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THE SISXTEENTH PLENARY SESSION OF THE PABSEC GENERAL ASSEMBLY

ECONOMIC, COMMERCIAL, TECHNOLOGICAL AND ENVIRONMENTAL AFFAIRS COMMITTEE

REPORT

ON

"DEVELOPMENT OF COMMUNICATIONS IN THE BLACK SEA REGION"

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I. INTRODUCTION

1. The PABSEC dealt with the issue of communications in the Report on 'Public Utilities in the Black Sea' (DOC: GA 6724/99) adopted by the 14th General Assembly on 8 December 1999.

2. The Council of Ministers of Foreign Affairs of the Organisation of BSEC adopted the *Action Plan for the Development of Communications in the Black Sea* on 27 April 2000. The implementation of the BSEC Action Plan requires involvement of the PABSEC with the view to provide support by the National Parliaments and appropriate legal framework taking into consideration the state of affairs and further prospects of Black Sea communications and information networks.

3. The main focus of international activities in communications has been investment in national operators, cellular operators, and value-added services. The role of PABSEC and of the National Parliaments becomes particularly important in areas such as regulation and policy, the socio-economic effects and the provision of communications access in disadvantaged areas that have received relatively little attention.

4. For the drafting of the Report the International Secretariat received the contributions of Armenia, Azerbaijan, Greece, Moldova, Romania, Turkey and Ukraine. The Report contains information obtained from the EU, the EBRD, the World Bank, the ITU (International Telecommunications Union), the CEPT (European Conference on Post and Telecommunications).

II. A NEW ERA OF INFORMATION BASED SOCIETY

5. Efficient communications (telecommunications, broadcasting, cable television and information networks-Internet) are fundamental to the Black Sea countries restructuring their economies and societies and integrating into the global economy. The development of communications is the key to the region's competitiveness and growth. At the same time, communication networks constitute strategic components of the integration process at national, regional and European level.

6. Communications infrastructure has undergone a revolution in the last years. Dramatic increases in computing power and decreases in communication costs have led to the *convergence* of communications with media and computing, driven by digital technology.

7. The way people live and do business depends increasingly on networks, communications and IT applications. Electronic commerce, distance working, tele-medicine, and distance learning are examples of these new modes of behaviour. Communications technology provides opportunities to reduce poverty, strengthen governance, public sector financial management, and the delivery of health, education, and other social services. The potential of communications technology however, is compromised by the unevenness in the pace and spread of these technologies, as the benefits of the information do not benefit equally all population. Communications revolution poses enormous challenges in terms of securing social progress and democracy. At the same time, technological developments, particularly the advent of the Internet, have brought challenges in the regulatory and legislative regimes and have begun to blur traditional regulatory definitions and jurisdictional boundaries.

8. The significance of communications for trade is that it has a dual role. First, it is an important sector in its own right. In 1996, ITU estimated the value of global telecommunications *revenue* was about US$ 600 billion and the value of *trade* in

telecommunications exceeded US$ 100 billion for the first time. Second, telecommunications is significant because it is a facilitator of trade for other sectors, such as financial services.

9. The monopoly - based system of service supply, which has dominated the world's communications markets, continues to decline in popularity. Competition is moving towards becoming the dominant mode of service supply. Many countries have increased private sector participation in the communications sector especially in the cellular and other value-added services.

10. Regarding *licensing* the most important characteristic is the degree of diversity among licensing frameworks. The differences reflect a wide variety of views from one country to the other. Pressure will increase for greater simplicity and harmonisation.

11. *Universal access policy* has become an important aspect of communications regulation. It is one of the few areas where sector - specific regulation may be required indefinitely even when competition has spread across market boundaries. This is because it aims to meet needs for basic communications which are thought impossible to be met by purely commercial means.

12. *Interconnection* and *interoperation* is a key factor in the development of the communication industry. In simple terms, interconnection is the set of legal, technical and economic arrangements between operators that enable customers connected to one network to communicate with customers of other networks.

13. In general, future communications services will be provided via a web of wired and wireless networks consisting of *mobile communications* which are linked with personal services, *satellite communications*, essential for regional and global systems and *cable-TV networks* which are essential as entry into the multi-media world.

