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1999 COMMUNICATIONS OUTLOOK

TELECOMMUNICATIONS: Regulatory Issues

Country: CZECH REPUBLIC

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The attached questionnaire was undertaken in preparation for the biennial OECD *Communications Outlook*. The responses provided by countries on telecommunication regulation were used to provide information supporting the analytical sections published in association with data. A similar questionnaire with responses on broadcasting regulation is also available. In some cases, data for individual firms, used to compile OECD totals, have not been published at the request of the respondent. For further information, including data, see **OECD Communications Outlook 1999** and <http://www.oecd.org/dsti/sti/it/index.htm>

TELECOMMUNICATIONS

Market Structure and Regulatory Status (Questions 1 -13)

1. Please provide details of the regulation of communication infrastructure, including the public switched telecommunication network (PSTN), provision in your country.

Infrastructure provision for following service	Regulatory Status (e.g. monopoly, duopoly, limited number, fully open to any applicant)	Number of licensed operators (1998)
Local PSTN	monopoly / duopoly	1+7
National PSTN	monopoly	1
International PSTN	monopoly	1
Analogue Cellular Mobile (e.g. NMT etc.)	monopoly	1
Digital Cellular Mobile (e.g. GSM etc.)	duopoly	2
Other Mobile Communication (e.g. PCS, PCN, CT-2 etc.)	monopoly	1
RDS System	duopoly	2
ERMES System	duopoly	2
Payphones	monopoly / duopoly	1+7

2. Please provide details for the major public telecommunication operator (PTO) of public switched telecommunication services in your country. (PTOs are state and privately owned entities providing public switched telecommunication services over their own infrastructure)

Name of PTO	PTO Ownership Status (1998) (e.g. state owned/private owned) If a balance of ownership exists please indicate the share (%) held by the government
SPT TELECOM, a.s.	joint-stock company - 51% National Property Fund, 27% Telsource N.V. , 19% Investment Fund and individual shareholders, 3% Restitution and Foundation Fund

3. Please provide details of market share for the largest PTO in the following categories.

	The largest PTO's share (End 1997)
Local Access (% of access lines)	99.9%
National Long Distance (% of total minutes)	100%
International (% of total outgoing MiTT)	100%

4. Please provide details of the number of subscribers by cellular and PCN mobile communication operators.

Name of Operator	Number of Subscribers (End 1997)
1. EuroTel Praha, spol. s.r.o.	Both companies have 521 469 subscribers together.
2. Radiomobil a.s.	

5. Please provide a description of the most significant recent policy changes affecting the provision of telecommunications services, as well as any draft laws, or regulatory proposals to be implemented in 1998.

<p>1. In May 1998, there were principles of use for the bands 1.8 GHz and 3.5 GHz for telecommunication services issued. The principles are in line with the European regulatory framework. They suppose the possibility of introduction of DCS 1800, DECT, TFFS and other services in the Czech Republic.</p> <p>2. The Draft of Intention of Telecommunication Law was submitted to the Czech government. The New Telecommunication Act:</p> <ul style="list-style-type: none"> • should respect all changes on the market and tendencies of development in the Czech Republic, • should be harmonised with EU documents regarding telecommunications, • should establish, among others, the terms and conditions for realisation of the assignment of the Czech Republic accepted on the basis of conclusions of negotiation about liberalisation of the telecommunication market in the scope of WTO.
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6. Please provide a brief description of the responsibilities of the national regulatory authorities for public telecommunication services.

Ministry of Transport and Communications - Czech Telecommunication Office:

- determines the basic conditions for the system of the state regulation in telecommunications and the rules of the licence policy,
- represents the Czech Republic in international organisations,
- arranges international agreements,
- determines the principles for frequency spectrum management,
- manages the preparation of national plans for telecommunications network, i.e. Numbering Plan, Noise Plan, Transmission Plan, Synchronisation Plan, etc. and approves these documents,
- determines the set of standards for telecommunications,
- organises the tender procedures for the public networks and services,
- issues the authorisations for public network and services,
- approves the prices, and terms and conditions for their implementation in the operation of international telecommunication services,
- issues the licences for the private networks and services,
- issues the licences for other commercial activities in telecommunications,
- issues the permits to establish and operate transmitters,
- works out the draft prices for the telecommunication services on the basis of the price regulation concept,
- approves technical characteristics of telecommunication equipment and certificates their ability,
- manages the frequency spectrum,
- monitors the observance of parameters and licensing conditions of broadcasting facilities ,
- executes the state administration and the state inspection in the field of telecommunications,
- deals with appeals against decisions made in the early stages of administrative proceedings,
- makes decision in administrative proceedings concerning disputes involving users and operators of telecommunication networks and services.

