

Trends in telecommunications prices

Executive summary

- In December 2019, telecommunications prices, as measured by the sub-index of the Consumer Price Index (CPI), fell by 0.15% against the previous month. The fall was due to a change in a package offered by one provider.
- The year-on-year variation in prices was -4.39%. This fall in prices mainly reflects the entry into force on 15 May 2019 of new European rules that regulate intra-EU communications. Year-on-year variations in telecommunications prices have been lower than the growth in the CPI since November 2017.
- The average variation rate in telecommunications prices in the last 12 months was -2.69%, which was 3.03 percentage points (p.p.) lower than that of the CPI (0.34%), the largest negative deviation since February 2011.
- In December 2019, the average variation rate for telecommunications prices in Portugal was lower than that in the EU (-2.6 p.p.). The average variation rate of telecommunications prices in Portugal in the last 12 months was the 25th highest among the EU countries. The country with the highest price rise was Romania (+4.3%), while Italy experienced the greatest reduction (-6.1%). On average, telecommunications prices fell by 0.1% in the EU.
- According to a European Commission study from February 2019, mobile phone voice and internet prices in Portugal were between 19% and 98% higher than the EU28 average.

1. Trends in telecommunications prices in December 2019

According to Statistics Portugal, telecommunications prices were 0.15% lower in December 2019 than in the previous month. The fall was due to a change in a package offered by one provider,

In year-on-year terms, the variation in telecommunications prices was -4.39%. The variation in telecommunications prices was the 37th highest (or 7th lowest) of the 43 subgroups of goods and services considered (Table 1). This fall in prices mainly reflects the entry into force on 15 May 2019 of new European rules that regulate intra-EU communications (see inset).

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

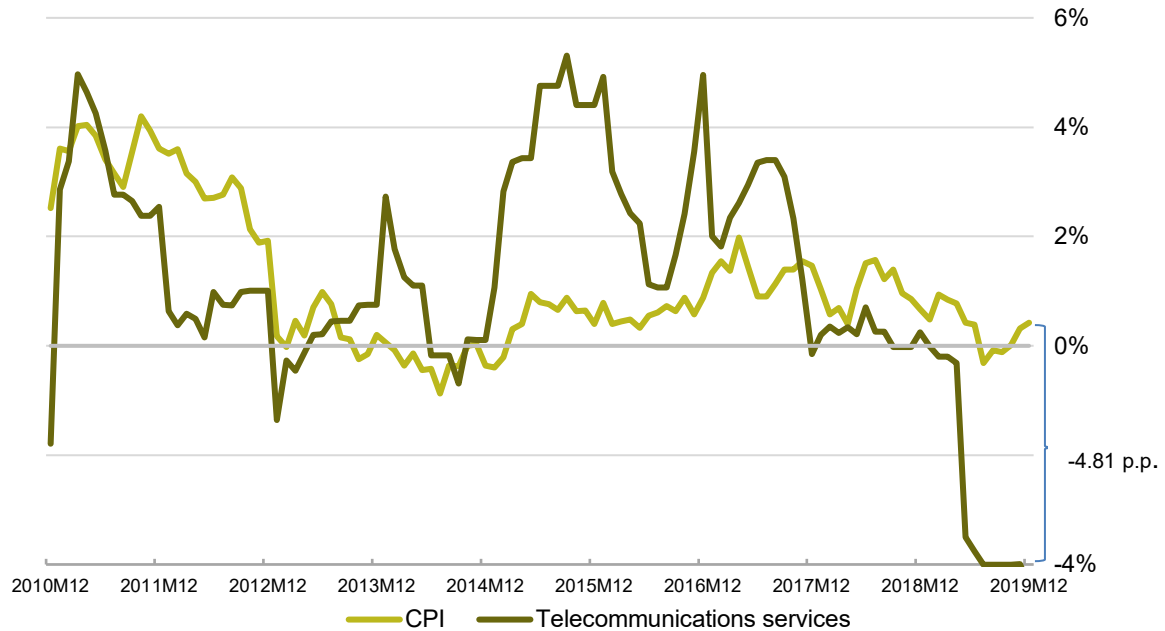
	December 2019			2018
	Year-on-year variation	Average variation in last 12 months	Previous month's variation	Average variation in last 12 months
CPI (%)	0.42	0.34	-0.13	0.99
..Telecommunications (%)	-4.39	-2.69	-0.15	0.23
Relative position (descending order in 43 subgroups of goods and services)	37	37	31	28

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 situation turned around in November 2017, however. The deviation against the CPI was -4.81 p.p. in December 2019. (Figure 1) for the above-mentioned reason. This was the largest negative difference since October 2008.

