

Energy Efficiency

- Adoption of a functional model contract to govern energy supply contracting. (3)
- Improvement of capacities of the PPP Commission and other notable public stakeholders with respect to both energy performance contracting and energy supply contracting projects involving the public and private sectors. (2)

TELECOMMUNICATIONS

The activities in 2020 triggered by the coronavirus pandemic were marked by the synergy between the Government of the Republic of Serbia and the electronic communications operators. The results of such activities had a significant impact on the entire society and economy of the Republic of Serbia by enabling successful functioning in the conditions of the state of emergency that was declared on March 15, 2020 on the territory of the entire country.

COVID-19

The operators supported all measures imposed by the state and made their resources available for general interest and to help facilitate the functioning of the entire society affected by the coronavirus. In a short period of time, the operators provided short codes free of charge and free calls to citizens of the Republic of Serbia, for the needs of the National COVID-19 Call Center within the Ministry of Health. The operators also provided the necessary devices for recording the content of the primary and secondary school curriculum, which was broadcast on the channels of the public media service and on RTS Planeta digital platform. In addition, students were provided with free data transfer to the digital platform RTS Planeta and Moja škola during online lessons in the Republic of Serbia. In this context, free internet access for video conferencing such as Microsoft Teams and Zoom was provided, which made it possible for the lessons to retain their interactive property in digital form. In cooperation with the competent ministry, a large number of students were provided with internet access, and within the same initiative, this was made possible for students from socially vulnerable families for each month until the end of the year. At the end of April 2020, for the purpose of online mock final exam for 8th grade elementary school students, using the Tesla EDU digital platform, for a period of three months mobile telephony operators provided a dona-

tion of over 1000 smart mobile phones with appropriate SIM cards for internet access.

On the other hand, the competent ministry and the regulator provided a considerable support to the industry and the Council commends their timely and adequate response during the crisis period. Owing to the strong support of the Ministry of Trade, Tourism and Telecommunications, it was possible to perform works on the development of additional network capacities and maintenance of the current capacities during the curfew, which enabled the continuous quality of services for the customers. We also appreciate the fact that during this period, RATEL worked continuously and provided maximum efficiency, while their announcement on the importance of the role of mobile operators contributed to raising citizens' awareness in recognizing false news about the alleged connection between 5G technology and the epidemic.

Although the state of emergency was lifted by the National Assembly of the Republic of Serbia on May 6, 2020, the need for greater digitalization in all areas of life and work is still present and is expected to grow even more in the coming period. Thus, the appearance of the COVID-19 virus further encouraged a faster and more comprehensive digital transformation of the society, compared to the planned transformation in ordinary circumstances. Mobile telephony operators, as holders of critical telecommunication infrastructure necessary for connecting and functioning of the entire public system and the work of the economy in the "remote" and „WFH" mode, have proven to be the main pillar of the process of digitalization of the entire society.

Also an important moment in the state of emergency is the sudden increase of national traffic that exceeds the existing capacity of the operators, as a result of which one of the main priorities was significant investment in the network to ensure the expansion of capacity for all types of traffic

in the territory of the Republic of Serbia. At the same time, there is a drastic decline in roaming traffic due to restrictions on the movement of people outside the territory of national borders around the world, which resulted in a drop in revenues.

The implementation of the Agreement on the price reduction of the roaming services in the Western Balkans region continued in 2020. Namely, from January 1, 2020, RLAH + methodology has been applied for roaming charges, and from July 1, 2020, there has been a new reduction of retail and wholesale roaming prices of operators operating in the Western Balkans. However, in 2020, the expected effect of traffic increase due to further lowering of roaming prices is missing, on the contrary - there is a significant drop in traffic due to restrictions on the movement of people between countries.

