

EUSERS SUMMER SCHOOL

Performance and Governance of Services of General Interest.

*Critical perspectives on Energy, Telecommunications, Transport and Water Reforms in the EU
June, 27th – July 1st 2016*

ICT Policies in Europe: Past, Present and Future

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Joke of the Day

There is now 1 **GB** free space in the EU...

The Forces at Stake

Price and quality drivers:

- 1. Technological change:** a series of technological shocks since the 1980s, e.g. analogue → digital telephony.
- 2. The presence of substitute operators:** privatized companies.
- 3. Substitute service providers:** OTTs.

The Legislative Package of the EC (MEMO /13/779)

Aims:

- create four or five major operators providing services across the European Union;
- create common and simple rules;
- eliminate roaming charges;
- remove surcharges on international calls;
- provide rights to telecommunications consumers;
- promote network neutrality.

Key Variances among National Reform Patterns

- Role of the state
- Degree of privatization, liberalization and deregulation
- Europeanization impact
- Type and methods of privatization
- Pace and timing of the reforms
- Delegation/allocation of authority and regulatory powers
- Ownership and organization of the incumbents
- Consumer protection
- Public service and universal service obligations
- Research and development
- Market – related variables
- Technological adjustment

Cross – Country Analysis

- **Britain:** radical reforms, clear orientation towards liberalization, deregulation and privatization, priority of market forces and competition.
- **France:** ‘state-controlled’ oriented, strong protectionist and interventionist elements, public service concerns, slow regulatory adjustment.
- **The Netherlands:** international trends of liberalization, privatization and deregulation, gradual implementation pace.
- **Greece:** absence of a clear pattern, technical adjustment, gradual liberalization and privatization.

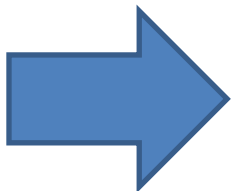
The Role of State-Owned Incumbents and the Need for Ownership Change

On the positive side:

- Privatization generating significant proceeds for the state.
- Possible inflow of foreign direct investment (FDI) to the country.
- Potential internationalization into a multinational corporation (MNC).

On the negative side:

- Existence of a purely monopolistic situation with no market competition.
- No incentives for innovation and investment.
- High prices and no other choice for the consumer.
- Barriers to entry imposed by the state to protect its interests.

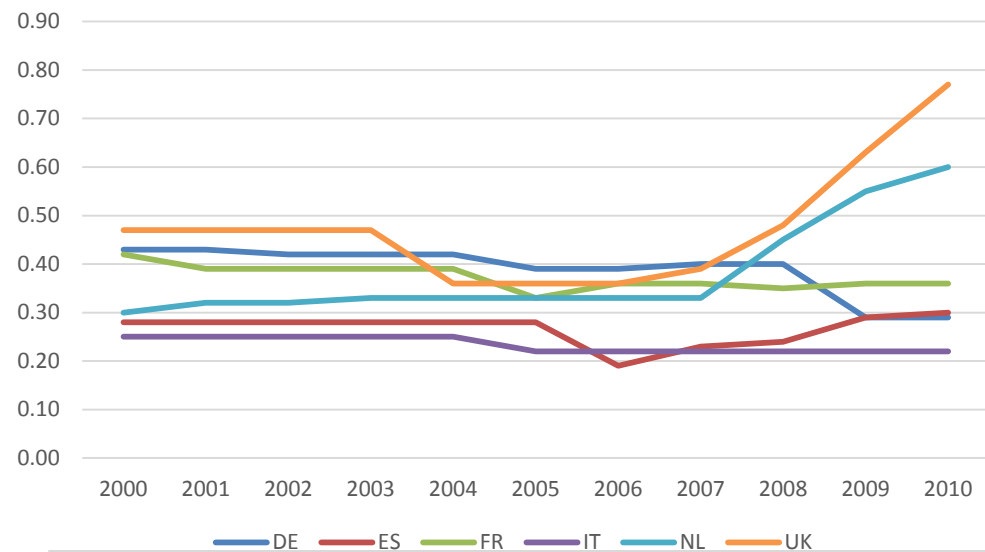


Change in the ownership structure to open up the market for competition and to ensure the availability of consumer choice, continuous technological innovation and service improvements.

