

T

POLAND'S TELECOMMUNICATIONS

INDUSTRY



## KEY ELEMENTS OF THE POLISH ECONOMY AND THE TELECOMMUNICATIONS SECTOR<sup>1</sup>

- EU accession on 1 May 2004
- GDP growth rate [2004:20/05] = 3.2% (vs. 1.6% in EU 25)
- GDP growth recovery forecast for 2006 = 4.6%–5.0% (vs. 2.3% in EU 25)
- Low inflation (0.7% as at end of Dec. 2005)
- 51% of the population of new EU members
- 50% of Polish society is under 34 years of age
- the largest market in Central Europe, the 8th largest in Europe and the 30th in the world
- **high growth potential in telecommunications sector (especially in mobile and broadband segments):**
  - ongoing dynamic growth in number of mobile SIM cards and broadband users (and visible decrease in fixed lines market)

### LEVERAGE ON POLISH MARKET POTENTIAL

	Poland 2005	EU-25 2005
Mobile penetration	77%	98%
PC penetration per household	40%	58%
PC households on line	30%	48%

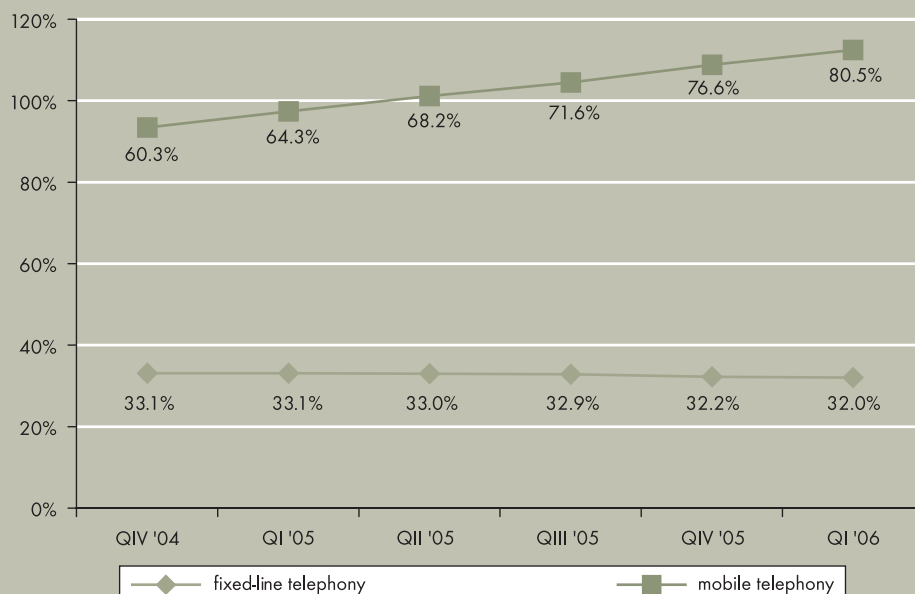
Source: EUROSTAT

### POLISH TELECOMMUNICATIONS MARKET IN 2005

The value of the Polish telecommunications market increased by 8.1% in 2005 (compared to 2004) and reached the record-high level of PLN 40.5 billion (EUR 10.1 billion).

According to EITO (European Information Technology Observatory) forecasts for 2006 and 2007, the market is expected to grow at the rate of 5.1% (2005/2006) and 3.5% (2006/2007). Telecommunications is one of the most rapidly developing as well as most promising sectors of Polish industry.

### FIXED-LINE AND MOBILE MARKET PENETRATION IN POLAND IN QIV '2004-QI '2006

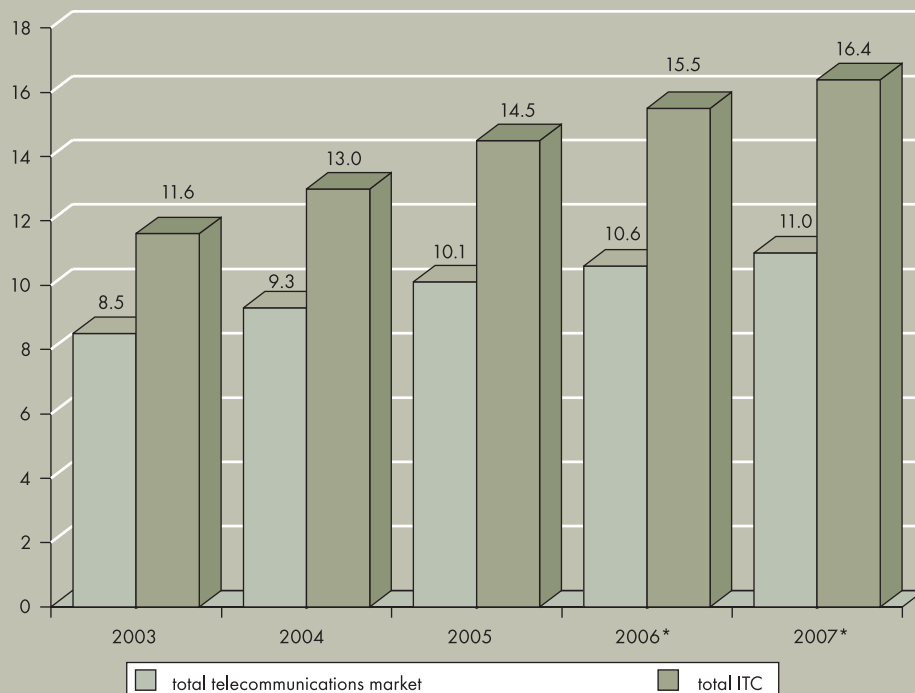


### TOTAL ICT AND TELECOMMUNICATIONS MARKETS IN POLAND IN 2003-2005, FORECASTS FOR 2006, 2007

Years	2003	2004	2005	2006	2007
total telecommunications market [in billion EUR]	8.5	9.3	10.1	10.6	11.0
year / year		04/03	05/04	06/05	07/06
growth rate [in %]		9.0	8.1	5.1	3.5
total ICT market [in billion EUR]	11.6	13.0	14.5	15.5	16.4
year / year		04/03	05/04	06/05	07/06
growth rate [in %]		12.2	11.1	7.5	5.6

Source: European Information Technology Observatory 2006 (EITO), 2006, 2007 forecasts

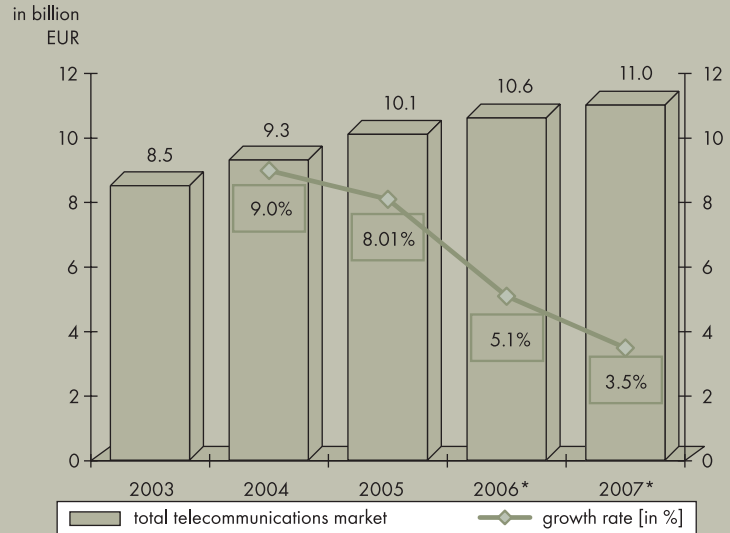
### VALUE OF THE ICT AND TELECOMMUNICATIONS MARKETS IN POLAND IN 2003-2005, FORECASTS FOR 2006, 2007 (IN EUR BILLION)



