

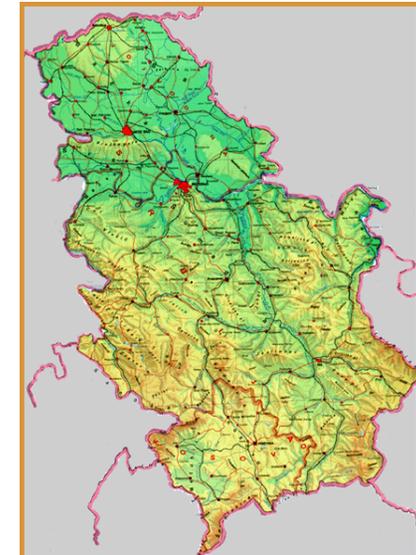
# **AN OVERVIEW OF THE TELECOM MARKET IN THE REPUBLIC OF SERBIA IN 2013**

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Director*

Belgrade, April 2014

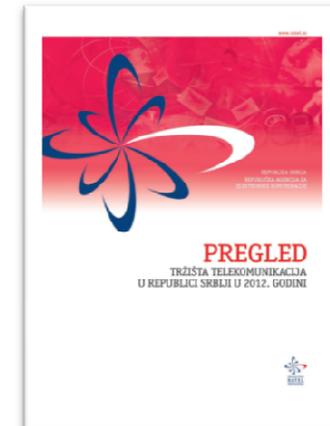
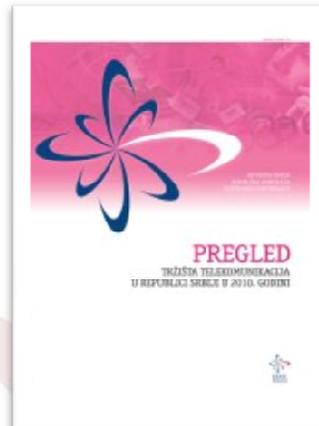
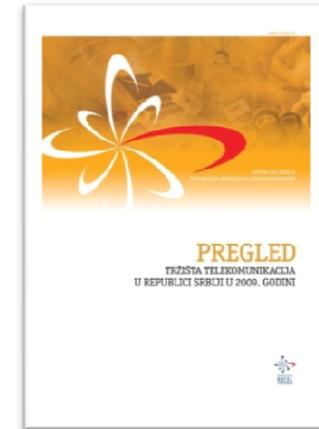
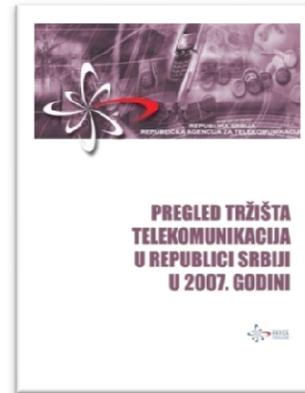
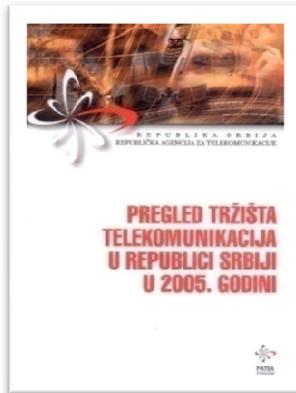
# Serbia Overview

- **Population:** *7.18 million inhabitants*  
(excluding Kosovo and Metohija)
- **Total area:** *88,502 km<sup>2</sup>*
- **GDP for year 2013:** *ca. RSD 3,618 bn.*  
(*ca. RSD 3,348 bn. in 2012*)
- **Average monthly net salary in  
December 2013:** *RSD 50,820 (ca. € 449)*  
(*ca. € 415 in 2012*)
- **Total income in telecommunication  
market in year 2013:** *ca. € 1.55 bn.*  
(*ca. € 1.54 bn 2012*)
- **Share in GDP:** *4.85 in 2013 (5.52% in 2012)*
- **Average EUR exchange rate:** *RSD 113.136 in 2013*  
(*RSD 113.042 in 2012*)