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



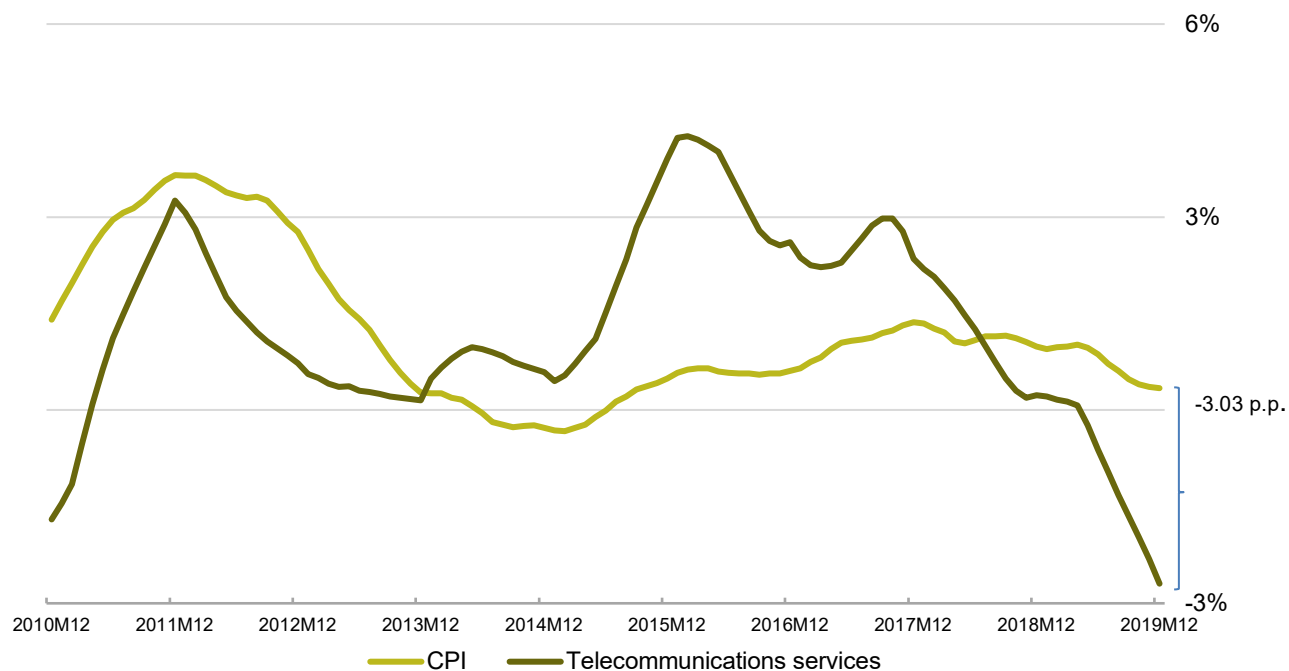
Unit: %

Source: Statistics Portugal

The average variation rate of telecommunications prices in the last 12 months (-2.69%) was in 37th place among the 43 subgroups of goods and services considered. This was higher than the variation in prices of footwear and electricity, gas and other fuels but lower than the variation in prices of transport services and water supply.

