

17. Telecommunications

On 1 May 2005 the new Act on Electronic Communications came into force, by which the Czech Republic implemented the regulatory framework of the European Union from 2002. The electronic-communications sector in the Czech Republic has been fully liberalized (with number portability as of 1 January 2006). Every natural person or legal entity that fulfills the conditions stipulated by law can enter the market and provide electronic-communications services or operate a public communications network.

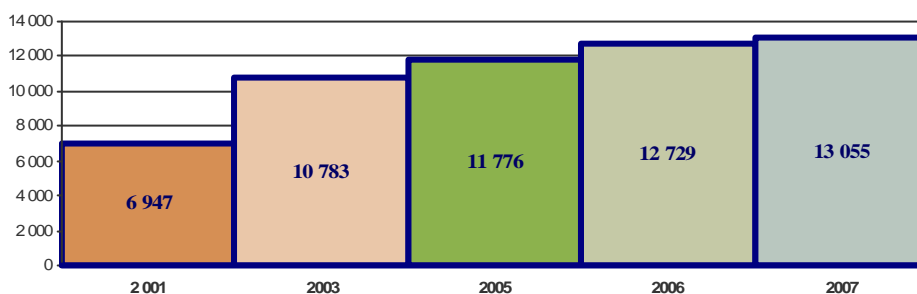
No exclusive rights exist in the area of electronic communications and the level of the competition environment is adequate in terms of the European Union.

The Czech telecommunications market – one of the most highly developed and most liberalized in Central and Eastern Europe – is distinguished by the growth of demand for data, internet and other services to the detriment of voice services.

MOBILE PHONES

The number of subscribers of mobile networks is constantly increasing, albeit at a slower pace than in previous years. Already in 2004, the density of subscribers of publicly available mobile services exceeded 100% in the Czech Republic and there were 128 mobile phones for every 100 citizens in the end of 2007. In comparison with other member states of the European Union, the Czech Republic has above-average rates of mobile-subscriber density.

Mobile Network Users in thousands



Sources: Czech Statistical Office, 2008; CzechInvest, 2008

In the scope of development and practical usage of information technologies in the Czech Republic, there is a typical difference between companies and households. The use of modern information technologies and communications technologies by households has until now been below the European Union average, even though development has significantly accelerated in the past year.

Business, however, has achieved comparable and even above-average rates. In comparison with the other countries of Central and Eastern Europe, the Czech Republic is among the best equipped for access to electronic-communications and information-technology services.

Solely private businesses operate in the electronic-communications sector. The last exception to this was ČESKÝ TELECOM, a. s., in which the state owned a 51% share. Its privatization was finalized in April 2005, when the Spanish company Telefónica S.A. acquired the majority share.

Mobile operators in the Czech market

| Operator | Number of customers (millions) | Year |
|-------------------|--------------------------------|------|
| T-Mobile | 5.271 | 2007 |
| Telefónica | 5.126 | 2007 |
| Vodafone | 2.658 | 2007 |

Source: www.lupa.cz, 2008

Largest telecommunication companies

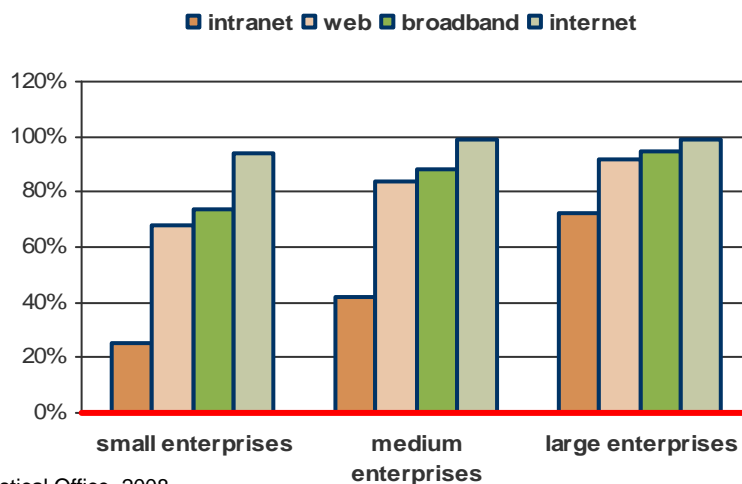
| Company | Revenues (CZK) | Year |
|---------------------------------|-------------------|------|
| Telefónica | 63 196 000 | 2007 |
| T-Mobile | 32 482 473 | 2007 |
| Vodafone | 19 150 340 | 2007 |
| Česká pošta (Czech Post) | 17 431 220 | 2007 |
| GTS NOVERA | 5 765 623 | 2007 |