Source: European Information Technology Observatory 2006 (EITO)

<sup>1</sup> Source: Central Statistical Office (GUS), EUROSTAT, Ministry of Finance Republic of Poland, OECD

**THE TELECOMMUNICATIONS MARKET IN POLAND  
IN 2003–2005, FORECASTS FOR 2006, 2007**



Source: European Information Technology Observatory 2006 (EITO), 2006, 2007 forecasts

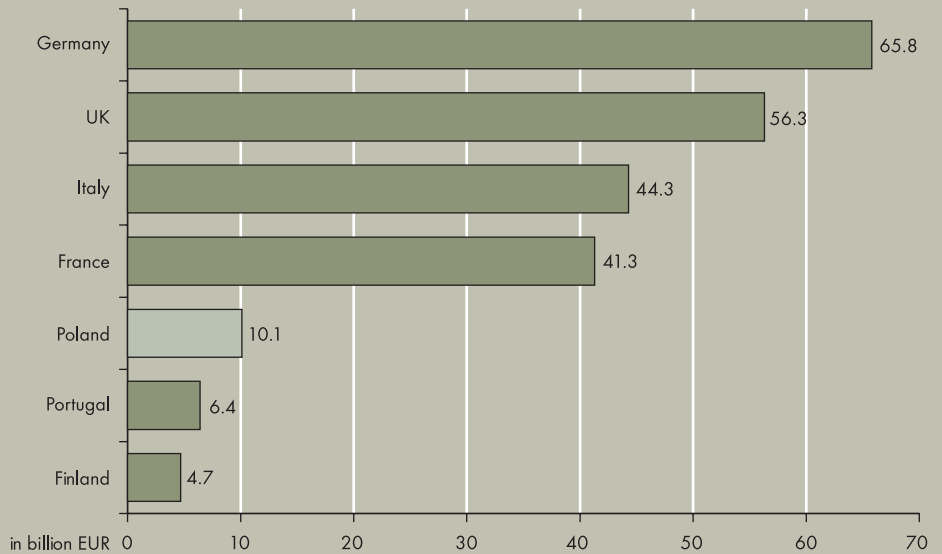
**COMPARISON OF THE  
TELECOMMUNICATIONS MARKET  
IN POLAND AND SELECTED EU  
COUNTRIES**

In 2005 the Polish telecommunications market accounted for 3.05% of the total EU 25 telecommunications market value of EUR 329.8 billion. The Polish telecommunications market in 2005, shown against the background of selected EU countries (in EUR billion)

The Polish telecommunications market is by far the largest among the telecommunications markets of the EU's new member countries. It accounts for nearly half of the combined value of the telecommunications markets of these countries (EUR 12.6 billion).

The Polish telecommunications market was one of the most rapidly growing markets (among the new EU members) in 2005 with a growth rate of 8.1%.

**IN 2005 THE POLISH TELECOMMUNICATIONS MARKET ACCOUNTED FOR 3.05% OF THE TOTAL EU 25 TELECOMMUNICATIONS MARKET VALUED AT EUR 329.8 BILLION. THE POLISH TELECOMMUNICATIONS MARKET IN 2005, SHOWN AGAINST THE BACKGROUND OF SELECTED EU COUNTRIES (IN EUR BILLION)**



Source: European Information Technology Observatory 2006 (EITO)

**POLISH TELECOMMUNICATIONS MARKET IN 2005, COMPARED  
WITH THE TELECOMMUNICATIONS MARKETS OF THE NEW EU MEMBER COUNTRIES**

Country	Value of the telecom markets (in EUR billion)	Growth rate 05/04 [in %]	The value of the telecom markets as a share of GDP (in %)
Czech Republic	3.2	3.2	3.3
Estonia	0.6	5.3	5.7
Hungary	4.5	8.2	5.1
Latvia	0.8	7.6	6.3
Lithuania	1.1	18.2	5.3
POLAND	10.1	8.1	4.1
Slovakia	1.5	6.6	3.9
Slovenia	0.9	4.4	3.3

Source: EITO, 2006

## PROFILE OF THE POLISH TELECOMMUNICATIONS MARKET

- The value of the entire Polish telecommunications market in 2005 was EUR 11.64<sup>2</sup> billion. The market is divided into 4 segments:
  - the fixed voice telephone services segment (estimated on figure below without data transmission and Internet access);
  - the mobile telephone services segment (estimated on figure below without data transmission and Internet access);
  - the data transmission and Internet access services segment;
  - the telecom equipment and devices segment.
- The mobile telephone services segment with its 34% of market share (EUR 3.9 billion) created the biggest part of the domestic telecommunications market. The telecom equipment and devices segment was slightly smaller (28% of market share) in 2005 at EUR 3.24 billion.
- The leader of the Polish telecommunications market in 2005 remained *Telekomunikacja Polska S.A.* with total revenues = EUR 3.03 billion;
  - the second one was *Polska Telefonia Cyfrowa Sp. z o.o.* (total revenues = EUR 1.67 billion)
  - and the next - *PTK Centertel S.A.* (total revenues = EUR 1.61 billion) and *Polkomtel S.A.* (revenues = EUR 1.60 billion).
- The leader of the Polish telecommunications in 2005 remained *Telekomunikacja Polska S.A.* with total revenues = EUR 3.03 billion;
  - second was *Polska Telefonia Cyfrowa Sp. z o.o.* (total revenues = EUR 1.67 billion),
  - and the next - *PTK Centertel S.A.* (total revenues = EUR 1.61 billion) and *Polkomtel S.A.* (revenues = EUR 1.60 billion).

## MANUFACTURERS OF TELECOMMUNICATIONS EQUIPMENT IN POLAND

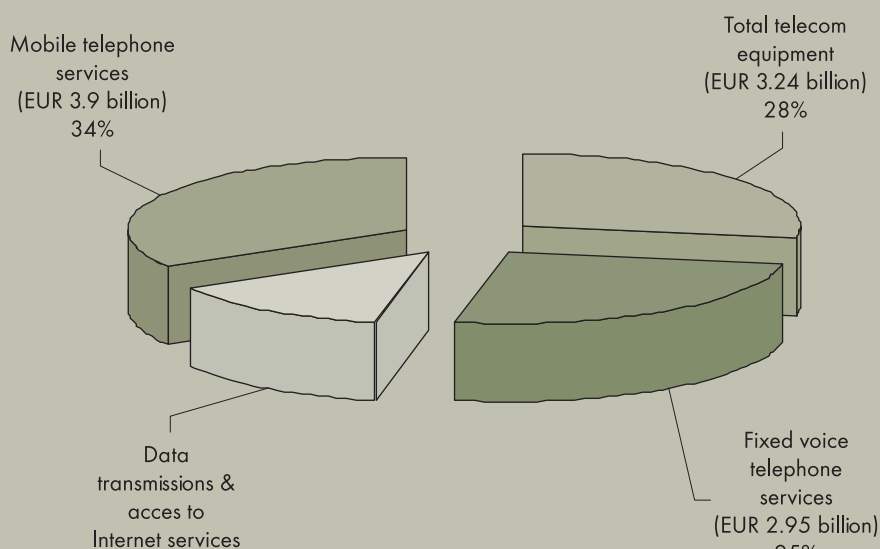
### THE MAIN PRODUCERS OF TELECOMMUNICATIONS EQUIPMENT AND DEVICES OPERATING IN POLAND IN 2005

Company	Revenues [in EUR million]
Siemens Sp. z o.o.	297.1
Nokia Sp. z o.o.	238.5
Lucent Technologies Poland Sp. z o.o.	199.5
Motorola Sp. z o.o.	183.8
Ericsson Sp. z o.o.	134.5

Source: COMPUTERWORLD TOP 200, 2006 May

- In 2005 the Polish telecommunications equipment and devices market was dominated by five foreign companies: Siemens, Nokia, Lucent technologies, Motorola and Ericsson.
- The largest domestic manufacturers of the telecommunications equipment and devices were DGT, Platan and Slican (PBX manufacturers). The biggest domestic player in this segment of the Polish telecommunications market remained Tele-Fonika group - cable manufacturer.

