobile public networks).

Chart 5.1 Number of active providers itemised by the categories of fixed telephone services they provide



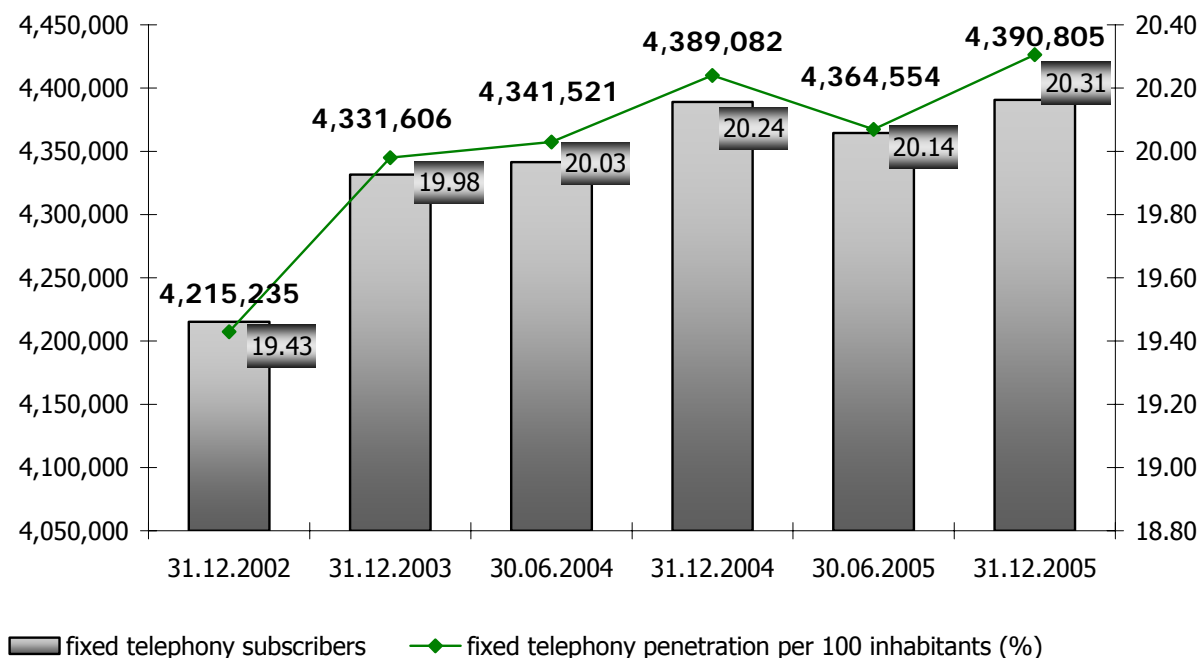
* local calls+long-distance calls+calls to other fixed public networks+calls to mobile public networks

Source: ANRC, according to the statistical data reported by the providers of electronic communications networks and services

5.2 Main Market Indicators

The number of fixed telephony subscribers witnessed a slight upward trend. Thus, the total number of subscribers between December 2002 and December 2005 increased by 4.17%.

Chart 5.2 Evolution of the number of fixed telephony subscribers. Penetration rate (subscribers/100 inhabitants)



Source: ANRC, according to the statistical data reported by the providers of electronic communications networks and services

The penetration rate of fixed telephony, calculated for the population of Romania, reached 20.31% on December 31, 2005, as compared to 19.43% in 2002.

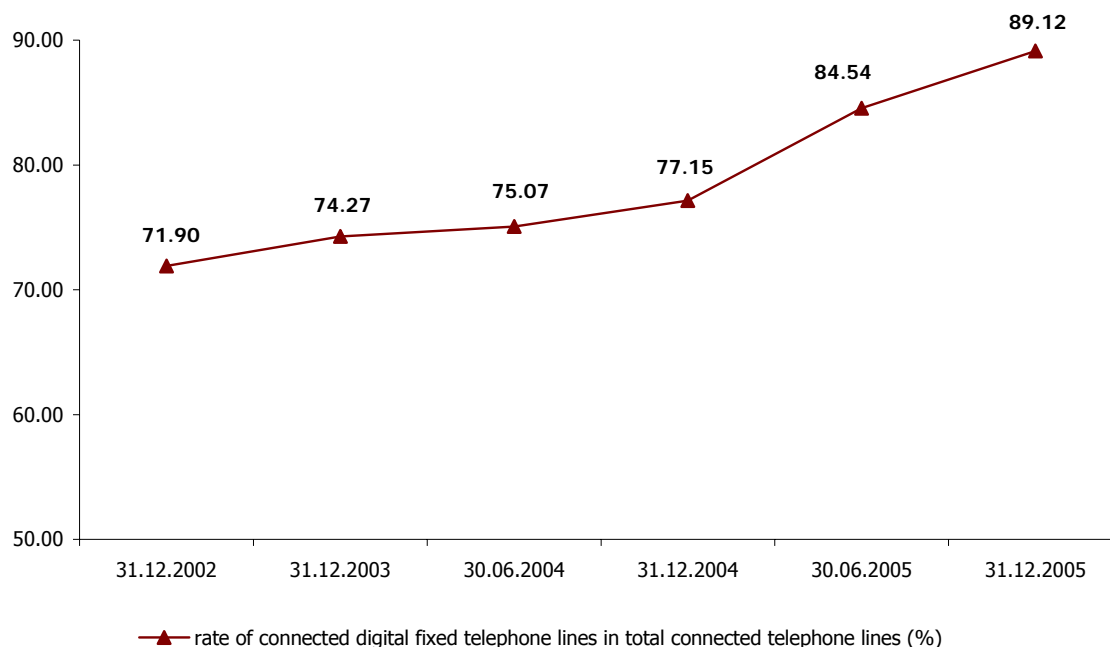
Table 5.2 Number of fixed telephony subscribers. Penetration rate: subscribers/100 inhabitants/digitalisation rate

	31.12.2002	31.12.2003	31.12.2004	31.12.2005
Penetration of fixed telephony per 100 inhabitants (%)	19.43	19.98	20.24	20.31
Weight of fixed digital lines connected out of the total number of fixed lines connected (%)	71.9	74.27	77.15	89.12

Source: ANRC, according to the statistical data reported by the providers of electronic communications networks and services

The fixed line digitalisation rate steadily increased, reaching - in December 2005 – 89.12% subscribers connected to digital exchanges, as compared to 77.15% at the end of 2004 and 71.90%, in December 2002.

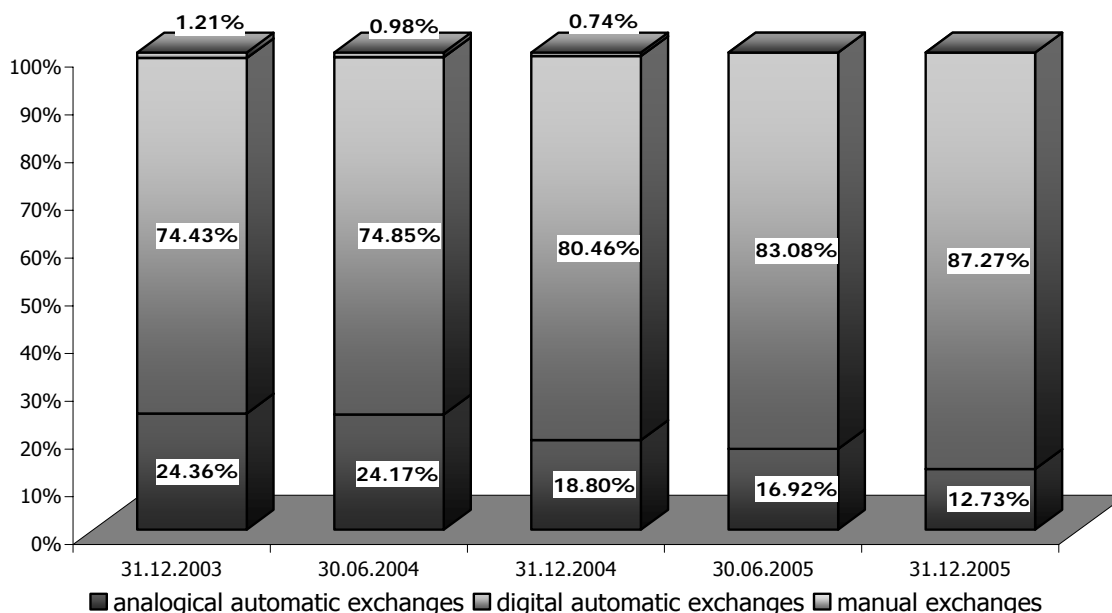
Chart 5.3 Evolution of fixed telephony digitalisation rate



Source: ANRC, according to the statistical data reported by the providers of electronic communications networks and services

The capacity of automatic digital telephone exchanges increased by 35% during December 31, 2003 – December 31, 2005. Moreover, the maximum number of telephone lines that could be connected to analogical exchanges dropped by 40%, over the same period, while all of the manual exchanges were replaced.

Chart 5.4 Evolution of the maximum number of connectable telephone lines



Source: ANRC, according to the statistical data reported by the providers of electronic communications networks and services

At the end of 2005, there were 17,796 international telephone lines, by 81% more, as compared to end-2003.

The total traffic originated in the fixed public networks in Romania amounted, in 2005, to 9,701 million minutes, i.e. 87.5% of the total traffic achieved in 2004. As compared to the first half, the traffic registered during the second half of 2005 was by 9.4% lower.

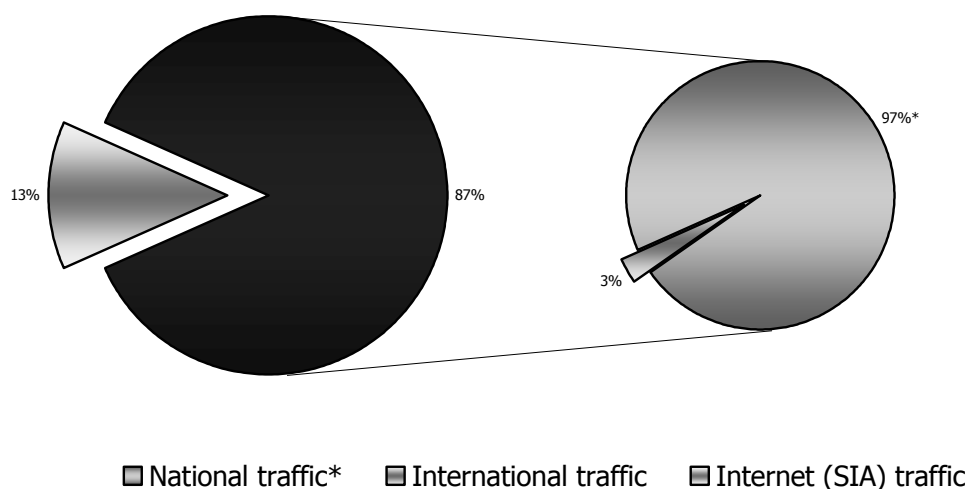
Table 5.3 Traffic of minutes originated in the fixed public telephone networks in Romania

	sem I 2004 (million minutes)	sem II 2004 (million minutes)	sem I 2005 (million minutes)	sem II 2005 (million minutes)
Total traffic (voice + Internet SIA)	5,750	5,332	5,091	4,610
Voice traffic	4,495	4,322	4,239	3,998
National traffic*, of which:	4,377	4,188	4,116	3,872
- to other fixed public networks	20	92	212	301
- fixed-to-mobile calls	393	403	388	398
International voice traffic	118	134	123	126
Internet (SIA) traffic	1,255	1,010	852	612

* local calls+long-distance calls+calls to other fixed public networks+calls to mobile public networks

Source: ANRC, according to the statistical data reported by the providers of electronic communications networks and services

Chart 5.5 Voice traffic weight, per categories of provided traffic, in the total traffic originated in the fixed public telephone networks in the first half of 2005



* local calls+long-distance calls+calls to other fixed public networks+calls to mobile public networks

Source: ANRC, according to the statistical data reported by the providers of fixed telephone services

The voice traffic achieved by the providers that use other operators' public fixed telephone networks for the provision of publicly available telephone services for the end-users increased by 53.2% in 2005, as compared to 2004.

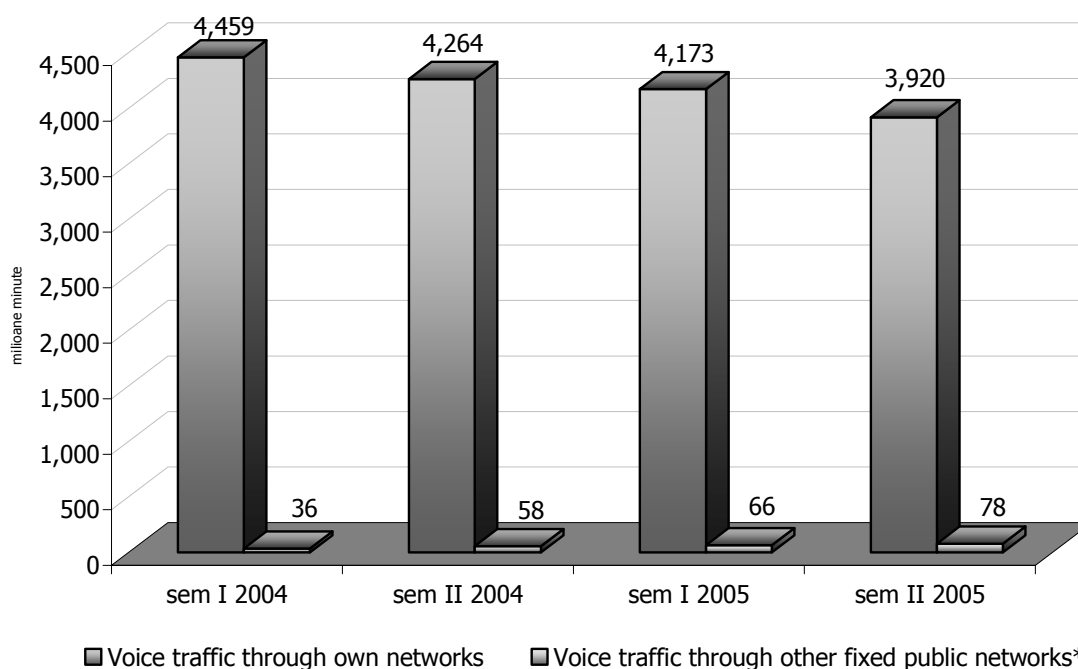
Table 5.4 Traffic of minutes originated in own fixed public networks in Romania and in third parties' fixed public networks in Romania

	sem I 2004 (million minutes)	sem II 2004 (million minutes)	sem I 2005 (million minutes)	sem II 2005 (million minutes)
Voice traffic – own networks	4,459	4,264	4,173	3,920
Voice traffic – other fixed public networks*	36	58	66	78
Total voice traffic	4,495	4,322	4,239	3,998

