



Český telekomunikační úřad

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Ondřej Filip ends his membership of the Council

Mgr. Ondřej Filip, MBA, resigned his membership of the Council of the Czech Telecommunication Office on 31 August 2014. He will, however, continue to devote his attention to digital business. "Given that the question of network neutrality is currently being dealt with intensively at a European level, I want to concentrate on this issue, which is closer to me," said Ondřej Filip.

Ondřej Filip became a member of the Council of the CTU in July 2013. The Chairman of the Council of the CTU expressed his thanks to Ondřej Filip for his professional approach and expert input in the topics discussed by the Council.

Application for the payment of net costs from Czech Post

The Office received a request for the payment of net costs for the provision of basic postal services for the year 2013 from Czech Post (Česká pošta, s.p.) on 27 August 2014. Czech Post valued net costs at CZK 1,774,645 468. More information about this is provided on page 6.

O2 considers option of detaching infrastructure division

Operator O2 is analysing the possibility of splitting the company into two separate entities. This could lead to the creation of an entirely new company that would provide wholesale services to other companies. O2 informed the Czech Telecommunication Office of its plan.

Situation on the electronic communication market



O2 introduced new tariffs for fixed lines on 1 August 2014: Volání O2 Neomezeně (O2 Calls: Unlimited) and Volání Bez zábran (Calls Without Barriers). At the same time, it stopped selling its Volání CZ MAX (CZ MAX Calls) tariff, which for a basic price of CZK 700 per month made it possible to make up to 10,000 minutes of calls to all networks within a billing period. For a basic price of CZK 499 per month or for a special price of CZK 199 per month with O2 Internet connection, the Volání O2 Neomezeně tariff offers unlimited calls within the O2 mobile network and to all fixed lines in the Czech Republic. The price of calls to other mobile networks is CZK 1.20 per minute with this tariff. The minimum call length to be billed is 60 seconds and the time interval is 60 seconds. The Volání Bez zábran tariff offers unlimited calls to all networks in the Czech Republic and 600 free minutes of international calls to most countries of the EU, the USA and Canada for CZK 699 per month or for a special price of CZK 449 per month with O2 Internet connection. International calls to the above-mentioned countries with the Volání O2 Neomezeně tariff cost CZK

2.99 per minute. Customers pay the price specified (CZK 2.99 per minute) with the Volání Bez zábran tariff after having used up free minutes. The minimum call time charged is 60 seconds and the time interval is 60 seconds.

Calls to Modré linky (Blue Lines – numbers beginning 81x, 83x, 843–6, 855) with the tariffs in question (Volání O2 Neomezeně and Volání Bez zábran) cost CZK 1.20 per minute and calls to Bílé linky (White Lines – numbers beginning 840–2 and 847–9) cost CZK 1.61 per minute. O2 modified the names of tariffs in the Volání CZ (Calls CZ) range to Volání CZ Kamkoliv (Calls CZ Anywhere). The basic monthly price of the Volání CZ 50 Kamkoliv tariff was reduced by CZK 1 on the Volání CZ 50 tariff, meaning from CZK 430 per month to CZK 429 per month. When a terminal device is hired together with the Volání CZ Kamkoliv tariff range and the Volání O2 Neomezeně and Volání Bez zábran tariffs, the customer undertakes to hire an above-standard terminal device for CZK 50 per month for a minimum period of 24 months.

O2 broadened the scope of using free minutes for the follow-up Komfort and Komfort 30 packages, which

(continue on page 2)

can be activated for O2 Trend and O2 Business tariffs for fixed lines. The free minutes provided so far for calls to fixed-line and mobile networks within the Czech Republic as part of these follow-up packages (2,000 minutes for the Komfort follow-up package and 30,000 minutes for the Komfort 30 follow-up package) can now be used for calls to, for example, most countries of the EU, the USA and Canada.

O2 began offering shared Internet under the name of "Multi Internet" on 1 August 2014. A customer who uses the "FREE" tariff¹ can buy a data SIM card (a MultiSIM card) for a one-off charge of CZK 99. This MultiSIM card allows the user to share a volume of data, with the data limit that is part of the "FREE" call tariff. The customer pays CZK 99 per month for using this card. The shared data depends on the free data that is part of the call tariff².

O2 also changed the terms and conditions of using a prepaid NA!DLOUHO (FOR!LONG) card on 20 August 2014. A customer who activates a SIM card with a prepaid service relating to the NA!DLOUHO tariff receives a 30-day bonus in the form of free calls after the first call minute to all networks in the Czech Republic. The first call minute is charged at a rate of CZK 5.90 per minute. To activate the service again after this, the customer must top up his/her credit with a minimum of CZK 300.

T-Mobile

T-Mobile began selling the "S námi v síti+ pro mladé" tariff on 1 August 2014, the tariff intended for customers of 26 years of age and under. The price is CZK 399 a month. The tariff offers unlimited calls within the company's own network, 120 free minutes to other networks within the Czech Republic, unlimited SMS to all networks within the Czech Republic and mobile Internet with a data limit of 200 MB. Calls over and above the free minutes package are charged at CZK

3.50 per minute (60 + 60 billing).

T-Mobile began selling the "S námi sdílený" (Shared with Us) tariff on 17 August 2014, this tariff allowing customers to share mobile Internet. A customer that chooses a selected "S námi" (With Us) tariff³ can buy a SIM card with unlimited calls and SMS to all networks within the Czech Republic for CZK 448.99 per month with a commitment of 24 months (or for CZK 598.99 per month with no commitment). This SIM card allows the user to share a volume of data with the data limit that is part of the "S námi" call tariff. The free shared data depends on the free data that is part of the call tariff⁴. The speed of data downloading depends on the speed offered with the call tariff⁵.

T-Mobile also published its economic results for the first half of 2014. The number of T-Mobile customers in the mobile segment rose in comparison with the same time last year by 4.9 % to more than 5.9 million. Customers in the T-Mobile network made 150 minutes worth of calls per month on average in the first half of 2014, which is 7.1 % more than last year. Use rose in all areas, but mainly in relation to data services. The volume of transferred data rose by 70.5 % year-on-year, reaching 4,808 terabytes. Against this, though, average expenditure fell; customers spent an average of CZK 264 for mobile services per month.



Vodafone adjusted its range of data services abroad from 1 August 2014 onwards. With "Připojení ze zahraničí na den" (Connection from abroad for a day) data services, customer can now use a data limit of 50 MB per day abroad, even in zone 3⁶. The price of data services abroad with the "Připojení ze zahraničí na den" data service ranges

3 Specifically the "S námi síť nesít", "S námi bez hranic" and "S námi bez hranic+" tariffs.

4 The shared data limit is 1.5 Gb in the case of the "S námi síť nesít" tariff and the data limit in the case of the "S námi bez hranic" and "S námi bez hranic+" tariffs is 3 GB.

5 The theoretical (maximum achievable) speed of downloaded data in the case of the "S námi síť nesít" tariff is 42 Mbit per second and the theoretical (maximum) speed of downloaded data in the case of the "S námi bez hranic" and "S námi bez hranic+" tariffs is 150 Mbit per second.

6 See Price List for an overview of countries divided into individual zones.

from CZK 79 per day to CZK 369 per day. The data limit with the "Připojení ze zahraničí na stálo" (Permanent connection abroad) data service rose in zone 1 from 200 MB to 300 MB and fell from 200 MB to 150 MB in the rest of the world. The price of using data services in zone 1 is CZK 369 per month and CZK 1,369 per month outside zone 1.

Vodafone introduced a student tariff called "Tarif pro studenta" during August 2014 for a monthly price of CZK 494 per month without commitment. As part of this tariff, students receive 600 free minutes to all networks within the Czech Republic, unlimited SMS to all networks within the Czech Republic and mobile Internet with a data limit of 1.2 GB. Calls over and above the free minutes package are charged at CZK 5.03 per minute (1 + 1 billing). If they exceed the data limit, students can buy extra data with a data limit of CZK 250 MB for CZK 49. The tariff is intended for students (and school pupils) from the age of 6 to 26 inclusive. It is also available with a 24-month commitment for a monthly charge of CZK 579 per month⁷.



Air Telecom introduced a new price of CZK 258 for sending a second reminder on 1 September 2014, the price for sending a first reminder remaining unchanged at CZK 129. Air Telecom now charges CZK 500 for unblocking services which have been blocked both ways (incoming and outgoing services) as a result of the late payment of billing. The company stopped charging a contractual penalty of CZK 2,000 for, for example, premature termination of a contract by the customer prior to the passing of the set period of duration for which the contract is signed or in the case of delay in the payment of the amount specified in billing, and also stopped charging CZK 3,600 as a settlement charge when the provider terminates the contract as a result of insolvency and execution. According to the general terms and conditions of the provision of electronic communication services at Air Telecom, valid from September 2014, contractual penalties and other payments are agreed in a contract on the provision of electronic communication services.

7 The price of the fixed rate includes the purchase of a mobile telephone for CZK 1.

Virtual operators market

<p>EriMobile New additional SMS packages Company: Český bezdrát Mobile s.r.o. Network operator: Vodafone CR</p>	<p>Virtual operator EriMobile arrived with new additional packages of free SMS to all networks in the Czech Republic on 1 August 2014 – 50 SMS for CZK 47.20 per month, 100 SMS for CZK 95.60 per month and 200 SMS for CZK 192.40 per month. The offer is valid for all tariffs currently being sold.</p>
<p>CityMobile New pricelist for mobile services Company: City mobile s.r.o. Network operator: Vodafone CR</p>	<p>On 8 August 2014, virtual operator CityMobile began selling new and existing customers the chance to transfer unused call and SMS units for a period of three months within the tariffs on offer (this offer does not apply to the City CALL tariff). The operator also introduced a new tariff, again on 8 August, entitled City KOMBI+ for a price of CZK 249 per month, which includes unlimited calls to its "own" network and a package of 100 free minutes of calls to all networks within the Czech Republic and 100 free SMS to all networks within the Czech Republic. The operator also published an offer of tariffs entitled City SMALL, City MEDIUM, City KOMBI and City LARGE in August 2014, as part of which there are no unlimited calls within the company's "own" network, but the chance to carry over unused free units.</p>
<p>Skyfone New group tariff Operator: Ladislav Němec Network operator: Vodafone CR</p>	<p>Virtual operator Skyfone introduced a new group tariff entitled FAMILY on 12 August 2014 for CZK 200 per month. By activating the tariff, the customer has the opportunity to make unlimited† calls within the company's "own" network. At the same time, the operator increased the price of an SMS sent over and above the SKY RODINA (SKY FAMILY) group tariff to CZK 1.60 per SMS (previously CZK 1.25 per SMS).</p>
<p>LAMA mobile New pricelist for mobile services Company: LAMA MOBILE a.s. Network operator: Vodafone CR</p>	<p>Virtual operator LAMA mobile cancelled its "UPOVÍDANÁ LAMA" (CHATTY LAMA) tariff (CZK 599 per month) and added a package of 20 free SMS to its "SPOŘIVÁ LAMA" (FRUGAL LAMA) tariff (CZK 199 per month) with effect from 14 August 2014. The operator also cancelled its special "UPOVÍDANÁ CHYTRÁ LAMA" tariff (CZK 149 per month) during August 2014.</p>
<p>CENTROPOL TELECOM New pricelist for mobile services Company: CENTROPOL TELECOM, s.r.o. Network operator: Vodafone CR</p>	<p>Virtual operator CENTROPOL TELECOM introduced a new tariff, "KRÁTCE" (BRIEFLY), for CZK 29 per month, replacing the operator's "TROCHU" (A LITTLE) tariff (CZK 199 per month). The operator also reduced the monthly price of the "VÍCE" (MORE) tariff to CZK 299 per month (originally CZK 349 per month) and within this tariff the price of calls to other networks within the Czech Republic to CZK 1.50 per minute (originally CZK 2 per minute). The operator also introduced a new tariff, C PLUS 200, for a price of CZK 179 per month on 18 August. The tariff includes 100 minutes of calls within the company's "own" network and 100 minutes of calls to other networks within the Czech Republic. The operator also cancelled its CHCI DATA 500 (I WANT DATA 500, CZK 279 per month) and CHCI DATA 1 000 (I WANT DATA 1,000, CZK 419 per month) tariffs in August 2014..</p>
<p>Plus4U New individual tariff Company: Plus4U Mobile s.r.o. Network operator: T-Mobile CR</p>	<p>Virtual operator Plus4U launched a new tariff called +4U Bone for a price of CZK 0 per month during the month of August 2014. The price of one minute and one sent SMS within the company's "own" network is CZK 0.50 and CZK 1.21 to other networks within the Czech Republic.</p>

* The unlimited calls service within the City and Q-CZ network is limited to CZK 3,000 minutes.

