

Overview on Telecommunications Regulation Framework in Southeastern Europe

Ch.Verikoukis, Z. Mili, I. Konstas and P.Angelidis

Southeastern Europe Telecommunications and Informatics Research Institute (INA), Thessaloniki, Greece
e-mail: cveri@inatelecom.org

Abstract — Over the last few years all the South Eastern Europe (SEE) countries have started an effort that involves a complete transition in order to bring telecom regulation closer to European Union rules. Towards this direction the majority of the SEE governments have proceeded in the creation of independent Regulative Authorities. An overview of the regulation and institutional telecommunications framework in SEE countries is presented in this paper.

I. INTRODUCTION

Over the last few years all the South Eastern Europe (SEE) countries (Albania, Bosnia & Herzegovina, Bulgaria, Croatia, Former Yugoslavia Republic Macedonia (FYROM), Romania, Cyprus, Serbia and Montenegro, Slovenia, Turkey), have started an effort that involves a complete transition of their political, social and economic structures in order to build a democratic political system and a free market economy. More than 50 million residents, with different languages and religious beliefs, populate the SEE region, which is situated at the crossroads of three continents and of numerous cultures and traditions. These transitional efforts are common for most of the countries yet, there are some specific characteristics and particularities for each of them.

The Information and Communications Technology sector of the SEE is no exception to the above description. The outdated infrastructure, the monopolistic character of the market, the lack of a clear legislative framework, the inexperience of the operations of a free market, all of them are shared obstacles. For the Telecom sector the main challenge is the development of a legal and a regulatory framework that promotes the production of new better products and services in affordable prices for the civil society while it stimulates innovative research and economic development and finally it promotes prosperity. Some of the countries, as Romania and Bulgaria, have achieved to accelerate both their development and their accession process to the European Union (EU) lacking though the vitality needed for the new global information economy. While others such as Slovenia and Cyprus have fulfilled the criteria for joining the EU and are official members of it. Furthermore, Greece, even though geographically is a SEE country, politically and economically has been on a different path as a member of the European Union.

The gradual liberalisation of these countries telecom

markets should be followed by the establishment of an adequate regulative environment. In order this to be achieved stimulating policies are being implemented which will foster telecom market. Towards this direction and under the framework of the European telecommunication Directive the majority of the SEE governments have proceeded in the creation of Independent Regulative Authorities like in Albania, Turkey, Romania, and Telecommunication Councils like Croatia. The Bodies role, along with the relevant Ministry of the country, is to implement the best policy practises and support the development of a credible regulatory regime, which will boost investments in the telecommunications sector and promote public confidence in the telecommunication market through transparent regulatory and licensing processes. Greece with the experience from a successful liberalisation of its telecom market can constitute an example for these countries for the adoption of best practises. The Greek regulation framework is analysed in section I.

An overview of the regulation and institutional telecommunications framework in SEE countries is analysed in this paper. In section I the Greek regulation framework is analysed as a case study while, Slovenia and Cyprus, members of the EU since 2003, are also presented in the same section. Section II analyses the framework in two of the candidate to the E.U. countries, Bulgaria and Romania. The framework in the rest of the SEE countries is presented in section III and finally some conclusions are done in section IV.

II. EUROPEAN UNION MEMBERS

A. Greece

The years 2000 and 2001 were turning points in the telecommunications sector in Greece, marked by the entry into effect of the new regulatory framework. This framework is basically defined by Law 2867/2000 (Government Gazette A 273, 19/12/2000), which replaced the much-amended Law 2246/94 with regard to provisions on telecommunications. Another law passed in the year 2000 was Law 2801/2000 on the regulation of matters pertaining to the competence of the Ministry of Transport & Communications and other provisions relating to licensing for the manufacture of antennas.

It should be noted that the institutional and regulatory framework is further supplemented by the various Ministerial Decisions and Presidential Decrees as well as by the decisions now issued by the EETT (National

Telecommunications and Post Commission). Law 2867 is a framework law, which traces the basic guidelines that will underlie the adoption of the regulatory acts necessary for its implementation, in order to take account of the need for adjustment to continuously changing market requirements. The new law radically changes the role of the state, from that of entrepreneur and business owner to that of market organizer and regulator.

