The OECD Communications Outlook 2001

The Internet, electronic commerce and demand for broadband communications access at prices supporting an “always-on” environment are major agents of change in recent telecommunications policy. But despite developments pushing for greater competition, progress in liberalising public telecommunications markets remains slow, especially in terms of local access. At the same time, the potential contribution to economic growth, including e-commerce development which could result from reform in the communications sector are much higher than before. Increased competition is also a major policy instrument for bridging the digital divide by ensuring wider access to information and communication technologies.

The sixth edition of the biennial OECD Communications Outlook provides a range of performance indicators for public communication services in OECD countries. In addition to a comprehensive review of the telecommunications sector it includes data and analysis of broadcasting, cable television and the Internet.

Communications revenues for companies headquartered in the OECD area totalled US$ 1.3 trillion in 1999, distributed between telecommunication services (63%), communication equipment (23%) and broadcasting services (14%). In the same year, telecommunication revenues for carriers based in the OECD countries represented more than US$ 800 billion and the telecommunication services market in the OECD area was estimated at more than US$ 756 billion.

The benefits of increasing liberalisation are clearly visible in the growing use of mobile communications and the Internet. Between 1995 and 1999, the average annual expansion for fixed networks was only 4% whereas mobile networks grew at an annual rate of 49%. Prepaid cards driving up wireless penetration rates, the disappearance of long-distance charges and the possibility of making international calls at low rates bear witness to the rapid progress in services and decreasing prices. In New Zealand, fixed network subscribers can now have a mobile phone without paying a monthly rental for this service. In the United Kingdom, some cable companies offer a package of television channels or Internet access as part of their standard telephony service.

Although all OECD countries are committed to open competition in telecommunications, the process of deregulation needs to be taken further. Recent regulatory initiatives have focussed on stimulating local access competition. In 2000, there was a significant increase in licensing of networks likely to enhance long-term competition, such as fixed wireless access and third-generation licenses (UMTS). Although the trend towards mergers and acquisitions continued in 2000, consolidation among the largest carriers was countered by the increase of new entrants across the OECD area, as well as restructuring in the largest firms for regulatory or commercial reasons.
The report is available to journalists on the OECD’s password-protected website. Journalists may also obtain a copy of the report from the OECD Media Relations Division (request by fax: 33 1 45 24 80 03 or news.contact@oecd.org).

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Figure 1.1. Fixed network infrastructure competition in OECD Countries

Source: OECD

Figure 1.2. Cellular mobile infrastructure competition

Source: OECD
Figure 1.3. Number of equivalent cellular mobile operators in OECD markets

Source: OECD