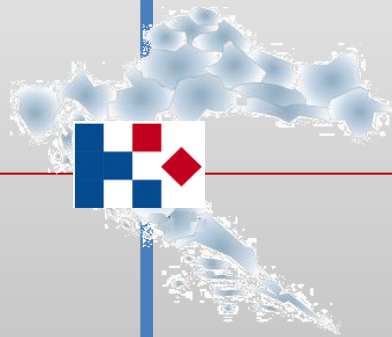


MARKET ANALYSIS IN CROATIA



Croatian Regulatory Authority for
Network Industries
HAKOM

Before the accession of Croatia to EU

HAKOM defined remedies on the following markets

	<i>2007 Recommendation</i>
Access to the public telephone network at a fixed location for residential and non-residential customers	Market 1
Call origination on the public telephone network provided at a fixed location	Market 2
Call termination on individual public telephone networks provided at fixed location	Market 3
Wholesale (physical) network infrastructure access (including shared or fully unbundled access) at a fixed location	Market 4
Wholesale broadband access	Market 5
Wholesale terminating segments of leased lines	Market 6
Voice call termination on individual mobile network	Market 7
	<i>2003 Recommendation</i>
Publicly available local and/or national telephone services provided at a fixed location for residential customers	Market 3
Publicly available local and/or national telephone services provided at a fixed location for non-residential customers	Market 5
Wholesale trunk segments of leased lines	Market 14
Retail broadband market	N/A

Market analysis

after the accession of Croatia to EU

- ✦ *within two years from the accession of Croatia to EU - HAKOM needs to carry out analyses of all relevant markets and notify the corresponding draft measures*
- ✦ *since October 2014 new Recommendation on relevant markets has been in force*

2007 Recommendation	2014 Recommendation	Notification	Final decision
Call termination on individual public telephone networks provided at fixed location (M3/2007)	Wholesale call termination on individual public telephone networks provided at a fixed location (M1/2014)	February 2015	March 2015
Voice call termination on individual mobile network (M7)	Wholesale voice call termination on individual mobile networks (M2/2014)	February 2015	March 2015
Wholesale (physical) network infrastructure access (including shared or fully unbundled access) at a fixed location (M4/2007)	Wholesale local access provided at a fixed location (M3a/2014)	planned: May 2015	planned: June 2015
Wholesale broadband access (M5/2007)	Wholesale central access for mass-market products provided at a fixed location (M3b/2014)	planned: May 2015	planned: June 2015
Wholesale terminating segments of leased lines (M6/2007)	Wholesale high-quality market provided at a fixed location (M4/2014)	planned: June 2015	planned: July 2015

Market analysis

after the accession of Croatia to EU


❖ Markets outside of the 2014 Recommendation on relevant markets

Market	Notification	Final decision
Access to the public telephone network at a fixed location for residential and non-residential customers (M1/2007)	September 2014	November 2014
Publicly available local and/or national telephone services provided at a fixed location for residential customers (M3/2003) – <i>3CT- deregulated</i>	September 2014	November 2014
Publicly available local and/or national telephone services provided at a fixed location for non-residential customers (M5/2003) – <i>3CT-deregulated</i>	September 2014	November 2014
Call origination on the public telephone network provided at a fixed location (M2/2007)	February 2015	March 2015
Wholesale trunk segments of leased lines (M14/2003)	planned: June 2015	planned: July 2015
Retail broadband market (not in Recommendation)	planned: May 2015	planned: June 2015

EXPERIENCE IN THE NOTIFICATION PROCESS

Legal basis

Article 7 and 7a of Framework Directive

-  *When NRA issues a decision that falls within the scope of Articles 15 or 16 of Framework Directive (identification and definition of markets, market analysis procedure), or Articles 5 or 8 of Access Directive (imposition, amendment or withdrawal of obligations regarding access and interconnection), or decision which could affect trade between Member States, it shall make the draft measure accessible to the Commission, BEREC, and the national regulatory authorities in other Member States, at the same time, together with the reasoning on which the measure is based*

Which draft measures are notified to EC?

- ❖ *Draft measures on market definition that differs from Recommendation on relevant markets*
- ❖ *Market analysis decisions (also decisions on amendments of Reference Offers and decisions on pricing)*
- ❖ *Dispute resolutions between undertakings that have significant impact on the market, respectively disputes arising in connection with Article 5 of Access directive (denial of access or setting to high prices for access)*

Activities in the notification process

- ❖ *Pre-notification meeting with the EC representatives*
- ❖ *Draft measure for notification issued by the HAKOM council*
- ❖ *Uploading draft measure via CIRCABC (together with notification form)*
- ❖ *Confirmation that notification is assessed as complete and registered*
- ❖ *RFI (Request for information) – deadline 3 working days*
- ❖ *If needed, conference call regarding answers on RFI can be held*
- ❖ *EC Decision (30 days from receiving the notification)*
- ❖ *Final decision of HAKOM Council*
- ❖ *Upload of final decision in CIRCABC database*

