

## VII. NETWORK INTERCONNECTION

According to the conditions of the liberalized market, it is of great importance for the operator to provide all users with the possibility for interconnection. This increases the significance of the network interconnection among the telecommunication operators acting on the market and the new licensed ones as major mechanism guaranteeing clear and transparent rules for development of telecommunications in Bulgaria.

The new Telecommunications Act introduces the EU regulatory framework effective since 1998. The new regulations require observation of the principle of transparency upon providing and negotiating the terms for interconnection among operators, having right and obligation to ensure network interconnection, as well as to follow the non-discrimination principle by those operators having significant market power.

The Telecommunications Act provides SMP operators of fixed telephone networks rendering fixed voice telephone services to prepare reference interconnection offer. Regarding the above, in 2003 consultations with BTC PLC were held concerning the draft of reference interconnection offer submitted by the company

The Act provides an option for each subscriber to select a carrier for realizing long-distance and international calls. The obligation SMP operators providing fixed voice telephone service to render such service also plays an important role for entering new operators on the market. Considering the need of great investment of funds and time to develop own subscriber network, the service "carrier selection" is a key factor for development of competition and liberalized telecommunications market.

During the past year started the work on the establishment of a secondary legislation in this sector, and in particular Regulation of terms and conditions for telecommunications network interconnection. The Regulation is assumed to develop the principles set in the Telecommunications Act as determining the range of interconnection services and specifying the significant requirements to be followed in its realization. The Regulation will set the rights and obligations of operators to guarantee protection of their interests upon signing of interconnection agreements, as well as to ensure quality interconnection services.

Despite the appearance of new operators providing voice service, no other interconnection agreements were signed after the expiration of BTC monopoly. Such agreements are expected to be signed in 2004.

In 2003 the already signed agreements remained still effective, but new clauses were included related to changes in the interconnection prices between the fixed networks operators and the mobile ones, and to negotiated terms for provided services and new ones like 'Communication equipment collocation' to mobile operators by BTC PLC, provision of access to 'freephone services 0800' and "universal number 0700", offered by BTC PLC to subscribers and users of other networks, etc.

Until the end of 2002 there was a state monopoly on transborder voice transmission in real time for the purposes of international voice services by public telecommunication operators. Regarding the above, the total international traffic from and to the Republic of Bulgaria was obligatory passing through BTC PLC, as the terms of its realizations were arranged in the interconnection agreements. The liberalization of the telecommunications market allows the telecommunication operators to interconnect their networks directly to the networks of international operators abroad. In 2003 MobilTel EAD embraced the opportunity, which effected the negotiated terms with BTC PLC regarding the international interconnection.

With respect to the lengthening of the subscribing numbers within MobilTel EAD network, additional agreements for network interchange and lowering troubles of the users were signed to the effective interconnection agreements between MobilTel EAD and other operators.

Considering the effective as of January 1, 2005 legal obligation of SMP operators of public switched telephone networks providing fixed voice telephone services to have a reference interconnection offer for unbundled access to the local loop agreements, the work on its preparation is expected to begin in 2004, which will create prerequisite for development of competition within the local loop.