† Unlimited calls within the company's "own" network are limited to 3,000 minutes.

7. Partial number of divisions awarded subject must be added to total number of participants in previous years' results. List divisions for which the participant has received an admission for the program. For divisions for which the participant has not received an admission for the program, list the division and number of participants in the division.



Postal services

The Office issued one authorisation in August regarding notification of undertaking business in the area of postal services.

The Office imposed penalties on the operators of postal services in August 2014 for administrative infractions consisting of, for example, failure to attempt to deliver a postal consignment to the place specified in the postal address, failure to respect the terms and conditions of qualitative requirements according to Decree 464/2012 Sb., relating to basic postal services, and handling postal consignments in violation of the concluded postal contract. There were also in situ investigations in August to check the accessibility of post offices and the statement of mandatory information on post boxes. In connection with the effect of changes to postal conditions made by Czech Post on 1 September 2014, the CTU checked observance of the obligation of a postal service operator to publish information about a change of postal terms and conditions a minimum of 30 days in advance of the changes entering into effect at each of its premises and on its website.

During August 2014:

♦ The CTU commenced **1,445** cases of administrative proceedings to concern subscriber disputes between a person conducting communication activity on the one hand and a subscriber on the other, in the matter of financial payment and proposals for the commencement of proceedings regarding an objection to the settlement of a warranty claim relating to the billing of a price or to the publicly-accessible electronic communication service provided, the CTU deciding on such matters according to Section 129 of the Act on Electronic Communication.

♦ The CTU issued **16,024** decisions in this regard,

♦ **15,980** of these decisions concerning matters of financial payment (payment of the price of services).

The Office will focus its attention on checking the progress of warranty claim proceedings among the operators of postal services in the forthcoming period. The aim will primarily be to check the way in which information is worked into postal terms and conditions about who is authorised to lodge warranty claims regarding postal services, whether the sender may do so, or the addressee, or the sender and the addressee, the way in which this can

be done and where a warranty claim may be lodged. At the same time, the CTU will focus on whether the relevant provisions of postal terms and conditions to concern warranty claims proceedings correspond to the requirements of the Postal Services Act and the Consumer Protection Act. The Office also intends to check whether the provisions of postal terms and conditions are observed in practice by the operators of postal services.

Disputes between undertakings in electronic communications

Proceedings finally and conclusively completed or returned for re-consideration in August 2014

The decision of the administrative organisation of the first instance came into legal force in the dispute conducted by T-Mobile and Vodafone regarding the imposition of the obligation to enter into an Addendum to the contract on the

connection of telecommunication equipment and networks with a set price for the provision of a transferability-of-number service for the period from 1. 1. 2006 to 31. 1. 2011 and on the imposition of the obligation to settle the financial difference between mutual payments which the contesting parties made for the provision of the transfer-of-a-number service.

Telecommunication regulation in the EU

The sixth meeting of the JTG 4,5,6,7 working party for the preparation of a point in the AI 1.1 WRC-15 programme (Identification of Additional Bands for IMT) and AI 1.2 WRC-15 (Technical sharing and compatibility studies into Radio-communication services and proposal for regulatory measures for the 694 – 790 MHz band) was held

in Geneva on 21 – 31.7.2014. As part of the meeting, texts were prepared regarding both points of the programme for the relevant chapters of the Conference Preparatory Meeting Report, including examples of regulatory measures (Chapter 6 CPM). Among the problems unresolved were the issue of the compatibility of the air radio navigation service

and mobile services in the 694 – 790 MHz band and protective criteria to protect radio services from mobile services in the band below 694 MHz. The issue of the use of the 694 – 790 MHz band for the PMSE application (Program Making Special Event) also remained unresolved.

Universal service

Universal service

The CTU announced in the Telecommunication Journal a tender for a business undertaking to provide a constituent service within a universal service, in this case a public payphone service or other similar technical means (VTA) as allowing access to a publicly-accessible telephone service.

Only O2 submitted an envelope with its registration for the tender. The selection committee stated at its first meeting on 18 August 2014 that the application submitted complied with the required particulars and would be considered further.

At its next meeting, the selection committee identified a discrepancy in the second part of the application in the proposed calculation of net costs for the discharge of obligation. Members of the selection committee requested additional information with regard to this finding.

O2 provided the required information and in doing so cleared up ambiguities in the calculation of net costs for the provision of a VTA service. The selection committee subsequently confirmed that the submitted application complied with the terms and conditions of participation in the tender and that the submitter met the requirements on discharging the imposed obligation,

recommending the bid made by the submitter to the Council of the CTU.

Payment of net costs

O2 presented the Office with an application for the payment of net costs for the provision of the constituent services of a universal service for 2013 of CZK 46,984,256.17. It also applied for the payment of a loss on the provision of special prices for a publicly-accessible telephone service to the handicapped for the same period of CZK 91,970,307.50. The Office subsequently commenced two administrative proceedings with O2, in which it will verify the amounts stated in the applications submitted. The verified net costs and loss will be paid from the state budget via the CTU once final and conclusive decisions have been issued.

Postal services

Úřad obdržel dne 27. srpna 2014 od ČThe Office received a request for the payment of net costs for the provision of basic postal services for the year 2013 from Czech Post (Česká pošta, s.p.) on 27 August 2014. Czech Post valued net costs at CZK 1,774,645,468. This commenced administrative proceedings, to which the holder of a postal licence is a party. During these the CTU will check the calculation of net costs made by Czech Post, in particular whether

the procedures laid down by law and by Decree 466/2012 Sb. on the procedure of the Czech Telecommunication Office in calculating net costs for the discharge of the obligation to provide basic services have been observed. By law, the time limit for the issue of a decision on the level of net costs is 60 days from the date of presentation or supplementation of the final documents. Decisions on the verification of the level of net costs will be published in the Postal Journal (Poštovní věstník). The Office will simultaneously consider whether the net costs are an unfair financial burden on the postal licence holder. Net costs which exceed the boundary that represents unfair financial burden are subject to recompense. The Office will open a special account for the payment of net costs, the income of which comes from the payments made by payers. A payer is each operator that provides postal services or foreign postal services within the territory of the Czech Republic, whereby a payer is not considered an operator whose revenues in a billing period for the provision of postal services and foreign postal services are lower than CZK 3 million in aggregate. Czech Post is therefore also considered a payer. The Office is currently conducting proceedings with payers with the aim of determining market shares, which will be the basis of a calculation of their contributions to the payment of net costs.

ness undertakings that ensure a public communication network or that provide a publicly-accessible electronic communications service certain obligations to inform as ensuring cooperation in dealing with a cyber issue with the subscribers of these services. This cooperation should help identify any cyber problem and in doing so contribute to its effective elimination and in the future allow for the creation of the required protective mechanisms to preclude or prevent any further cyber security incidents. Failure to comply with this statutory obligation is an administrative infraction according to the new provisions of Section 118(14)(ad) of the Act on Electronic Communications, whereby Section 118(22)(a) of the Act on Electronic Communications lays down the size of the possible penalty within the bounds of the lowest group of penalties (i.e. a penalty of up to CZK 2 million).

Legislative changes

Act No. 181/2014 Sb. on cyber security was promulgated in Chapter 75 of the Collection of Laws on 29 August 2014. With effect from 1 January 2015, the regulation at issue shall govern the rights and obligations of persons in the private and public sectors with the aim of protecting cyber space in the Czech Republic, shall put into practice a set of measures (preventative and precluding the already-existing harmful situation), with the aim of increasing the security of cyber space. In this way the act will protect that part of the infrastructure that is significant for the functioning of the state and whose disruption would lead to the interests of the Czech Republic being

damaged or threatened.

In spite of the fact that the Act on Cyber Security primarily focuses on strategic and significant elements and entities from the perspective of protecting the interests of the Czech Republic as part of protecting cyberspace, it also responds to cases of infringement of the rights of private-law persons that do not have this status and whom certain cyber security incidents could cause serious difficulties. For these people to have the opportunity to effectively deal with possible cyber-attack, Section 35 of the Act on Cyber Security includes an amendment to the Act on Electronic Communications, in that it adds to Section 89 a new subsection 4, by way of which it imposes on busi-

International year-on-year price comparison for mobile services (voice + SMS + data)

The CTU presents an international price comparison according to baskets by Strategy Analytics (Teligen) in an annual comparison for May 2013 and May 2014. Teligen includes in this international comparison the prices of the two biggest operators (according to number of subscribers), whose market share in the relevant country is at least 50 %, from 34 member countries of the OECD. This means that Bulgaria, Croatia, Cyprus, Lithuania, Latvia, Malta and Romania, who are members of the EU, but not of the OECD, are not included in the price comparison. The results for individual baskets represent the lowest price (the value of the basket) for the relevant country (or for the given two operators and their compared tariffs). The tariffs of operators O2 and T-Mobile are included in the comparison for the Czech Republic.

The tariffs included in the comparison take in tariffs intended for corporate and non-corporate customers. The following graphs are shown first in prices converted using the nominal exchange rate to the USD and then in USD converted according to purchasing power parity (PPP). The relative position of the Czech Republic fell slightly in a comparison of 2013 and 2014 in spite of a slight drop in absolute prices expressed in USD in all baskets. The drop in prices expressed in USD for the Czech Republic occurred in consequence of the international weakening of the domestic currency exchange rate.

Table 1 shows the structure of the baskets used for the price comparison in graphs 1 – 24. These baskets include call services (in number of minutes) and SMS services (in number of SMS).

30 calls + 100 SMS
100 calls + 140 SMS
300 calls + 225 SMS
900 calls + 350 SMS
40 calls for prepaid cards + 60 SMS
400 SMS

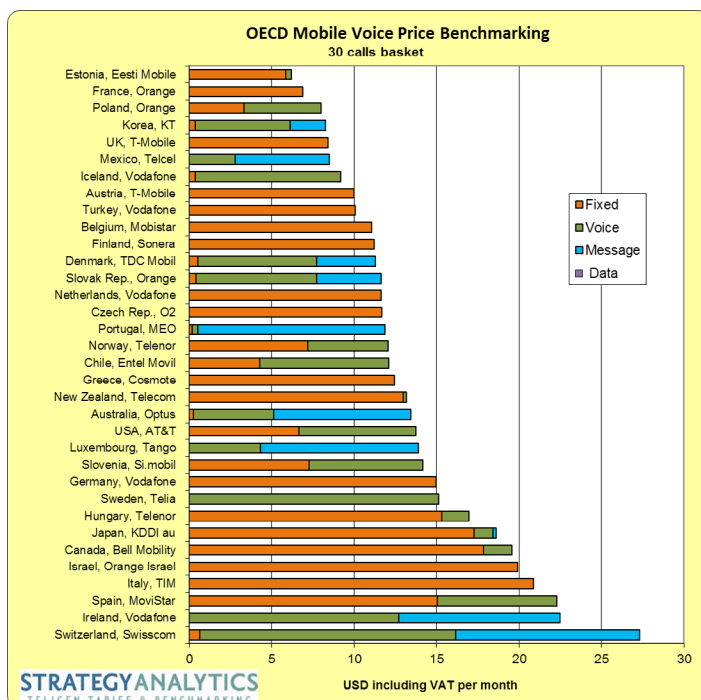
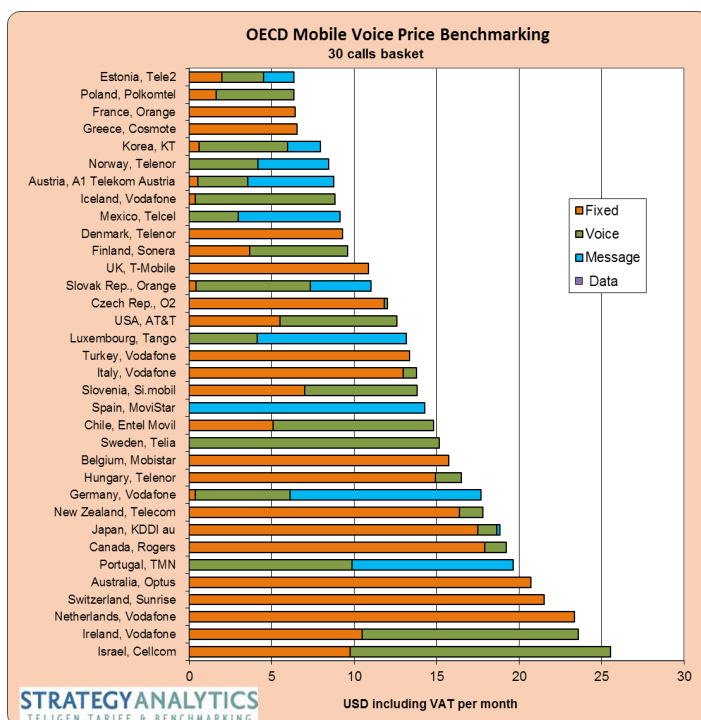
Table 1 – Structure of baskets without data services for comparison for May 2013 and May 2014

Graphs 25 to 44 further compare the prices of baskets, whose structure is depicted in Table 2. These baskets include mobile Internet services, measured by the size of the data limit. Here too the comparison is done firstly using a conversion according to international exchange rates and then using a conversion according to the exchange rate in line with PPP (in both cases into USD).

