

CZECH REPUBLIC

INTRODUCTION

Dynamic platform competition continues to be the main characteristic of the Czech broadband market. The take-up of broadband services has slowed down, while the incumbent's position in the DSL sector has been strengthened. Mobile operators are stepping up their efforts to deliver converged fixed and mobile services. Low fixed penetration underpins the increasing fixed-to-mobile substitution with the vast majority of total outgoing traffic carried over mobiles.

The second round of market reviews has started with the wholesale broadband access market, where a new set of obligations was imposed on the SMP player. The regulation in place in particular for the LLU market and bitstream access so far does not appear to address the competition deficits fully and effectively. The NRA's efforts were also directed at redressing problems in the telecommunications market by means of modifications to price caps imposed after the first round of market reviews. The digital switchover process continues with parallel analogue and digital broadcasting in several regions.

REGULATORY ENVIRONMENT

Main regulatory developments

The Czech regulator Český telekomunikační úřad, ČTÚ, completed its second review of the wholesale broadband market by imposing relevant remedies on this market in October 2008. ČTÚ initiated the three-criteria test for those markets which have been excluded from the new Recommendation on relevant markets. Additional decisions on remedy measures taken by ČTÚ in 2008 relate to modifications of price regulation obligations which had been imposed on the telecommunications market on the basis of the first round of the market review process.

Several legislative changes to the Czech national framework for electronic communications were introduced in 2008. An amendment to the Electronic Communication Act aiming at completing the transposition of the Data Retention Directive came into force in September 2008. The amendment also introduces the possibility of imposing sanctions for infringement of the Roaming Regulation.

A government decree on universal service special tariffs was adopted. This decree, based on previous amendment of the Electronic Communication Act, effective from 1 January 2008, reduces the scope of special discounts by limiting them to disabled users and excluding provision of special prices for low-income recipients.

The Ministry of Industry and Trade approved an amendment to the national numbering plan in summer 2008. A ČTÚ decree on the method of assessing the coverage of terrestrial digital broadcasting was adopted. In May 2008, the Government adopted a decree on the technical plan for transition from analogue to digital TV, setting the date of 11 November 2011 for the analogue switch-off. An amendment to the government decree on radio frequency fees introduces future increases in analogue frequency fees.

Further amendment of the Electronic Communication Act is under preparation. The draft proposal gives the NRA the power to withdraw a frequency assignment in cases where operators do not use the assigned spectrum within a specified time period. The draft furthermore proposes to change the compensation mechanism for universal service to public financing systems only.

Organisation of the NRA

With a new appointment to the Board in 2008, the Board of ČTÚ now has all five chairs filled. Members of the Board are appointed by the government upon proposal of the Minister of Industry and Trade for a period of five years on a rotational basis with one new selection each year. The Chairman of the Board is appointed for a maximum of three years.

The NRA has been granted sufficient regulatory powers by legislation and continues to carry out its duties in an independent manner.

A monthly report issued by the NRA continues to channel information regularly to all stakeholders. While mobile operators express appreciation of the NRA's regulatory responsiveness to issues arising in the market, ČTÚ is criticised for lacking the initiative to address issues of concern raised by fixed alternative players.

Decision-making

In the course of the reporting period 2008, ČTÚ concluded the second round of the market review process for four markets, namely the wholesale broadband access market and the fixed retail markets for both residential and non-residential local and/or national telephony, and the residential international telephony market. More progress is therefore needed to complete the second round of market reviews. Naked DSL was newly imposed in relation to the wholesale broadband market. Additional remedies imposed on this market during 2008 provide for more details of the existing obligations, especially with regard to migration of customers to bitstream.

The remaining obligations on significant market power (SMP) operators which were adopted by ČTÚ during 2008 relate to price regulation remedies which had already been previously imposed on the basis of the first round of market reviews. ČTÚ imposed on two occasions new price caps for the wholesale unbundled access (LLU) market.

Further reductions in price caps were imposed in relation to the fixed call origination and termination markets. ČTÚ withdrew the price regulation obligations from the fixed retail access market for residential customers, despite the Commission's comments that lifting of price regulation would be premature at this stage. In order to create greater stability on the mobile market, the NRA proposes to apply a glide path for the mobile termination price caps.

