



REPORT

On Activity of



ANRCETI

**THE NATIONAL REGULATORY
AGENCY FOR ELECTRONIC
COMMUNICATIONS AND
INFORMATION TECHNOLOGY**

**and Evolution of Electronic
Communications Markets
in 2009**

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About the Agency

The National Regulatory Agency for Electronic Communications and Information Technology (ANRCETI)

is a central public authority empowered to regulate the activity in this area, ensure the implementation of development strategies for electronic communications and supervise compliance by electronic communications network and/or services providers. It is a legal person with self-sustained budget and is independent of network and service providers, electronic communications equipment manufacturers and Government, except for three cases: it performs its functions and powers under Regulations approved by Government; approves, in consultation with the Government, the tariffs for public electronic communications services providers with significant market power on fixed telephony relevant market, has its Director and Deputy Directors appointed by the Government.

The former institution – the National Agency for Regulation in Telecommunications and Informatics (ANRTI) was founded on August 17, 2000, it being one of the first telecommunications regulatory authorities, founded within the former USSR territory. The new authority was created as a result of structural reforms intended to separate the functions of policy-making, regulation and operation in the field of telecommunications, reforms made in compliance with the 1997 EU Council and Parliament Directives and the specific conditions for basic telecommunications services the Moldova's WTO accession agreement.

On March 14, 2008, upon the entry in force of the new Law on Electronic Communications No. 241-XVI of 15.11.2007, the regulator was reorganized as the National Agency for Electronic Communications and Information Technology (ANRCETI). ANRCETI is a successor of ANRTI and performs its duties and powers under the Agency Regulations, approved by Government Decree No. 905 of 28.07.2008.

The Agency operates to accomplish several basic objectives:

- (i) contribute to the development of electronic communications market by removing barriers to provision of services, networks and associated facilities;
- (ii) promote competition in the provision of networks, infrastructure and services, by encouraging efficient investment and innovation, ensuring neutrality of regulations with regards to technologies applied;
- (iii) ensure interconnection and interoperability of public electronic communications networks, end user protection.

Given its role of arbitrator on the electronic communications market, the Agency promotes an active and impartial policy, supported by a young team, well-aware of their duties and responsibilities. The measures taken by the Agency for market development are based on non-discrimination in treating all the providers and the need to remove barriers to the provision of electronic communications services, networks and associated facilities. The Agency examines and solves problems on the market for the benefit of end users. The decisions approved by the Agency are subject to public consultation and seek to create equal conditions for all providers of electronic communications networks and services. In its work the Agency is guided by the principles of transparency, predictability, timeliness, proportionality, technological neutrality, efficiency.

In accordance with the Law on Electronic Communications, annually by April 30th, the Agency publishes a Report on its activity related to the implementation of the electronic communications development strategy and its regulations, as well as a statistical yearbook regarding the development of electronic communication in R. Moldova in the previous year.



AGENCY'S MAIN ACTIVITIES

1 OBJECTIVES AND PRIORITIES

In 2009, the Agency's main activities were targeted at three issues of highest priority:

- (i) to continue the process of development and adoption of normative acts, as provided by the Law on Electronic Communications no.241-XVI, of 15.11.2007, in force since 14.03.2008 (hereinafter Law 241/2007), of bringing the existing regulatory acts in line with the provisions of the mentioned Law;
- (ii) to ensure transparency in the decision-making process, to implement the mechanisms of public consultations on the draft regulatory acts expected to have a significant impact on the markets and on providers of public electronic communications services;
- (iii) to promote the legal interests and rights of users of public electronic communications services.

In the timeframe under consideration, a total of 312 Administrative Board decisions were developed and approved, 12 of which were normative decisions, 290 – decisions on licensing activities in electronic communications and information technology field, 2 decisions on dispute resolution between network/service providers and 8 pertaining to ANRCETI internal activity.

Most of the normative decisions are described further in the next Report sections. Noteworthy is the special importance of two particular regulations, in force since the beginning of 2009, for enhancing competition on the electronic communications market: on Interconnection and on Identification and Analysis of relevant electronic communications markets and designation of significant market power on those markets.

The latter normative act provides for the methods and criteria of identifying relevant markets, whose characteristics justify the imposition of regulatory obligations on providers of electronic communications networks and/or services with significant market power, and for the fundamental rules taken by the Agency as basis for the analysis of identified relevant markets and determining whether one or more providers have significant market power on a particular market.

The next step pursued by the Agency was to define the list of 10 relevant markets and to start the process of market analysis, in order to identify them. Having identified the relevant markets, the Agency will pursue more in-depth analysis to determine the providers with significant market power on those markets and to establish ex-ante obligations to be imposed on SMP providers. This exercise is scheduled to be finished by the end of 2010. The Agency consider that its actions will contribute to removing the existing barriers to the provision of electronic communications networks and services and associated facilities, as well as to ensuring favorable conditions for fair competition on the electronic communications market.

Another priority of the Agency's activity in 2009 was to ensure transparency in the process of development, examination and approval of regulatory acts with a significant impact on the markets and on providers of public electronic communications services. All the afore-mentioned draft documents were subject to public consultations, a process comprising different interactive forms of consultation, such as public hearings and debates, working reunions and public sessions of ANRCETI Administrative Board for the purpose of approving the draft documents. Thus, in

2009, the Agency organized public consultations on 14 draft documents and received 313 recommendations thereto. Of this total, 238 were reflected in the final modifications and additions of the draft Administrative Board Decisions, as they were considered well-grounded.

The Agency's list of priorities also comprised such issues as promoting the end users legal interests, ensuring a higher degree of their protection in their relations with the providers of public electronic communications services. For this purpose, for the first time, the Agency developed and approved a Guide for providers of public electronic communications service to advise them on protection of end users rights. For the same reason,

the Administrative Board adopted a decision establishing quality parameters for public electronic communications services. By this decision, the Administrative Board set the quality parameters for five types of public electronic communications services and required that providers measure those parameters, periodically submit reports to the Agency and publish information about the achieved level of conformance to those parameters. The Agency consider that this regulatory act will help ensure the users' rights to modern high quality services, and also will encourage the providers of public electronic communications services to make additional investments in network modernization in order to bring service quality parameters into line with the modern standards.

2 ACTS OF THE ADMINISTRATIVE BOARD

2.1 Decisions with Significant Impact on the Market

Decision no. 12 of 31.01.2009 Approving the Regulations on Interconnection

The Regulations lay down the principles and procedure of interconnection between public electronic communications networks and/or services, of providing access to networks and associated facilities, including to the local loop/sub loop. The purpose of the regulations is to promote competition of the network and service market, to ensure connectivity between end users, transparency and non-discrimination in relation to the interconnection/access process, as well as to ensure the protection of end users.

Decision no. 79 of 17.04.2009 Regulating the Provision of Services by means of Free Phone Numbers (free access for callers) in public electronic communications networks

The Decision sets up obligatory conditions for providers of public electronic communications networks regarding origination, transportation and transfer of calls to *Freephone* numbers, regardless of the call origination network, with the view of ensuring end user's access to numbers with free access for the caller – *Free phone* - in public electronic communications networks.

Decision no. 80 of 17.04.2009 Approving Special Licenses Conditions for the use of Free Phone Numbers (free access for callers) in public electronic communications networks

The special license conditions specify the rights and obligations of license holders in using numbers with free access for the caller – *Free phone* - in public electronic communications networks, assigned by the Agency to providers of such networks.

Decision no. 81 of 17.04.2009 Approving Special License Conditions for the use of numbers assigned for special-rate services (Premium rate) in public electronic communications networks

The special license conditions were developed and approved for the purpose of ensuring the end users' access to numbers assigned for special-rate services (*Premium rate*) and promoting the use of those numbering resources. The special license conditions lay down the rights and obligations of public electronic communications networks providers in terms of origination, transportation and transfer of calls to *Premium rate* numbers, regardless of the network where the call is originated.

Decision no. 85 of 28.04.2009 Defining the List of Relevant Electronic Communications Networks and Service Markets

By this Decision the Agency defined 10 relevant markets of electronic communications networks and services, which will be analyzed in order to identify the relevant markets, find whether or not the market is effectively competitive and determine significant market power on those markets. The decision was developed pursuant to the European Commission Recommendation 2007/879/CE on relevant product and service markets within the electronic communications sector, susceptible to ex-ante regulation in accordance with Directive 2002/21/EC of the European Parliament and of the Council on a common regulatory framework for electronic communications networks and services.

Decision no. 126 of 02.06.2009 Establishing Categories of Radio Frequencies the use of which is not subject to general authorization regime and is allowed without a license for the use of radio frequencies/channels or a technical permit

This Decision was adopted in order to harmonize the national legislation to the recommendations of the European Conference of Postal and Telecommunications Administrations (CEPT), of which Moldova is a full-right member. In accordance with CEPT recommendation T/R 70-03, the Agency established the categories of radio frequencies that can be freely used. The issuance of this decision removed the bureaucratic barriers in the use of this category of frequencies.

Decision no. 278 of 17.11.2009 Establishing Quality Parameters for public electronic communications services

The Decision was adopted with the view of promoting the end users' interests in terms of their provision with modern, useful and high-quality public electronic communications services, at reasonable rates, as well as promoting competition on those markets. By its decision, the Agency set the quality parameters for five types of public electronic communications services: fixed telephony, Internet access, communications services provided via IP networks, services provided via ISDN network and public leased line services.

2.2 Pending Draft Decisions

Draft FL-LRAIC-based Cost Calculation Methodology for interconnection and access services

The draft document was developed in order to set up the methodological principles for developing the cost calculation methods for wholesale provision of electronic communications networks and/or services, the basic prerequisite being an imagined competitive environment, which would determine the providers to establish the prices for those services, proceeding from the efficient costs incurred by an efficient provider.

Draft Decisions on Market Identification for markets 2, 3, 4, 5, 7 and 9 from the list of relevant electronic communications network and/or service markets, approved by Decision no. 85 of 28.04.2009

The draft documents were developed pursuant to the provisions of Art.9 paragraph (1) section k) and Art.51 of Law 241/2007. As provided by those Articles, the Agency must identify the relevant markets in order to further conduct market analysis, taking into account specific national circumstances on the electronic communications market. Having identified the relevant markets, the Agency must perform market analysis, determine the providers with significant market power on the given markets and impose special ex-ante obligations on those providers, as provided by law.

Draft Revised Version of National Numbering Plan

The development of a revised version of the National

Numbering Plan (NNP) was conditioned by the need to bring this document in line with the provisions of the ITU Recommendations as regards the form of NNP presentation and by the rapid development of the national market of public electronic communications services. The draft document was sent to the Ministry of Information Technologies and Communications for approval.

Draft Decision regarding the Use of Numbers Independent of Location in Public Electronic Communications Networks

The document was developed with the view of complying with the provisions of the NNP and for the development of public electronic communications service market by implementing convergent voice-data services, based on advanced IP protocol technologies.

Draft Decision Access to Numbers with Special Tariff (Premium rate) provided within public electronic communications networks

The development of this draft decision was conditioned by the need to ensure the access of end users to content services provided by means of Premium rate numbers, assigned to be used in public electronic communications networks. The document sets forth obligatory conditions for providers of public electronic communications networks regarding origination, transportation and transfer of calls to Premium rate numbers, regardless of the call origination network.

Draft Decision Approving License Concession Procedure for licenses authorizing the use of limited resources in the provision of public electronic communications networks and services

The document is based on Art. 29 and 35 (3) of Law 241/2007 and describes the procedure of license concession to third parties, at the license holder's initiative. The procedure provides for the types of licenses subject to concession, concession conditions and procedure, obligations of assignees.

Draft Decision Approving Universal Service Regulations

This draft Decision pursues the provisions of the Law on Electronic Communications and European Union Directive 2002/22/EC of April 24, 2002 on universal service and users' rights relating to electronic communications networks and services (Universal Service Directive). It is aimed at ensuring the right of all Moldovan citizens to receive a minimum set of electronic communications services of a specified quality and at affordable prices, regardless of their geographical location. The document sets out the conditions for universal service implementation, for designation of its providers, ensuring universal service quality, conditions of supply, mechanisms for net cost funding, etc.

3 REGULATION OF ELECTRONIC COMMUNICATIONS AND INFORMATION TECHNOLOGY

3.1 Implementation of General Authorization

The general authorization is a legal regime applicable to the provision of public electronic communications networks and services, which determines the rights and obligations for providers of all types of networks or services. Under this regime, natural or legal persons intending to provide electronic communications networks and / or services is required to lodge with the Agency a notification containing a minimum set of information necessary for being included in the Register of electronic communications networks and / or service providers. Within seven days, the Agency examines the submitted documents and:

- a) Issues an Informative Declaration, confirming the provider's being entered in the Register and allowing the person who submitted the notification to launch activity (work can also be started in the absence of declaration, if the Agency has not yet adopted a reasoned refusal decision, within 7 days from the date of notification);
- b) Adopts a reasoned refusal decision, if the data included in the given notification are erroneous or untrue, or the person that submitted the notification can not operate in this area for other reasons provided by the applicable legislation.

The Agency has been applying the authorization procedure for the provision of electronic communications networks and/or services starting with September

15, 2008, when the provisions of Chapter IV of Law 241/2007 entered in force.

By applying the general authorization regime, in 2009 the Agency authorized 166 companies to operate on the market. 75 of those are new market entrants and 91 – "old players", authorized by the Agency upon expiry of their previous licenses or who voluntarily renounce their licenses in favor of the new general authorization regime. In this regard, applicants submitted 116 notifications for the provision of public electronic communications networks and 141 notifications for the provision of public electronic communications services. The top three preferences of those companies were ranked as follows: Internet access services (63), data transmission (52) and audiovisual program services (42).

As per December 31, 2009, the situation in terms of number of authorized companies was as follows:

- (i) 241 companies authorized for the provision of electronic communications networks and/or services, according to the provisions of Chapter IV of Law 241/2007;
- (ii) 859 license holders of 918 licenses for different types of activity in the field of telecommunications and informatics, issued under the law on Telecommunications no. 520-XIII of 07.07.1995, in force thereat, and
- (iii) 8 individual license holders.

Tab. 1 Network and Service Providers Authorized by the Agency in 2008-2009

	2008	2009	TOTAL
Total authorized providers of electronic communications networks and services, of which:	48	166	214
■ authorized providers of electronic communications networks, including:	38	116	154
- public fixed terrestrial networks	35	114	149
- mobile fixed terrestrial networks	4	1	5
■ authorized providers of electronic communications services, including:	40	141	181
- telephone services	11	34	45
- leased line services	4	19	23
- data transmission services	11	52	63
- Internet access services	21	63	84
- audiovisual programs broadcasting and/or re-transmission services	13	42	55

Source: ANRCETI

The 918 licenses issued under the Law on Telecommunications comprise:

- 101 general licenses for local fixed telephony service provision;
- 656 general licenses for informatics service provision;
- 38 technical licenses for construction, maintenance, operation and creation of air and/or cable radio stations;
- 123 technical licenses for construction, maintenance, operation and creation of air and/or cable radio stations.

Individual licenses comprise:

- 1 individual licenses for the provision of local, long-distance and international telephone services (Moldtelecom JSC);
- 4 individual licenses for the provision of cell mobile telephone services (Orange Moldova JSC, Moldcell JSC, Eventis LLC and Moldtelecom JSC);
- 3 licenses for the use of radio frequencies in the provision of 3G cell mobile electronic communications networks and services (Orange Moldova JSC, Moldcell JSC and Moldtelecom JSC).

It is worth mentioning that the implementation of general authorization regime has had a beneficial effect on the market, due to the simplification of market entry process. However, not all the service providers are well aware of the advantages offered by this system and continue to run their business under the previous license conditions. In this respect, in 2010, the Agency intends to widely inform the providers about the possibilities of the authorization regime.

3.2 Administration of State Limited Resources

According to Law 241/2007, radio frequencies and/or channels and numbering resources are limited resources under public state property, and the Agency is the authority meant to exercise regulatory, management and assignment functions in relation to those resources. The mentioned resources are assigned by the Agency to providers of electronic communications networks and services through issuance of corresponding licenses.

3.2.1 Radio Frequencies and Channels

Licenses for the use of radio frequencies and/or channels for providers of television or radio stations and/or networks are issued on basis of applications submitted to the regulator, with attached copies of the broadcasting license or re-transmission authorization and the approval from the National Radio Frequency Center, which contains the results of selection, calculation and coordination of the specific radio frequency or channel.

In 2009, based on the documents submitted by providers, the Agency issued 16 licenses for the use of radio frequencies and channels.

3.2.2 Numbering Resources

The main objectives of the Agency in pursuing the policy of numbering resource administration is to promote new electronic communications services and to stimulate the demand for such services, as well as to implement the regulatory principles, provided in the European Parliament and Council Directive 2002/21/EC on a common regulatory framework for electronic communications networks and services, based on transparency, objectiveness and non-discrimination.

Throughout 2009, the Agency assigned over 840 thousand numbers to providers of electronic communications networks and services. Of those, 700 numbers were assigned for public mobile telephone networks (Moldcell JSC – 400 thousand, Orange Moldova JSC – 200 thousand, Moldtelecom JSC – 100 thousand), over 130 thousand – for public fixed telephone networks (including Moldtelecom JSC – 100 749, alternative operators of public local fixed networks and services – 30 thousand), 7500 – for Freephone services, 1764 – for Premium rate services, 41 – for auto transportation and other services, 35 numbers – for IP-telephone services, dial-up, non-electronic communications services, etc.

However, in 2009, the Agency withdraw numbering resources, at providers' request: 143 700 numbers, including 100 000 numbers – for public mobile telephone networks, 43 513 numbers – for public fixed networks, etc.

In the reporting timeframe the total number of numbering resources assigned by the Agency to electronic communications network and service providers increased by 8% over 2008.

Tab. 2 Numbering Resources Assigned by the Agency in 2008 – 2009

	2008	2009
Total assignments, including:	778 101	840 089
- numbers for public cell mobile telephone networks	700 000	700 000
- numbers for public fixed telephone networks	78 000	130 749
- Free Phone service	39	7 500
- Premium rate service	40	1 764
- auto transportation services	14	41
- IP-telephony services, dial-up, non-electronic communications services	8	35

Source:  **ANRCETI**

To make the management of numbering resource more efficient, the Agency intends to continue to implement, in 2010, the recommendations of CEPT/ECC (European Conference of Postal and Telecommunications Administration/Electronic Communications Committee), to which Moldova is a party.

3.2.3 Authorized Use of Radio Communications Stations

The right to use one or more radio communications stations on the radio frequencies or channels assigned as appropriate and, in compliance with particular technical parameters, is granted by means of technical permits, issued by the Agency.

The Instruction on Technical Permit Issuance for radio communications stations, approved by ANRCETI Administrative Board in compliance with Law 241/2007, stipulates that the technical permit shall be issued by the Agency for radio communications stations used for corporative and individual needs (radio amateur stations, CB (Citizen Band), taxi, electric networks, security systems, occasional transmissions, including via satellite, associated technology), with no right to provide electronic communications services via such stations, as well as for radio relay networks within electronic communications networks. For the aforementioned radio communications stations the use of radio frequencies and/or channels is allowed without a license.

Based on the mentioned Instruction and on the submitted applications, in 2009, the Agency issued 2405 technical permits, including 55 permits – for stationary radio communications stations, 2077 – for mobile radio communications stations, 255 – for radio amateurs.

All in all, in the timeframe 28.10.2008 - 31.12.2009, the Agency issued 2734 technical permits, including 65 – for stationary radio communications stations, 2396 – for mobile radio communications stations, 255 – for radio amateurs and 18 international permits.

At the same time, pursuant to Law 241/2007, on basis of CEPT ERC 70-03 Recommendation and for the purpose of aligning to the European regulatory model applied in electronic communications, the ANRCETI Administrative Board approved the categories of radio frequencies to be used without an authorization/license or technical permit.

3.3 Licensing Information Technology Activities

In accordance with the Law on Regulating Entrepreneurial Activity by Licensing no.451-XV of 30.07.2001, the Agency issues licenses for two types of activity in the field of information technology, namely for:

- (i) provision of services implying elaboration, maintenance and implementation of software, equipment and information systems of state interest;
- (ii) provision of services implying projecting, elaboration, implementation of automated information systems and resources of state interest (data base creation and exploitation and information provision services) and ensuring their functioning.

In 2009 36 companies applied for such licenses. Thus, the Agency issued 36 licenses for the provision of services listed in p. (i) and 35 licenses for the provision of activities listed in p. (ii).

4 COMPETITION PROMOTION

4.1 Access and Interconnection

According to Law 241/2007, one of the specific rights applicable to the provision of public electronic communications network and/or service is to negotiate and conclude access and interconnection agreements, in order to ensure the connectivity between end users of interconnected networks and interoperability of networks and services, promote competition on this market and protect the rights of end users.

To establish the principles and rules for network interconnection and access to networks and / or services, the Agency Administrative Board approved a new version of the Regulations on Interconnection, which entered into force on January 31, 2009.

The Regulations cover the principles and procedures for the interconnection of public electronic communications networks and / or services and for the provision of access to networks and associated facilities, including local loop / sub-loop. This new normative act lays down clear obligations on providers designated by the Agency as having significant market power on a relevant interconnection market. Among these are the obligations of ensuring transparency and non-discrimination against other market players, publishing a reference interconnection offer, cost-based interconnection pricing, as well as specific terms for the negotiating and signing of interconnection agreements.

A new element of the Regulations is the Chapter establishing the principles and procedures for access to associated facilities, including the local loop. It requires that providers designated as having significant market power on the local loop market provide this service, under non-discriminatory conditions, to all providers requesting it. The SMP providers also must publish a reference offer to include both the minimum set of local loop access services and the rates and conditions for such services.

Given the equivocal treatment of Section 12 of the Regulations by the providers, the Agency additionally examined the situation on the interconnection market and decided to amend the provisions thereto. According to ANRCETI Board Decision no. 279 of 17.11.2009, the new version of section 12 of the Regulations on Interconnection stipulates that a provider of public electronic communications networks with no ex-ante obligations to provide traffic transit, imposed by the Agency, shall negotiate a direct interconnection agreement only on condition that the average

monthly bidirectional indirect interconnection traffic, registered between the given provider and the requesting provider during the last 3 months, exceeds 50 000 minutes.

Pursuant to Art. 43(1) of Law 241/2007, the Agency has the right to impose one or more specific ex-ante obligations to providers with significant market power on one of the electronic communications markets, including obligations on tariff control and tariff cost orientation.

With regard to this, in 2009, the Agency developed and proposed for public consultations the draft Methodology of FL-LRAIC-based cost calculation for interconnection and access services. The methodology is targeted at establishing the LRIC methodological principles for developing costing models for wholesale interconnection/access with/to electronic communications networks and/or services, taking as a basic pre-requisite a simulated fully competitive environment, which would determine the providers to set the prices for those services on basis of the costs incurred by an efficient provider. The cost orientation of prices, with the use of a LRIC-based model, is the closest simulation of the conditions on a fully competitive market and allows for ensuring adequate pre-requisites for the development of competitive retail markets.

4.2 Market Analysis and Significant Market Power

For the purpose of promoting fair competition on the electronic communications market, the Agency approved the Regulations on Identification and Analysis of Relevant Electronic Communications Markets and Designation of Providers with Significant Market Power, in force since 17.02.2009. The new regulations comprise:

- the methods and criteria for the identification of relevant markets, whose characteristics can justify the imposition of regulatory obligations on providers with significant market power;
- the basic rules, for the Agency to analyze the identified relevant markets and to determine whether one or more providers have significant market power on a certain relevant market.

