

## Trends in telecommunications prices

### Executive summary

- In March 2020, telecommunications prices, as measured by the sub-index of the Consumer Price Index (CPI), did not change compared to the previous month.
- The year-on-year price decreased 4.34%. This fall in prices mainly reflects the entry into force of new European rules on 15 May 2019 that regulate intra-EU communications. Year-on-year trends in telecommunications prices have been lower than the growth in the CPI since November 2017.
- The average rate of change in telecommunications prices in the last 12 months was -3.75%, which was 4 percentage points (p.p.) lower than that of the CPI (0.25%), the largest negative deviation since February 2009.
- In March 2020, the average variation rate for telecommunications prices in Portugal was lower than that in the EU (-3.9 p.p.). The average rate of change of telecommunications prices in Portugal in the last 12 months was the 26th highest among the EU countries. The country with the highest price rise was Romania (4.8%), while Italy experienced the biggest decrease (-6.0%). On average, telecommunications prices rose by 0.2% in the EU.
- Between the end of 2009 and March 2020, telecommunications prices in Portugal rose 7.7%, while in the European Union they decreased 9.8%. The difference narrowed upon the entry into force of the new European rules on 15 May 2019 that regulate the prices of intra-EU communications.

## 1. Trends in telecommunications prices in March 2020

According to Statistics Portugal, in March 2020 telecommunications prices did not change compared to the previous month.

In year-on-year terms, telecommunications prices decreased 4.34%. The change in telecommunications prices was the 38th highest (or 6th from the last) of the 43 subgroups of goods and services considered (Table 1). This fall in prices mainly reflects the entry into force of new European rules on 15 May 2019 that regulate intra-EU communications (see inset).

**Table 1 – Trends in Consumer Price Index (CPI) and telecommunications prices**

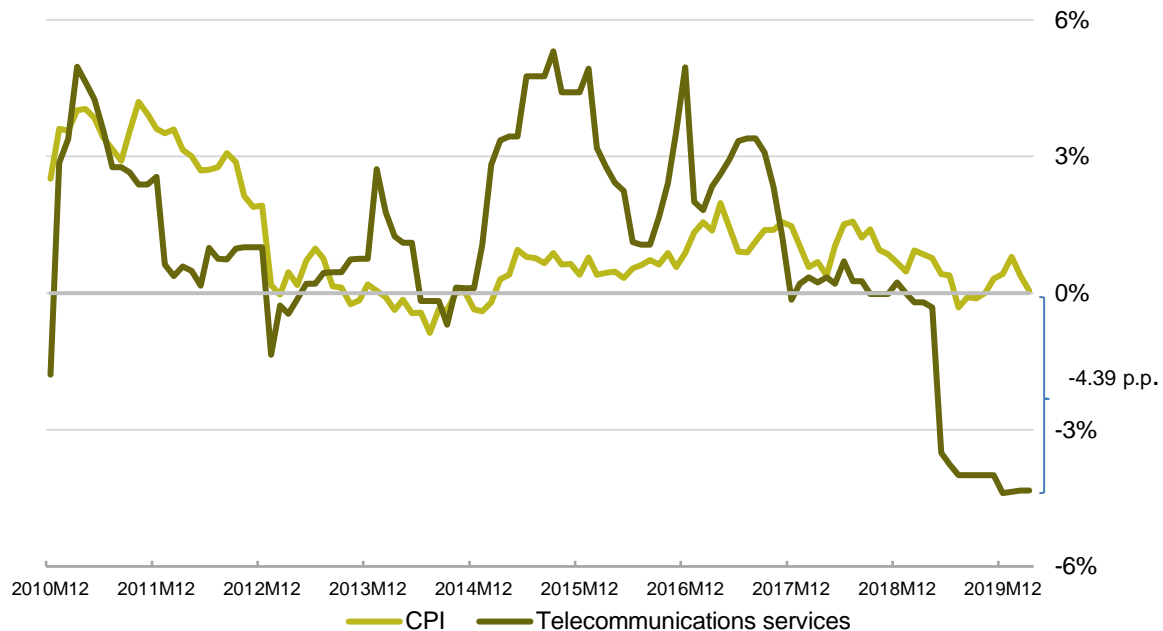
	March 2020			2019
	Year-on-year trend	Average trend in last 12 months	Previous month's trend	Average trend in last 12 months
<b>CPI (%)</b>	0.05	0.25	1.43	0.34
..Telecommunications (%)	-4.34	-3.75	0.00	-2.69
Relative position (in descending order among the 43 subgroups of goods and services)	<b>38</b>	<b>38</b>	<b>22</b>	<b>37</b>

Unit: %

Source: Statistics Portugal

Between August 2013 and October 2017, year-on-year growth in telecommunications prices was almost always higher than the growth in the CPI. The trend reversed in November 2017, however. The price change was 4.39 p.p. lower than the CPI in March 2020. (Figure 1) for the above-mentioned reason.