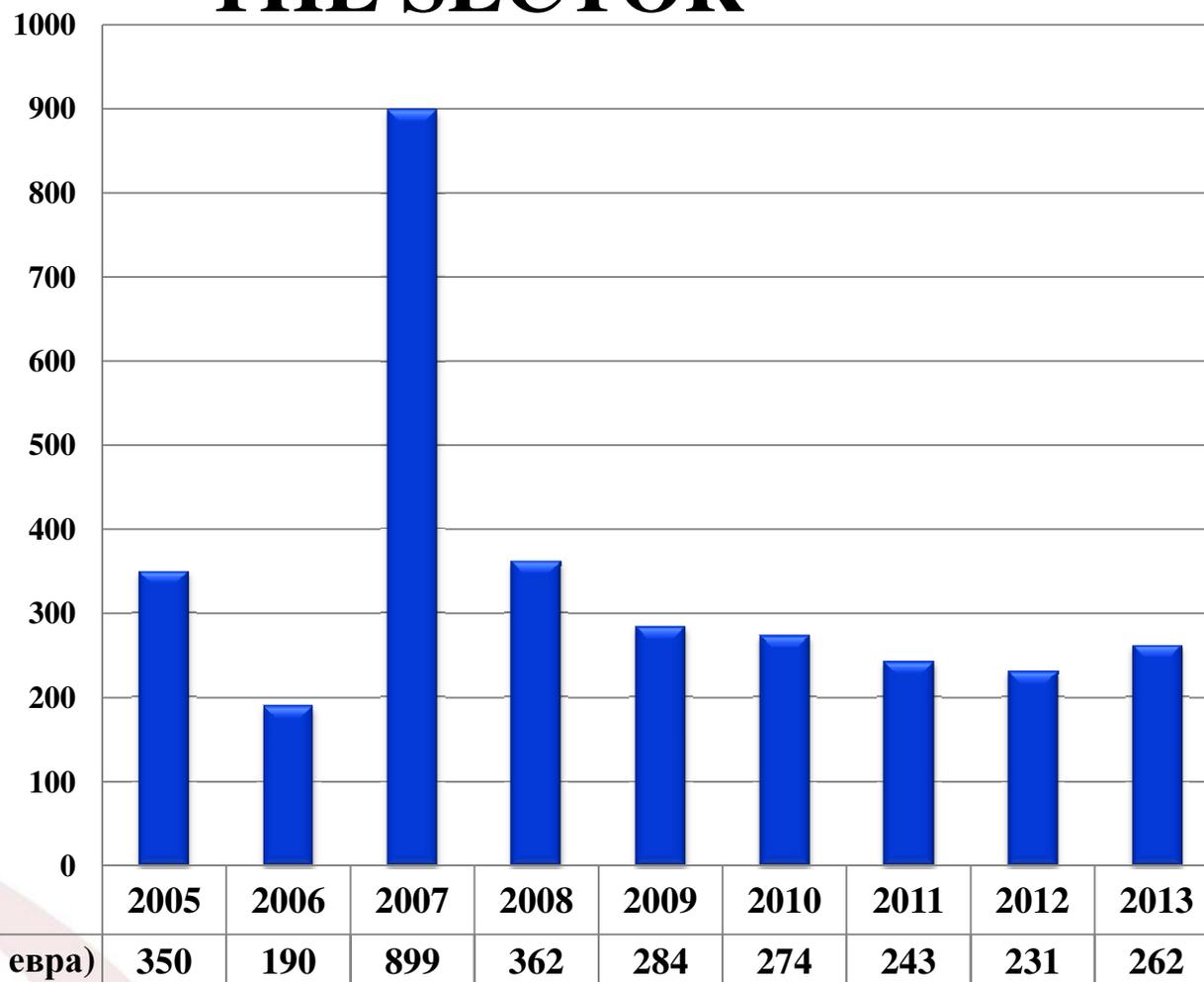


# SERBIA TELECOM MARKET OVERVIEW





# INVESTMENTS IN THE SECTOR

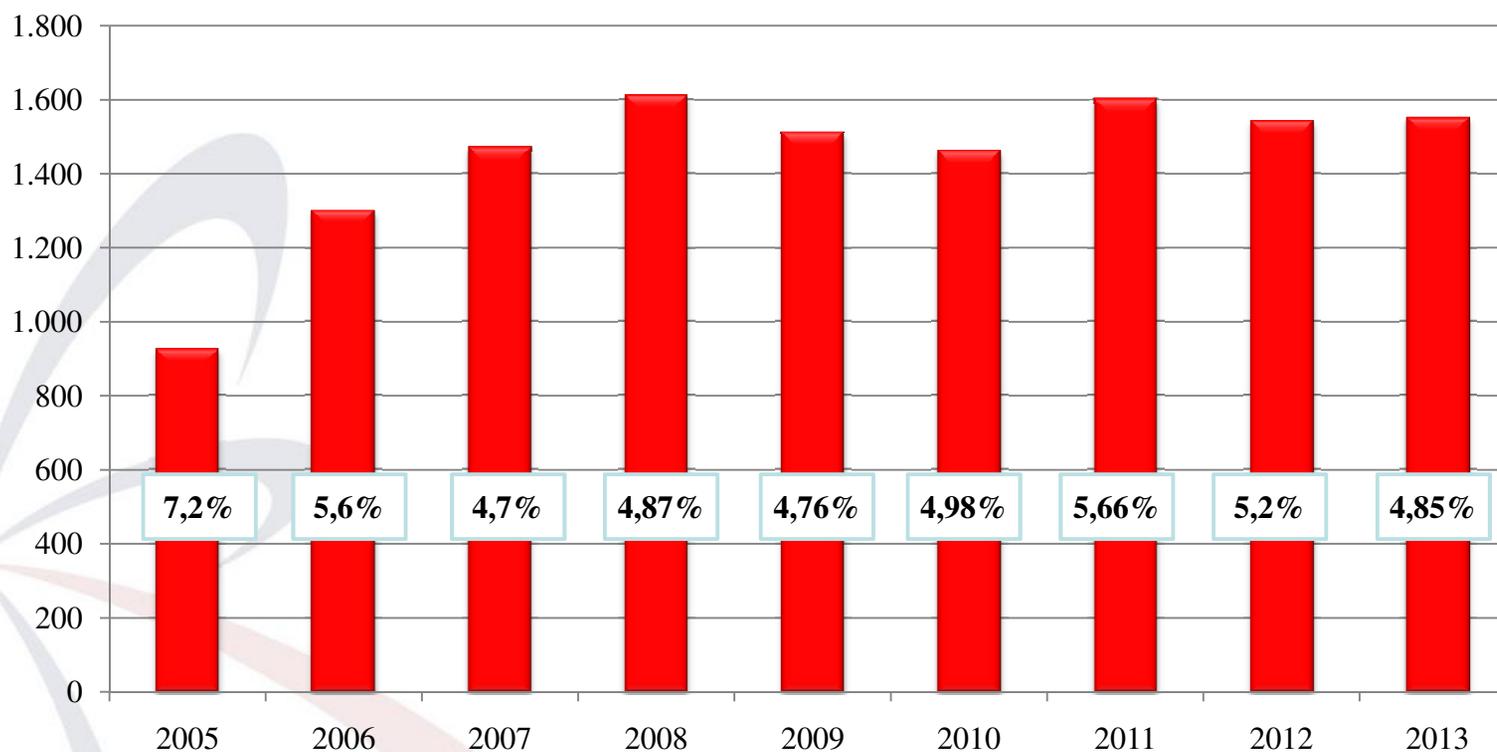


■ Инвестиције (у милионима евра)

Source: RATEL

# SECTOR REVENUES

## Revenues (millions of EUR)



□ - GDP share of the telecom sector

Source: RATEL

# Fixed Telephone Networks

	2009	2010	2011	2012	2013
<b>Number of subscribers</b>	3,105,700	3,110,339	3,030,432	2,990,073	3,031,779
<b>Penetration (%)</b>	41.42	41.48	42.56	41.29	42.22
<b>Digitization rate (%)</b>	96.95	97.85	98.54	99.14	99.69
<b>Revenues from telephone services (EUR million)</b>	360.07	421.00	446.00	373.00	325.00
<b>Investments (EUR million)</b>	98.64	75.29	56.71	51.55	62.78