Ministry of Finance:

- approves prices, and terms and conditions for their implementation in the operation of national telecommunication services.

Council of the Czech Republic for Radio and Television Broadcasting:

- issues licences for broadcasting of radio and television programmes by terrestrial transmitters, satellites and cable television,
- ensures the state administration in area of broadcasting including the corresponding parts of the frequency spectrum.

7. Are there any foreign ownership, size of shareholding or other ownership restrictions on individuals and corporations investing in the incumbent PTO(s) in your country? Yes/ No

Yes.

- Major PTO - SPT TELECOM, a.s. - is owned 27% by Telsource, N.V. consortium, comprising PTT Telecom Netherlands 51%, Swiss Telecom 49% and AT&T (know-how support).
- Local network operators in special determined areas - DATTEL, a.s., FACTCOM, a.s., FPD Telecom, a.s., Kabel Plus a.s., Kabel Plus Tel., a.s., Kabelová televize Jeseník, spol. s r.o., TELECOM 21, spol. s r.o. - should have max. 34% of foreign ownership.
- NMT and GSM operator - EuroTel, Praha, spol. s r.o. - is a joint venture owned 49% by the Association Atlantic West BV, established by American companies Bell Atlantic International Inc. And US West International Inc.
- GSM operator - Radiomobil a.s. - is owned 49% by a Tmobil consortium, comprising DeTeMobil (84,55%), STET (12%), and 3 Czech companies (3,45%).
- RDS and ERMES System operator - Radiokontakt OPERATOR, a.s. - is a joint venture owned 49% by France Telecom.

8. Are there any communication infrastructures or services (e.g. cable television, terrestrial broadcasting, satellite broadcasting) PTOs in your country are not permitted to directly provide? In addition, please specify any restrictions on PTOs investing in companies that such infrastructure or services.

PTOs can provide the services approved in their granted licences. Nevertheless, there are no restrictions to apply for permits to provide other services. If they wish to take this course PTOs should proceed via the usual procedures to receive a licence.

9. Is the incumbent PTO(s) in your country allowed to provide mobile communication services? Yes/No

If 'yes', is there a requirement for accounting separation between the PTO's mobile and fixed operations?

No, nevertheless SPT TELECOM, a.s. owns 51% shares of the NMT and GSM operator EuroTel Praha, s.r.o.

10. What selection procedures are used to determine licenses for new PTOs (e.g. calls for tenders, government appointments, license on request)?

In the case of scarce resources a call for tender is used and in other cases the licence is granted on request.

Note: The monopoly status of the SPT TELECOM, a.s. was declared in *The Main Principles of Telecommunication Policy* approved by the Czech Government in 1994. The choice of the strategic partner was realized on the basis of a call for tender.

11. Please specify any restrictions or obligations imposed on new competitive network suppliers?

Until 2000, no entry of other new competitor is permitted in PSTN.

12. Are there any restrictions on the use of leased lines nationally or internationally (including resale)? Yes/No

Yes.

Authorized holders for provision of leased line service with infrastructure established and operated outside Unified Telecommunication Network:

- are allowed to provide a circuit nationally **only** when both end points are on the territory of the Czech Republic,
- are allowed to provide a circuit internationally **only** when one end point is on the territory of the Czech Republic,
- are not allowed to connect their circuits to PSTN in the Czech Republic and in abroad,
- are allowed to provide the service **only** on the basis of the agreement reached between the provider and user,
- have contractually to bind users of leased lines not to resell leased capacity to third parties excluding to a party realising an own value added service.

SPT TELECOM, a.s. as the Authorized holder has right:

- to prevent, in a lawful manner and with the assistance of the permitting authority as necessary, the direct or indirect connection or interconnection of leased telecommunication circuits and non-public networks used for transmitting analogue voice signals or digitalized voice signals in real time, with the switched network of the Authorized holder or the public switched telephone network of a foreign operator, unless allowed by legal regulation
- to contractually bind users of leased telecommunication circuits not to resell leased capacity to third parties and not to connect such circuits to PBXs capable of connecting such circuits to the Unified Telecommunication Network or non-public networks, or with other leased circuits, unless allowed by legal regulation

13. Under the communication regulation existing in your country how would national and international voice telephony services provided over the Internet, by entities other than a PTO, be defined and treated? Please mention any restrictions or obligations that may apply.

This issue is under examination at present. At present no permit has been issued.

Pricing (Questions 14 -15)

14. What, if any, conditions are applied to the tariffs set by PTOs? (Please include any price control information such as price caps and specify for which service they apply).

A price cap is applied only for telephone services.

