

# Oslobodjenje report on the CRA briefing

## CRA AND THE COUNCIL OF MINISTERS ON NEW TENDER FOR GSM

### The License Shall Be Awarded to the Highest Bidder

*The license price is not established in the new tender, but CRA assumes "it will not be high" ? Croatian Telecom has definitely withdrawn from the bid, the others are waiting for new bidding ? Stiglmayer: Tender revocation – the Balkan's staff*

The price for the third GSM license will not be "high" in this tender either, said on Wednesday **James Milne**, official of the Communications Regulatory Agency (CRA), which should together with the Council of Ministers publicize the rules for new bidding in a few weeks time. The new tender will be organized under the principle of bidding. Winner of the bidding will be a company, which apart from meeting other requirements, offers the highest amount of money for the license purchase. The CRA officials confirmed that the Croatian Telecom would not participate in the bidding. Eronet, VIP, Rumeli and Zepter Telecomm are still waiting for the new conditions of the tender.

After **Jerker Torngren**, the CRA Director revoked the tender for the third GSM operator, the Council of Ministers initiated discussions on conditions for new bidding, which should be completed in few weeks. CRA and the Office of the High Representative, which is still supporting Director Torngren, are organizing discussions on what has happened over the last two months. The tender is officially revoked, because the Croatian Telecom withdrew from bidding, and the Austrian Mobilcom said that "it would still think about" its participation in bidding. But, no one can explain how it could

happen that the Croatian Telecom, owned by the Deutsche Telecom, and Mobilcom expressed their disapproval of the "Tender's politicization" in writing on the very same day in two letters with identical content.

- I only know that the letters are of identical content and I am surprised with that like all the others. However, how this could happen is a question to be addressed to the management of these companies, and not the CRA, said Miles at the press conference.

International officials still believe that the price of 2 million established by the CRA is not too low. **Kevin Sullivan**, OHR's Spokesman, explained that in Europe only purchase of a share in the existing GSM companies is paid expensively, while the license's prices are much lower.

- The Deutsche Telecom bought a share in the Croatian Telecom and paid \$1250 million for it. New GSM operator in BiH should invest 400 million mark and make a company. Besides that, the license price in the European countries is maybe higher, but these are licenses for the third GSM generation and not for the second one like in BiH, and dozens of million of people live there. BiH has some 4 million people and the GSM companies here and in Europe do not have the same profit, said Sullivan.

BiH needs new company for competition and reducing the prices, which are the highest in the Southeastern Europe, as stated by the international officials. However, revocation of the tender, according to the OHR's Spokesperson Alexandra Stiglmayer could "definitely" drive away the foreign investors from BiH.

- BiH is at the bottom of the list of countries with the direct foreign investments. OHR believes that it is catastrophe that the tender was revoked because it would delay development of this country and drive away foreign

investors. The Balkan's staff – is how people in western countries consider this revocation. The Deutsche Telecom, which is the owner of the Croatian telecom, will probably tell the other GSM companies about this, said Siglmayer.

The CRA believes that the new tender will be published in few weeks. Participation of the Western Wireless company might be expected in this tender, and this is the company which in the last tender “complained” that it did not have enough time to prepare its bid.

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## HERBERT PRIBITZER, OHR'S ADVISOR FOR TELECOMMUNICATIONS

### The Price Would Have Been Better Last Year

*PTTBIH price is lower due to the decrease of prices of the world GSM companies*

“If PTT BiH Federation had been on sale last year, it would have earned much more than this year”, said Herbert Pribitzer, OHR's Telecommunications Advisor on Wednesday. He added that the price of the world GSM companies at the stock markets decreased for 30-40%, and that it would effect the price of PTT BiH, which should be sold in a tender at the end of the year.

- I think that the PTT BiH price will be lower in a tender at the end of the year, but not because the sale of the third GSM license but because it is a world's trend. France has recently tried to sell four GSM licenses, but only two companies wanted to buy licenses, said Pribitzer.

This was the answer to the question whether the price of

PTTBiH in a tender to be announced at the end of this or early next year, will be lower due to arrival of a new GSM operator.

## ACCORDING TO CRA ANALYSES

### Telephone Services One of the Most Expensive Ones in Europe

*Telephone connection, business calls and links to the world are the most expensive in Bosnia and Herzegovina ? Only Romania and Albania have less telephone lines*

Telephone services of the BiH state companies, PTT BiH and Telecom Srpske are according to the analyses of the Communications Regulatory Agency (CRA) one of the most expensive in Europe. BiH citizens are paying the most expensive telephone connection, have the most expensive business calls in Europe. One minute of a BiH citizen's call with foreign countries is also the most expensive than in other countries.

- Increase of competition would lead to reduction of prices of telephone services in BiH. For the time being the two state companies, the services of which are one of the most expensive in the Southeastern Europe, have the monopoly, said James Miles, the CRA official on Wednesday.

Telephone services in BiH are much more expensive for the companies than for the citizens. More expensive national call exists only in Hungary and Serbia, depending on whether the call is business or private. But BiH has cheap subscription fee for fixed phones for citizens. Only Serbia has it cheaper. The most expensive mobile connection in the Southeastern Europe is in Hungary, and BiH follows it. Monthly subscription fee for a mobile line is the most expensive in Romania, and then in Bosnia. Minute of a call in BiH is one of the most

expensive as well. However, sending SMS is far cheaper in BiH than in other countries.

Telephone services are particularly expensive because the equipment of the state companies was for the last time modern some 20 years ago. This is not a surprise, because telephone network is destroyed, and the telephone companies lost their clients. According to the CRA assessment there are some 1.1 million of clients today, or 60% more than in 1996. In spite of an evident increase of a number of clients, number of the telephone lines is far bellow the European standard.

Only Romania and Albania have less telephone lines. And how many BiH citizens carry a mobile phone in their pockets? According to the data from late 2000 6.82% of every one hundred citizens owned a mobile phone. Most of them are connected to BIHGSM network, the PTTBIH state company.

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