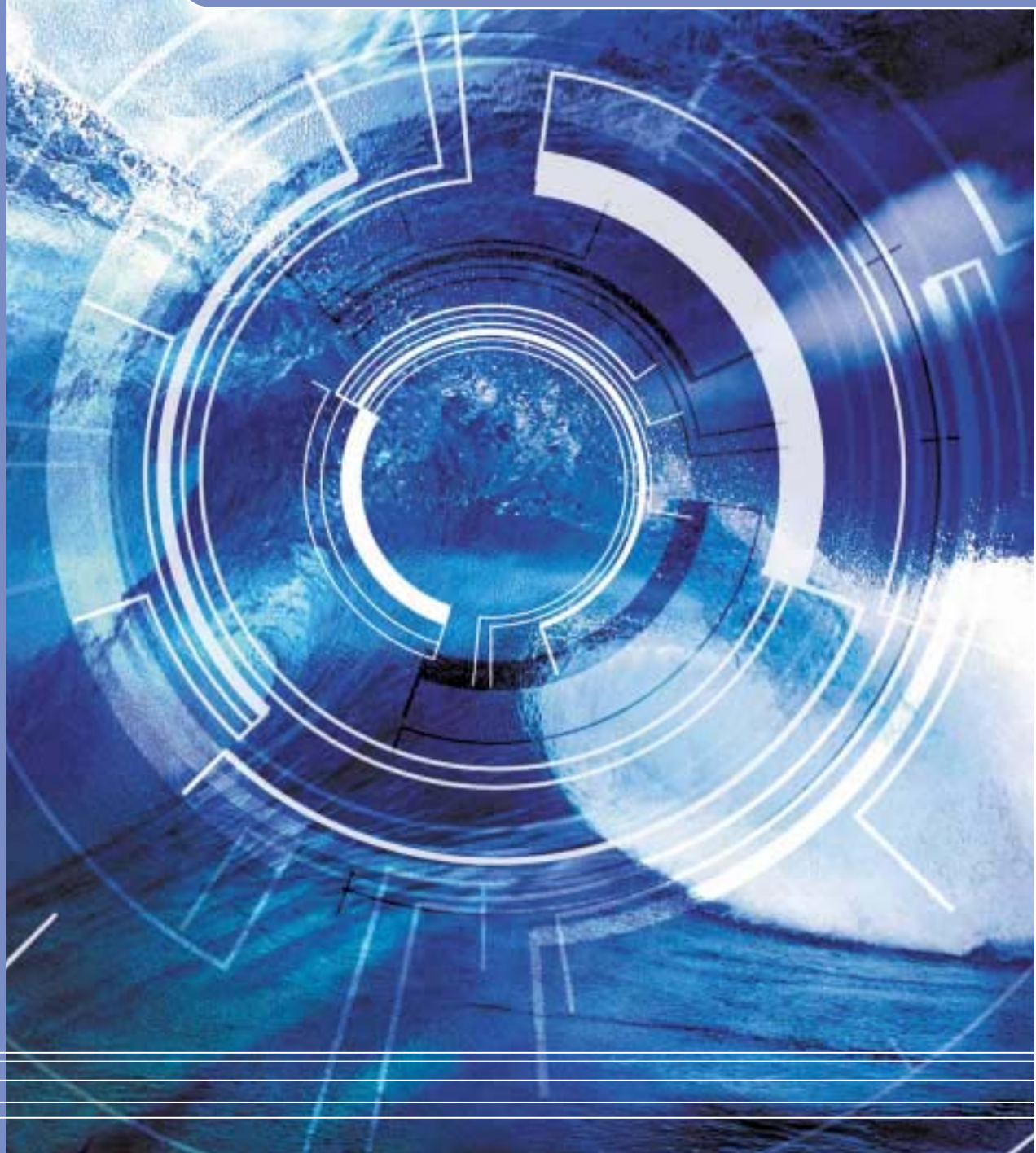


INTRODUCTION



Introduction

In 2005 the top priority of the Hellenic Telecommunications and Post Commission (EETT) was to analyze the secondary telecommunications markets, as specified in the latest European Regulatory Framework. In parallel, EETT continued its multiple regulatory and monitoring work, on the basis of establishing competition in the telecommunications and postal market and meeting the consumers' needs as regards quality and affordability of the services provided. A brief summary of the major activities per sector, follows in this chapter.

Telecommunications Sector

The interventions of EETT during 2005, had the aim of further developing the telecommunications market as well as ensuring the interests of the consumer.