III. INTERNATIONAL REGULATORY FRAMEWORK: WTO/GATS AND THE EU

14. The **General Agreement on Trade in Services (GATS)** establishes the basis for a progressive liberalisation of trade in services through successive rounds of negotiations. GATS imposes a number of obligations on adhering countries, related to Most Favoured Nation treatment, market access on non-discriminatory terms, national treatment and free international financial flow of payments and transfers. As of 1997 and following the *WTO Basic Telecommunications Agreement* free trade in telecommunications received a major boost. The international telecom environment has shifted from a framework based on bilateral relations to one which was multilateral in nature, and from closed to open markets. The GATS requires a country to ensure transparency, free access to and use of public telecommunications networks and services and to develop technical cooperation at the international and regional level. Despite of important progress realised, communications continue to be subject to a number of trade barriers related to regulatory policies and procurement procedures.

15. Since January 1998, telecommunication services, voice telephony and infrastructure have been fully liberalised in a vast majority of ***European Union*** countries. The sector of fixed networks is in a transitional phase in the period 2002-2008, elements of full competition already exist in the mobile telephony sector. In many Member States the cable sector is developing new and more sophisticated broadband infrastructures, including digital TV. The elaboration of the new European regulatory framework for

telecommunications and its implementation has been a decade-long process starting with the publication of the Green Paper of 1987 which launched the liberalisation process of telecom services in Europe. Until today, there is no formal Community - wide regulatory body for telecommunications (i.e. A European Regulatory Authority). Several policy measures have been taken at the European level to promote the Information Society: advancing the liberalisation of telecommunications, setting a clear legal framework for e-commerce (e.g. privacy, security), supporting research & development in key areas. In July 2000, the European Commission adopted a package of legislative proposals designed to strengthen competition in the electronic communications markets (e.g. stimulation of affordable high-speed Internet access) which provides a light - touch legal framework for market players.

IV. COMMUNICATIONS IN THE BLACK SEA REGION

A) MAIN CONSTRAINTS TO BE OVERCOME

16. All the countries in the region have commenced the process of implementing sector reforms aiming at liberalisation of the market and promoting new technologies. Although, significant progress has been achieved, according to a World Bank Report (June 1999), there are large variations across the region in sector performance particularly between the EU accession countries and the CIS countries. In general commitments made to the World Trade Organisation (WTO) and commitments made (by some countries) to comply with the EU standards as part of the accession process have motivated reforms.

17. In general, *access to basic voice telephony* across the region is relatively high. However, access to the more modern communications services essential for growth and competitiveness (mobile, data transmission, and Internet as well as PCs and fax) is low. There are wide disparities in access between countries the region, and between urban and rural areas. Different levels of regulation are applied to cable TV operators and most countries give licences to cable TV operators at a local level.

18. The main reasons to be attributed to the slow reforms on the sector can be summarised as following:

i)Telecommunications revenues are very low. Revenues per line are below the levels needed to cover costs and provide a commercial return mainly due to low tariffs and the past allocation of lines to subscribers on a non-commercial basis.

ii)Policy, legal, and regulatory frameworks in the sector are weak. In several countries this has led to poor results in transactions designed to promote new entry and attract private investment. In many cases, privatisation has yielded extremely low prices and has failed to deliver improvements in network investment and performance. The liberalisation of tariffs in the mobile segment has not proved sufficient to deliver the growth levels seen in other countries of comparable income. Other contributory factors to the weak growth in communications have been the generally weak environment for private sector development and a failure to provide pro-competitive interconnection arrangements.

iii)There is a high degree of network obsolescence, a result of the misallocation of lines and a lack of new investment. Inadequate maintenance has led to run-down facilities and unreliable service.

iv)Investment remains weak. As a percentage of GDP, the region's average is one-third less than the global average, and half that of Asia. The latest estimates put annual sector

investment in the mid-1990s at $3 to $4 billion. The World Bank estimates the annual requirement at more than $10 billion. Post-privatisation investment has been low, particularly in those countries where the new investors were not granted management control.

B) INVOLVEMENT OF INTERNATIONAL DEVELOPMENT INSTITUTIONS

19. The commencement of the Black Sea Trade and Development Bank (BSTDB) itself opens opportunities for implementation of communications projects. As of April 2000, out of all the projects approved or under consideration 6% are in telecommunications.