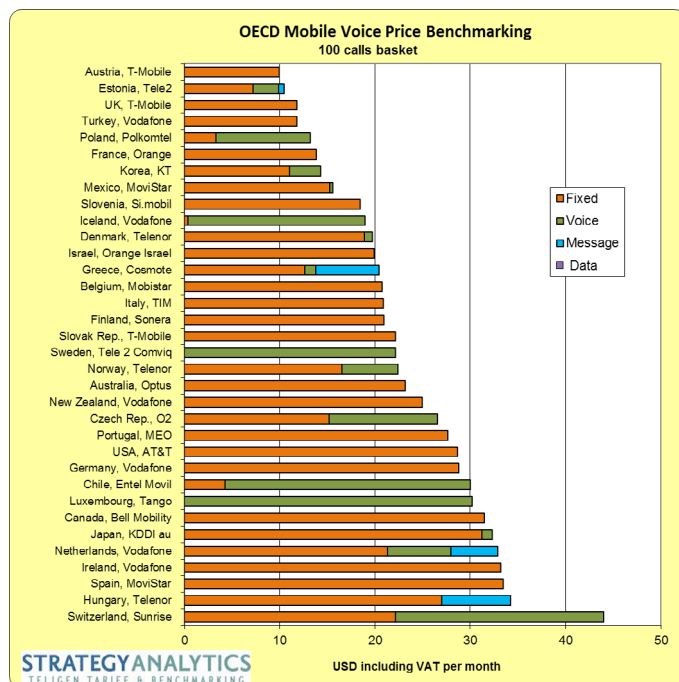
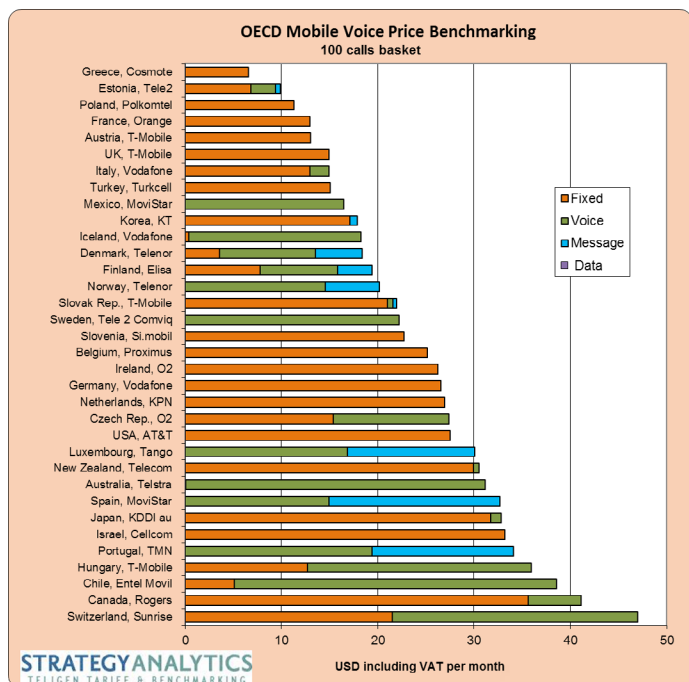
30 calls + 100 SMS + 100 MB
100 calls + 140 SMS + 500 MB
100 calls + 140 SMS + 2 GB
300 calls + 225 SMS + 1 GB
900 calls + 350 SMS + 2 GB

Table 2 - Structure of baskets with inclusion of data services for the month of May 2013 and May 2014

In the case of the price of the basket for 30 calls converted using the nominal exchange rate into USD (Graphs 1 and 2), the Czech Republic fell by one position (from 14th to 15th). The price of the basket in the international comparison fell slightly by approximately USD 0.3 (from USD 12 to USD 11.7). In a comparison of the price of a basket expressed in USD according to PPP (Graphs 13 to 14), there was a slight increase in the value of the basket (from USD 15.2 to USD 15.7), in that the position of the Czech Republic did not change (24th position). The lowest value in this basket is achieved by the O2 Start package of 120 SMS and a commitment for 24 months.



Graphs 1 and 2: The year-over-year comparison of prices of the basket for 30 calls in May 2013 and May 2014



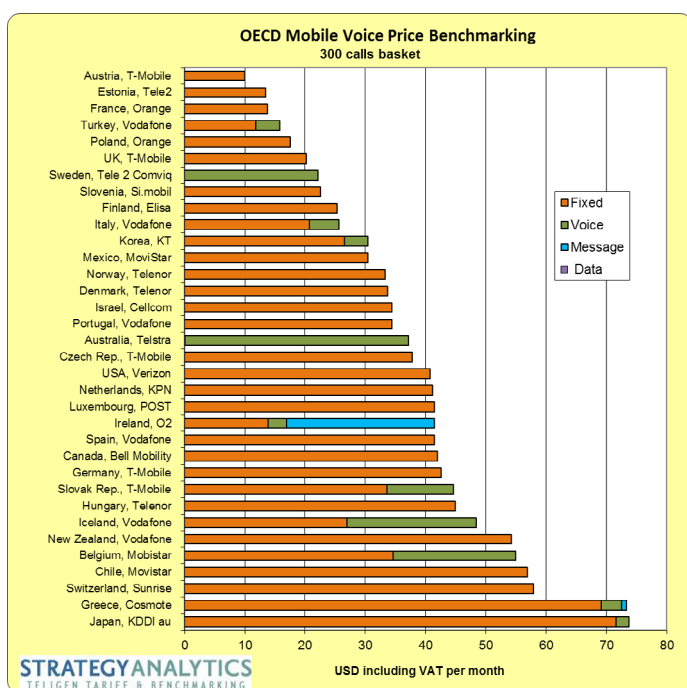
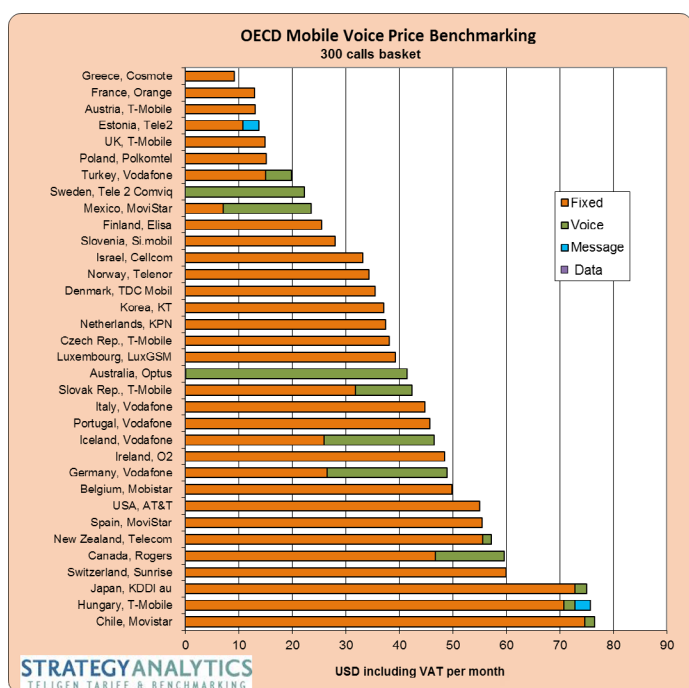
Graphs 3 and 4: The year-over-year comparison of prices of the basket of 100 calls in May 2013 and May 2014

Basket of 100 calls according to exchange rates and according to PPP

In a comparison for the basket of 100 calls (Graphs 3 and 4), the Czech Republic maintained its position (22nd position), in

that the price of the basket fell by around USD 0.80 (from USD 27.38 to USD 26.53). By contrast, the price of the basket expressed in USD according to PPP (Graphs 15 and 16) during the period under consideration rose by USD 0.80 to USD 35.85

and the Czech Republic fell one position in the comparison of OECD countries (32nd place). As was the case in May 2013, the Free O2 tariff with a commitment for 24 months and a package of 120 SMS fared best in this basket in 2014.



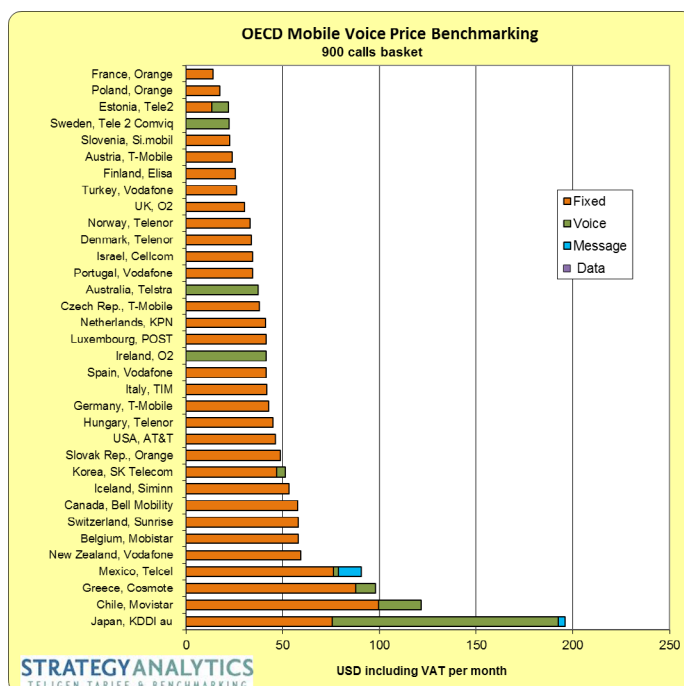
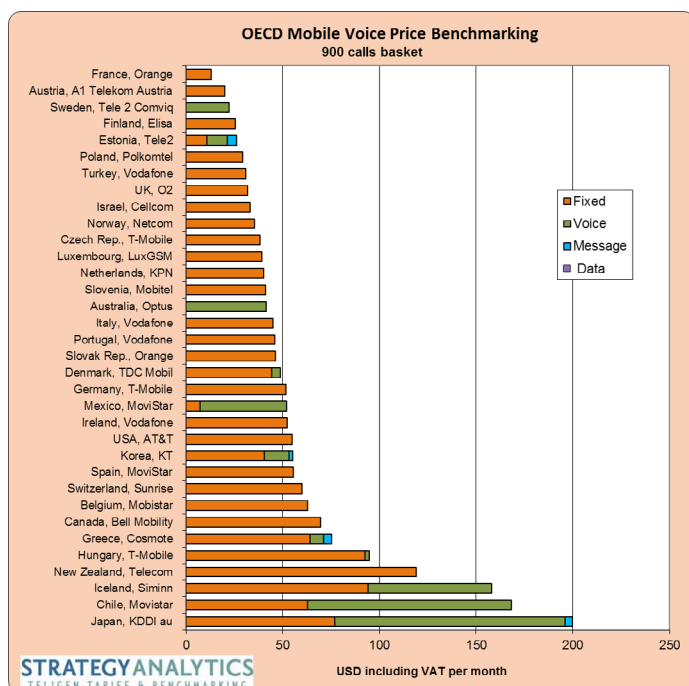
Graphs 5 and 6: The year-over-year comparison of prices of the basket of 300 calls in May 2013 and May 2014

Basket of 300 calls according to exchange rates and according to PPP

The price of the basket of 300 calls (Graphs 5 and 6) fell slightly from USD 38.2 to USD 37.76 and the Czech Republic fell by one position (from 17th to 18th). In

spite of this, the Czech Republic stayed ahead of European states such as Luxembourg, Ireland, Germany and Spain. After converting the price according to PPP (Graphs 17 and 18), there was a rise in the price of the basket from USD 48.3 to USD 51.02 and the position of the Czech

Republic in the international comparison fell two places (from 27th to 29th). Best placed of the offers provided by operators in this basket was T-Mobile's "S nými síť nesít" (With us, network, no network) tariff, with a 24-month commitment. The same tariff came in first place in May 2013..