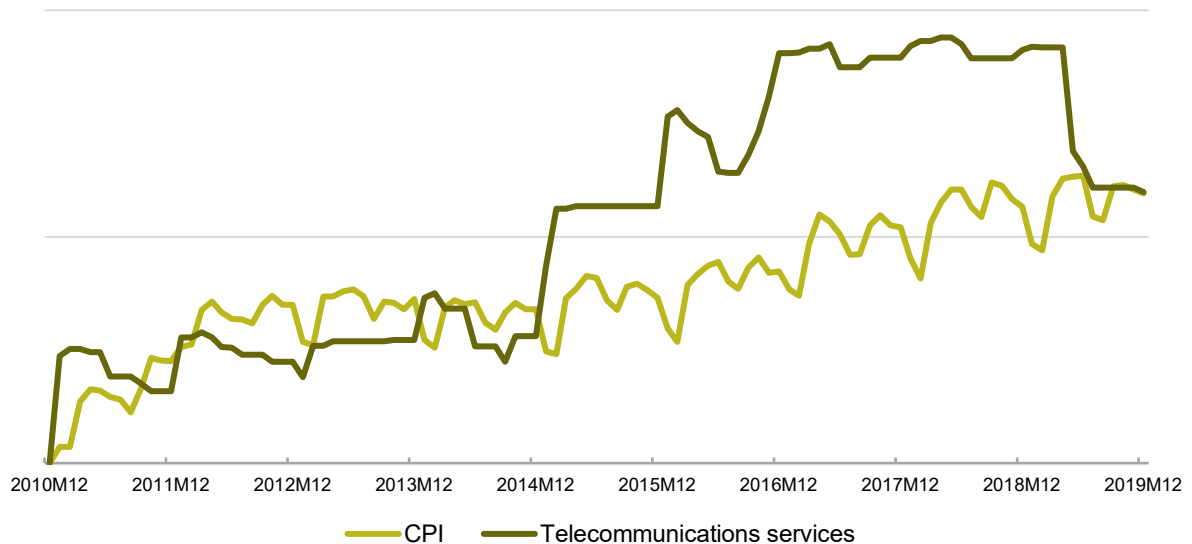
The difference between the average variation rate of telecommunications prices and the CPI in the last 12 months was -3.03 p.p. in December 2019, which was the largest negative deviation since February 2011. In the 109 months from December 2010, telecommunications prices grew at lower rates than the CPI in 55 months (Figure 2).

Figure 2 – Average variation rate in CPI and telecommunications prices in last 12 months



Telecommunications prices and the CPI grew by 9.6 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 Regulation (EU) 2018/1971 of the European Parliament and of the Council which imposed a maximum charge on international intra-EU calls and text messages (see inset).

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



Unit: index (2010M12 = Base 100)

Source: ANACOM, based on Statistics Portugal data

Reduction in prices of intra-EU calls

New European rules capping retail prices billed to consumers for regulated¹ 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 euros per minute (+ VAT) as paid by the consumer originating 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 euros per message (+ VAT) as paid by the consumer originating the SMS.

Telecommunications prices fell by 3.2% in May 2019.

¹ Pursuant to Article 5 of Regulation (EU) 2015/2120 as amended by Article 50 of Regulation (EU) 2018/1971 of the European Parliament and of the 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 December 2019

According to EUROSTAT, in December 2019 the average variation rate of telecommunications service prices in Portugal in the last 12 months was 2.6 p.p. lower than the EU average. Portugal was the country with the 25th highest variation in prices (or the country with the 3rd lowest variation). The countries with the highest price increases were Romania (+4.3%), Greece (+3.9%) and Finland (+3.2%), while Italy (-6.1%), Austria and Portugal (-2.7) showed the greatest decreases.

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

Table 2 – Trends in telecommunications prices: Portugal vs EU

	December 2019			2018
	Year-on-year variation	Average variation in last 12 months	Previous month's variation	Average variation in last 12 months
EU (%)	0.7	-0.1	0.1	-0.2
Portugal (%)	-4.4	-2.7	-0.1	0.2
Deviation PT/EU (p.p.)	-5.1	-2.6	-0.3	0.4
Relative position (descending order among 27 countries)	26	25	19	8

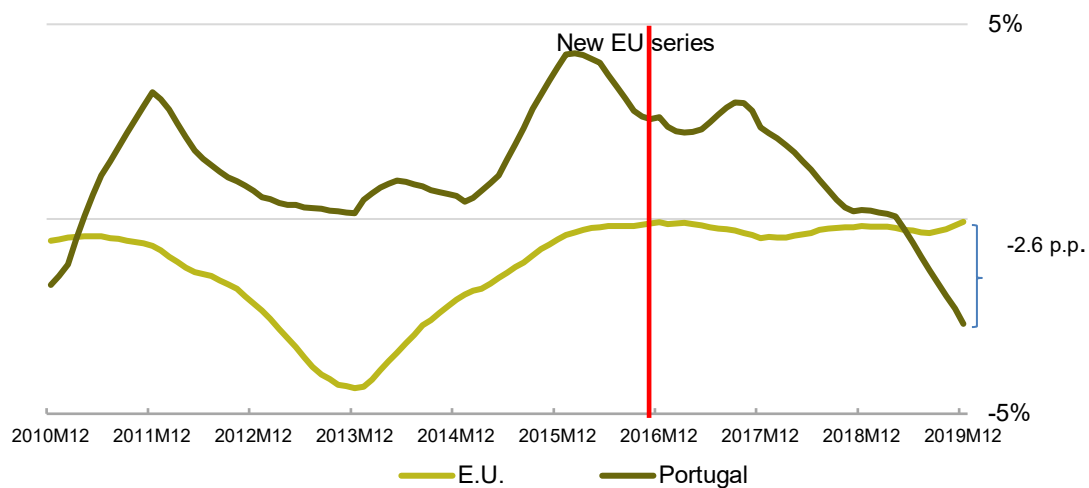
Unit: %, p.p.