The three-criteria test was performed with regard to three former retail markets and, as a result, ex-ante regulation was lifted in November 2008 from the former market for fixed residential local and/or national telephony. The NRA expressed its intention to finalise the three-criteria test for the remaining former retail markets soon afterwards.

MARKET AND REGULATORY DEVELOPMENTS

Turnover and investment figures have increased in comparison with 2006. The total turnover of the telecommunications sector was €5.1 billion as of 31 December 2007. The revenue from the fixed market was €1.7 billion, whereas the revenue from the mobile market reached €3.0

billion. The revenue from the telecommunications market overall increased by 16.7% compared to 2006, totalling 4% of the national GDP in 2007. The total value of tangible investments was €564.5 million, of which €335.7 million came from mobile operators, €115.8 million from fixed alternative operators, and €113 million from the incumbent operator.

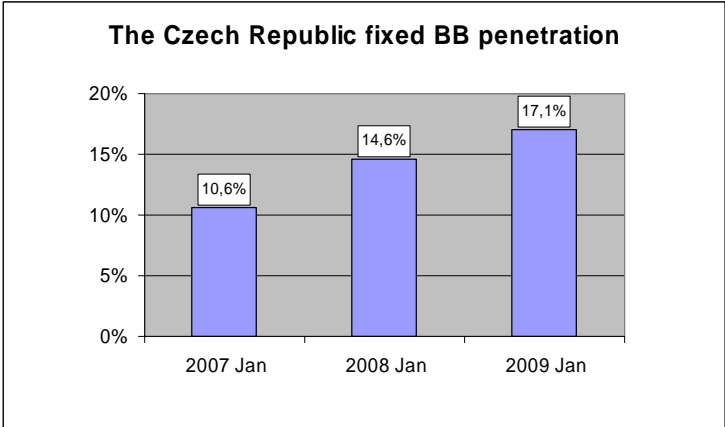
There is a growing tendency in the market to offer bundled services and converged fixed-mobile offers. The incumbent first introduced a converged fixed voice, mobile voice and ADSL offer (Duo Mobil) in 2007; the need to provide a competitive offer induced the other mobile players to follow the trend of convergence. Their converged offers are brought together mainly in cooperation with fixed alternative operators via LLU and partly also via the incumbent's wholesale DSL offer. These offers are mostly tailor-made with a focus on business customers. The smallest GSM operator, for example, acquired a local fixed operator in order to reinforce its one-net offer of fixed voice, mobile voice and DSL services. The capacity of fixed alternative players to replicate such offers, however, is rather limited. Cable operators have increased the number of triple-play offers for broadband, TV and fixed voice telephony. The incumbent's triple-play product is a bundle of mobile voice services, broadband and IPTV.

Development of 3G infrastructure has been limited. There are three main mobile players present although the smallest GSM operator's 3G roll-out is still in a testing phase without commercial launch of the service. Nationwide 3G coverage has not been achieved yet by any of the players. With regard to technology, the incumbent uses HSDPA (High Speed Downlink Packet Access) and CDMA (Code Division Multiple Access), the latter allowing for almost nationwide broadband access in rural areas; the other mobile operator offers services via UMTS TDD (Universal Mobile Telecommunications System using Time Division Duplexing) but has announced its intention to extend its UMTS operation. The newest market entrant uses CDMA technology allowing for voice and data services with a special handset.

Investments in next generation networks (NGN) infrastructure have been minimal. At present, fibre is deployed on a small scale mainly by new entrants, targeting mostly 'greenfield' areas.

Broadband

Market situation



The fixed broadband penetration rate increased from 14.65% in January 2008 to 17.1% in January 2009. The fixed broadband penetration rate is below the EU average of 22.9% and remains well behind the top performers in the European ranking of fixed broadband penetration. Mobile broadband penetration for dedicated data services reached 2.7% in January 2009. Mobile

players generally consider mobile broadband to be a complementary product to the fixed broadband services.

The Czech fixed broadband market continues to be characterised by extensive inter-platform competition. The new entrants' 66.5% market share by fixed retail access lines remains stable

and relies mainly on infrastructure other than DSL to provide broadband access. The prevailing platforms such as DSL technology (39.4% of total fixed retail lines), WLL (Wireless Local Loops) (35%), and cable (21.6%) exert strong competitive pressures. Such a market situation provides consumers with more and better choice at lower prices.