Source: RATEL (Annual reports submitted by the operators on 31 December for each of the respective years)



# Mobile Networks



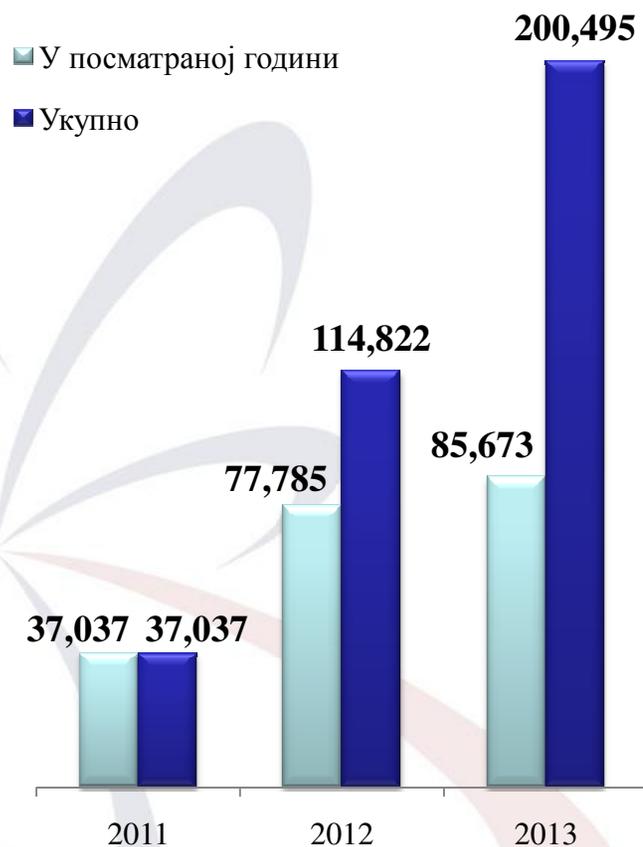
	2009	2010	2011	2012	2013
Number of subscribers	9,912,339	9,915,348	10,182,023	9,137,890*	9,198,717*
Penetration (%)	132.20	132.24	142.99	126.19	128.09
Number of postpaid subscribers	2,609,526	2,983,153	3,358,912	3,730,824	4,140,250
Number of prepaid subscribers	7,302,813	6,932,195	6,823,111	5,407,066	5,058,467
Number of 3G network subscribers	862,935	1,291,887	2,550,038	3,662,919	4,218,790
Revenues (EUR million)	826.74	769.15	846.74	850	877.74
Investments (EUR million)	148.68	132.99	138.67	112.26	111.64

