

**Seminar on Economic Dynamics
of Newly Liberalized
Telecommunication Markets
in the CEE and
Baltic States**

***Implementation of new
regulatory framework in
Czech Republic***



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Telecommunication sector in CR

- **1989** State operator SPT Telecom
- **1993** Czech telecommunication office (a part of Ministry of Economy)
- **1994** Privatisation of CESKÝ TELECOM
- **2000** Act on Telecommunications and on Amendments to other Acts No 151/2000
- **2002** Carrier Selection allowed
- **2003** Carrier Preselection allowed
- **2003** Number portability
- **2003** Amendments to the Act on Telecommunication (unbundling local loop)



New Act on Electronic Communications

Approved by Government

Reviewing in Parliament

Expected to be effective by 1.1.2005



New regulatory framework EU

- Transition from industry specific regulation towards regulation based on competition law
- Technological neutrality
- Regulation *ex-ante* based on maturity of the relevant market
- Support of new technologies development
- Allowing competition within European Union



SMP in current Czech law

Current definition of significant market power

A licence holder with a significant market power is a subject who is entitled to operate public telephone networks or to provide public telephone services, and who has a **share of at least 25% of the relevant market** in a geographical area in which it has the right to operate. The share is determined by the revenue share for public telephone services, including income from interconnection, and the costs of interconnection paid to other providers of public telecommunications services. The **Czech Telecommunications Office can set other percentage shares** on the basis of a licence holder's ability to influence market conditions



Current relevant markets in telecommunication

- telephone services on fixed network - CESKÝ TELECOM 93,64 %
- telephone services on mobile network - Eurotel Praha 49,20 %, T-Mobile Czech Republic 40,88 %
- telephone services on fixed and mobile network - CESKÝ TELECOM 37,85 % , Eurotel Praha 29,31 %
- leased lines - CESKÝ TELECOM 40,09 %
- data services on public data network - CESKÝ TELECOM 74,57 %



SMP in new directives

Position equivalent to dominance

Position of economic strength affording it the power to behave to an appreciable extent independently of competitors, customers and ultimately customers.



Preparation CTO for analyses

- Tender for consulting company
- Preparation of the methodology for the relevant markets assessment
- Preparation for the data selection
- Preparation of the methodology for analyses
- The main obstacles - lack of information



Expected difficulties

- Is CTO fully independent body?
- Are the procedural rules of SMP designation correct and clear?



Universal service directive

- Designations of universal service provider, no undertaking should be excluded
- net cost of universal service
- sharing mechanism or public fund
- Who will provide universal service if public tender fail?
- Correct definition of net cost
- Clear definition of sharing mechanism



Thank you for your attention

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