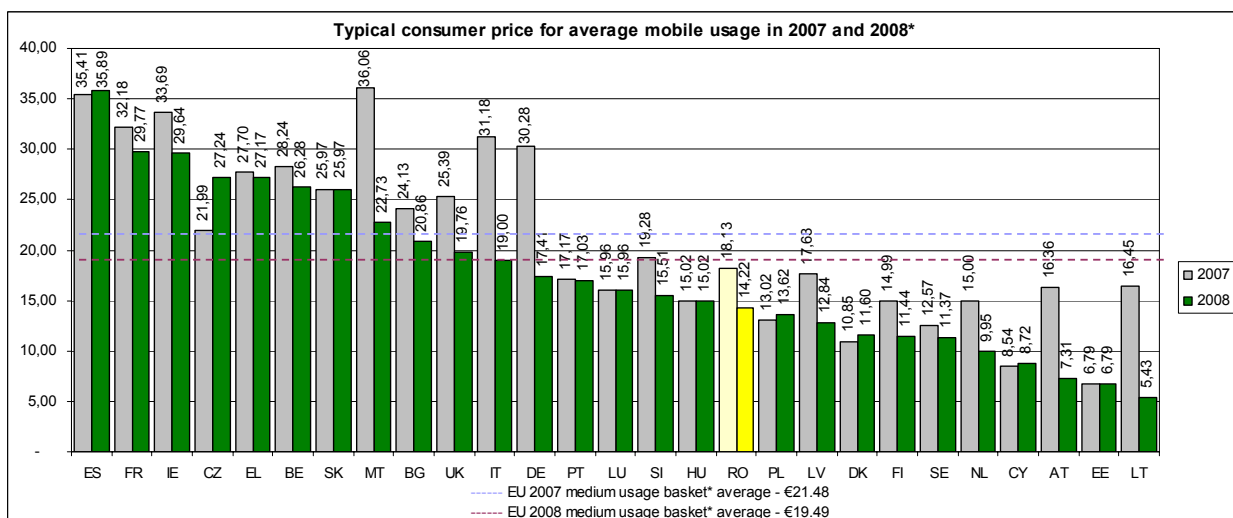


Towards a Single European Telecoms Market:

Focus on Romania



Mobile phone services grew significantly in 2008 and the typical monthly mobile phone bill was almost €4 less than in 2007. With a penetration at 103% of population in January 2009, there is now more than one mobile phone line per person. A new development is that customers can now keep their numbers when changing operators. 112, the European emergency number also works better. However, the independence of the national telecoms regulator has been undermined by the Government and there are delays in ensuring that basic telecoms services such as phone directories are accessible to everyone. Take up of broadband internet is among Europe's most sluggish. A comprehensive strategy and further investment would be necessary to improve broadband penetration (11.7% in January 2009).



*The above table relates to the cheapest offer in the medium usage basket using OECD methodology as of 2006. It consists of 65 outgoing calls per month + 50 SMS messages + 2-3 MMS. 21% of calls are to fixed line phones, 72% to mobile phones, 7% to voicemail. Where appropriate, it includes monthly rental, and any registration charges (post-paid offers, in particular).

Progress

Mobile penetration on the rise

The penetration rate of mobile phone services reached 103%, in January 2009 (up from 86% last year). However, this is still below the EU average of 119%. Nearly 60% of the mobile users opt for pre-paid services. In 2008 five mobile network operators provided 2G and 3G services.

The two largest mobile operators hold 76% of the market, and the third increased its market share by 53% with more than 5 million subscribers. The newest entrant launched its services in 2007, announcing 1.2 million subscribers in November 2008. Consumers in Romania also enjoyed a low average price per minute for mobile voice calls: €0.08 per minute compared to an EU average of €0.14

Customers can keep their numbers when changing operators

In October 2008, number portability has been introduced so customers can now keep both their fixed and mobile numbers when switching operators. This is regarded as the most positive development in the Romanian telecoms market last year. About 15 000 numbers (mostly mobile) were ported in the first two months after it was made available.

