

Variations in telecommunications prices

Executive summary

- In January 2020, telecommunications prices, as measured by the sub-index of the Consumer Price Index (CPI), rose by 0.13% compared to the previous month. The increase resulted from the change in pre-paid mobile internet tariffs (PC/tablet) from one service provider.
- The year-on-year variation in prices was -4.36%. 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 -3.06%, which was 3.42 percentage points (p.p.) lower than that of the CPI (0.36%), the largest negative deviation since February 2009.
- In January 2020, the average variation rate for telecommunications prices in Portugal was lower than that in the EU (-3.0 p.p.). The average variation rate 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 (+4.5%), while Italy experienced the greatest reduction (-6.4%). On average, telecommunications prices in the EU remained stable.
- Between the end of 2009 and January 2020, telecommunications prices in Portugal rose 7.7%, while falling 10.0% in the European Union. The difference narrowed with the entry into force on 15 May 2019 of the new European rules that regulate the prices of intra-EU communications.

1. Variations in telecommunications prices in January 2020

According to Statistics Portugal, telecommunications prices were 0.13% higher in January 2020 than in the previous month. The increase resulted from change in pre-paid mobile internet tariffs (PC/tablet) from one service provider.

In year-on-year terms, the variation in telecommunications prices was -4.36%. 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 – Variations in Consumer Price Index (CPI) and telecommunications prices

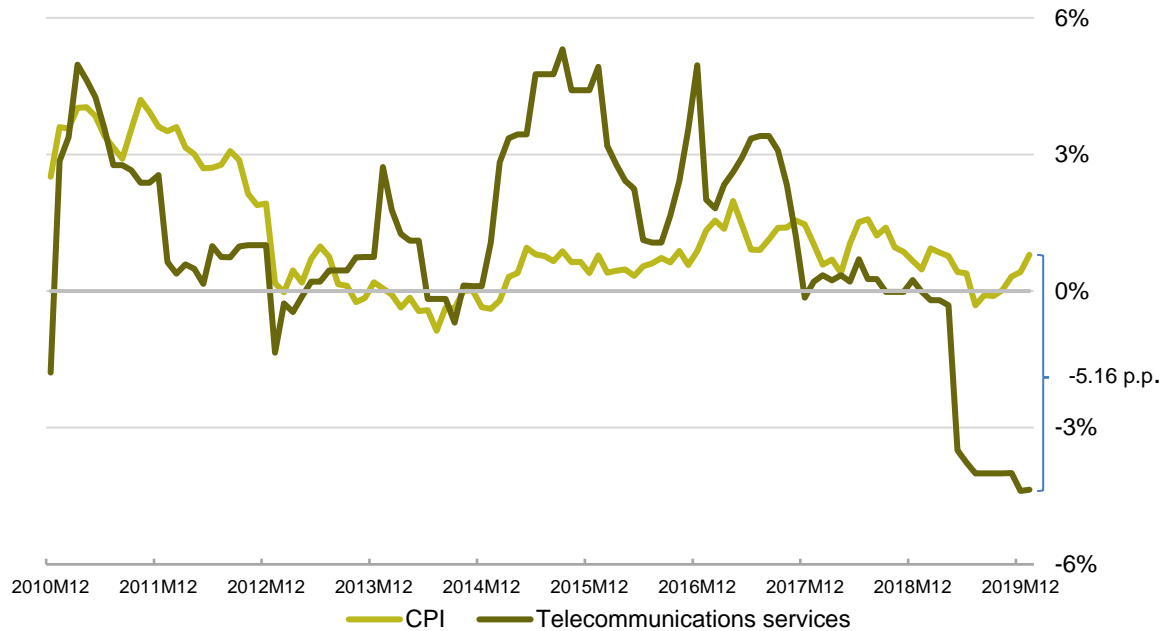
	January 2020			2019 Average variation in last 12 months
	Year-on-year variation	Average variation in last 12 months	Previous month's variation	
CPI (%)	0.80	0.36	-0.83	0.34
..Telecommunications (%)	-4.36	-3.06	0.13	-2.69
Relative position (descending order in 43 subgroups of goods and services)	37	39	17	37

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 compared to the CPI was -5.16 p.p. in January 2020. (Figure 1) for the above-mentioned reason. This is the largest negative difference since September 2008.