WLL and cable retail prices are reported to have fallen; DSL retail prices remain stable despite the incumbent's continuing efforts to upgrade its fixed network to double speed levels. DSL remains the single most important technology underpinning broadband services. However, its retail prices are well above those of cable and WLL providers, partly due to inclusion of the line rental fee in the final retail price. The market players note an increasing drive for granularity of the market, i.e. need to develop diversified approaches to meet the requirements of different types of customers and business cases.

The upward trend in broadband subscriptions is most notable for WLL followed by DSL and cable. WLL broadband services are offered by a multitude of operators. Subscriber gains are also noted with respect to smaller cable operators. Although the cable platform has a significant position on the market, cable networks are generally limited to densely populated areas. Such a geographical constraint poses a limitation on broadband subscriber growth for individual cable operators. DSL showed a smaller net gain than WLL, but its position on the market remains stable.

The incumbent's market share by retail lines in the DSL segment increased slightly from 82.9% to 85% in January 2009. This figure leads to an overall 33.5% market share of the incumbent operator on the total fixed broadband market. The bitstream access product which is actually taken up on the market is not based on the bitstream remedy reference offer. The three largest fixed alternative players have left the residential segment of the ADSL market as the current wholesale DSL prices and the financial impact of distribution networks are not regarded as leaving a sufficient profit margin. Voluntary wholesale line rental (WLR) is offered by the incumbent. So far, no commercial contract has been concluded, although negotiations are ongoing with one alternative player and a testing phase has been initiated. New entrants were interested in using this facility mainly in connection with ADSL provision, but as things stand no further interest has been expressed. Developments with respect to growth of unbundled lines are marginal.

The average national DSL coverage stood at 85% in 2007, and DSL coverage in rural areas reached 75% the same year. The average national cable coverage is 40%. However, in the context of broadband coverage it should be noted that broadband access in rural areas is also available via other technological means, for example CDMA services.

Regulatory issues

ČTÚ has concluded the second round of review of the wholesale broadband access market. The results were notified to the Commission in September 2008. The incumbent operator is designated as having SMP in this market. The consequential SMP obligations entered into force in November 2008. The decision on remedy measures meets a long-standing demand of alternative players (fixed and mobile) for the naked DSL facility. Additional remedies imposed on this market provide for more details of the existing obligations, including a Service Level Agreement (SLA), precise regulation of data limits and definition of conditions for changing operator. Operators are allowed to migrate customers into bitstream in bulk. For alternative operators this should resolve one of the major concerns related to bitstream i.e. reduce the current levels of fees to be paid for migration of each individual customer.

Price regulation is not imposed, despite the fact that wholesale prices are of great concern to alternative operators. The NRA concluded that there was no price squeeze; in fact, the results of the price squeeze test showed that the margin was higher than three years ago. ČTÚ notes that price regulation would not be justified since the margin between the incumbent's wholesale and retail prices is satisfactory, and the obligations of non-discrimination and accounting separation are considered sufficient to exclude any cross-subsidisation. A dedicated channel enabling alternative operators to provide IPTV is not included in the set of remedies, although the alternative players were requesting such a wholesale product.

In its comments, the Commission reminded the NRA to include FTTx/ETTx (Fibre to the x/Ethernet to the x) products in the market definition. Even though such inclusion would not be likely to change the outcome of the analysis at the moment, ČTÚ is invited to monitor closely the fibre roll-out and review the market as soon as any further deployment of NGN infrastructure risks bringing about a competitive change in the market. The NRA has not yet formulated its regulatory position on the future of NGN access.

A new set of reduced price caps was set for the LLU market in June 2008, reducing mainly monthly rental and also some one-off prices. However, despite the price drops, LLU prices remain higher than the EU average. The new price caps were based on an updated WACC. An amending price decision was issued and entered into force in December 2008. This second price drop primarily has the effect of reducing one-off prices. The NRA intends to launch a new market review for the LLU market in 2009.