The central concept of this law is the free exercise of all telecommunications activities, that is, those activities relating to telecommunications networks, telecommunications services and telecommunications equipment. On the basis of the new institutional framework, the basic principles governing the organization and operation of the telecommunications sector are as follows: the protection of the consumer, the protection of competition, the protection of personal data, the provision of Universal Service, and the development of telecommunications infrastructures and services

B. Slovenia

In **Slovenia**, the government established in January 2001 a new Ministry of Information Society (MID) to be in charge of two main segments: telecommunications and IT application uptake [1]. The first activities of the MID was focused on the adoption of "*Telecommunications Act*" and concurrent establishment of the Agency for Telecommunications and Broadcasting. In May 2001 the "*Telecommunications Act*" was entered into force, and completed the reform towards liberalisation of the telecommunications services and network market. The Act installs the legal framework for the harmonisation with the *acquis communautaire*, which encompasses over 100 acts (directives, recommendations, decisions and resolutions). The "*Telecommunications Act*" led to the establishment of the Agency for Telecommunications and Broadcasting, which became operative in July 2001. The Agency is politically and financially the autonomous regulator of the market for telecommunications services. It is therefore responsible for ensuring the impartial and transparent functioning thereof, supervising the implementation of the act and regulating relations between operators.

C. Cyprus

In **Cyprus** some key decisions have been taken as far back as October 1998, by the Council of Ministers, which had as a result the establishment of a National Regulatory Authority in the Telecommunications Sector. The decisions included the following: Separation of the Regulatory and Operational function and responsibilities, establishment of a National Regulatory Authority (NRA), granting of licenses to provide telecommunications services and determination of the rules (technical and financial) governing telecom networks. Even legislation originally introduced in December 2000, a telecommunications regulator was appointed later in 2002 whose responsibilities was the granting of new telecoms and postal licences and the authorisation of telecommunications networks & services [2]. The Cyprus

Telecommunications Authority (CYTA) will cease to have a regulatory role since this has been transferred to the new regulator, who is required to be independent of the Government and the CYTA. Cyprus's legislation on telecommunications is not yet fully in conformity with Community law, however, progress has been made. In this framework the Cypriot Government has taken the political decision for the immediate establishment of a national regulatory authority independent of the Government and the telecommunications network operator (CYTA) and decided that new telecommunications legislation will be adopted.

III. E.U CANDIDATE COUNTRIES

A. Romania

Since November 2002 **Romania** uses the new *acquis communautaire*, adopted at the beginning of 2002 [3]. The completion of the regulatory framework initiated by the Ministry of Communications and Information Technology (MCIT) lead to the full transposition of the *acquis communautaire* on the regulatory framework for electronic communications networks and services. At the end of May 2002 the Government approved an Emergency Ordinance creating the general framework for communications regulation. The Ordinance regulates the access to the electronic communications networks and to the associated facilities, as well as their interconnection. The above legislation created the National Agency for Communications Regulation (ANRC), which was initiated operations in July 2002. ANRC is independent from operators, service providers and equipment suppliers and there will be an effective structural separation of the regulatory function from activities associated with the exercise of rights deriving from the state's position as a shareholder in communications companies. Although the European Commission recognizes significant progress in the field, also points out those previous assessments concerning the considerable amount of training and financial investment that will be necessary to ensure adequate administrative capacity for the new regulatory authority remains valid.

B. Bulgaria

In **Bulgaria** the Telecommunications Act, effective since 15 August 1998, provides the legal regulation of telecommunications. In 2001 substantial amendments to the Act were introduced which entered into force on February 5, 2002. The Law defines the terms "telecommunication" and "telecommunication activity" and specifies the regimes for operation of the telecommunication operators. According to the Telecommunications Act, the sector activities and services are liberalized with the exception of the provision of the fixed voice service (local, long-distance, international and transit) between terminal points of the fixed telephone network, the provision of leased lines and the real-time trans-border voice transmission for the purpose of the provision of international voice services by public telecommunications operators. The basic formulation in

the Telecommunications Act is the separation of the functions of state governance (in the person of the Ministry of Transport and Communications, Council of Ministers (CM) and the National Radio Frequency Spectrum Council (NRFSC)) from the telecommunications market regulation (in the person of the CRC). The clear definition of the rights and responsibilities of the institutions engaged in shaping the policy and accomplishing the regulation in telecommunications was also included in the Act. The general legal framework for the issuance of licenses for telecommunication activities performance follows the European Union regulatory framework outlined by Council Directive 97/13/EC of 10 April 1997 on a common framework for general authorizations and individual licenses in the field of telecommunications services.