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



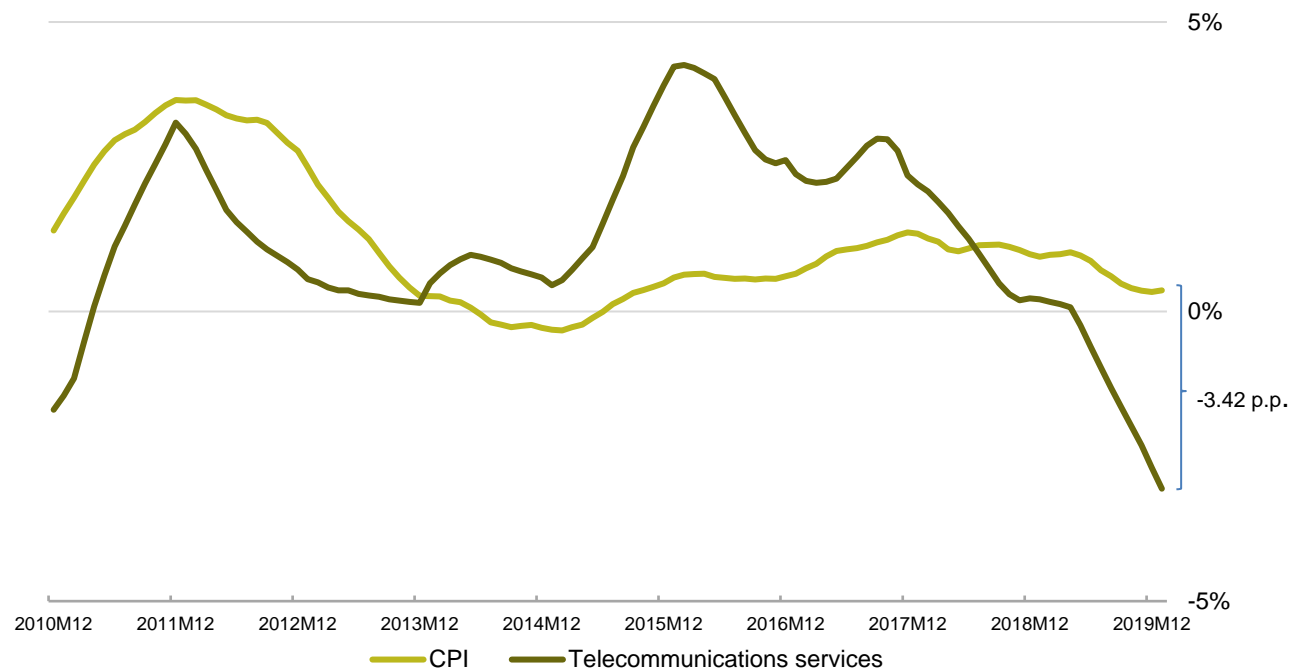
Unit: %

Source: Statistics Portugal

The average variation rate of telecommunications prices in the last 12 months (-3.06%) was in 39th place among the 43 subgroups of goods and services considered. This was higher than the variation in prices of 'footwear' and 'tools and equipment for home and garden' but lower than the variation in prices of 'electricity, gas and other fuels' and 'water supply'.

The difference between the average variation rate of telecommunications prices and the CPI in the last 12 months was -3.42 p.p. in January 2020, which was the largest negative deviation since February 2009. In the 110 months from December 2010, telecommunications prices rose at lower rates than the CPI in 56 months (Figure 2).