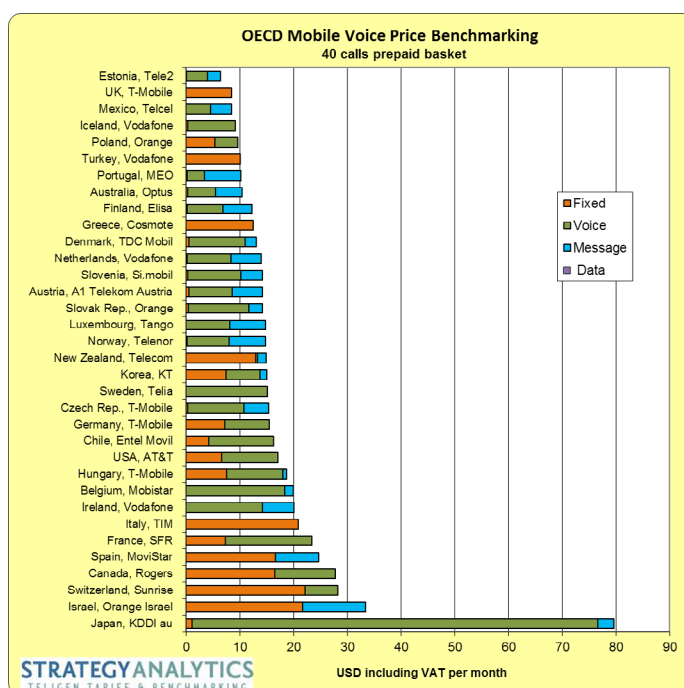
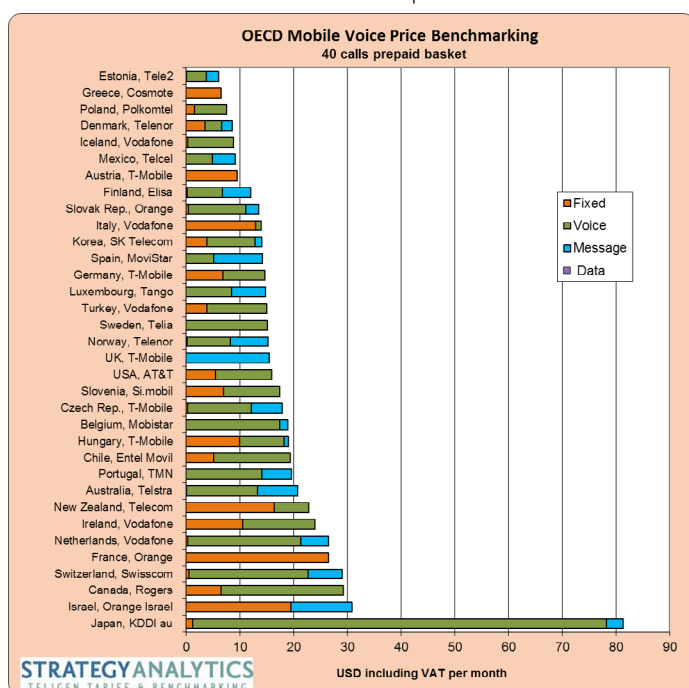
Graphs 7 and 8: The year-over-year comparison of prices of the basket of 900 calls in May 2013 and May 2014

Basket of 900 calls according to exchange rates and according to PPP

A similar situation is seen in the basket with 900 calls (Graphs 7 and 8), in which the price converted using the nominal exchange rate into USD also fell from a value of USD 38.18 to USD 37.76. In spite

of this, the Czech Republic dropped by 4 positions (to 15th). In terms of European states, the Czech Republic worsened in comparison with Denmark and Portugal, but remained ahead of Luxembourg, Germany and Italy in the price comparison. The price of the basket expressed in

USD according to PPP (Graphs 19 and 20) rose by almost USD 3 from USD 48.32 to USD 51.02 and the position of the Czech Republic therefore fell by seven places (to 27th). Best placed in this basket was T-Mobile's "S námi síť nesít" tariff, with a 24-month commitment.



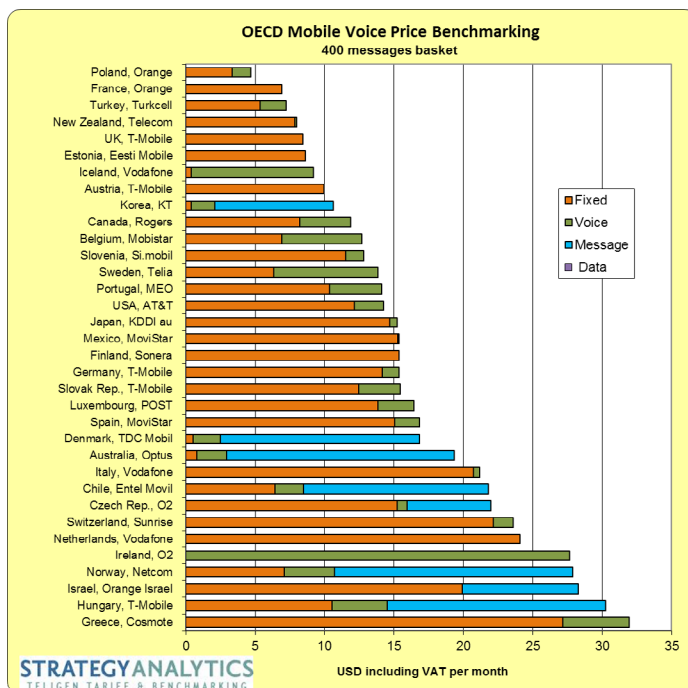
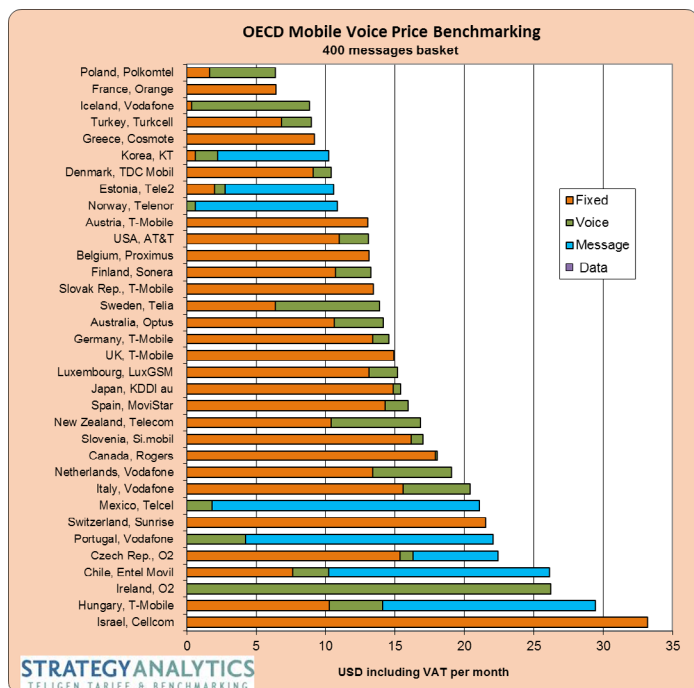
Graphs 9 and 10: The year-over-year comparison of prices of the basket of 40 calls from prepaid cards

Basket of 40 calls from prepaid cards according to exchange rates and according to PPP

It can be seen from a price comparison for the basket for 40 calls for prepaid cards (Graphs 9 and 10) that there was a drop in

the price of more than USD 2 (from USD 17.9 to USD 15.4) and the position of the Czech Republic remained unchanged (21st). The price of the basket in USD according to PPP (Graphs 21 and 22) during the period under consideration also fell by around USD 2 (from USD 22.6 to USD 20.8). The posi-

tion of the Czech Republic fell one place (to 28th position). T-Mobile's "Twist Našim+" card, with calls within the operator's own network for CZK 1.50 per minute, which replaced T-Mobile's Twist card that offered calls to all networks for CZK 2.50 per minute, was the best placed of the prepaid cards.



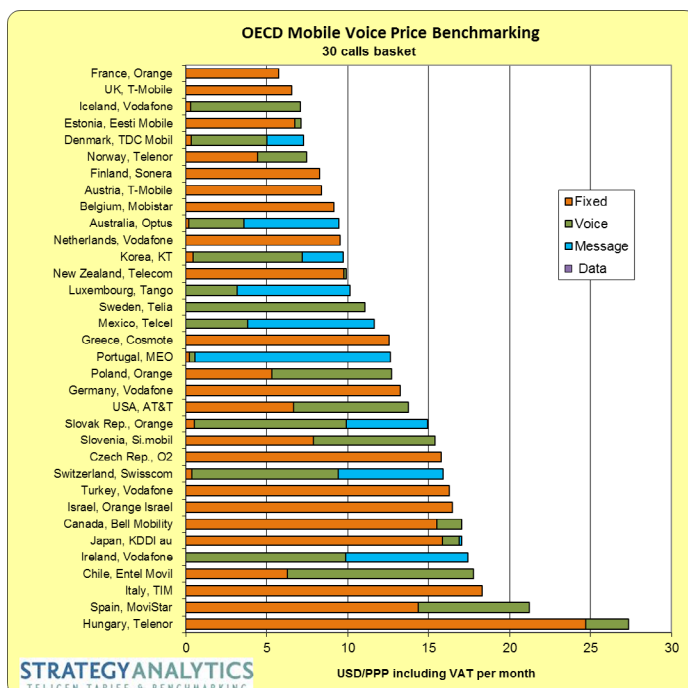
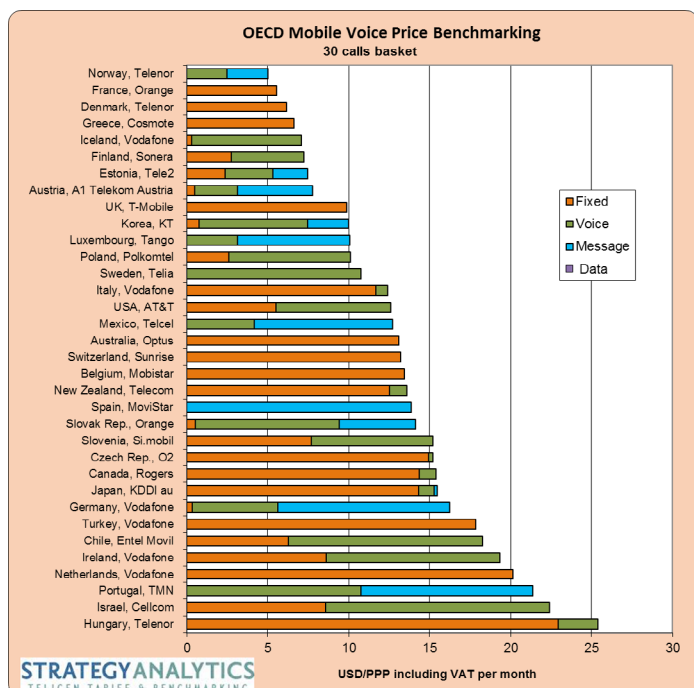
Graphs 11 and 12: The year-over-year comparison of prices of the basket of 400 messages in May 2013 and May 2014

Basket of 400 messages according to exchange rates and according to PPP

It is clear from a price comparison of the basket with 400 SMS (Graphs 11 and 12) that there was a slight drop in price

(from USD 22.4 to USD 22), meaning that the Czech Republic rose three places (from 30th to 27th). A price comparison of the basket converted according to PPP (Graphs 23 and 24) showed an increase in price of approximately USD 1.5

(from USD 28.4 to USD 29.7) and a worsening of the position of the Czech Republic by one place (from 30th to 31st). As was the case in May 2013, the Free O2 tariff with a commitment for 24 months and a package of 120 SMS fared best.