Alternative operators are concerned about the proper functioning of IT systems for LLU and the fact that it is difficult to ensure the quality of LLU when penalty charges are not available. An administrative procedure on modification of RUO has been initiated by ČTÚ in this respect. At present, the reference offers (Reference Unbundling Offer — RUO and Reference Bitstream Offer — RBO) do not include penalties, hence any issues in this context are dealt with by means of disputes. These are often complicated disputes on technical details and collocation and the NRA may be unable to resolve them within the time limit of four months laid down in the EU framework.

The overall impact of regulation imposed on broadband-related markets prior to the latest remedies appears to be limited. Despite continuous price drops, the number of unbundled lines remains very low, and market players do not seem willing to invest further in LLU. The bitstream wholesale product based on the incumbent's RBO is not having a real impact on the market as it is not being taken up by the main alternative players. Three major alternative players actually left the residential DSL market in 2007 and 2008, arguing that the wholesale price does not permit sufficient profit margin. The NRA notes that the regulated DSL segment of the market is becoming increasingly difficult to compete in, mainly due to competitive advantages of other unregulated platforms. ČTÚ considers the continuing fixed market consolidation to be one of the reasons for low LLU/bitstream take-up. However, it expects further DSL growth triggered by the new redesigned remedies as well as by finalisation of the speed upgrade on the incumbent's network.

Mobile markets

Market situation

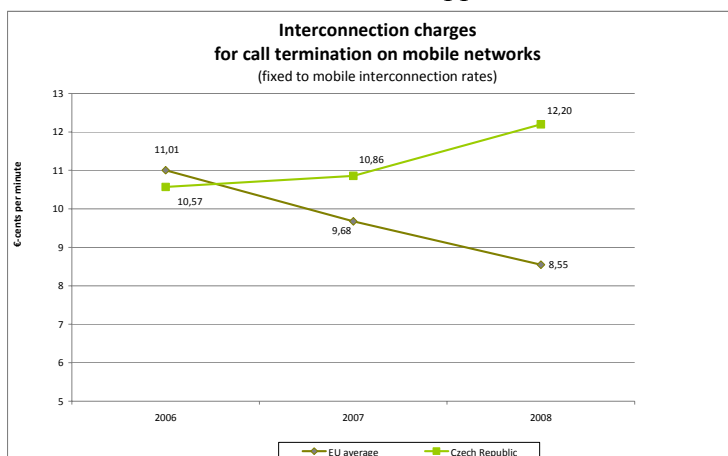
The market shares of the three main competitors remain relatively stable. Mobile penetration is high at 131%. There are continuing signs of fixed to mobile substitution with decreasing volumes of traffic over fixed networks and increasing volumes over mobile networks.

The average retail mobile price per minute was, at €0.15, slightly above the EU average of €0.14 for 2007. 53% of mobile subscribers opt for pre-paid services. In June 2008, the smallest GSM player equalised the price conditions for both pre- and post-paid customers. This player is yet to launch 3G services commercially. Its negotiations to secure 3G network-sharing have not delivered results. The new entrant, providing services over CDMA, offers mobile voice services since July 2008. Its service is considered relatively inexpensive, yet the number of subscribers is very low due to a variety of service constraints, such as the need to have one special handset only, unavailability of roaming services and limited coverage.

Regulatory issues

No regulation is imposed on the mobile access market as it is deemed to be effectively competitive. There is no MVNO agreement signed. Fixed alternative operators note difficulties in gaining access to mobile origination. However, since the regulator has not received any official request to resolve a dispute in this respect, the extent of real MVNO pent-up demand remains questionable.

A full set of remedies has been imposed on the mobile termination market where all three GSM operators were found to have SMP on their own networks. Nevertheless, the mobile termination rates seem high and, at €0.122, are well above the EU average of €0.0855, and even show an increase in comparison with 2007. This increase appears to be linked to exchange rate fluctuations. The NRA proposes to further adjust the price caps for mobile termination rates which had been set on the basis of the first round of the market analysis process. In order to increase market stability, ČTÚ intends to introduce a glide path for mobile termination based on historic costs by two price drops per year. Mobile players appear to be content with this approach. The proposed measure was notified in November 2008. Commenting on this, the Commission asked ČTÚ to reconsider the proposed historic costs approach in view of applying forward-looking rates of effective operator. However, the new rates applicable from January 2009 are based on the regulator's original approach. ČTÚ has initiated a data collection exercise for a new review of the mobile termination market.