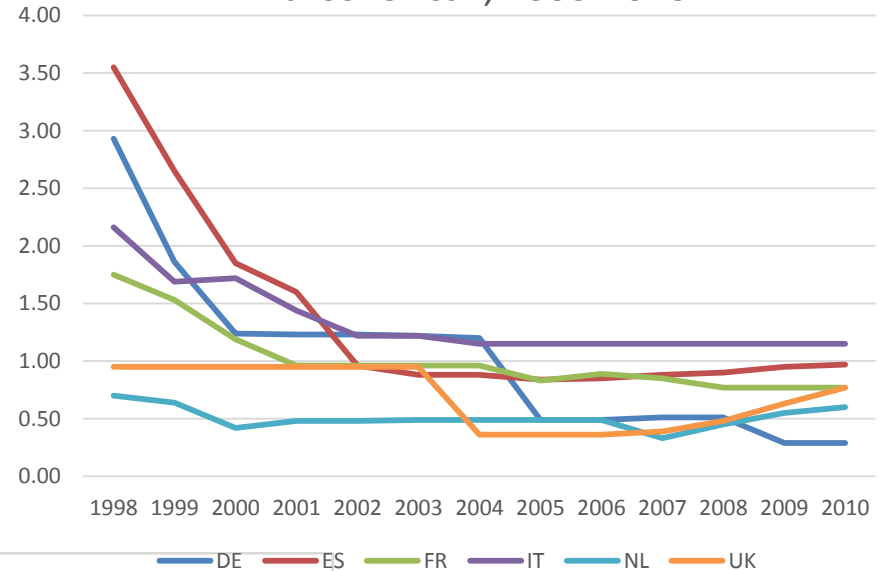
Consumers Are Better Off?

- **Nearly all EU HHs have telephone access** (fixed and/or mobile). Penetration from 100% in 10 Member States to 94% in Portugal, Romania and Slovakia (Eurobarometer, 2014)
- **On average 65% of HHs have Internet access at home.** The majority of which is represented by **broadband** access, with dial-up access only remaining significant in a small number of countries **(IT 41% and PT 43%)** (Eurobarometer, 2014).
- Positive effects of protection of consumer rights for access to services, fair pricing, provision of relevant information on services subscribed and privacy of personal information. Example: reduction of international roaming charges.

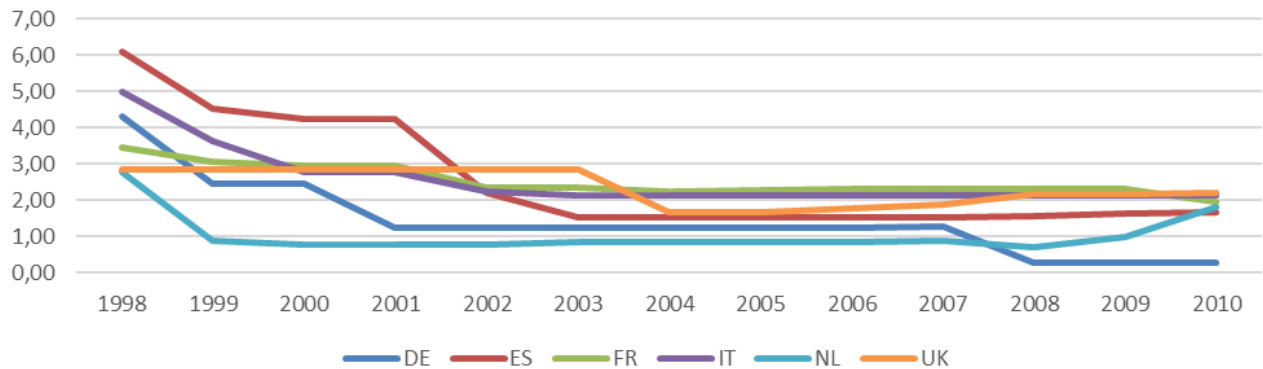
Telecommunication services: prices, Local calls (10 minutes), Euros for call, 2000-2010



Telecommunication services: prices, national long distance calls (10 minutes), Euros for call, 2000-2010



Telecommunication services: prices, international calls to USA (10 minutes), Euros for call, 2000-2010



Source Florio (2013).
Data source: Eurostat, [isoc_tc_tprc].

Conclusions

Policy paradigm shift

OTTs as a challenge

ICT as a core laboratory for the SGI sectors

- ICT is a fast growing sector;
- "Supply driven demand";
- Continuous technological change both in terms of improvement in the quality of services and of the creation of new channels for telecommunication.

**Thank you
for your attention!**