20. The World Bank Group's portfolio in telecommunications in the broader region accounts to around $500 million. The Bank's portfolio primarily comprises projects under implementation, which are due to close soon. However, a recent increase in the demand for Bank telecommunications services, as a result of enhanced capability, has generated an active work-program, with several projects under preparation.

21. The European Bank for Reconstruction and Development (EBRD) and the European Investment Bank (EIB) are active in the region, each with portfolios in excess of $1 billion, the latter focusing almost exclusively on EU accession countries. The European Commission provides technical assistance through its TACIS and PHARE programs, and has a pilot scheme to support rural telecommunications.

C) STATE OF AFFAIRS OF REGIONAL COMMUNICATIONS NETWORKS

22. **ITUR** is the first concrete project in this field linking Italy-Turkey-Ukraine-Russia by a submarine fiber optical cable system of 3200 km, with landing points in Palermo, Istanbul, Odessa and Novorossijsk respectively. Its estimated cost is 155 mln US dollars and the system entered into service in 1996. The role of ITUR is not limited to its regional dimension but through its line in the city of Palermo it can be connected to the FLAG, SEA-ME-WE2, EMOS1, AFRIKA1, COLUMBUS2 and many other systems.

23. The second project of fiber optical communication system, **KAFOS**, provides for a system of 504 km length of direct connection from Istanbul to Varna, Mangalia and further to Chisinau. The total budget cost of the project is 28.1 mln US dollars. Following the entering of KAFOS into service in 1997, this system and ITUR provide now an advantage in terms of international transit traffic from/to Istanbul as a node of the submarine cables laid in the Black Sea and the Aegean Sea.

24. The third project **Trans-Balkan Line (TBL**) links Italy, the Former Yugoslav Republic of Macedonia, Albania, Bulgaria and Turkey. TBL is originated in Istanbul and terminated in Bari having a total length of 1663 Km. It provides access to ITUR, KAFOS, TEL and ADRIA-1. The service installation is completed. It was set up to meet increasing communication demands and to provide a digital transmission environment.

25. The **BSFOCS,** (Black Sea Submarine Fiber Optic Cables) is a telecom project in which most of the Black Sea countries participate. The system with an approximately 1500 km in length will be equipped with two optical Fiber pairs operating at 622 Mb/s. The landing points are Varna (Bulgaria), Odessa (Ukraine), Novososssiysk (Russia) and Poti (Georgia). A part of the system will consist of a land cable between Varna and Kavala (Greece) which will give access to the Mediterranean Sea. The BSFOCS also gives connection possibility to: a) the Fiber Optic System TAE (Trans-Asian-European), b) the new European Fiber cables TEL-TET and c) the Submarine cables ARIAN-2, ADRIA-1, APHRODITE and SEA-

ME-WE3 through Bulgaria and Greece. The total investment of the BSFOCS is approximately 51 million US$ and the Ready for Service date is at the end of 2000. By January 1999, the Construction and Maintenance Agreement and Supply Contract of the BSFOCS was signed by the operators of the countries involved (Armenia, Bulgaria, Greece, Ukraine, Russia etc.). Participating companies are also the AT&T (USA), DTAG (Germany), HT (Croatia) and KDD (Japan). First priority of the project is to upgrade the telecommunications links among the participating countries.

26. The ITUR and KAFOS are part of the **Trans-Asian-European (TAE)** network which links 19 countries from China to Germany through the Black Sea region, in a united telecom system. This gives an opportunity to connect Europe and Asia through the Black Sea regional communication systems and satisfy the national and international telecommunications needs of the countries it crosses. One of the important functions of TAE, which can attract more participants, is the transit of telephony traffic. The TAE network as well as the other above-mentioned networks facilitate the consolidation of integration process among the PABSEC countries.

27. At the subregional level, an example of application of communications in other sectors, is the project of an Optical Cable System for Communication and Signalling to the Railways of Armenia, Azerbaijan, and Georgia linking 133 stations. The project is funded by the EC and EBRD within the programme TRACECA and it is a west-east link between the seaport of Poti and the seaport of Baku branching off to the south in Tbilisi towards Yerevan. The project is supported by bilateral agreements (Georgia - Azerbaijan, Georgia-Armenia) in the broader context of a multilateral Agreement on International Transport between TRACECA countries.