In this respect, the Agency, by its Administrative Board Decision no. 85 of 28.04.2009, defined the list of markets to be analyzed in order to identify the relevant electron-

ic communications markets. The Decision provides for the definition of 10 relevant electronic communications networks and/or services markets.

The markets were defined taking into consideration the appropriate EC Recommendations, at the same time having regard to the specific national circumstances of the electronic communications market. Thus:

- Markets 1-7 from the aforementioned decisions correspond to markets 1-7 of the European Commission Recommendations 2007/879/CE;
- Markets 8 and 9 are dealt with in EC Recommendation of 11/02/2003. The identification of market 8 (provision of leased lines – segment trunk), results from the situation on the national leased market, which differs from the ones specific for most such markets in EU. In the Republic of Moldova the competition on this market has hardly evolved since 2004, the year of full market liberalization. The definition of market 9 (traffic transit in the public fixed telephone network) results from the situation on the market of national voice call transit between the networks of national providers, a market in which the absence of effective competition can still remain an essential barrier to new providers' attempt to enter the market and their further development;
- the definition of market 10 ((physical) access to the associated facilities of the provider's own electronic communications network) results from the necessity to ensure competition development at network level, which factor will enhance the long-term benefits for users, due to the competition increase on retail markets.

5 MONITORING AND CONTROL

5.1 Monitoring Compliance with the Legislation in Force

Monitoring is an activity of the Agency which comprises regular analysis of the information pertaining to the activity of participants to the market of electronic communications and information technology services and is focused on estimating the providers' compliance with the provisions of normative acts governing the sector, as well as appreciating the correspondence of the regulatory framework to modern requirements.

The objective of this activity is to prevent the market participants from eventual violations of the re-

The definition of relevant markets by the Agency represents the first important step towards assessing the conditions of competition development on different electronic communications markets and determining the providers with significant market power. Subsequently, the Agency started the analysis regarding the relevance of the following markets:

- call origination at a fixed location in the public telephone network (market 2);
- termination of voice calls in individual fixed telephone networks (market 3);
- wholesale (physical) access to network infrastructure (inclusive full or partial unbundled access) at a fixed location (market 4);
- wholesale access to broadband communications (market 5);
- termination of voice calls on individual mobile telephone networks (market 7);
- traffic transit services in the public fixed telephone network (market 9)

Having conducted the analysis of the identified relevant markets, the Agency will proceed to imposing special preventive obligations, as established by Law 241/2007 on providers designated as having significant market power on those markets. This factor will stimulate competition and market entry. That process, in its turn, will lead to the diversification of services for end-users, especially fixed,, broadband Internet access, multimedia services, etc.

quirements laid down in the legislative acts in force. A special importance in this activity is devoted to protection of end users rights, to a higher degree of public networks security, efficient use of the state's limited resources and better awareness of the need to comply with the legal provisions.

Both the information available in the public informational environment, as well as the official information, periodically presented by suppliers, as set in the normative acts and, where appropriate, required by the Agency, serve as a matter of analysis.

The monitoring activity, carried out during the year 2009, showed the following results:

- a) Deviations from the requirements of legislation in the activity of 55 cable TV providers. In this respect, prescriptions were issued to remedy the deviations, within the established deadlines;
- b) Cases of unauthorized use of numbering resources from the national numbering plan by Moldtelecom JSC, which constitutes a violation of the requirements in Article. 63. (5) of Law 241/2007, and against which Moldtelecom JSC has been duly warned;
- c) End users discontent with the quality of broadband Internet access. In order to protect the end users rights and interests, the Agency developed specific recommendations, which subsequently were reflected in the electronic communications service users' Guide;
- d) Ongoing verification of compliance by providers with the terms set for submission of statistical reports (fixed, mobile telephony, including IP telephony, data transmission services and Internet access);
- e) non-compliance by some providers with the provisions of the Agency Administrative Board Decision no. 79 of April 17, 2009 on Regulating the Provision of Services by means of Free Phone Numbers (free access for callers) in public electronic communications networks, followed by due warning against such practices.

5.2 Control of Market Players' Activity

The control activities conducted by the Agency are targeted at ensuring and promoting competition on the electronic communications and information technology markets, and protecting the users' rights and interests. This activity takes place under conditions of transparency, impartiality and objectivity and concerns natural and legal persons whose activity is governed by the legislation in this field.

The control actions on market players activity take place pursuant to the Regulations on Control Procedure in Electronic Communications, approved by the Agency Administrative Board Decision no. 9 of August 18, 2008. In 2009, the Agency performed 120 control actions, of which 63 were planned ones and 57 – unplanned.

The planned control actions were mainly focused on assessing and verifying the technical capacity of data transmission and Internet access networks, the

conditions of provision and the service quality, the efficiency and correctness in the use of numbering resources, the compliance with legal provisions in force and removal of violations as prescribed by the Agency.

The objective of the unplanned control actions was to verify and collect materials necessary for solving, within due competence, all the problems described in the incoming petitions, as well as in the referrals from other bodies.

Out of the total 120 control actions, 35 were conducted jointly with other state institutions, duly authorized for such actions, of which:

- 8 – jointly with the State inspection for Market Supervision, Metrology and Consumer Protection, focused on examining petitions from consumers;
- 24 – Jointly with the Ministry of Information Technology and Communications, to verify equipment certification;
- 2 – jointly with the State Fiscal Inspection, to establish the types of information technologies services in relation to the Classifier of Activities in the Economy of Moldova;
- 1 – jointly with the National Agency for Competition Protection, to verify compliance with the competition legislation.

The other 85 control actions were performed by the Agency staff and were focused on the following subjects:

- 18 – to identify cases of unauthorized use of radio frequencies. These actions revealed contraventions, ending in 17 Reports on Administrative Contraventions (hereinafter - reports);
- 19 – to identify failures to meet the deadlines, prescribed by the Agency, to remedy non-compliance, ending up in 16 reports;
- 3 – to assess the technical capacity of the data transport and Internet access networks, conditions and quality of service provision;
- 4 – to identify unauthorized electronic communications activity, resulting in 4 reports;
- 19 – to investigate claims expressed in petitions, resulting in 1 report and 2 warnings against discontinuity and poor service quality;

- 12 – to verify efficiency and correctness in the use of numbering resources, ending in one report and two warnings;
- 1 – to ascertain the real state of things, as far as the technological space for collocation is concerned, within several telephone exchanges of JSC Moldtelecom;
- 4 – to verify compliance with the provisions of the normative acts in force in electronic communications. As a result, one company was warned against non-compliance with license conditions;
- 4 – to identify cases of unauthorized connection to cable television networks, resulting in 4 reports;
- 1 – to verify veracity of the information provided in the notification and in the fiche of network description.

In 2009, the number of control actions performed by the Agency reduced by 28% over 2008 and by 50% over 2007. The number of planned actions reduced by 60% over 2008. The reduction is a result

of an improved normative framework and structural re-organization of the Agency, in which the utmost importance was given to the quality of control actions and to the measures taken in order to prevent eventual violations of the legislation in force by the providers, without directly interfering with their business.

It is noteworthy that in most of the cases, no serious breaches of the legislation in force were detected, whereas in relation to other detected shortcomings, the providers obeyed the prescriptions of the Agency. However, a number of Reports on Administrative Contraventions or warnings were produced, as appropriate by law, in relation to a number of providers who failed to remove the breaches within the prescribed terms or who committed contraventions through unauthorized use of limited resources or non-conformed to the legislation in force.

In the reporting timeframe, 43 reports were issued, of which, before May 31, 2009, (date of abrogation of the Administrative Contravention Code of March 29, 1985), 22 were examined by the Agency Administration, sanctions being subsequently applied under the legislation in force at that time, and 21 were referred to competent court for examination.

Among the most frequent shortcomings were failure to ensure quality and continuity of the services provided to end users. (37%), unauthorized use of radio communications stations and radio frequencies (39%), unauthorized provision of electronic communications networks and services (9%), unauthorized connection of users to analogical cable television networks and services (9%).

In order to reduce the number of deviations from the requirements of the current legislation and, respectively, administrative penalties, the Agency's work plan for 2010 provides for activities of raising the awareness of both the providers and end users, of regulatory provisions, through various methods (during control actions, by placing appropriate information on the Agency official Website, by organizing working meetings, etc.).

Tab. 3 Control Actions Performed by Agency Staff in 2007 – 2009

CONTROL ACTIONS	2007	2008	2009
Total number of control actions:	230	167	120
Planned:	226	157	63
Unplanned:	4	10	57

Source: ANRCETI

6 DISPUTE RESOLUTION

6.1 Disputes between Providers

The procedures the Agency applies in the examination of disputes between providers of electronic communications networks and / or services and between providers and end users seek to provide the market with as many alternatives for dealing with the issue as possible. These procedures are established by the Regulations on Dispute Resolution Procedure in electronic communications, approved by the Agency Administrative Board Decision No.15 of 23.09.2008.

According to the Regulations, where a dispute emerges between providers of electronic communications networks and / or services, in connection with the rights and obligations pursuant to Law 241/2007, and where they fail to solve it independently, either party may refer the dispute to the Agency for settlement. The regulations set up two ways of settling disputes: mediation and contentious procedure. The mediation is a structured process, in which the Agency is a third party, neutral and impartial, that assists the parties in the dispute, the primary aim being to reach an acceptable agreement to the benefit of both parties. If the mediation solves the dispute, the parties conclude a transaction. If the parties fail to reach an agreement, the dispute is resolved through contentious procedure.

The interested party may have direct resort to the contentious procedure without going through mediation procedure. The contentious procedure is automatically launched, where the mediation procedure fails. At any time during the mediation process or contentious procedure the parties may conclude a transaction to solve the dispute. The dispute-settling decision of the Agency must be issued within 30 days from the date it was initially referred to the Agency. Its legal force is as the one of an administrative act and shall be binding upon the parties. The decision may be challenged in court as required by law.

In 2009, the Agency adopted two Decisions on the disputes between Arax-Impex LLC and Moldcell JSC, examined at the end of 2008. The dispute settlement procedure in the first case was initiated on basis of a complaint from Arax-Impex, dated 16.12.2008, requesting that the Agency impose two obligations on company Moldcell JSC:

- (i) provide the technical and commercial interconnection conditions for termination, in Moldcell JSC mobile network, of calls originated outside Moldova, and

- (ii) conclude an agreement of interconnection with the public mobile network of Moldcell, for termination of calls originated outside Moldova, based on cost-oriented tariffs.

By its Decision no.21/SL of 18.02.2009, the Administrative Board decided to partially admit the complaint of Arax-Impex LLC and required that company Moldcell JSC negotiate, within 30 days, an interconnection agreement with Arax-Impex LLC for termination of calls originated outside Moldova and reject the second complaint of Arax-Impex LLC, as being inadmissible to be settled through the dispute resolution procedure.

The procedure of settling the second dispute was initiated on basis of a complaint by Arax-Impex LLC, dated 16.12.2008, in which the company requested that the Agency impose on Moldcell JSC two more obligations:

- (i) provide the technical and commercial conditions to enable the end users of Moldcell to access the IP-telephony services provided by Arax-Impex through 1630 access code, and
- (ii) to conclude an interconnection agreement on IP-telephony service provision through the 1630 access code by Arax-Impex to the end users of company Moldcell.

By its Decision no.22/SL of 18.02.2009 the Administrative Board decided to partially admit the complaint of Arax-Impex LLC and required that Moldcell JSC negotiate an interconnection agreement with Arax-Impex LLC, within 30 days, including the making available of technical and commercial conditions, for the purpose of enabling Moldcell JSC end users to access the IP-telephony services provided by Arax-Impex LLC through 1630 access code. This time, the Agency also rejected the second request of Arax-Impex LLC, as being inadmissible to be settled through the dispute resolution procedure.

In both cases, the Agency has reasoned its decision to reject the Arax-Impex LLC request to oblige Moldcell JSC to conclude the above-mentioned interconnection agreements by the absence of an appropriate regulatory framework and a Decision of the Agency to impose special ex-ante obligations on company Moldcell JSC.

In the timeframe under consideration, the Agency received one more request to interfere in a dispute resolution between Moldtelecom JSC and Arax-Impex LLC on termination of traffic initiated outside Moldova and with the destination in the public fixed telephone networks of Moldova. The request is still pending.

6.2 Disputes between Users and Providers

The Agency promotes the interests of end users by increasing the degree of their protection in their relations with the providers, in particular by putting in practice a dispute resolution procedure. The procedure is laid down in the Regulations on Dispute Resolution Procedure in Electronic Communications. It requires that where the disputes between end users and providers fail to be amicably solved by the parties, the latter shall have the right to refer to the Agency for dispute resolution through mediation.

In this case, the user can make a complaint, optionally possible through the standard Form, approved by the Agency. The person in charge of handling com-

plaints and dispute resolution, involving end users, shall take all the appropriate measures to establish the exact facts and the applicable legal norms, including the summoning of the parties, either jointly or separately.

The parties are required to apply all due diligence in order to amicably settle the dispute and to cooperate in this regard with the person in charge from the Agency. If the parties fail to reach an agreement within 30 days of the date the complaint was received, the Agency will provide its recommendation on how to resolve the dispute.

In 2009, the Agency examined 99 petitions from end users – natural and legal persons. 40 of those proved to be substantiated and solved in favor of end users.

7 END USERS' RIGHTS PROTECTION

7.1 User Protection Measures

Pursuant to Art. 13 of Law 241/2007 and Art. 23 of the Law on Consumer Protection, ANRCETI is entitled to protect the rights of end users. For this purpose, the Agency develops regulations on user protection, considers and solves their petitions, co-works with user-representing entities, provides those entities, as well as the users with information pertaining to the activity of public electronic communications network and / or service providers.

In this regard, in 2009, the Administrative Board adopted Decision No.197 of 23.07.09, on measures meant to ensure the rights of end users in the provision of public electronic communications services. By this decision the Board approved, for the first time, the Guide of the public electronic communications service provider, covering the issue of end user protection.

The basis for drafting the Guidelines were the incoming complaints about breaches of end users contractual rights, as well as the investigation of contracts between providers and end users conducted by the Agency, which revealed a series of violations of the current legislation. The findings showed that most contracts fail to contain a number of very important clauses, under the law, such as the quality of provided services, compensations applicable and the procedures thereof, where the supplier fails to meet the specified service quality or other contractual clauses, types of technical maintenance services, prices and tariffs for those services, methods of initiating dispute settlement proceedings, etc.. To change this situation, the Agency considered it appropriate to develop a Guide, as a rec-

ommendation, in order to give advice to electronic communications service providers on how to protect end users rights.

The guide advises providers on how to apply the legislation in force, the experience and good practices in order to protect the rights and interests of their end users. It describes the minimum terms to be included in a standard contract, specifies the unfair terms to be removed, as well as certain unfair trade practices that are to be excluded.

The Decision requires that the public electronic communications service providers develop standard contracts in strict accordance with the legislation in force, under the directions recommended in the Guide and forward them to the Agency for review. Currently, the Agency is reviewing the standard contracts, already submitted by the providers. Unless there are objections from the Agency, the providers are to make the standard contract publicly available, to display them on websites, after which to make them available for any applicant.

After the publication of standard contracts, the providers are required to review the existing ones in order to bring them in line with the ones published and inform the Agency thereof.

In the timeframe under report, the Agency Administrative Board adopted a Decision on establishing quality parameters for public electronic communications services, which aims at providing the end users with the right to receive high quality services, at affordable prices, complete, comparable and accessible information regarding the quality of these

services. By its Decision the Agency established quality parameters for five types of public electronic communications services: fixed telephony, Internet access, IP-based services, ISDN-based services and public leased lines services. The Agency made it binding upon providers to measure the mentioned service quality parameters, to present reports to the Agency on a regular basis and publish information on the degree of their compliance with those parameters.

7.2 Petition Examination

In 2009, the Agency examined 1369 applications, complaints, proposals and claims most of which (818) were petitions of technological, legal, economic nature, etc. Of these – 64 were requests for access to

information and 290 – requests for consultations on technological, legal, economic issues. People inquired in particular about the stages to be completed in order to become authorized providers, asked for information regarding the operators on the electronic communications market, legislation and market analysis, data for basic understanding of the Agency's activity etc.

Most of the appeals and petitions came to the Agency by post, 98 – via the Agency's website and electronic address, and 11 – through the Green Line 080080080. All of them were duly considered and responded. The Agency also examined 99 petitions from individuals and legal persons (fewer by 0.8% than in 2008), who complained that the providers infringed upon their legitimate rights and economic interests.

Tab. 4 Petitions and requests for information of public interest

	2008	2009
Total number of requests:	740	1369
■ Requests for access to information	50	64
■ Requests for consultations of technological, legal and economic nature	582	1108
■ Electronic messages	-	98
■ Petitions	108	99
Petitions per area of interest		
■ Mobile telephony services	32	16
■ Cable TV services	14	27
■ Internet services	13	17
■ Fixed telephone services	28	13
■ Value-added services	-	2
■ Interconnection, IP, access to infrastructure	16	20
■ others	5	4
Complaints about		
■ anxiety about the impact of the electromagnetic field, generated by exchanges on human health	9	3
■ data provided in bills	19	12
■ quality of provided services, malfunctions	18	18
■ exaggerated tariffs	-	1
■ disconnections from the network	-	1
■ discriminatory treatment in the provision of services of some subscribers in relation to others	-	4
■ failure to honor the obligations assumed as regards the subscribers in publicity actions	-	3
■ abusive clauses included in contracts with end users	16	3
■ telephone call interception	-	1
■ abusive breach of contract clauses, interconnection agreements, normative acts	38	50
■ others	8	3

See next page ►►

Source:  ANRCETI

Tab. 4 Petitions and requests for information of public interest

	2008	2009
Petitions by providers of networks and services		
■ Moldtelecom JSC	39	34
■ Moldcell JSC	19	7
■ Orange Moldova JSC	13	9
■ Î.M. Sun Communications LLC	10	18
■ Nordlinks LLC	-	1
■ Î.M. Eventis LLC	3	-
■ Telcom Technologies LLC	3	-
■ Virs LLC	-	2
■ Starnet LLC	-	8
■ A.M.T. LLC	-	1
■ Realvit-TV LLC	-	2
■ Oldima LLC	-	1
■ Staslegol LLC	-	2
■ State Company Radiocomunications	-	1
■ ALIT LLC	-	1
■ No provider specified, (general)	21	12
Petitions from natural persons	67	68
Petitions from legal persons	41	31
Grounded petitions	34	40
Ungrounded petitions	62	37
Petitions sent according to competence	-	5
Withdrawn petitions (cancelled at the petitioner's request)	-	1
Pending Petitions	12	16

Source:  **ANRCETI**

Statistical data show that in most petitions - 50 (49.5%) - their signatories address the issue of fairness of service provision by some providers, breaches of contract terms, of interconnection agreements and normative acts in force. A part of the petitions - 18 (18%) - contain consumers claims in relation to the quality of provided services, failures of telephony and Internet access services.

The statistics recorded a slow decrease in the number of appeals in which petitioners have challenged the charges for services, the bill information, the number of such petitions being 12 - (12%) versus 18% - in 2008. Whereas in 2008 there was a record number of collective petitions, in which the petitioners expressed their concern about the influence of electronic communications equipment on health (15%), this issue being raised in 3 petitions (3%). Also, the number of petitioners claiming unfair contract condi-

tion decreased - 3 (3%), or discriminatory treatment of subscribers - 4 (4%) or other aspects of user-provider relations - 9 (9%).

Every case claimed by petitioners was investigated by the Agency specialists: 80% - from the office and 20% - through visits to the site. It is notable that in 2009, the number of substantiated complaints has increased by 5% over 2008. Following the investigations conducted by the Agency, it was ascertained that the facts set out in 40 (40%) of petitions were grounded, whereas in 37 petitions (37%) the claims proved to be ungrounded. 5 petitions were referred to appropriate competent bodies, 1 - withdrawn by the petitioner and 16 petitions are pending. In order to optimize the work with petitions and to make the audience of citizens more efficient, the Agency developed and approved, in 2009, an Action Plan in this respect.

8 ENSURING TRANSPARENCY

8.1 Public Consultations and Communications with Providers

During the reporting period, the Agency became more open to dialogue and collaboration with providers of electronic communications networks and services, particularly in terms of their involvement in the regulator's decision-making process. They are invited to all the consultations undertaken by the Agency. In 2009, all draft decisions with significant impact on the market were subject to public consultation, a process which comprised various active forms of consultation such as public hearings and debates, working sessions and public Administrative Board meetings in order to approve these drafts.

The main tool for public consultations is the Agency's official website. By means of the website, the regulator announces the industry and the public about every draft document subject to consultation, by placing an informative text, which summarizes the document, justifies the necessity to adopt the decision, provides data on accompanying materials, informs on the duration of the consultation, the deadlines for providing feedback and how to file it to the Agency.

The Internet page also provides information on hearings and public debates, summaries of recommendations made by providers with reference to the consulted draft documents, feedback on the public consultation results and on their approval by the Agency Administrative Board.

In 2009, the Agency proposed 14 draft normative acts for public consultations, all of those bearing a significant economic and social impact on the electronic communications market, the number of incoming recommendations thereof being 313. Of those 238 – were substantiated proposals and served as basis for appropriate modifications and amendments to Administrative Board Decisions.

8.2 Communication with the Public and Mass Media

The main objective of the Agency's communication strategy in 2009 was to improve the process of informing the public on key topics pertaining to electronic communications market regulation, the current activities of the Agency and its Administrative Board by: stimulating the public interest in the ICT sector regulation and development; raising the awareness of the benefits of electronic communications products and services; inviting interested parties to participate in public consultations held by the Agency, adapting the information and the ways it is transmitted to the needs of target groups; increasing the institutional transparency by streamlining the information circuit within the Agency and from outside.

To achieve this objective, the efforts have been focused on keeping the public and mass media permanently aware of upcoming public consultation of draft Board decisions, their approval and their impact on the market and on the users, of the developments of fixed, mobile and Internet access markets. For this purpose, in 2009, 92 informative articles were issued and distributed: news, press releases and comments. They were made available on the Website, whereas most of them were published in national mass media – 88 publications in press, covering the activity of the Agency. However the electronic press published over one hundred items of the same subject.

Mass media largely reflected two other events organized by the Agency in 2009: the Press Conference on April 13 – the presentation of ANRCETI Activity Report and electronic communications market developments for 2008 and the Round Table of May 26, dedicated to current issues on the broadband Internet development.

Tab. 5 Public Consultation Process in 2009

1. Number of drafts subject to consultations	14
2. Number of drafts announced on the Website	14
3. Number of public audiences, debates and sessions	16
4. Number of recommendations received	313
5. Number of substantiated recommendations	238
6. Number of drafts adopted	10
7. Number of withdrawn drafts	1
8. Number of actions taken to court against ANRCETI for non-compliance with the Law on Transparency of Decision-making Process no. 239-XVI of 13.11.2008	0

Source:  ANRCETI

Noteworthy is the fact that in 2009 the role of the Agency's Internet page in the communication with the public and mass media increased significantly. It became one of the most important sources of information about the activities, initiatives and projects pursued by the Agency. Throughout the year, the ANRCETI official website was updated and supplemented by a number of new sections, such as: Provider's Guide, Statistics of Market Evolution, User's Guide, Test your Internet Speed, by means of which the Agency provides data and information meant to help users in getting to know the market and choosing suitable offers. By means of the electronic

form „Letters online“, the Agency received 68 electronic messages from users, which were duly dealt with and responded.