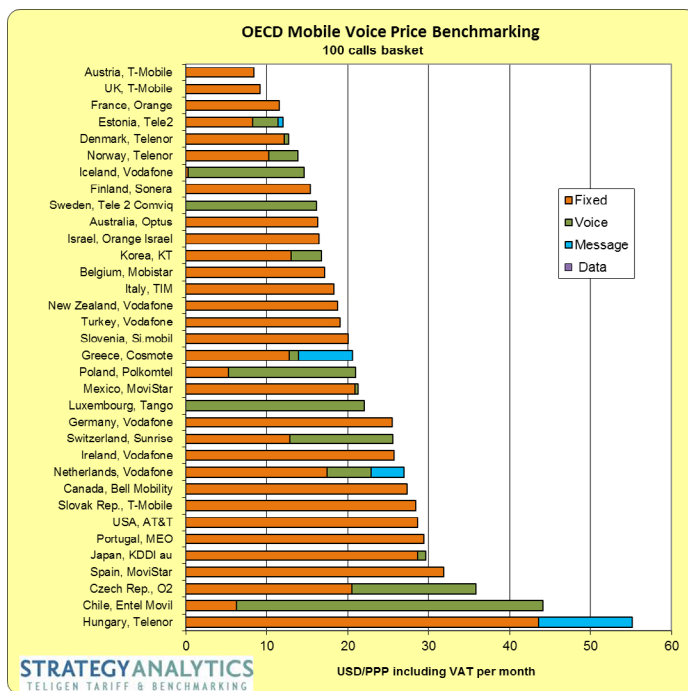
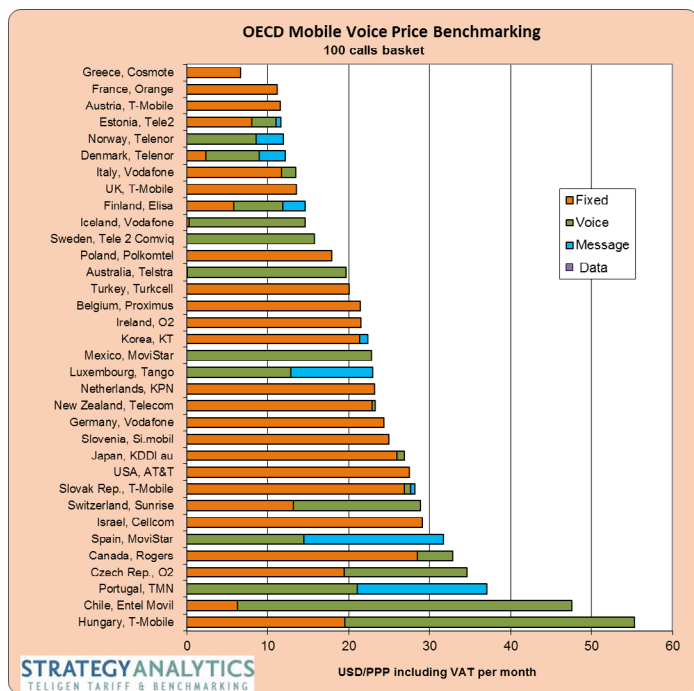
Graphs 13 and 14: The year-over-year comparison of prices of the basket of 30 calls in May 2013 and May 2014

Basket of 30 calls + 100 MB according to exchange rates and according to PPP

The price of the basket of 30 calls with 100 MB of free data fell in the space of one year by approximately USD 2.5 (Graphs 25 and 26) and the Czech

Republic rose two places (from 21st to 19th). Moreover, the price of the basket according to PPP (Graphs 35 and 36) during the period under consideration fell by approximately USD 1.5 from USD 24.97 to USD 23.20 and the Czech Republic rose from 29th to 28th place.

Best placed within this basket was the "T-Mobile 50 siť nesit" tariff, with a data package of 400 MB, whereas best placed the year before was the O2 Start tariff, with a commitment for 24 months and a package of 120 SMS and with mobile internet with a data limit of 150 MB.



Graphs 15 and 16: The year-over-year comparison of prices of the basket of 100 calls in May 2013 and May 2014

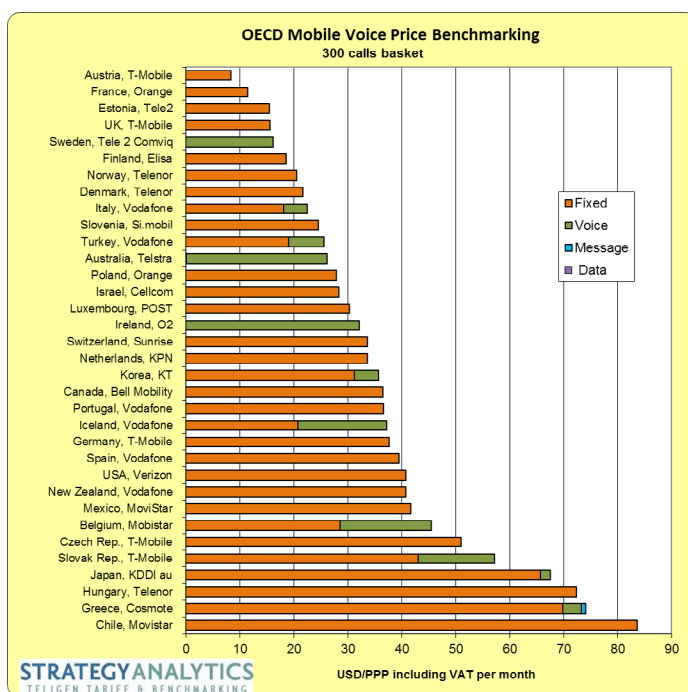
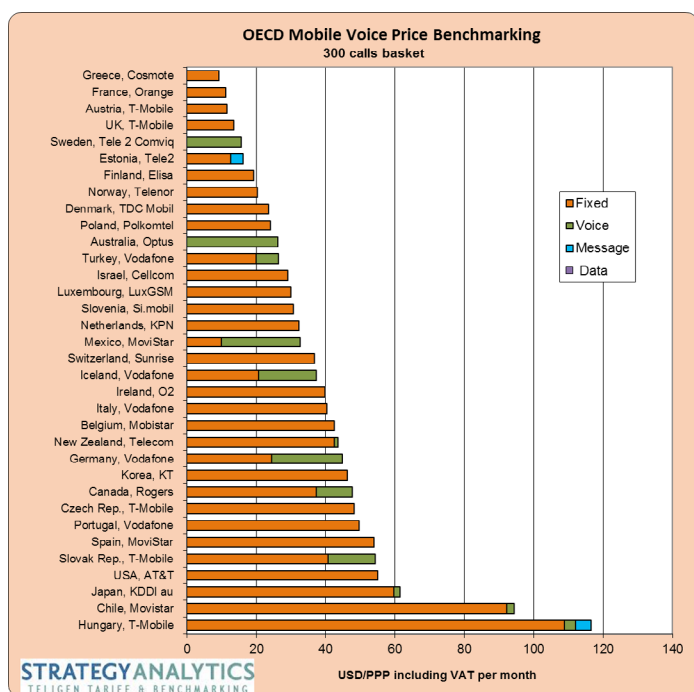
Basket of 100 calls + 500 MB according to exchange rates and according to PPP

In the price comparison of the basket with 100 calls and 500 MB of free data (Graphs 27 and 28), there was a very small drop in the value of the basket for the Czech Republic from USD 35.72 to USD 35.33 and a fall of 3 places (from 21st to 24th). Portugal and the Netherlands moved ahead of the Czech Republic within the EU. By con-

trast, the Czech Republic maintained a better position in comparison with Germany, Hungary, Greece and Ireland. The Netherlands moved forwards quite considerably, with a drop in the price of the tariff of more than USD 10. The price of the basket, expressed according to PPP (Graphs 37 and 38), rose by around USD 2.5 to USD 47.75 and the position of the Czech Republic fell by two places to 31st. The cheapest tariff between the operators under consid-

eration was again provided by T-Mobile with its "S námi v Síti+" (With Us in the Network+) tariff¹, with a commitment for 24 months, unlimited calls and SMS within the T-Mobile network, 120 free minutes to other networks and 600 MB of free data. One-third of the free data is part of the "S námi v Síti+" tariff and the rest the customer can buy extra as a data package of 400 MB.

1 The "+" sign denotes the inclusion of mobile Internet with 200 MB of free data.



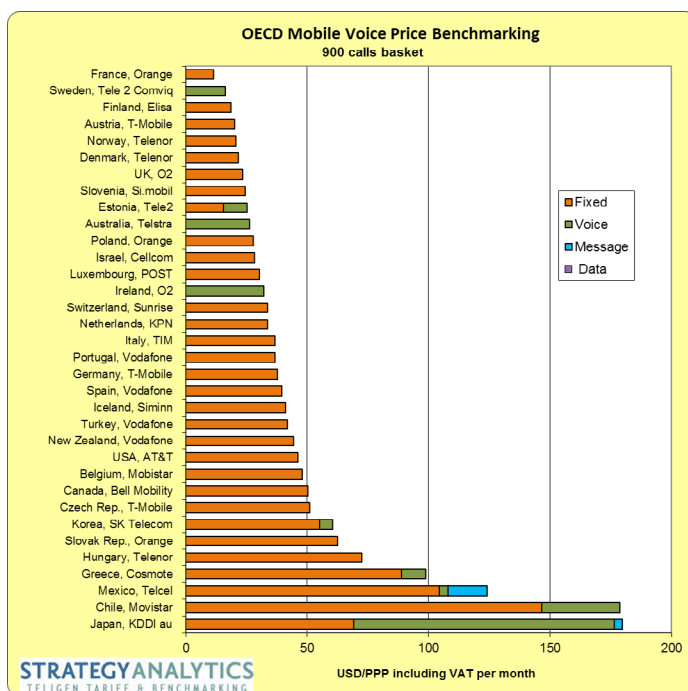
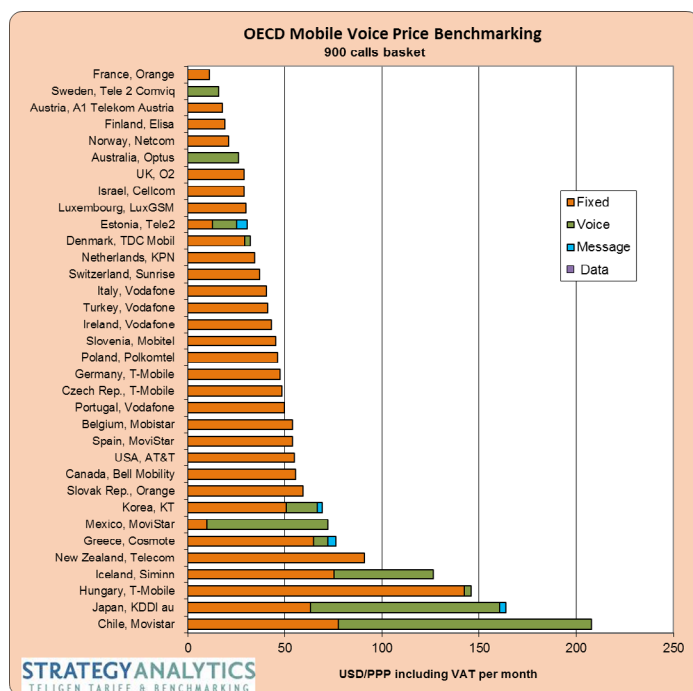
Graphs 17 and 18: The year-over-year comparison of prices of the basket of 300 calls in May 2013 and May 2014