**indirect access traffic realized through carrier selection codes, through ISDN PRA flows, as well as by means of non-geographic numbering resources*

Source: ANRC, according to the statistical data reported by the providers of electronic communications networks and services

Chart 5.6 Evolution of the traffic of minutes originated in the own fixed public networks vs. in other fixed public networks



**indirect access traffic realized through carrier selection codes, through ISDN PRA flows, as well as by means of non-geographic numbering resources*

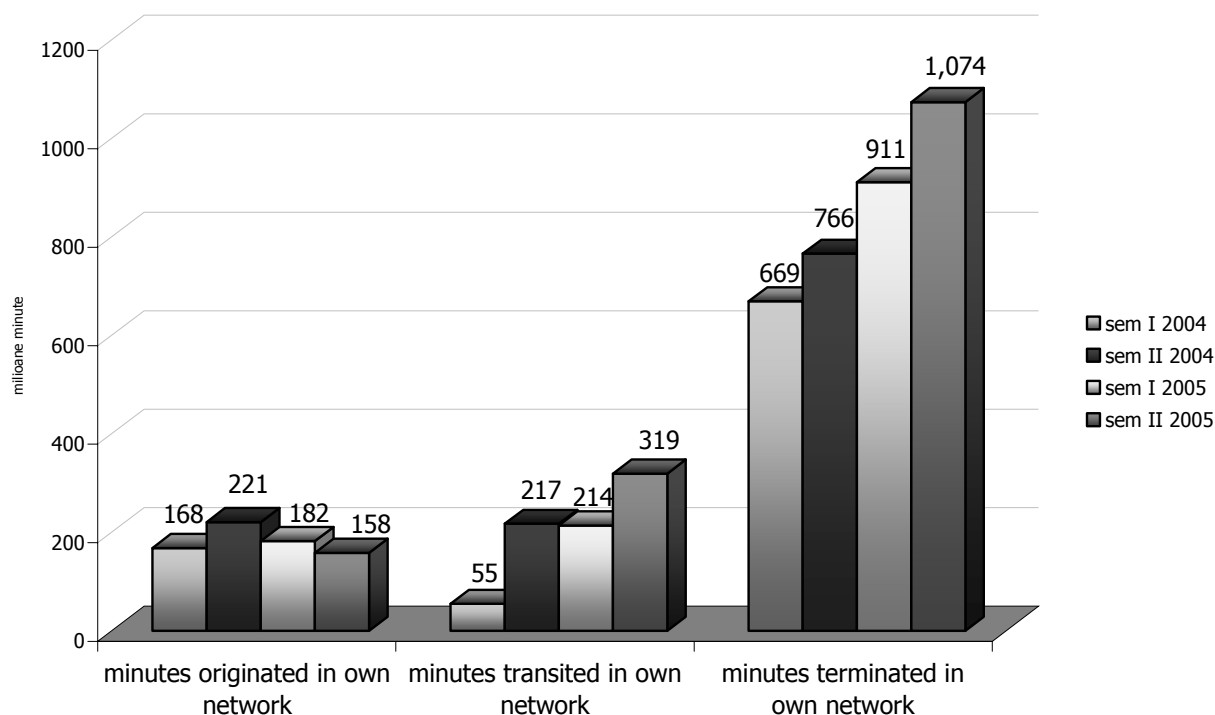
Source: ANRC, according to the statistical data reported by the providers of electronic communications networks and services

The traffic originated in the fixed public networks towards other fixed public networks increased 4.6 times in 2005, as compared to 2004, due to the market entry of numerous alternative providers, whose diversified offers, including integrated services, stimulate the use of electronic communications services.

The situation changes in the case of traffic for Special Internet Access (SIA). In 2005, the Internet traffic through fixed public networks decreased by 35.3%, mostly as a result of the users' shift from dial-up connections to dedicated Internet access connections.

As regards the traffic achieved in the wholesale market of the fixed telephony sector, the traffic terminated in the operator's own networks increased by 38.3% during December 31, 2004 – December 31, 2005, amounting to 1,985 million minutes.

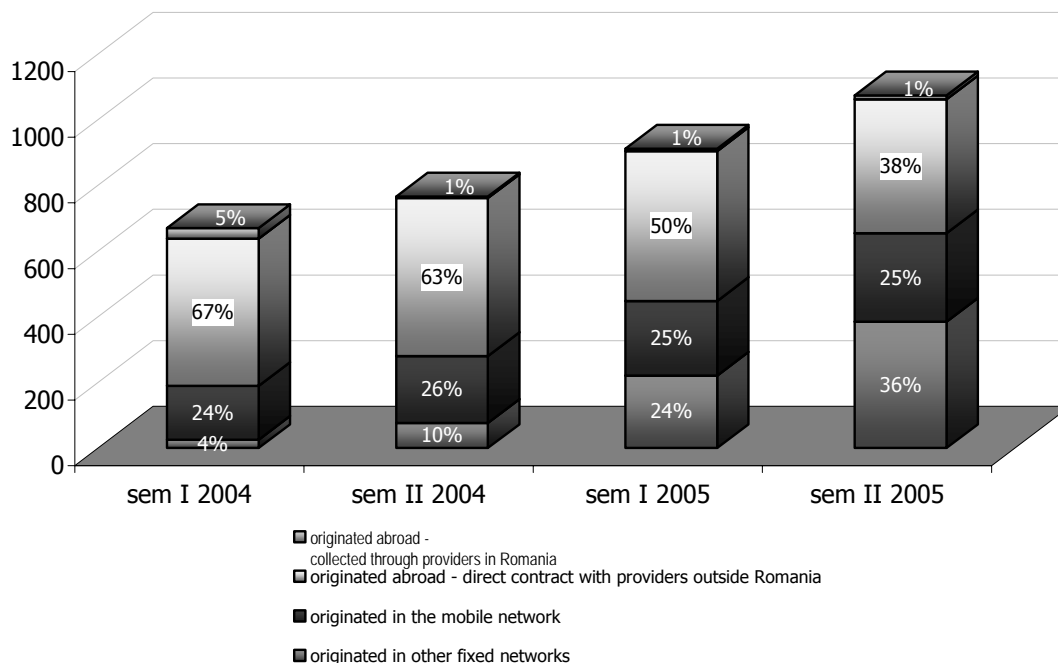
Chart 5.7 Evolution of the voice traffic on the wholesale market of the fixed telephony sector



Source: ANRC, according to the statistical data reported by the providers of electronic communications networks and services

Based on the origination of the calls terminated in the providers' own network, the greatest weight of the total voice traffic volume is held by the calls originated outside Romania (by direct agreement with the foreign providers), the number of terminated minutes representing, in the second half of 2005, 38% of the total of 1.074 million minutes.

Chart 5.8 Evolution of the voice traffic terminated in the providers' own networks – itemised by origination – and weight of the traffic categories in total terminated traffic



Source: ANRC, according to the statistical data reported by the providers of electronic communications networks and services

5.3 Alternative offer of electronic communications services

After three years from the full liberalisation of the electronic communications market, one can actually choose from alternative offers of fixed telephone services, besides the incumbent's. By the end of December 2005, there were 74 active alternative providers in the market, as compared to 36 active alternative providers at the end of 2003. Regarding the call category provided, 43 operators actually provided national call services (local, long-distance, calls to other networks) and 57 - international calls.

Table 5.5 Number of alternative providers of fixed telephone services, itemised by the categories of services they offer

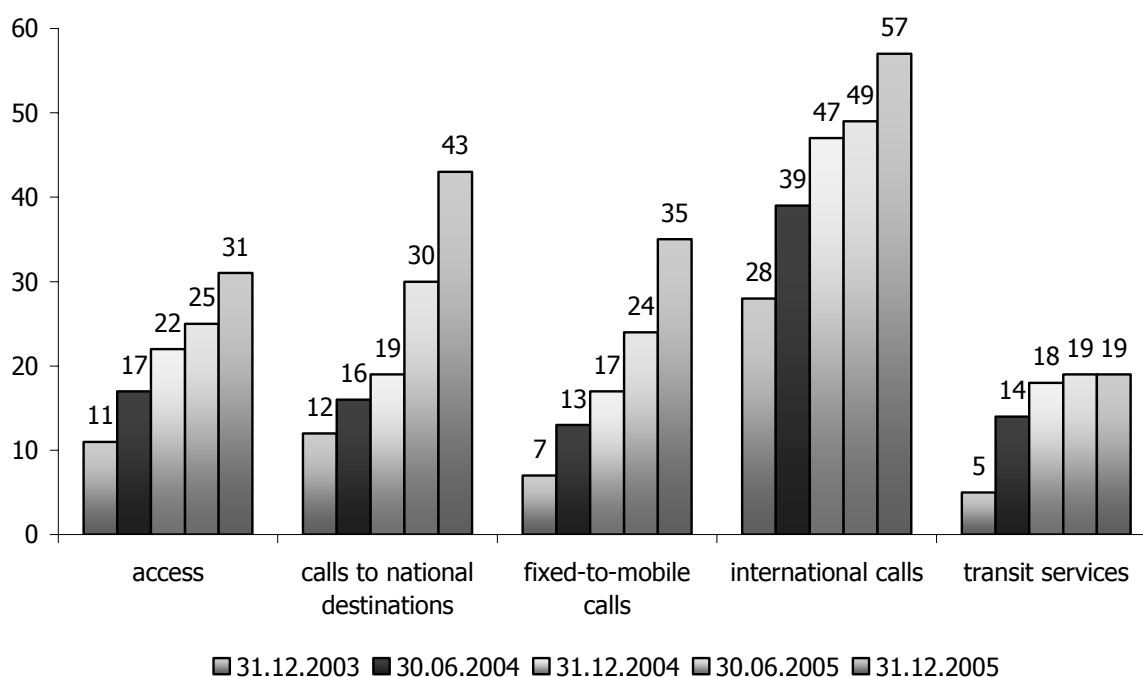
	Alternative providers		
	31.12.2003	31.12.2004	31.12.2005
access*	11	22	31
national calls**	12	19	43
fixed-to-mobile calls	7	17	35
international calls	28	47	57
transit services	5	18	19
Total alternative providers	36	60	74

*the respective alternative provider installs the telephone line

** local calls+long-distance calls+calls to other fixed public networks

Source: ANRC, according to the statistical data reported by the providers of electronic communications networks and services

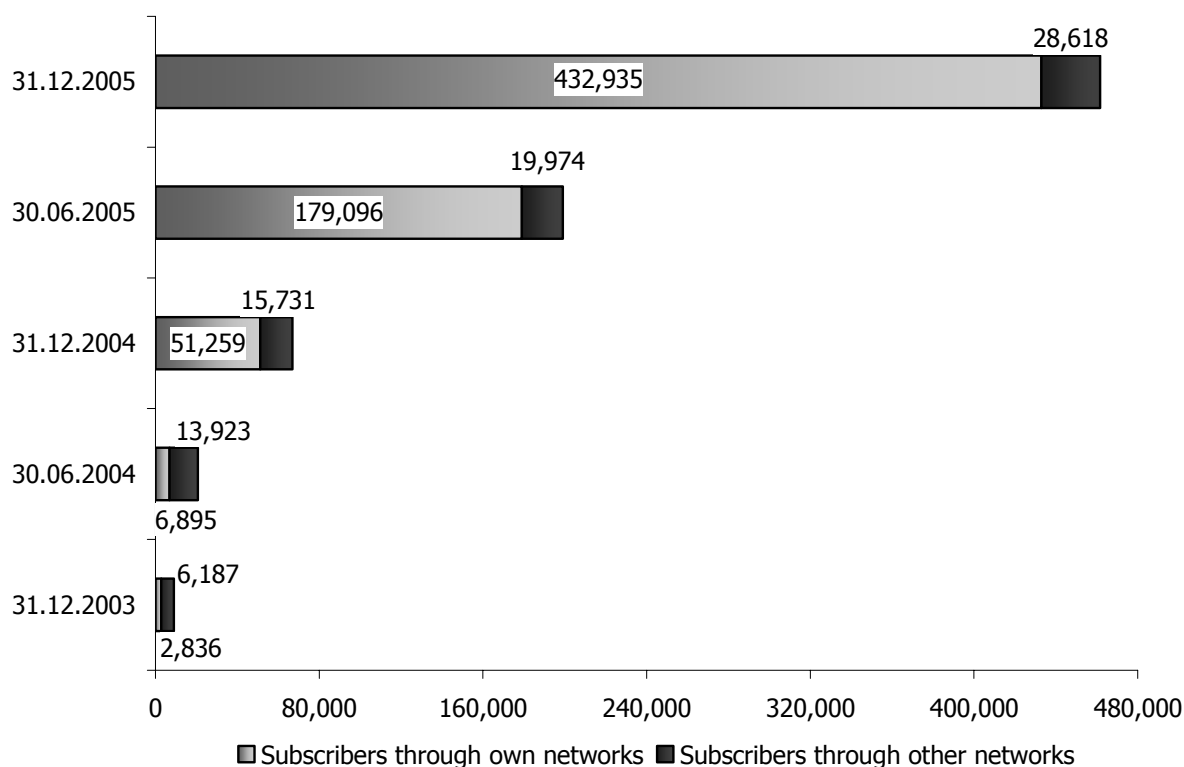
Chart 5.9 Number of alternative providers of fixed telephone services, itemised by the categories of services they offer



Source: ANRC, according to the statistical data reported by the providers of electronic communications networks and services

The number of subscribers of the alternative providers had multiplied by 7 between December 31, 2004 and December 31, 2005, exceeding 460,000.