Roaming regulation

All three GSM operators signalled compliance with the annual price caps reductions. However, it appears that only one of the operators used the reference exchange rate published in the Official Journal of the EU on 30 July 2008 as required by the Roaming Regulation. The operators' compliance with the obligations is under scrutiny by the NRA. In October 2008, the smallest operator introduced packages with reduced prices for data roaming. In the Czech Republic, the wholesale roaming price is based on per-second billing, whereas the retail roaming price charged to consumers is based on per-minute billing. National legislation does not require operators to charge consumers per second. The possibility for the NRA to impose penalties in relation to infringements against the Roaming Regulation has been introduced in national primary law.

Fixed market

Market situation

The fixed line penetration rate is one of the lowest in the EU at 31% of households and 20% of the population as of July 2008³⁹. The volume of outgoing calls from fixed lines continues to drop. The incumbent reports a persisting annual churn of fixed lines and expects a further reduction of the total number of fixed lines once DSL service and fixed line provision become unbundled.

The fixed market is undergoing continuous consolidation. The fixed alternative players have maintained a stable market share by retail revenue of 35%. They compete predominantly in the business segment of the market via carrier selection and carrier pre-selection (CS/CPS) and appear to be most successful in providing international calls, with their market share by retail revenue having risen from 60% in December 2006 to 63.5% in December 2007. A marginal 4.3% of subscribers use a provider other than the incumbent for direct access to fixed telephony. Voice over cable is being offered by a growing number of smaller operators, but VoIP (voice over IP) take-up is still limited and its impact on the fixed voice market remains minimal. Cable operators' voice services are usually taken up within bundled offers of TV and/or Broadband.

Mobile operators are striving to establish themselves in the fixed market. Fixed alternative operators are not able to compete with the converged fixed-mobile offers of mobile players.

The WLR facility offered voluntarily by the incumbent since December 2007 has not been implemented in practice. The negotiations are ongoing and a testing phase has been initiated with one alternative operator.

Regulatory issues

As regards retail access markets, the NRA removed the obligation for cost orientation and prohibition of cross-financing from the former fixed retail access market for residential customers in April 2008. The withdrawal of price regulation in the retail access market relies mainly on sufficiency of wholesale remedies. The Commission commented that in this particular case the removal of price regulation was premature. Fixed alternative players have not raised concerns in this respect. The three-criteria test was performed on both fixed

³⁹ Data provided by the fixed incumbent operator.

residential and non-residential local and/or national telephony markets, and on the market for fixed residential international telephony. As a result, ex-ante regulation has been lifted from the market for fixed residential local and/or national telephony since November 2008, and the other two markets followed at the beginning of 2009.

With respect to wholesale fixed markets, the NRA has proposed to set new price caps for fixed origination and termination fees at the first transit exchange. The modification of the price control obligation became effective in November 2008. The interconnection charges currently applicable remain well above the EU average.

Fixed alternative operators note that differences in regulation of the fixed and mobile termination rates, where fixed-to-mobile interconnection prices remain significantly higher than fixed-to-fixed interconnection prices, accommodate the process of fixed to mobile substitution.

Broadcasting

Market situation

In the TV broadcasting market, terrestrial transmission provides services to 14.5% of households over population, with the estimated share for digital transmission and analogue transmission amounting to 4.8% and 9.6% households over population respectively. Cable TV (9.6% of subscribers over population) and satellite TV (7.71%) appear to hold almost equally strong positions on the market. The market share of the IPTV platform is marginal despite relatively significant growth in the number of subscribers.

A consolidation process is ongoing in the cable market. The biggest cable operator covers an estimated 70% of the cable TV market. Two new players have entered the market for digital terrestrial TV broadcasting. Apart from the incumbent, IPTV is also offered by two other local operators.

Two regions (Domažlicko and Ústecko) tested the analogue switch-off in 2007 and have since been in a phase of parallel analogue and digital broadcasting. Another four regions started parallel broadcasting at the end of October 2008. Such parallel broadcasting is to be accompanied by a six-month information campaign to inform citizens about the details of digital switchover as well as the timing of the switch-off for particular analogue transmitters. The switch-off is to take place after the information campaign is finished. Since mobile phones and other devices equipped with DVB-T (Digital Video Broadcasting-Terrestrial) receivers entered the Czech market, the interest of two mobile operators in implementing mobile TV over DVB-H (Digital Video Broadcasting-Handheld), indicated in the past, has diminished.