The statistics shows that the Agency Internet page had an increased (by 38,2%) number of new visitors in 2009. On average, it was monthly visited by 7,5 thousand visitors, of which 3,4 thousand were new. On average, 22 thousand visualizations of the www.anrceti.md site was monthly recorded, visitors most often accessing the sections News, Test your Internet Speed and Statistical Data.

9 INTERNATIONAL RELATIONS

9.1 General Description

In the reporting period, the Agency continued its actions intended to promote the implementation of the European regulatory standards. The primary objective of the Agency's external activity was to harmonize the national regulatory framework with the one applied in the European Union (EU) and to build its organizational and decision-making capacity for the implementation of the EU regulatory framework, as provided by Law 241/2007.

The Agency's work was largely focused on several issues of utmost importance:

- Work with a team of experts from the “Communications Regulatory Development” project, funded by the European Bank for Reconstruction and Development (EBRD),
- Collaborate with the European Commission, EBRD, United Nations Development Programme (UNDP), World Bank, similar authorities of EU countries,
- Participate in conferences / seminars organized by European and international entities in electronic communications field.

This collaboration covered issues of information society development, policy, strategy and legal framework development, strengthening of the national statistical system, etc.

One of the most important events of 2009 was the visit to ANRCETI of Dr. Hamadoun Toure, ITU Secretary General. The visit was part of the Secretary General's program of participation in the regional Forum for Europe and CIS countries, held in Chisinau on August 26. At the meeting, ANRCETI decision makers and the ITU Secretary General discussed the priorities and the importance of a consistent activity of the regulator, the need to intensify the exchange of experience with

other regulators in order to make the national regulator more efficient.

In 2009, the Agency representatives attended many major international events organized by European and international professional bodies. Several of those are listed below:

■ International Telecommunications Union

- Global Telecommunications – ICT Indicators Meeting, (Cairo, Egypt, March 3-5, 2009)
- WG NNA. Working Group for allocation of numbers and Numbering Resources (Istanbul, Turkey, April 28-29, 2009)
- World Telecommunications Policy Forum (Lisbon, Portugal, April 22-24 2009)
- Regional Development Forum for Europe and CIS countries (Chisinau, R. Moldova, August 24-26, 2009)
- ITU Telecom World 2009 „Open networks-connected minds” – exhibition (Geneva, Switzerland, October 5-9, 2009)
- Global Symposium of Regulators (GSR) (Beirut, Lebanon, November 10-12, 2009)

■ Communications Regulatory Committee

- Workshop: “Regulatory analysis, forecast and tools for electronic communications market development” (Kiev, Ukraine, November 3-5, 2009)

■ European bank for Reconstruction and Development (EBRD)

- EBRD Communications Sector Assessment Conference (Tbilisi, Georgia, May 29, 2009)

■ European Commission

- Market Analysis Workshop: Broadband Access (Podgorica, Montenegro, June 4-5, 2009).

9.2 Technical Assistance Project

The technical assistance project „Communications Regulatory Development“, offered to the Agency by the European Bank for Reconstruction and Development (EBRD) was launched in October, 2009. The project is scheduled to last for 2 years – October 2009 – October 2011.

The project was offered by EBRD at the request of the Government of the Republic of Moldova in order to provide technical assistance to ANRCETI in the implementation of the new Law on Electronic Communications and harmonization of national regulatory practices with the EU norms and standards. EBRD approved the project in October 2008 and in August 2009, as a result of the selection process, designated the consultancy company GVIC (Great Village International Consultancy) from Canada to implement it. The company is the project executor, in partnership with three more international companies - Incyte Consulting, Development Dynamics (DDL), McLean Foster&Co. and also with the national company Levintsa&Associates.

The main project objective is to offer assistance in the implementation of a modern, transparent and predictable regulatory system for electronic communications, meant to comply with the EU norms and standards, in building up the Agency's regulatory capacity.

The project consultants will offer practical assistance to the Agency in the implementation of the Law on Electronic Communications no.241/2007 and will deliver a training program for ANRCETI staff with regards to market analysis, identification of relevant markets and designation of significant market power, cost accounting separation, interconnection and universal access, pricing, etc. The foreign experts will also thoroughly analyze the legislation and the regulatory documents and will advance recommendations as to their improvement.

In October – December 2009, the consultants visited ANRCETI on several missions and delivered training sessions on important subjects, such as definition and analysis of relevant electronic communications markets, interconnection and access to telecommunications infrastructure, review of regulatory documents in order to bring them in line with the EU requirements, etc.

The project is structured as per the following basic activities:

- Review of legislation and regulatory documents to harmonize them with the EU electronic communications framework;
- Definition and identification of relevant markets, market analysis and imposition of ex-ante regulatory remedies/measures;
- Development of cost calculation models;
- Commercial and technical aspects of interconnection and access;
- Assistance in operational regulatory activities;
- Assistance in accounting regulation;
- Assistance in regulation of interconnection and development of reference interconnection offer;
- Assistance in regulation of unbundled access to the local loop;
- Assistance in elaboration of universal service obligations;
- Training of ANRCETI staff.

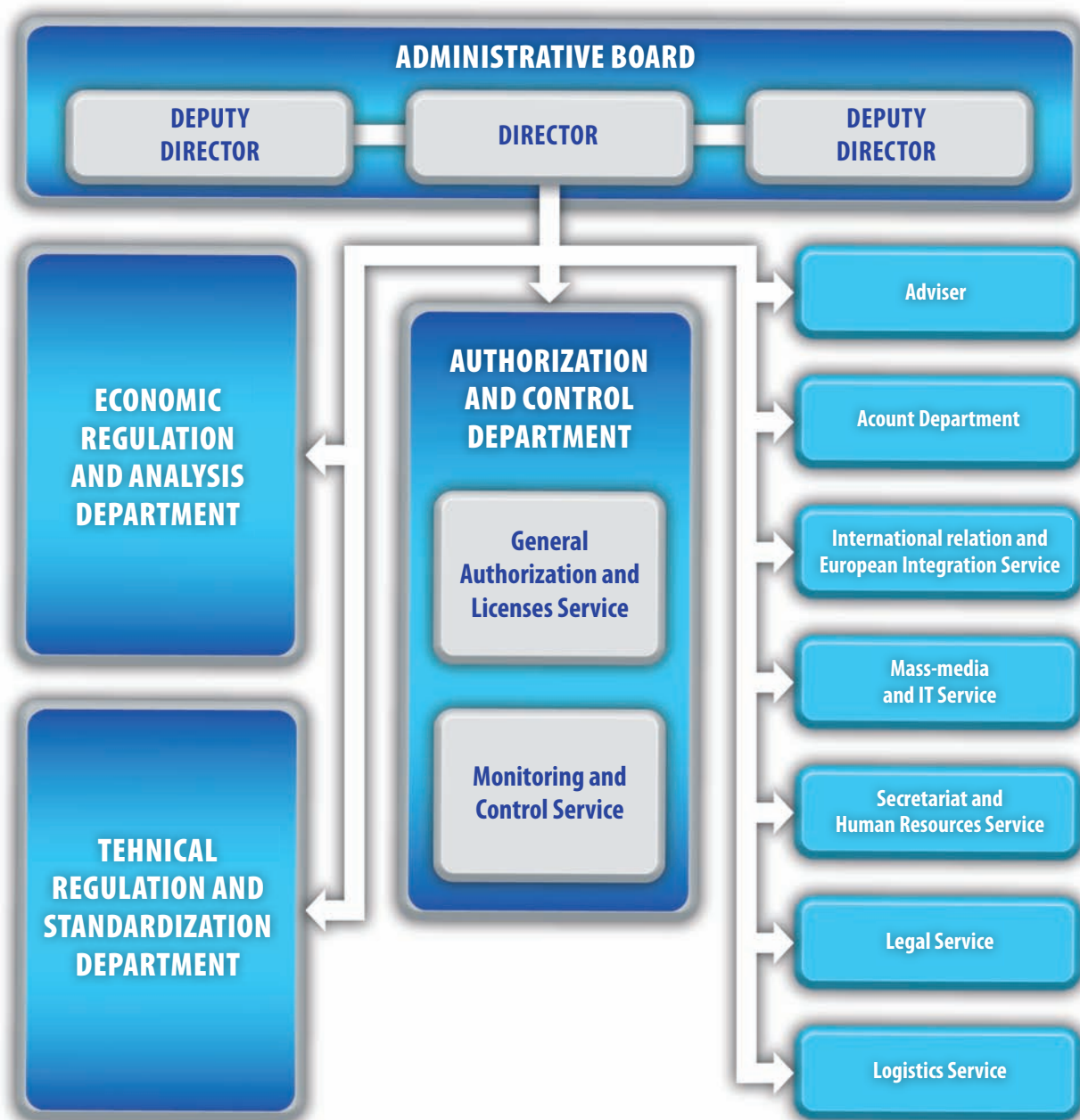
Throughout 2010, the consultants will assist the Agency in developing a draft strategy for medium-term electronic communications market regulation.

10 GENERAL DATA ABOUT THE AGENCY

10.1 Human Resources

In 2009, the activity of the Agency was coordinated by Director and two Deputy Directors, appointed by Gov-

ernment Decrees. In this timeframe, the organizational structure of the Agency was not subject to essential changes. Currently, it comprises 8 independent departments: 3 divisions and 5 services, as in the chart below:



As per 31.12.2009, the staff of the Agency comprised 51 employees. 8 new specialists were employed in 2009, following personnel selection and recruiting exercises. In terms of human resource policy, the Agency finds it of utmost importance to increase its institutional capacity by taking actions meant to build up a strong team of qualified experts, capable to meet the modern exigencies of the IT sector. Another factor contributing to building up the institutional capacity of the Agency was the objectives, pursued in its human resource policy, namely fostering the team spirit,

providing appropriately-equipped working places, creating legal and operational support for employees' health insurance, financial independence and ensuring sufficient resources for the normal operation of the regulator.

88.3% of the 51 employees have higher education degrees, the largest part - technical degrees (24), followed by those with economic degrees (10), legal (7) and humanitarian (4) degrees. The category "other education" comprised 6 employees.

Tab. 6 Human Resource Data, 31.12.2009

ANRCETI Personnel	Employed	With education		From total personnel		By age				
		Higher education	Specialized education	women	men	20-29	30-39	40-49	50-59	60-69
Employed personnel in percent	51 100%	45 88,24%	6 11,76%	23 45,1%	28 54,9%	20 39,22%	8 15,68%	14 27,45%	7 13,73%	2 3,92%
including: Administrative Board	3	3	-	0	3	-	1	2	-	-
Chiefs of divisions	12	12	-	5	7	-	3	2	3	0
Specialists	30	30	-	16	14	20	3	6	3	2
Technical and cleaning personnel	6	0	6	2	4	-	1	4	1	-

Source:  ANRCETI

To accomplish its mission, the Agency needs young and dynamic staff, ready to respond to IT market challenges. This is reflected in the fact that in 2008 – 2009 the Agency employed only professionals aged between 20 and 29. Currently, these 20 employees (39.2% of total) are fostering creativity and innovation in the work of the Agency. The age segment is followed by employees aged between 40 and 49, accounting for 27.5% and those between 30 and 39 - 15.7% of total. The employees aged between 50 and 59 make 13.7% of the total, whereas those aged between 60 and 69 years - 3.9%. This age category structure enables the Agency to ensure a balanced distribution of human resources by combining the professionally experienced staff with younger employees who are learning to become experienced.

10.2 Financial Data

The Agency budget for 2009, 15,996 thousand lei, was approved by Administrative Board decision No. 29 of 14.11.2008. The amount was calculated so as to ensure the consistent work of the Agency and its financial independence. Under Article 12 of Law 241/2007, the Agency's budget in 2009 consisted of regulatory and monitoring fees and payments for numbering resources. The amount of the regulatory and monitoring fee for 2009 was 0.15 percent of the income generated from activities practiced by providers of electronic communications networks services.

Given the tendencies of stagnation of electronic communications markets in the first two quarters of 2009, caused by the effects of the economic and financial recession in the country, the Agency failed to collect sufficient revenues. However, during the reporting period, the Agency acted cautiously in terms of the expenses, provided by its budget.

Tab. 7 Data on Agency Budget for 2009

INDICATORS	Planned sum (thousand lei)	Effective sum (thousand lei)	Fulfillment (%)
1. Revenues	15 996	14 317,1	89,50
2. Expenses	15 996	11 777,4	73,63

Source:  ANRCETI

The fulfillment of the Agency's budget for 2009 was verified by the audit company "Audit Atlant". No deviations from accounting standards and normative documents were detected. The independent audit report was submitted to the Government in late February 2010.



EVOLUTION OF ELECTRONIC COMMUNICATIONS MARKET IN 2009

1 GENERAL DESCRIPTION

In 2009, the total volume of sales on the four electronic communications market under ANRCETI regulation – fixed, mobile, Internet access, broadcasting and re-transmission of audiovisual programs – underwent a slight 1,7% decline, in comparison with 2008, and was 5 630,1 million lei, which is over 9,4% of the GDP.

The decline was caused mainly by sales decrease on the fixed telephony market, broadcasting and re-transmission of audiovisual programs market, as well as by a slower pace of sales increase on the mobile market. This indicator on the mobile market increased by 4% and made 3 033,6 million lei. The Internet access market recorded the most significant increase, the value of this market raising by 19,2% and showing 436,4 million lei.

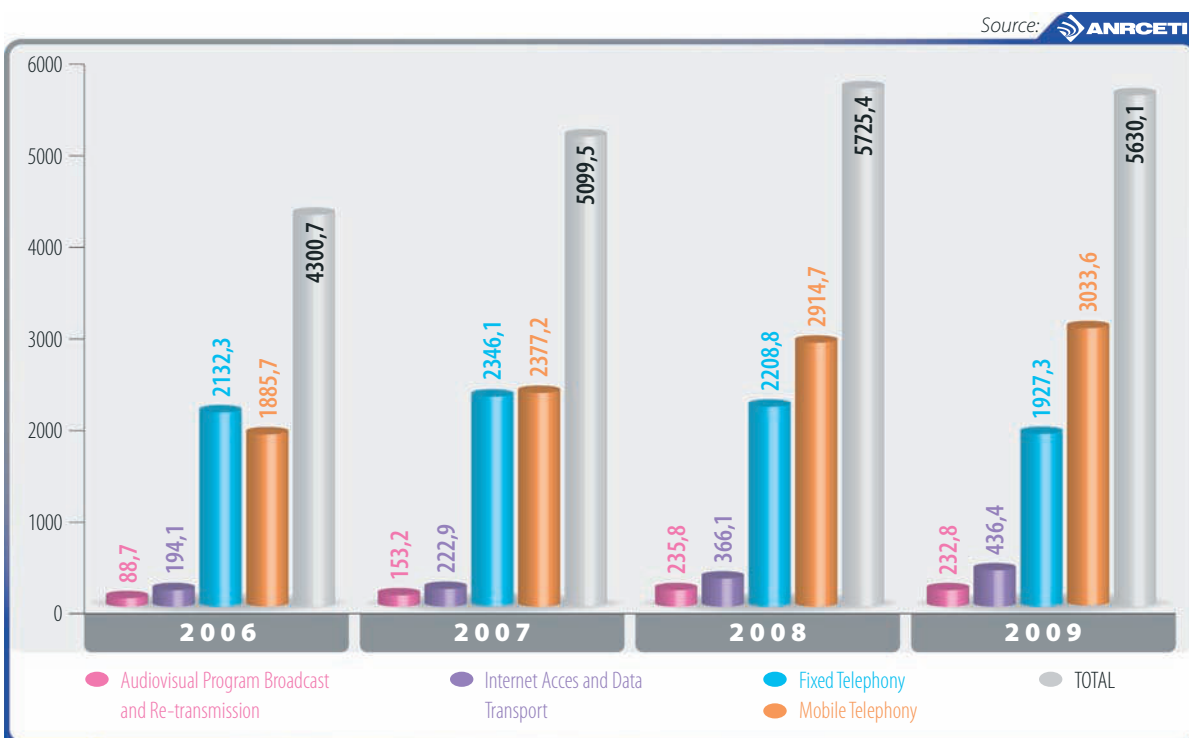


Fig. 1 Evolution of electronic communications market, by volume of sales, in million lei

The share of mobile telephony market in the electronic communications market increased by 3 percentage points (p. p.), constituting 53,9%, whereas the Internet access services share – by 1,4 p. p. , accordingly being 7,8%. However the share of fixed telephony declined by 4,4 p. p. being 34,2%, while the share of broadcasting and re-transmission of audiovisual program services maintained its 2008 level - 4,1%.

Though the sales trend on the four electronic communications market differed in 2009, the number of users was ascending, their number reaching 4 million 353 thousand, which is 10,7% increase over 2008.

Source: ANRCETI

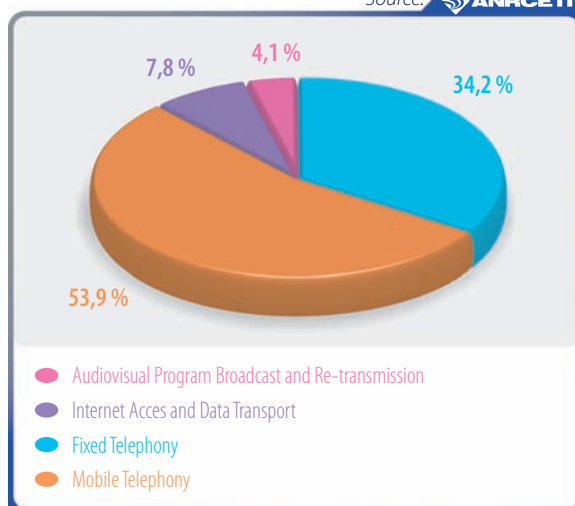


Fig. 2 Structure of electronic communications market, by sales

Source: ANRCETI

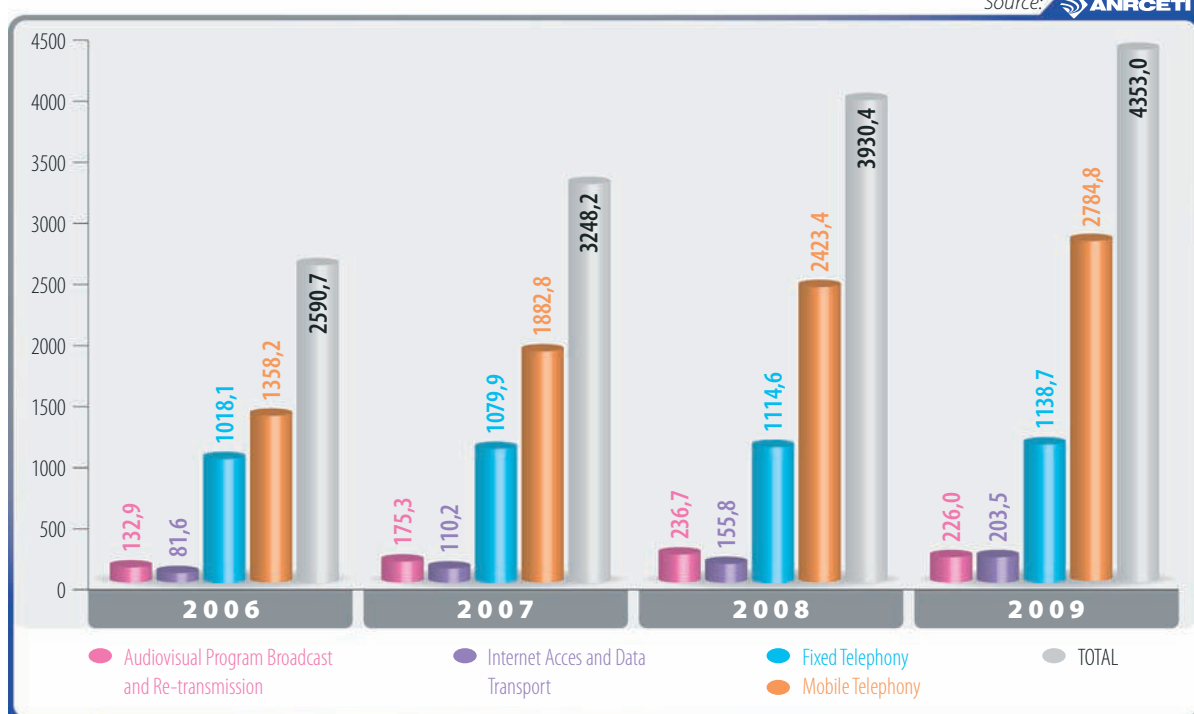


Fig. 3 Evolution of number of electronic communications users, thousand

According to statistical data, 64% of the total number of beneficiaries of electronic communications services are mobile users, 26,1% - fixed telephony users, 4,7% -Internet access users and 5,2% - cable TV users. (Figure 4).

As a result of the increasing number of electronic communications service users, the mobile penetration rate increased to 78,1%, the fixed telephony penetration rate – to 31,9%, the fixed access to Internet penetration rate – to 5,7% and for cable TV services – to 6,34%.

Source: ANRCETI

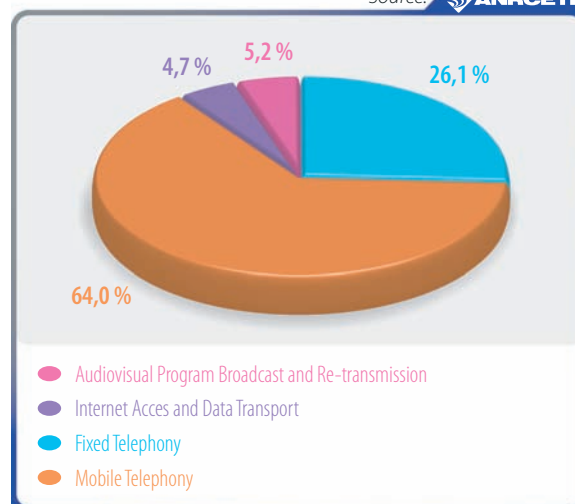


Fig. 4 Structure of electronic communications market by number of users

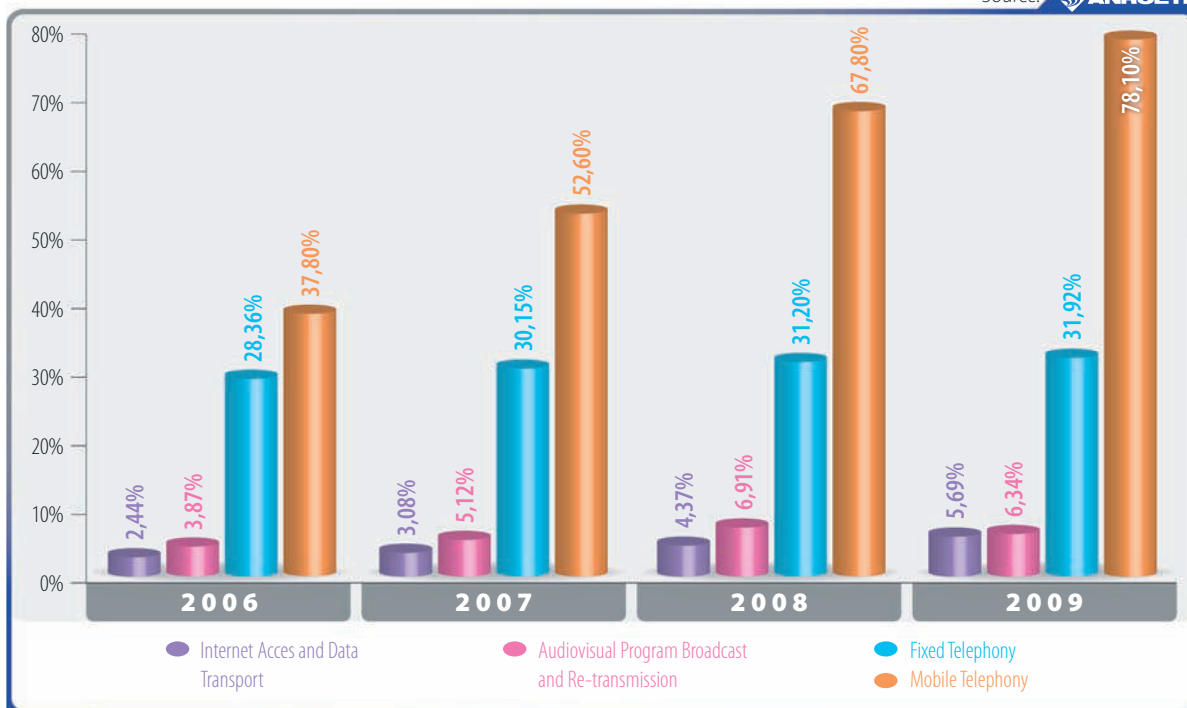


Fig. 5 Penetration rates of electronic communications services

In 2009, a total of 1 750 million lei was invested in the development of electronic communications markets made, a 10,9% decline compared to 2008. This was caused mainly by reduced investments in fixed and mobile telephony and broadcasting/re-transmission of audiovisual programs services. The largest investors were three electronic communica-

tions companies Moldtelecom JSC, Orange Moldova JSC, and Moldcell JSC, together having provided 95,5% of the total investments. Moldtelecom JSC invested 742,8 million lei or 42,4% of the total, Orange Moldova JSC – 692,3 million lei or 39,6% and Moldcell JSC – 235,4 million lei or 13,5% of the total investments.