Chart 5.10 Evolution of the number of subscribers to alternative providers of fixed telephone services



Source: ANRC, according to the statistical data reported by the providers of electronic communications networks and services

Furthermore, the traffic achieved through the fixed public networks of the alternative providers of fixed telephony kept growing during 2005. The most important development was registered by the traffic to national destinations – local calls, distance calls, calls in the providers' own networks, as well as to other fixed public networks, and fixed-to-mobile calls – which amounted to 760.3 million minutes in 2005.

Table 5.6 Evolution of the traffic volume achieved by the alternative providers of fixed telephone services, based on the destination of calls during December 31, 2004 – December 31, 2005

Traffic/period	Alternative provider traffic			Total traffic		
	2003 mil. min.	2004 mil. min.	2005 mil. min.	2003 mil. min.	2004 mil. min.	2005 mil. min.
Total traffic	72.8	257.8	868.1	12,219.8	11,082.7	9,701.4
National traffic*	14.1	42.5	191.8	7,964.3	7,658.2	6,688.0
Traffic to other fixed networks	9.7	91.6	466.1	9.7	111.5	513.5
Fixed-to-mobile traffic	9.6	26.4	102.4	817.9	796.0	786.3
International traffic	39.4	97.4	107.8	183.9	251.9	248.4
Internet (SIA) traffic	-	-	-	3,244.0	2,265.2	1,465.2

* traffic in the same network, local + long-distance

Source: ANRC, according to the statistical data reported by the providers of electronic communications networks and services

Therefore, the traffic volume achieved through the networks of the alternative providers of fixed telephone services represented 13.7% of the total voice traffic, as the alternative offers had a significant impact especially on the market of international calls at fixed locations. Thus, by the end of 2005, the market share registered by the alternative providers on this market segment had reached 48.3%.

Table 5.7 Alternative providers of fixed telephony services on the retail market, itemized by fixed telephone services categories provided as of December 31, 2005

	Provider	Services of access through the providers' own network*	Services of calls to national destinations**	International call services
1.	S.C. ROMANIA DATA SYSTEMS S.A.	✓	✓	✓
2.	S.C. ASTRAL TELECOM S.A.	✓	✓	✓
3.	S.C. ATLAS TELECOM NETWORK ROMANIA S.R.L.	✓	✓	✓
4.	S.C. NET CONNECT INTERNET S.R.L.	✓	✓	✓
5.	S.C. TELEFONET TM S.R.L.	✓	✓	✓
6.	S.C. AIETES TELECOM GALATI FILIALA TULCEA S.R.L.	✓	✓	✓
7.	S.C. UTI COMMUNICATIONS SYSTEMS S.R.L.	✓	✓	✓
8.	S.C. EUROWEB ROMANIA S.A.	✓	✓	✓
9.	S.C. ORIZONT GROUP S.R.L.	✓	✓	✓
10.	S.C. OMEGA TELECOMUNICATII S.R.L.	✓	✓	✓
11.	S.C. INTERSAT S.R.L.	✓	✓	✓
12.	S.C. FAST CORPORATION S.R.L.	✓	✓	✓
13.	S.C. PARLATEL S.R.L.	✓	✓	✓
14.	S.C. GTS TELECOM S.R.L.	✓	✓	✓
15.	S.C. DIAL TELECOM S.R.L.	✓	✓	✓
16.	S.C. INES GROUP S.R.L.	✓	✓	✓
17.	S.C. TRANS TEL SERVICES S.R.L.	✓	✓	✓
18.	SOCIETATEA NATIONALA DE RADIOCOMUNICATII S.A.	✓	✓	✓
19.	S.C. TELCOR COMMUNICATIONS S.R.L.	✓	✓	✓
20.	S.C. TELEFONET COMMTECH S.R.L.	✓	✓	✓
21.	S.C. MEDIA SAT S.A.	✓	✓	✓
22.	S.C. NEVI CONS S.R.L.	✓	✓	✓
23.	S.C. GLOBTEL INTERNET S.A.	✓	✓	✓
24.	S.C. VITANIC-RO S.R.L.	✓	✓	✓
25.	S.C. ADISAM TELECOM S.A.	✓	✓	✓
26.	S.C. NETMASTER COMMUNICATIONS S.R.L.	✓	✓	✓
27.	S.C. PANCRIS GRUP S.R.L.	✓	✓	✓
28.	S.C. VIP NET S.R.L.	✓	✓	✓
29.	S.C. NETPOINT S.R.L.	✓	✓	✓
30.	S.C. INTERNEXT S.R.L.	✓		✓
31.	S.C. PLUG IT INTERNATIONAL S.R.L.	✓	✓	
32.	S.C. CONNET-RO S.R.L.		✓	✓
33.	S.C. A&G COMMUNICATION S.R.L.		✓	✓
34.	S.C. TELESTAR CORPORATION GMBH S.R.L.		✓	✓
35.	S.C. WORLD TELECOM NETWORK S.R.L.		✓	✓
36.	S.C. IRISTEL ROMANIA S.R.L.		✓	✓
37.	S.C. EASY COMM S.R.L.		✓	✓
38.	S.C. MASS INTERNET S.R.L.		✓	✓

39.	S.C. QUALITY MANAGEMENT SYSTEMS CONSULTING S.R.L.		✓	✓
40.	S.C. TERON INTERMOB S.R.L.		✓	✓
41.	S.C. DATATEK GROUP INC. S.R.L.		✓	✓
42.	S.C. THOMAS HOOK COMMUNICATIONS S.R.L.		✓	
43.	S.C. OMNITECH S.R.L.		✓	
44.	S.C. TERON DIGITAL NETWORK S.R.L.		✓	
45.	S.C. TELEVOX S.R.L.			✓
46.	S.C. CONTACT INTERNATIONAL 2000 S.R.L.			✓
47.	S.C. INTERNET EXPERT 2003 S.R.L.			✓
48.	S.C. MAGIC TELECOM S.R.L.			✓
49.	S.C. CONSEDO INTERCALLING S.R.L.			✓
50.	S.C. MOBIMAX TELECOM S.R.L.			✓
51.	S.C. INTERPOINT S.R.L.			✓
52.	S.C. NEXCOM ROMANIA S.R.L.			✓
53.	S.C. MONDO INTERCOM S.R.L.			✓
54.	S.C. ADVANCED BUSINESS SOLUTIONS INTERNATIONAL S.R.L.			✓
55.	S.C. BUZZ INTERNATIONAL S.R.L.			✓
56.	S.C. COMPLEX SERVICE S.R.L.			✓
57.	S.C. TELEXMAX S.R.L.			✓
58.	S.C. CROSSZONES S.R.L.			✓
59.	S.C. NOBEL ROMANIA S.R.L.			✓
60.	S.C. TELETEXT INTERNATIONAL S.R.L.			✓
61.	S.C. TIM NET S.R.L.			✓

**the respective alternative provider installs the telephone line; it has subscribers in its own network*

***services of local calls+long-distance calls+calls to other fixed networks+fixed-to-mobile calls*

Source: ANRC. The table contains the active providers at the end of 2005, according to the statistical data reported by the providers of electronic communications networks and services.

5.4 Results of regulating interconnection with the Romtelecom network

By the end of 2005, the number of the providers of public electronic communications networks who had concluded interconnection agreements with Romtelecom based on the Reference Interconnection Offer regulated by ANRC reached 50.

5.5 Surveillance and control

The main surveillance activity carried out in 2005 in the fixed telephony market consisted of identifying the actual situation of the public pay telephones in the territory, in view of establishing the eligible localities for the implementation of Universal Service.

By the end of December 2005, at national level, the fixed telephony market witnessed 154 control actions during which 46 contraventions were reported. Several control actions were initiated by the ANRC President, following the end-users' complaints or petitions, while others aimed at identifying both the providers and natural persons who were not authorised to provide publicly available telephone services by means of VoIP technology, consisting of international call termination in various fixed networks in Romania, without the consent of the network operator.

6. Mobile telephony sector

6.1 Authorised providers/Active providers

By the end of 2005, there were 64 companies authorised to provide telephone services through mobile public networks, 4 of which actually provided such services, by means of all the important technologies. Besides, starting 2005, Mobifon launched 3G mobile telephone services on the market and Orange Romania will offer these services starting next year.

6.2 Main market indicators

In 2005, both the number of users of telephone services provided through mobile public networks and the coverage of such networks raised significantly.

Table 6.1 Coverage of mobile public networks - December 31, 2005

<i>Provider</i>	<i>Coverage - territory %-</i>	<i>Coverage - population %-</i>
<i>S.C. Orange Romania S.A</i>	n/a	96.60 ¹⁰
<i>S.C. Mobifon S.A.</i>	n/a	95.00 ¹¹
<i>S.C. Telemobil S.A.</i>	78.00	95.00
<i>S.C. Cosmote RMT S.A.</i>	54.57	78.48

Source: ANRC, according to the statistical data reported by the providers of electronic communications networks and services

During 2004 – 2005, three of the providers of mobile telephone services witnessed a steady increase of the user number. On average, the total number of users of mobile telephone services increased by more than 30.7% as compared to end-2004, the penetration rate of mobile telephony reaching, at the level of population, 61.8%, from 47.1% as of December 31, 2004.

Table 6.2 Number of users of telephone services provided through mobile public networks, as of December 31, 2005

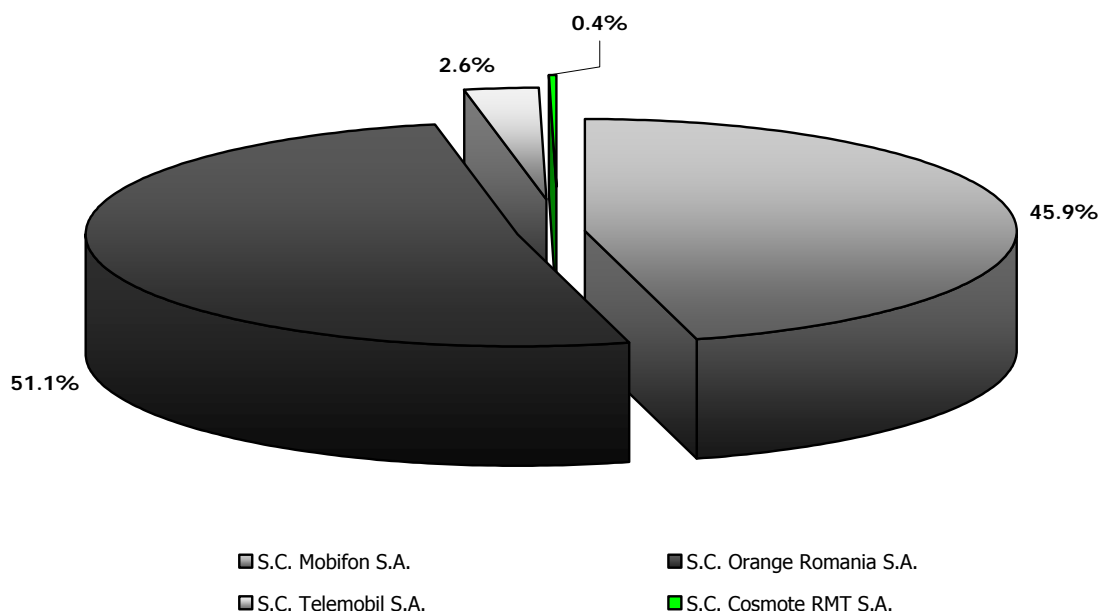
Provider	No. of users
<i>S.C. Mobifon S.A.</i>	6,131,839
<i>S.C. Orange Romania S.A.</i>	6,823,295
<i>S.C. Telemobil S.A.</i>	350,064
<i>S.C. Cosmote RMT S.A.</i>	48,940
Total	13,354,138

Source: ANRC, according to the statistical data reported by the providers of electronic communications networks and services

Chart 6.1 Market shares (by total number of users) of the providers of telephone services provided through mobile public networks, as of December 31, 2005

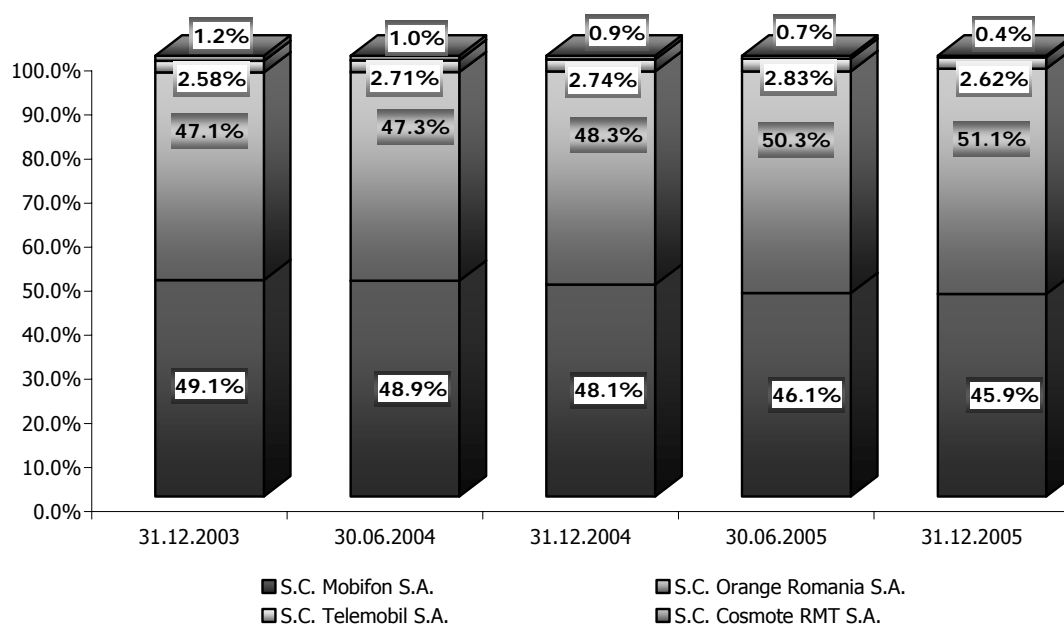
¹⁰ Source: www.orange.ro

¹¹ Source: www.vodafone.ro



Source: ANRC, according to the statistical data reported by the providers of electronic communications networks and services

Chart 6.2 Evolution of the market shares held by the providers of telephone services offered through mobile public networks, by total number of users (2003 –2005)

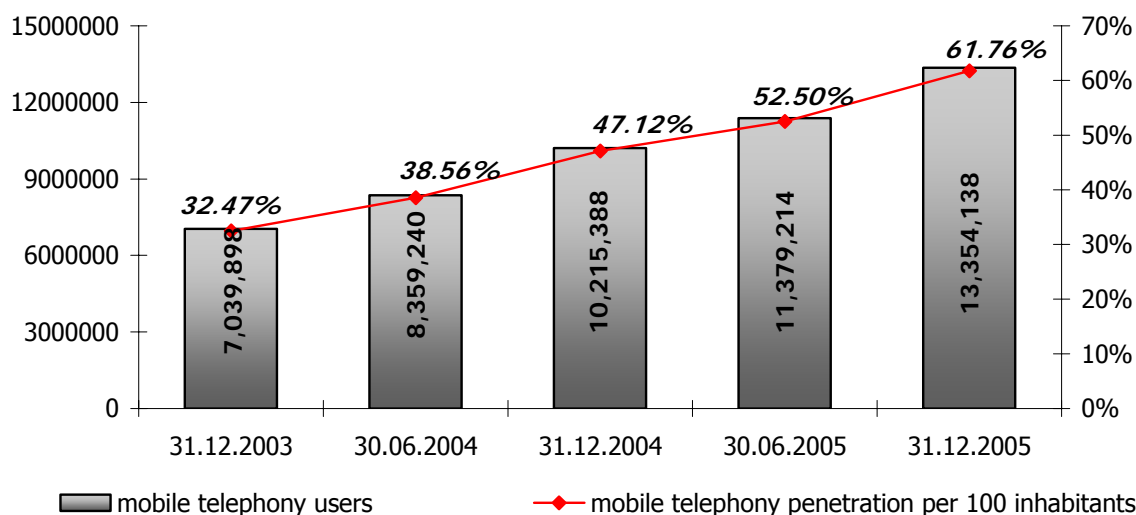


Source: ANRC, according to the statistical data reported by the providers of electronic communications networks and services

The rising trend of the penetration rate of mobile telephone services indicate a considerable growth potential, especially in comparison with the European average

penetration rate of 91%¹² registered in the European Union at the end of 2005, by 9.63% higher than at the end of 2004.