V. OVERVIEW OF COMMUNICATIONS SECTOR OF THE PABSEC COUNTRIES AND NATIONAL DELEGATIONS CONTRIBUTIONS

28.i) **Albania -** The Albanian Parliament has approved (1998) two laws aiming at the liberalisation of telecommunications services, except for basic voice telephony. According to the first law, 'Some amendments on the telecommunications law', services are classified as i) restricted competition services, which a limited number of companies are allowed to operate and ii) free competition services, which include data communications, paging, value added services and local loop in rural areas. The second law established a Telecommunications Regulatory Entity (TRE)' which is an independent body.

ii) The two main operators are Albanian Telecom (Albtelecom) and Albania Mobile Communications (AMC), both joint stock companies, respectively 100% and 15% state-owned. Albtelecom operates the GSM Mobile Network.

29. i) **Armenia -** Armenia has adopted the Law on Telecommunications while two projects of law 'On informing, information and protection of information' and 'On Post' are under discussion. A number of documents concerning communications (licensing, tariffs, rules on rendering voice communications etc.) has been adopted by the Ministry of Post and Telecommunications.

ii) The international exit in Armenia is realised mainly by satellite communications, which provide telephone, data transfer, Internet, mobile communications and other services. Among the international and regional networks in the Black Sea region, concrete works have been done towards connecting to Trans European Networks. No communications projects are implemented under the TACIS project.

iii) The Armenian delegation emphasises the following projects as of common interest for the PABSEC countries: a) the connection of all Black Sea countries by Fiber Optic System, b) initiation of measures for the management and solution of issues related to the new information era, c) the expansion and development of Internet services (including e-commerce) and the establishment of information centres.

30. i) **Azerbaijan -** The reconstruction and modernisation of telecommunications networks to reach world standards is progressively taking place. The capacity of the telephony has been steadily improving. The Program adopted by the government, which is being successfully implemented, has the strategic objectives of modernisation and development of international and long - distance telephony, local telephone networks, cellular communications, information transmission services, Internet and email services, Radio and TV broadcasting etc. while it envisages full transition to digital communications systems until 2004. In order for the above to be implemented, foreign investment of the amount of 467,8 billion US$ is needed.

ii) International satellite communications (i.e. satellite connections with Turkey, the UK, Italy, Germany, Russia, USA and other countries) have also increased.

iii) The construction of the TAE fibber optical cable which is under way, provides high traffic capacity in three directions: Baku - Georgia, Baku - Iran and Baku-Caspian Sea-Kazakhstan. The total length of the Azerbaijan section of the optical cable main under construction is 1460 km.

iv) The TAE provides from a commercial point of view the most profitable communications network while it coincides with the Great Silk Route crossing the Black Sea region.

31. **Bulgaria-** The objectives for the development of the telecommunications are set in the document *Telecommunications Sector Policy* of the Republic of Bulgaria (1998). In 1998 Bulgaria adopted a law which provides, inter alia, for the introduction of a liberalised regime for all activities in the telecommunication sector, except those related to the provision of regular telephone services and renting out telephone lines. The State monopoly in this sector will remain in force until 2002, in conformity with the WTO rules and the Bulgarian constitution. Alignment of national legislation with the EU' s requirements is already prompting significant preparatory work in legal and regulatory reform.

32. i) **Georgia -** With the adoption of legal and normative acts Georgia created a positive environment enabling private enterprises to enter the telecommunication sector without barriers. A special body – the National Regulatory Commission has been recently established and it will be responsible for licensing, monitoring, setting tariffs and other technical aspects connected to the communication sector.

ii) Georgia has attracted significant investments (US$ 170 million worth of telecommunication equipment) since 1997. As a result, telecommunications has become one of the most rapidly growing branches of its economy. However, local networks, which originally served the whole population and are still state owned, are in a state of collapse mainly due to lack of funds and inefficient management. In order to prevent deterioration and secure the local telecommunications network, the Georgian government intends to continue reforms and liberalisation The state still owns 51 percent of Georgian Telecom while a number of licenses still remain undistributed to mobile phone operators.

