

SUMMARY

1. Regulation of electronic communications (chapter 1)

- **Promotion of new technologies and services (section 1.1.)**

ICP-ANACOM:

- Considered that minimum conditions were met to introduce operation of the **UMTS system** on 1 January 2004, thus opposing the delay requested by the operators. However, given the limited market availability of terminal equipment and network infrastructure, ICP-ANACOM allowed during the first six months of 2004 for services to be offered to a limited number of users – closed user groups. The date of 1 July 2004 was thus set as the starting date for commercial offer of the UMTS system. ICP-ANACOM's analysis and decision on this matter was subsequently revealed to be the correct regulatory step (section 1.1);
- Accompanied and continually intervened, specifically in the matter of interconnection, with the aim to ensure the entrance into operation of the fourth licensed mobile operator – **OniWay** – as a third generation mobile services operator. However, by determination of the shareholders and upon the company's request, OniWay's licence was revoked on 13 January 2003 (section 1.1.1);
- Decided to prolong for one year the time limits set in the licence held by Radiomóvel, which allows it to commercially exploit **TMS based on CDMA technology** (section 1.1.2);
- Made available the 2.4 GHz and 5 GHz frequency bands for the provision of public access via R-LAN to public electronic communications services and networks. In 2003 there were four ISPs that began provision of **Wi-Fi** service – the particular case of R-LAN (section 1.1.3);
- Maintained on course a set of actions aiming to ensure co-existence, specifically at interference level, between radiocommunications services and Power Line Telecommunications (**PLT**) and Digital Subscriber Lines (**xDSL**) services (section 1.1.4);

- Granted authorisation to use an **MNC** (Mobile Network Code) code to an entity with fixed network that launched an offer for SMS service in fixed networks interoperable with the mobile networks. In this context, the modification of recommendation E.212 of ITU-T was encouraged (section 1.1.5);
- Took part in the Project Team (PT on **VoIP**) of the NNA Working Group of the ECC, which studies the different existing ranges in the numbering plans E.164 (ITU-T) so as to indicate the most appropriate alternatives for the provision of VoIP (section 1.1.6);
- Proposed revoking the licence to establish and operate a Digital Terrestrial Television (**DTT**) Platform. In this context, and with the aim of promoting establishment of this platform, a number of events were organised with interested economic players. Studies were carried out simultaneously to identify worthy proposals for DTT and the respective critical success factors, and to test the said proposals based on market study.
- **Consolidation of measures to liberalise the sector and protect consumers/users (section 1.2)**
 - Number **portability** (section 1.2.1):

ICP-ANACOM:

- a) Sought to streamline the process of number portability: A maximum time limit was established for PT Comunicações to implement portability requests for numbers whose contract is suspended and stipulated that the receiving providers could not be required to furnish information that had not been solicited from the user when the contract to be ended was signed;
- b) Required the LMS operators to provide, from 30 June 2003, a free online notice in national voice calls between LMS network operators and to ported numbers. This measure enables minimisation of the negative consequences stemming from the elimination, due to number portability, of the price information normally associated with the mobile network's dialling code;
- c) Published at the beginning of 2004 a draft Portability Regulation which was submitted to public consultation; the replies are currently being studied.

- **Pre-selection and call-to-call selection** (section 1.2.2).

ICP-ANACOM:

- a) Imposed a six month waiting period after the activation of pre-selection, during which companies of the Portugal Telecom group that provided direct access fixed telephone service are blocked from undertaking any 'commercial siege' activities to '**win-back**' customers (section 1.2.2).

In this regard, ICP-ANACOM also obliged PTC to respect the confidentiality of the information it holds vis-à-vis pre-selection; it is not allowed to transmit same to subsidiary or associated companies nor to its own services, specifically the commercial ones;

- b) Determined that a customer's will as expressed in the pre-selection forms, regarding the request to activate pre-selection, should prevail over a previous 10XY barring request submitted by the customer;
 - c) Launched a public consultation on operator selection and pre-selection in Portugal in early 2004. The consultation sought opinions, specifically on expanding the traffic eligible for pre-selection effects. The replies are currently being studied.
- Subscriber line resale offer (**SLRO**) (section 1.2.3):

ICP-ANACOM launched a public consultation on the subscriber line resale offer (SLRO), which is within the scope of measures that aim to encourage competition in the fixed communications market.