Fig. 6 Evolution of investments in electronic communications markets, million lei

In 2009, the most significant investments were made in mobile networks - 1 136 million lei or 64,9% of the total. Investments in Internet access services grew by 56,2% and constituted 238,6 million lei. However, the volume of investments in fixed network fell by 29,8% and constituted 340,8 million lei and those in audiovisual networks – by 41,3% and totaled 34,2 million lei.

2 FIXED TELEPHONY

2.1 General Description

In 2009, the fixed telephony market was operated by 19 providers, which is by three more than in 2008. JSC Moldtelecom continued to be the main market player. Orange Moldova JSC entered this market in 2009, after purchasing company Telemedia Group JSC in December 2008.

2009 was the second year of consecutive decrease in the total volume of sales on the fixed telephony market, it reaching 1 927 million lei, which is 12,74% decrease compared to 2008.

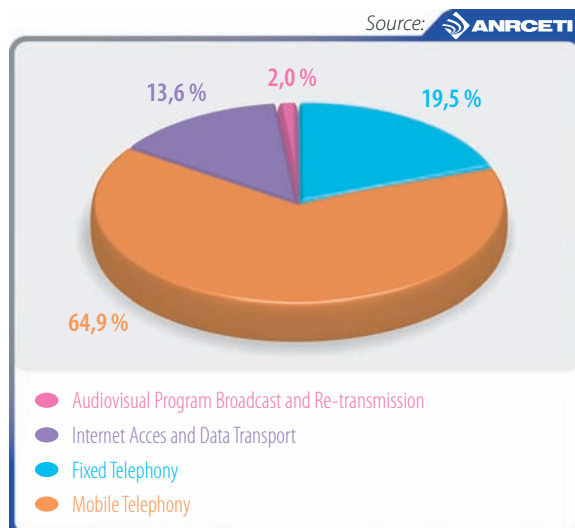


Fig. 7 Structure of electronic communications market by investments

The alternative providers' turnover was 36,43 million lei or 1,89% of the fixed market – which is a 39,40 % decrease compared to 2008. The sales of the incumbent JSC Moldtelecom reduced by 12%, recording 1 891 million lei. Following the significant decline of sales by alternative suppliers, Moldtelecom JSC strengthened its position on the fixed market. Its market share increased from 97,28% in 2008 to 98,11% in 2009.

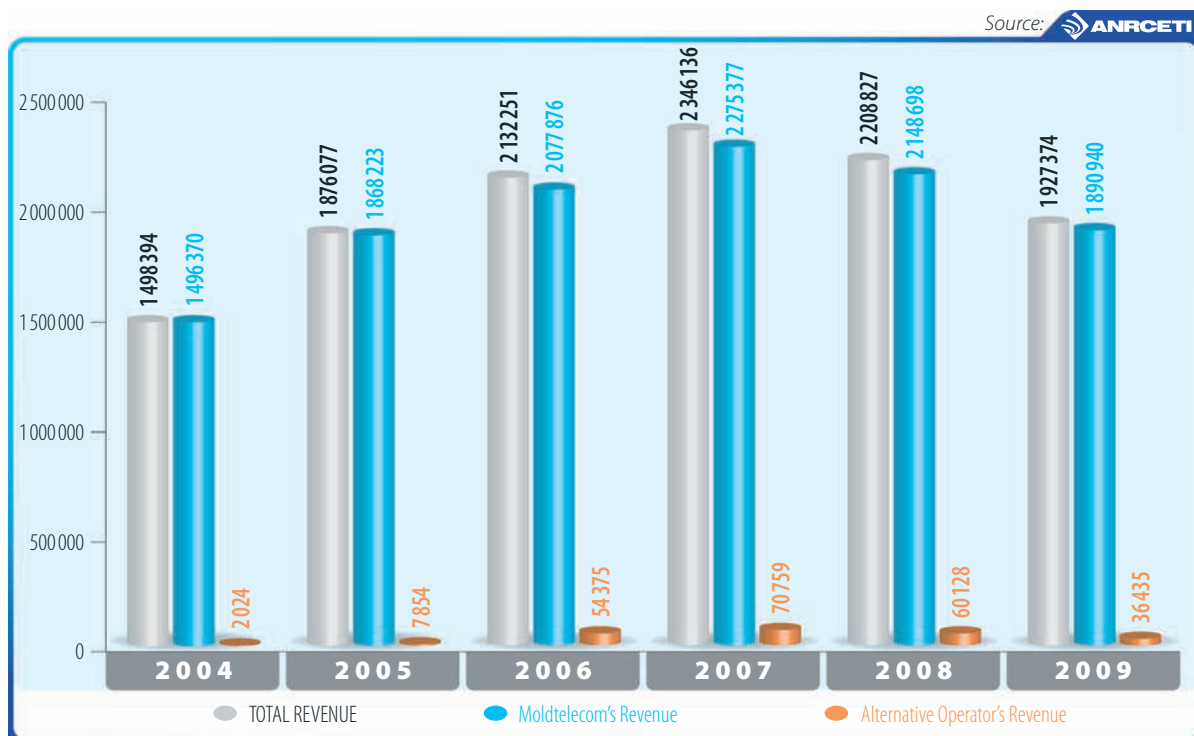


Fig. 8 Evolution of fixed telephony market, by turnover, thousand lei

The largest share of turnover recorded in the structure of telephone service providers - 50% - were revenues from international calls (Figure 9), followed by revenues from

calls to mobile networks – 16,4% and by those from subscription sales – 11,8% .

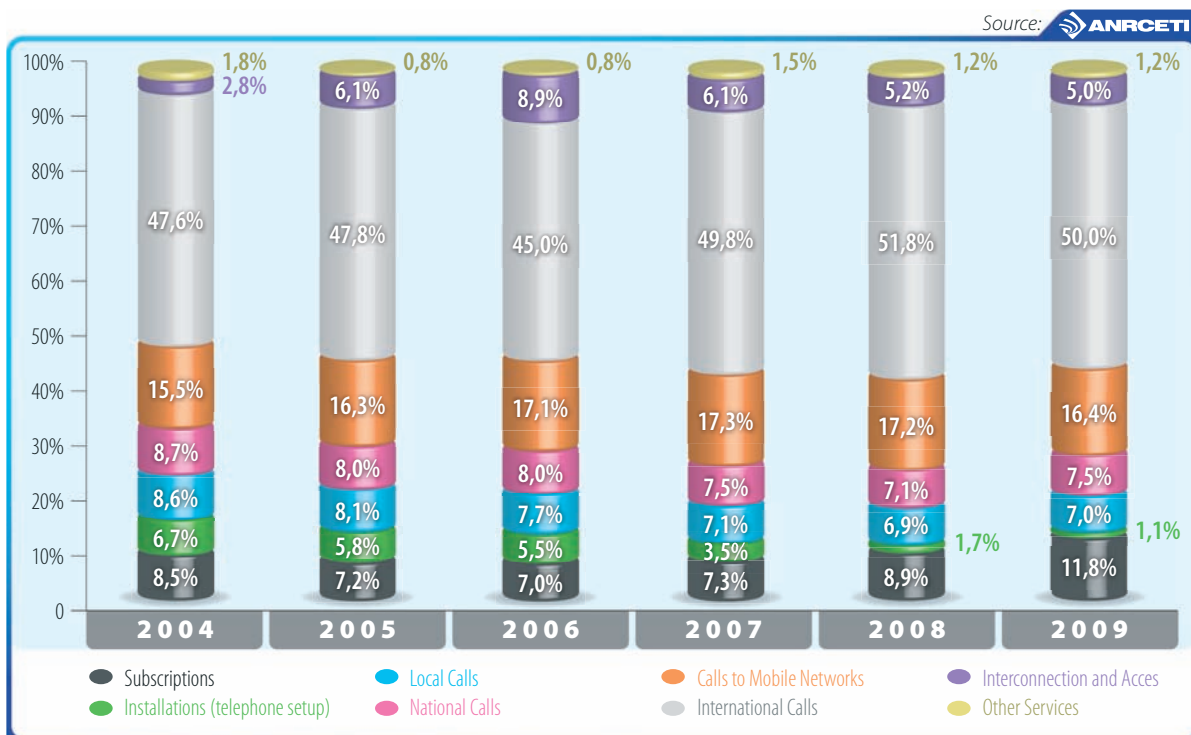


Fig. 9 Structure of revenues from service provision

The reduced sales of fixed telephony providers caused the decrease of average monthly revenue per user (ARPU). Thus, this indicator has decreased compared to the one recorded in 2008, by 24,79 lei or by 14,78% and amounted to 142,96 lei.

2.2 Subscribers. Penetration

In 2009, the number of fixed subscribers increased over 2008 by 24 165 or 2,17% and reached 1 139 thousand. JSC Moldtelecom connected to its network 22,05 thou-

sand new subscribers or 91,26% of all net connections, the number reaching 1110,3 thousand subscribers. Alternative suppliers connected 2,1 thousand new subscribers, or 8,74% of net connections, and reached the total of 28,4 thousand subscribers. Among alternative providers, companies Arax-Impex LLC and Sicres LLC recorded the biggest numbers of subscribers, their market shares being 0,83% and 0,42%. Due to the increasing number of fixed telephone subscribers, the fixed penetration rate, per 100 residents, increased from 31,2% in 2008 to 31,92% in 2009 (Figure 10).

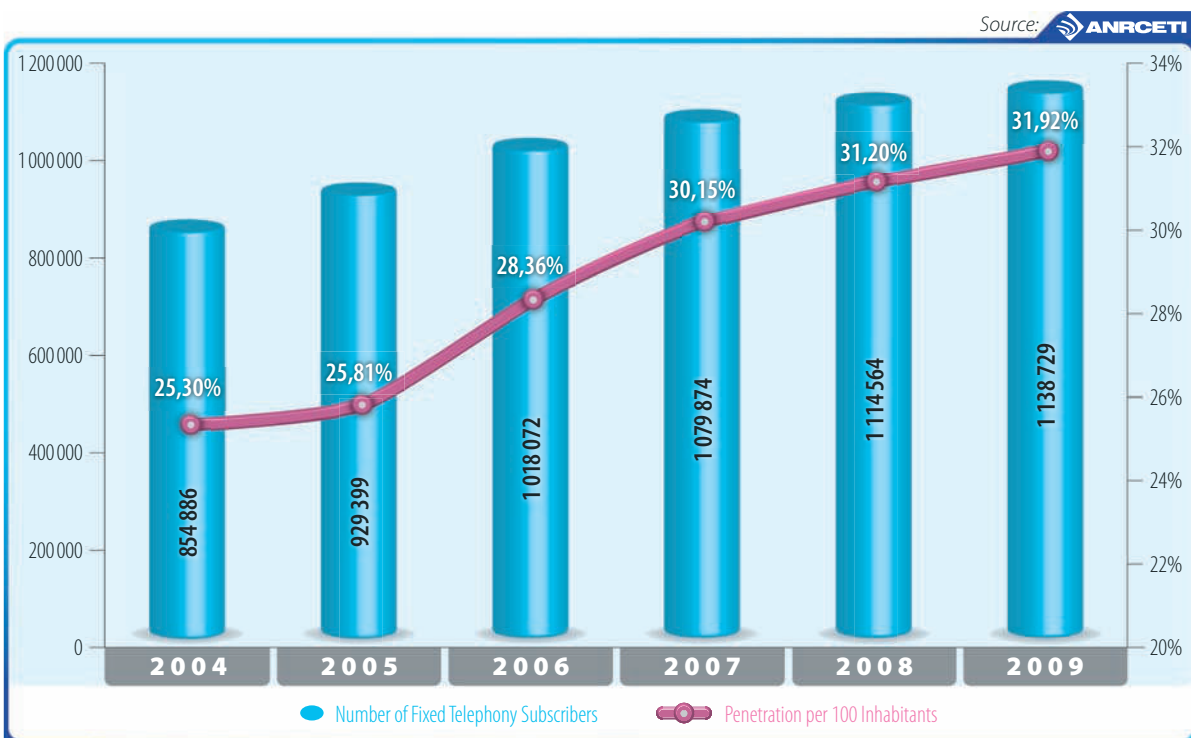


Fig. 10 Number of subscribers and fixed penetration rates

In 2009, Moldtelecom JSC continued to hold the largest market share - 97,5% - by the number of subscrib-

ers. Alternative providers shared 2,5% of the market. (Table 1).

Tab. 1 Market shares of providers holding over 0,1% of the market, by the number of subscribers

Provider	2004	2005	2006	2007	2008	2009
Moldtelecom	100,00%	99,41%	98,64%	97,87%	97,67%	97,50%
Arax-Impex	0,00%	0,00%	0,28%	0,62%	0,64%	0,83%
Sicres	0,00%	0,00%	0,30%	0,58%	0,56%	0,42%
Riscom	0,00%	0,01%	0,24%	0,28%	0,29%	0,30%
Railway of Moldova	0,00%	0,57%	0,43%	0,44%	0,36%	0,29%
Orange Moldova	0,00%	0,00%	0,08%	0,10%	0,33%	0,26%

Source: ANRCETI

2.3 Data on Traffic Volume

In the timeframe under report, the total traffic volume in fixed networks was 4 408 million minutes, which is 11,38% decrease compared to 2008 (Figure 11). This

decrease was caused by reduction in most types of traffic volume. Thus, the traffic from the individual networks of fixed telephony providers decreased by 5,3%, the interconnection traffic - by 29% and the international - by 18,64%..

Source: ANRCETI

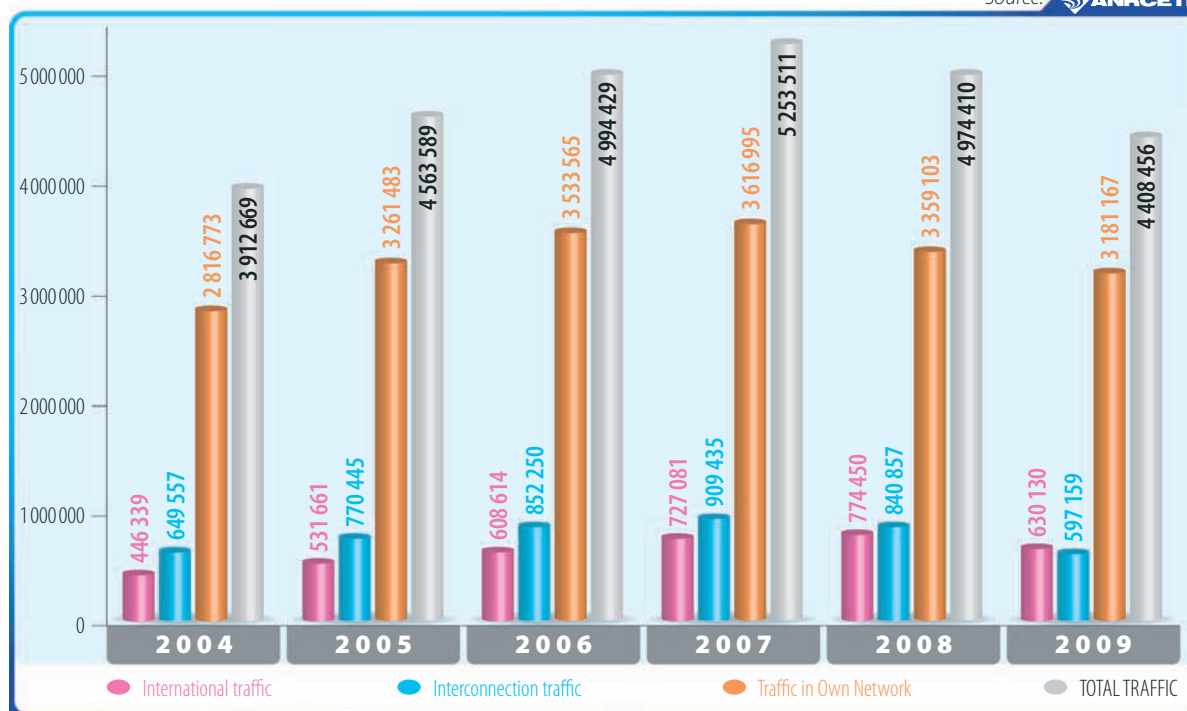


Fig. 11 Evolution of traffic on fixed telephony market, thousand minutes

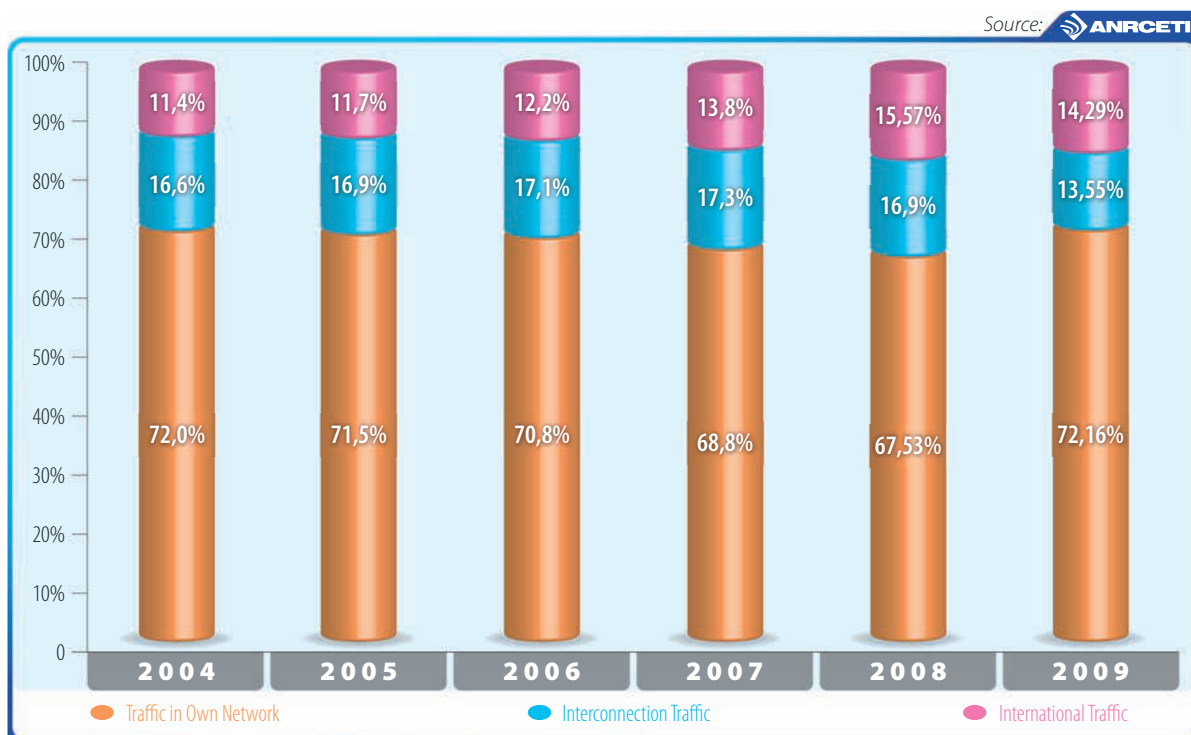


Fig. 12 Evolution of traffic structure in fixed networks

In 2009, the structure of traffic in fixed networks underwent small changes compared to 2008 (Figure 12). The share of traffic in providers' individual networks

increased by 4,63 p. p. and the weight of interconnection traffic and the international one dropped by 3,35 p. p. and 1,28 p. p. respectively.

3 MOBILE TELEPHONY

3.1 General Description

In 2009, the mobile market was operated by four providers: Orange Moldova JSC, Moldcell JSC, Eventis Mo-

bile LLC, operating in GSM standard and Moldtelecom JSC - in CDMA 2000 standard (Table 2).