Source: EUROSTAT

NB: Information not available for the United Kingdom. The differences between the figures for Portugal in Tables 1 and 2 are the result of the different number of decimal places with which the information is published by Statistics Portugal (CPI) and EUROSTAT (HICP) and the consequent rounding up or down.

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

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



Unit: %

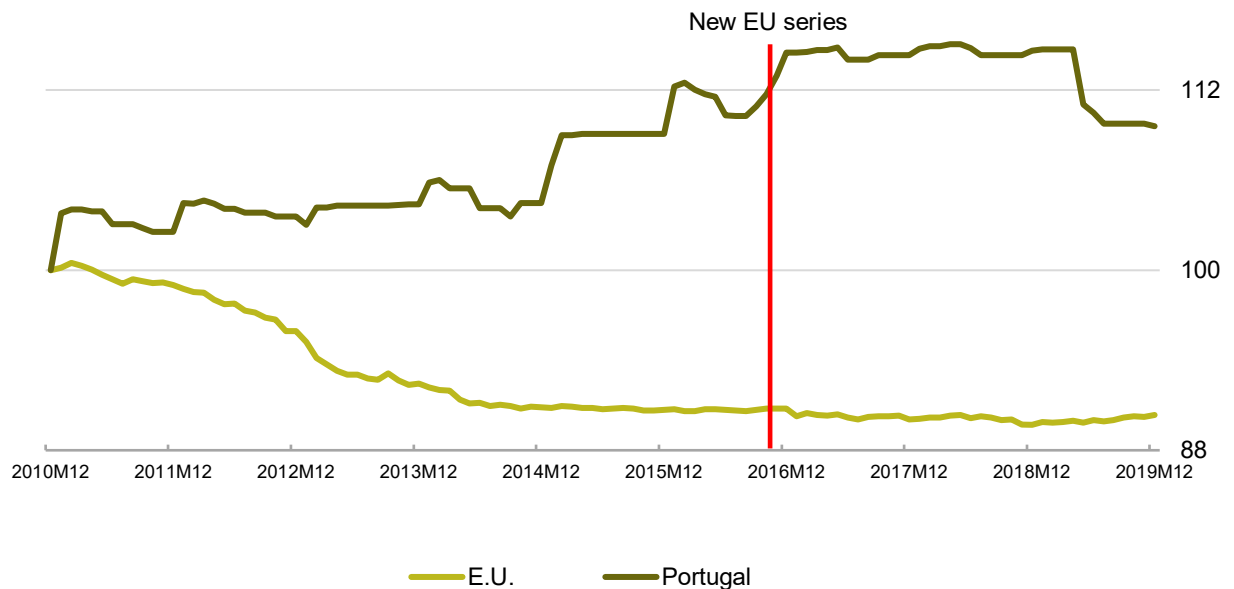
Source: ANACOM, based on EUROSTAT data

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 altered 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 gathered on 16 March 2018. The information as of December 2016 was gathered on 17 January 2020.

In accumulated terms from the end of 2010, the telecommunications prices indexes in Portugal and the EU drew apart (especially as of early 2012). The differential remained between 24 and 25 p.p. from 2017 and went down to between 19 and 21 p.p. as of May 2019 for the aforementioned reasons (Figure 5).

Figure 5 – Trends in telecommunications prices in Portugal and the EU (2010M12 = Base 100)



Unit: index (2010M12 = 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 gathered on 16 March 2018. The information as of December 2016 was gathered on 17 January 2020.

3. International comparison of mobile broadband (MBB) prices

According to a study entitled “Mobile Broadband Prices in Europe 2019”¹, in February 2019 mobile phone voice and Internet prices in Portugal were between 19% and 98% higher than the EU28 average (Table 3). This European Commission study indicated that more than three-quarters of European countries had lower prices than those in Portugal.

¹ [European Commission, Mobile Broadband Prices in Europe, 2019](#) – study based on offers available in February 2019. Prices were calculated in euros and euros/PPP and the method used was based on the basket approach using the OECD usage profiles (2017).