Source: RATEL (Annual reports submitted by the operators on 31 December for each of the respective years)

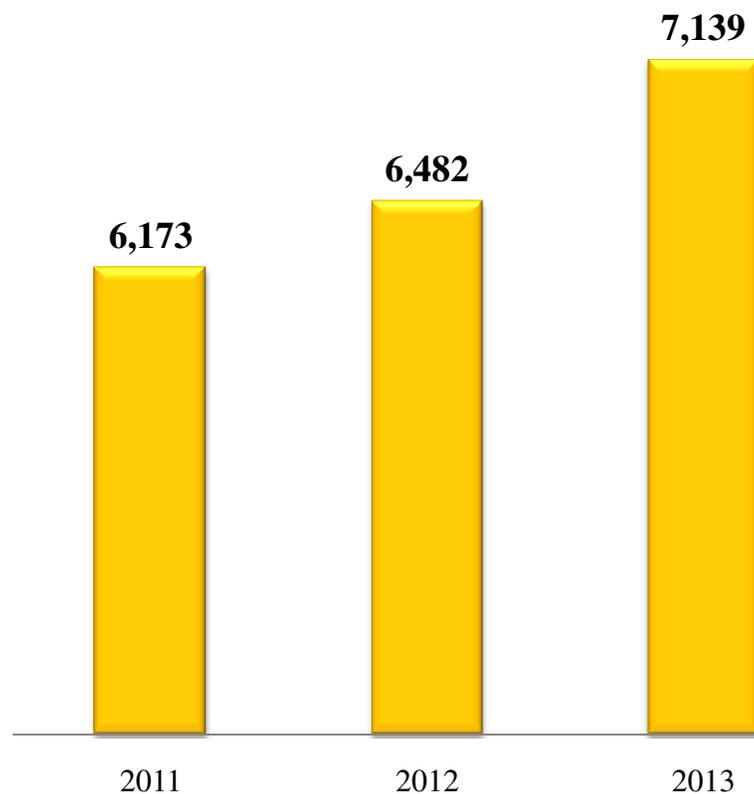
\* The number includes postpaid and prepaid users active in the last three months