**Figure 1 – Year-on-year trend in CPI and telecommunications prices**



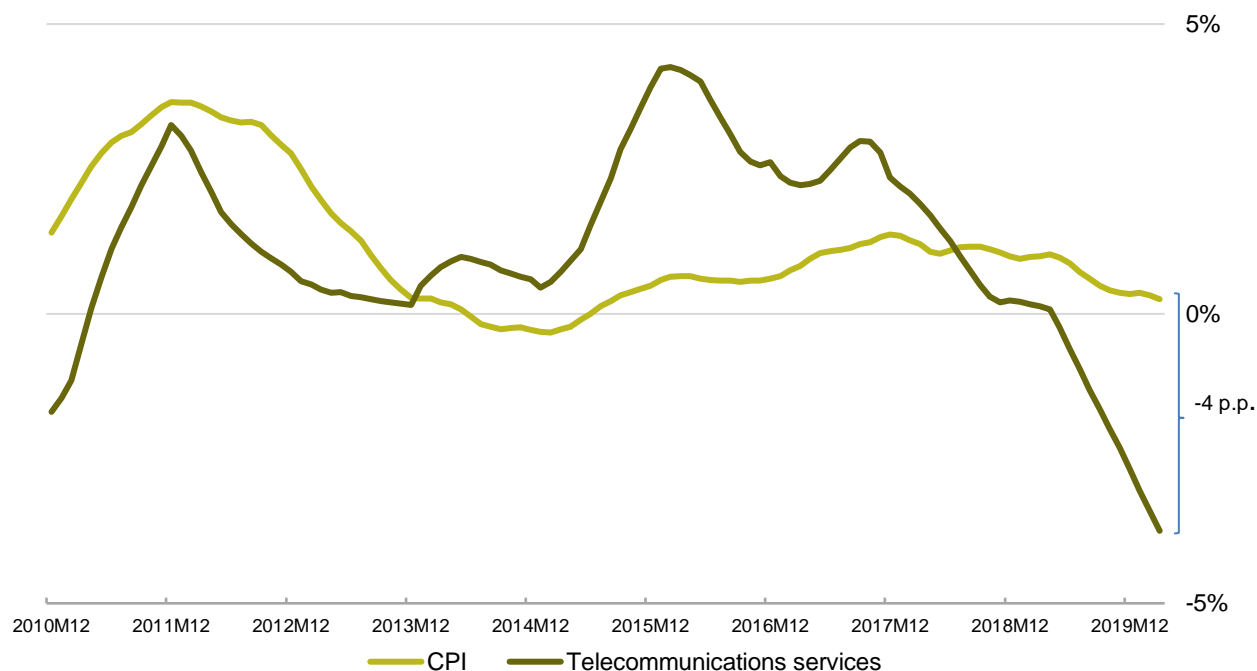
Unit: %

Source: Statistics Portugal

The average rate of change of telecommunications prices in the last 12 months (-3.75%) was in 38th place among the 43 subgroups of goods and services considered. This was higher than the change in prices of the “footwear” and “tools and equipment for home and garden” categories but lower than the change in prices of the “electricity, gas and other fuels” and “water supply” categories.