Chart 6.3 Evolution of the number of users and of the penetration rate of telephone services provided through mobile public networks (2003 – 2005)



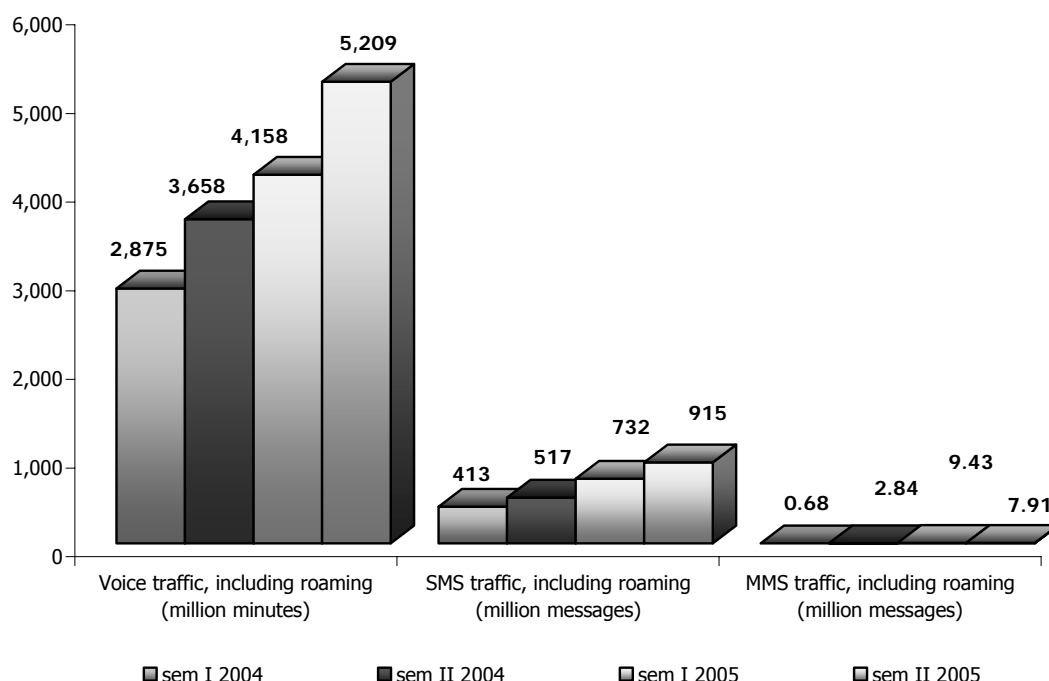
Source: ANRC, according to the statistical data reported by the providers of electronic communications networks and services

Concerning the users distribution according to the services they are provided – by means of a monthly rental fee or of prepaid cards – the subscribers weight from the total number of subscribers dropped by 0.8% as compared to end-2004, reaching 35.8%, whereas the weight of prepaid card users increased by 0.5%, amounting to 64.2%.

The offers of the providers of telephone services provided through mobile public networks are quite diversified. One can see a substantial growth of the demand for all types of services: voice, SMS, MMS, data. The total SMS traffic increased by 77% in 2005, reaching 1.6 billion SMS (including roaming), while MMS traffic increased over 5 times, up to 17 million MMS. The voice traffic rose by 43% in 2005, achieving 9,367 million minutes.

Chart 6.4 Evolution of voice, SMS and MMS traffic through mobile public networks (2004 – 2005)

¹² According to the data in Annex 1 of „The 10th Report on European Electronic Communications Regulation and Markets 2004“ of the European Commission, p. 43.

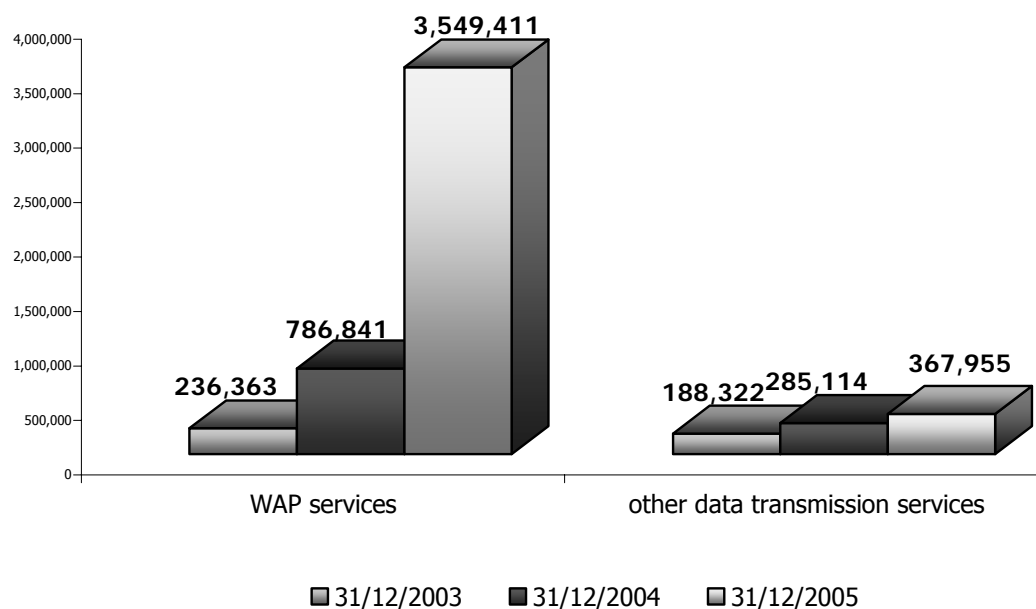


Source: ANRC, according to the statistical data reported by the providers of electronic communications networks and services

In the second half of 2005, the total voice traffic through mobile public networks, including roaming, increased by 25% as compared to the total voice traffic achieved in the first half of 2005, and by 42% as compared to the second half of 2004. The SMS number increased by 25% as compared to the same period of 2004, while the number of MMS decreased by 16% as compared to the first half of 2005, but exceeds by 179% the figure of the second half of 2004.

As well, the number of users of data services provided through mobile public networks increased significantly. Thus, on December 31, 2005, the number of users having access to WAP services increased by 351%, as compared to 2004, whereas the number of users who accessed other data services increased by 29%, as compared to the values registered on December 31, 2004.

Chart 6.5 Evolution of the number of users having access to data transmission services provided through mobile public networks (2003 – 2005)



Source: ANRC, according to the statistical data reported by the providers of electronic communications networks and services

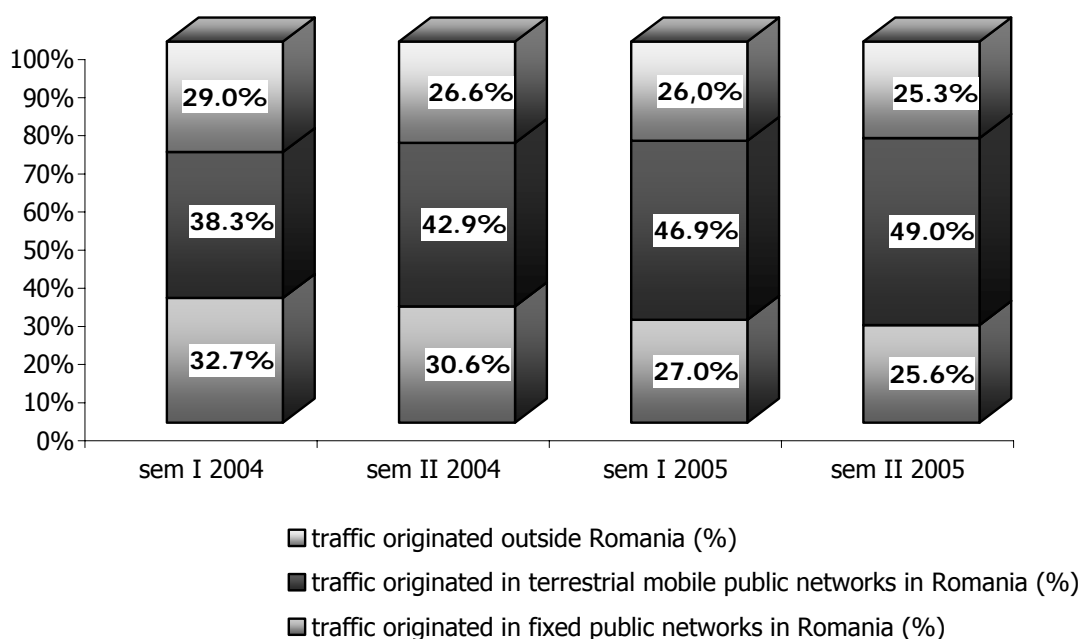
In the wholesale market, at the middle of 2005, the largest share of the total mobile traffic belonged to the number of minutes originated in other mobile public networks in Romania (49.0%). The volume of traffic originated in the fixed public networks in Romania and that originated outside Romania registered level percentages: 25.6%, respectively 25.3%.

Table 6.3 Rate of traffic terminated in the mobile public networks in Romania by origination, from total terminated traffic

	No. of minutes terminated in the own network (mil. minutes)	a) traffic originated in the fixed public networks in Romania (%)	b) traffic originated in other terrestrial mobile public networks in Romania (%)	c) traffic originated outside Romania (%)
1 st sem., 2004	1,200	32.7	38.3	29.0
2 nd sem., 2004	1,376	30.6	42.9	26.6
1 st sem., 2005	1,527	27.0	46.9	26.0
2 nd sem., 2005	1,851	25.6	49.0	25.3

Source: ANRC, according to the statistical data reported by the providers of electronic communications networks and services

Chart 6.6 Rate of traffic terminated in the mobile public networks in Romania, itemised by origination



Source: ANRC, according to the statistical data reported by the providers of electronic communications networks and services

6.3 Implementation of the regulations on interconnection with mobile operators' networks

As regards the interconnection agreements concluded with the operators of mobile public networks, by the end of 2005, **32** operators had concluded interconnection agreements with Mobifon, **29** operators - with Orange Romania, **6** - with S.C. Telemobil S.A. and **7** operators - with S.C. Cosmote RMT S.A.

6.4 Surveillance and Control

In the mobile telephony market ANRC performed 19 control actions, following which 5 contraventions were assessed and remedied within the deadline provided by the law. Several of these control actions were initiated by the ANRC President upon receiving the complaints or petitions of the end-users.

7. Internet access and leased line services

7.1 Authorised providers/Active providers

At the end of December 2005, there were 1238 companies authorised to provide Internet access services, among which, 981 actually offered services, as follows¹³:

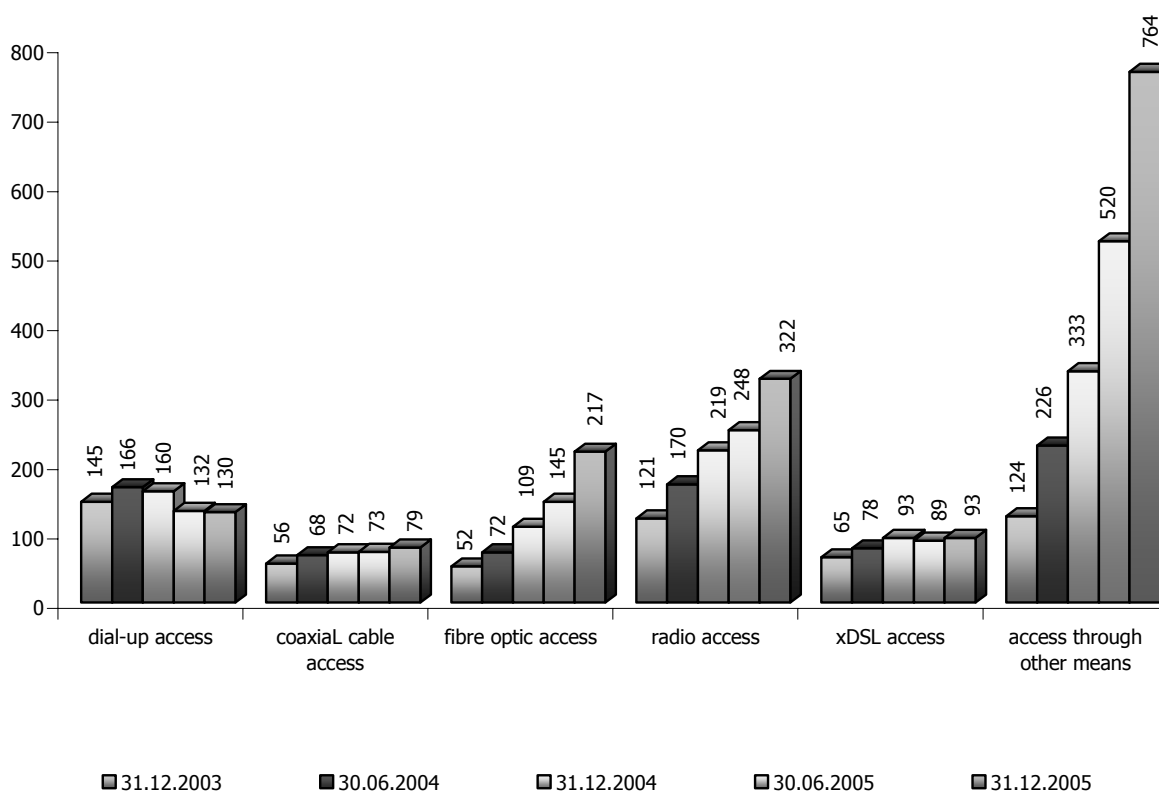
- dial-up access: 130 providers;
- coaxial cable access: 79 providers;
- fibre optic access: 217 providers;
- radio access: 322 providers;

¹³ There are providers who use several types of support for the provision of Internet access services.