CURRENT SITUATION

The impact of negative effects on the electronic communications industry due to the appearance of the COVID-19 virus is expected not only in 2020, but also in the years to come. The key to resolving open issues lies in the improvement of the existing regulatory framework and aligning it with current developments. The adoption of the new Law on Electronic Communications is a precondition for further growth and development, not only for the electronic communications industry, but also for further digital transformation of the society and economy of our country and beyond.

Digital transformation would contribute to the development of the entire domestic industry and enable a more competitive offer by domestic companies outside national borders. This would further contribute to a better positioning of our country in the regional and world market, on the one hand, while on the other hand, these conditions would have a favorable effect on attracting additional capital and investments in our country.

This requires infrastructure and finding a model/pattern of joint action of the state and industry to overcome the current barriers, related to the construction of base stations, which relate primarily to:

- arbitrary interpretation of the Law on Non-Ionizing Radiation Protection and excessive reference to the principle of prohibition of exposure to non-ionizing radiation sources and the proportionality principle by local secretariats for environmental protection as well as arbitrary interpreta-

tion of the meaning/definition of sources of special interest;

- arbitrary introduction of restrictions in urban plans determining the minimum required distance for sites where base stations can be set up in relation to adjacent facilities, although there are no grounds for such restrictions in the law governing protection against non-ionizing radiation;
- although the Law on Environmental Impact Assessment does not impose the obligation to develop an environmental impact assessment for setting up of each individual base station, and in practice, this assessment is almost always required by local environmental secretariats (we would like to emphasize that in Serbia restrictions on the permissible level of electromagnetic radiation are several times stricter than in the European Union member states and that the actual values of the electromagnetic field measured on site are often ten times below the maximum permissible values).

Issues that hinder the installation and building of base stations due to inadequate interpretation and enforcement of environmental regulations, as well as restrictions in local self-government regulations governing spatial planning require the improvement of the capacity of state administration in terms of interpretation of regulations in the field of environmental protection and their enforcement by local self-government units in the process of environmental impact assessment.

The process of drafting of the Spatial Plan of the Republic of Serbia for the period from 2021 to 2035 is underway (hereinafter referred to as the: „Plan“) for the needs of which the mobile operators provided the Ministry of Construction, Transport and Infrastructure with the plans that include an overview of both existing and future locations of base stations and routes of fiber optic sections and cooperation with the working team in charge of drafting the said Plan is expected in the coming period.

The joint cooperation of the state and the operators in overcoming the existing barriers related to the construction of infrastructure is especially important from the perspective of the development of the 5G network in the Republic of Serbia. The activities planned in 2020 regarding the radio frequency spectrum auction intended for the development of 5G technology have been postponed for 2021 due to the coronavirus pandemic. It is crucial that the tender for 5G frequencies is organized in a transparent, efficient and optimal way.

The Strategy for the Development of Electronic Communications in the Republic of Serbia and the Strategy for the Development of the Information Society expire in 2020. We propose to make an analysis of the fulfillment of strategic goals defined by the above acts, ie new strategic documents harmonized with the current situation, challenges and expected development of the telecommunications sector in the Republic of Serbia. In addition, having in mind the dynamics of the relevant market and the past period since its adoption, it would be desirable to consider the current state of fulfillment of the goals of the New Generation Network Development Strategy, and inform operators about the market situation and upcoming steps.

Other important activities at the end of 2019 and the beginning of 2020 relate to public consultations organized by RATEL regarding amendments to the following bylaws:

- draft rulebook on quality parameters for publicly available electronic communications services, performance of measurements and testing and implementation of verification of activities of electronic communications operators;
- draft rulebook on calculation of cost-based prices according to the long-run incremental costs model;
- draft rulebook stipulating the Radio Frequency Allotment Plan in the radio frequency band 2500 - 2690 MHz;
- draft rulebook stipulating the Radio Frequency Allotment Plan in the radio frequency band 3400 - 3800 MHz;
- draft rulebook on obligations of value added services provider.

Amendments to the mentioned bylaws and more precise definition of certain provisions are aimed at improving certain areas of business and their harmonization with the current development of electronic communications in the country and beyond.