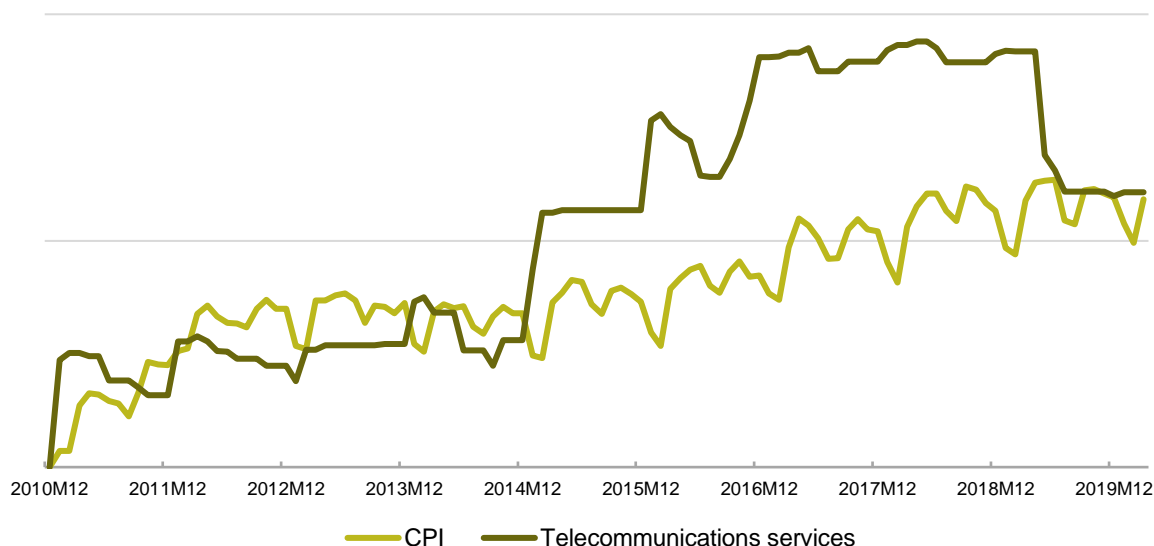
In March 2020, the average rate of change of telecommunications prices fell 4 p.p. more than the CPI in the last 12 months, which was the largest negative deviation since February 2009. In the 112 months from December 2010, telecommunications prices rose at lower rates than the CPI in 58 months (Figure 2).

**Figure 2 – Average rate of change in CPI and telecommunications prices in last 12 months**



Telecommunications prices increased 9.7 p.p. and the CPI rose 9.5 p.p. in accumulated terms from the end of 2010. The divergence between the two indexes began in 2015 and grew wider in 2016, when it was associated with “price adjustments” made by the main providers (Figure 3). The growth in the divergence between the two indexes as of May 2019 was due to the entry into force of Regulation (EU) 2018/1971 of the European Parliament and Council which imposed a maximum charge on international intra-EU calls and text messages (see inset).

**Figure 3 – Trend in CPI and telecommunications prices in Portugal (2010M12 = Base 100)**



### Reduction in prices of intra-EU calls

New European rules capping retail prices billed to consumers for regulated<sup>1</sup> intra-EU calls came into force on 15 May 2019. These new rules apply to international communications (landline and mobile calls and text messages) from one Member State to another Member State that are billed totally or partially on the basis of actual consumption.

The price of calls made by consumers from their own country to another EU landline or mobile number has now been capped at EUR 0.19 per minute (+ VAT) as paid by the consumer making the call. SMS (text messages) sent by consumers from their own country to a landline or mobile number in another EU country now cost a maximum of EUR 0.06 per message (+ VAT) as paid by the consumer sending the SMS.

Telecommunications prices fell by 3.2% in May 2019.

<sup>1</sup> Pursuant to Article 5 of Regulation (EU) 2015/2120 as amended by Article 50 of Regulation (EU) 2018/1971 of the European Parliament and Council, available at <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:L:2018:321:TOC>.

## 2. Trends in telecommunications prices in the EU in March 2020

According to EUROSTAT, in March 2020 the average rate of change of telecommunications service prices in Portugal in the last 12 months was 3.9 p.p. lower than the EU average. Portugal was the country with the 26th highest change in prices (or the country with the 2nd lowest change). The countries with the highest price increases were Romania (4.8%), Finland (3.3%) and Greece (2.2%), while Italy (-6.0%), Portugal (-3.7%) and Austria (-3.0%) showed the greatest decreases.

The year-on-year trend in telecommunications prices in Portugal was the 26th highest (or 2nd from last) among the 27 countries considered (Table 2).

