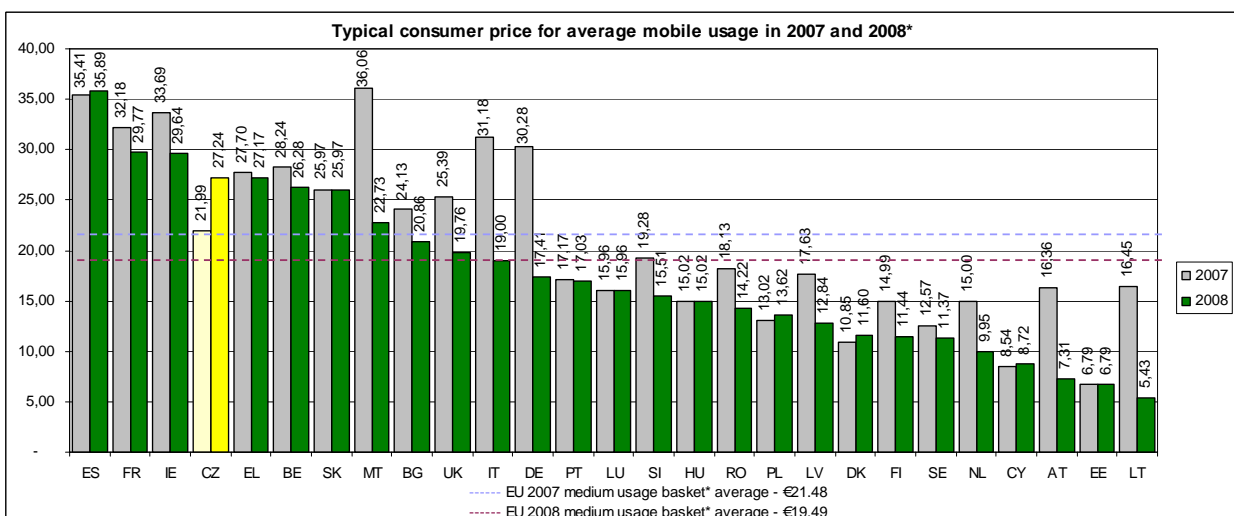


Towards a Single European Telecoms Market:

Focus on Czech Republic



The mobile phone services market was vibrant in the Czech Republic in 2008, with the rate of mobile penetration as a proportion of population rising to 131%. There has been an increase in the price for mobile usage in 2008 partially due to fluctuations in currency exchange rates. Strong competition on the broadband internet market is resulting in lower prices for Czech consumers. Digital TV has been launched in more regions and the country is on the way to complete switch over. However, the take-up of fixed broadband services has slowed and more efficient regulation is needed to increase competition in the DSL segment of the market. The waiting time for a consumer to take their phone number from one service provider to another is still too long, usually taking at least 10 days.



*The above table relates to the cheapest offer in the medium usage basket using OECD methodology as of 2006. It consists of 65 outgoing calls per month + 50 SMS messages + 2-3 MMS. 21% of calls are to fixed line phones, 72% to mobile phones, 7% to voicemail. Where appropriate, it includes monthly rental, and any registration charges (post-paid offers, in particular).

Progress

Cheaper high speed internet

The fixed broadband market experienced strong competition among the different types of internet networks in 2008. As a result of these competitive forces, customers enjoyed lower prices, mainly for services delivered over wireless links (wireless local loop) and cable. New entrants now have 67% of the market, most of whom use such alternatives to regular fixed DSL broadband.

Mobile penetration still on the rise

Mobile penetration is high at 131%, which is a significant 11 percentage points up from the previous year. Consumers continue to move from fixed lines to mobile phones as an increasing majority of phone calls are made from mobiles: 76% in July 2008.

Digital switchover takes off

Digital terrestrial television has been launched in another four regions of the Czech Republic in

2008, bringing the total number to six out of 13.

Meanwhile, analogue broadcasting continues alongside digital services in these regions until final switch-off of analogue transmitters starting in April 2009, at the end of a 6-month information campaign.

The Czech Republic is on track for analogue switch-off by 2012.

Areas for Improvement

Room for more broadband access lines

While the penetration rate of broadband internet has increased, it remains almost six percentage points below the EU average of 22.9%. There is still ample scope for operators to take advantage of the extensive competition between different types of networks.

This competition should also target the digital divide which remains in rural areas, where DSL broadband coverage is only 75%, ten percentage points lower than the national level.



Incumbent dominates DSL broadband

The incumbent operator strengthened its position over 2008 and holds an 85% share of the retail DSL market.

There is a need for more effective regulation of the DSL market. The three largest fixed alternative competitors no longer serve residential consumers, citing low profit margins and difficulties in matching the incumbent's and other mobile operators' bundled offers (such as combined mobile and fixed phone and broadband).

Long waiting time to port numbers

The time it takes for a consumer to change operator while keeping the same phone number (number portability) is still long. For fixed line consumers, it takes 15 days, while mobile portability time is 13-14 days for post-paid and 10 days for pre-paid customers. However, the persistent growth (25% more between October 2007 and October 2008) in ported numbers suggests that consumers are keen to take advantage of competitive markets.

TELECOMS SECTOR'S KEY FIGURES	 EU	 Czech Republic
Total value of sector (2007)	€356.85 billion	€5.1 billion
Nominal growth of sector (2007)	2%	16.71%
Total capital investment (2007)	€52 billion	€564.5 million
Fixed broadband penetration rate January 2009	22.9%	17.1%
Mobile broadband (data cards) penetration rate January 2009	2.8%	2.7%
Mobile penetration rate	119%	131%
Average mobile termination rates	€0.0855	€0.1220
Incumbent's broadband market share January 2009	45.6%	33.5%
Incumbent's market share in direct fixed access	81.4%	95.7%
Total mobile ported numbers in 2008 only	14 million	133 634
Total fixed ported numbers in 2008 only	6.5 million	689 180
Average/typical broadband consumer price*	€36.89/month	€51.07/month
Average/typical mobile communication consumer price**	€19.49/month	€27.24/month
Average/typical fixed telephony communication consumer price***	€36.13/month	€51.42/month

* Median basket price for broadband (2-4Mbps offers) using purchasing power parity (PPP)

** Average "medium usage pre&post-paid 2006 OECD basket" price for mobile communications. The figure for the Czech Republic refers to the cheapest available offer of the two largest operators on the market

*** Average "medium usage residential 2006 OECD basket" price for fixed voice communications

For further information

Full report on the Internet:

http://ec.europa.eu/information_society/policy/ecomm/library/communications_reports/annualreports/14th/index_en.htm

More information on telecoms: <http://ec.europa.eu/ecomm>

Europe's Information Society Thematic Portal: http://ec.europa.eu/information_society

Information Society and Media DG Information Desk: Email: info-desk@ec.europa.eu