33. i) **Greece** - The Greek telecommunication market is deregulated in accordance with the EU regulations. Last OTE monopoly, public voice telephony is to end in 2000. In order to separate the regulatory function from the ownership of telecommunications organisations, an independent authority has been established - the National Telecommunications and Post Commission (EETT).

ii) In 1998 the telecommunications business was 3.7% of the GDP. In the year 2000 it is expected to be more than 4%. Today, there are in operation 3 mobile (GSM/DCS) operators. Additionally, there are 200 companies, operating in the market offering a wide range of services varying from Internet to liberalised voice services. The licensing of companies for satellite services is under way (one satellite operator).

iii) OTE is operating in the Black Sea region mainly through acquisition of minority and majority interests in public telephony operators in the region. It has already invested in Armenia, Romania, Ukraine while it participates through its subsidiary Hellascom Intl. in telecommunication construction in Georgia. OTE has also invested in the submarine BSFOCS. Greece and Bulgaria have two operational terrestrial border cables and a third one is under construction with financial support from the PHARE (the Ready For Use date is at the end of this year).

iv) At the last BSEC WG on Communications in Chisinau the Greek delegation proposed the following regional development plans: i) exploitation of new regional network on training and education services (tele-education), ii) telephone/business directories and iii) internet connectivity.

34. i) **Moldova -** Starting with 1992 the communications sector has been essentially restructured following a European integration oriented strategy. The institutional restructuring included separation of regulatory from operation functions, post from telecommunications and enterprise restructuring. Five state owned enterprises and many private ones or joint stock companies are operating in the sector. Telecommunications services market of Moldova is regulated by the following legal documents: Telecommunication Law, the Law concerning Licensing for Some Kinds of Activities in the Republic of Moldova, Audovisual Law.

ii) The privatisation of Moldtelecom -the only fixed vocal telephone operator- and the introduction of competition in the telecommunications sector is the main Government concern. To this end, the Parliament agreed with the necessity of separating the policy and regulatory functions, through the creation of a truly independent regulatory agency, which will centralise all regulatory functions currently assigned to different ministries, and leave the policy-making function clearly assigned to the Ministry of Transport and Communications. There are two mobile GSM operators.

iii) The main elements of the restructuring strategy include: attracting of new investments from internal and external sources, reorganisation of existing operating structures on commercial base, harmonisation with European Union legal framework, fulfilment of WTO Agreement stipulations.

35. i) **Romania -** There is free competition with the exception of voice telephony and infrastructure whose liberalisation is scheduled for January 2003. Steps have also been taken to set up an independent regulatory agency. Legislation is partially harmonised with the legislation of the EU and it is taking place according to the Romania's National Plan for

EU accession. At present there are four national networks of mobile telephony (the last three being digital) and there are also three licences for satellite communications.

ii) Romania has actively participated in the development of regional systems of optical fibers transmission, land or submarine (KAFOS, TEL-TET, TAE etc). Additionally, it has sought cooperation with its immediate neighbouring countries. It has a partnership with Moldova under which bilateral meetings with experts from both sites are organised on issues related to the harmonisation of the use of the range of radio-electric frequencies, the development of modern national network for communications and data transmission in the border areas. With Bulgaria bilateral meetings regarding development strategy, regulations and operation in communications are planned.

iii) Romania holding the chairmanship of the BSEC is planing to organise a series of specific activities contributing to regional cooperation in the field of communications.

36. i) **Russian Federation -** The Russian Law on Communications was adopted in 1995. Liberalisation of telecommunications is governed significantly by licensing and certification regulations. New telecommunications equipment procedures initiated in 1997 by the Department on Certification of Communications Facilities and Services of Goskomsvyaz mirror those of the European Union, but further adjustment is needed to meet World Trade Organisation (WTO) norms.

ii) Commercial international operators such as Sovintel, DirectNet, and Combellga are expanding their activities in Russia. Russia's potential was shown during 1998, when in the middle of an economic crisis, 7,300 kilometres of cable transmission lines were laid, 12 digital exchanges installed, 50,000 new lines added in cities and 100,000 in the countryside, and 160,000 mobile phone numbers were brought on-line.

iii) The telecommunications industry in Russia has been organised so that each region is served by one local company, while long distance and international calls are handled by Rostelecom. However, the goal of the consolidation of regional operators has been proclaimed by Goskomtelecom. One of obstacles is the poor state of the local companies' assets, which need to be modernised. For example, only 15% of the local networks' total access lines are digital.

iv) The mobile communication services market in Russia is regulated by a number of regulatory and supervisory institutions, such as the State Committee for Telecommunications, the State Committee on Radio Frequencies (GKRCh), and the State Communications Inspectorate (Gossvyaznadzor).