**Table 2 – Trends in telecommunications prices: Portugal vs EU**

	March 2020			2019
	Year-on-year Trend	Average trend in last 12 months	Previous month's trend	Average trend in last 12 months
EU (%)	0.7	0.2	0.1	-0.1
Portugal (%)	-4.3	-3.7	0.0	-2.7
<b>PT/EU difference (p.p.)</b>	<b>-5.1</b>	<b>-3.9</b>	<b>-0.1</b>	<b>-2.6</b>
<i>Relative position (descending order among 27 countries)</i>	<b>26</b>	<b>26</b>	<b>8</b>	<b>23</b>

Unit: %, p.p.

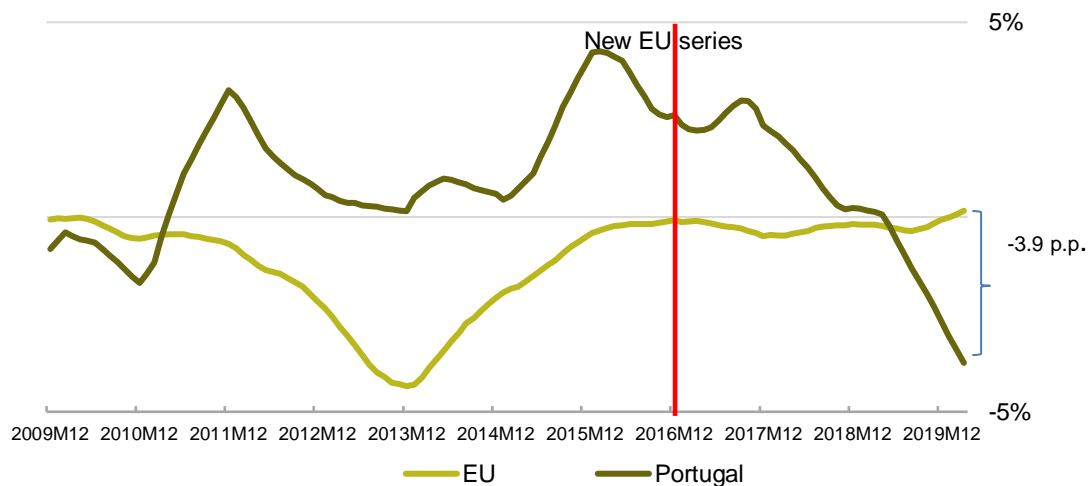
Source: EUROSTAT

Note 1: The differences between the figures for Portugal in Tables 1 and 2 are explained by the different number of decimal places used in the information disclosed by Statistics Portugal (CPI) and EUROSTAT (HICP) and the consequent rounding up or down.

Note 2: The figure for March 2020 in the EU is an estimate.

Telecommunications prices increased more in Portugal than in the EU (in terms of average trend in the last 12 months) between April 2011 and May 2019. Nonetheless, the change in telecommunications prices in Portugal has been lower than that in the EU average since June 2019. (Figure 4).