POSITIVE DEVELOPMENTS

Rulebook on changes to the Rulebook on the fee calculation for the provision of services within the competence of RATEL was adopted, which significantly reduced the costs of operators in case of status change, i.e. data change (change of name, business name, headquarters or identification mark) by reducing the fee for reissuance of license in electronic form from the previous 50% to 10% of the envisaged fee. In this way, RATEL encourages the use of e-business and contributes to further digitalization of Serbia and we should not

ignore the positive effects in the field of environmental protection, given that each operator has thousands of individual licenses for the use of radio frequencies and licenses for radio-relay links that may be subject to replacement.

In early July 2020 Regulation on the establishment of Radio frequency band allocation plan entered into force, which provided the legal conditions for changes to the existing and adoption of new regulations in the field of radio communications.

At the end of 2019 and the beginning of 2020, new standard offers of fixed and mobile telephony operators were published, which included the possibility of connecting via IP interconnection, thus creating the conditions for the existing TDM technology to be replaced by IP technology. In addition to the advantages of planning and realization of transport capacities, IP technology has also brought significant savings in the costs of interconnection between operators.

At the end of 2019, in cooperation with the OSCE, RATEL and ETF, MoCTI organized workshops on the development of broadband communication infrastructure in Niš, Novi Sad and Belgrade, in order to raise awareness of local government representatives about the benefits of using broadband communication networks and elimination of possible doubts regarding their implementation.

In 2020, progress has been made in the field of information security. RATEL initiated the process of registration in the Register of operators of ICT systems of special importance and adopted the Regulations on the content, manner of registration and record keeping of special centers for prevention of security risks in ICT systems, as well as the Regulation on type, form and manner of submitting statistic data on incidents in ICT systems of special importance.

In anticipation of future public tenders for the right to use parts of the radio frequency spectrum, which are a precondition for starting work on the commercial implementation of 5G technology, the Ministry of Trade, Tourism and Telecommunications has formed a working group to determine the optimal 5G model and long-term approach to this important topic. In addition to the public sector, its members are industry representatives. Such an initiative encourages the expectation that, when creating a strategy for 5G, the state will take into account the attitudes and needs of further development of our industry. In this regard, the Council expects that in the future a simple model of public bidding for radio

frequency spectrum intended for the development of 5G technology (rather than auctions covering spectrum blocks of different bandwidth) will be selected, which will open space for necessary investments in network development and introduction of innovative business models.

REMAINING ISSUES

Adoption of the new Law on Electronic Communications is necessary as a precondition for further market development - public consultations on the draft proposal of the Law on Electronic Communications were held at the end of 2016. Since the new law has not been adopted yet, the existing regulations are not harmonized with European regulations and do not follow the actual situation on the national market in terms of technology share and customer needs, which creates difficulties in developing new business models of operators and thus slows down the development of the electronic communications industry.

Despite the huge contribution during the current health crisis, in the same period, mobile operators are facing an unprecedented negative campaign and a large number of unfounded claims about the alleged connection between the infrastructure of mobile operators, 5G base stations and the current pandemic. This irrational phenomenon leads to huge problems in the field, which are primarily related to the obstruction of works on the construction and maintenance of base stations. Thus, false news and conspiracy theories affect the availability and quality of mobile networks and services, lead to delays in work, increase costs and cause significant damage to operators. As a result, citizens are deprived not only of the usual use of mobile phones but also of vital calls to emergency services, while at the same time the efficiency of the economy and public services is impaired. In this regard, mobile operators have already addressed the Government, and we expect that in the coming period the state will take all measures to

protect the critical telecommunications infrastructure. Also, we believe that it is very important that state institutions actively contribute to science-based education of the population on health aspects of telecommunications technologies and raising public awareness regarding the implementation of 5G technology from the perspective of positive impact on the country's economy and quality of life.