- Fixed Wireless Access (**FWA**) (section 1.2.4):

Following a public consultation on the subject, ICP-ANACOM submitted to the Government a proposal on action regarding FWA, based on the following principles: reformulation of the previous FWA licensing model; assurance that all operators are able to continue using the assigned frequency bands; granting of new usage rights on a defined geographic basis; application of the principle of equal treatment between PTC

and the other operators; allowing the use of these frequency bands in the transmission network; reformulation of the radio fees system.

- **Rules applicable to the “707”, “708” and “809” numbering ranges and creation of the “760” dialling code (section 1.2.5):**

ICP-ANACOM:

- a) Set the maximum retail prices for calls to the “707”, “708” (universal access services) and “809” (shared cost call services) numbering ranges. This determination was made following complaints about the price of such calls, which in some cases approached the audit text concept;
- b) Defined, in the wake of concerns manifested by some players, a “760” access dialling code characterised by a single retail price per call. The existence of this type of service guarantees positive margins.

- **Universal Service and fixed telephone service (section 1.3)**

- **Price affordability: the FTS price table (section 1.3.1):**

ICP-ANACOM did not oppose the entrance into force of the proposed FTS price table for 2003, submitted by PTC. The real annual variations of the FTS prices on the table, for the FTS subscriber mode, -2.7%, and for the public payphone and 118 directory information service (14.5%), are compatible with what was agreed upon in the universal service convention.

- **New FTS offers (section 1.3.4)**

ICP-ANACOM determined that new offers from PT Comunicações should be withdrawn from the market, specifically several optional price plans, and a joint offer from PT Comunicações and TV Cabo, as they were held to not respect the principle of non-discrimination in the offer of interconnection and/or for not being compatible with the principle of orientation to costs and non-discrimination.

- **Lists of Subscribers and Information Service section (section 1.3.2)**

ICP-ANACOM determined that the providers of mobile telephone services should ask their customers to explicitly state their will regarding their data being included in information lists and services.

- **Net costs of universal service (section 1.3.3)**

ICP-ANACOM decided not to accept the application of any compensation mechanisms concerning the period prior to full liberalisation of the telecommunications market.

- **Leased lines market (section 1.4)**

ICP-ANACOM:

- Decided to restructure the conditions associated with the leased lines service provided by PT Comunicações, specifically the discounts;
- Clarified and defined conditions for the provision of leased interconnection lines, specifically their price, contributing towards the stimulation of competition.

- **Interconnection market (section 1.5)**

ICP-ANACOM:

- Pursued the goal of seeking the gradual alignment of the **prices** of interconnection services with the costs incurred by their provision, intervening to set maximum prices for

interconnection, invoicing, collection and risk of non-collection, call activation and pre-selection services, and number portability;

- Imposed on PTC the provision of collocation on an open space basis (“**co-mingling**”), which allows operators to install their equipment in the same rooms where PTC equipment is installed. Such measure enabled the operators alternative to PTC to lower the cost of providing their retail services;
 - Reduced the maximum prices applicable to data transmission service (used, for example, to support means of electronic payment), and established the model of call origination for this service (the provider of the data transmission service henceforth sets the retail price);
 - Decided to end the exclusion of the internet access traffic envisaged in the RIO, which may help providers of this service to economise;
 - Encouraged lower prices for **fixed-mobile** call termination service. TMN and Vodafone committed themselves to lowering this price by about 7% per quarter.
- **Wholesale broadband internet access services (section 1.6)**

ICP-ANACOM encouraged broadband internet access by stimulating competition for the provision of this service. ICP-ANACOM’s action thus focused particularly on the “PT ADSL Network” (“Rede ADSL PT”) wholesale offers and the local loop unbundling (LLU) offer. In this regard, ICP ANACOM:

- Ensured conditions of competitive and non-discriminatory activity between companies of the Grupo PT and the other market competitors with regard to the “**PT ADSL Network**” wholesale offer. It specifically intervened in the joint offer by PT Comunicações and Telepac designated as “PT First Time ADSL” (“PT Primeira Vez ADSL”); replaced the quantity and loyalty discounts that benefited the PT group companies with a general price reduction of 20% and the imposition of a “less retail” pricing rule in the 512/128 kbps class; intervened in the offer of the new class 4 (256/128 kbps) launched by the Grupo PT, guaranteeing the offer’s transparency and an appropriate margin with respect to the competition (section 1.6.1);

- Also intervened to reduce the prices for various services associated to **LLU** and encouraged simplification of the process of requesting and installing such access. Note that the imposition of 'co-mingling' (see section 1.5) resulted in significant growth in the new operators' total unbundled local loops (section 1.6.2).