- xDSL access: 93 providers;
- access by other means: 764 providers¹⁴.

On the same date, 181 companies were authorised to provide leased line services, 21 of which actually offered such services.

Chart 7.1 Number of operating providers of Internet access services, itemised by support (2003 – 2005)



Source: ANRC, according to the statistical data reported by the providers of electronic communications networks and services

7.2 Main market indicators

By the end of 2005, the number of Internet access connections witnessed an important growth, of 87.97%, as compared to the number of Internet access connections registered at the end of 2004.

Table 7.1 Number of Internet access connections, itemised by support (2003 – 2005)

	31.12.2003		30.06.2004		31.12.2004		30.06.2005		31.12.2005	
	abs.	%	abs.	%	abs.	%	abs.	%	abs.	%
Total number of Internet access connections, of which:	498,534	100	624,508	100	973,265	100	1,199,337	100	1,829,484	100
a) dial-up at fixed locations	239,650	48.07	265,889	42.58	273,362	28.09	305,878	25.50	288,309	15.76
b) dial-up at mobile locations	208,922	41.91	275,546	44.12	550,191	56.53	614,872*	51.27	1,039,480*	56.82

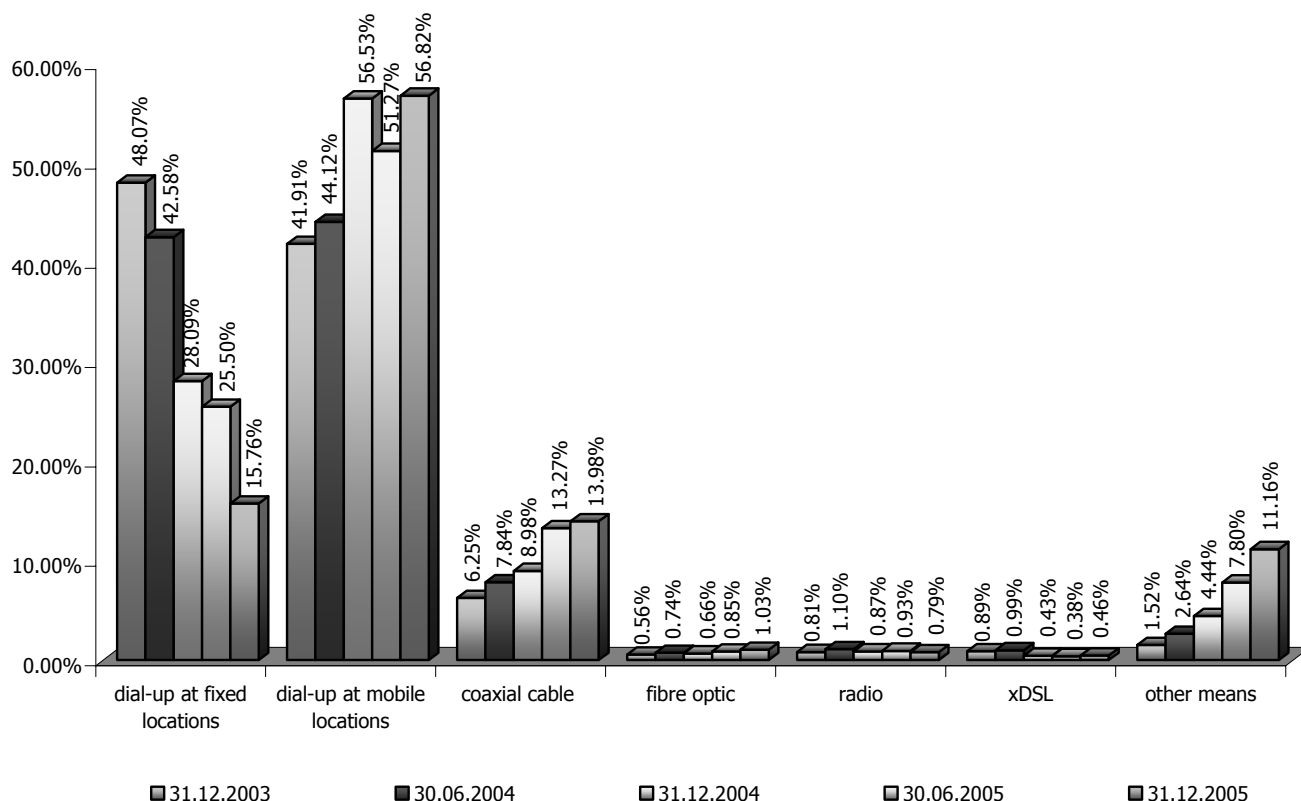
¹⁴ Internet access connections through other means include connections using supports such as: UTP/FTP cable, satellite, leased lines on twisted metallic pairs, power lines (electrical cable).

c) coaxial cable	31,137	6.25	48,937	7.84	87,373	8.98	159,161	13.27	255,750	13.98
d) fibre optic	2,789	0.56	4,619	0.74	6,405	0.66	10,208	0.85	18,778	1.03
e) radio	4,024	0.81	6,887	1.10	8,512	0.87	11,138	0.93	14,536	0.79
f) xDSL	4,433	0.89	6,159	0.99	4,161	0.43	4,574	0.38	8,373	0.46
g) other means	7,579	1.52	16,471	2.64	43,261	4.44	93,506	7.80	204,258	11.16

*Following the corrections received from the providers, the number of dial-up connections at fixed locations for 2005 has been updated.

Source: ANRC, according to the statistical data reported by the providers of electronic communications networks and services

Chart 7.2 Evolution of Internet access connections, itemised by support (2003 – 2005)

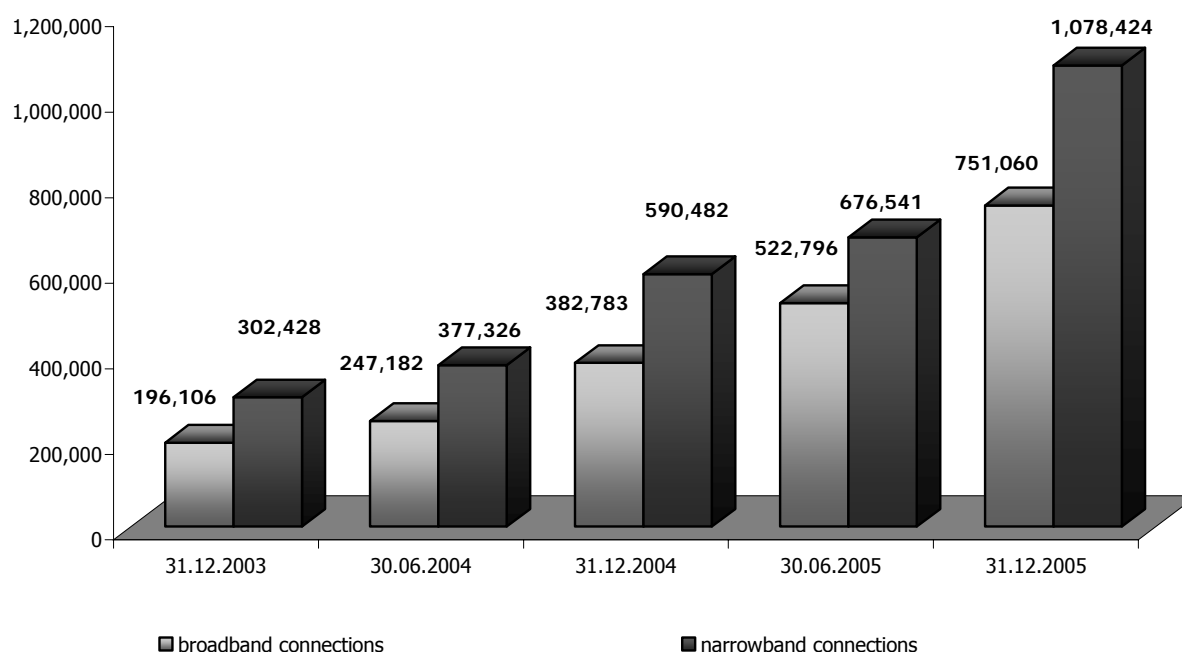


Source: ANRC, according to the statistical data reported by the providers of electronic communications networks and services

From the total Internet access connections, 15.8% are dial-up connections, at fixed locations, and 56.8% are dial-up connections, at mobile locations¹⁵. The users of such services may use subscriptions or prepaid cards, depending on the providers' offers and the consumers' needs.

Chart 7.3 Evolution of Internet access connections according to the used bandwidth (2003 – 2005)

¹⁵ The number of dial-up connections at mobile locations includes the Internet access connections using technologies such as CDMA and GPRS within mobile telephony subscriptions.

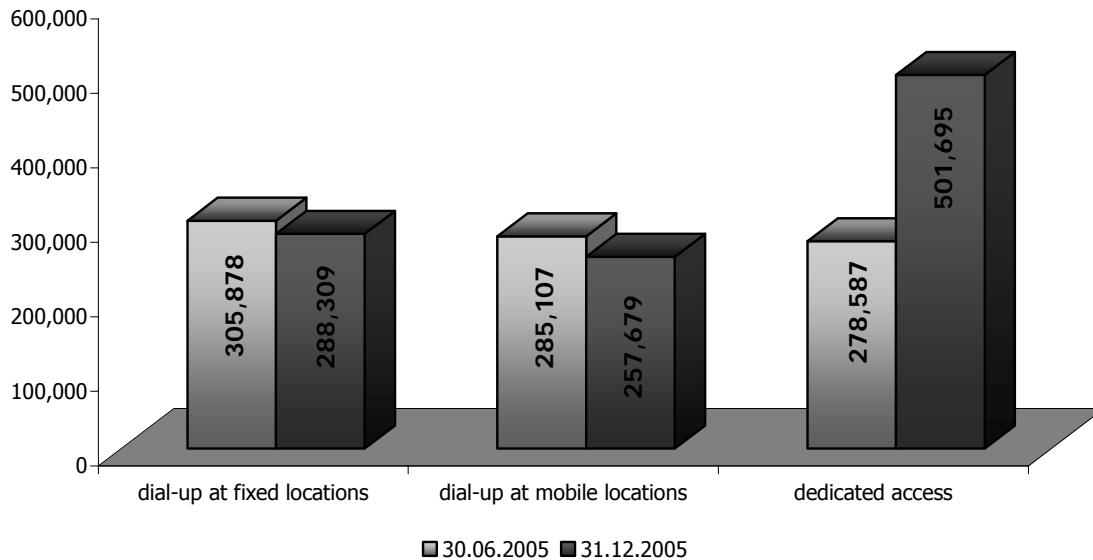


Source: ANRC, according to the statistical data reported by the providers of electronic communications networks and services

Concerning the bandwidth used, on December 31, 2005, as compared to end-2004, broadband Internet access connections¹⁶ increased by approximately 96%, while narrowband Internet access connections increased by approximately 83%. The significant growth of narrowband connections is mainly due to Internet access connections at mobile locations provided through GPRS/EDGE technologies within the subscriptions to mobile telephone services. If we consider only the active connections at mobile locations using the GPRS and CDMA technologies, accessed at least once in 2005 by the subscribers to mobile telephone services, the weight of narrowband connections out of the total Internet access connections rises to only 46.2%, whereas broadband connections amount to 53.8%.

Chart 7.4 Half-yearly evolution of active* Internet access connections, itemised by support

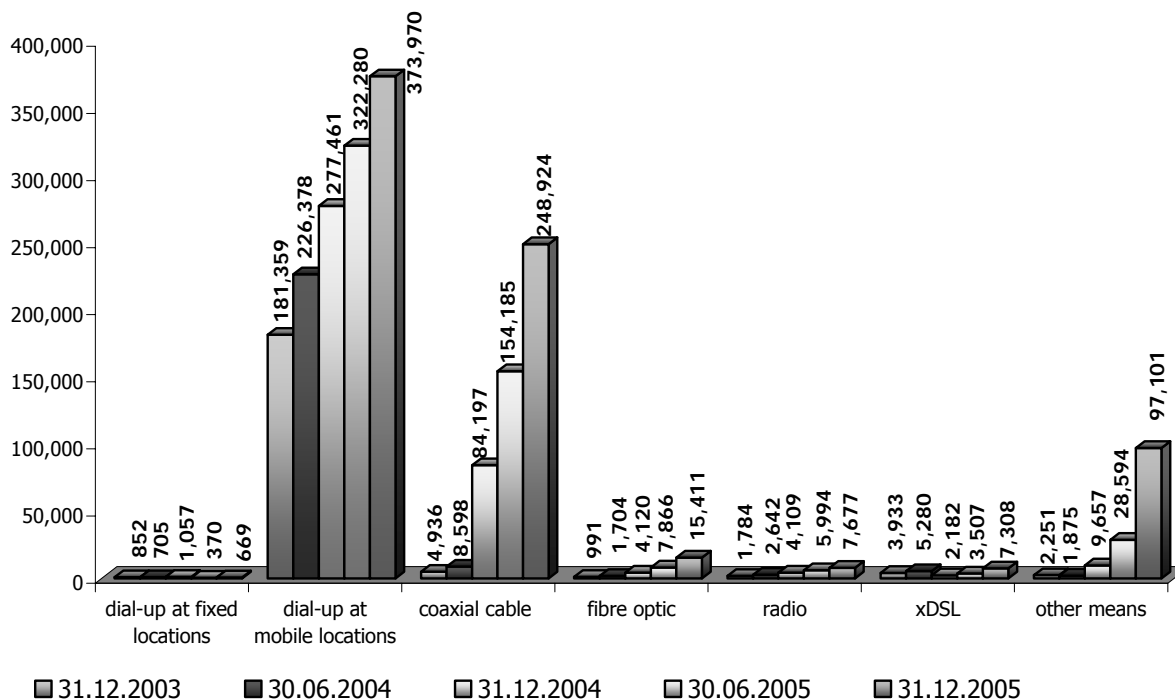
¹⁶ Broadband Internet access service is a publicly available electronic communications service that consists of transporting signals at a speed equal with or exceeding 128 Kbps.