## PROFILE OF THE POLISH TELECOMMUNICATIONS MARKET IN 2005



Source: Instytut Rynku Elektronicznego, 2006

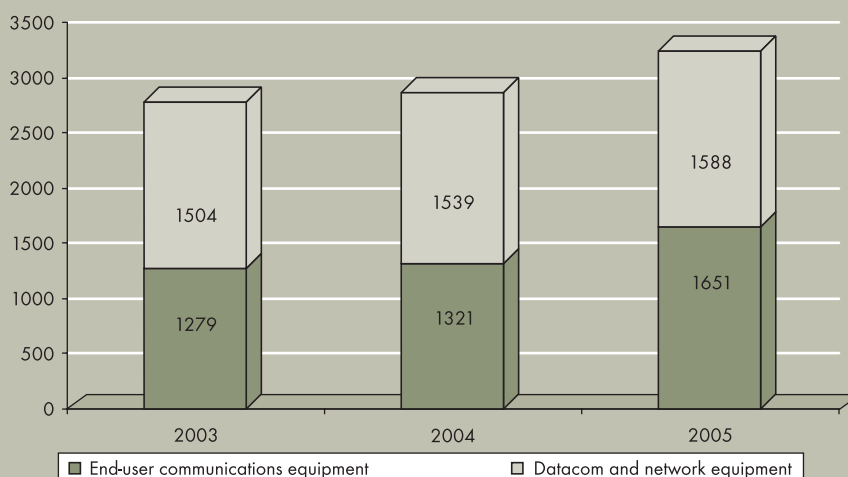
## TOTAL TELECOMMUNICATIONS EQUIPMENT AND DEVICES MARKET IN POLAND IN 2003-2005

### TOTAL TELECOMMUNICATIONS EQUIPMENT AND DEVICES MARKET IN POLAND IN 2003-2005, BY VALUE [IN EUR MILLION]

	2003	2004	2005
Mobile telephone sets	928	978	1318
Other end-user communications equipment	351	343	333
End-user communications equipment	1279	1321	1651
LAN hardware	80	90	96
PBX key systems and circuit switching equipment	384	366	358
Cellular mobile radio infrastructure	692	707	722
Packet switching and routing equipment	169	190	214
Other datacom and network equipment	179	186	198
Datacom and network equipment	1504	1539	1588
Total telecommunications equipment	2783	2860	3239

Source: EITO, 2006

## COMPARISON OF END-USER COMMUNICATIONS EQUIPMENT AND DATACOM & NETWORK EQUIPMENT IN POLAND IN 2003-2005 [IN EUR MILLION]



Source: EITO, 2005

<sup>2</sup> Source: EITO, 2006

**PRIVATE EXCHANGES (PBX) MARKET IN POLAND IN 2003-2005, BY VOLUME [IN THOUSAND PORTS]**

	2003	2004	2005
Private exchanges PBX [thousand ports]	611.2	597	586.8
Growth rate %	-1.8%	-9%	-1.7%

Source: Instytut Rynku Elektronicznego, 2006

With market shares (by volume) of 35% in 2005<sup>3</sup>, digital PBXs are growing in importance on the Polish PBX market (25% of digital PBXs include IP solutions).

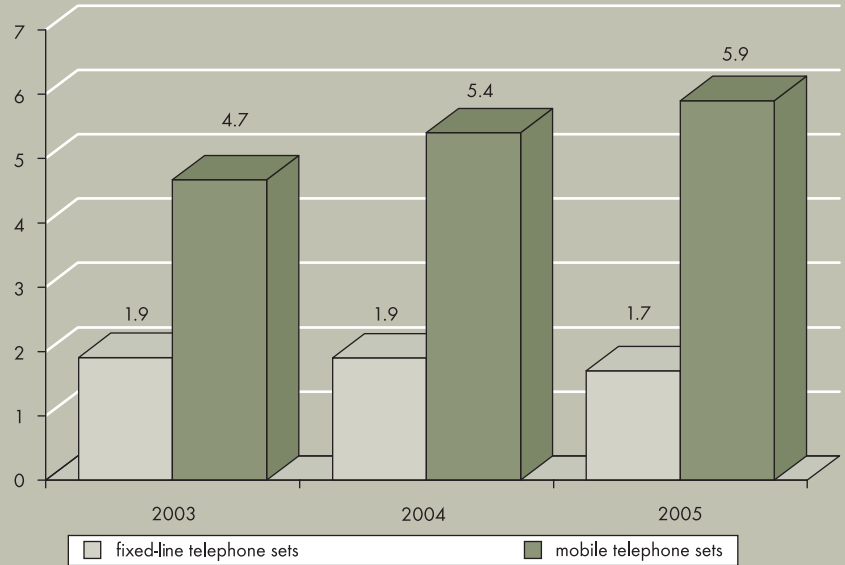
Nokia is the most popular brand of mobile telephone sets on the Polish market. A considerable share is also held by Motorola, Samsung, Siemens, and Sony Ericsson.

On the fixed-line telephone sets market the leaders are Atlantel Doro, Panasonic, Siemens, and MaxCom.

**IMPORTS OF TELECOMMUNICATIONS EQUIPMENT AND DEVICES - POLAND 2003-2005**

- Poland is one of the major European importers of the telecommunications equipment and devices. In 2005 Polish imports of telecommunications equipment and devices reached EUR 1.6 billion. In the same period, Polish exports were estimated at EUR 379.2 million.

**FIXED-LINE AND MOBILE TELEPHONE SETS SALES IN POLAND 2003-2005, BY VOLUME**



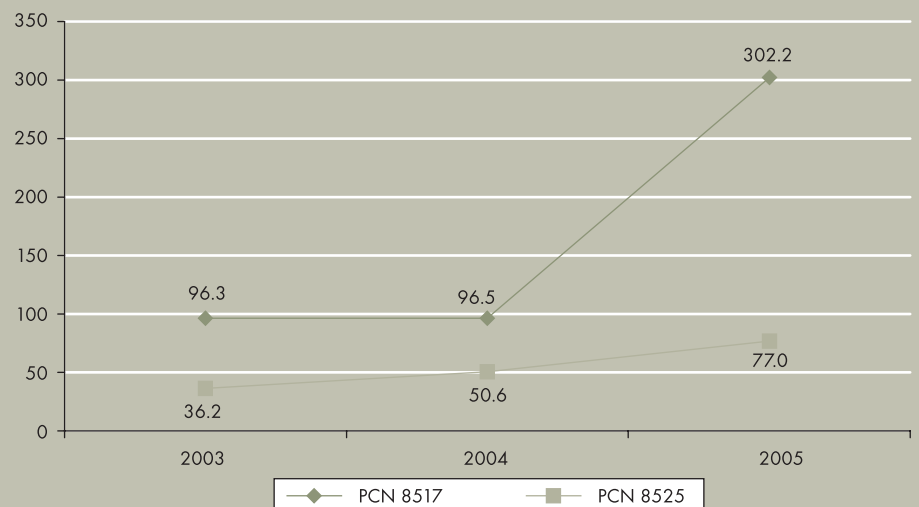
Source: Instytut Rynku Elektronicznego, 2006