15. If communication discount schemes are available in your country please provide information on one or more popular schemes applicable to residential users, dial-up Internet access users and a low user scheme from the incumbent PTO. In the space below please indicate the main features:

Residential User Discount Scheme:

1. The first 10 pulses are under a lower tariff to all subscribers.
2. There are price advantages for disabled (immobile) people and participants of revolutionary resistance. They have 85% connection charge discount and do not pay any monthly rental.

Internet Access Discount Scheme:

No discount exists.

Low User Scheme:

No discount exists.

Note: Residential user refers to an average consumer's home telephone service. A dial-up Internet user refers to a consumer accessing the Internet via a PC with a modem over the local public switched telecommunication network. Low user schemes is a term sometimes applied by PTOs to schemes designed for segments of the community that are financially disadvantaged.

Numbering/Domain Names (Questions 16 - 17)

16. Please describe the numbering policy in your country. Please mention the responsible authority and whether portability has been introduced and for which services (e.g. 800 numbers, cellular numbers, local PSTN numbers).

Czech Telecommunication Office - Department of regulation, tariffs and charges is the responsible authority. Number portability has not been introduced.

17. Have there been any recent government policy initiatives in your country in respect to the administration of Internet top level domain names. (An example of a top level domain name is .be for Belgium). Yes/No

No.

Interconnection (Questions 18 - 21)

**18. Are PSTN interconnect or access charges a matter for commercial agreement between operators and if so is there provision for arbitration and by whom? Is there a requirement to publish the rate for PSTN interconnect or access charges? Yes/No
If 'yes' please provide a schedule of interconnection charges for the PSTN.**

Yes, PSTN interconnect and access charges are a matter for commercial contract between operators. The Ministry of Finance serves as an arbiter for prices. The Ministry of Transport and Communications - Czech Telecommunication Office solves technical and operational matters at present. Actual interconnection charges are a matter for PTOs.

19. For the purpose of establishing interconnect or access charges is accounting separation used?

Yes, accounting separation is used.

20. Once the interconnection or access charge has been established is it available as a standard rate for other service providers (including other PTOs and resellers)?

No.

21. Does regulation specify that competitive service providers can co-locate facilities on the same site as incumbent PTOs? Please indicate whether resellers and Internet Service Providers can co-locate equipment under the same terms and conditions as PTOs without being designated as a PTO?

Yes, competitive service providers can co-locate facilities on the same site as an incumbent PTO. The issue of the terms and conditions for resellers and Internet service providers is still under discussion.

Information for Updating OECD Tariff Comparison Baskets (Question 22)

22. Please provide the following information for your largest PTO.

What is the average duration of a local call (i.e. average time of a call in the lowest tariff band for PSTN)?	2.47 min.	
What is the proportion of calls that fall within your lowest tariff band (i.e. local calls) as a percentage of total national calls?	Business (%) 43.4	Residential (%) 19.4
What percentage of calls from the fixed network (PSTN) terminate in mobile networks (e.g. analogue and digital cellular networks)?	Business (%) 9.1	Residential (%) 6.4
What percentage of total leased lines (i.e. leased circuits) are local (i.e. 2 km or less)?	71.8%	

Universal Service/Consumer Issues (Questions 23 -25)

23. In the context of universal service policies which elements of telecommunication service are considered as part of universal service in your country?

The main principles of universal service have been placed in the licences of all public telecommunication service operators of fixed network, or its parts, as an obligation.

24. Please provide details of any explicit funding mechanism for universal service and its coverage.

A funding mechanism is under preparation (as per point 5, second section).

25. With what institutions other than telecommunication service providers can customers lodge complaints regarding these operators? (e.g. regulators, ombudsman, Ministry, etc.) Is there a requirement for annual reporting of the number of consumer complaints? If so how are complaints measured and reported.

Customer can lodge complaints regarding telecommunication service providers (e.g. complaint against the size of a bill) to the Ministry of Transport and Communication (MTC) - Czech Telecommunication Office - Regional Department as to the first instance. In case of negative decision on the first complaint, the customer may submit an appeal to the Minister of Transport and Communications (i.e. second instance). There is no regular appeal procedure against the decision of second instance. The customer may only submit a petition against the Minister's decision to the Supreme Court. The Court proceeds in this case according to the Civil Procedural Rules.

Complaints against the size of tariffs on national telecommunication services can be submitted to the Ministry of Finance. Complaints against the size of tariffs on international telecommunication services can be submitted to the Ministry of Transport and Communications - Czech Telecommunication Office.

Customers should proceed according to the Complaint Rules approved by regulators and published obligatory by every PTO operator. PTOs are obliged to deal with customer complaints in the first instance and report of the number of consumer complaints in annual statistics.