IV. NON E.U. SEE COUNTRIES

A. Albania

In **Albania**, the first step towards an open telecommunications market was made in 1998 with the creation of the Telecommunications Regulatory Agency (TRA) which is responsible for licensing privately-owned broadcasting stations and telecom services of all types. The object of this self-financed entity is to guarantee and safeguard public interests and to create a transparent legal and regulatory environment. In June 2000 the introduction of the "Law for Telecommunications" led to the liberalisation of the Albanian telecom market, where has been put in action a regulatory regime that promotes open competition. The Law mentioned above, sets some licensing regulations among which, licensing of rural operators, Internet Service Providers, etc. In Fig. 1 the telecommunications regulation framework in Albania is depicted [6].

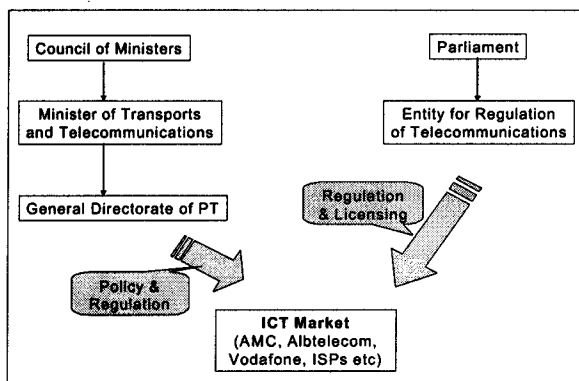


Figure 1 Telecommunications Regulation Structure in Albania

The radio spectrum was allocated consistently with international standards, and licensing arrangements encouraged the entry of two GSM operators, AMC (Cosmote Greece and Telenor Norway) and Vodafone Albania, in the market. As a result, the telecom market lost its monopolistic character and incumbent networks face open competition as new carriers are taking advantage of these arrangements to offer services to the public. Furthermore, the Albanian ICT strategy 2004-2008

which was approved on 2003 is based on the guidelines prepared by the Stability Pact.

B. Croatia

The 1999 Telecommunications Act created an independent authority in **Croatia** with the responsibility to regulate the telecommunications sector, removing this role from its former owner, the Ministry of Maritime Affairs, Traffic and Communications. The Telecommunications Act was amended in 2001 and, additionally, a set of guidelines for the provision of telecommunication services was produced, regulating the duration of particular concessions and introducing standards for telecom services. The 2001 amendments have also reinforced the legal, structural and operating status of the independent regulatory authority, which until then was rendered unable to perform any significant intervention in the spectrum of responsibilities. Therefore the **Telecommunications Council (TC)** was established as the independent telecommunications regulator in 2000, on the basis of the Telecommunications Act that regulates its position, its jobs and responsibilities. The TC is autonomous in performing its jobs specified by law, and is responsible for its work to the Croatian National Parliament and the Government of the Republic of Croatia. According to the law on telecommunications of 2003 the Croatian Agency for Telecommunications shall achieve the following principles objectives: to provide for the interest of users of telecommunications services, to ensure high level of protection for telecommunications services users, to promote access to transparent information about prices and conditions for using public telecommunications services, to stimulate access to the market for new services providers and to promote the use of telecommunications services in state and public services.

The liberalization of the telecommunications market in Croatia concluded it's designated Stage I of liberalization by joining the Marakesh Act on *The Foundation of the World Trade Organization*. Stage II has also been completed on 31 December 2002, when the exclusive rights of Hrvatske Telekomunikacije on real-time voice transmission and on respective infrastructure roll-out, expired and the market was opened for new service providers in the fixed network. Stage III will be completed with the unbundling of the local loop, starting with the beginning of the year 2005.

