BRAZIL

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Universal Service/Access

I. Introduction

The purpose of this contribution is to present a number of statements concerning universal service/access concepts in the telecommunications sector. These statements express a rationale for universal service/access regulation.

II. Universal Service and Citizenship

In principle, Universal (telecommunication) Service is related to a set of obligations that the Government has with its citizens. Those obligations are expressed when providing Public (telecommunication) services by setting correspondent obligations to the Concession representative (owner).

The concept of Universal service/access is, in its wide sense, a set of measures of public interest aiming to allow every citizen to have access to a group of telecommunication services, in an equitable basis, at an affordable price, with a given quality and that are considered to be essential.

The policy objective behind universal service is to ensure that those telecommunications services, which are used by the majority, are made available to everybody upon reasonable request in an appropriate fashion and at an affordable price, which are essential to reach full social and economic inclusion.

This principle is designed to ensure that people on low incomes, those in remote rural areas, those with disabilities and various other groups who are in some way excluded from the benefits of society, do not miss out on the advantages that telephony and other telecommunications services can bring.

III. The Role of Universal Service in Social Inclusion

Access to telecommunications is considered a basic social need, and as such must be offered to every citizen. That is the purpose of universal service. However there is another matter involved when one speaks of universal service: social inclusion. By giving telephone access to socially marginalized groups the universal service policy brings them together with the rest of society, and thus promotes social inclusion. A classical example is that of access to emergency services, for it does not discriminate the poor from the rich (the essential characteristic of social inclusion).

Universal service brings with it many benefits. For example, as the number of connected people increases, so does the value to all customers of being on the network - because they can contact a larger number of people. There are also other benefits - making a phone call instead of travelling reduces pollution and congestion costs, helps combat loneliness and increases security for people living on their own. Notice that it happened to the telephone network and it is happening to the Internet.

This means that there is an economic basis for providing telephone services (or even Internet Access) to people who would not be reached in a purely competitive market: regulation is needed to do this, as we will see next.

IV. The Need for Infrastructure and Investment in Telecommunications for the Provision of Universal Service

Universal service is an obligation that requires the implementation of a network that, at a first glance, would be considered non-profitable (there is a great economical debate as to whether, in the mid and long term, the deployment of a network is a non-profitable investment). This occurs because, to provide service for a new village or region, there is a need to extend the network infrastructure to that region or village. The same reasoning applies to remote areas and to areas that are hard to reach, since the excluded minority usually lives there.

Another issue is that the universal service infrastructure built today is part of tomorrow's telecommunications infrastructure (due to population growth) and therefore is key to support continuous economical growth. One might say that the concept of universal service does not aim economical growth, and this is true, but it is also true that it is needed to support economical growth and vice-versa.

The apparently problem or paradox emerges when this obligation is put forth in countries such as Brazil, where the continental dimensions and the number of inhabitants require significant amounts of continuous investment. As we regard it, development attracts new investments from network providers and manufacturers, by means of new and innovative solutions and again, this is exactly the role of regulation.

V. The Role of Regulation in the Fulfillment of Universal Service Obligations

Fundamentally, there are two ways in which to foment the application of universal service: through price control/promotion of competition and through the establishment of obligations to licensees. The first one is not designed with the universal service in mind, but the second one is the essence of the universal service.

There is some consensus that both of these tools form a synergy that propels the fulfillment of the universal service obligations. However some economists suggest that the telecommunications market has a natural tendency towards oligopoly. This contributes to the notion that the license obligations are even more important than fomenting competition (which can lead to distortions). If this is correct, the placement of universal service obligations by means of regulations prime activity is even more important than the fomenting of competition.

VI. Universal Services/Access regulation rationale

The right to communicate and to acquire information is recognized as one of the fundamental human rights and therefore has to be respected, guaranteed and promoted by the State.

Digital inclusion and knowledge generation are fundamental aspects to be considered for economical, cultural and social development. The process of digital inclusion should be understood as a means to universal access for the usage of electronic communications and information technology, as well as the universal fruition of the benefits of brought by these technologies.

In order to achieve effective results it would be necessary to define a public communication policy that takes into account the importance of digital inclusion actions and foment to information and communication technology products.

The government's purchase power should be an important mechanism of innovation, cost reduction and as an instrument of information/communication industries development.

The government must have an active policy to give support and incentives to public and private institutions that contribute digital inclusion. This inclusion must take into account matters of age, race, ethnic groups and handicap groups.

It is also important that the whole of civil society takes an active part in monitoring the actions taken by government.

There must be continuity in the stimulation of mechanisms that allow joint construction (public, private and civil society) of public policies and field trials where inter-exchange of experiences exists.

For actions of digital inclusion to be successful there has to be a coordinate partnership between all levels of the government (e.g. local, state and federal), in order to reach the localities that have the lowest ratings of human development.

There is a need to formulate partnership for the better involvement of society in digital inclusion projects.

There should be activities to divulge the public's interest, such as the creation of National Forum for Digital Inclusion. There should also be workshop, study groups and public hearings that include the various members of society.

Strive for the optimization of networks to promote adequate (better quality and lower cost) connectivity in the last mile.