Source: Czech Top 100, 2008

COMPUTERS AND INTERNET ACCESS

The number of users of high-speed internet access is rapidly and constantly growing, and prices of high-speed internet access are falling. Broadband Internet has become a regular fixture in Czech households. In this respect, the Czech Republic is closing the gap with the older countries of the European Union. As of 1 July 2005, there were approximately 607,000 high-speed connections (using various technologies), which represents penetration of 5.9%.

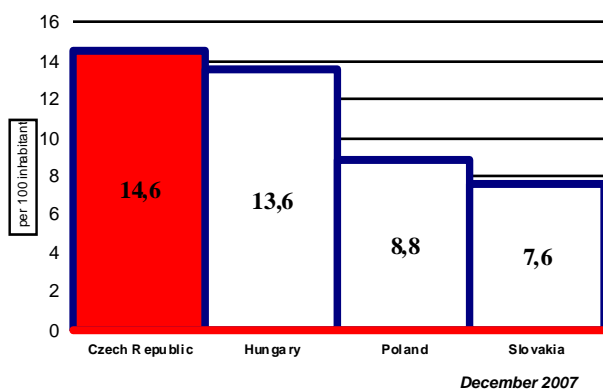
Czech Enterprises using information technologies in 2007



Source: Czech Statistical Office, 2008

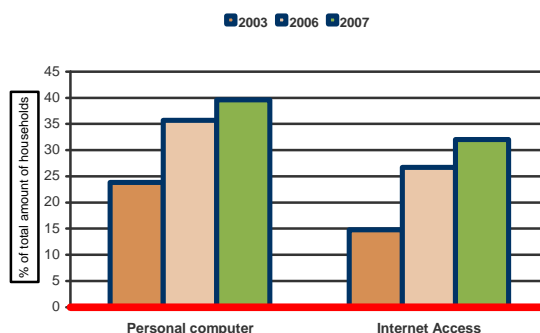
The internet is accessible in various different ways, from basic dial-up up to ADSL, WI-FI, CATV, mobile and satellite. The largest ADSL operator is Telefónica O2 and there are three other big operators – Volny, GTS and CRa. ADSL technology is available in almost every area in the country. There are hundreds of wi-fi providers and all three mobile operators offer internet access using their networks. It is almost impossible to compare all the offers but everybody who wishes to get broadband internet can now get it.

Broadband penetration



Source: OECD, 2008

Households with PC and internet access



Source: Czech Statistical Office, 2008

Forty-three percent of citizens over the age of 16 own a personal computer and 33% of the total population have access to the internet, up from 25% in 2003. Eighty-six percent of the population (3.57 million people) use a computer at least once per week, whereas 57% of citizens use one every day. Most of them use a computer at home (78%), at work (49%) or at school (19%).

Broadband subscribers per 100 inhabitants, by technology in 2007

| | DSL | Cable | Fibre/LAN | Other | Total |
|------------------------|-----|-------|-----------|-------|-------|
| Czech Republic | 6,0 | 3,0 | 0,5 | 5,1 | 14,6 |
| Hungary | 7,3 | 5,5 | 0,0 | 0,7 | 13,6 |
| Poland | 6,2 | 2,5 | 0,0 | 0,1 | 8,8 |
| Slovak Republic | 5,2 | 1,0 | 1,2 | 0,3 | 7,6 |

Sources: OECD, 2008