Regulatory issues

A national coordination group has been formed by the Government to coordinate the process of digitalisation, assisted by an advisory body that includes representatives of the Ministries, ČTÚ and the Broadcasting Council.

The November 2007 Amendment of the Radio and Broadcasting Act introduces the facility of additional compensation digital licences for two major commercial TV stations. The Amendment creates a possibility for launching six new digital channels. In August 2008, after a long period of resistance to the digital switchover process, the commercial TV channels announced their support for the technical plan for digital switchover. Opposition by the

commercial channels to digitalisation was considered to be the biggest obstacle to successful completion of the process.

The NRA has not yet set a time frame for a tender with respect to mobile TV frequencies.

Horizontal regulation

Spectrum management

The draft amendment of the Electronic Communications Act proposes to reinforce the powers of the NRA in frequency management. ČTÚ would be allowed to withdraw frequencies if operators do not use the assigned spectrum within a specific time period. This issue had previously posed a problem with certain operators, since the current legislation allows for withdrawal of the individual rights to frequencies but omits withdrawal of the general right. The NRA may re-assign and split up the withdrawn frequencies.

ČTÚ intends to assign the remaining free frequencies in the 900 MHz spectrum band. In ČTÚ's opinion, the spectrum available is not deemed sufficient to allow for establishment of a fourth mobile player, hence the regulator signalled that the frequencies will most likely be assigned to the existing players by means of a tender.

In September 2008, the regulator initiated a broad national public debate on the future use of the digital dividend spectrum.

Numbering

ČTÚ indicated a further change to the national numbering plan to facilitate usage of mobile numbers for fixed-mobile lines using a combination of fixed wireless and mobile services on one handset. In this respect, the NRA notes a convergence of technologies and a continuous reduction of differences between mobile and fixed services. According to ČTÚ, the use of numbers should not be restrictive.

The fixed alternative operators express concerns about the regulator's approach and note that such usage of mobile numbers is already being applied in practice for large-traffic customers by all three mobile operators. They stress that since mobile origination is not regulated, CS/CPS services are not available, charging of fixed to mobile termination rates disadvantages the fixed competitors and, in addition, number portability is not allowed between fixed and mobile networks. To avoid any distortion of competition the ČTÚ is currently examining the basic principles of providing services at a fixed location via mobile network operators, including in relation to number portability.

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The EU harmonised number 116 111, reserved for child helplines, has been assigned to the incumbent. The service is already operational.

Implementation of spectrum decisions

The Czech Republic has implemented the Commission's decisions on radio spectrum harmonisation (Decisions 2005/513/EC, 2005/928/EC, 2006/771/EC, 2006/804/EC, 2007/131/EC, 2004/545/EC, 2005/50/EC, 2007/90/EC and 2007/98/EC). Implementation of Decision 2007/344/EC on the harmonised availability of information regarding spectrum use,

which ensures accessibility of the radio interface specifications in the EFIS database, is under way.

THE CONSUMER INTEREST

Tariff transparency and quality of service

Premium-rate services are self-regulated through binding contracts amongst the association of mobile providers, the association of fixed providers, and content providers. Special working groups regularly renew and update the ethical codex. Billing details for premium-rate services are dealt with by service providers; originating operators provide for transfer of payments from customers. New services such as public transportation tickets via SMS are negotiated at the technical level via this self-regulatory platform. Overall, this cooperation appears to be effective. Both the NRA and industry note that the self-regulation in place reinforces tariff transparency and lessens the number of consumer complaints. An interactive web-based price comparison tool is not available in the market.

Universal service

A draft proposal for changing overall the compensation mechanism for universal service to public funding has been prepared. The current financing system allows for public funding only with respect to measures for disabled users.