* include mobile connections using technologies such as CDMA/EV-DO, GPRS/EDGE etc., accessed at least once during the last reporting period by the subscribers to mobile telephone services

Source: ANRC, according to the statistical data reported by the providers of electronic communications networks and services

Chart 7.5 Evolution of broadband Internet access connections, itemised by support (2003 – 2005)

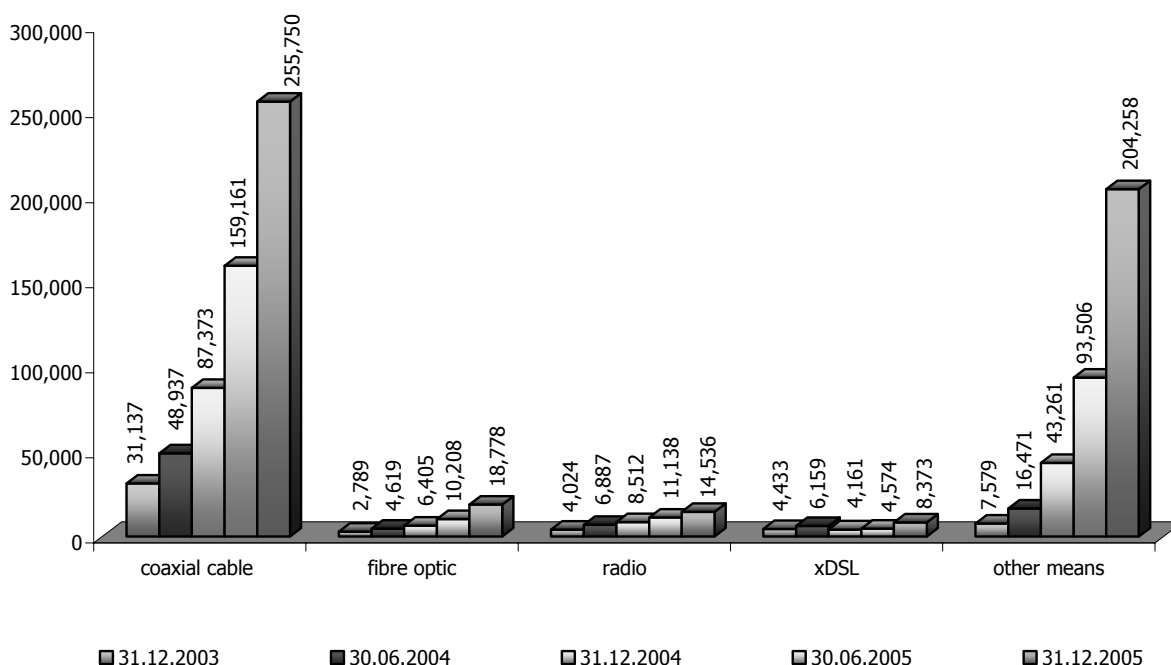


Source: ANRC, according to the statistical data reported by the providers of electronic communications networks and services

Out of all the broadband Internet access connections, the greatest percentages - approximately 50% -, considering the support, are represented by mobile Internet connections (due to the availability of Internet access services in case of using a

subscription to the mobile telephony services provided by S.C. Telemobil S.A.) and by the connections through coaxial cable – 33%.

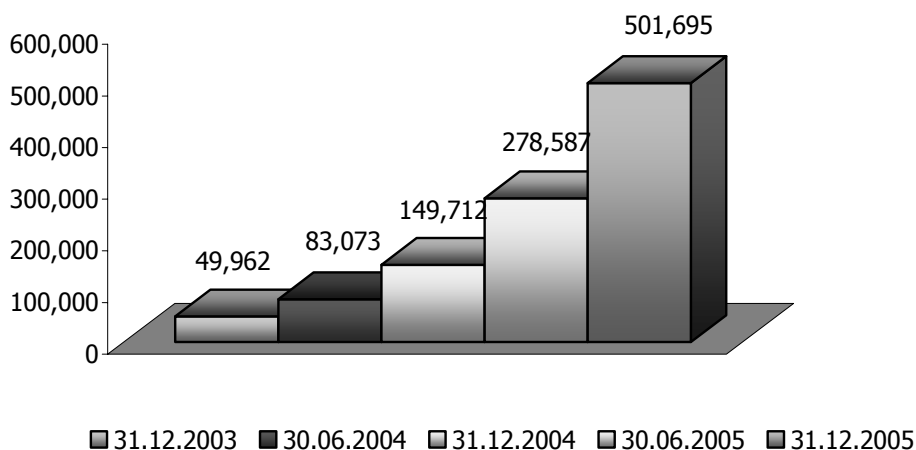
Chart 7.6 Evolution of dedicated Internet connections, itemised by support (2003 – 2005)



Source: ANRC, according to the statistical data reported by the providers of electronic communications networks and services

Regarding dedicated Internet access¹⁷, the number of connections had increased, by December 2005, by more than 235%, as compared to end-2004. Out of the total number of dedicated Internet access connections, the largest share belongs to dedicated access connections provided through coaxial cable – 51%, followed by the connections through other means, such as: UTP/FTP cable, satellite, leased lines on twisted metallic pairs, power lines – 41%.

Chart 7.7 Evolution of dedicated Internet access connections (2003 – 2005)

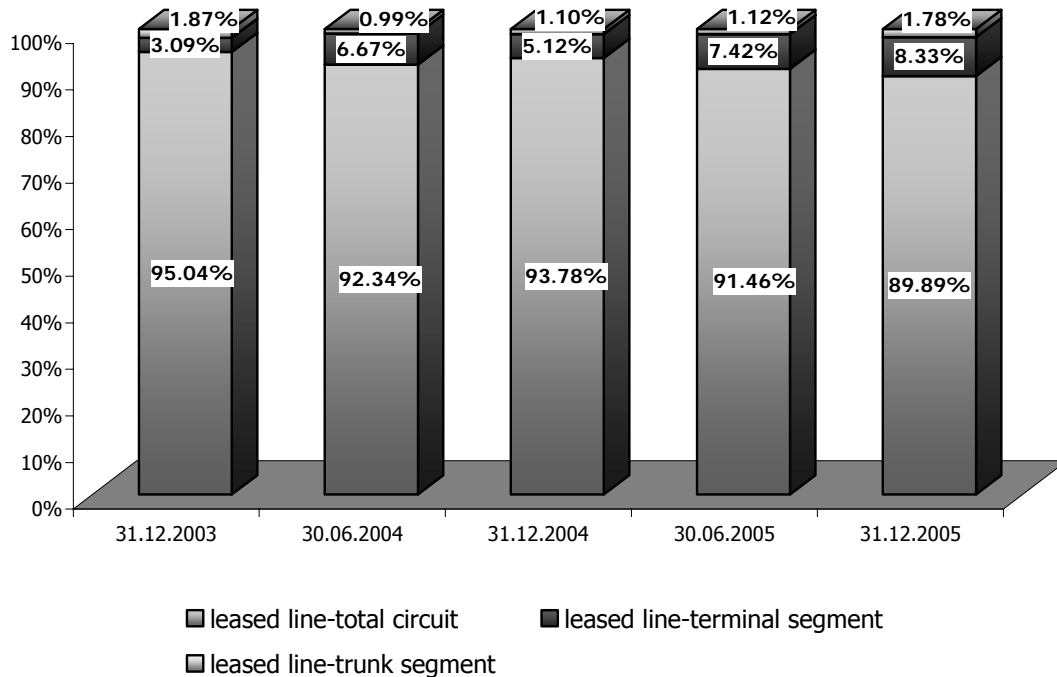


Source: ANRC, according to the statistical data reported by the providers of electronic communications networks and services

¹⁷ Service allowing permanent access to the Internet (24/24, 7/7), by means of an exclusively dedicated line.

As regards leased line services, on December 31, 2005, the total number amounted to 27,752, by 2.53% less, as compared to end-2004. Among the total number of leased lines provided, approximately 90% were leased line-total circuit, 8% - leased line-terminal segment, and 2% - leased line-trunk segment.

Chart 7.8 Evolution of the number of leased lines provided, itemised by type (2003 – 2005)



Source: ANRC, according to the statistical data reported by the providers of electronic communications networks and services

7.3 Regulation - results

By the end of 2005, **6** providers concluded interconnection agreements with Romtelecom for leased line-terminal segment services, based on the Reference Interconnection Offer regulated by ANRC.

As well, based on the Reference Unbundling Offer regulated by ANRC, by the end of December 2005, **14** providers concluded agreements for the unbundled access to the local loop with Romtelecom for providing services of broadband electronic communications services and publicly available telephone services, at fixed locations.

1076 local loops were ordered and made available for the alternative operators by Romtelecom during 2005, 841 of which ensure full access to the local loop.

7.4 Surveillance and control

On the leased line and data transmission market, in 2005, ANRC carried out 69 control actions, during which 34 contraventions were assessed. ANRC checked the providers of Internet access services by means of 936 control actions, assessing 772 contraventions. Five of the contravening providers were notified accordingly, by the ANRC President.

The main breaches found with the providers in the market of leased lines and Internet access services consist of transmission of data inconsistent with the actual on-site

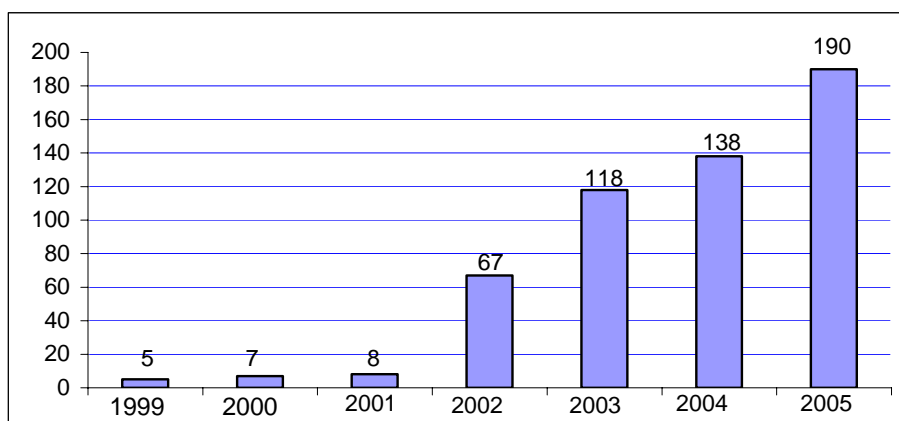
situation. The most important breach of the legislation was the provision of electronic communications networks or services by persons who were not authorised for this type of activity, for which the ANRC President enforced sanctions according to the legal provisions.

8. Postal services

8.1 Postal services market

ANRC removed the entry barriers on the postal services market, requiring a plain notification for a company to provide postal services within the scope of the general authorisation regime (services outside the scope of Universal Service). This simplified authorisation regime stimulated the development of the Romanian market of postal services, therefore the number of authorised postal service providers increased from 5, in 1999, to 190 - in 2005. The evolution of the postal services market in the period 1999¹⁸ - 2005, featured as numbers of authorised companies, is presented in Chart 8.1.

Chart 8.1 Evolution of the postal services market (number of authorised companies), 1999 - 2005



Source: ANRC

In 2005, ANRC received 66 notifications on the intention to provide postal services based on the general authorisation regime, 19 requests for amending the provision of postal services and issued 65 standard-certificates. As well, the Authority replaced 21 standard-certificates following the amendments communicated by the providers of postal services and received 13 requests for suspension of the right to provide postal services, and – subsequently – deleted the respective companies from the Providers' Official Record.

Until the end of December 2005, the National Company Romanian Post (CNPR) was the only company that required and was granted an individual licence for the provision of postal services within the scope of Universal Service.

Services outside the scope of Universal Service are currently offered on the Romanian market both by CNPR and by other companies, such as: S.C. DHL International Romania S.R.L., S.C. TNT Romania S.R.L., S.C. Trans Courier Service (TCS) S.R.L., S.C. International Romexpress Service LTD S.R.L. etc.

¹⁸ 1999 is the year of the liberalisation of postal services market in Romania.

The most vivid competition emerged in the market of courier postal services dealing with domestic and cross-border correspondence items and parcels, weighing between 2 and 10 kg.

Upon the analysis of the statistical data for 2005, collected by ANRC, and taking into account the volume of postal items processed, as well as their volume and type (domestic or cross-border), the top 5 providers of postal services in the Romanian market resulted to be the following:

Market of letters (correspondence items, printed matter and direct mail)	
The top 5 providers processing domestic postal items	The top 5 providers processing cross-border postal items
1. CNPR	1. CNPR
2. S.C. Carpat Curier S.R.L.	2. S.C. TNT Romania S.R.L.
3. S.C. Alo Curier Services S.R.L.	3. S.C. DHL International Romania S.R.L.
4. S.C. Curiero S.A.	4. S.C. Trans Courier Services (TCS) S.R.L.
5. S.C. Fan Courier Express S.R.L.	5. S.C. Posta Atlassib Curier Rapid S.R.L.

Market of Express services	
The top 5 providers processing domestic postal items	The top 5 providers processing cross-border postal items
1. CNPR	1. S.C. DHL International Romania S.R.L.
2. S.C. Fan Courier Express S.R.L.	2. S.C. TNT Romania S.R.L.
3. S.C. Cargus International S.R.L.	3. CNPR
4. S.C. DHL International Romania S.R.L.	4. S.C. Trans Courier Services (TCS) S.R.L.
5. S.C. Roexpres Service S.R.L.	5. S.C. Pegasus Courier S.R.L.