**IMPORTS / EXPORTS OF TELECOMMUNICATIONS EQUIPMENT AND DEVICES - POLAND 2003-2005 [IN EUR MILLION], ACCORDING TO POLISH COMBINED NOMENCLATURE (PCN)**

	← Exports →			← Imports →		
	2003	2004	2005	2003	2004	2005
8517 - Electrical apparatus for line telephony or line telegraphy	96.3	96.5	302.2	397.3	395.2	600.9
8525 - Transmission apparatus for radio-telephony, radio-telegraphy, radio-phony and television	36.2	50.6	77.0	857.0	844.9	1039.4
<b>Total</b>	<b>132.5</b>	<b>147.1</b>	<b>379.2</b>	<b>1254.4</b>	<b>1240.1</b>	<b>1640.3</b>

Source: Central Statistical Office (GUS)

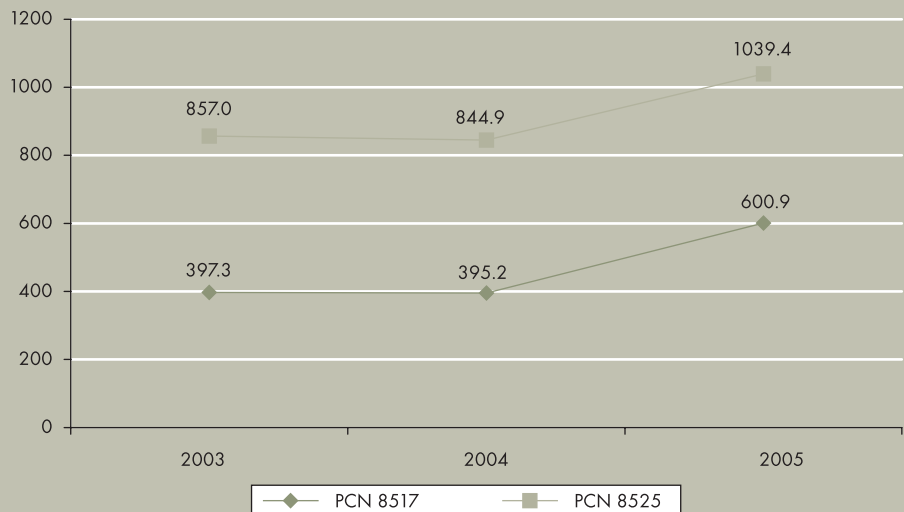
**POLISH EXPORTS OF TELECOMMUNICATIONS EQUIPMENT AND DEVICES (PCN CODE 8517 AND 8525) IN 2003-2005 [IN EUR MILLION]**



Source: GUS

<sup>3</sup> Source: Central Statistical Office (GUS)

**POLISH IMPORTS OF TELECOMMUNICATIONS EQUIPMENT AND DEVICES (PCN CODE 8517 AND 8525) IN 2003-2005 [IN EUR MILLION]**



Source: GUS

Main sources of telecommunications equipment and devices imports (PCN 8517 and 8525):

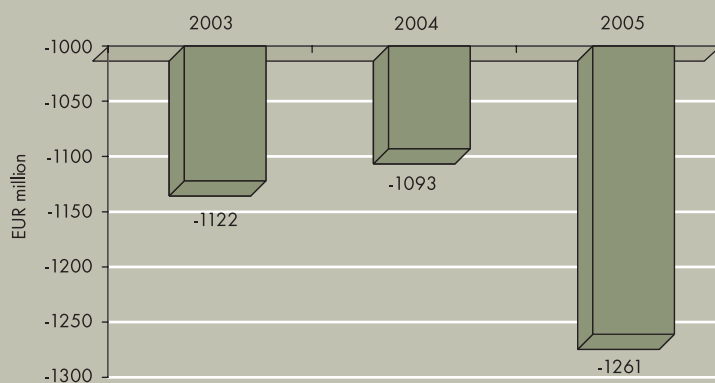
- Germany,
- China,
- and Finland.

**BALANCE OF TELECOMMUNICATIONS EQUIPMENT AND DEVICES - POLAND 2003-2005 [IN EUR MILLION], ACCORDING TO POLISH COMBINED NOMENCLATURE (PCN)**

	← Balance →		
	2003	2004	2005
<b>8517</b> - Electrical apparatus for line telephony or line telegraphy	-301.0	-298.8	-298.7
<b>8525</b> - Transmission apparatus for radio-telephony, radio-telegraphy, radio-phony and television	-820.9	-794.3	-962.4
<b>Total</b>	-1121.9	-1093.1	-1261.1

Source: Office of Electronic Communications (UKE)

**BALANCE OF POLISH FOREIGN TRADE IN TELECOMMUNICATIONS EQUIPMENT AND DEVICES (PCN CODE 8517 AND 8525) IN 2003-2005 [IN EUR MILLION]**



Source: GUS

## FIXED-LINE TELEPHONY

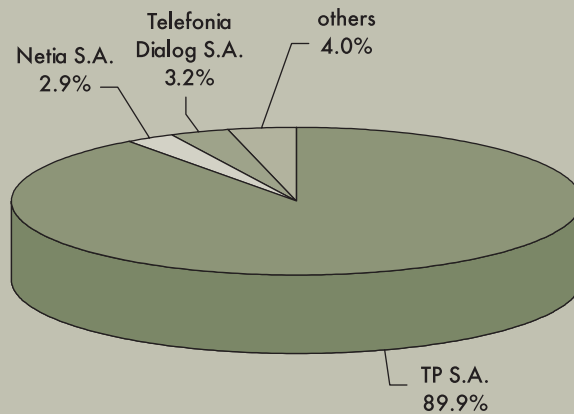
- In terms of sales revenues as well as subscribers, main lines and fixed voice traffic, Telekomunikacja Polska S.A. still remains the leader of this sector.

NUMBER OF SUBSCRIBERS OF FIXED-LINE TELEPHONY (IN MILLIONS) AND PENETRATION RATE (IN %) IN POLAND 2000–2005



Source: GUS, UKE

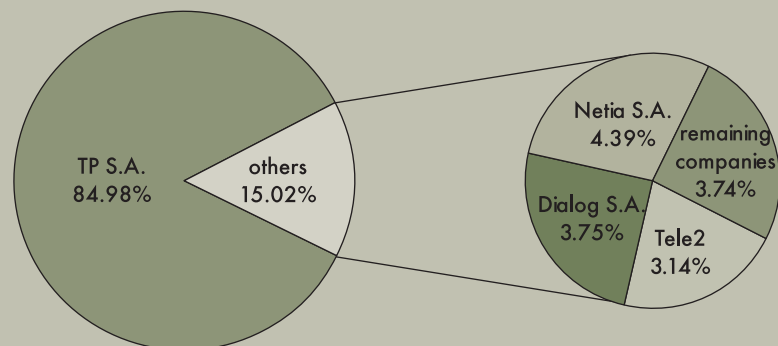
PROFILE OF THE POLISH FIXED-LINE TELEPHONY MARKET IN 2005, BY SHARE OF MAIN\* LINES (%)



\* Main line means the telephone line connecting the subscriber's terminal equipment to the switched network and having a dedicated port in the telephone equipment (without cellular mobile)

Source: Office of Electronic Communications (UKE)