According to the 11th Report of the European Commission, the year of 2005 has been characterized at an international level, by the continuous flourishing of broadband services market, as well as the recovery of the Electronic Communications market, at least in terms of profitability and investments. The pressure from competition and the maturing of traditional voice telephony markets, in combination with the increasing penetration of innovative voice transmission technologies (e.g. Voice over Internet Protocol - VoIP), have led providers to focus on reducing operating costs and seeking for new revenue sources. This context incorporates the creation of innovative packages, which combine

voice and data services with the provision of audiovisual material, as well as the promotion of other added value services. Developing especially attractive packages, in terms of services and price, has largely contributed to the rapid development of the broadband market as well as to the profitability of the providers. As a result of the improved results and the continuous need for achieving economies of scale, a new emerging trend in cross-border investments, acquisitions and mergers, was evident.

In Greece, the competition at fixed telephony services is still progressing. Alternative providers increase their shares in all call categories (local, national calls, international calls and calls to mobile phones), but with lower rates compared to previous years. Following the international developments, the revenues of traditional fixed telephony market are continually diminishing. Mobile telephony, on the other hand, continues to grow, while the penetration in the population (active subscribers) exceeded 92% at the end of 2005. Broadband market has presented a rapid improvement in the last quarter of 2005, due to advertising campaigns that have been launched but mainly due to significant reduction of ADSL fees by the Greek incumbent (Hellenic Telecommunications Organization - OTE). Greece, as far as broadband penetration is concerned, has remained in the last place among the 25 member states of the European Union (EU).

During 2005, particular stress has been laid on the preparation regarding the immediate application of

the European Regulatory Framework and adoption of the recommended regulatory obligations, after the publication of the new Telecommunications Law. Based on the above, the project of markets' analysis, with emphasis on the examination of the competition level in the wholesale markets of Interconnection, Leased Lines, Local Loop Unbundling (LLU) and broadband access, has carried on.

At the same time, high priority has been given to the development of access markets and broadband services. The actions of EETT were focused on solving the problems that have arisen from the promotion of LLU and the ADSL access. Moreover, EETT proceeded to a series of interventions aiming at developing wireless access networks, laying emphasis on Wi-Fi (Wireless Fidelity) and Wi-MAX (Worldwide Interoperability for Microwave Access) technologies.

Particular stress has also been laid to Carrier Pre-Selection (CPS) and to Number Portability (NP) by the modification of the respective regulations, aiming at further developing the two facilities and maximizing the benefits in favour of the users. At the same time, important steps have been made for the operation of the enquiry service of the Comprehensive Telephone Directory.

Furthermore, in the context of developing Internet applications in favour of the consumers, the introduction of Domain Names with Greek characters and the suffix [.gr] has been launched, while a more flexible procedure for the assignment of greek Domain Names has been developed due to the modification of the relevant Regulation.

In parallel, EETT proceeded to further actions in order to ensure the operation of telecommunications networks and the quality of the provided services. In this regard a telecommunications contingency plan has been developed, in collaboration with the competent state agencies as well as the telecommunication providers. Of equal importance was the identification and measuring quality indicators for telecommunication networks and services. Within the framework of this initiative, the definition of a comprehensive frame of indicators will be not only to the benefit of the consumers allowing them to readily compare services, but also to service providers, due to the increased competition among them.

Radio Spectrum Sector

The year 2005 constituted the first post-Olympic year and the efforts of EETT were focused on the more effective management and monitoring of Radio Spectrum for meeting the needs of domestic market. To this end, the equipment as well as the know-how acquired during the Olympic Games have been fully exploited. As a more general conclusion, it has to be noted that the response time to requests and needs of the users was significantly reduced entailing to the improved operation of the market.

In the frame of assigning individual radio frequencies, it becomes evident from the data given in the respective section, that, the majority of applications was related to fixed service and derived from telecommunication services providers. Consequently, fixed wireless connections are used more extensively by the

providers in comparison to wire or fiber-optic connections.

Moreover, the category of Private Mobile Radio Networks (PMR), despite the commercial launch of TETRA application, which constitutes the respective digital system, continued to concern an important number of applications. It is expected that the demand shall further increase in the next year thanks to the elimination of administrative restrictions introduced by the new Law on Electronic Communications.

As far as the use of Spectrum that has been distributed throughout the Greek territory for the development of mobile telephony applications of 2nd and 3rd Generation is concerned, taking into account the number of applications for antenna mast constructions licences, there is a tendency towards the installation of new base stations. This tendency is justified by the increased use of mobile telecommunications as well as by new applications. Note that EETT, based on the Decision of the State Council issued in 2005, has modified the Antenna Mast Constructions Regulation and, prior to issuing the relevant Licence, the Approval of the Environmental Terms is now required. Moreover, as mentioned in the respective sections, the number of complaints and queries regarding extension of the duration of mobile telephony antennas mast constructions throughout the Territory, was significant. In cases in which illegal installations were found, all necessary procedures were followed for imposing any necessary administrative and criminal sanctions.