# Mobile Number Portability (MNP)

## Ported numbers per year



## Monthly Average

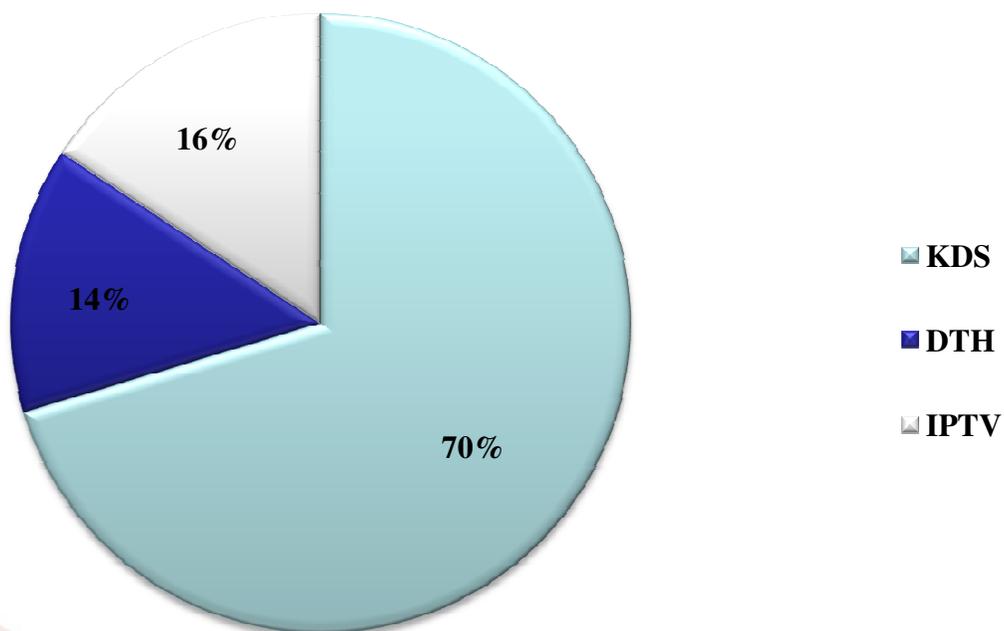


# Media Content Distribution

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Number of subscribers</b>	<b>1,080,900</b>	<b>1,247,192</b>	<b>1,331,279</b>	<b>1,442,188</b>	<b>1,552,514</b>
<b>Penetration (%)</b>	<b>14.42</b>	<b>16.63</b>	<b>18.7</b>	<b>19.92</b>	<b>21.62</b>
<b>Number of cable operators</b>	<b>78</b>	<b>80</b>	<b>82</b>	<b>94</b>	<b>92</b>
<b>Revenues from cable distribution services (EUR million)</b>	<b>72.37</b>	<b>86.01</b>	<b>96.4</b>	<b>109.19</b>	<b>116,81</b>

Source: RATEL (Annual reports submitted by the operators on 31 December for each of the respective years)

# Content Distribution Subscribers per Technology



Source: RATEL (Annual reports submitted by operators on 31 December, 2013)

## Internet (1)

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Number of subscribers (3G subscribers included)</b>	<b>1,806,344</b>	<b>2,407,390</b>	<b>3,828,721</b>	<b>5,038,924</b>	<b>5,691,645</b>
<b>Penetration (%)</b>	<b>22.75</b>	<b>32.11</b>	<b>52.92</b>	<b>69.59</b>	<b>79.25</b>
<b>Number of ISPs</b>	<b>199</b>	<b>192</b>	<b>232</b>	<b>222</b>	<b>221</b>
<b>Revenues from Internet services (EUR million)</b>	<b>117.56</b>	<b>130.66</b>	<b>145.93</b>	<b>160.06</b>	<b>171.87</b>

Source: RATEL (Annual reports submitted by the operators on 31 December for each of the respective years)

## Internet (2)

<b>Number of subscribers by access technology</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Dial-up	252,195	120,670	60,694	20,440	10,640
ADSL	351,252	536,796	623,611	659,878	693,645
Cable modem	187,923	260,474	285,413	331,281	375,328
Wireless access	45,864	58,305	53,754	62,013	79,878
Mobile (3G) broadband access	100,628	131,475	249,542	291,588	288,580
Total number of 3G subscribers	862,935	1,291,887	2,550,038	3,662,919	4,218,790
Other (direct access, Ethernet LAN, FTTx,...)	5,547	7,783	5,669	10,805	24,784
<b>TOTAL</b>	<b>1,806,344</b>	<b>2,407,390</b>	<b>3,828,721</b>	<b>5,038,924</b>	<b>5,691,645</b>
<b>Total number of broadband service subscribers</b>	<b>1,453,521</b>	<b>2,155,245</b>	<b>3,518,485</b>	<b>4,726,896</b>	<b>5,392,425</b>
<b>Penetration (%)</b>	<b>19.39</b>	<b>28.7</b>	<b>49.41</b>	<b>65.28</b>	<b>75.08</b>

Source: RATEL (Annual reports submitted by the operators on 31 December for each of the respective years)