Tab. 2 Providers of public mobile telephone services and technologies used

PROVIDER	GSM	CDMA 1x/ EV-DO	GPRS	EDGE	HSPA
„Orange Moldova” JSC	+	–	+	+	+
„Moldcell” JSC	+	–	+	+	+
„Moldtelecom” JSC	–	+	–	–	–
„Eventis Mobile” LLC	+	–	+	+	–

Source: ANRCETI

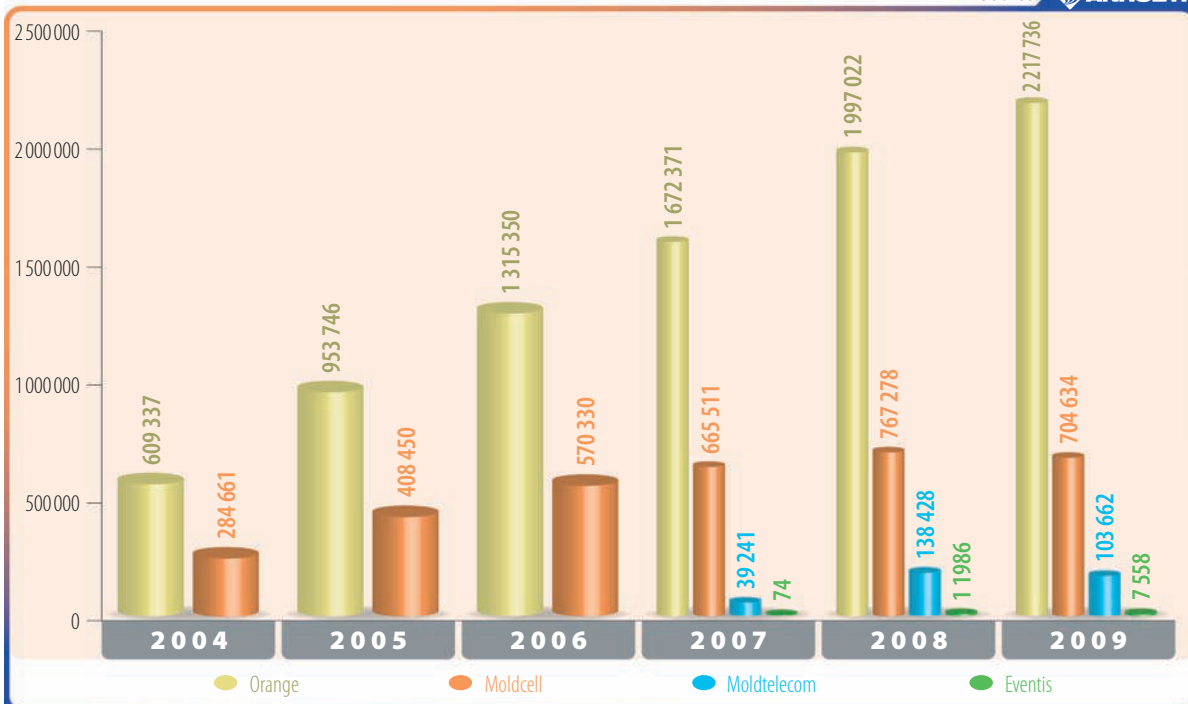


Fig. 13 Evolution of turnover of mobile telephony providers

In 2009, the total revenue from sales on the mobile market increased by 4% or by 118,9 million lei over 2008 and constituted 3 033,6 million lei. The trend of 4% growth was driven solely by higher sales performed by Orange Moldova JSC. This company increased sales volume by 11%: from 1 997,02 million lei in 2008 to 2 217,7 million lei in 2009.

The sales of Moldcell JSC decreased by 8,2% and the sales of Moldtelecom JSC - by 25,1%. The turnover of 11,9 million lei of company Eventis Mobile LLC, though by 36,9% higher than in 2008, did not significantly influence the market indicators (Figure 13).

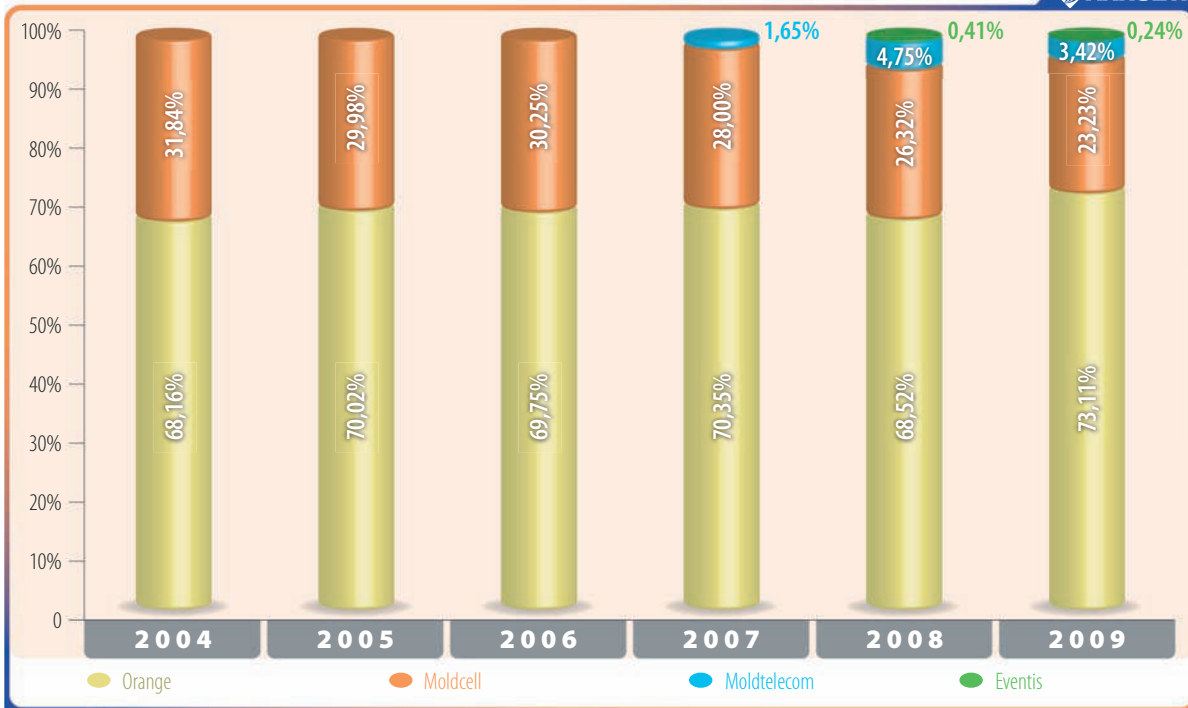


Fig. 14 Market structure, by turnover

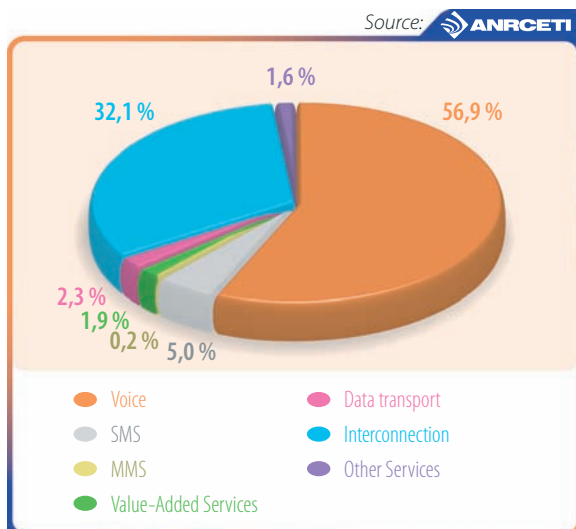


Fig. 15 Structure of turnover of mobile telephony providers

Within the turnover structure of mobile providers, the most significant share – 56,9% - went to voice service sales. The revenues from interconnection services made up 32,1% and those from other services – 10,9% (Figure 15).

The Average Monthly Revenue per User (ARPU) of the four mobile companies fell by 15,7 lei: from 112,8 lei in 2008 to 97,1 lei ((8,7 USD*) in 2009. The highest ARPU - 107,1 lei - was recorded by Orange Moldova JSC, the lowest – 53,2 lei – by Eventis Mobile LLC (Figure 16).

The average monthly revenue decline was caused by the decreasing average level of mobile service tariffs for end users and the reducing consumption of such services in the first half of 2009 due to the economic recession.

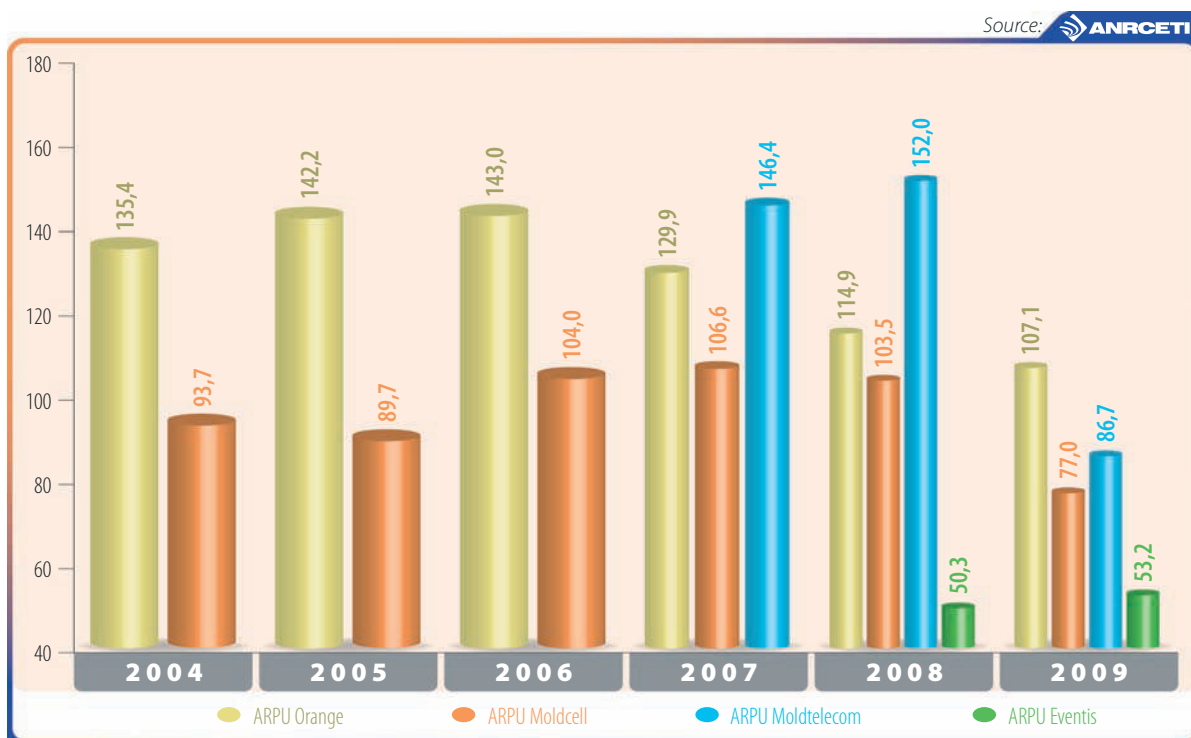


Fig. 16 Evolution of Average Revenue per User (ARPU), in lei

During the reporting period, the coverage of both territory and population by 2G networks radio signal (GSM / CDMA) increased. According to the

data submitted by providers, as per 31.12.2009, Orange Moldova covered 98,8% of territory and 99,4% of population, Moldcell JSC – 96,7%, and

* In 2009, the average exchange rate for US dollar was 11,134 lei per 1 USD. Source BNM

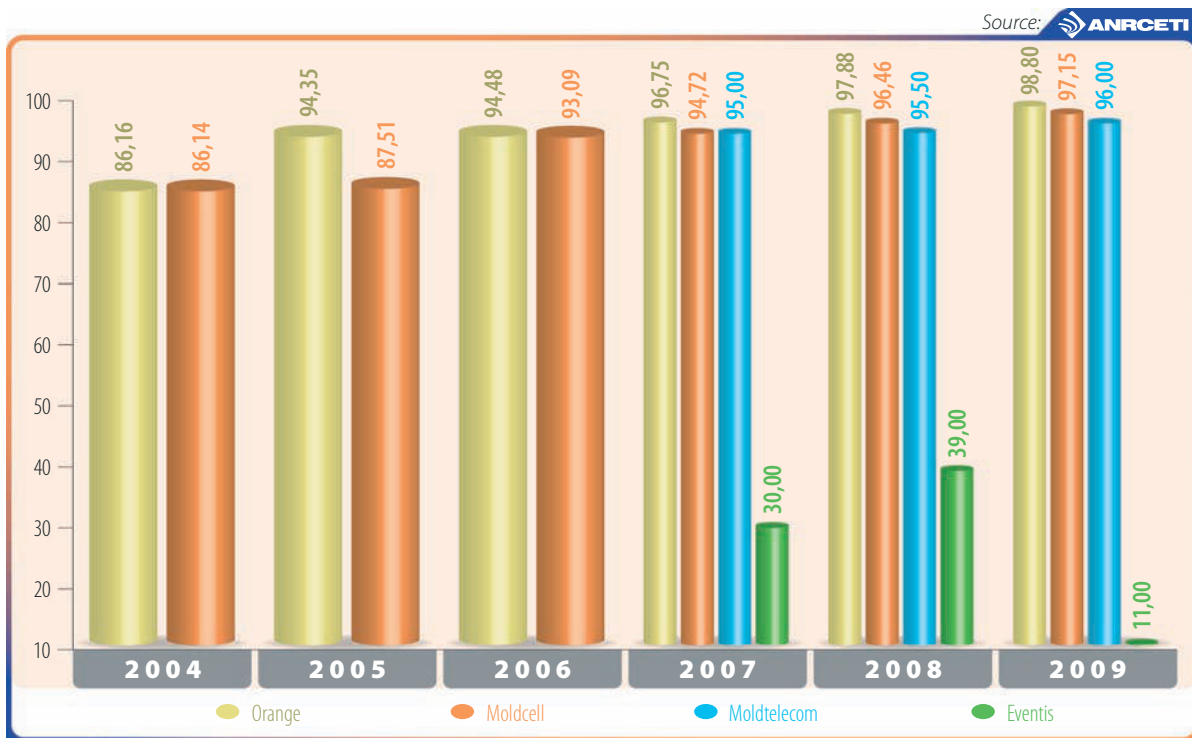


Fig. 17 Evolution of Territory Coverage, %

respectively 96,8%, Moldtelecom JSC – 97,1% and 93,8% and Eventis Mobile LLC - 11% and 42% (Figure 17 and 18).

Under license conditions, mobile providers are required to ensure a maximum level of dropped calls not exceeding 2%. In 2009, all the providers kept to that limit.

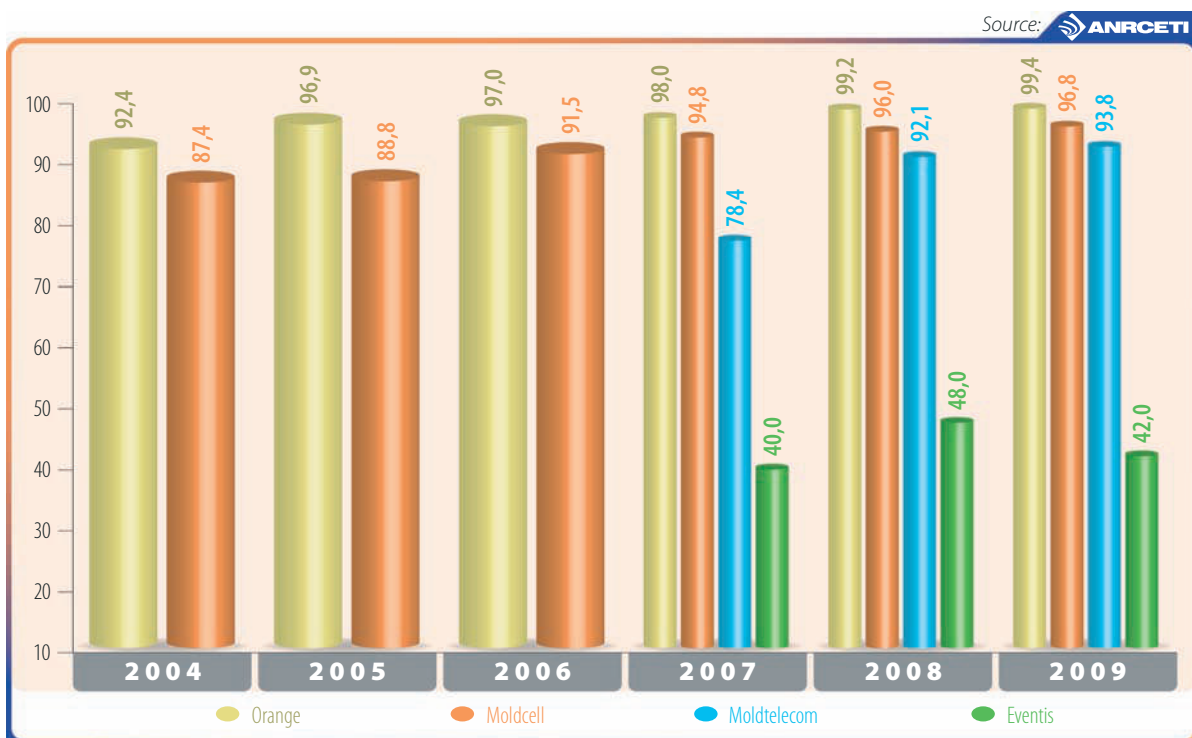


Fig. 18 Evolution of population coverage, in %

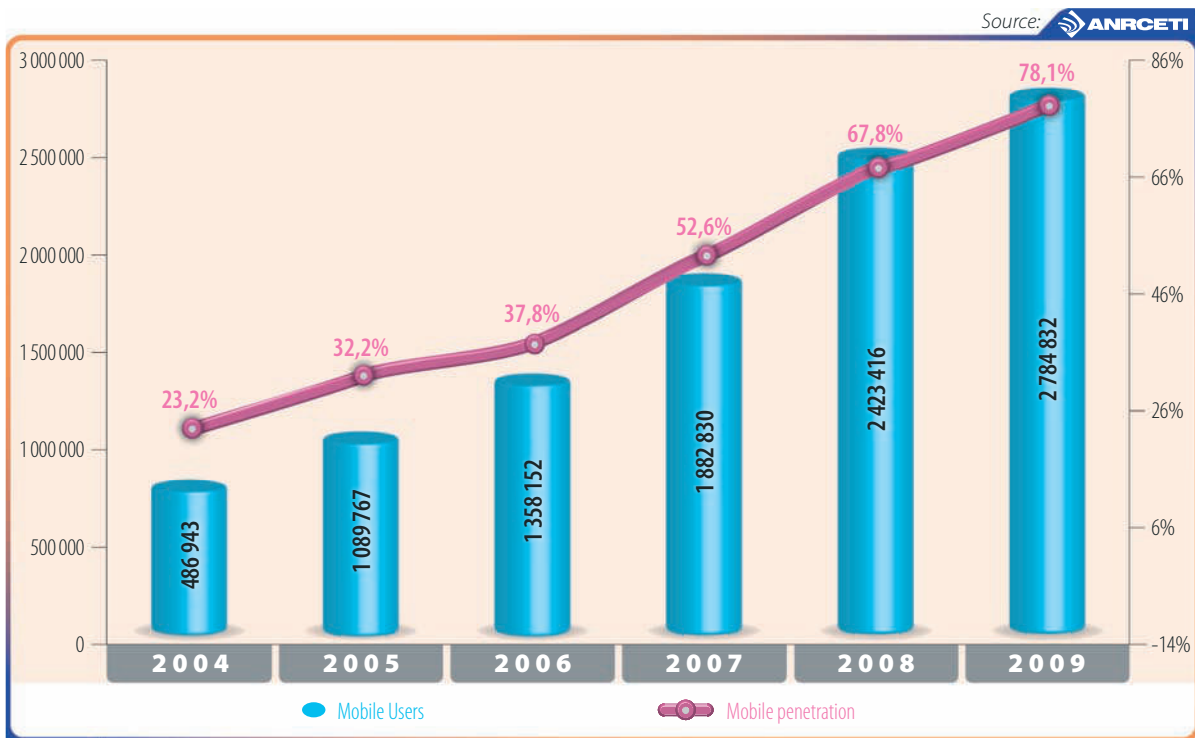


Fig. 19 Number of users and mobile penetration rates

3.2 Users. Penetration

In 2009, the number of mobile users increased at higher rates than the volume of sales. The total number of users became 2 784,8 thousand – a 14,9% increase since 2008. (Figure 19).

Following the increase in the number of mobile users, the mobile penetration rate reached 78,1% in 2009, which is 10,3 p. p. increase over 2008. The largest number of net connections was achieved by Orange Moldova JSC – 199,8 thousand. Moldcell JSC connected to its network 166,8 thousand new subscribers and Moldtelecom JSC – 2,8 thousand (Figure 20).

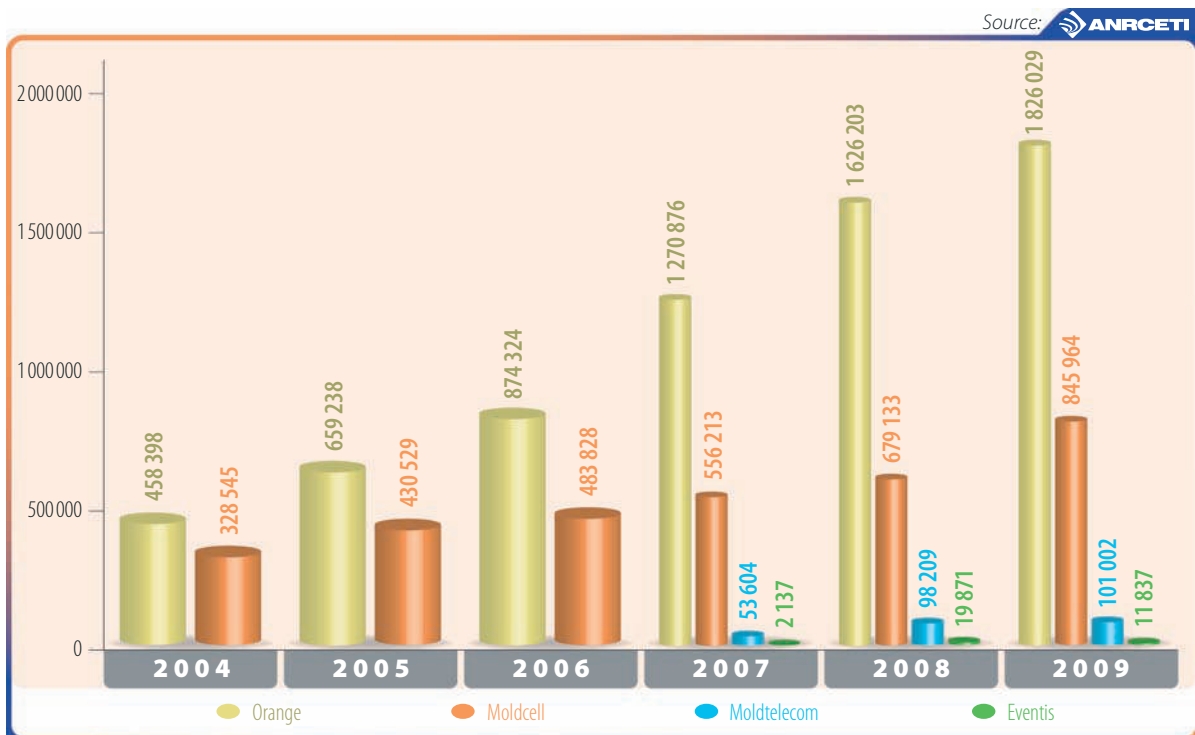


Fig. 20 Evolution of number of mobile subscribers per provider

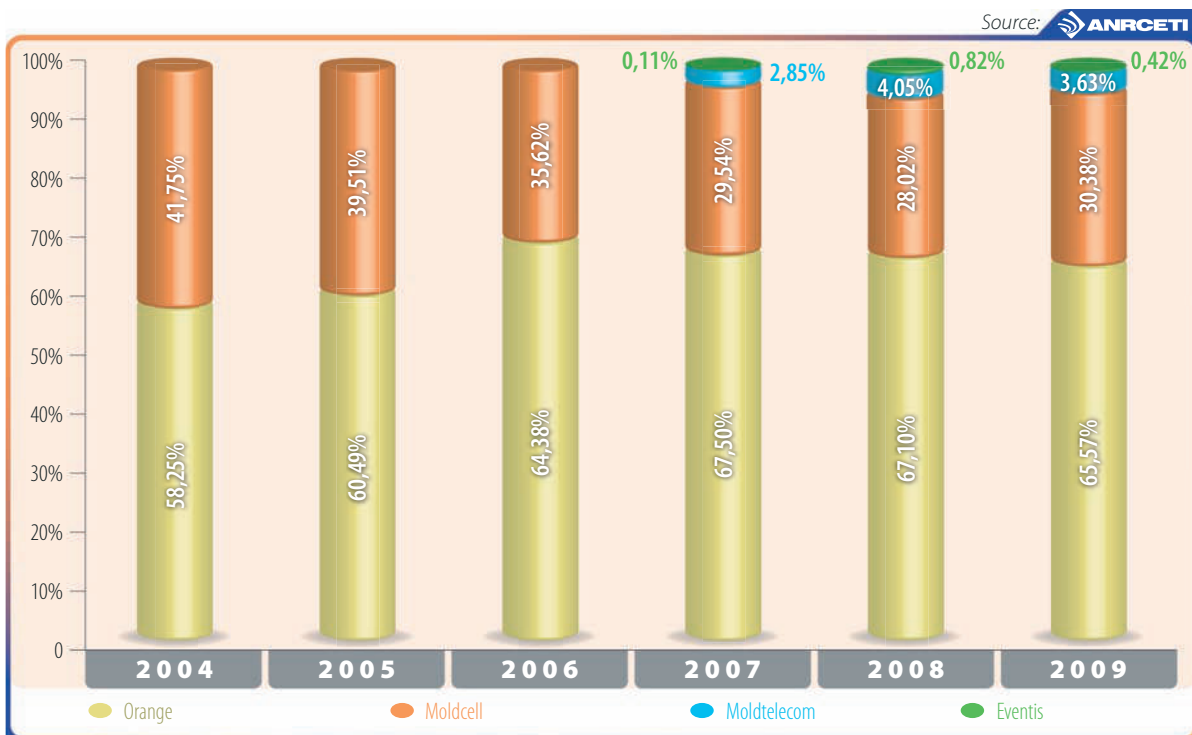


Fig. 21 Evolution of number of mobile subscribers per provider

The most significant market share, according to the number of users - about 65,6% - belonged to Orange Moldova. The market share of Moldcell JSC was 30,4% (Figure 21).