PROFILE OF THE POLISH FIXED-LINE TELEPHONY MARKET IN 2005, BY SHARE OF REVENUES FROM TELECOMMUNICATIONS SERVICES (IN %)



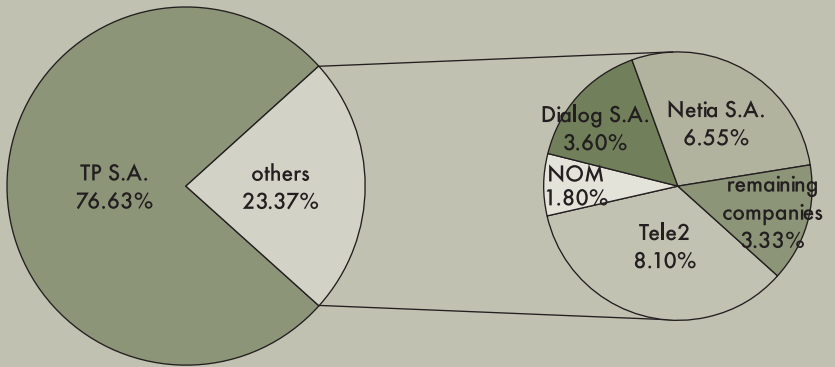
Source: Office of Electronic Communications (UKE)

PROFILE OF THE POLISH FIXED-LINE TELEPHONY MARKET IN 2005,  
BY THE SHARES OF TIME OF LOCAL CALLS (IN %)



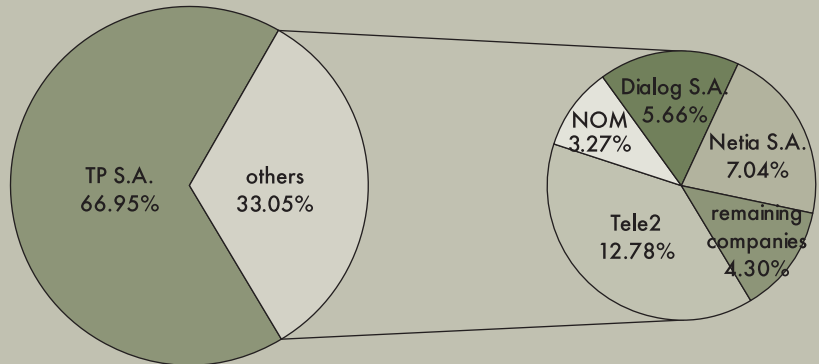
Source: Office of Electronic Communications (UKE), according to data obtained up to 26-IV-2006

PROFILE OF THE POLISH FIXED-LINE TELEPHONY MARKET IN 2005,  
BY SHARE OF TIME OF LONG DISTANCE CALLS (IN %)



Source: Office of Electronic Communications (UKE), according to data obtained up to 26-IV-2006

FIG 16. PROFILE OF THE POLISH FIXED-LINE TELEPHONY MARKET IN 2005, BY SHARE OF TIME OF INTERNATIONAL CALLS (IN %)



Source: Office of Electronic Communications (UKE), according to data obtained up to 26-IV-2006



## RANKING OF THE MAIN TELECOMS OPERATING IN POLAND

- In 2005, there were 68 operators with own telecommunication network on the Polish market of telecommunications services. Their annual turnovers differ significantly. The highest turnover was by *Telekomunikacja Polska S.A.* – more than EUR 3 billion in 2005. *Telekomunikacja Polska S.A.* is followed by three mobile operators: *Polska Telefonia Cyfrowa (PTC) Sp. z o.o.*, *Polkomtel S.A.* and *Polska Telefonia Komórkowa (PTK) Centertel Sp. z o.o.*

## TOP 10 TELECOMS (OPERATORS OFFERING TELECOMMUNICATIONS SERVICES) IN POLAND IN 2005, RANKED ACCORDING TO REVENUES (IN EUR MILLION)

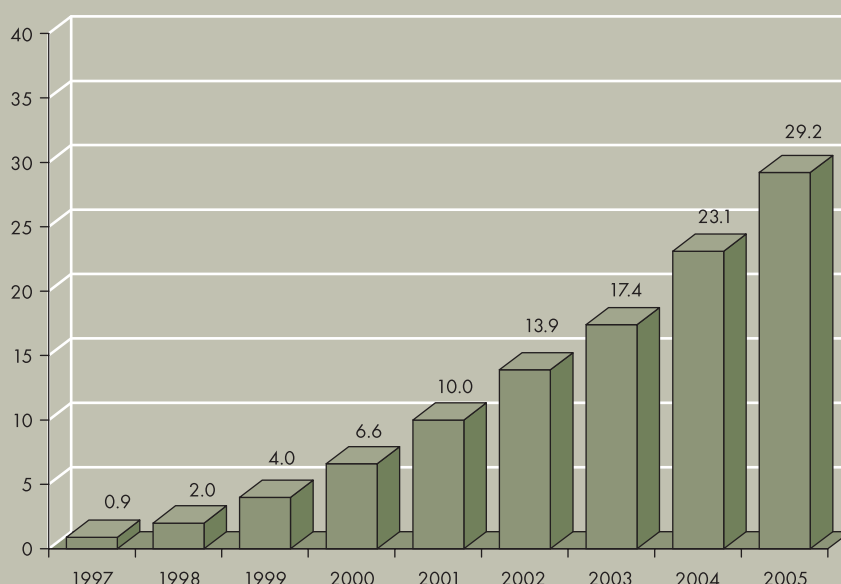
	Company	Turnover (in million EUR)
1.	Telekomunikacja Polska S.A. (TP S.A.)	3,027.7
2.	Polska Telefonia Cyfrowa (PTC) Sp. z o.o.	1,669.2
3.	Polkomtel S.A.	1,613.8
4.	Polska Telefonia Komórkowa (PTK) Centertel	1,594.9
5.	Netia S.A. (capital group)	223.3
6.	Telefonia DIALOG S.A.	124.0
7.	Exatel S.A.	123.5
8.	UPC Polska Sp. z o.o.	108.1
9.	GTS Energis (capital group)	91.2
10.	Tele2 Polska Sp. z o.o.	68.3

Source: COMPUTERWORLD TOP 200, 2006 MAY

## MOBILE TELEPHONY

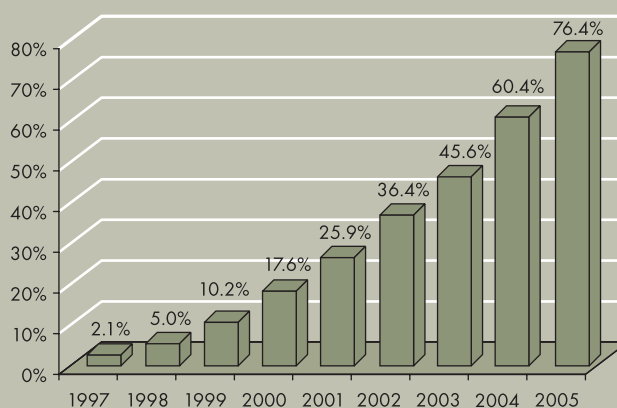
- The Polish mobile telephony market continues to grow. At the end of 2005 the total number of mobile phone subscribers in Poland reached the level of 29.2 million. In 2005, comparing with the situation in 2004, the number of subscribers grew by 6.1 million, or by 26%.