**Figure 4 – Average rate of change in last 12 months - telecommunications prices: Portugal vs EU**



Unit: %

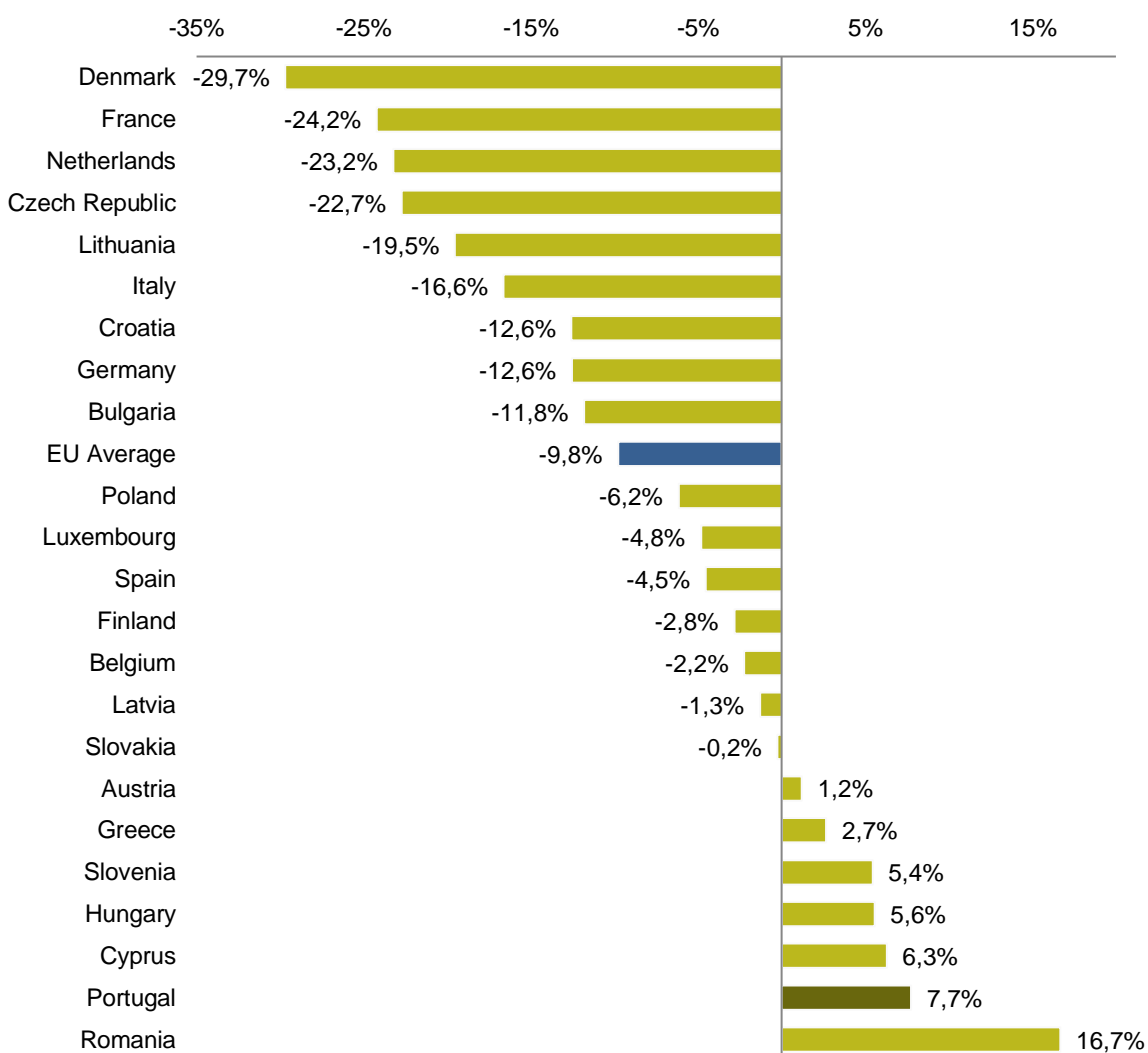
Source: ANACOM, based on EUROSTAT data

Note 1: As of the publication by EUROSTAT of the data for January 2016 on 25 February 2016, the reference year for the HICP series was changed from 2005 to 2015. There may be differences in the series due to the effect of rounding up or down.

Note 2: EU telecommunications prices as of December 2016 differ from those published previously due to changes made by EUROSTAT. The information up to November 2016 was collected on 16 March 2018. The information as of December 2016 was collected on 20 April 2020. The figures for February and March 2020 are estimates.

Between the end of 2009 and March 2020, telecommunications prices in Portugal rose 7.7%, while in the European Union they fell 9.8%. The difference narrowed upon the entry into force of the new European rules on 15 May 2019 that regulate the prices of intra-EU communications.