Basket of 300 calls + 1 GB according to exchange rates and according to PPP

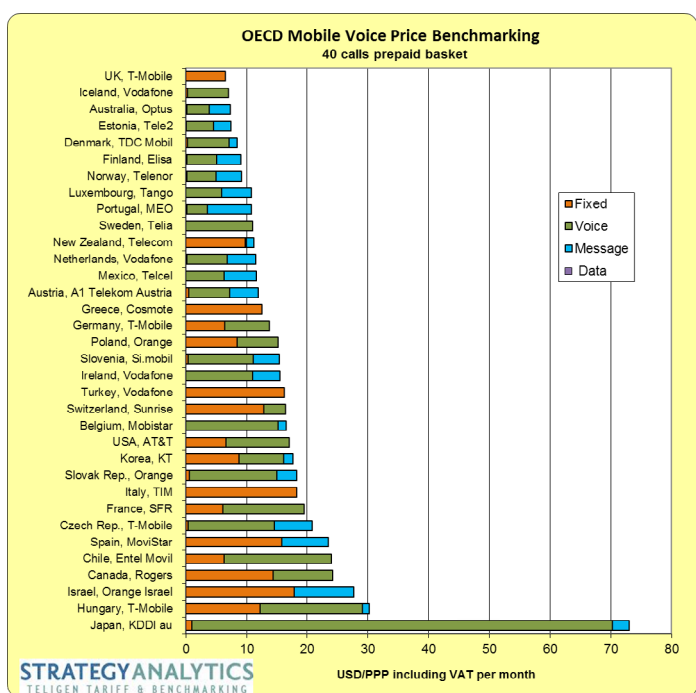
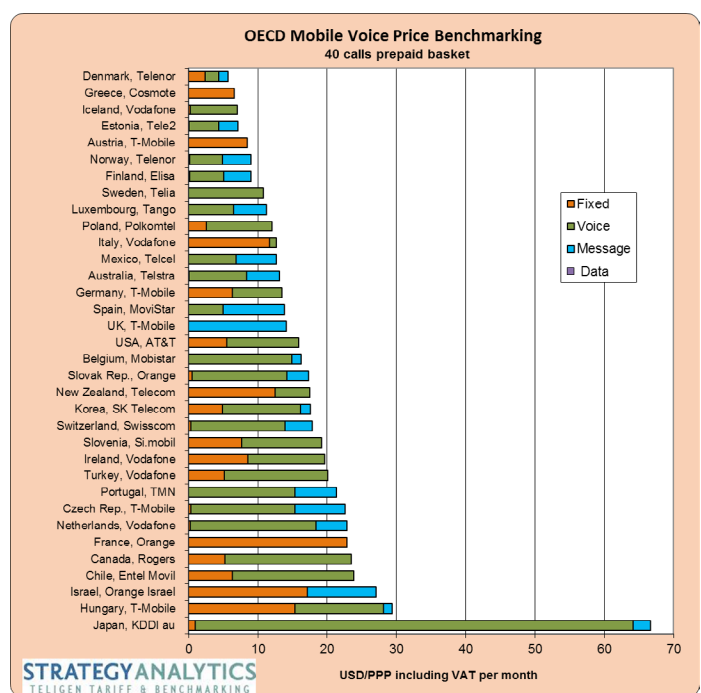
A comparison of prices relating to the basket of 300 calls and 1 GB of free data showed a fall in the price of the basket in the Czech Republic from USD 38.18 to USD 37.76 (Graphs 31 and 32). The position of

the Czech Republic, meanwhile, fell six places (from 11th to 17th). The European countries to have moved ahead of the Czech Republic included Denmark, but it remained ahead of countries such as Slovakia, Germany, Ireland and Belgium. The price of the basket converted according to PPP (Graphs 41 and 42) rose by almost USD 3 in the space of one

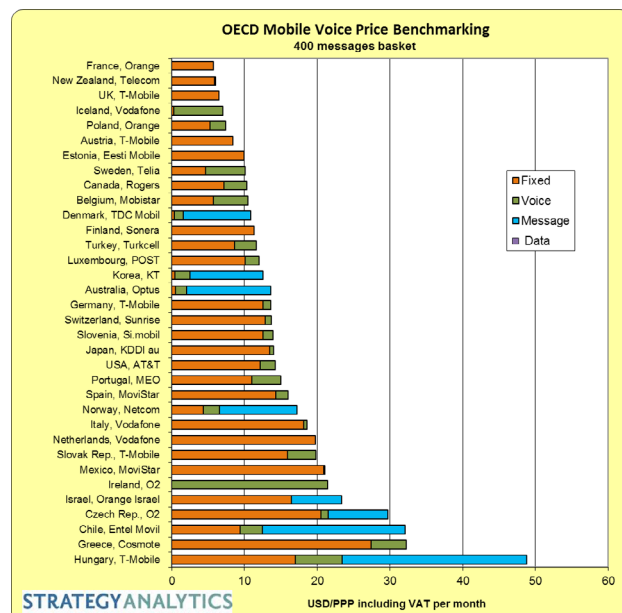
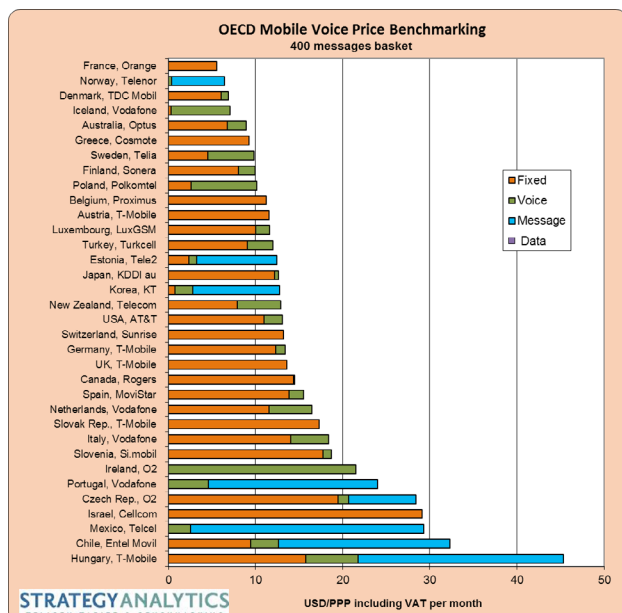
year and the position of the Czech Republic fell from 22nd to 26th place. Best placed in the Czech Republic was T-Mobile's "S námi siť nesít" tariff, with 1.5 GB of free data and unlimited calls and SMS to all networks within the Czech Republic. This offer was also best placed in the price comparison for May 2013.



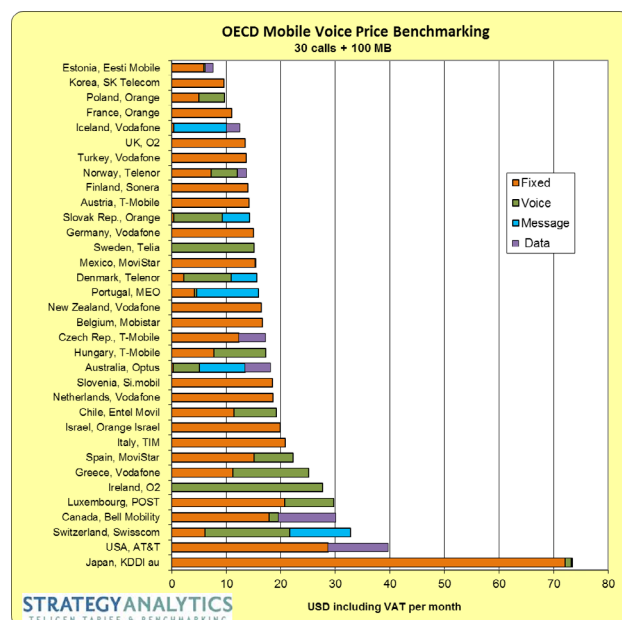
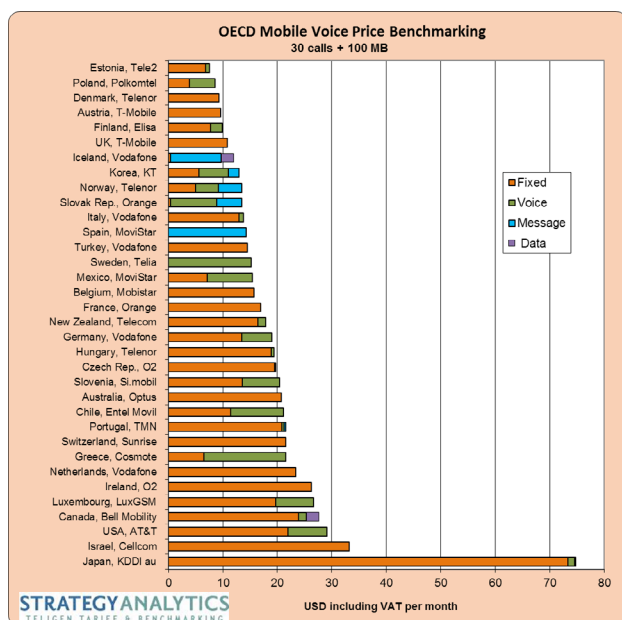
Graphs 19 and 20: The year-over-year comparison of prices of the basket of 900 calls in May 2013 and May 2014



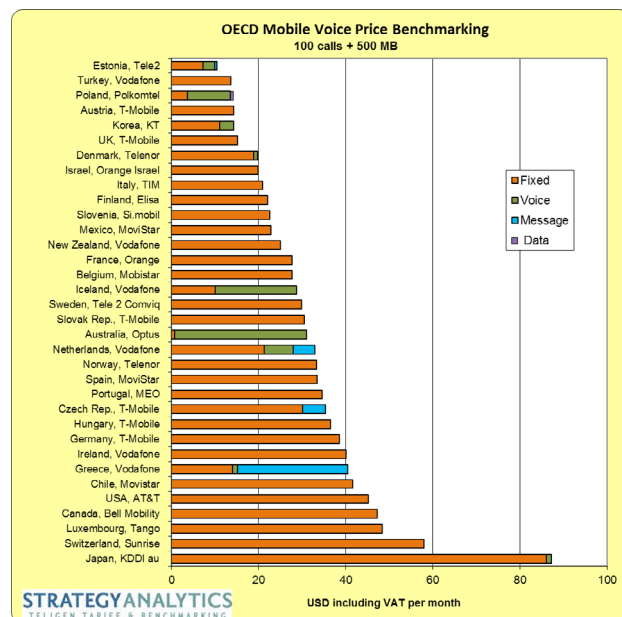
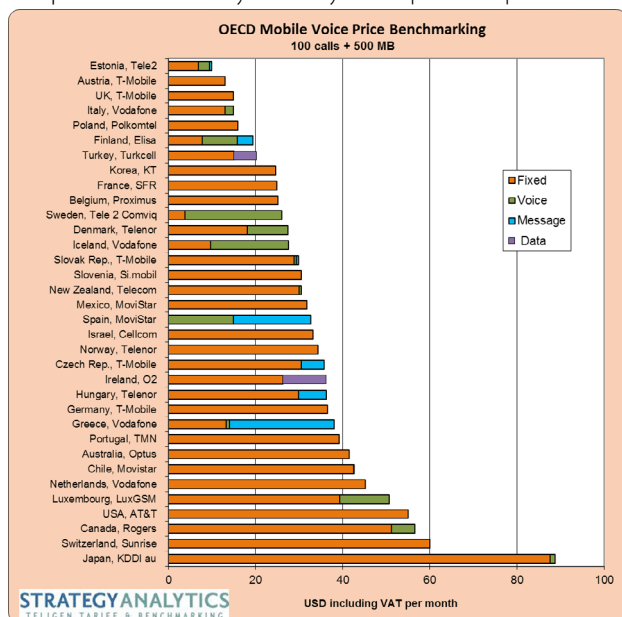
Graphs 21 and 22: The year-over-year comparison of prices of the basket of 40 calls from prepaid cards