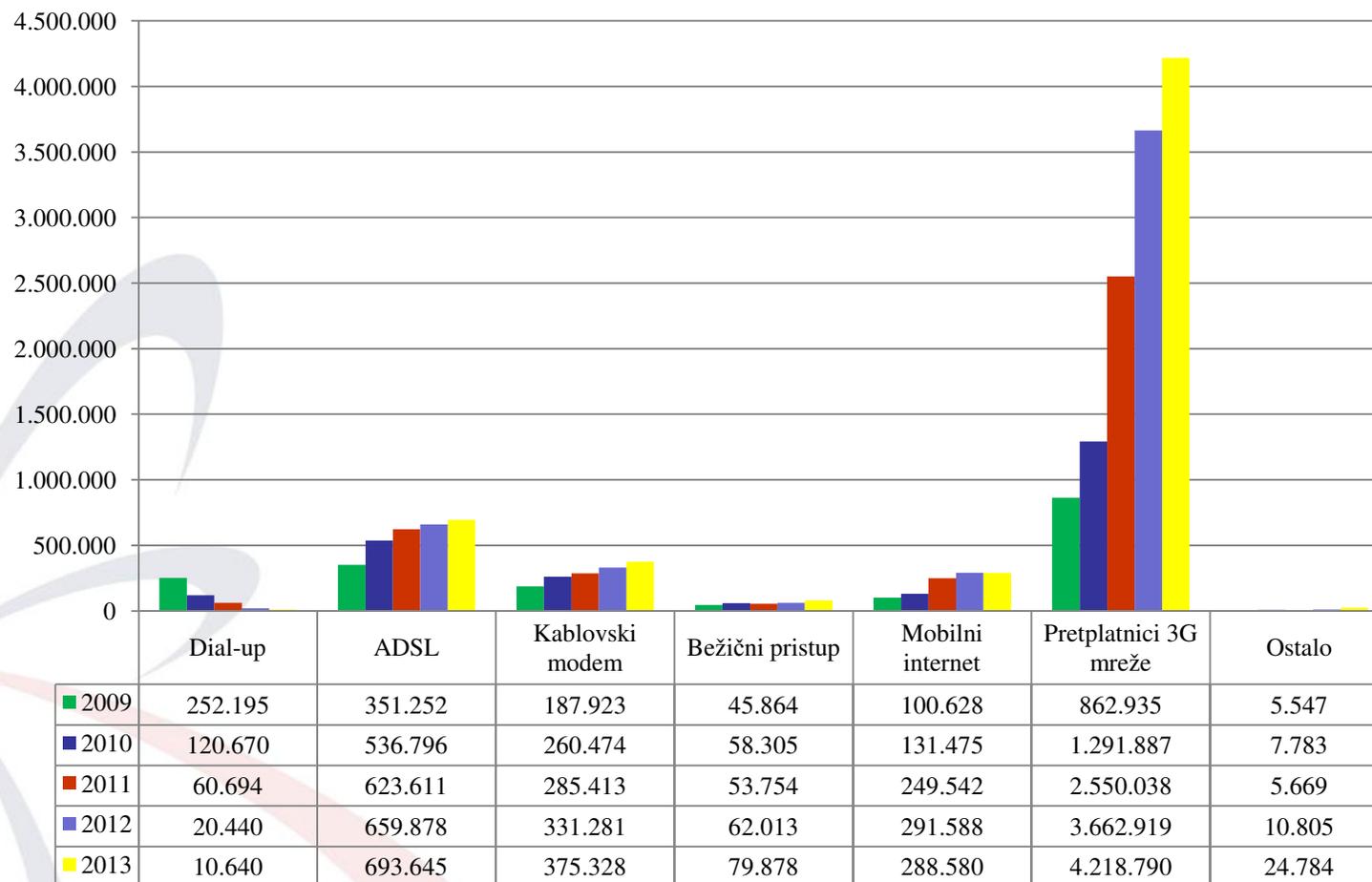
## BROADBAND ACCESS (2)

<b>Number of subscribers by access technology</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>ADSL</b>	<b>623.611</b>	<b>659.878</b>	<b>693.645</b>
<b>FTTx</b>	<b>2.096</b>	<b>7.784</b>	<b>11.524</b>

Source: RATEL (Annual reports submitted by the operators on 31 December for each of the respective years)



## Internet (3)

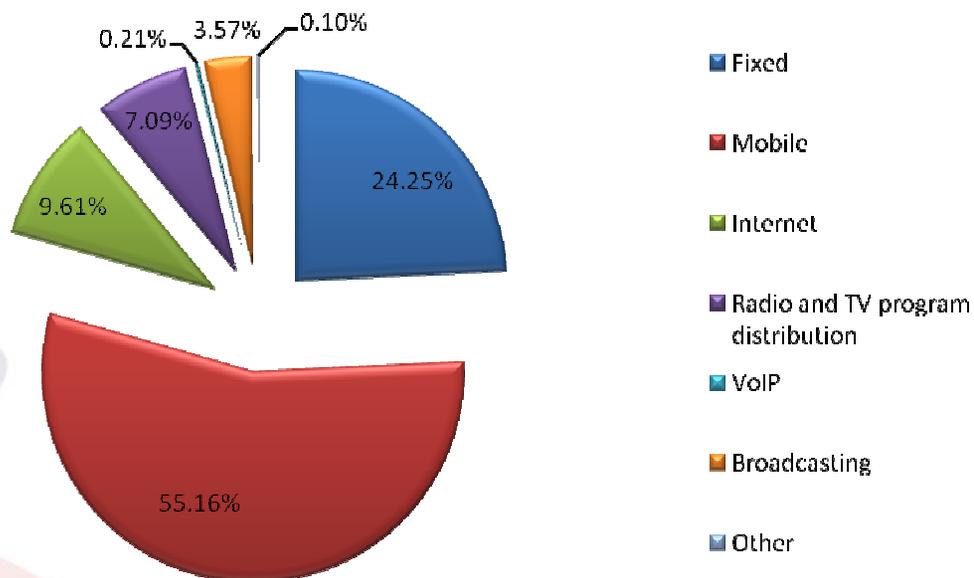


Source: RATEL (Annual reports submitted by the operators on 31 December for each of the respective years)