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

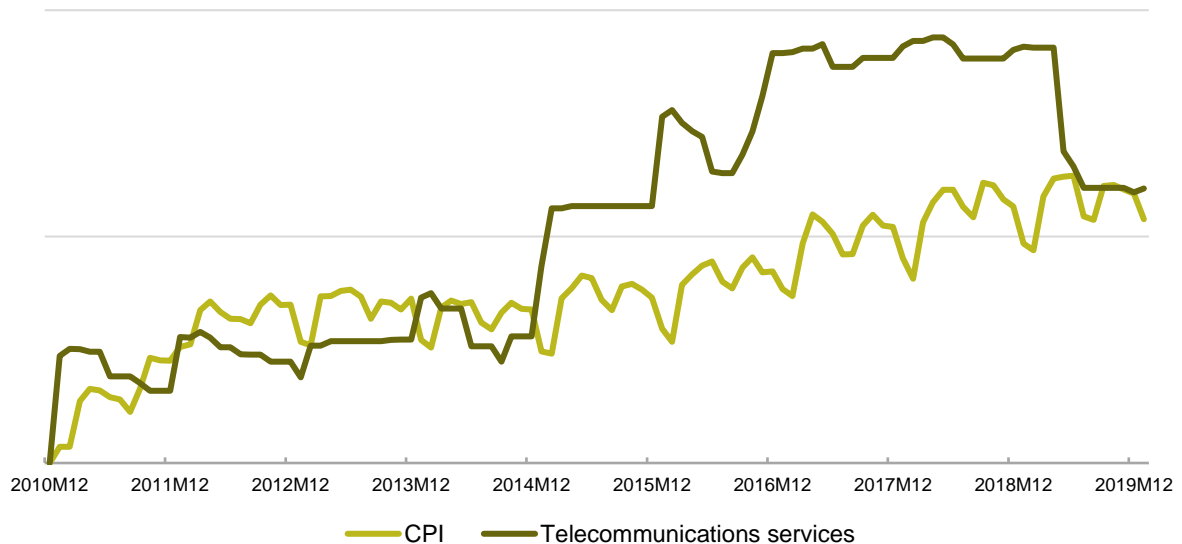


Unit: %

Source: Statistics Portugal

Telecommunications prices increased by 9.7 p.p. and the CPI rose by 8.6 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 of 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 placing 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 sending 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. Variations in telecommunications prices in the EU in January 2020

According to EUROSTAT, in January 2020 the average variation rate of telecommunications service prices in Portugal in the last 12 months was 3.0 p.p. lower than the EU average. Portugal was the country with the 26th highest variation in prices (or the country with the 2nd lowest variation). The countries with the highest price increases were Romania (+4.5%), Greece (+3.5%) and Finland (+3.3%), while Italy (-6.4%), Portugal (-3.1%) and Austria (-2.8%) 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 – Variations in telecommunications prices: Portugal vs EU

	January 2020			2019
	Year-on-year variation	Average variation in last 12 months	Previous month's variation	Average variation in last 12 months
EU (%)	0.5	0.0	-0.1	-0.1
Portugal (%)	-4.4	-3.1	0.1	-2.7
Deviation PT/EU (p.p.)	-4.8	-3.0	0.2	-2.6
<i>Relative position (descending order among 27 countries)</i>	26	26	7	23

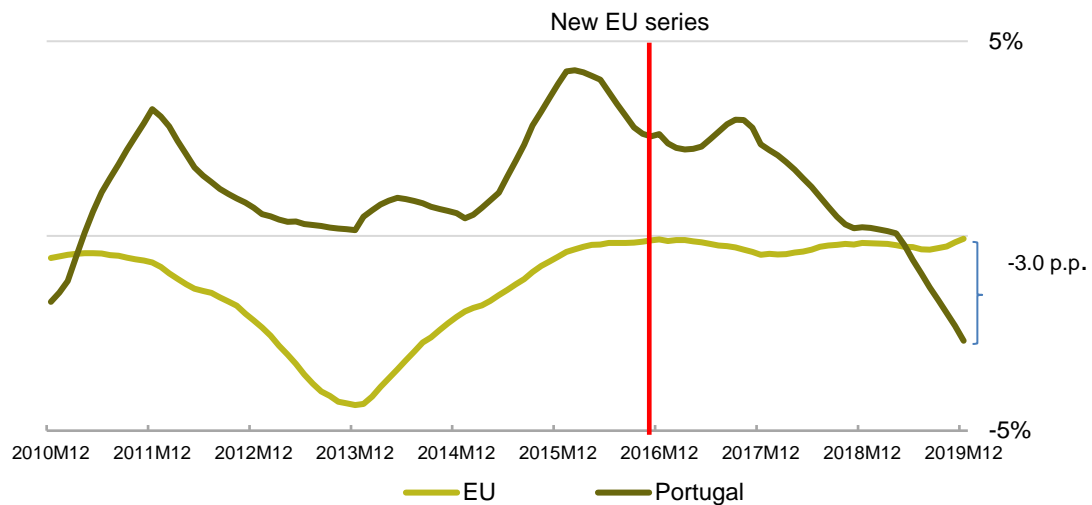
Unit: %, p.p.