## NUMBER OF SUBSCRIBERS OF MOBILE TELEPHONY SERVICES (IN MILLION) IN POLAND IN 1997-2005 (AS OF DECEMBER 31 EACH YEAR)



Source: Office of Electronic Communication (UKE)

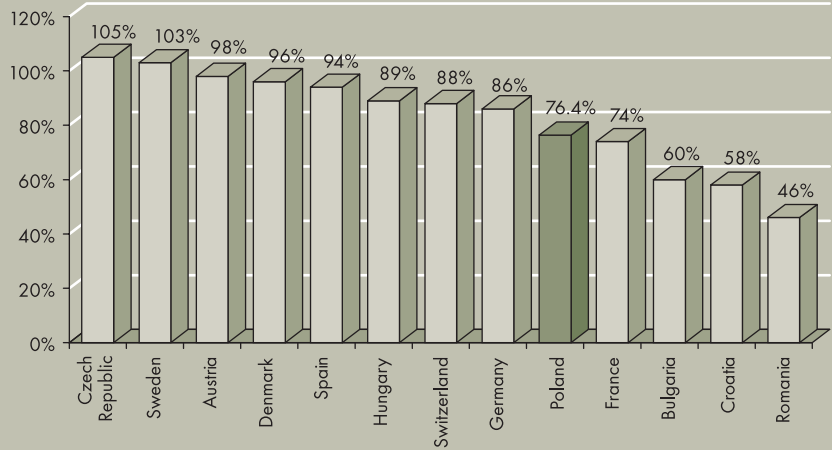
## PENETRATION OF MOBILE TELEPHONY IN POLAND IN 1997-2005 (DECEMBER 31 EACH YEAR)



Source: Office of Electronic Communication (UKE)

- In the end of 2005, the penetration rate of mobile telephony in Poland reached 76.4%, meaning that over three fourths of Polish residents were users of mobile telephony.

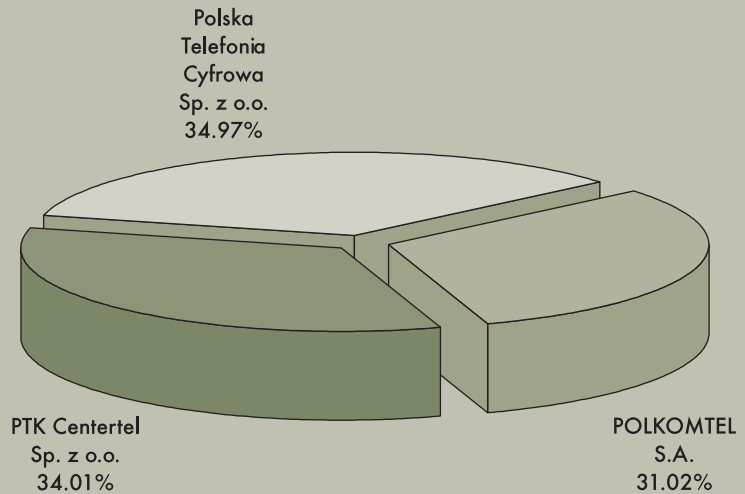
**PENETRATION OF MOBILE TELEPHONY IN POLAND AND SELECTED EUROPEAN COUNTRIES (DECEMBER 31, 2005)**



Source: GUS

- In terms of the number of subscribers Poland's largest mobile operator is *Polska Telefonia Cyfrowa Sp. z o.o. (PTC)* with almost 35% market share in this segment, which is about 10.2 million subscribers.

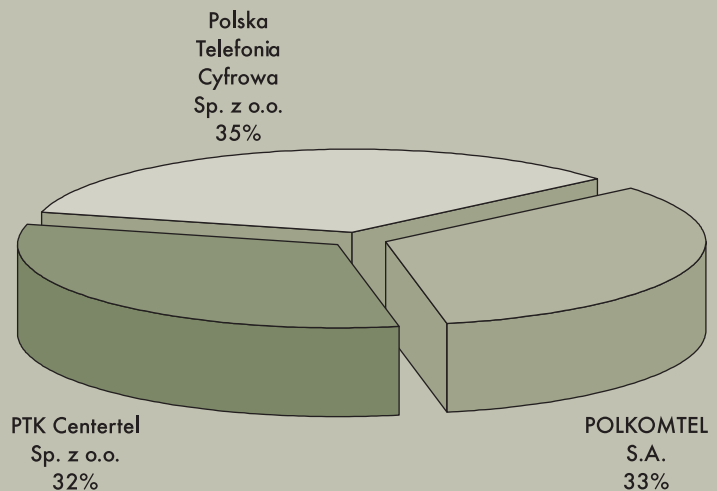
**PROFILE OF THE POLISH MOBILE TELEPHONY MARKET (DECEMBER 31, 2005), BY NUMBER OF SUBSCRIBERS**



Source: Office of Electronic Communication (UKE)

- In terms of revenues from all telecommunications services Poland's leading mobile operator is *PTC* - EUR 1.67 billion. Second one is *POLKOMTEL* - EUR 1.61 billion, and third - *PTK Centertel* - EUR 1.6 billion

**PROFILE OF THE POLISH MOBILE TELEPHONY MARKET (DECEMBER 31, 2005), BY REVENUE FROM ALL TELECOMMUNICATIONS SERVICES**



Source: COMPUTERWORLD TOP 200, 2006 MAY

## POLISH DLISP (DATA TRANSMISSION, LINE RENTAL, AND INTERNET SERVICES PROVISION) MARKET

- According to research conducted by PMR Consulting the value of the Polish DLISP (Data Transmission, Line Rental, and Internet Services Provision) market in 2008 will reach the level of 4.4 PLN billion (in 2005 - 3.3 PLN billion). It means the growth rate of the domestic DLISP market value will reach the level of 11% yearly.
- Such a high growth rate of the domestic DLISP market will be mainly due to the Broadband Data Transmission segment - the most rapidly growing segment (growth rate = 27% per year) of the Polish DLISP market. In 2008 the Broadband Data Transmission segment will reach over 1/2 (PLN 2.3 billion) of the entire Polish DLISP market (comparing with 1/3 in 2005).
- In 2005-2008:
  - the value of dial-up services will decrease about PLN 400 million;
  - the Line Rental segment will also be decreasing.

## THE INTERNET SERVICES MARKET

- The value of the Internet services market is estimated to be over EUR 500 million, and its growth rate exceeds 25% annually.<sup>4</sup>
- The number of Internet users (individuals aged over 15 regularly using the Internet) in Poland in the 1<sup>st</sup> half of 2005 reached 8.8 million (average). This is 1.1 million more than in the 1<sup>st</sup> half of 2004.

## SHARE OF HOUSEHOLDS HAVING BROADBAND CONNECTION TO THE INTERNET IN THE NEW EU COUNTRIES IN 2005

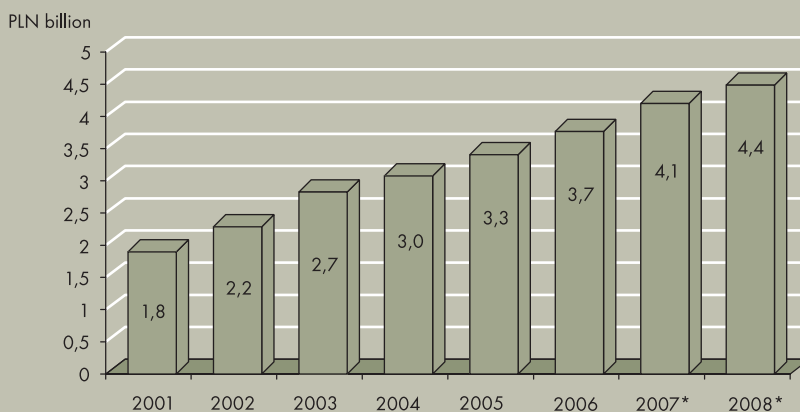
EU (25 countries)	23%
Czech Republic	5%
Estonia	30%
Cyprus	4%
Latvia	14%
Lithuania	12%
Hungary	11%
POLAND	16%
Slovenia	19%
Slovakia	7%

NOTE: The availability of broadband is measured by the percentage of households that are connectable to an exchange that has been converted to support xDSL-technology, to a cable network upgraded for Internet traffic, or to other broadband technologies. It covers all households having at least one member in the age group 16 to 74 years.