In 2009 the number of mobile users by subscription continued to grow. Their number in the total of users

increased by 2.9 p. p. - from 24,8% in 2008 to 27,7% in 2009 (Figure 22).

3.3 Traffic Volume Data

In 2009, the voice traffic on public mobile networks increased over 2008 by 29,2% and reached 3,46 bil-



Fig. 22 Market Structure, by types of subscribers

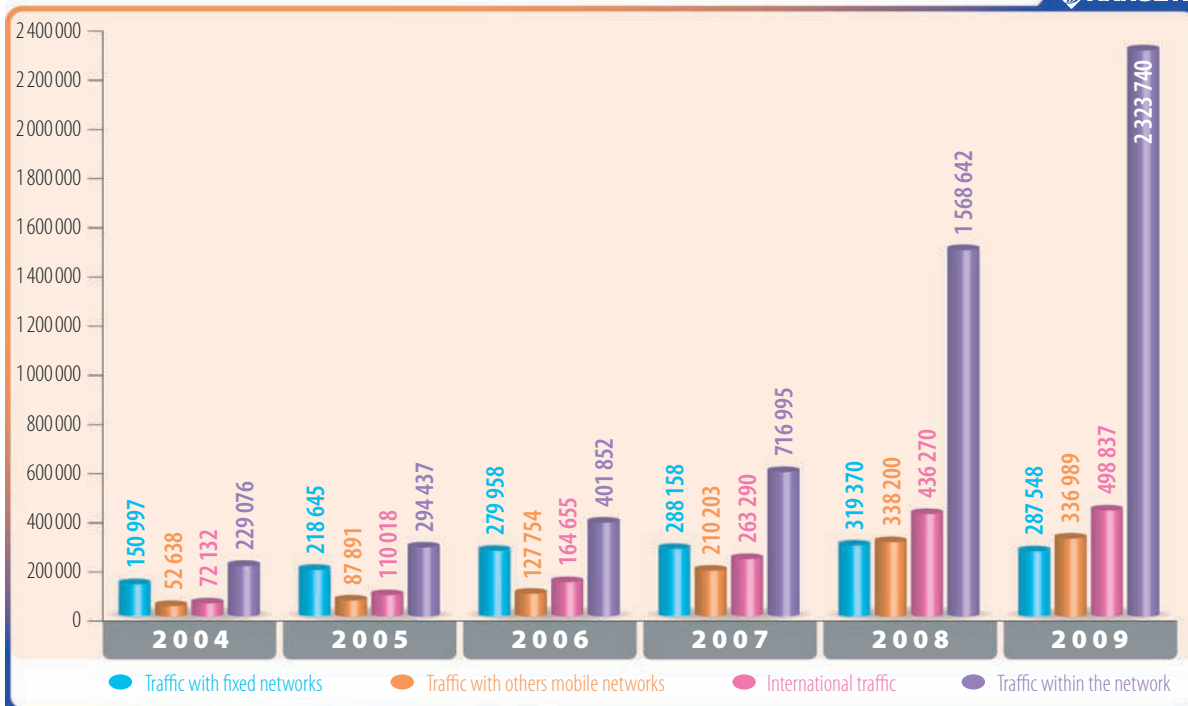


Fig. 23 Evolution of mobile traffic, thousand minutes

lion minutes. Practically all mobile traffic, except the traffic to fixed networks, increased, compared 2008 (Figure 23).

The decrease in the volume of bilateral traffic with fixed networks (input and output) was caused by substitution of fixed calls and the fixed-mobile calls by mobile-mobile. Thus, the total mobile-mobile traffic made 77% of the total mobile traffic recorded.

The share of network traffic (within the mobile network) increased compared to 2008, by 8,6 p. p. and constituted 67,2% of total traffic volume in mobile networks (Figure 24).

In the structure of the total traffic originated in individual mobile networks, the most significant share of network calls - 85% - was recorded by Orange Moldova JSC. In Moldcell JSC network this indicator was 69%, in Moldtelecom JSC network - 28%, and in Eventis Mobile LLC network - 52%.

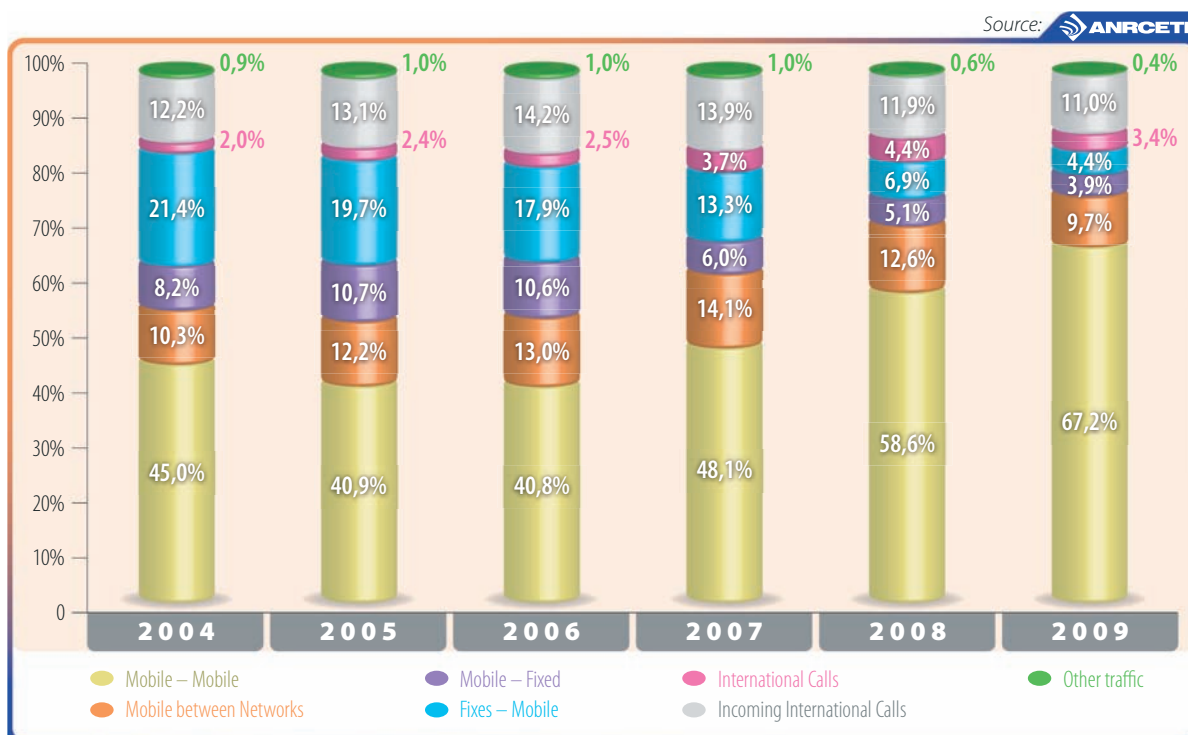


Fig. 24 Structure of traffic in mobile networks

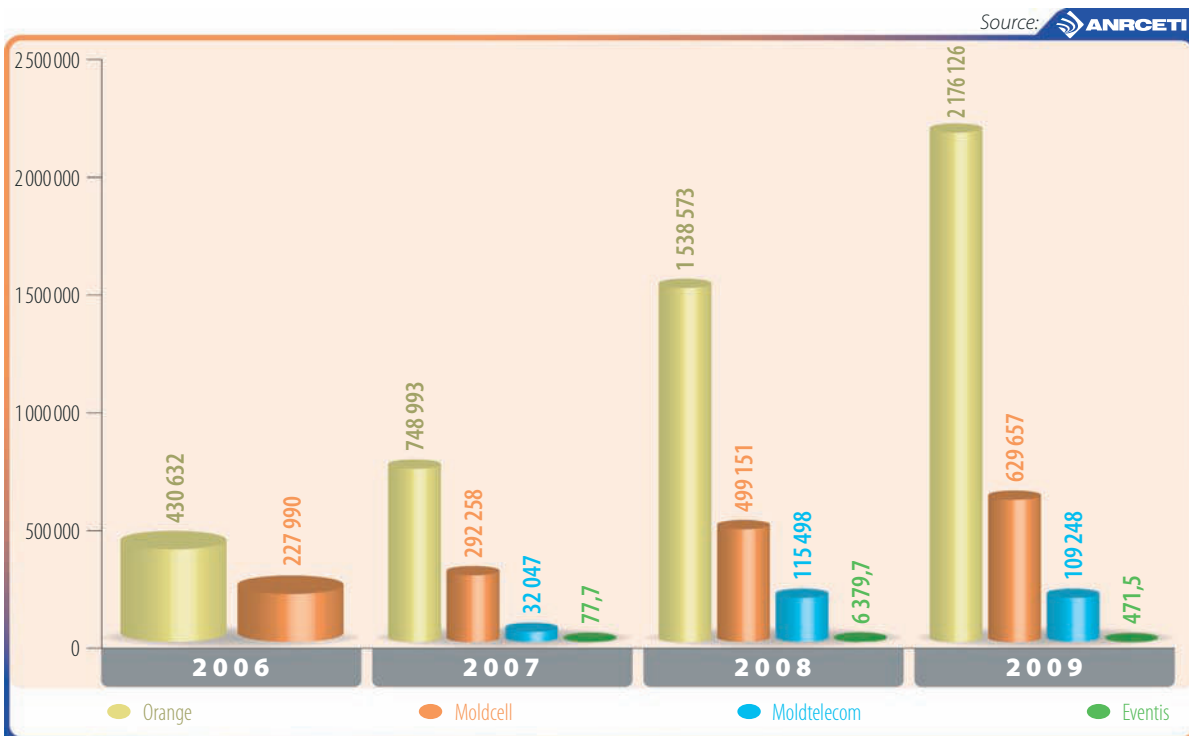


Fig. 25 Volume of traffic originated on mobile networks, thousand minutes

The number of messages (SMS) sent, as compared to 2008, registered a slight decline. It was caused by the decrease in the number of SMS sent by the customers of Orange Moldova JSC, due to reduced average tariffs for mobile services and the substitution of SMS messages with voice calls. However, with Moldcell JSC, this indicator grew by 13,4% (Figure 26).

3.4 Mobile Multimedia Services

During the reporting year, the total number of users of multimedia services provided by means of GPRS/

EDGE, CDMA2000 1x EV-DO and HSPA technologies, including mobile Internet access, increased, by 42,3% over 2008, and constituted about 2 046 thousand. These services are used for personification of mobile phones and Internet access (including from mobile phone), for multiple applications such as MMS, video calls, etc., which require data transmission capacity of mobile providers.

The chapter below provides more data on mobile broadband access services.

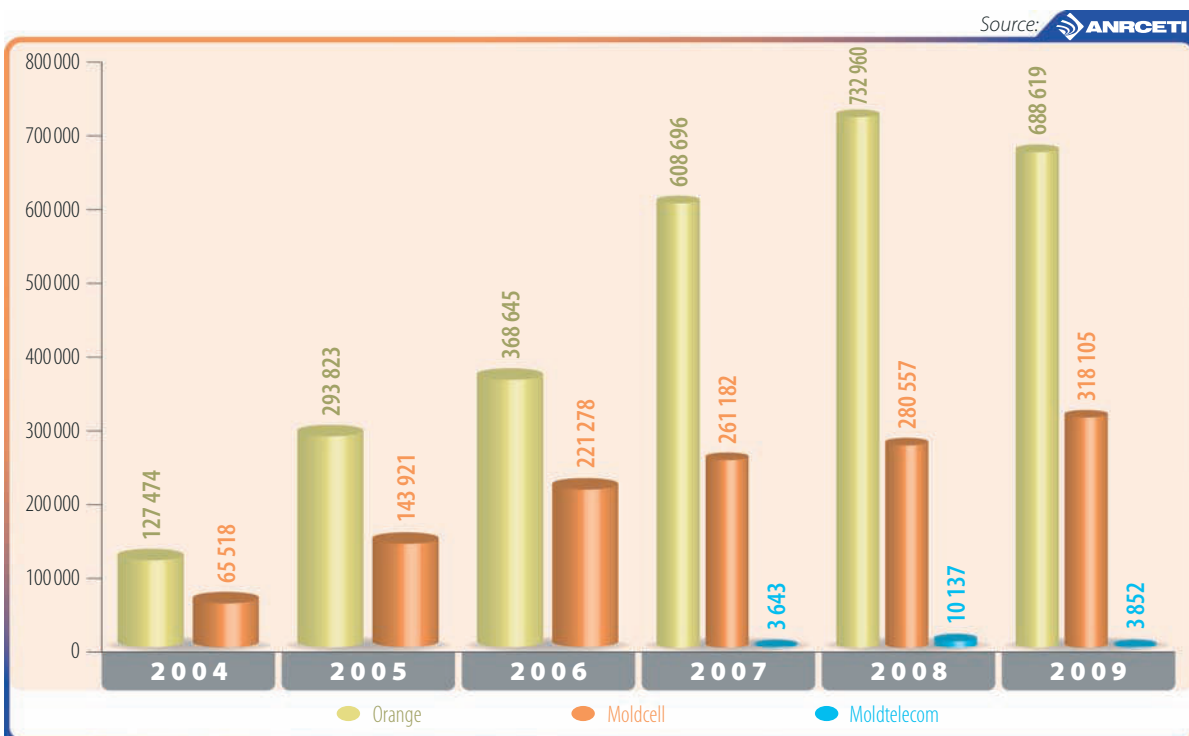


Fig. 26 Evolution of number of SMS sent via mobile networks, in thousands

4 ACCESS TO INTERNET AND DATA TRANSMISSION

4.1 General Description

In 2009, the Internet access and data transmission market was operated by 50 providers. The sales volume on this market made 436,39 million lei – 19,2%

increase over 2008. (Figure 27). The most significant increase in sales was registered by Moldtelecom JSC, Starnet LLC and Orange Moldova JSC, the latter acquiring company Telemedia Group JSC in December 2008. The turnovers on this market were as follows:

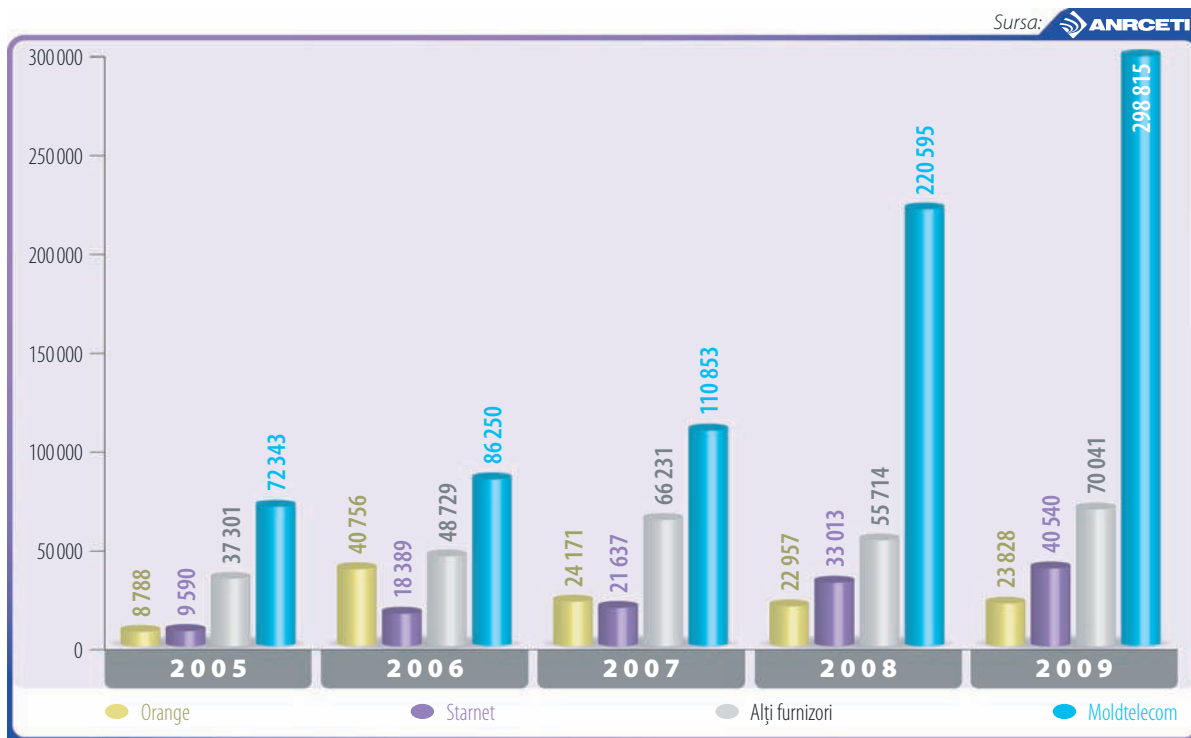


Fig. 27 Structura pieței, în funcție de cifra de afaceri, în mii lei

Moldtelecom JSC 298,8 million lei, Starnet LLC – 40,5 million lei and Orange Moldova JSC – 23,8 million lei. The market share of Moldtelecom JSC increased

compared to 2008, by 2.6 p. p. and reached 69%, whereas the shares of other providers slightly decreased. (Figure 28).

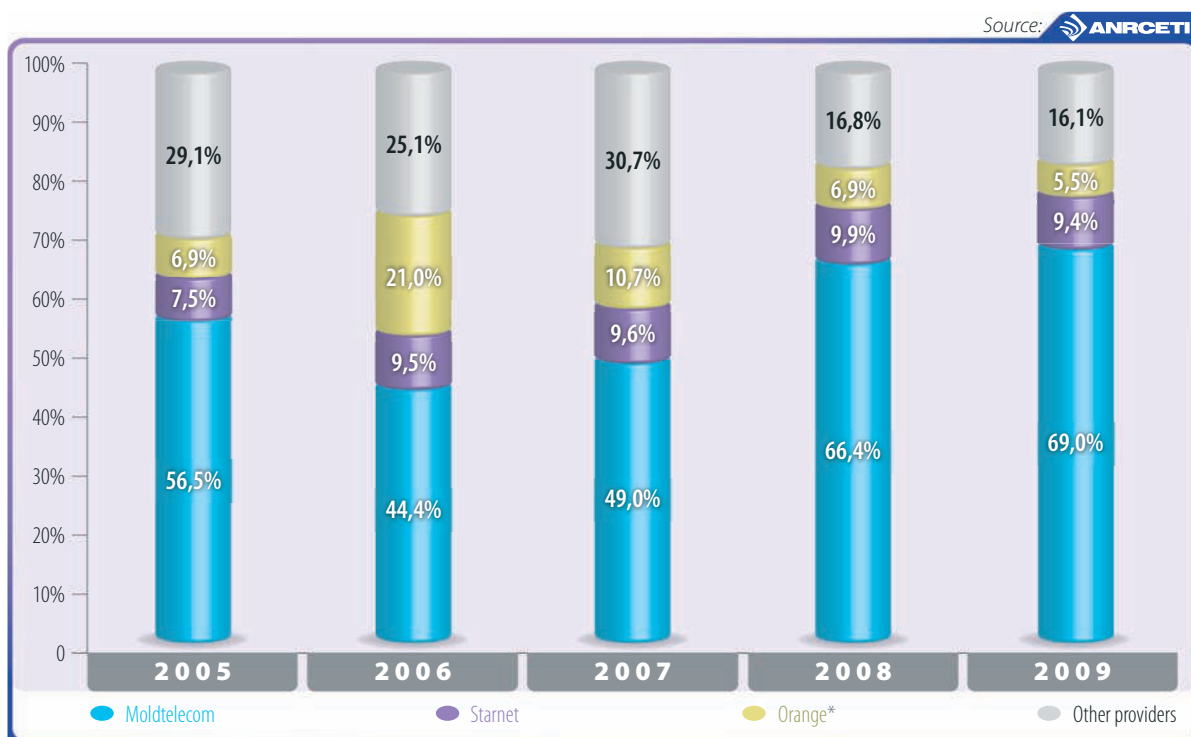


Fig. 28 Market shares, in terms of turnover

* Data for 2005-2008 include Telemedia Group JSC, subsequently acquired by Orange Moldova JSC

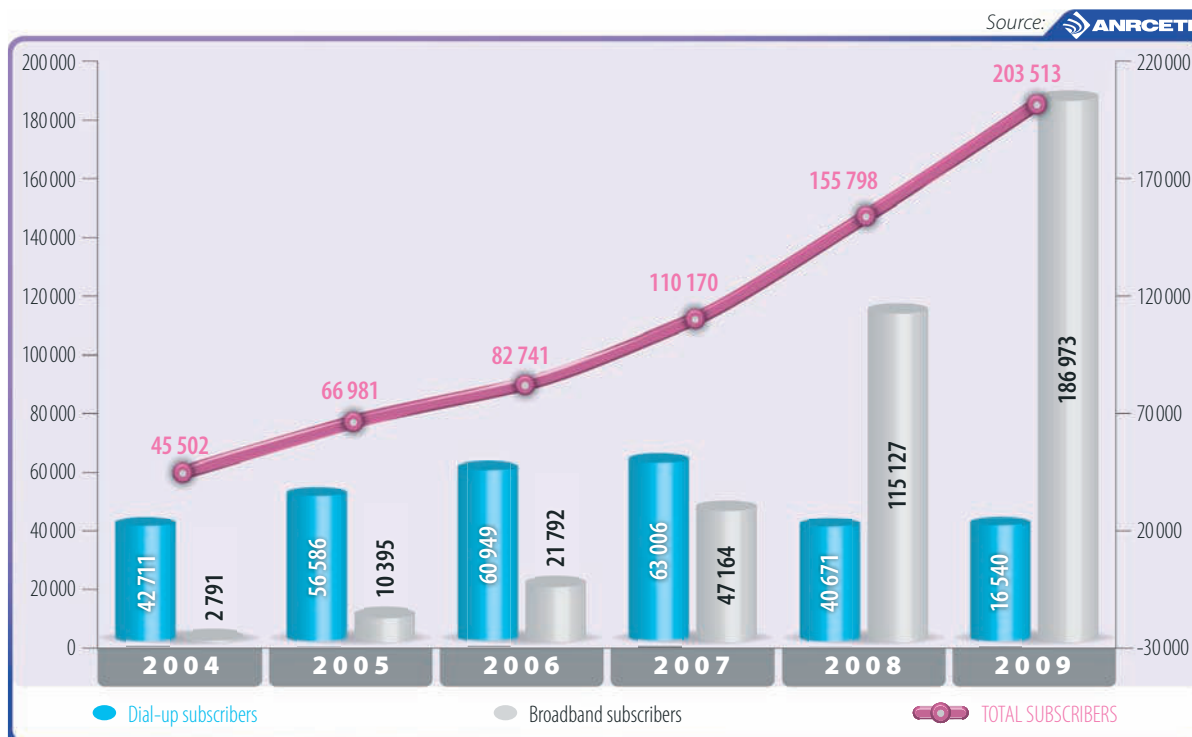


Fig. 29 Evolution of number of subscribers to Internet at fixed location

4.2 Subscribers. Penetration

In 2009, the number of subscribers to Internet access at fixed location increased by 30,6% over 2008 and reached 203,5 thousand. About 187 thousand (91,86%) of this total are broadband subscribers, and 16,5 thousand (8,14%) – subscribers to Internet services via dial-up (Figure 29).