Table 3 – Mobile phone MBB offers (with voice minutes) – results for Portugal in euros/PPP

	Least expensive offer	Price in Portugal	EU28 average	Portugal's deviation from EU28	Rankings
100 MB + 30 calls	NOS Tudo 200MB	14.3	8.2	+62%	26th
500 MB + 30 calls	NOS Tudo 1GB	16.7	10.8	+55%	27th
500 MB + 100 calls	NOS Tudo 1GB	16.7	14.0	+19%	20th
1 GB + 300 calls	Vodafone You 1GB + 2000min	24.3	17.4	+40%	22nd
2 GB + 100 calls	MEO TOP Total 3GB	20.5	16.6	+24%	22nd
2 GB + 900 calls	Vodafone You 3GB + 5000min	30.7	22.7	+35%	21st
5 GB + 300 calls	Vodafone You 5GB + 2000min	32.0	23.3	+37%	22nd
5 GB + unlimited calls	MEO Unlimited L + 2GB	60.2	30.4	+98%	27th
10 GB + 900 calls	Vodafone Red 10GB	44.2	31.7	+40%	23rd
20 GB + unlimited calls	MEO Unlimited XL	75.6	44.5	+70%	24th

Units: euros with VAT and PPP, %

Source: EC, *Mobile Broadband Prices in Europe*, 2019

Considering the consumer profile in Portugal (average of 75 calls and 2.5GB of internet on mobile phones), the price of the least expensive offer in Portugal was the 7th highest in the EU28 (+24% than the EU28 average).

The prices of single-play mobile broadband offers for PC/tablet charged in Portugal are between 25% and 110% higher than the EU28 average for all usage profiles, with the exception of offers with the highest traffic volume (50 GB), where the difference is -36% (Table 4). The prices charged in Portugal are always in the second half of the rankings of the least expensive prices in the EU28 and are actually in the last two places (27th and 28th) for the least expensive usage profiles.

Table 4 – Offers of MBB for PC/tablet – results for Portugal, in euros/PPP

	Least expensive offer	Price in Portugal	EU28 average	Deviation of Portugal from the EU average	Rankings
500 MB	Vodafone World (512 MB)	14.9	7.1	+110%	27th
1 GB	NOS Tudo 1GB	16.7	8.1	+107%	28th
2 GB	NOS Kanguru Livre M (5GB)	17.9	10.0	+80%	27th
5 GB	NOS Kanguru Livre M (5GB)	17.9	13.8	+30%	22nd
10 GB	Vodafone On 10GB	25.1	17.5	+43%	21st
20 GB	NOS Kanguru Livre XL (unlimited data)	29.8	23.8	+25%	21st
50 GB	NOS Kanguru Livre XL (unlimited data)	29.8	46.3	-36%	15th

Units: euros with VAT and PPP, %

Source: EC, *Mobile Broadband Prices in Europe*, 2019

Methodological note

a. Sources

- “Índice de Preços no Consumidor – Dezembro de 2019” (Statistics Portugal, 2020), available at https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_destaques&DESTAQUESdest_boui=353911850&DESTAQUESmodo=2
- “HICP - monthly data” (EUROSTAT, 2020), available at 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
- [European Commission, Mobile Broadband Prices, 2019](#) – The study used the OECD mobile broadband price comparison methodology: OECD (2012), “Methodology for Constructing Wireless Broadband Price Baskets”, OECD Digital Economy Papers, No. 205, OECD Publishing (<http://dx.doi.org/10.1787/5k92wd5kw0nw-en>). The 2019 included a revision of 2017 OECD baskets, OECD (2017), “Revised OECD Telecommunication price baskets”, DSTI/CDEP/CISP(2017)4/FINAL ([http://www.oecd.org/sti/broadband/DSTI-CDEP-CISP\(2017\)4FINAL.pdf](http://www.oecd.org/sti/broadband/DSTI-CDEP-CISP(2017)4FINAL.pdf)).

b. Definitions

- Year-on-year variation: compares a variable between the current month and the same month of the previous year. This variation rate, 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 variation rate in the last 12 months: compares the average price index of the last 12 months with the preceding 12 months. As it is a moving average, this variation rate is less sensitive to sporadic changes in prices. The figure obtained in December has been used as a reference in the social concertation 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

c. Notes

- The variations 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 offers, 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 gathered on 16 March 2018. The information as of December 2016 was gathered on 17 January 2020.