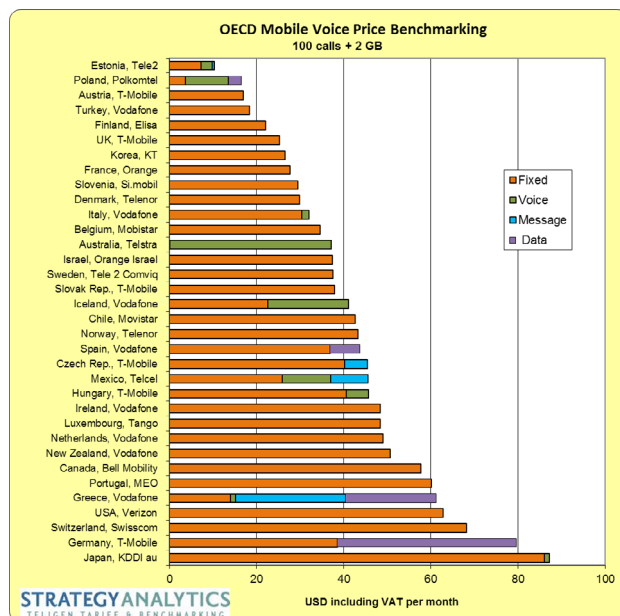
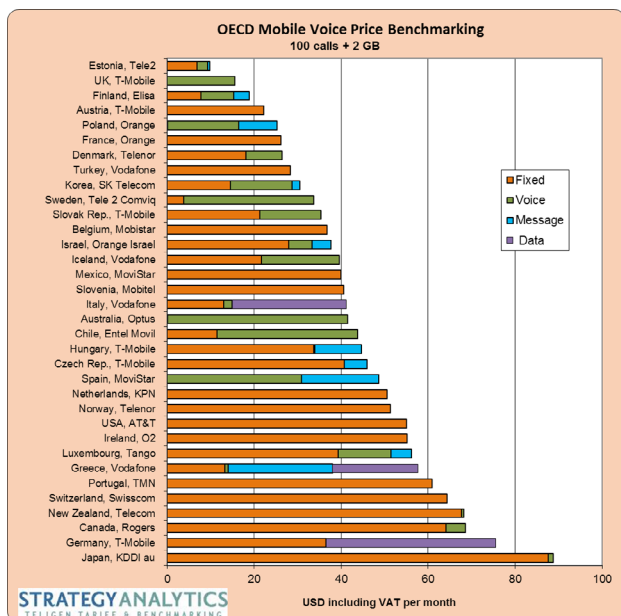
Graphs 23 and 24: The year-over-year comparison of prices of the basket of 400 messages in May 2013 and May 2014



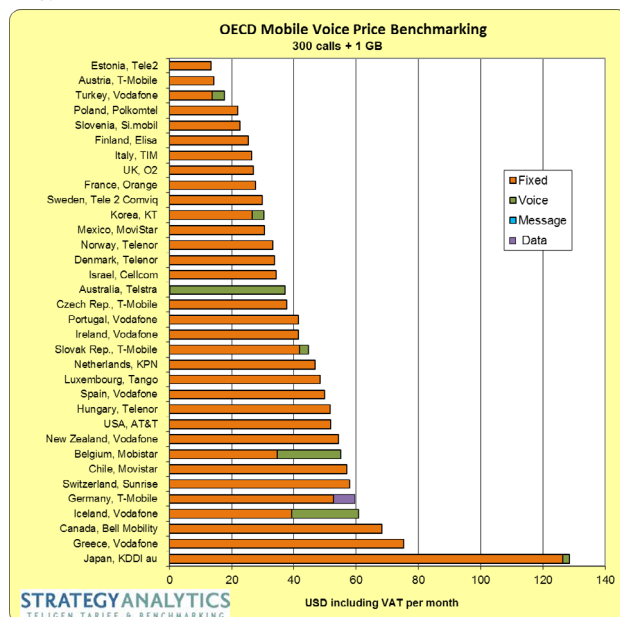
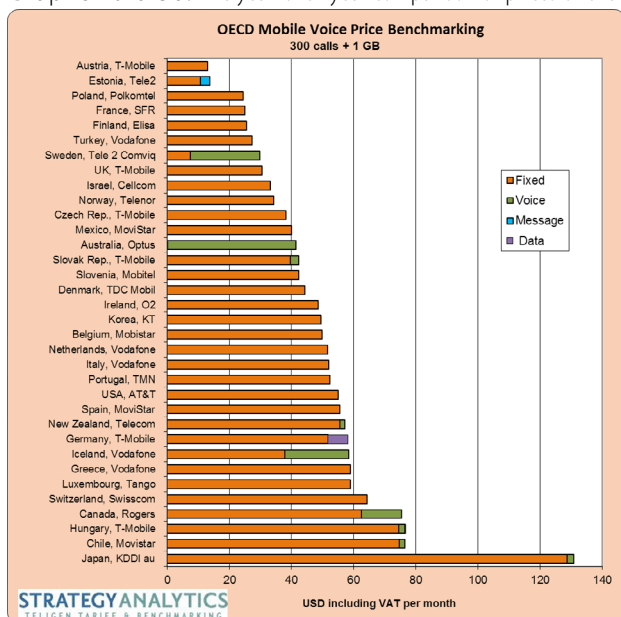
Graphs 25 a 26: The year-over-year comparison of prices of the basket of 30 calls + 100 MB



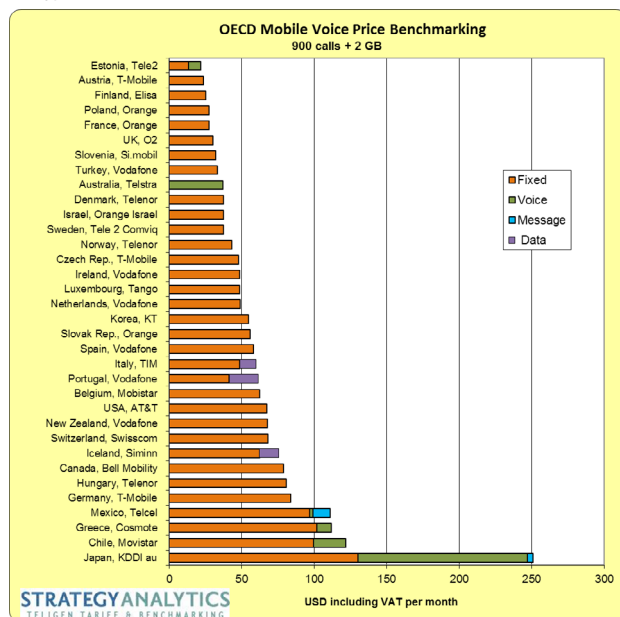
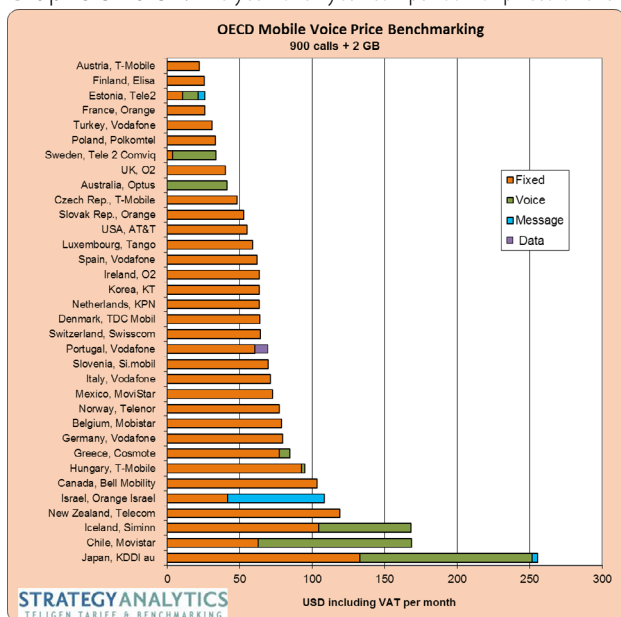
Graphs 27 a 28: The year-over-year comparison of prices of the basket 100 calls + 500 MB



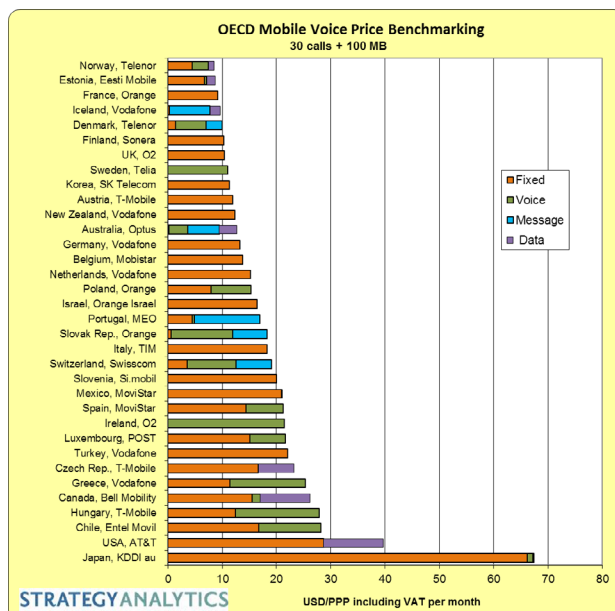
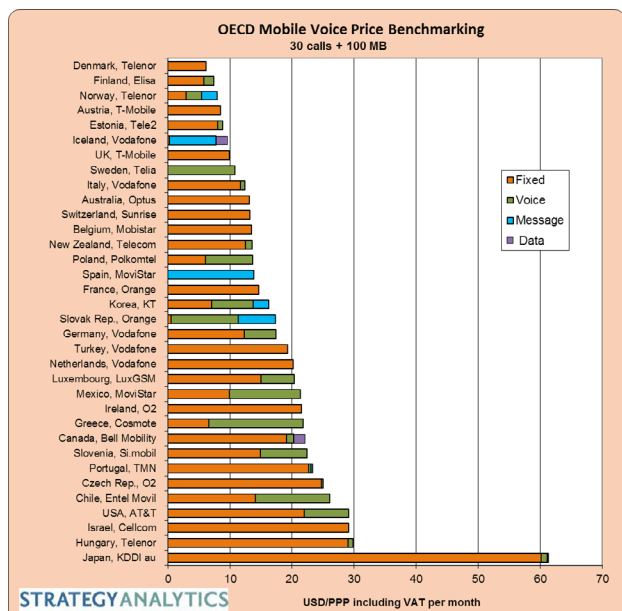
Graphs 29 a 30: The year-over-year comparison of prices of the basket 100 calls + 2 GB



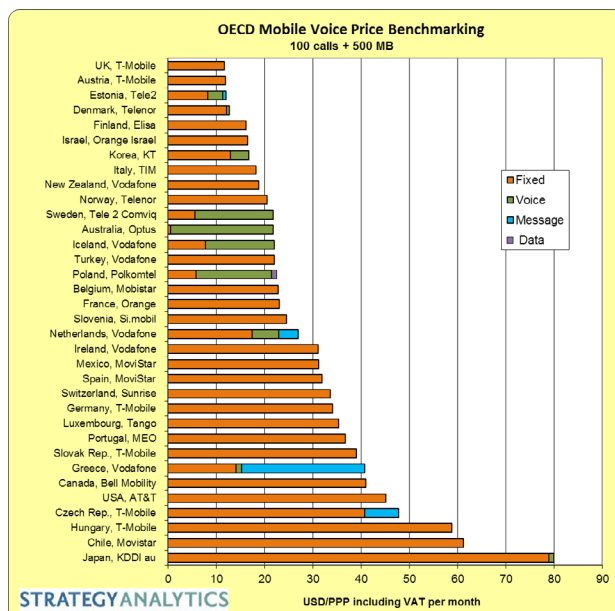
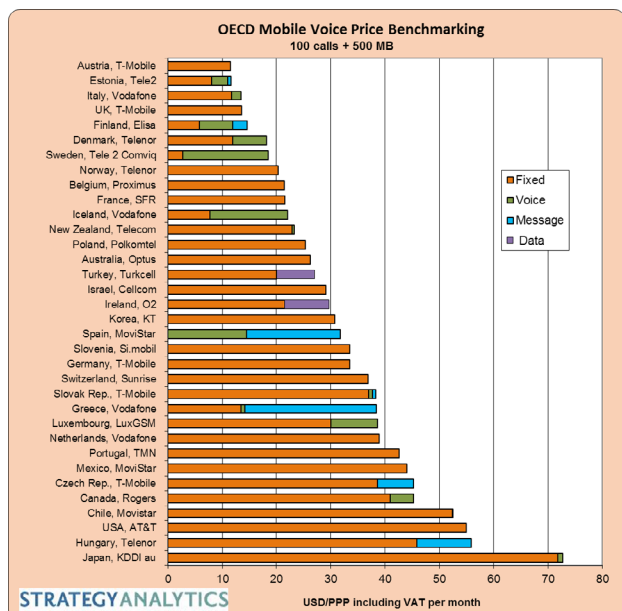
Graphs 31 a 32: The year-over-year comparison of prices of the basket 300 calls + 1 GB