Source: EUROSTAT

NB: 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: %

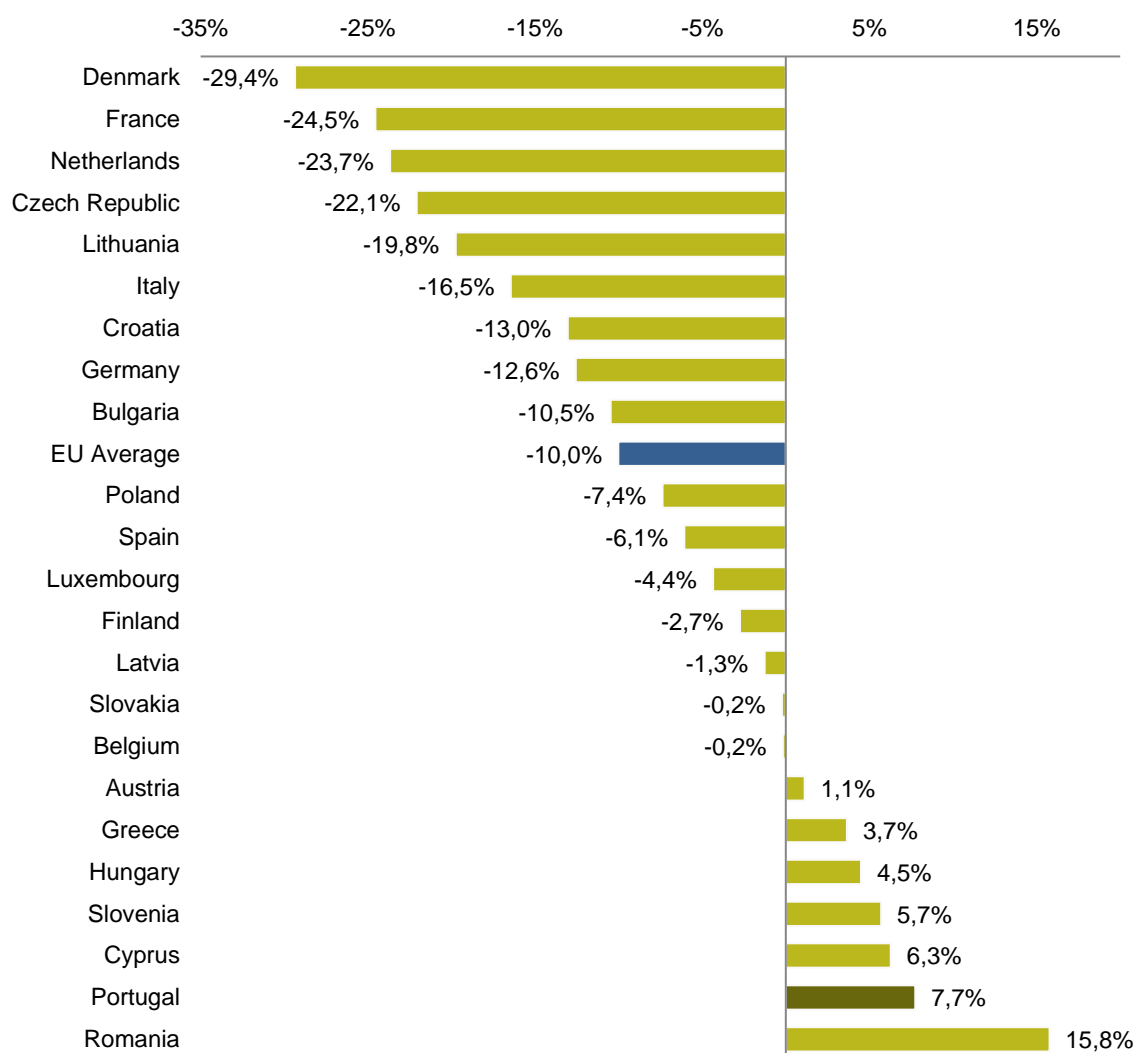
Source: ANACOM, based on EUROSTAT data

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 24 February 2020.

Between the end of 2009 and January 2020, telecommunications prices in Portugal rose 7.7%, while falling 10.0% in the European Union. The difference narrowed with the entry into force on 15 May 2019 of the new European rules that regulate the prices of intra-EU communications.

Figure 5 – Variation in telecommunications HICP in the EU between December 2009 and January 2020

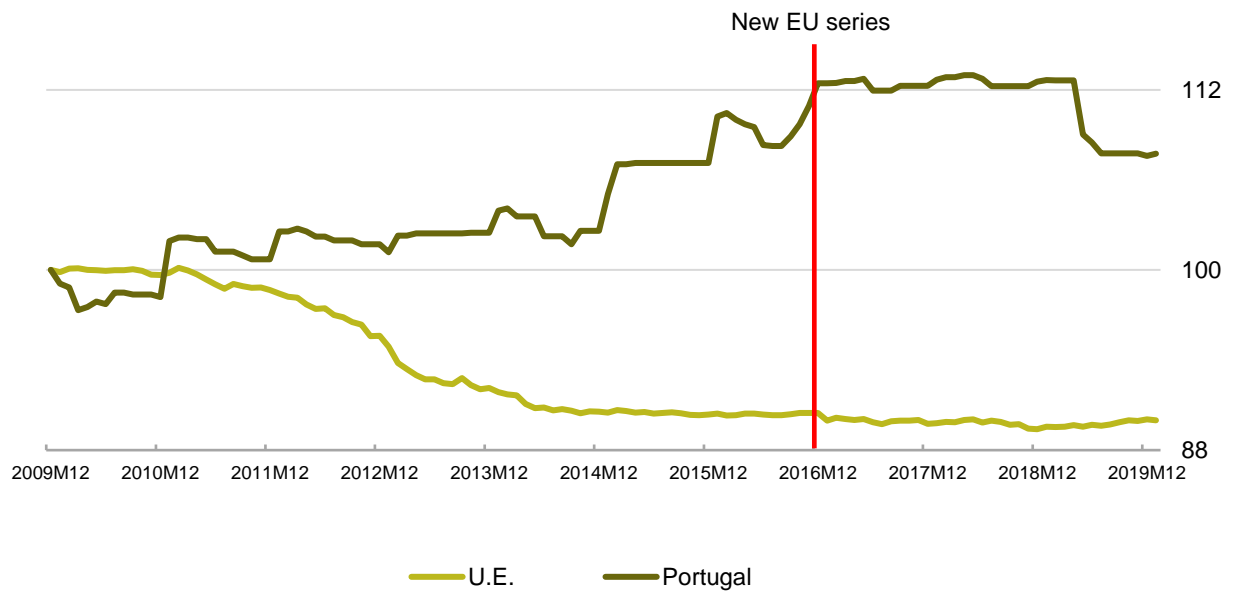


Unit: %

Source: ANACOM, based on EUROSTAT data

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

Figure 6 – Variation 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 gathered on 16 March 2018. The information as of December 2016 was gathered on 24 February 2020.

Methodological note

a. Sources

- “Índice de Preços no Consumidor – Janeiro de 2020” (Statistics Portugal, 2020), available at https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_destaquas&DESTAQUESdest_boui=399596853&DESTAQUESmodo=2&xlang=pt
- “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

b. Definitions

- Year-on-year variation: compares a variable between the current month and the same month 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 rolling 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 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

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 24 February 2020.