Compared with 2008, the number of broadband subscribers increased by 62,4% and the number of dial-up Internet subscribers decreased twice. This was caused by the increasing availability of broadband, reduced tariffs for end users and the effect of dial-up substitution by fixed and mobile broadband services (Figure 30).

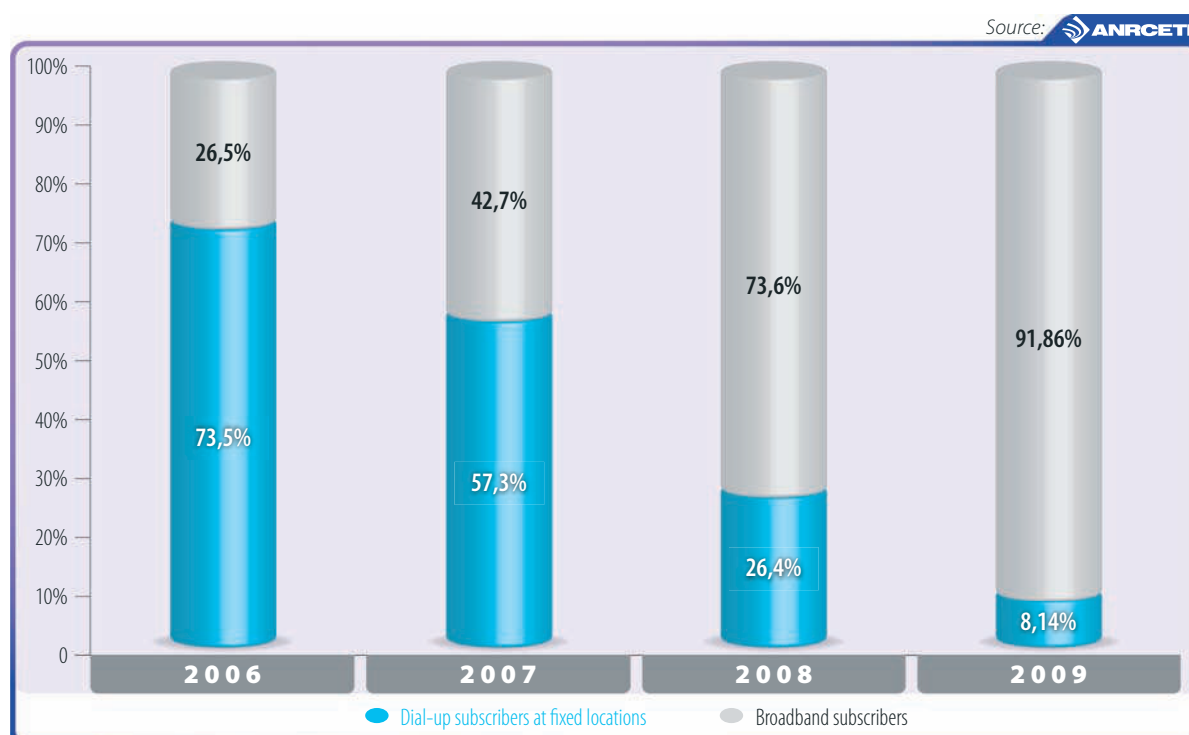


Fig. 30 Market structure, by types of subscribers

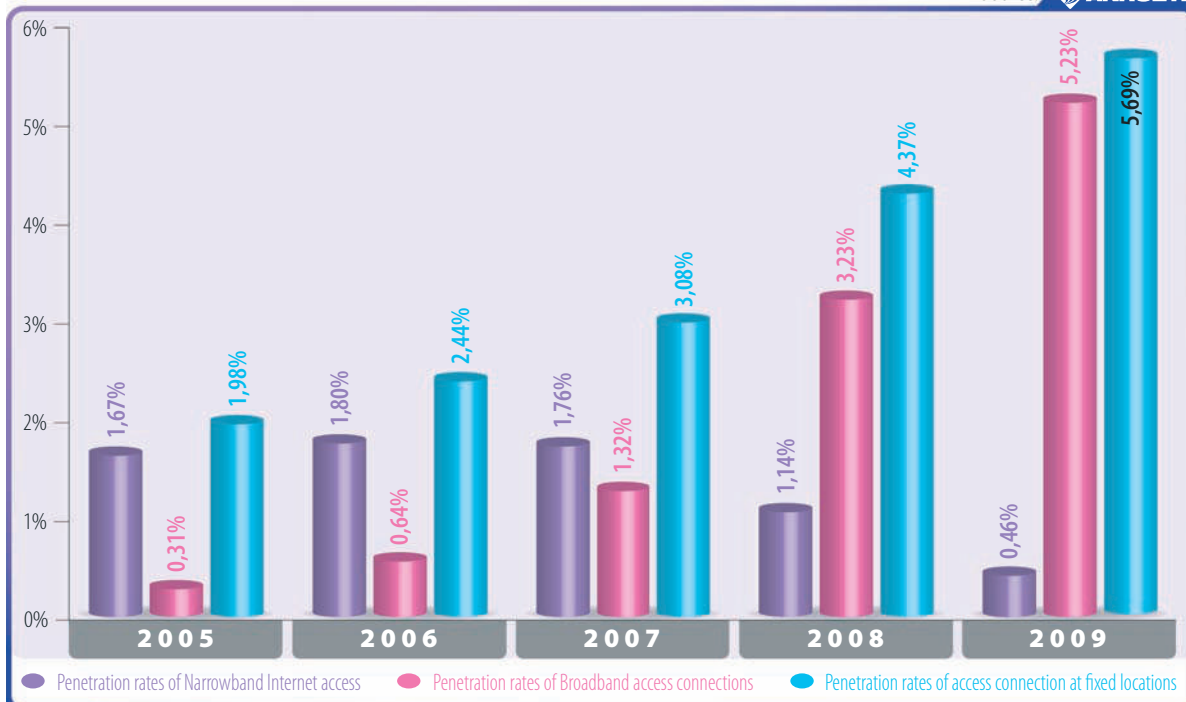


Fig. 31 Penetration rates of Internet access at fixed locations

In 2009, the penetration rate of Internet access services at fixed locations, per 100 inhabitants, increased by 1,32 p.p. and constituted 5,7%, while the penetration rate of broadband Internet access services – by 2 p.p. and reached 5,23%. (Figure 31).

4.3 Access to Broadband Internet

In 2009, the broadband Internet sector increased by 62,4%: from 115,12 thousand subscribers in 2008, to 187 thousand, in 2009. The largest share of this market – 71,5% - was held by Moldtelecom S. A. (Figure 32).

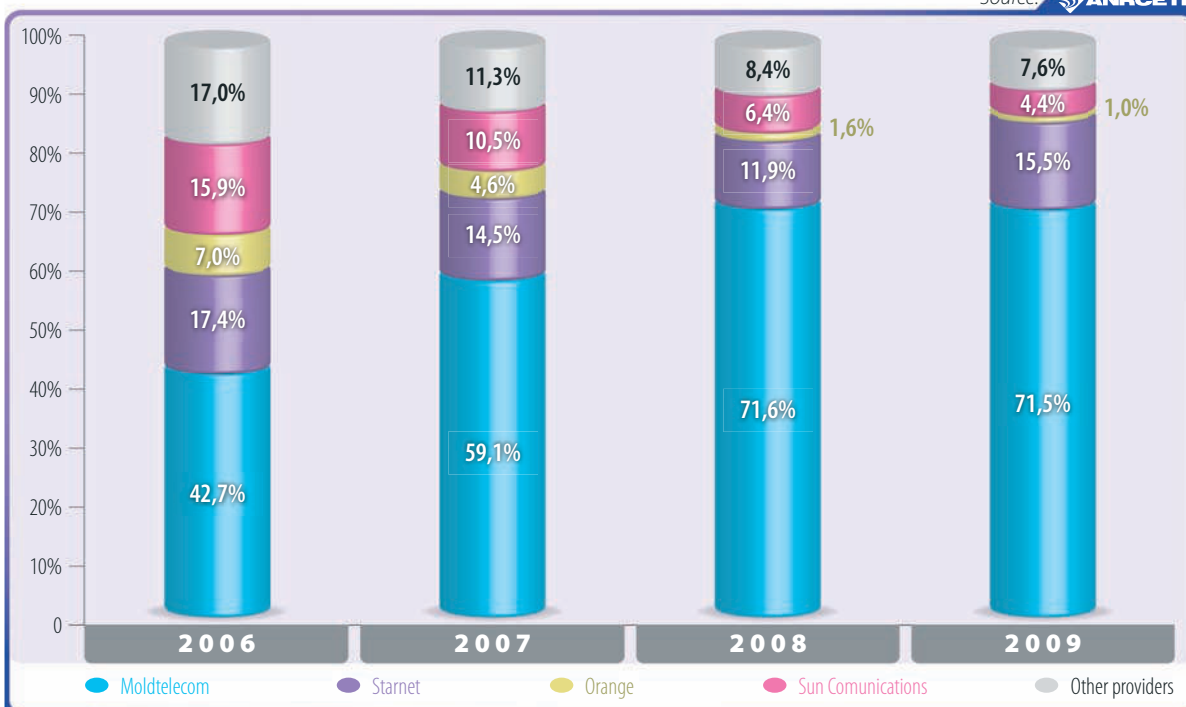


Fig. 32 Market shares on terms of number of subscribers

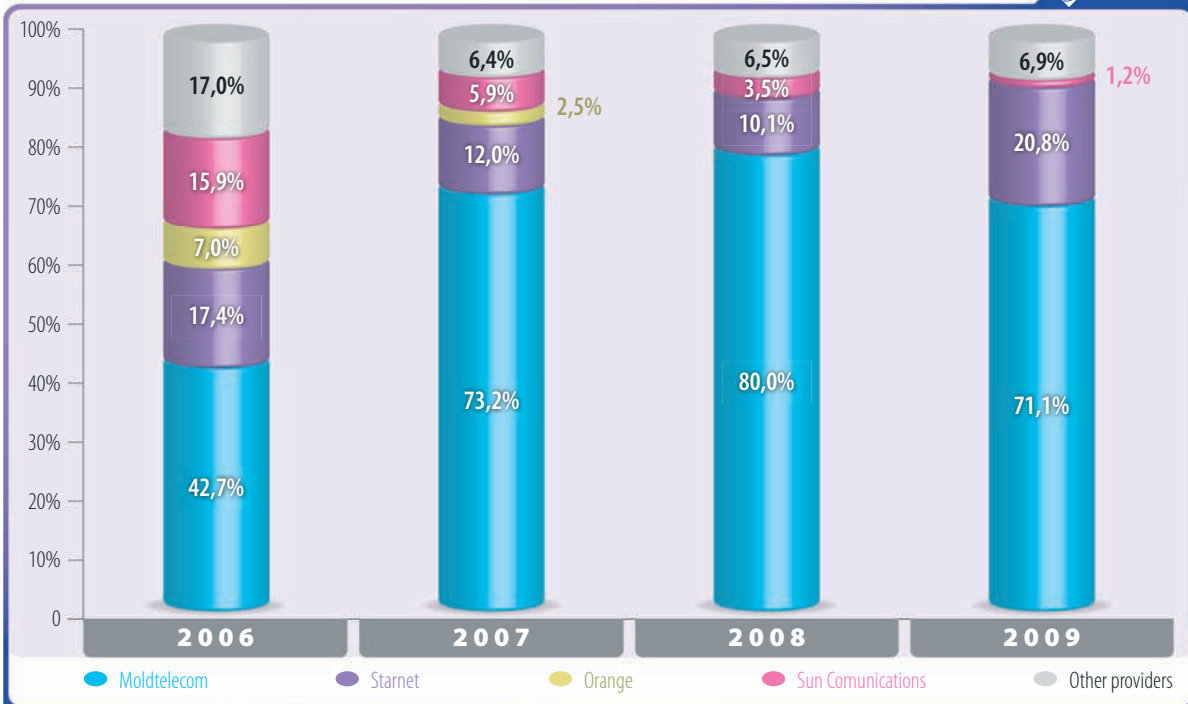


Fig. 33 Shares of providers within new broadband connections

During the reporting period, the highest number of net connections was recorded by Moldtelecom JSC – 71,1%. Starnet LLC connected 20,8% of all new subscribers, and other providers, together, connected about 8% (Fig. 33).

ADSL continues to be the most widely-spread technology applied for broadband Internet access at fixed locations. In 2009, approximately 76% of all broadband Internet connections were ADSL-based (Figure 34).

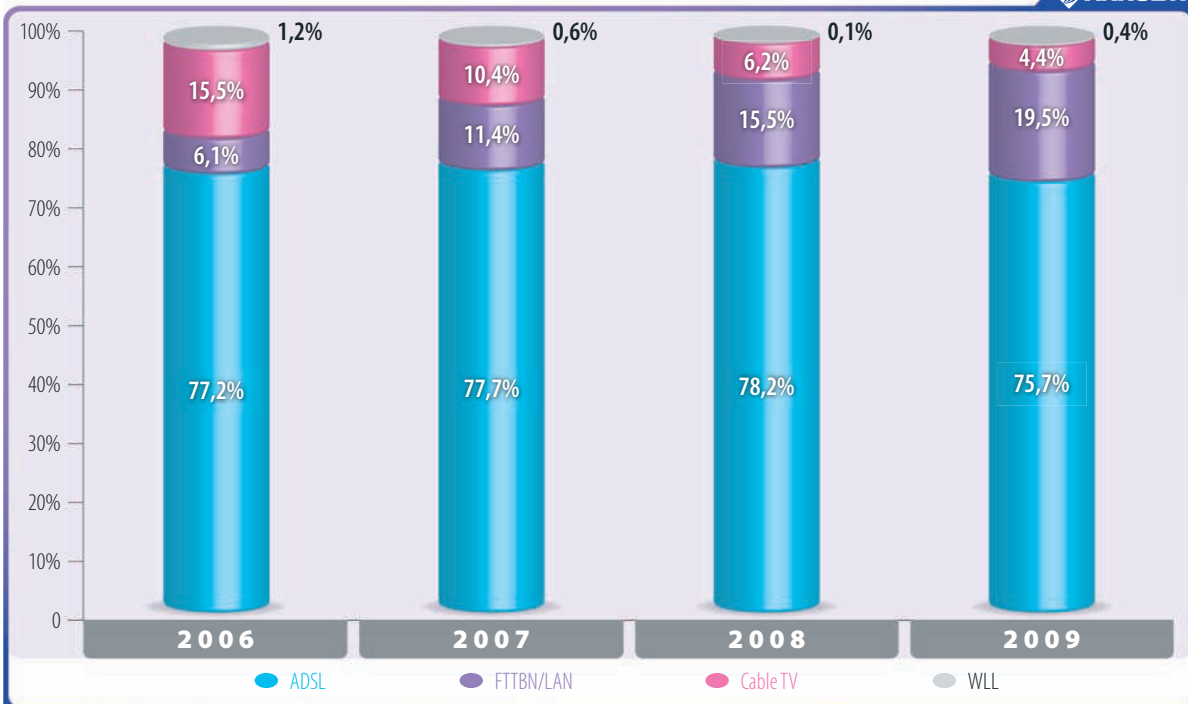


Fig. 34 Shares of broadband Internet access technologies

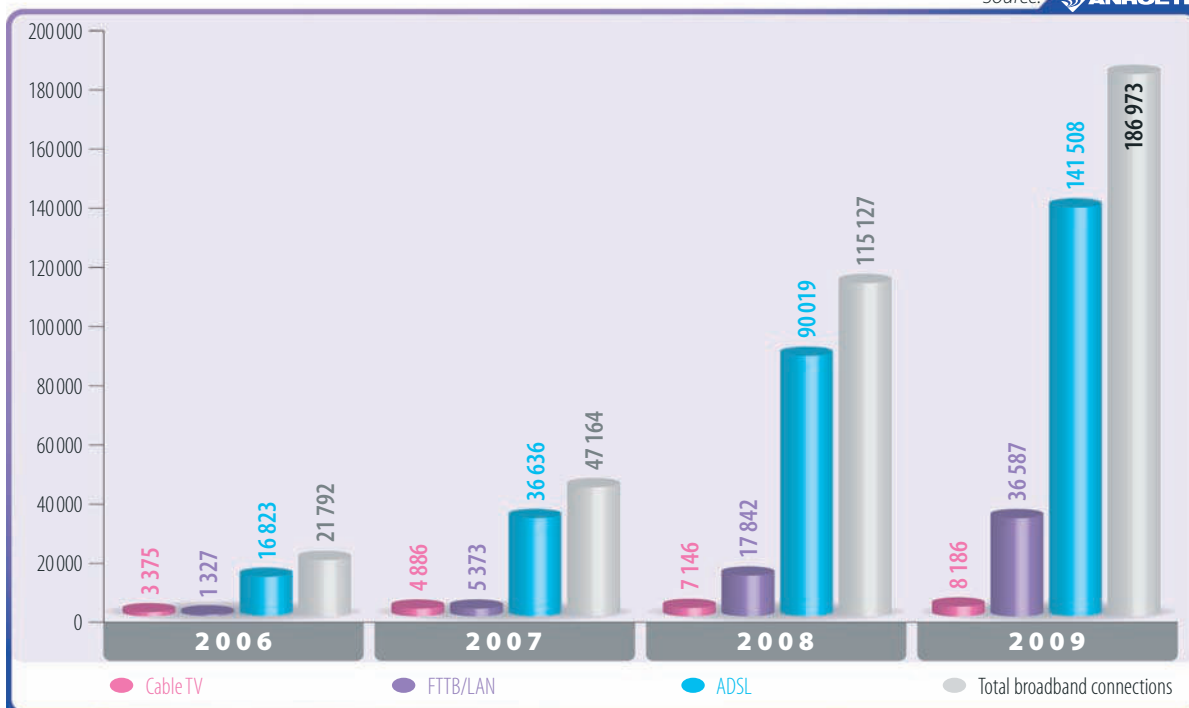


Fig. 35 Number of subscribers to broadband services, by applied technology

The largest number of subscribers to broadband services at fixed locations used the ADSL technology – 141,5 thousand subscribers (Figure 35), an increase by 57,2% compared to 2008.

However, in 2009 the optical networks (FTTx) were the most dynamic broadband technology used for access at fixed locations. Most providers use this technology as FTTB (fiber to the building) and last mile Ethernet. In 2009, the number of FTTB sub-

scribers increased by 105%, this increase occurring mainly due to the connections made in Chisinau municipality.

The penetration rate of Internet access services at fixed locations increased in 2009 by 1,33 p. p., indicating 5,70% and the penetration rate of broadband Internet access – by 2 p.p., indicating 5,23% p. Although the latter indicator increased, it is still small compared to the EU countries, where the average

Source: European Competitive Telecommunications Association (ECTA, Q1 2009)

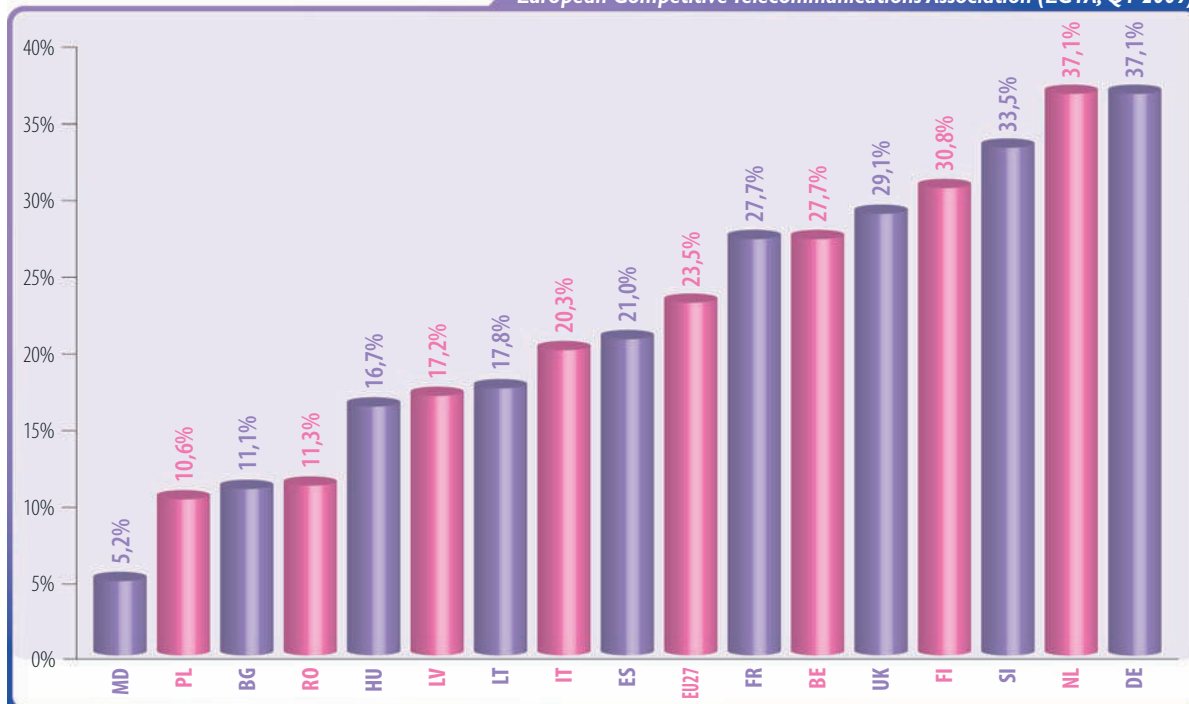


Fig. 36 Broadband penetration rate in the R. of Moldova and several EU countries

penetration rate of broadband access services exceeds 23,5% (Figure 36).

The territorial development of broadband services is marked by high concentration of subscribers in Chi-

sinau municipality - more than half – 106,3 thousand subscribers (56,7% of the total). The number of subscribers per 100 households is 43,3 in Chisinau municipality, whereas in most districts this figure ranges between 5 and 15. (Table 3).