C. Bosnia-Herzegovina

Because of the duality that exists in the state structure of the **Bosnia-Herzegovina (BiH)** the institutional framework in ministerial level is complicated. Each of the two entities' governments has its own Ministry of Transport and Communications. Both ministries act under the umbrella of the Ministry of Civil Affairs and Communication of the BiH, government. Each entity's ministry is responsible for communication systems, radio communications, infrastructure, coordination policy management and other works under its jurisdictions. The country's ministry is responsible for the same issues but its jurisdiction concerns the international aspects. The

"Communications Law" of 2002 among the other issues has provision on the radio frequency spectrum, the telecommunications infrastructure, telecommunications services, market competition, numbering, and the existence of the Communications Regulatory Agency (CRA). The CRA is an independent State institution, with country-wide jurisdiction, responsible for regulating telecommunications, broadcasting and frequency spectrum management. The "Communications Law" was developed along European Union policy lines with the support of the International Telecommunication Union (ITU). The legal framework does not specifically deal liberalization of telecommunications, although it has been indicated interest by the government to privatize the telecommunications operators. However, the Law on Competition has been adopted at a governmental level.

D. Turkey

In Turkey, the Telecommunications Authority was founded as a public judicial entity with a private budget having administrative and financial autonomy on January 27, 2000 and became effective as from August 15, 2000 [8]. The Authority works under the auspices of Ministry of Transportation. Telecommunication Authority executes among others its tasks under law to establish a dynamic telecommunication sector based on fair and free competition and to protect consumer rights. Between the Authority's responsibilities are the right to issue task agreements, concession agreements, telecommunication licenses and general authorizations, and regulations. The Telecommunication Services Ordinance was published and put into practice early in 2001 by the Ministry of Transport. Other public institutions and organizations in need of cooperation and coordination with the Authority and entitled to the task of strategy making, arrangement and application and their general scope of tasks are the Communication Supreme Board, the Supreme Council of Radio and Television and the Competition Authority.

E. F.Y.R.O.M.

In FYROM the Ministry of Transport and Communications and the Telecommunications Directorate (TD) regulate the activities in the telecommunications field. The TD issues licenses for telecommunications activities, controls the prices and the quality of services in accordance with the provisions of the "Telecommunications Act" that defines the existence of the public telecommunications operator with rights and duties for basic services provisions. At the same time it sets-out the conditions for involvement of new operators for all the other value-added services. There is also a Regulatory Authority, which although claimed independent, is highly influenced by the Minister of Transport and Communications. The National operator has the monopoly in fixed voice telephony, local and domestic calls until the end of 2004. International calls and provision of voice services to closed user groups are partially liberalised while the data transmissions, value added services, internet services provision, equipment provision and the mobile communications market with

two GSM operators, are fully liberalised.

F. Serbia-Montenegro

In Serbia-Montenegro the regulatory environment is in a transitional phase as the whole political and economical framework. Although the two republics (Serbia and Montenegro) operate under a common federation new rules in the telecommunication sector have not been implemented at a federal level. After two years debate the "Telecommunications Law" was adopted on 2003 in Serbia and its enforcement should provide legal grounds for radical reform in this sector. The new Law was developed in line with EU determining conditions and ways of conducting operational activities and defining the Telecommunications Agency (TA). The TA is an independent, regulatory body having wide range of responsibilities such as regulation, coordination, development, tariff regime, maintenance of information systems and it is also issues licenses for public telecommunication networks and services, broadcasting licenses and technical approvals. The TA has not as of today (January 2004) been put into work. It is worth mentioning that Kosovo, part of the Montenegro territory, which is under United Nations supervision, has established an independent regulatory body and it will launch two GSM licenses.

V. CONCLUSIONS

As a conclusion, the regulatory framework in the SEE countries needs efforts for further integration and alignment with the European framework should continue. In this direction organizations, included United Nation Development Program [10], Stability Pact and the Southeastern Europe Telecommunications and Informatics Research Institute (INA) [11] focus part of their activities on the exchange of experience between the related European Agencies and the regulatory Authorities of these countries, in order to implement best policy practices in the telecommunications regulation framework.

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