37. i) **Turkey -** Following the structural changes taking place world wide, communications sector is in a period of transition in Turkey. Four laws are enacted by the Turkish Parliament in order to semi-liberalise the value - added services. By the year 2003, all services is planned to be liberalised. Some aspects of the new legislative reforms are: i) creation of the independent Regulatory Body named Telecommunication Authority, ii) authorisation of TTAS with a concession agreement to provide all kinds of telecommunication services except mobile services, iii) preparation of concession agreement for TTAS to install and operate a GSM 1800 network.

ii) The sector has made considerable strides in the last years, particularly in the mobile telephony (two operators). Progress with fixed telephony and advanced communication networks appears slower, partly reflecting legal uncertainty about the ending of Türk

Telekom's (TTAS) monopoly, scheduled to take place in 2003. Government policy for the sector is to attract private and foreign investments and to encourage competition in the wide rage of non-exclusive services through issue of operational licenses. Satellite systems (TURKSAT 1b, TURKSAT 1c) play significant role in domestic and international communications of the country especially with Central Europe and Central Asia.

iii) In addition to its participation in the regional systems ITUR, KAFOS, TAE etc., Turkey is also benefited by international systems from the Mediterranean, Atlantic, North Europe and Asia as it serves as a landing point for them. Turkey has singed a bilateral agreement with Georgia to create a submarine cable system between Rize and Poti ($8 ml cost) to develop communications infrastructure between the two countries and to provide an alternative route of communication with Central Asian Republics and Azerbaijan particularly. Additionally, according to a Protocol signed by Turkey, Georgia and Azerbaijan, plans are made to connect them with the TAE system.

38. i) **Ukraine -** As far as the communications in the Black Sea is concerned, Ukraine takes active role in the implementation of regional projects. It participates, through UKTELECOM telecommunications entity, in the transborder projects ITUR (19.8%) and BSFOCS (21%). Regarding BSFOCS project, it co-chairs 4 (out of 7) committees as well as the General Committee of the project. The participation of Ukraine in those projects has substantially improved its telecommunications.

ii) The Ukrainian delegation proposes the following projects for consideration: a) to convene a working meeting of experts in the field of communications in order to study the situation in this field in the BSEC region and to work out a concept of an international project on a regional communications system in the interests of the Black Sea states, b) to ensure the application of radiocommunications on Maritime Rescue - Coordination Centres at the Black Sea and the rivers around it, c) to consider the development of military communication networks in the Black Sea.

Table 1 Telecommunications Indicators

Country	Main telephone lines ('000)	Main line penetration Per 100 inhabitants	Rural penetration per 100 inhabitants	Cellular penetration per 100 inhabitants	Public payphone per 1000 inhabitants	Telephone capacity usage (%)	Digital ration (%)	Faults per 100 Main lines
Albania*	152.00	4.00	0.30	0.50	0.33	81.20	78.50	12.00
Armenia	579.50	15.40	*10.22*	0.01	0.13	83.00	…	92.10
Azerbaijan	645.10	8.54	*3.49*	0.23	0.25	87.70	7.00	82.30
Bulgaria	2,647.50	31.26	…	0.31	1.46	85.20	6.00	27.30
Georgia	567.40	10.49	*5.11*	0.04	0.15	85.90	10.70	*43.10*
Greece*	5,610.90	52.81	…	14.30	…	…	51.80	31.00
Moldova	607.90*	15.30*	6.90*	0.02	1.06	87.70	19.10**	23.30
Romania	3,161.20	13.98	*3.85*	0.08	1.06	89.40	22.50	88.30
Russia	25,914.50	17.54	…	0.15	1.30	96.00	20.00	41.90
Turkey	18,300.00*	28.00*	*11.87*	1.26	1.01	90.40	84.50*	61.10
Ukraine	9,241.00	18.09	*7.03*	0.06	1.38	96.70	6.50	42.70