# ALLOCATION OF REVENUES IN 2012

**Total revenues amounted to ca. €1.54 bn.**



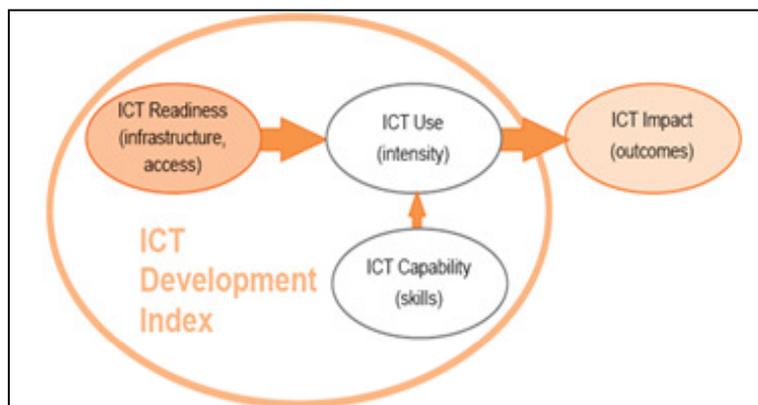
Source: RATEL (Annual reports submitted by operators on 31 December, 2012)



# ICT DEVELOPMENT INDEX- IDI

This Index combines **11 indicators** divided into **three sub-indices**:

- ICT infrastructure and access
- ICT use (primarily by individuals, but also households and undertakings) and the intensity of use
- ICT skills (or human capacity necessary for the effective use of ICTs)



Year	IDI Index value for Serbia	Rank (total of 159 countries)
2008	4.23	53
2010	5.11	50
2011	5.47	48
2012	5.62	40 - 50

Source: RATEL

# BROADBAND ACCESS (1)

- **Mobile broadband penetration** – ITU ranked the Republic of Serbia **30th** (listing 173 member countries)
- **Fixed broadband penetration** – ITU ranked the Republic of Serbia **57th** (listing 173 member countries)



# LOCAL LOOP UNBUNDLING

## point 13.4, question 2

- In determining the price for access to telecommunications infrastructure, a one-off fee for the unbundled access to the local loop (full or shared access) and a monthly fee for the unbundled access to the local loop (full or shared) was determined by the benchmarking method – by comparing the data obtained from the countries in the region.
- Prices for the unbundled access to the local loop are the following:
  - a one-off fee for the unbundled access to the local loop amounts to **38.20 EUR per access line;**
  - a monthly fee for a full unbundled access to the local loop amounts to **6.28 EUR per access line;**
  - a monthly fee for the shared unbundled access to the local loop amounts to **2.49 EUR per access line.**



# TELEKOM SRBIJA - TELENOR DISPUTE



**On 24 February 2010, Telenor, a public telecommunications operator, submitted a request for resolving a dispute with Telekom Srbija, an SMP operator, urging RATEL to mediate in resolving the issues related to:**

- **the price of accessing Telekom Srbija's infrastructure**
- **conditions pertinent to interconnection.**

# RESULTS OF MEDIATION

**On 4 June 2010, RATEL adopted a Decision stipulating the conditions and prices pertaining to:**

- 1. lease of optical fibers,**
- 2. lease of telecommunications ducts,**
- 3. interconnection, particularly call termination, access points and interconnection lines,**
- 4. co-location, and**
- 5. unbundled access to the local loop**

# APPEALS AGAINST THE DECISIONS ADOPTED BY RATEL

- **During 2010, Telekom Srbija appealed to the Administrative Court against 8 decisions adopted by RATEL which govern the setting of prices and conditions for interconnection services and access to telecommunications infrastructure and include:**
  - 1. Co-location,**
  - 2. Unbundled access to the local loop (LLU),**
  - 3. Call termination,**
  - 4. Access points and interconnection lines,**
  - 5. Description of interconnection services (Annex 2 of Interconnection Agreement),**
  - 6. Lease of duct capacities,**
  - 7. Use of transport capacities,**
  - 8. IN services,**
  - 9. Access to information systems and databases.**
- **RATEL has, in a timely manner, submitted the answers to all aforementioned appeals to the Administrative Court and the Administrative Court did not adopt Telekom Srbija's appeals,**
- **Telenor's appeal which had been announced in the media, was revoked by the operator.**

# REPORT ON USER COMPLAINTS (1)

## point 13.4, question 3

	2008	2009	2010	2011	2012
<b>Total number of complaints</b>	<b>397</b>	<b>385</b>	<b>511</b>	<b>694</b>	<b>869</b>
<b>Total number of resolved complaints</b>	<b>268</b>	<b>225</b>	<b>393</b>	<b>206</b>	<b>318</b>
<b>Number of signal quality complaints</b>	<b>45</b>	<b>26</b>	<b>71</b>	<b>106</b>	<b>101</b>
<b>Number of complaints about service bill amount</b>	<b>40</b>	<b>36</b>	<b>113</b>	<b>180</b>	<b>311</b>
<b>Number of breach of contract complaints</b>	<b>22</b>	<b>27</b>	<b>173</b>	<b>110</b>	<b>154</b>
<b>Number of Internet quality complaints</b>	<b>36</b>	<b>30</b>	<b>88</b>	<b>172</b>	<b>47</b>
<b>Other complaints</b>	<b>254</b>	<b>266</b>	<b>139</b>	<b>275</b>	<b>295</b>