Market of parcels	
The top 5 providers processing domestic postal items	The top 5 providers processing cross-border postal items
1. S.C. Nemo Prod Com Impex S.R.L.	1. S.C. DHL International Romania S.R.L.
2. CNPR	2. CNPR
3. S.C. Curiero S.A.	3. S.C. T&S Eurofiat S.R.L.
4. S.C. TCE Logistica S.R.L.	4. S.C. Raptor S.R.L.
5. S.C. Sprint Curier S.R.L.	5. S.C. Posta Atlassib Curier Rapid S.R.L.

The postal services market continued the growing trend. Nevertheless, CNPR is still the most important provider, with the widest range of services, as no provider in the market showed any intention of competing with this company on the segment of services within the scope of Universal Service. In 2005, CNPR continues to be the only provider offering financial-postal services.

One of the defining features of the postal services sector is that, under the necessary authorisations, a provider may provide both value-added postal services and non-value-added postal services.

Table 8.1 Number of providers of value-added postal services, as of December 31, 2005

Number of providers of value-added postal services		
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	172
	within the weight range 10÷50 Kg	171
	Express service	26
Financial-postal services		1
Direct mail services		43

Source: ANRC

Table 8.2 Number of providers of non-value-added postal services, as of December 31, 2005

Providers of non-value-added postal services	
- domestic post services, within the weight range 10÷50 Kg	1
- courier services, within the weight range 10÷50 Kg	146
- financial-postal services	1
- direct mail services	22

Source: ANRC

At the end of 2005, the postal service sector employed over 40,000 people, by 5.36% more than in the previous year.

During 2005, the traffic of postal items within the scope of Universal Service exceeded 230,000,000 items, by 15.7% less, as compared to 2004.

Table 8.3 Postal items within the scope of Universal Service (2004 – 2005)

	2004	2005
Domestic postal items weighing up to 2 kg (included)	267,388,807	222,524,775
Cross-border postal items weighing up to 2 kg (included)	11,947,182	12,075,297
Domestic parcels weighing between 2 kg - 10 kg (included)	1,182,820	989,969
Cross-border parcels weighing between 2 kg - 10 kg (included)	89,040	100,987
Cross-border parcels weighing between 10 kg - 20 kg	68,592	47,450

Source: ANRC, according to the statistical data reported by the providers of postal services, based on the ANRC President's Decision no.1301/2004

The traffic of postal items outside the scope of Universal Service dropped by 0.85%, in 2005, as compared to 2004.

Table 8.4 Postal items outside the scope of Universal Service (2004 – 2005)

	2004	2005
Domestic postal items weighing up to 2 kg	294,688,895	251,867,740
Cross-border postal items weighing up to 2 kg	725,480	3,825,307
Domestic parcels weighing between 2 kg - 50 kg	2,851,871	7,378,397
Cross-border parcels weighing between 2 kg - 50 kg	2,105,981	1,243,507

8.2 Surveillance and control

In 2005 ANRC carried out 4032 control actions on the national postal services market and assessed 437 contraventions, most of which were remedied on the spot, following the measures enforced by the ANRC authorised personnel. According to the legal provisions in force, the Authority applied 414 sanctions, issuing 407 warnings and enforcing 7 contravention fines.

Some of these control actions were initiated by ANRC upon receiving complaints or petitions from the end-users or from third parties.

9. ANRC

9.1 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.

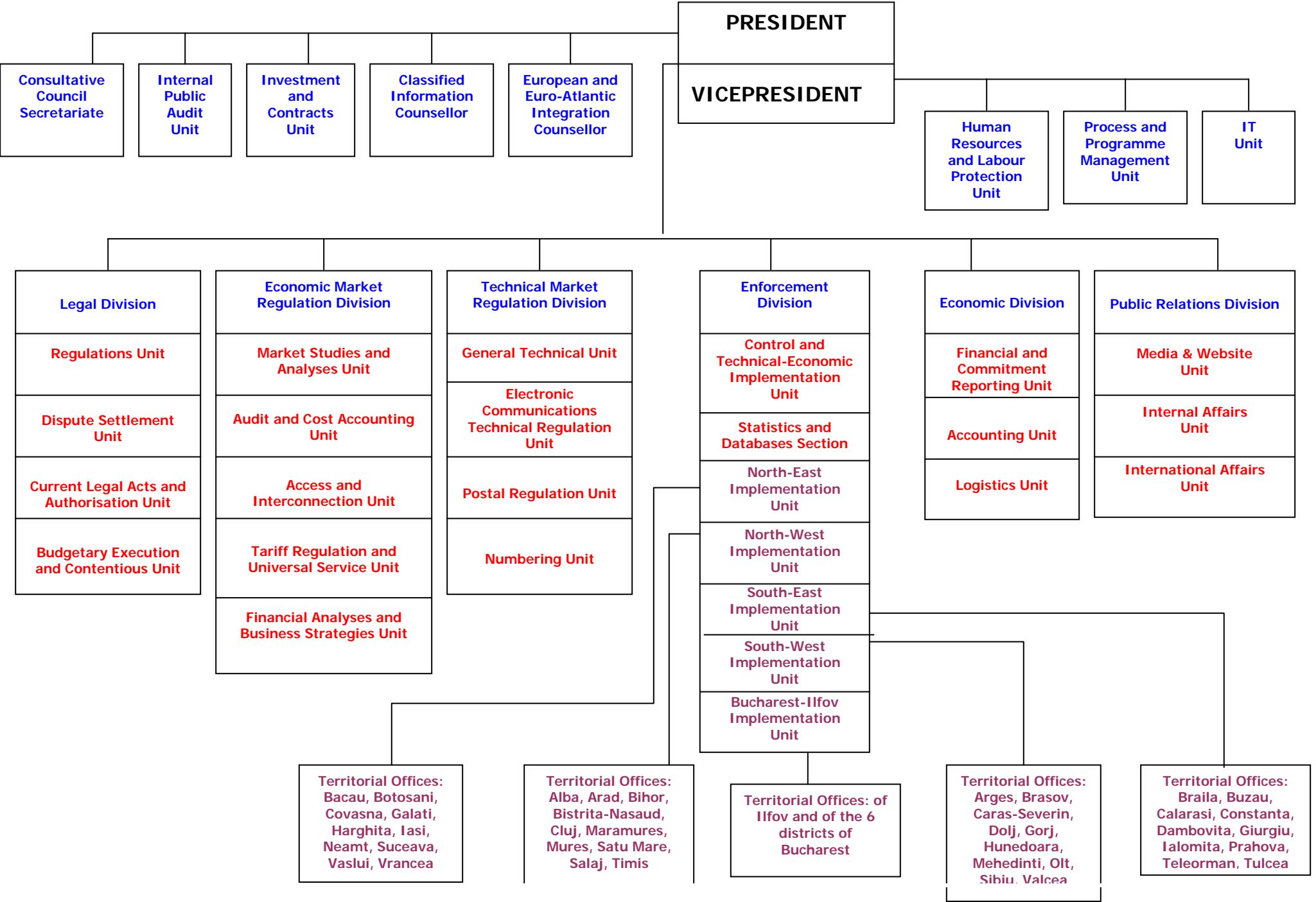
ANRC is assisted in its activity by the Consultative Council, a body which assembles representatives of ANRC, of other state institutions, of the industry and of civil society.

As the necessity of redrawing the organisation chart according to the current modernisation tendencies in the European public administration arose, in 2005 ANRC continuously benefited from the renewal and re-organisation of its internal structure, as well as from a new distribution of its attributions by divisions.

Thus, at the end of 2005, the ANRC organisational structure included 6 divisions, structured by 26 specialised units, and 5 specialised units in the direct subordination of the Authority's management. The ANRC activity in the territory was coordinated by 4 implementation units, each guiding the activity of 10 territorial offices, grouped according to geographical areas (North-East, South-East, South-West, North-West), as well as by one implementation unit coordinating the activity of the territorial offices of Ilfov and of the 6 districts of Bucharest. The ANRC territorial offices do not have their own legal status as legal persons 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.

The ANRC organisation chart, at the end of 2005, is presented in Diagram 9.1.

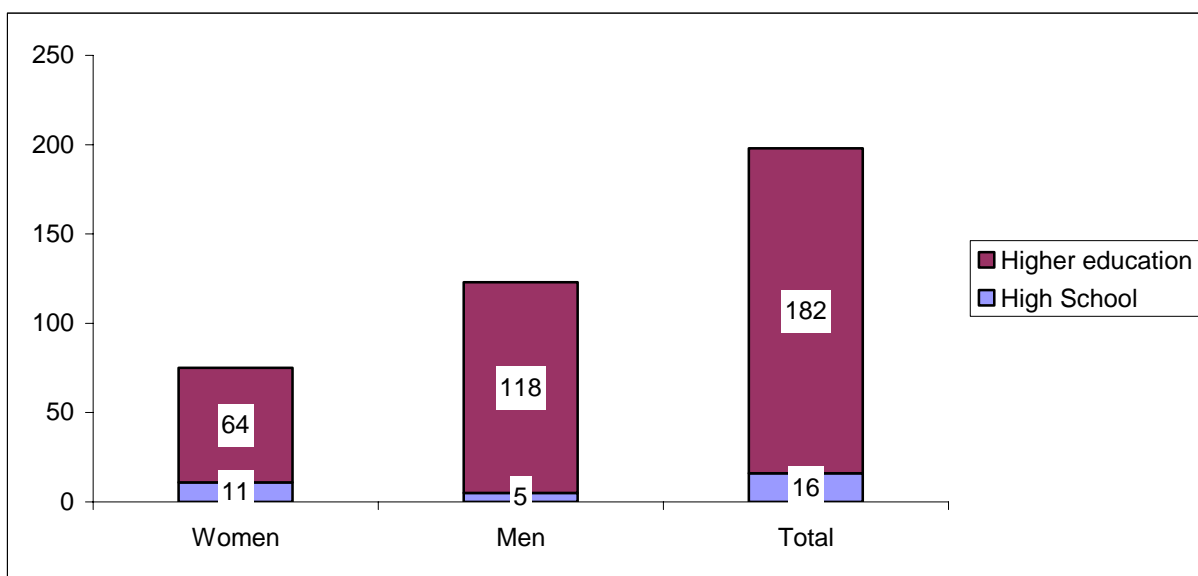
Diagram 9.1 ANRC Organisation Chart



As a result of the personnel recruitment and selection sessions held until the end of 2005, 106 of the 126 positions of the ANRC Bucharest-based headquarters were occupied, while 92 of the 94 positions in the organisation chart of the 47 ANRC territorial offices were occupied, therefore the degree of occupancy of the ANRC positions reached 90%. During the recruitment and selection procedures, the latest 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 9.2); 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 providing sufficient resources for the optimum operation of the institution.

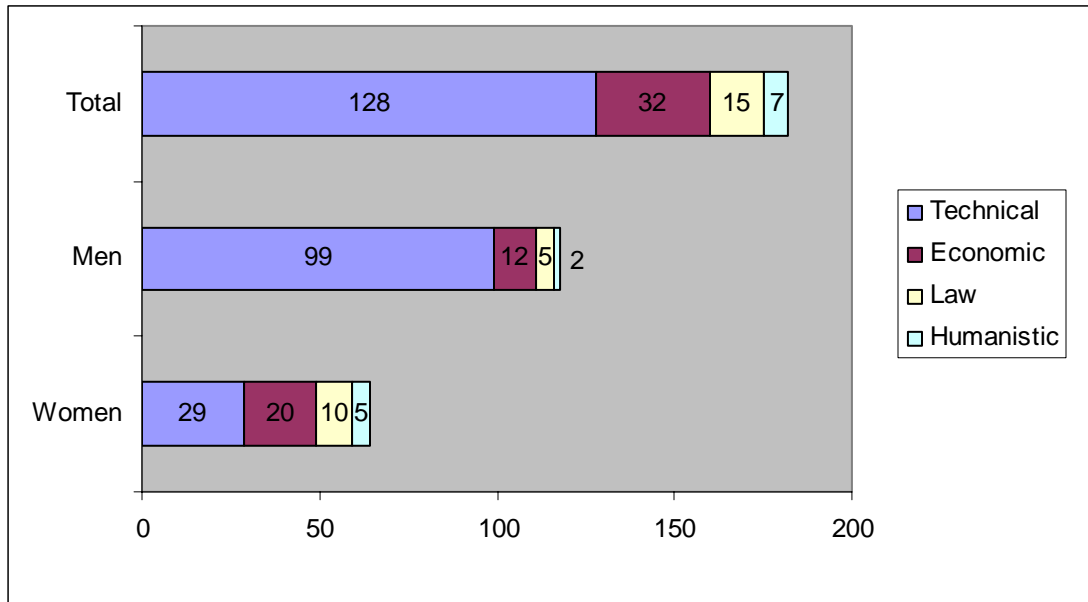
Chart 9.2 Personnel structure, by education degree



Source: ANRC

At the end of 2005, 91.9% of the 198 ANRC employees held a higher education degree, most of them in technical fields (128), followed by economists (32), Law School graduates (15) and humanities majors (7) (see Chart 9.3).

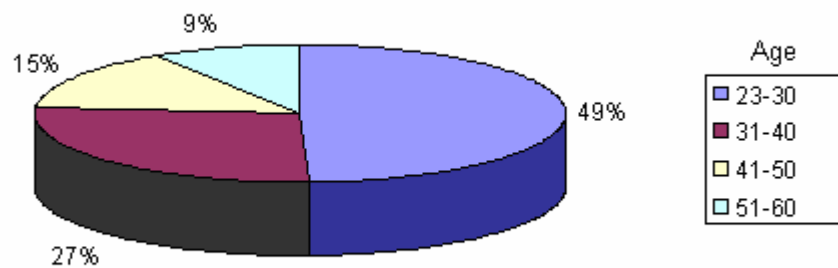
Chart 9.3 Personnel structure, by background



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 2005, of the 23 - 30 age segment within ANRC (almost 50% of all the employees).