- **Transmission and distribution of terrestrial television signal service (section 1.7)**

Following RTP's explanation, and taking into account the principle of orienting prices to costs, ICP-ANACOM assured **price cuts of 14%** for the service of distributing and broadcasting terrestrial television signal provided by PTC. An additional real reduction of 1.2% was registered on 1 June 2003.

- **Numbering: Assignment of Numbers (section 1.8)**

During the year 2003 some 80,000 numbers were assigned for fixed telephone service, 100,000 numbers for non-geographic services ("800", "808" ranges, etc.) and 300 numbers for other services, specifically internet access.

- **New regulatory framework**

- Over the course of 2003, the process of **transposition** into the national legal framework of the Directives of the European Parliament and of the Council which cover the electronic communications sector took place. This process culminated in the publication of Law no. 5/2004 (section 1.9);
- In the context of implementing the new regulatory framework, it is up to ICP-ANACOM to define and study the relevant markets for electronic communications sector products and services, in order to impose, maintain, modify or suppress obligations.

The year 2003 saw the start of the process of defining and analysing the first group of markets subject to this process – the markets for low bandwidth switched services. This process involved internal training, a preliminary public consultation and the gathering of information. The draft decisions were according to Law submitted in 2004 to a general consultation process, to an opinion from the Competition Authority and to a specific consultation process (notification of draft decisions to the European Community and the other European regulators). Note that of the first 77 **notifications to the European Commission**, only the nine from Portugal were not subject to comments.

The process's remaining phases will be carried out during the current year.

2. Regulation of postal services (chapter 2)

- **Universal Service (section 2.1.)**

ICP-ANACOM

- Did not oppose the entrance into force of the proposal from the CTT – Correios de Portugal on the **prices** for the services comprising universal postal service for 2003 and negotiated a new Universal Postal Service **Price Convention** valid for the period between 20 January 2004 and 31 December 2005;
- Audited the **CTT's cost accounting system**;
- Audited the **quality of service indicators** and the claims system of the CTT – Correios de Portugal, and concluded, regarding the indicators IQS1, IQS3 and IQS5, that it was not possible to ensure conformity with the established principles. On the other hand, the claims system does not present an appropriate degree of reliability and precision;
- Began negotiations to sign a **convention on the development goals of the public postal network**;
- Gave its opinion on 74 planned **closings and schedule changes involving postal establishments** drawn up by the CTT; neighbourhood councils and local governments of the affected places were consulted to that end.

3. Spectrum planning, management and supervision (Chapter 3)

- Planning and compatibility studies (section 3.1)

ICP-ANACOM:

- Began study of the concepts of “spectrum usage rights” and “secondary spectrum trading”; published the “Announcement of Frequencies for the 2002-2003 Biennium”; identified new frequency bands, made spectrum available and created regulatory conditions that made possible WLAN networks, SRR applications, SAP/SAB video connections and regular digital audio broadcasting (DRM – Digital Radio Mondiale) emissions; studied compatibility between CDMA2000 systems and TETRA and NMT450 systems); established an agreement with the Armed Forces High Command and INAC to enable the Portuguese Armed Forces and allies to use JTIDS/MIDS systems; and co-ordinated frequency usage with the Spanish Administration.

- **Spectrum management and supervision (Section 3.2)**

ICP-ANACOM:

- In the wake of the publication of Decree-Law no. 151-A/2000, proceeded with the corresponding publication of the Notice in the *Diário da República*, 3rd series, no. 168 of 23 July 2003, on the radiocommunications stations and/or networks that do not have a radio licence as well as those exempt from licence and from radio fees (section 3.2.1);
- Studied the **licensing** processes, including the assignment of frequencies, with the aim of issuing station and network licences for the various radiocommunications services, particularly in the areas of land mobile service (private networks and public networks), fixed service (particularly fixed service by radio relay system) and broadcasting service (audio and television). Worthy of note is the establishment of procedures for the temporary licensing of radiocommunications stations/networks to be used for **EURO 2004** (section 3.2.2);

- Introduced changes to **radio fees** so that same reflect increasing adjustment between their burden on radio licence holders and the benefits same derive therefrom (section 3.2.3);
- Ensured the necessary **protection of radiocommunications networks and stations**, safeguarding their operability and exploitation (section 3.2.4);
- In the context of **spectrum monitoring and control**, nearly 900 inspection and investigation actions were undertaken to verify the existence of harmful interference, specifically that affecting the frequencies for aeronautic runway approach mobile service, search and rescue, and airport control towers; the call, search and rescue channels of maritime mobile service; aeronautic and maritime radionavigation services (section 3.2.5);
- Regarding **non-ionising radiation**, and following publication of the legal instrument that sets reference levels for the population's exposure to electromagnetic fields, two projects on methods and procedures to monitor and measure the intensity levels of electromagnetic fields were drafted, compliance with the set reference levels was overseen and the public was provided with information about this problem (section 3.3).