Tab. 3 Access to broadband services, in terms of territory and technologies applied

No.	Territorial administrative unit	TOTAL broadband subscribers	Broadband service penetration per 100 households	Subscribers				Broadband access technologies			
				ADSL	FTTB	Cable TV	Radio	ADSL	FTTB LAN	Cable TV	Radio
1	Municipiul Chisinau	106.354	43,3	61.699	35.789	8.186	680	58,0%	33,7%	7,7%	0,6%
2	Municipiul Balti	7.851	16,8	7.851	0	0	0	100%	0%	0%	0%
3	District Anenii noi	2.937	11,1	2.937	0	0	0	100%	0%	0%	0%
4	District Basarabasca	1.211	12,8	1.211	0	0	0	100%	0%	0%	0%
5	District Briceni	2.691	9,4	2.691	0	0	0	100%	0%	0%	0%
6	District Cahul	4.028	11,0	4.028	0	0	0	100%	0%	0%	0%
7	District Cantemir	1.657	9,5	1.657	0	0	0	100%	0%	0%	0%
8	District Calarasi	1.799	6,9	1.799	0	0	0	100%	0%	0%	0%
9	District Causeni	2.342	8,0	2.342	0	0	0	100%	0%	0%	0%
10	District Cimisia	1.892	9,8	1.892	0	0	0	100%	0%	0%	0%
11	District Criuleni	1.831	8,0	1.831	0	0	0	100%	0%	0%	0%
12	District Donduseni	837	4,6	837	0	0	0	100%	0%	0%	0%
13	District Drochia	2.733	8,6	2.733	0	0	0	100%	0%	0%	0%
14	District Dubasari	689	6,7	689	0	0	0	100%	0%	0%	0%
15	District Edinet	2.775	9,3	2.775	0	0	0	100%	0%	0%	0%
16	District Falesti	1.659	5,2	1.659	0	0	0	100%	0%	0%	0%
17	District Floresti	1.803	5,5	1.803	0	0	0	100%	0%	0%	0%
18	District Glodeni	1.166	5,4	1.166	0	0	0	100%	0%	0%	0%
19	District Hincesti	2.964	8,1	2.964	0	0	0	100%	0%	0%	0%
20	District Ialoveni	3.821	13,3	3.821	0	0	0	100%	0%	0%	0%
21	District Leova	1.309	8,2	1.309	0	0	0	100%	0%	0%	0%
22	District Nisporeni	1.349	6,8	1.349	0	0	0	100%	0%	0%	0%
23	District Ocnita	1.462	6,9	1.462	0	0	0	100%	0%	0%	0%
24	District Orhei	3.809	10,1	3.000	797	0	12	78,8%	20,9%	0,0%	0,3%
25	District Rezina	1.459	9,0	1.459	0	0	0	100%	0%	0%	0%
26	District Riscani	1.691	6,5	1.691	0	0	0	100%	0%	0%	0%
27	District Singerei	2.052	7,1	2.052	0	0	0	100%	0%	0%	0%
28	District Soroca	2.689	7,9	2.689	0	0	0	100%	0%	0%	0%
29	District Straseni	2.909	10,7	2.909	0	0	0	100%	0%	0%	0%
30	District Soldanesti	748	4,9	748	0	0	0	100%	0%	0%	0%
31	District Stefan Voda	1.586	6,9	1.586	0	0	0	100%	0%	0%	0%
32	District Taraclia	1.470	11,6	1.470	0	0	0	100%	0%	0%	0%
33	District Telenesti	1.348	5,9	1.348	0	0	0	100%	0%	0%	0%
34	District Ungheni	3.425	9,5	3.424	1	0	0	100%	0%	0%	0%
35	UTA Gagauz-Eri	6.627	14,9	6.627	0	0	0	100%	0%	0%	0%
TOTAL		186.973	16,5	141.508	36.587	8.186	692	75,7%	19,6%	4,4%	0,4%

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4.4 Access to Broadband Mobile Internet

In 2009, the broadband mobile Internet access service was provided by three mobile communications pro-

viders. Companies Orange Moldova JSC and Moldcell JSC applied the HSPA technology and Moldtelecom JSC – the CDMA EV-DO technology in the provision of these services. The total number of broadband mo-

bile Internet users was about 80 thousand, 61,93% of which are customers of Orange Moldova JSC, 30,37%

- of Moldcell JSC and 7,70% - of Moldtelecom JSC (Figure 37).

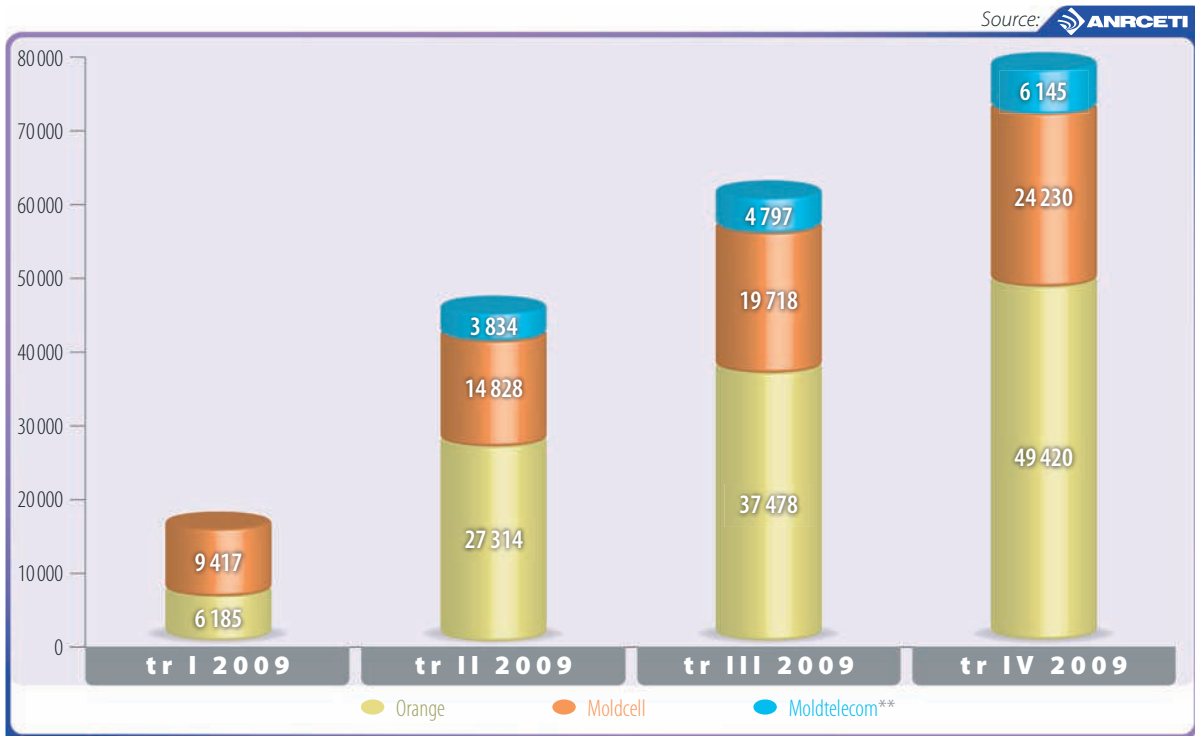


Fig. 37 Number of 3G users of Internet access*

* users using at least 1MB Internet traffic

** in the 1st quarter, Moldtelecom data were not available

5 AUDIOVISUAL PROGRAM BROADCASTING AND RE-TRANSMISSION

5.1 General Description

In 2009, the turnover of service providers in this market was 232,77 million lei, a decline by 1,34%, caused

by lower sales of services of air TV and radio broadcasting and re-transmission. (Figure 38). According to the data submitted by providers, the largest share in turnover – 46,05% - was recorded by air TV service

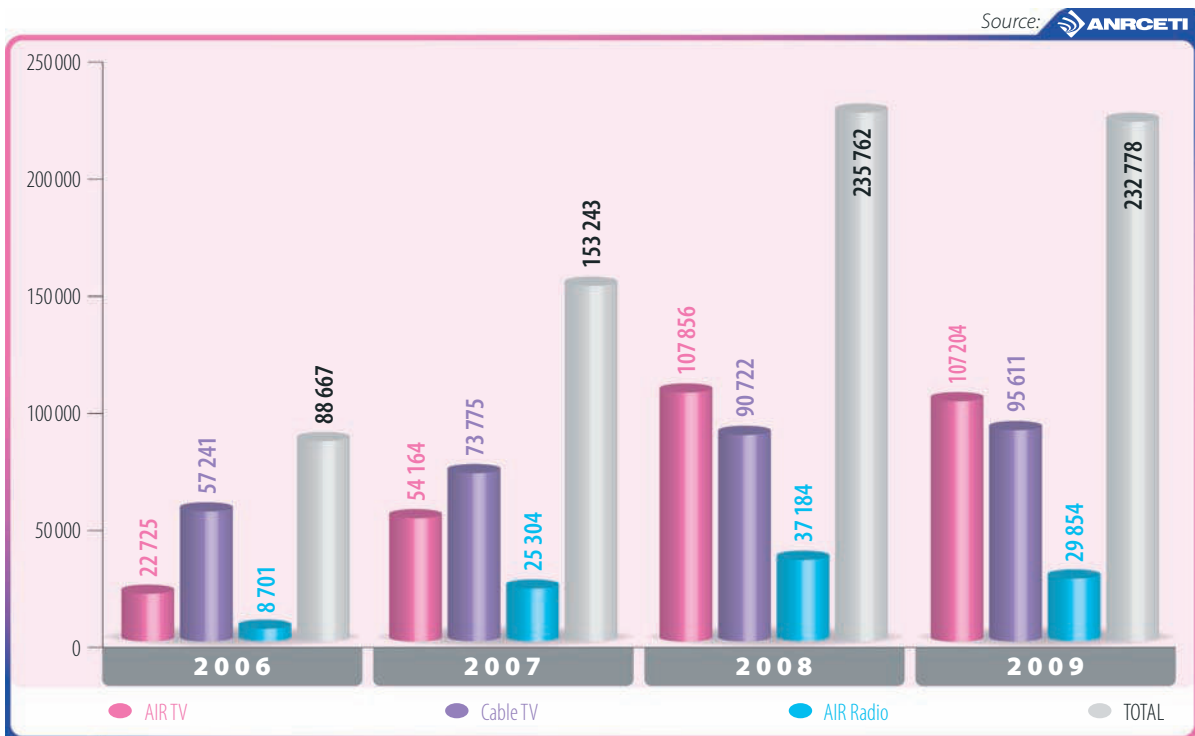


Fig. 38 Evolution of turnover in cable/air TV and radio market, thousand lei

sector. The share of revenue from cable TV service provision was 41,07% and the one from air radio services - 12.83%. The cable radio sector recorded 109 thousand lei turnover, which is about 0,05% of total sales.

The Average Monthly Revenue per User (ARPU) for cable TV was 35,47 lei. The biggest provider in this

market - Sun Communications LLC – recorded 42,16 lei ARPU.

In 2009, the major market shares on the cable TV market by turnover belonged to: Sun Communications LLC – 55,26% (+3,95 p. p.), AMT LLC – 7,22% (-4,87 p. p.), Technical Commercial Centre Alfa – 4,17% (+0,02 p. p.) (Figure 39).

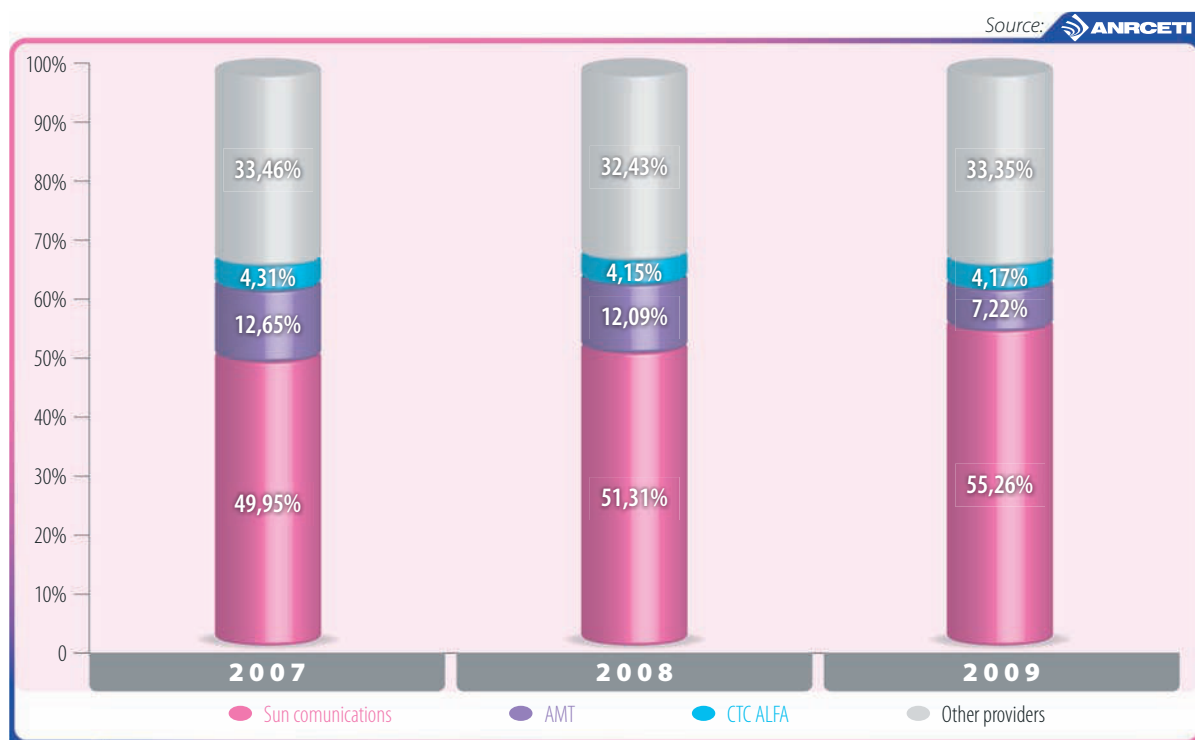


Fig. 39 Structure of cable TV market, by turnover

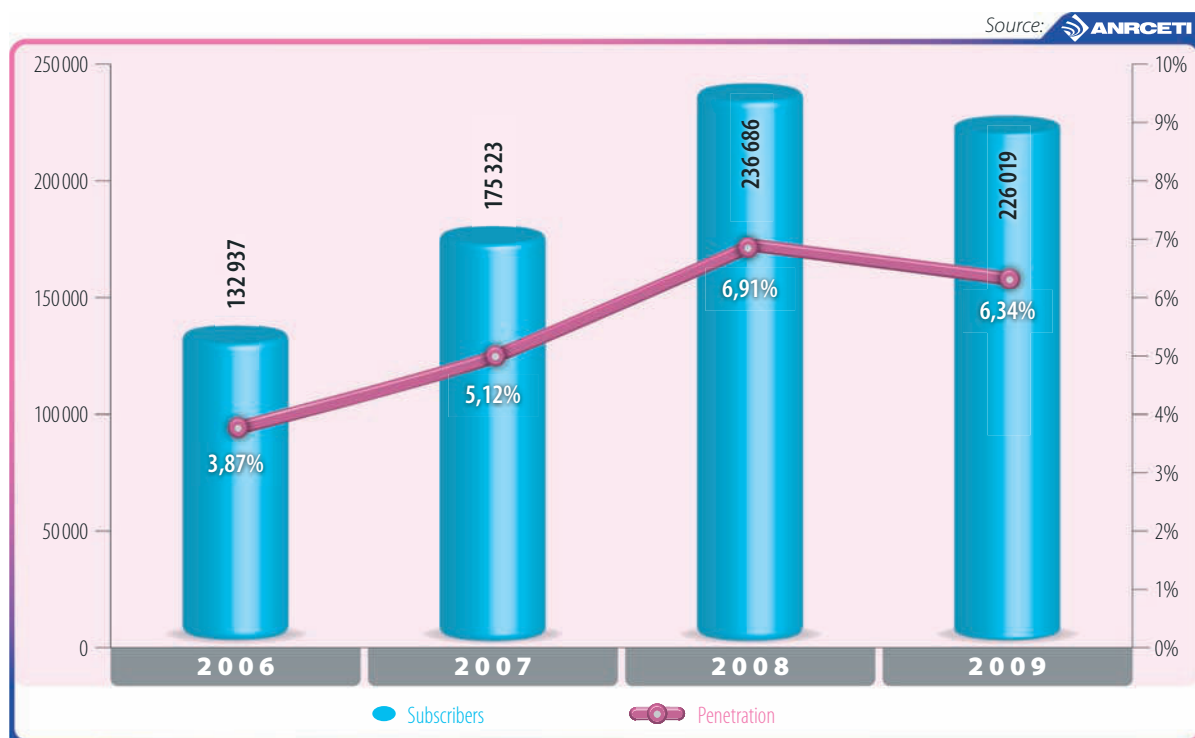
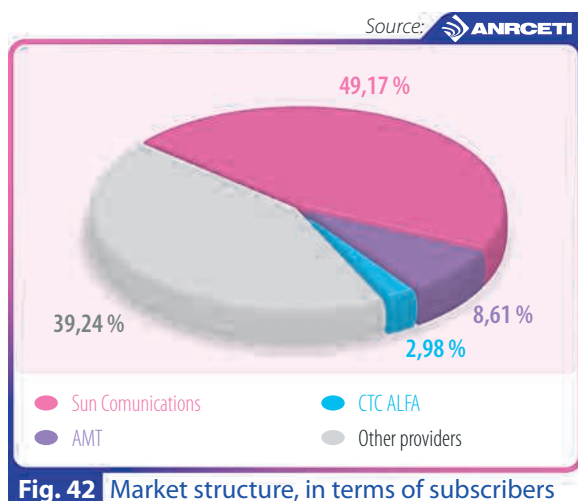


Fig. 40 Number of subscribers and penetration rates for multi-channel TV services

5.2 Subscribers. Structure and Evolution

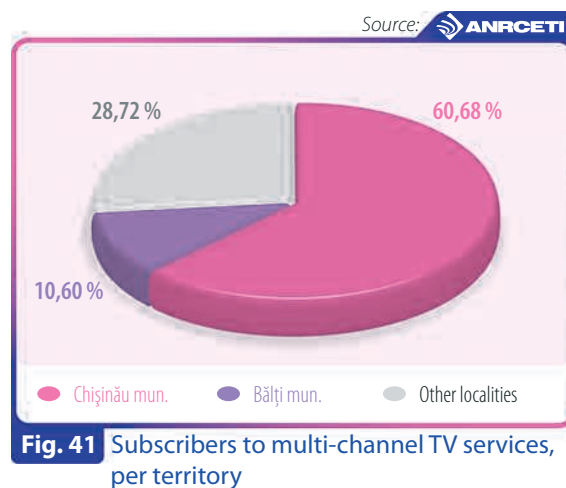
The statistical data produced by cable TV providers and by coded light (in the standard MMDS) show that the number of subscribers to these services has decreased compared to 2008, with 4,51% and reached 226 thousand, of which 18,3 thousand - are users of digital TV services. (Figure 40). Penetration of multi-channel TV services reported 100 people dropped by about 0,57 p. p. and made 6,34%.

Most of cable TV providers operated in district centers and villages, 17 - in Chisinau municipality. Most multi-channel TV users – 60,68% - also live in Chisinau municipality, 10,60% - in Balti municipality, and 28,72% - in other localities of the country (Figure 41).

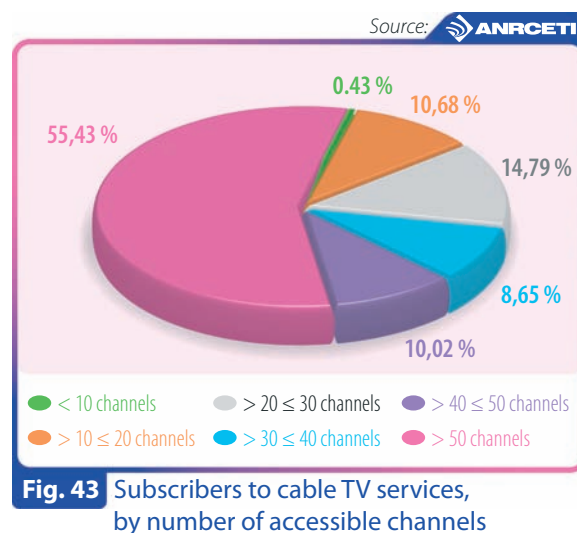


In terms of number of users, the largest market share of cable TV services – 49,17% - was owned by Sun Communications LLC. Two other companies - Commercial Technical Center Alfa and AMT LLC had shares of 8,61% and 2,99%, the other providers, shared less than 1% (Figure 42).

In 2009, most of the multi-channel TV users – 97,6% - were cable TV subscribers and 2,4% - encoded air TV services.



There were 2544 registered subscribers to digital satellite TV services (DTH).



More than 55% of subscribers to multi-channel TV services had access to over 50 TV channels (Figure 43).

The decrease of key indicators (sales, subscribers, penetration rates) on the market of audiovisual programs broadcasting and re-transmission was caused by the effects of the economic recession of 2009. The Agency considers that a recovery will occur on this market in 2010, particularly on account of faster promotion and implementation of multi-channel audiovisual services, such as cable TV, IPTV and DTH.

6 CONCLUSIONS. EXPECTATIONS FOR 2010

In 2009, for the first time in the last decade, the electronic communications market registered a slight 1,7% decrease, mainly because of decline of mobile sales in the first quarter and fixed sales in the first half of 2009, a process determined mostly by reduced consumption of services by end users due to the economic recession. The mobile market sales decline, however, was generated by the tariff reduction by large companies. The decline in the value of the fixed telephony market was also influenced by the fixed-mobile substitution, which produced traffic migration from fixed to mobile networks.

According to statistics, in the second half of 2009, the electronic communications market started to show signs of growth, which enabled recovery of the losses recorded in first half year.

For 2010 the Agency expects the electronic communications market to grow by 5-8%. This tendency will be supported by increased sales volumes on mobile market, markets of access to Internet and audiovisual programs broadcasting/retransmission. According to the estimations, the mobile market will undergo the largest increase. The number of mobile users is expected to increase by about 12% and exceed three million, whereas the penetration rate will reach 86-88%.

The Agency considers that the fixed telephony market will stabilize in 2010 and will undergo slight increase over 2009. The number of fixed subscribers will increase up to 1,5%, and the fixed penetration rate will raise to 32%.

The regulator also expects a dynamic evolution to occur on the broadband access market in 2010. Though penetration rate of broadband Internet at fixed locations reached 5,2% in 2009, this indicator is well below the average of 23,5% registered in EU countries. Currently, there is enormous room for growth on this market, particularly for converged services: data, voice, video and mobile. According to the regulator's estimations, the number of broadband subscribers will increase by more than 45% and will reach 270 thousand. The number of users will grow rapidly in localities outside Chisinau municipality where it could double.

The Agency considers that in 2010 the shift of users from dial-up to broadband access will practically be over. The number of narrowband Internet users will reduce by at least three times, and the share of broadband access users will exceed 98%.

It is also expected that the number of mobile broadband users will rapidly grow. According to the statistical reports, mobile providers recorded about 80.000 broadband mobile users in 2009. In 2010 the number of these users is expected to increase by at least 80%.

The estimations also show that in 2010 the market of audiovisual programs broadcasting and retransmission will undergo a more dynamic development in terms of digital multi-channel TV services, such as digital cable TV, IPTV, DTH.