Source: EUROSTAT

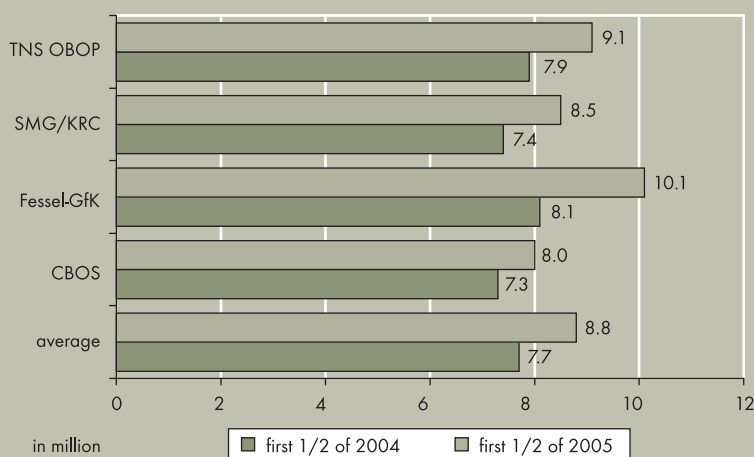
- In the first half of 2006 there were 423,000 domains registered in Poland.<sup>5</sup>

## THE DLISP MARKET IN POLAND IN 2005-2008



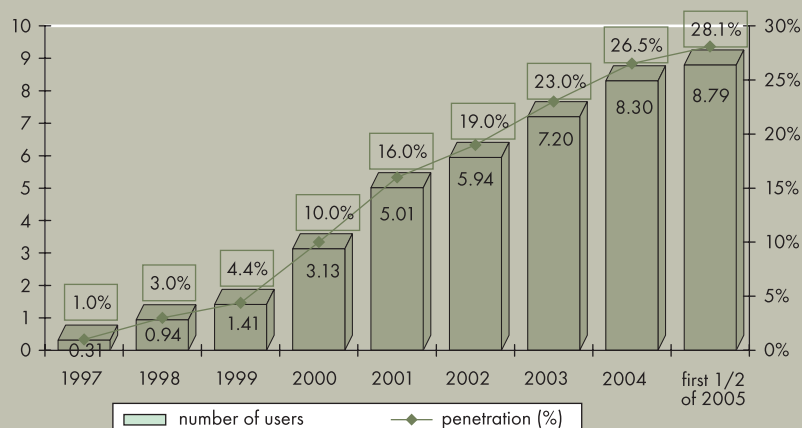
Source: PMR - "The telecommunications market in Poland 2005-2008", 2005\*-2008\* forecasts

## NUMBER OF INTERNET USERS (INDIVIDUALS AGED OVER 15 REGULARLY USING THE INTERNET) IN POLAND IN FIRST HALF OF 2004 AND 2005, ACCORDING TO VARIOUS SOURCES (IN MILLION)



Source: PMR - "The telecommunications market in Poland 2005-2008"

## NUMBER OF INTERNET USERS (IN MILLION) AND THE INTERNET USER PENETRATION (IN %) IN POLAND FROM 1997 TO THE FIRST 1/2 OF 2005



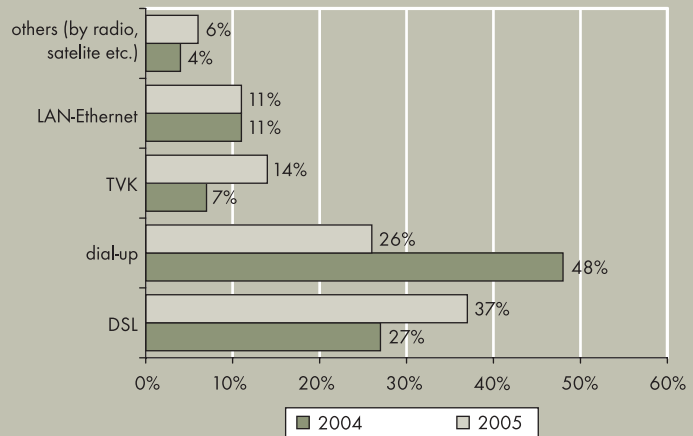
Source: PMR - "The telecommunications market in Poland 2005-2008"

<sup>4</sup> Source: Instytut Rynku Elektronicznego

<sup>5</sup> Source: <http://top100.pl>

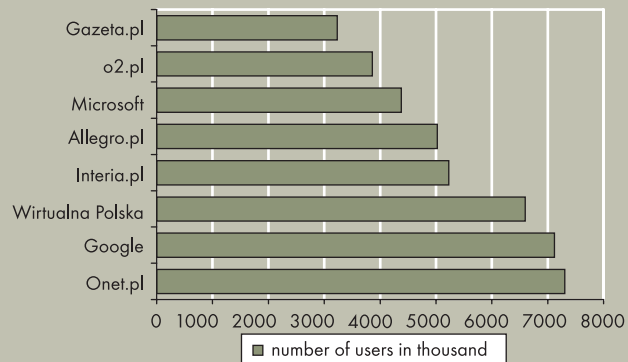
- Poland has by far the largest number of Internet users among the new members of the EU.
- The main provider of the Internet services is TP S.A. Its market share reaches 65%.

**INDIVIDUALS USING THE INTERNET AT HOME IN POLAND IN 2004-2005 AS A PERCENTAGE OF THE TOTAL NUMBER OF INDIVIDUALS AGED OVER 15 REGULARLY USING THE INTERNET, BY VARIOUS INTERNET ACCESS TECHNOLOGIES**



Source: PMR - "The telecommunications market in Poland 2005-2008"

**THE MOST POPULAR PORTALS IN POLAND IN 2005**

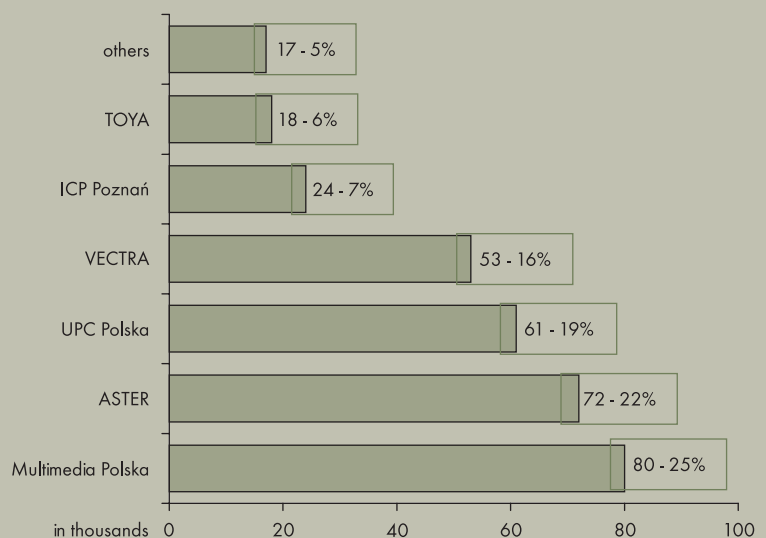


Source: Megapanel PB/Gemius, XII 2005

**THE CABLE TELEVISION OPERATORS MARKET**

- The cable television operators keep becoming major providers of the Internet in Poland. It is estimated that cable television subscribers account for about 1/3 of close to 1.6 million people who have broadband access to the Internet in Poland.
- Members (cable TV operators) of the Polish Chamber of Electronic Communication (PIKE)<sup>6</sup> represent over 70% of the domestic cable TV market and are used by 4 million households in Poland [access to TV program and broadcasting, Internet and digital telephony].
- In 2005-2006 few cable TV operators started offering *Triple Play* service - high-speed Internet, television (*Video on Demand* or regular broadcasts) and telephone service over a single broadband connection (VoIP). *Triple Play* services are offered by cable television operators as well as by telecommunication operators (*Telekomunikacja Polska S.A.*).