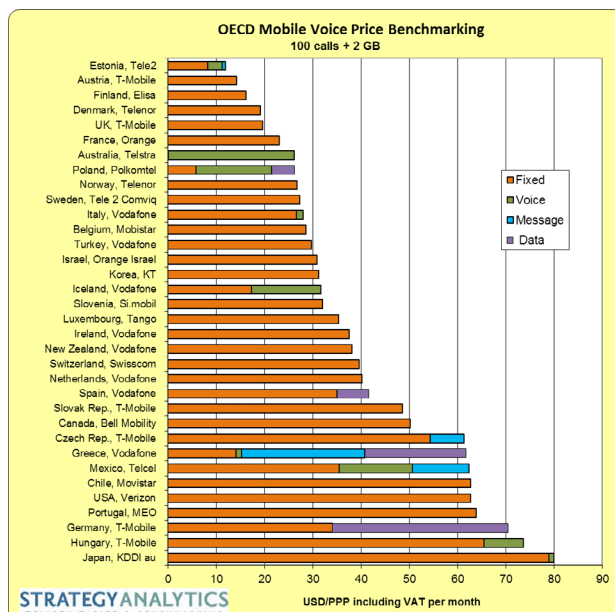
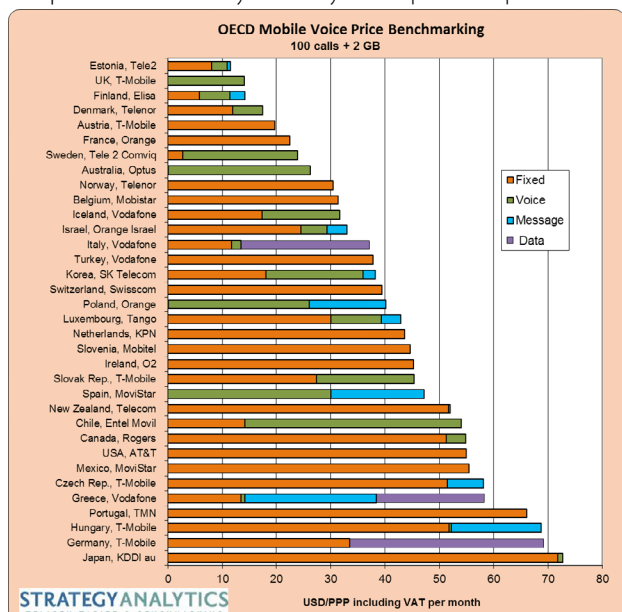
Graphs 33 a 34: The year-over-year comparison of prices of the basket 900 calls + 2 GB



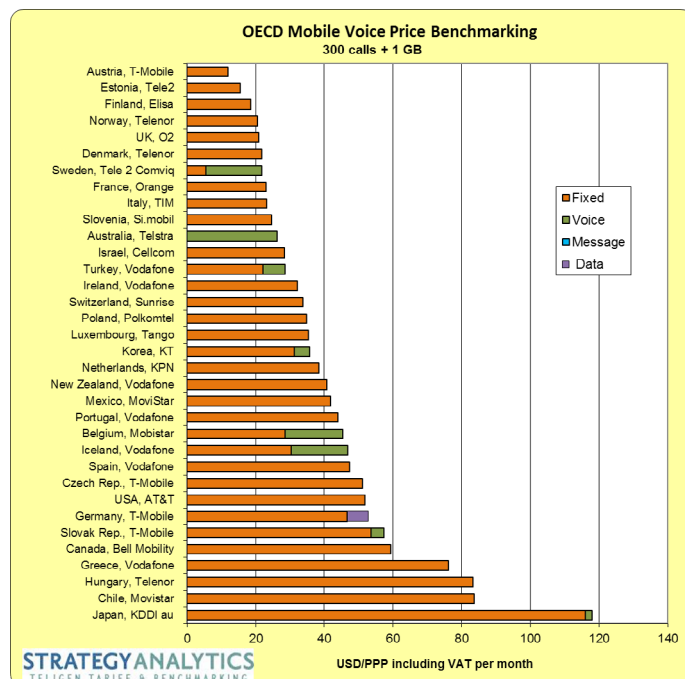
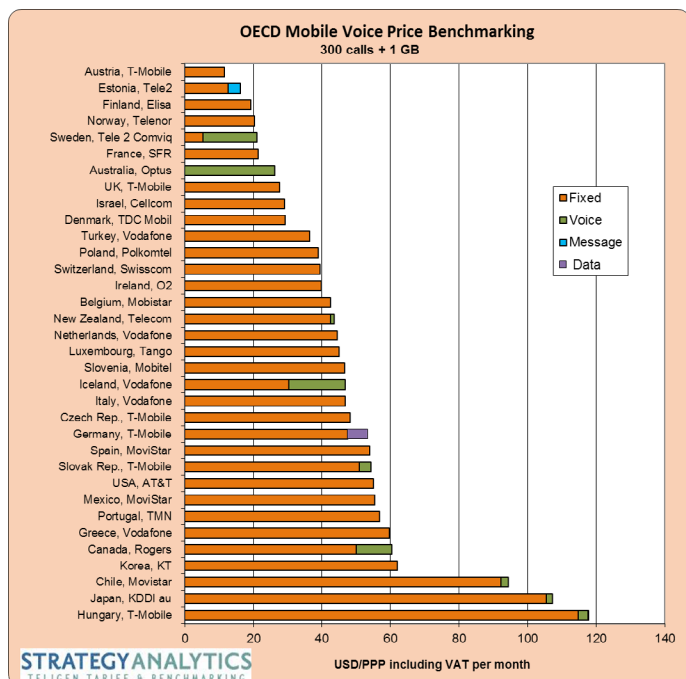
Graphs 35 a 36: The year-over-year comparison of prices of the basket 30 calls + 100 MB



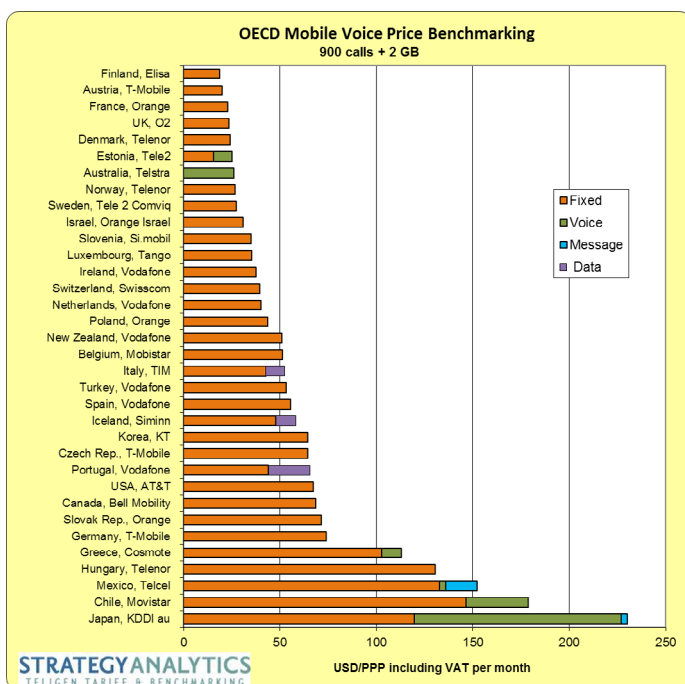
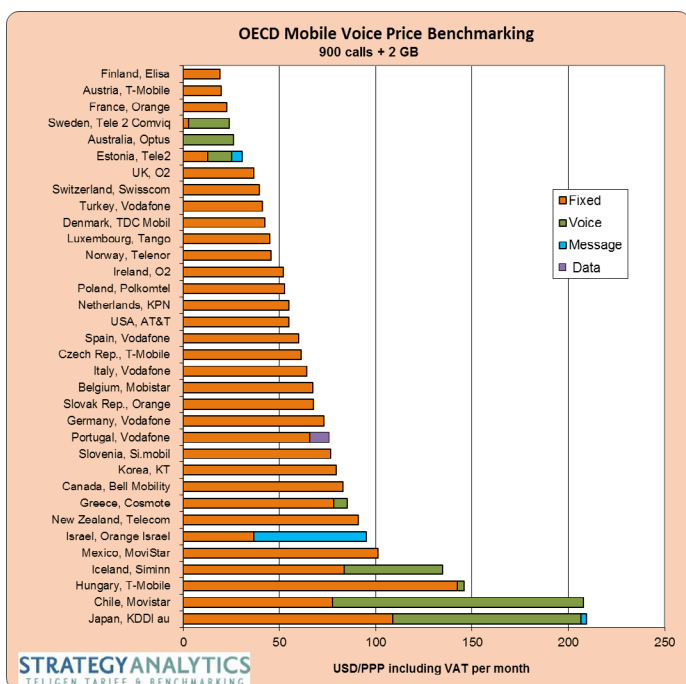
Graphs 37 a 38: The year-over-year comparison of prices of the basket 100 calls + 500 MB



Graphs 39 a 40: The year-over-year comparison of prices of the basket 100 calls + 2 GB



Graphs 41 a 42: The year-over-year comparison of prices of the basket 300 calls + 1 GB



Graphs 43 a 44: The year-over-year comparison of prices of the basket 900 calls + 2 GB

Basket of 900 calls + 2 GB according to exchange rates and according to PPP

The price of this basket, with 900 calls and 2 GB of free data, fell in the course of one year from USD 48.32 to USD 47.79 (Graphs 33 and 34). The position of the Czech Republic, however, fell four places

(from 10th position to 14th). By contrast, the price of the basket expressed according to PPP (Graphs 43 and 44) rose by more than USD 3 to USD 64.58 and the position of the Czech Republic fell from 18th to 24th. Best placed in this basket was T-Mobile's "S námi síť nesít" tariff,

with a commitment for 24 months, unlimited calls and SMS to all networks and 1.5 GB of free data, with the option of buying an additional data package of 1 GB to accompany the mobile Internet service. The same offer was also best placed in the price comparison for May 2013.

Conclusion

The aim of the year-on-year price comparison and its development over time was primarily to show the change in the Czech Republic within OECD countries between 2013 and 2014. In most baskets measured using nominal exchange rates, there was a slight decline in the prices of the baskets in the Czech Republic, in that there was a more distinct drop in prices of more than USD 2 within the basket of 40 calls from prepaid cards and 400 messages. The drop in prices is mainly down to intervention by the Czech National Bank in relation to the crown in November 2013, which reduced the value of the crown by approximately 5 %, a fact that was seen in the price comparison measured using nomi-

nal exchange rates. The position of the Czech Republic in a comparison of OECD countries stagnated or worsened slightly (the most significant drop was seen in the basket of 900 calls and 900 calls + 2 GB, where there was a fall of four places, and the basket of 300 calls + 1 GB, in which the position of the Czech Republic fell by six places). This fact is based on the activity of the operators in other OECD countries and a change in tariff offers.

The results for the Czech Republic measured using the exchange rate according to PPP were several positions worse in comparison with May 2013 and are accompanied by a rise in the prices of baskets. The biggest increase in price is seen in the baskets with the highest call and data content (for example, the-

re was a rise in the price of USD 3 in the baskets of 300 calls, 900 calls, 900 calls and 2 GB). In spite of the increase in price of the basket, the position of the Czech Republic improved most considerably in the basket of 100 calls and 2 GB of data (advancement of 3 positions). By contrast, the biggest decline came in the basket of 900 calls (a drop of 7 places) and the basket of 900 calls and 2 GB of data (a drop of 6 places).

It is important, however, to remember the limits of this comparison, which are based on such factors as the composition of the baskets themselves (theoretically, even a slight change in the form of baskets can lead to markedly different results) and the number of operators compared (two from each country).

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