Source: World Bank, June 1999 (Data of 1996) and National Delegation Contributions
Italics: 1995 figures * 1999 figure ** 1998 figure

VI. THE BSEC ACTION PLAN FOR THE DEVELOPMENT OF COMMUNICATIONS

39. The BSEC has established a *Working Group on Communications* which aims at taking the necessary measures to develop a network of communication lines within the BSEC with links to the neighbouring systems. The WG on Communications in Chisinau (28/2/00-1/3/00) drafted the *Action Plan For Development of the Communications in the Black Sea Area,* to join regional efforts to set up a common communications policy and a communications system. The Action Plan - which was adopted by the Council of Ministers of Foreign Affairs on 27 April 2000 - determines the main directions of the communications cooperation among the BSEC member states in order to create a highly efficient regional communications system, which combines the national communications programs with the development plans of the Regional and Trans - European telecommunications networks.

40. *MAIN DIRECTIONS* of cooperation as identified in the Action Plan are:

- Elaboration of concrete measures for priority projects implementation aimed at the development of international communications infrastructure in the BSEC region
- Creation of favourable conditions for national and private investments
- Development and harmonisation of the communications legislation, regulatory framework and standardisation
- Improving functioning of the border communications
- Harmonisation of measures for the privatisation of national operators avoiding the possible negative consequences of privatisation
- Harmonisation of policy, promotion of competition in communications and preparation of the sector for full liberalisation
- Introduction of new technologies developing and accelerating the development of communications
- Promotion of regional and national interests of BSEC countries in international organisations (ITU, UPU, CEPT etc)

41. The Action Plan identifies priority fields of activities to be considered by the Ministries of Communication of the BSEC Member States among which are the following:

i) *Identification and promotion of feasible communications infrastructure* projects that facilitate the participation of the private sector in the construction of modern communications network. The Trans-European telecommunications networks of interregional significance are priority projects.

ii) In parallel to Trans-European Telecommunications Networks (e.g. for health, tele-medicine) the development of *Regional Communications Networks* can make an important contribution to several sectors. Areas in which *Communications Applications* could be implemented are: a) Distance Education and Training, b) Telematic services for electronic tendering and other applications for SMEs, c) Electronic commerce, d) Transport and Mobility, e) Environment and Emergence Management, f) Network for Universities and Research g) Maritime sector. *Interconnection of networks* (fixed, mobile and satellite) and of the variety of networking technologies is the only means to create an effective communications infrastructure which could support the above mentioned communications applications.

iii) The global boom in *mobile cellular communications* offers opportunities for projects of common interest in this area. Such projects should support the commercial validation of advanced and innovated mobile services and applications.

iv) Global and regional *satellite systems* are a practical solution for the improvement of the BSEC countries communications as they offer connectivity between the BSEC countries and beyond them, reasonable cost and tariffs and alternative communications routes. As almost all the BSEC countries are already users of INTELSAT (global system) and EUTELSAT (regional system), the establishment of satellite communications between the BSEC countries (as well as beyond them) seems to be the cheapest solution.

VII. CONCLUSIONS

42. The BSEC Action Plan represents the first step towards the identification and promotion of regional communications projects that will allow further integration in the region. The implementation of the Action Plan requires immediate actions by the National Parliaments and by the BSEC and PABSEC aiming at removing obstacles and elaborating the appropriate legal and regulatory framework allowing liberalization and competition to emerge and providing new investors with the necessary safeguards of transparency, objectivity and clarity. The role of the BSEC Related Bodies (the BSTDB, the BSEC Business Council and the ICBSS) is also fundamental in the identification, study and promotion of communications projects.

43. Communications regulatory framework and policies need to take account of convergence, technological developments, and globalization. *'Less regulation (liberalisation) and easier market entry'* is the guiding principle of communications reform in the Black Sea countries. Securing public interests, removing barriers to efficient operation of services and communications networks and making efficient and affordable services available to citizens in the Black Sea are elements of a comprehensive communications strategy.