The adoption of amendments to the Rulebook on number portability in mobile and fixed network, which would speed up and simplify the number portability process - public consultations were conducted in May 2018, but the rulebooks have not yet been adopted without any official explanation. Their adoption would speed up and simplify the number portability process in mobile and fixed networks.

It is necessary to enable the provision of public electronic communication services at a fixed location via public mobile communication networks using CLL technology (Cellular Local Loop) throughout the Republic of Serbia.

Direct Carrier Billing (DCB) as the simplest, globally widespread way of purchasing apps from platforms such as Google Play, has not been enabled in Serbia yet. DCB involves the purchase of digital content for mobile devices in such a way that the billing of this content is done by charging payments to their mobile phone carrier bill. This model has been operating for years in the European Union, including the countries of the region, given that the Payment Services Directives (PSD1 and PSD2) recognize this transaction as an exception to payment services. Although the national legal framework is harmonized with the EU, specifically the Law on Payment Services is harmonized with the PSD1 Directive, the National Bank of Serbia has not changed its position that mobile operators should be registered as payment institutions in order to provide this service, which would make the model commercially unprofitable.

FIC RECOMMENDATIONS

- Improvement of regulations and their interpretation in the field of infrastructure construction: (3)
 - a) Issuance of guidelines to local self-governments by the Ministry of Environmental Protection would contribute to the cessation of excessive reference and arbitrary interpretation of the principle of prohibition of exposure to non-ionizing radiation sources and the principle of proportionality referred to in the Law on Non-Ionizing Radiation Protection by local environmental secretariats;

- b) In cooperation with the Ministry of construction and infrastructure and Ministry of State Administration and Local Self-Government, it is necessary to provide education to departments in local self-governments, in order to remove spatial restrictions for the construction and installation of mobile telecommunications infrastructure;
 - c) In accordance with the comparative practice of developed EU countries such as Germany and Finland and countries in the region (e.g. Croatia), we propose to exclude mobile telecommunications facilities from List 2 of the Regulation on establishing the List of Projects Requiring a Mandatory Impact Assessment and List of Projects that May Require an Environmental Impact Assessment, so that instead of making an environmental impact assessment for each individual base station, it would be sufficient to submit a notification on the installation of the base station together with the relevant measurement to the local self-government before its commissioning, where the local self-government has the possibility of inspection supervision.
- Joint cooperation between the state and industry in choosing the model and period of public bidding for radio frequency spectrum intended for the development of 5G technology - operators propose and advocate a simple auction model to sell the bands that are most needed from the perspective of technologies used and market demands. (3)
 - Adoption of the new Law on Electronic Communications and leaving sufficient time for the implementation of prepaid user registration and other innovations brought by the law. (2)
 - Revision of results and preparation of new strategic documents for the forthcoming period, in terms of electronic communications, information society and development of new generation networks, with active participation of operators in the process. (1)
 - When negotiating international agreements in the field of electronic communications, it is necessary to organize a process of public consultations and include industry representatives in order to consider the technical specifics, deadlines and financial implications, aimed at increasing business predictability. (1)
 - Adoption of the Rulebook on Amendments to the Rulebook on Number Portability for Services Provided via Public Mobile Communication Networks and the Rulebook on Amendments to the Rulebook on Number Portability in Public Telephone Networks at a Fixed Location within the shortest possible period of time. (1)
 - Enabling the provision of public electronic communications services at a fixed location using CLL technology in the Republic of Serbia, without restrictions. (1)
 - More active role of the Government aimed at suppressing of conspiracy theories and false news about 5G technology in order to prevent attacks and disruption of critical telecommunications infrastructure necessary for the provision of basic electronic communications services such as voice and Internet access. (1)
 - Issuance of a positive opinion of the National Bank of Serbia on the provision of Direct Carrier Billing service according to the EU model, in order to enable direct payment of digital content from Google Play and Apple Store via telecommunications operators according to the EU model. (1)