Thanks to regulatory requirements, customers should be able to port their numbers in 10 working days. The EU average is 7.5 days for fixed and 8.5 days for mobile numbers.

By making it easier for consumers to take advantage of more attractive offers, number portability could

make an impact in a market where the fixed incumbent's market share, in minutes of traffic, was 71% (80% at the beginning of 2007).

112 works better now

Romania has made significant progress on improving the caller location feature of 112, the European emergency number. Accident victims can now be located by emergency services when they call from mobile phones even if they cannot specify their exact location themselves.

There is a high number of abusive calls to 112 in Romania, and the government introduced a pilot project to tackle this problem. Abusive callers should get text messages warning them about the legal consequences of calling 112 without a real reason.

Areas for Improvement

Independence of regulator in question

The government substantially reorganised Romania's national regulator (ANRCTI) in 2008, which, in the view of the European Commission, is a serious violation of the regulator's independence. The Commission has started infringement proceedings against Romania to ensure that EU telecom rules are respected. The Commission has offered to work with the Romanian authorities to make sure that new laws will ensure the regulator's independence.

This is particularly important as the Romanian State remains an important shareholder in the fixed

incumbent operator and 100% shareholder in the national radio and TV broadcaster.



Broadband penetration one of the lowest in Europe

Despite the signs of steady growth, the take up of broadband per population rate remains one of the lowest in the EU with 11.7% in January 2009 (just under 10% in January 2008). The main obstacles are the low penetration of PCs, the lack of fixed line connections and low income. To improve the situation, a comprehensive strategy and more investment into broadband lines are necessary.

Basic telecom services are not accessible to all

There has been little progress in the provision of telecoms services at fixed locations to anyone who needs them as required by the EC directive on universal service (which provides a basic safety net of essential consumer services). Romania has continued to set up so called Tele-centres in rural and remote areas to provide telephone, fax and Internet connections but these centres are only a start. The adoption of the planned Universal Service strategy would help to improve the situation clarifying the steps necessary to ensure basic access to telecom services.

The launch of directories of subscribers and directory enquiry services under "118 ---" numbers has also been delayed, however some preparatory measures were taken in 2008.

TELECOMS SECTOR'S KEY FIGURES		
	EU	Romania
Total value of sector (2007)	€356.85 billion	€4.2 billion
Nominal growth of sector (2007)	2%	14.4%
Total capital investment (2007)	€52 billion	€1.3 billion
Fixed broadband penetration rate January 2009	22.9%	11.7%
Mobile broadband (data cards) penetration rate January 2009	2.8%	1.3%
Mobile penetration rate	119%	103%
Average mobile termination rates	€0.0855	€0.0677
Incumbent's fixed broadband market share January 2009	45.6%	26.1%
Incumbent's market share in direct fixed access	81.4%	68.7%
Total mobile ported numbers in 2008 only	14 million	N/A
Total fixed ported numbers in 2008 only	6.5 million	N/A
Average/typical broadband consumer price*	€36.89/month	€66.48/month
Average/typical mobile communication consumer price**	€19.49/month	€14.22/month
Average/typical fixed telephony communication consumer price***	€36.13/month	€19.58/month

* Median basket price for broadband (2-4Mbps offers) using purchasing power parity (PPP)

** Average "medium usage pre&post-paid 2006 OECD basket" price for mobile communications. The figure for Romania refers to the cheapest available offer of the two largest operators on the market

*** Average "medium usage residential 2006 OECD basket" price for fixed voice communications

For further information

Full report on the Internet: http://ec.europa.eu/information_society/policy/ecommlibrary/communications_reports/annualreports/14th/index_en.htm

More information on telecoms: http://ec.europa.eu/ecommlibrary/communications_reports/annualreports/14th/index_en.htm

Europe's Information Society Thematic Portal: http://ec.europa.eu/information_society

Information Society and Media DG Information Desk: Email: info-desk@ec.europa.eu