**THE MAIN OPERATORS OF PUBLIC CABLE TV NETWORKS IN POLAND, BY TVK MODEMS - IN THOUSAND (FOR FIRST 6 MONTHS OF 2005)**



Source: PMR - "The telecommunications market in Poland 2005-2008"

<sup>6</sup> PIKE is a member of the National Economic Chamber and the European Cable Association and 140 companies making up an integral part of the Polish market media electronic.

## THE MAIN CABLE TV OPERATORS IN POLAND IN 2005

Cable TV operator	Market share	Number of subscribers	Cities	Number of subscribers			
				TV programs	Internet	Telephone	Digital TV
UPC Telewizja Kablowa	22.22%	1,000,000	116	1,000,000	140,000	15,000	under work
VECTRA	14.00%	625,000	114	625,000	68,000	5,000	tested
Multimedia Polska	10.00%	450,000	90	450,000	105,000	120,000	tested
Grupa ASTER	8.11%	365,000	6	365,000	92,000	20,000	39,000
TOYA	3.33%	150,000	4	150,000	21,000	1,000	under work
TK Poznań	2.22%	100,000	1	100,000	30,000	under work	8,000
MTK S.TAR	1.33%	60,000	9	60,000	5,000	1,000	0
Stream Communications	0.89%	40,000	17	40,000	15,000	0	0
PROMAX	0.63%	28,500	18	28,500	5,500	tested	tested
Sat Film	0.56%	25,000	1	25,000	7,500	0	0
others	36.71%	1,700,000					
total	100.00%	4,500,000					

Source: Polish Chamber of Electronic Communication (PIKE), February 2006

## FOREIGN INVESTMENT IN THE POLISH TELECOMMUNICATIONS SECTOR

- In 2005 the value of foreign direct investment (FDI) inflow to Poland was USD 7.7 billion, down by USD 5.1 billion, i.e. 40%, compared with USD 12.9 billion in 2004. The amount of USD 7.7 billion is composed of:
  - buying/selling shares of Polish direct investment enterprises (USD 2.3 billion),
  - reinvested earnings, which equalled USD 3.9 billion,
  - and loans from direct investors (USD 1.5 billion).

Reinvested profits, with a 50% share in FDI flows (versus 49.3% the year before) were the main component of FDI in 2005.

The table on the right outlines FDI flows in 2004-2005.

- The Polish telecommunications market is one of the sectors that have attracted the largest amounts of foreign capital in the form of direct investment (FDI) over the last 15 years. The largest foreign investor in Poland is *France Telecom*.
- Among the foreign concerns investing in the Polish telecommunications sector there are both companies that render services (such as *France Telecom*) and manufacturers of telecommunications equipment (such as *Vivendi Universal* and *Lucent Technologies*).

## INFLOW OF FOREIGN DIRECT INVESTMENT TO POLAND IN 2005 (USD MILLION)

Year	Components of FDI inflow			Total
	Shares	Reinvested earnings	Other capital	
2004	7,463	6,340	-930	12,873
2005	2,341	3,898	1,485	7,724

Source: Polish Information and Foreign Investment Agency (PAIIZ)

## THE LARGEST FOREIGN INVESTORS IN THE POLISH TELECOMMUNICATIONS SECTOR AS OF THE END OF DECEMBER 2005

Investor	Country of registration	Country of origin	Comments
France Telecom	France	France	47.5% stake in Telekomunikacja Polska S.A., PTK Centertel (Orange - head office in Warsaw), DITEL S.A., ITI Lublin Sp. z o.o. (Lublin), TP Internet Sp. z o.o. (including Wirtualna Polska), TP Invest Sp. z o.o., TP MED Sp. z o.o.
Vivendi Universal	France	France	15.04% stake in Elektrim S.A. - office in Warsaw, 50% stake in Carcom Warsaw Sp. z o.o. - office in Warsaw
Telia AB	Sweden	Sweden	Telia S.A., Eniro Polska Sp. z o.o.
Bates Telecom Ltd.	UK	UK	Energis Polska Sp. z o.o., Cel Polska Sp. z o.o., Telrise Sp. z o.o.
Alcatel	France	France	Alcatel Polska S.A., Alcatel Business Systems Poland Sp. z o.o., Alcatel Setel Sp. z o.o. - Warsaw, Alcatel CIT Polska Sp. z o.o. - Poznań
Lucent Technologies Network Systems Netherlands B.V.	Netherlands	USA	Lucent Technologies Poland Sp. z o.o. - Warsaw and Bydgoszcz
Siemens A.G.	Germany	Germany	98.3% stake in Siemens Sp. z o.o.
Vodafone Americas Asia Inc.	USA	USA	Polkomtel S.A.
TDC Mobile International A/S	Denmark	Denmark	Polkomtel S.A.
D. Chase Enterprises	USA	USA	Polska Telewizja Kablowa S.A. - Warsaw, Katowice, Gdańsk, Cracow and Lublin

Source: Polish Information and Foreign Investment Agency (PAIIZ)

## TELECOMMUNICATIONS LAW IN POLAND

Telecommunications Law, Act of 16 July 2004

The Law specifies:

- principles for performing and monitoring business activity consisting involving provision of telecommunications services, provision of telecommunications networks or associated facilities (together referred to as "telecommunications activity"),
- rights and obligations of telecommunications enterprises,
- rights and obligations of telecommunications and radio equipment users,
- conditions for undertaking and pursuing telecommunications activity, including radio and

television program broadcasting, distribution networks and services,

- conditions for regulation of telecommunications markets,
- conditions for providing universal service,
- conditions for service user protection,
- conditions for frequency, orbit resource and numbering management,
- conditions for processing telecommunications data and protection of telecommunications confidentiality,
- telecommunications aspects of national defence, state security and public order and safety,
- requirements for telecommunications equipment, radio equipment and telecommunications terminal equipment,

- functioning of telecommunications administration, cooperation with other domestic bodies and European Union institutions involved in regulation of telecommunications.

The aim of the Law is to create the conditions for:

- support of equal and effective competition in telecommunications services,
- development and use of modern telecommunications infrastructure,
- ensuring order in the management of numbering, frequencies and orbit resources,
- ensuring that users derive maximum benefit in terms of choice, price, and quality of telecommunications services,
- ensuring technological neutrality.



Polish Information and Foreign Investment Agency (PAIiIZ)

*Polska Agencja Informacji i Inwestycji Zagranicznych S.A.*

*ul. Bagatela 12, 00-585 Warszawa, Polska*

*tel. (+48 22) 334 98 00, fax (+48 22) 334 99 99*

*www.paiz.gov.pl, e-mail: post@paiz.gov.pl*

© 2006 PAIiIZ. All rights reserved

ISBN 83-60049-44-0

Photos by: PAIiIZ archive