**Figure 5 – Trend in telecommunications HICP in the EU between December 2009 and March 2020**



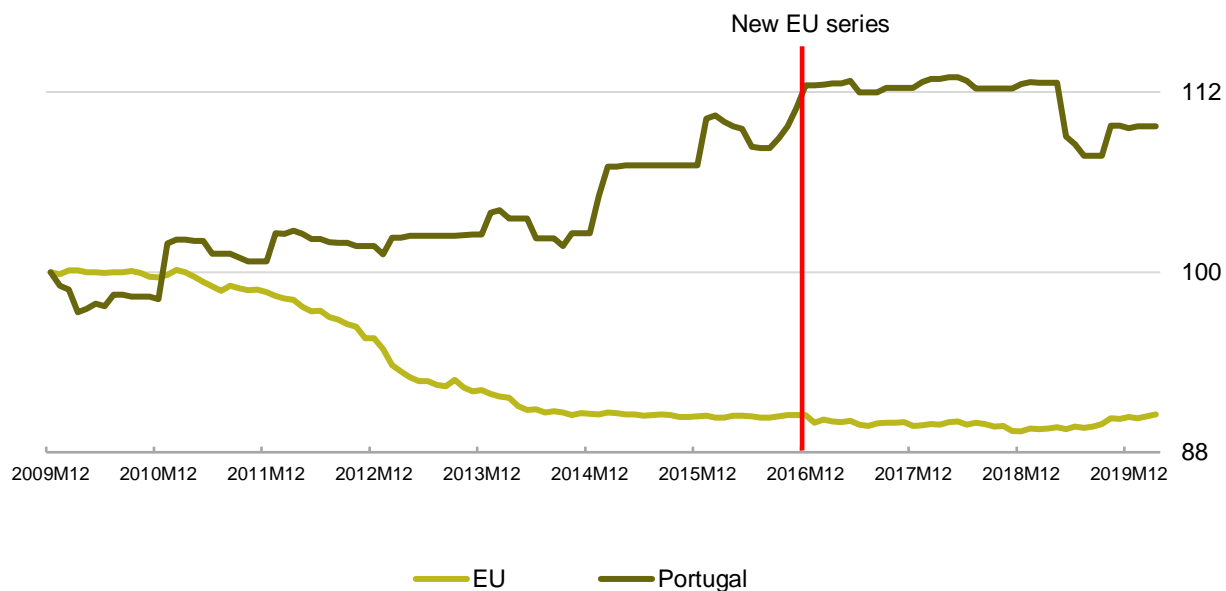
Unit: %

Source: ANACOM, based on EUROSTAT data

Note: Information not available for the United Kingdom, Ireland, Malta, Sweden or Estonia.



**Figure 6 – Variations in telecommunications prices in Portugal and the EU (2009M12 = Base 100)**



Unit: index (2009M12 = Base 100)

Source: ANACOM, based on EUROSTAT data

NB: EU telecommunications prices as of December 2016 differ from those published previously due to changes made by EUROSTAT. The information up to November 2016 was collected on 16 March 2018. The information as of December 2016 was collected on 20 April 2020. The figures for February and March 2020 are estimates.

## Methodology note

### a. Sources

- “Consumer Price Index – March 2020” (Statistics Portugal, 2020), available at [https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine\\_destaques&DESTAQUESdest\\_boui=411266450&DESTAQUESmodo=2](https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_destaques&DESTAQUESdest_boui=411266450&DESTAQUESmodo=2)
- “HICP - monthly data” (EUROSTAT, 2020), available at [http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=prc\\_hicp\\_midx&lang=en](http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=prc_hicp_midx&lang=en). The methodology used is available at [http://ec.europa.eu/eurostat/statistics-explained/index.php/HICP\\_methodology](http://ec.europa.eu/eurostat/statistics-explained/index.php/HICP_methodology)

### b. Definitions

- Year-on-year rate of change: compares a variable between the current month and the same month the previous year. This rate of change, if there is a stable pattern of seasonality, is not affected by fluctuations of this nature, though it may be influenced by localised effects in one or both of the months compared – See <http://smi.ine.pt/VariavelFisica/Detalhes?id=4263&LANG=PT>
- Average rate of change in the last 12 months: compares the average price index of the last 12 months with the preceding 12 months. As it is a rolling average, this rate of change is less sensitive to sporadic changes in prices. The figure obtained in December has been used as a reference in the social dialogue plan and has therefore been associated with the annual inflation rate – See [https://www.ine.pt/bddXplorer/htdocs/minfo.jsp?var\\_cd=0002390&lingua=PT](https://www.ine.pt/bddXplorer/htdocs/minfo.jsp?var_cd=0002390&lingua=PT)

### c. Notes

- The changes in telecommunications prices shown in this report are the result of the sub-index “telephone and fax services” of the Consumer Price Index (CPI) and the Harmonised Index of Consumer Prices (HICP), which covers voice services, Internet and TV signal distribution by individual subscription or as part of a package. The information provided here should be complemented by an overview of the characteristics of the services supplied, which are available in the reports “Electronic communication service packages”, “Fixed line and nomadic VoIP telephone service”, “Mobile services”, “Internet access service” and “Subscription television service” available on the ANACOM website.
- The EU telecommunications prices do not include information about the United Kingdom.
- The EU telecommunications prices as of December 2016 differ from those published previously due to changes made by EUROSTAT. The information up to November 2016 was collected on 16 March 2018. The information as of December 2016 was collected on 20 April 2020. The figures for February and March 2020 are estimates.