The incumbent and the smallest mobile operator were again designated for the element of special social tariffs for disabled users on the basis of the new Government Decree of 2008. The decree specifies the reduction of the scope for the element of special tariffs, which was introduced by primary legislation at the beginning of 2008, by excluding the provision of special prices for low-income recipients. Nevertheless, in addition to the requirements set out in the designation, the smallest operator decided to maintain the original wider scope of special discounts. The third mobile player did not apply for a designation to provide social tariffs. However, it continues to offer on a voluntary basis more generous discounts than those provided for by the current universal service obligation. The scope of designated elements has been further reduced by the NRA's decision not to designate a universal service provider for the provision of comprehensive directories and directory enquiry services. The last designations expire at the end of December 2008, and it is expected that these services will continue to be provided by the market without a need for imposing obligations.

The net cost calculations have been finalised for 2001-2005. While the respective decisions remain effective, they have been appealed in court by two mobile operators. The incumbent's appeals against net cost calculations are also pending in court. All of the decisions on contributions for these years have been adopted, and contributors' payments have been made except for those companies which no longer exist. The draft proposal resolves this situation by allowing substitute payment from the state budget. The net cost calculation for 2006 is at a final stage, and ČTÚ's decisions on individual contributions are to follow. It should be noted that the total net cost of each designated undertaking is to take account of all profits from any of the partial services provided by that undertaking, which currently does not appear to be the case for provision of directories and directory enquiry services. Operators express concerns that the net cost calculations for 2004-2005, which are based on the legislation preceding the current Electronic Communications Act, do not take account of intangible benefits. The Commission services will look into this matter.

ČTÚ reviewed the necessity of reimposing the obligation to provide directories and directory enquiry services within the context of universal service. Taking into account the fact that these services are available on a commercial basis, it was decided not to reinstate the obligations.

Number portability

The average time for fixed number portability indicated by alternative operators is 15 days from a consumer's perspective. It is felt necessary by alternative providers to shorten the time taken for LLU customers. The disputed cost-oriented wholesale price has been set by the NRA. The retail price charged by the biggest operators to a consumer is zero or a symbolic 1 CZK. Fixed number portability is managed by an organisation within the association of fixed players. Market data confirm increased usage of this important tool for consumer choice.

The mobile operators have indicated an average total mobile portability time of 13-14 days for post-paid and 10 days for pre-paid from a consumer's perspective (5 days between operators). The NRA's decisions on disputes concerning the wholesale prices for mobile number portability came into force in July 2008. The prices set by ČTÚ are asymmetric and cost-oriented; two operators have appealed the decisions to an administrative court. The facility is currently working but the porting parties do not effectively pay the wholesale charges. The time limit set by the legislation concerns the procedure between operators — there is no limit with regard to consumers. Again, the retail price is zero or a symbolic 1 CZK. Usage of mobile number portability increased in 2008, yet it does not appear to have a significant impact on the market dynamics.

Consumer complaints

Consumer disputes involve mostly issues relating to unpaid invoices. ČTÚ, which provides an out-of-court dispute resolution mechanism for customers, notes that few complaints have been received with respect to other issues such as quality of service or universal service provision. The courts have confirmed the NRA's finding as regards almost all the disputes brought before them.

European emergency number 112

The proposed amendment to the Electronic Communications Act is intended to address the problem of the high number of hoax calls received by all emergency service numbers (approximately 70% of all calls). The draft amendment introduces the definition of an emergency hoax call — a call made not for the purpose of announcing events where life, health, property or public order are in danger. Equipment allowing for rejection of hoax calls could be introduced once a hoax caller is identified. The Commission notes that strict application of such a blocking procedure would deny access to emergency services for those callers who have called emergency services by mistake. In such an event, ČTÚ has the possibility to act upon a request and unblock the user's device.

An information campaign for 112 is ongoing on the public transportation systems and payphones in the main cities. Information on 112 is included in school curriculum. Discussions are taking place on the possible provision of caller location information by VoIP providers which are not classified as PATS providers.

Must-carry

The latest amendment to the Radio and Broadcasting Act, effective from 1 January 2008, provisionally widens the scope of must-carry obligations for cable re-transmitters and mobile TV operators to all nationwide digital channels not protected by conditional access. The respective must-carry provisions were adopted as a transitional measure with the objective of facilitating the process of national switchover from analogue to digital terrestrial broadcasting, and of imposing obligations which should expire on the date of completion of the digital switchover or in any case on 31 December 2011.

Data protection

An amendment to the Electronic Communications Act aiming at transposition of the Data Retention Directive came into force in September 2008.