An important part of EETT's activities on the Spectrum monitoring issues in 2005, was dedicated to supervise the legal operation of radio and television stations. It is noted that the responsibility of EETT is restricted to supervising the use of radio and television Spectrum. The capability of radio and television stations to operate without issuing of the appropriate licence, has led to the existence of a much larger number of stations compared to the potential number provided in the Frequencies Charts. Consequently, given that the appropriate technical coordination criteria are not met, harmful interference occurs. This interference may endanger the right operation of other critical services (such as wireless communications used by air navigation), while at the same time the quality of radio and television service may be degraded.

Finally, during 2005 EETT has intensified Radio and Telecommunications Terminal Equipment (RTTE) market surveillance activities. At the same time, EETT informed all parties involved in the distribution of the specific equipment, on the applying legislation, in order to ensure the use of legal equipment and avoiding harmful interferences.

Postal Services Sector

In 2005, EETT has focused its efforts in auditing, supervising and monitoring of the postal market, aiming at ensuring a healthy and competitive environment for the sector in favour of the consumers.

All scheduled and unscheduled audits that had been carried out during 2005 in a number of postal

companies, holding a General Authorization or Individual Licence, were aiming at identifying provision of inefficient postal services to consumers and/or illegal operation of the audited undertaking. At the same time, customers' complaints made known to EETT, have been fully investigated. In cases where problematic operation of the postal market was identified, a Hearing procedure took place in order to further investigate and resolve the problem occurred and, if necessary, to impose the appropriate administrative sanctions.

Ensuring the quality of provided postal services, has been a major concern of EETT for the year 2005. EETT has continued measuring end-to-end postal quality service for 1st class Priority Domestic Mail, the results of which have been published in EETT's web site. These measurements evaluate the time required for domestic mail to be delivered end-to-end, regardless of the induction point of Greek territory from which this item was posted. At the same time, the reliability of the services of the Universal Service Provider (USP) to the residents of the country is evaluated. Quality of postal service measurements for Cross-Border Mail are conducted by International Post Corporation (IPC). The results of domestic measurements have shown a slight improvement in the quality of postal services for the year 2005, compared to 2004. However, the quality of provided services does not meet quality standards, as specified in the Ministerial Decision (MD) 79293/2000.

The monitoring of Courier Services Market in 2005, has shown that the quality of the provided services

constitutes the most important driver for increasing their demand. The revenues of Courier Services companies are generated mainly from servicing corporate clients deploying their business activity in the sectors of industry and trade. Moreover, public sector seems to trust more the use of Courier Services.

The intense price competition noted in the market for the year 2005, constitutes the most decisive factor affecting the supply of postal services. The Courier Services sector plays an important role in the development of domestic economy, since it increases substantially Gross Domestic Product (GDP), while reducing unemployment rate in our country.

There are of course many problems arising from the every day operation of the market, for which EETT has made every possible effort to tackle them effectively. One of these problems is the operation of small, mainly family-run, undertakings that provide courier services without the required Licence.

Despite the problems and the adversities, it is anticipated that in the next three years, there will be an increase in the volume in all postal items categories, that courier undertakings are allowed to transfer as defined in the current legislative framework.

European and International Partnerships

During 2005, EETT continued its multidisciplinary

work in the field of European and international partnerships. With its actions, EETT has contributed to the formation of European developments in the sector of Electronic Communications, while at the same time it has strictly observed the European progress of postal services.

EETT has maintained its collaboration with European associates in the frame of European Regulators Group (ERG), Independent Regulators Group (IRG), as well as other official commissions. In parallel, it has contributed to the 11th Report of the European Commission on Regulatory Settings and Electronic Communications Markets in Europe.

Finally, EETT has imparted its know-how and its experience within the context of a number of conferences and bilateral contacts with National Regulatory Authorities (NRA) of other states.

Other Actions

In 2005, EETT continued its effort to enhance its resources with dynamic staff, that is able to meet the requirements of its role. Towards this direction, there was an especially important

increase in the number of Permanent Personnel members while, at the same time, EETT placed particular emphasis on the actions of incorporating new executives in its structure, as well as on the training actions for the personnel as a whole.

Aiming at the more efficient and productive operation of EETT, during 2005 new Information Technology systems were applied and software applications were upgraded. Moreover, a procedure has been initiated for the supply and installation of an Integrated Information System (IIS). In parallel to the above, EETT's web site and internal portal were further enriched, with useful and up-to-date information.

Moreover, in 2005 EETT has continued the implementation of those projects that had come under the Information Society Operational Program (OPIS) of Community Support Framework III (CSF III).

The following Chapters present EETT's actions per sector. In parallel, quantitative information is provided, which confirm the positive results of EETT's interventions in the markets of Electronic Communications and Postal Services in 2005.