4. Inspection, investigation and disputes (Chapter 4)

- ICP-ANACOM undertook a number of inspection and investigation actions in the area of electronic communications, postal services and equipment (section 4.1) and imposed fines and filed administrative offence charges against violators (section 4.2).

5. International activity (Chapter 5)

- In the scope of its powers, ICP-ANACOM represented the State of Portugal in the following international bodies: EU, IRG, OECD, ITU, CEPT, NATO, ITSO, IMSO, EUTELSAT, ESA, ETSI, UPU, UPAEP, World Summit on the Information Society and DigiTAG (section 5.1);
- ICP-ANACOM undertook co-operation actions with other countries and administrations. In this regard, worthy of note is the existence of bilateral collaboration protocols signed with: the Transition Government of East Timor, the Federal Government of Brazil, the

Government of Guinea-Bissau, the National Postal and Telecommunications Directorate of Angola, the Directorate General of Communications of Cape Verde and the National Communications Institute of Mozambique.

6. Electronic commerce (section 7.1)

The following actions were undertaken in the context of the new tasks incumbent upon ICP-ANACOM involving electronic commerce:

- Preparation of a publication titled “Electronic Commerce in Portugal: the legal framework and the business”, published in the first quarter of 2004;
- Organisation of a conference on the subject of “Electronic Commerce in Portugal: the legal framework and the business” (which took place in the first quarter of 2004);
- Provision of information on electronic commerce and related areas via the ANACOM website;
- Holding of external training and promotion actions, to provide information on this area.

7. The role of communications in development of the Information Society (section 7.2)

ICP-ANACOM:

- Collaborated on drafting the National Broadband Initiative, which was approved in a Council of Ministers Resolution dated 26 June 2003;
- At regulatory intervention level considered the required installation in buildings of infrastructures that enable the provision of broadband services, promotion of the development of broadband wholesale offers, adoption of service quality levels in the broadband offer, stimulation of simplification of all processes associated to the mobility of broadband service end users between service providers, proper application of the non-discrimination principle in broadband provision, proper application of the regulatory model that assures the development of technologies and emergent broadband support

platforms and the guarantee of interoperability between technological platforms and networks.

- Participated in the constitution of Cyber-Centres;
- Collaborated on implementation of the National Programme for the Inclusion of Citizens with Special Needs in the Information Society.

8. Other activities (Chapter 5)

ICP-ANACOM also undertook the following activities:

- Proceeded to enrol designers and installers under **ITED** (Telecommunications Infrastructures in Buildings), for a total of 1,032 new enrolments (versus 1,216 in 2002). Regarding certifying entities, some 24 new ones were registered, for a total of 91 registered bodies at the end of 2003. The certifying entities forwarded to ICP-ANACOM a total of 27,194 ITED conformity certificates;
- Assumed the chair of the **Emergency Communications Planning Commission**;
- Regarding **laboratory activity**, carried out electromagnetic compatibility trials (Electromagnetic Compatibility Laboratory), calibrations in the electric area (Radio Metrology Laboratory) and radiocommunications equipment trials (Radiocommunications Equipment Testing Laboratory), as well as tests to evaluate electromagnetic environments.

9. Communication, Image and Customer Service (Chapter 5)

- The external aspect of ICP-ANACOM's communication policy basically comprises divulgation of the institutional image, the production of content and its respective publication and release on various communication supports. Among these the internet website, the monthly bulletin Spectru and public attendance are fundamental instruments. The internal communication platform includes the ICP-ANACOM Technical Information and Documentation Unit, which organises, provides and disseminates documentation and the intranet (sections 6.1 and 6.2);

- ICP-ANACOM processed about 2,763 **claims** in the year 2003. The main areas subject to claims were, in decreasing order of quantity: “non-ionising radiation”, “interference in broadcasting services”, “internet” and “fixed telephone service/universal service” (section 6.3).