Notification forms

- ❖ *Short Summary Notification Form (simplified notification procedure):*
 - *Decisions on markets not contained in the Recommendation on relevant markets*
 - *Decisions not to regulate markets contained in the Recommendation on relevant markets but that were already found effectively competitive in previous market analysis in the Member State concerned*
 - *Amendments to technical details of a previously imposed remedy (e.g. delivery times, or the extension of reporting obligations)*
 - *Extension of existing measures to another market player in a similar situation (particularly in call termination markets)*

- ❖ *Standard Summary Notification Form*
 - *All other measures*

Notified decisions

✦ *In period from 1 July 2013 HAKOM notified **24** decisions:*

✦ **2013** – 3 decisions

- Standard notification form: 3

✦ **2014** – 17 decisions:

- Short notification form: 8
- Standard notification form: 9

✦ **2015** – 4 decisions:

- Standard notification form: 4



Experience in notification procedure

- ❖ *NRA can ask for meeting or conference call with the EC between official notification procedure*
 - *Presentation for the meeting is usually sent 2-3 days before the meeting in order that EC team can prepare for the meeting*
 - *This kind of meetings are highly recommended as they give opportunity to the NRA to incorporate comments for the EC in its draft measure before the official notification procedure*

EXPERIENCE IN THE AREA OF ROAMING REGULATION

Roaming regulation

- ❖ One of the most interesting, but at the same time the most difficult and delicate issue in terms of regulation.
- ❖ Due to its cross-border nature, roaming market can not be regulated unilaterally by only one NRA.
- ❖ Therefore, regulation is possible only at EU level, due to WTO rule of Most Favoured Nation Treatment. In other words, a privilege you give to one of the WTO member state, you also must give to any other WTO member state, without obligation for that other member state to give the same privilege to you, if it did not provide it to any other member state.
- ❖ Opposite interests, and therefore opposite positions between different EU member states - some countries have more outbound traffic (northern countries), while other countries have more inbound roaming traffic (Mediterranean countries).
- ❖ Extremely difficult to reach an agreement on EU level regarding appropriate level of wholesale roaming charges needed to achieve political goal of EU – RLAH (roaming prices equal to the domestic one).
- ❖ Northern countries want wholesale roaming prices as low as possible, almost at 0 level, with justification of margin squeeze danger.
- ❖ Mediterranean countries want wholesale roaming prices at the level high enough to enable them return on investments in network capacities in touristic which are used only through very short time of the year.
- ❖ Compromised solution has been reached within EU Council - RLAH+ (when setting retail roaming prices, operators are allowed to add surcharge up to the level of the wholesale roaming prices as they are currently regulated by Roaming III regulation on the domestic price). Review of wholesale market is foreseen for mid 2018.)
- ❖ Trialog between Council, EP i EK is in progress – negotiations are very difficult, due to position of EP that RLAH should be implemented already in December 2015 – this position is not based on detail impact analysis of such measure on market and thus on end-users.

Roaming regulation

- ❖ HAKOM has been actively involved in discussion on introduction of RLAH bot on expert as well as managing level:
 - ❖ Deputy president of HAKOM's Council has been appointed BEREC Vice-chair for 2014 and in a role of team leader which drafted final document was actively involved in creating the final position of BEREC regarding impact of introduction of RLAH.
 - ❖ HAKOM was represented on expert level in BEREC's working group dealing with roaming (IR EWG) with its experts which actively participated in drafting of all BEREC's opinions and documents on RLAH.
 - ❖ HAKOM also represented Croatia on expert level within EU Council i.e. Council's WP TELE working group, where it actively participated in forming positions and creation of text of TSM proposal, used as EU Council starting position in trialog with EP.
- ❖ Above mentioned engagement of HAKOM required extraordinary efforts on side of HAKOM, both experts as well HAKOM's Council had to comment even three versions of the same document in one day in order to achieve agreement and balanced text which will take into account interests of positions of all NRAs.
- ❖ In above mentioned discussions, HAKOM hold positions that RLAH can be introduced only when adequate mechanism for preventing distortions on market is found. Namely, it is very important to set wholesale roaming charges at the level which will enable operators in touristic countries with more inbound roaming traffic return on investments made in building and expanding network capacities in the touristic areas which accept the biggest number of roamers. In order to have full picture of roaming problematic, sufficient time is needed. Therefore, HAKOM is of the opinion that RALH can not be introduced at this point of time without significant distortions on the market and that is why HAKOM strongly supports RLAH+ option which results big advantage to the end-users in terms of significant decrease of roaming prices and yet does not distort market.

COOPERATION WITH RATEL

Coordination of Radio Frequencies and cooperation at expert level

- ❖ Cooperation in the area of coordination of radio frequencies is significantly improved when compared with 2009.
- ❖ Bilateral and multilateral meetings at the state level with the aim of coordination of frequencies for radio stations as well as for transmission of TV signal and for all other users of radiofrequency spectrum such as mobile operators.
- ❖ „Memorandum of Understanding“ signed in 2012 – higher level of cooperation achieved.
- ❖ Exchange of information and experiences in the areas of electronic communications and postal services (former RAPUS).
- ❖ Cooperation is conducted also within ITU, BEREC and IRG, and recently within ERGP and CERP.
- ❖ Participation of representatives of both NRAs on professional events and conferences in both states.

THANK YOU!



HAKOM

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