

**INTRODUCTION.....1**

## INTRODUCTION

For a successive year, pursuant to Art.38 of the Law on Electronic Communications (LEC), The Communications Regulation Commission (CRC/the Commission) presents the result of its activity in 2016 to the public, the National Assembly, the President, and the Council of Ministers of the Republic of Bulgaria in fulfilment of its mission of a specialised independent authority exercising the functions of regulation and control over the implementation/carrying out of electronic communications in compliance with the legal framework, sectoral policies and strategic documents. The results achieved by the Commission in its activity as a regulatory authority under the Postal Services Act are set out in detail in an additional report presenting an analysis on the state of the postal services market in Bulgaria in 2016.

In order to ensure predictability and transparency, at the beginning of each year CRC publishes its activity priorities, which are defined on the basis of the Commission Strategy for the period 2016 – 2018. The priority adopted for 2016 reported the current factors in the dynamics of the electronic communications market such as active development and entering of new technologies in the sector, state of competition, sector restructuring and globalization. This approach ensures compliance of the Commission's regulatory and control function with the new challenges and expectations of the market players – undertakings and users.

Taking into account the trend of dynamic growth in data traffic in the mobile networks, in the first half of 2016 the mobile operators were granted an additional spectrum in the 1800 MHz radio frequency band, observing the principles of transparency, advisory and non-discriminatory treatment. Thus, CRC contributed for the development and widely penetration of the 4G networks and provision of 4G services on the Bulgarian territory by effective use of the 1800 MHz range. The process of assessment the use of the 700 MHz range which will be required in the immediate future for 5G mobile technologies has started.

One of the main principles in the European Regulatory Framework for Electronic Communications is that the competition is among the best incentives for investments. Periodic analysis of the relevant markets is a regulatory instrument/tool through which the existence of issues related to the competition might be identified and thus appropriate corrective measures by imposing specific obligations might be taken. For this reason, the elaboration of market analyses has always been among the priorities of CRC's activity. In 2016 the Commission successfully completed the analysis of nine relevant markets after notification to the EC and the regulatory authorities of the other EU Member States. The analyses established the existence of sufficient competition level in the five retail markets for provision of fixed networks access and national and international telephone services provided to residential and business users at a fixed location. Wholesale markets for voice call origination provided in fixed networks and provision of high-quality access at a fixed location were also defined as competitive. On the wholesale markets for termination on individual fixed and mobile networks, it had been established existence of undertakings with significant power to which specific obligations were imposed corresponding to the established competition issues.

In 2016 the Commission ensured a high level of protection of users' needs in their relations with undertakings providing electronic communications services. In order to improve the users' awareness, CRC organised and carried out a great number of reception-rooms on site throughout the country. They were used as a way both for quick solving specific customer

problems on site and to launch an awareness company on the consumer's rights using electronic communications services.

In implementation of its powers, the Commission works in close collaboration with all parties and institutions concerned. At the national level, CRC works in active interaction with the Commission for Protection of Competition, the Commission for Personal Data Protection, the Commission for Consumer Protection and the Council for Electronic Media. CRC also actively participates in the work of specialised international and European organisations.

As a result of appreciation for the entire activity and expertise of the Bulgarian regulator, in 2016 the chairmanship of the European Regulators Group for postal services (ERGP) was carried out by Dr. Veselin Bozhkov – Chairman of the Communications Regulation Commission. For the first time since ERGP's establishment and under the CRC management, a multi-annual program document, the ERGP Medium Term Strategy for the period 2017-2019 was developed, reflecting the ERGP's main priorities for the next three years and the key policy and regulatory principles. The Commission also developed a draft ERGP work programme for the next 2017.

CRC continues its active participation in the work of the Body of European Regulators for Electronic Communications (BEREC). The cooperation with the Bulgarian mobile operators has been especially beneficial in relation to the introduction of the amendments of the provisions for international roaming within the European Union. As a result, all issues posed by the Bulgarian mobile operators were published in the BEREC Guidelines.

The success presented in the effectively implementation the Commission's priorities for 2016 is only a part of the regulator's work for fulfilment of the functions defined by the Law on Electronic Communications. In this report you will find detailed information on our activity, as well as the trends and development of the electronic communications market in Bulgaria.