## REPORT ON USER COMPLAINTS (2)

<b>Complaints per service</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Fixed telephony</b>	<b>142</b>	<b>101</b>	<b>139</b>	<b>71</b>	<b>44</b>
<b>Mobile telephony</b>	<b>51</b>	<b>95</b>	<b>154</b>	<b>349</b>	<b>631</b>
<b>CATV</b>	<b>134</b>	<b>106</b>	<b>93</b>	<b>83</b>	<b>94</b>
<b>ISP</b>	<b>58</b>	<b>65</b>	<b>88</b>	<b>172</b>	<b>88</b>
<b>Other</b>	<b>12</b>	<b>18</b>	<b>110</b>	<b>65</b>	<b>31</b>

## REPORT ON OPERATORS' APPEALS

	2007 – 2012
<b>Total number of appeals</b>	<b>132</b>
<b>Total number of resolved appeals</b>	<b>100</b>
<b>Number of appeals won by the Agency</b>	<b>61</b>
<b>Number of appeals resolved to the benefit of operators</b>	<b>39</b>
<b>Number of appeals in the process of being resolved *</b>	<b>32</b>

\* Of the total 32 appeals in the process of being resolved, 5 appeals have been brought before the Supreme Court.

# Revenues/Expenditures (1)

## point 14, question 2

	2005	2006	2007	2008	2009	2010	2011	2012	2013 (Plan)
<b><u>Revenues</u></b> (millions of RSD)	0.455	405	722.7	1,237	1,810	1,917	1,335	1,405	1,254
<b><u>Expenditure</u></b> (millions of RSD)	13.5	275	490.1	556	546	668	734	721	968
<b><u>Surplus</u></b> (millions of RSD) paid into the Treasuries of RS and AP Vojvodina	(13.1)	115	232.6	681	1,264	1,249	601	684	286

# Revenues/Expenditures (2)

## point 14, question 3

### LAW ON CINEMATOGRAPHY - IV PROMOTION OF THE NATIONAL CINEMATOGRAPHY

#### Article 19

The assets for the promotion of the national cinematography shall be raised from:

- 1) the Treasury of the Republic of Serbia, the Autonomous Province and local governments;
- 2) 1.5% of the total revenue made from the monthly subscription fee for the Serbian Broadcasting Service Radio Television Serbia (RTS), in accordance with the law regulating broadcasting;
- 3) 20% of the revenues made from the fees paid by the broadcasters to the Republic Broadcasting Agency (RRA), in accordance with the law regulating broadcasting, for the right to broadcast programme, provided that this amount does not exceed the difference between the total revenues and expenditures made by the Republic Broadcasting Agency (RRA), no later than 30 June of the current year for the revenues made in the previous year;
- 4) 10% of the revenues made from the fees paid by the public telecommunications operators to the Republic Agency for Electronic Communications (RATEL) for the right to build, possess or exploit a public telecommunications network, and/or the right to provide public telecommunications services, revenues made from the fees for radio frequency usage and assignment, revenues made from the certificate issuance, and revenues made from the costs of technical inspection and other costs of permit issuance, paid no later than 30 June of the current year for the revenues made in the previous year;**
- 5) contributions, donations, gifts and aid from national and foreign legal and natural entities;
- 6) and other sources, in accordance with the law.

# Revenues/Expenditures (3)

## point 14, question 3

- **Law amending the Law on Budgetary System (adopted)**
- **Law Setting a Salary Cap in the Public Sector (adopted)**
- **Law on the Fees for Using Public Resources (pending adoption)**

# Future work

The Republic of Serbia has signed:

- Declaration on Principles and Plan of Action, **World Summit on the Information Society (WSIS)**, Geneva 2003 – Tunis 2005,
- Stability Pact Electronic South Eastern Europe Initiative,

Based on that, the Government of the Republic of Serbia adopted:

- The National Strategy for Economic Development of the Republic of Serbia 2006-2012,
- The Strategy for the Development of the Information Society in the Republic of Serbia till 2020, (**new Action Plan has been adopted**),
- Strategy for the Development of Electronic Communications in the Republic of Serbia from 2010 to 2020 (**new Action Plan has been adopted for period 2013-2014**),  
**RATEL's responsibilities are defined.**

# Thank you

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