Chart 9.4 Personnel structure, by age segments



Source: ANRC

9.2 Financial statements for 2005

BALANCE SHEET closed on December 31st, 2005

- lei -

Row no.	Indicators	Code	Final value:	
			Beginning of year	End of year
	A	B	1	2
	ASSETS			
A.	FIXED ASSETS, LAND, TECHNICAL EQUIPMENT AND OTHER ASSETS (CODE 101 - 106)	100	5,557,625	6,557,872
	Fixed assets and land (ct. 01 - 05)	101	4,726,379	5,571,802
	Technical equipment a.s.o. (ct. 602 + 603 + 604)	103	646,939	758,914
	Intangible assets (ct. 02 - 04)	105	184,307	227,156
B.	SOURCE OF FINANCE, PAYABLES, EXPENDITURE AND MATERIALS (code 140)	110	92,209,049	107,925,940
3.	Budget of public institutions (code 141 + 190 + 200 + 220 + 260)	140	92,209,049	107,925,940
3.1.	Liquidities (code 142 + 160 + 170)	141	61,487,463	73,877,344
	Liquidities of the public institution from extra budgetary revenues (code 1421 - 159)	142	61,480,360	73,863,808
	Liquidities at bank and in hand (ct. 110) *)	145		50
	Liquidities from converted foreign currency (ct. 118)	148	0	2,826
	Liquidities of the public institution from extra budgetary revenues (ct. 120) *)	149*)	61,480,360	73,860,932
	Special destination liquidities (code 161 - 169.4)	160	7,103	13,536
	Special destination and re-distributing liquidities (ct. 119.01)	161	7,103	13,536
3.2	Source of finance and other values (code 191 - 193)	190	23,495	45,654
	Other values (ct. 159)	193	23,495	45,654
3.3	Payables and debtors (code 201 - 2192)	200	30,304,821	33,599,143
	Other receivables (ct. 213)	203	13,882,050	9,928,170
	Debtors (ct. 220)	205	2,863	5,757
	Customers (ct. 225)	207	16,419,908	23,665,216

3.5	Materials (code 261 - 273)	260	393,270	403,799
	Other materials (ct. 600.09)	265	393,270	403,799
	TOTAL ASSETS (CODE 100 + 110)	280	97,766,674	114,483,812
A.	FUNDS (code 301 - 308)	300	2,464,615	2,627,717
	Assets in public state property (ct. 306)	301	42,588	42,588
	Assets in private state property (ct. 307)	302	1,826,215	1,826,215
	Technical equipment fund (ct. 311)	306	595,812	758,914
B.	BUDGET FINANCING, OWN REVENUES, PAYABLES AND OTHER SOURCES (code 340)	310	95,302,059	111,856,095
3.	Budget of the public institution (code 341 + 370 + 390 + 420)	340	95,302,059	111,856,095
3.2	Extra-budgeting revenues (code 3701 - 378)	370	15,542,463	27,195,096
	Extra-budgeting and carried over revenues of the public institution (ct. 528)	374	15,542,463	27,195,096
3.3	Payables, creditors and other sources (code 391 - 414)	390	79,759,596	84,660,999
	Staff costs (ct. 230)	393	232,853	449,706
	Creditors (ct. 231)	394	63,082,288	60,650,570
	Payables to the state budget (ct. 232)	395	423,441	145,230
	Payables to the state social security budget (ct. 233)	398	414,088	418,291
	Suppliers (ct. 234)	399	10,885	48,871
	Payables to the unemployment contributions (ct. 235)	400	45,406	37,173
	Accrued income (ct. 531)	404	15,550,635	22,911,158
	TOTAL FUNDS (code 300 + 310)	460	97,766,674	114,483,812

ANRC budgeting
as of December 31st, 2005

- lei -

Row no.	Indicators	Code	Provisions initially approved	Final provisions	Collected	x
A	B	C	1	2	3	4
I	REVENUES - TOTAL, out of which:	001.20	57,028,000	66,520,000	54,811,664	
1	Collection of the annual monitoring tariff	21.20.20	34,510,000	34,510,000	32,455,387	
2	Revenues from the electronic communications turnover share	17.20.17	22,518,000	32,010,000	22,356,277	
Row no.	Indicators	Code	Provisions initially approved	Final provisions	Payments	Expenses
A	B	C	1	2	3	4
II	EXPENDITURE (1+2+3)	01	67,027,780	124,968,903	42,188,007	43,734,592
1	Staff costs	02	14,523,903	14,523,903	11,045,381	10,980,720
2	Material and services expenditures + transfers		33,503,877	91,445,000	25,797,092	25,835,078
2a	Material and services expenditures	20	25,622,620	63,285,000	5,517,770	5,555,756
2b	Transfers	38	7,881,257	28,160,000	20,279,322	20,279,322
3	Capital expenditure + credit reimbursement		19,000,000	19,000,000	5,345,534	6,918,794
3a	Capital expenditure	70	15,000,000	15,000,000	2,461,534	4,034,794
3b	Credit reimbursement	84	4,000,000	4,000,000	2,884,000	2,884,000
III	BUDGET SURPLUS	92	0	0	0	0
III	DEFICIT	93	9,999,780	58,448,903	-12,623,656	
IV	TOTAL EXPENDITURE	50,20	67,027,780	124,968,903	42,188,007	43,734,592
1	Communications	68.20.10	44,509,903	44,509,903	21,461,279	23,007,864
2	Compensation of the net cost	68.20.22	14,636,620	52,299,000	447,406	447,406
3	Other actions regarding social welfare etc.	60.20.50	7,881,257	28,160,000	20,279,322	20,279,322

DETAILS OF EXPENSES
as of December 31st, 2005

-lei-

Row no.	Indicators	Code	Provisions initially approved	Final provisions	Payments	Expenses
A	B	C	1	2	3	4
01	EXPENSES (code 01 + 69 + 78)		59,146,523	96,808,903	21,908,685	23,455,270
02	A. OPERATING EXPENSES (code 02+ 20 + 34 + 36 + 38 + 49)	01	40,146,523	77,808,903	16,563,151	16,536,476
03	TITLE I. OPERATING EXPENDITURES (code 10 + 11 + 12 + 13 + 14 + 15)	02	14,523,903	14,523,903	11,045,381	10,980,720
04	Salaries	10	8,792,500	8,792,500	7,895,184	7,821,215
05	Basic salary fund	10.01	6,563,090	6,133,090	5,721,322	5,979,163
07	Management bonus	10.03	593,300	593,300	539,651	551,053
10	Other benefits	10.06	223,300	343,300	339,860	374,345
11	Extra-hours	10.07	161,500	61,500	47,347	32,650
12	Premium fund	10.08	439,600	439,600	303,769	103,769
13	Holiday premiums	10.09	192,580	172,580	153,897	153,897
14	Other salary funds	10.14	619,130	1,049,130	789,338	626,338
15	Contributions to the social security fund	11	1,758,500	1,758,500	1,624,498	1,664,504
16	Contributions to the unemployment fund	12	263,775	263,775	242,585	233,803
17	Contributions to the health social insurance	13	615,475	615,475	565,940	545,539
18	Travels, missions and transfers expenditures	14	2,700,000	2,700,000	406,631	406,631
19	Internal travels, missions and transfers expenditures	14.01	1,000,000	1,000,000	56,374	56,374
20	External travels expenditures	14.02	1,700,000	1,700,000	350,257	350,257

21	Lunch tickets	15	349,690	349,690	270,410	270,410
22	Contributions to the insurance fund for labour accidents and professional diseases	16	43,963	43,963	40,133	38,618
23	TITLE II. MATERIALS AND SERVICES EXPENDITURES					
	(code 21 + 22 + 23 + 24 + 25 + 26 + 27 + 28 + 29 + 30 + 31 + 32 + 33)	20	25,622,620	63,285,000	5,517,770	5,555,756
24	Administrative expenditures (code 24.01 - 24.07)	24	5,378,000	5,378,000	2,842,513	2,873,901
25	Central heating	24.01	150,000	150,000	56,180	56,180
26	Power and motion expenses	24.02	200,000	200,000	72,097	72,097
27	Utilities	24.03	150,000	150,000	11,688	11,688
28	Post, telephone, telex, radio, television, fax, Internet	24.04	2,000,000	2,000,000	1,181,311	1,206,320
29	Office furniture	24.05	600,000	600,000	209,119	209,119
30	Cleaning materials	24.06	200,000	200,000	13,756	14,289
31	Other materials and services	24.07	2,078,000	2,078,000	1,298,362	1,304,208
32	Operational materials and services*) (code 25.01 - 25.09)	25	3,000,000	3,000,000	863,586	863,586
33	Other operational materials and services	25.09	3,000,000	3,000,000	863,586	863,586
34	Technical equipment with limited lifetime and value (code 26.01 - 26.03)	26	488,000	488,000	173,836	174,342
35	Other technical equipments with limited lifetime and value	26.03	488,000	488,000	173,836	174,342
36	Current repairs	27	300,000	300,000	72,094	72,094
37	General overhauling	28	20,000	20,000	0	0
38	Books, published works	29	200,000	200,000	46,825	46,825
39	Other expenditures (code 30.01 - 30.07)	30	16,236,620	53,899,000	1,518,916	1,525,008
40	Professional qualification, specialisation and training	30.01	600,000	600,000	406,885	406,885
41	Protocol	30.02	400,000	400,000	196,666	202,758
42	Labour protection	30.03	50,000	50,000	135	135
43	Other expenses authorised by legal provisions	30.07	15,186,620	52,849,000	915,230	915,230
44	B. CAPITAL EXPENDITURES (code 70)	69	15,000,000	15,000,000	2,461,534	4,034,794

45	TITLE VII. CAPITAL EXPENDITURES (code 71 - 77)	70	15,000,000	15,000,000	2,461,534	4,034,794
46	Capital investment of public institutions and self financing	74	15,000,000	15,000,000	2,461,534	4,034,794
47	C. FINANCIAL OPERATIONS (code 79 + 84)	78	4,000,000	4,000,000	2,884,000	2,884,000
48	TITLE IX. CREDIT REIMBURSEMENT, INTEREST PAYMENTS AND CREDIT COMMISSIONS (code 85 + 88)	84	4,000,000	4,000,000	2,884,000	2,884,000
49	Reimbursement of internal credits, interest and commission payments (code 88.01 + 88.02)	88	4,000,000	4,000,000	2,884,000	2,884,000
50	Reimbursement of internal credits	88.01	4,000,000	4,000,000	2,884,000	2,884,000

DETAILS OF EXPENSES
as of December 31st, 2005

- lei -

Row no.	Indicators	Code	Provisions initially approved	Final provisions	Payments	Expenses
A	B	C	1	2	3	4
01	EXPENDITURES (code 01 + 69 + 78)		7,881,257	28,160,000	20,279,322	20,279,322
02	A. OPERATIONAL EXPENDITURE (code 02+ 20 + 34 + 36 + 38 + 49)	01	7,881,257	28,160,000	20,279,322	20,279,322
03	TITLE V. TRANSFERS (code 39 + 40)	38	7,881,257	28,160,000	20,279,322	20,279,322
04	Non-consolidated transfers (code 40.01 - 40.98)	40	7,881,257	28,160,000	20,279,322	20,279,322
05	Other transfers	40.80	7,881,257	28,160,000	20,279,322	20,279,322

9.3 Monitoring tariff

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

In 2005, in the electronic communications sector, the monitoring tariff was calculated, according to the provisions of Art.47 of the Framework-ordinance, as a percentage from the 2004 turnover of each provider. Starting 2006, according to the provisions of Law no.239/2005, the providers of public electronic communications networks and/or of publicly available electronic communications services shall have the possibility to choose one of the two calculation formulas provided for determining the monitoring tariff owed to ANRC: either based on the 2005 turnover, or on the income resulted exclusively from activities in the field of electronic communications.

For 2005, the monitoring tariff owed by the providers of electronic communications networks and services was calculated as 0.30704% of the 2004 turnover.

In 2005, the providers of postal services had the obligation to pay a monitoring tariff calculated, according to Art.51 of the Ordinance on Postal Services, as 0.1% of their 2004 turnover. Starting 2006, according to the provisions of Law no.239/2005, the providers of postal services shall not owe a monitoring tariff of 0.1% of the turnover for the previous year anymore and this tariff shall be determined in a similar manner as the tariff owed by the providers of electronic communications networks or services.

For 2005, those obliged to pay a monitoring tariff were the persons who notified ANRC regarding their intention to start providing electronic communications networks and services or postal services prior to the deadline for the registration of the annual balance sheets to the territorial units of the Ministry for Public Finances, according to the legislation in force in the field of finances and accounting.

Both the providers of electronic communications networks and services and the postal services providers, upon ceasing activity in the fields of electronic communications or of postal services in 2004, owe a monitoring tariff, in 2005, calculated according to the provisions of Art.48 of the Framework-ordinance, respectively Art.51(6)-(7) of the Ordinance on Postal Services.

9.4 Financing Universal Service in the field of electronic communications

The contributions for compensating the net cost of the provision of services within the scope of Universal Service owed by the providers of electronic communications networks and services, although may be duly deployed within the ANRC budget, will be used exclusively for the purpose of financing Universal Service in the field of electronic communications.

During 2005, ANRC issued decisions obliging the providers of public electronic communications networks and services or of publicly available telephone services reporting a 2004 turnover of 3,000,000 Euro to pay a contribution for compensating the net cost of the provision of services within the scope of Universal Service.

In 2005, according to ANRC President's Decision no.1074/2004, this contribution was determined based on the providers' 2004 turnover minus the revenue from interconnection and from roaming services offered on the wholesale market to mobile

telephony providers outside Romania for their users located on the Romanian territory. Since, following the calculation of 0.5% of the above-mentioned amount, there were providers whose annual payment obligation exceeded 2,000,000 Euro, ANRC considered a diminished calculation percentage of 0.2804%.

Starting 2006, following the amendment of the calculation formula for the providers' contribution to the Universal Service fund, these will have the possibility to choose one of the two options for calculating this contribution: either based on the previous year's whole turnover, or based on the revenue from activities in the electronic communications field. As well, for the purpose of establishing the amount of this contribution, starting 2006, the providers who have the obligation to pay this contribution may choose that their turnover be diminished by the revenue from services of audio-visual programme re-transmission.

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Additionally, the printed version contains the financial statements for 2005, registered in February 2006 with the Ministry of Public Finances, as well as reports on ANRC activity during December 2005.

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