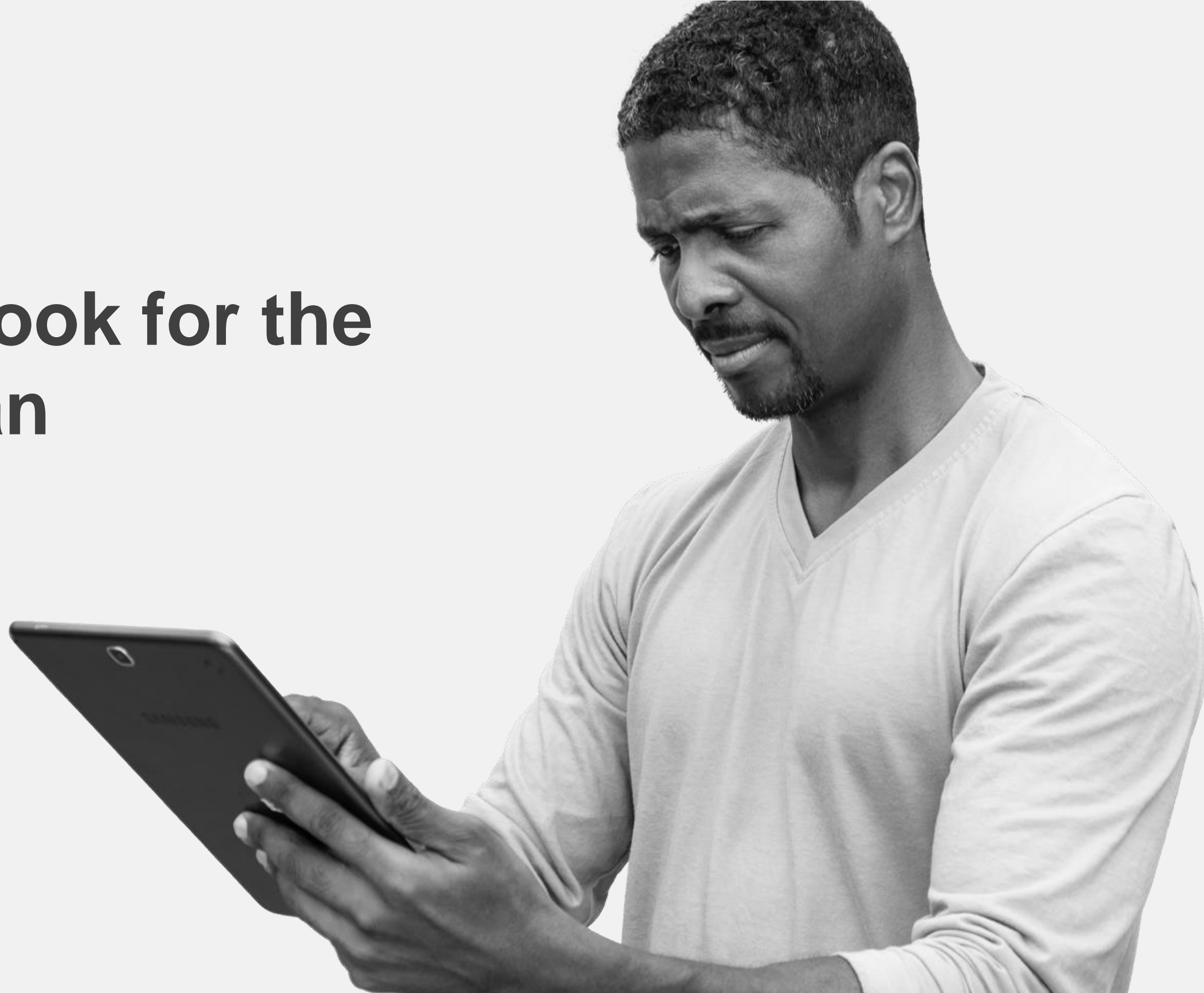
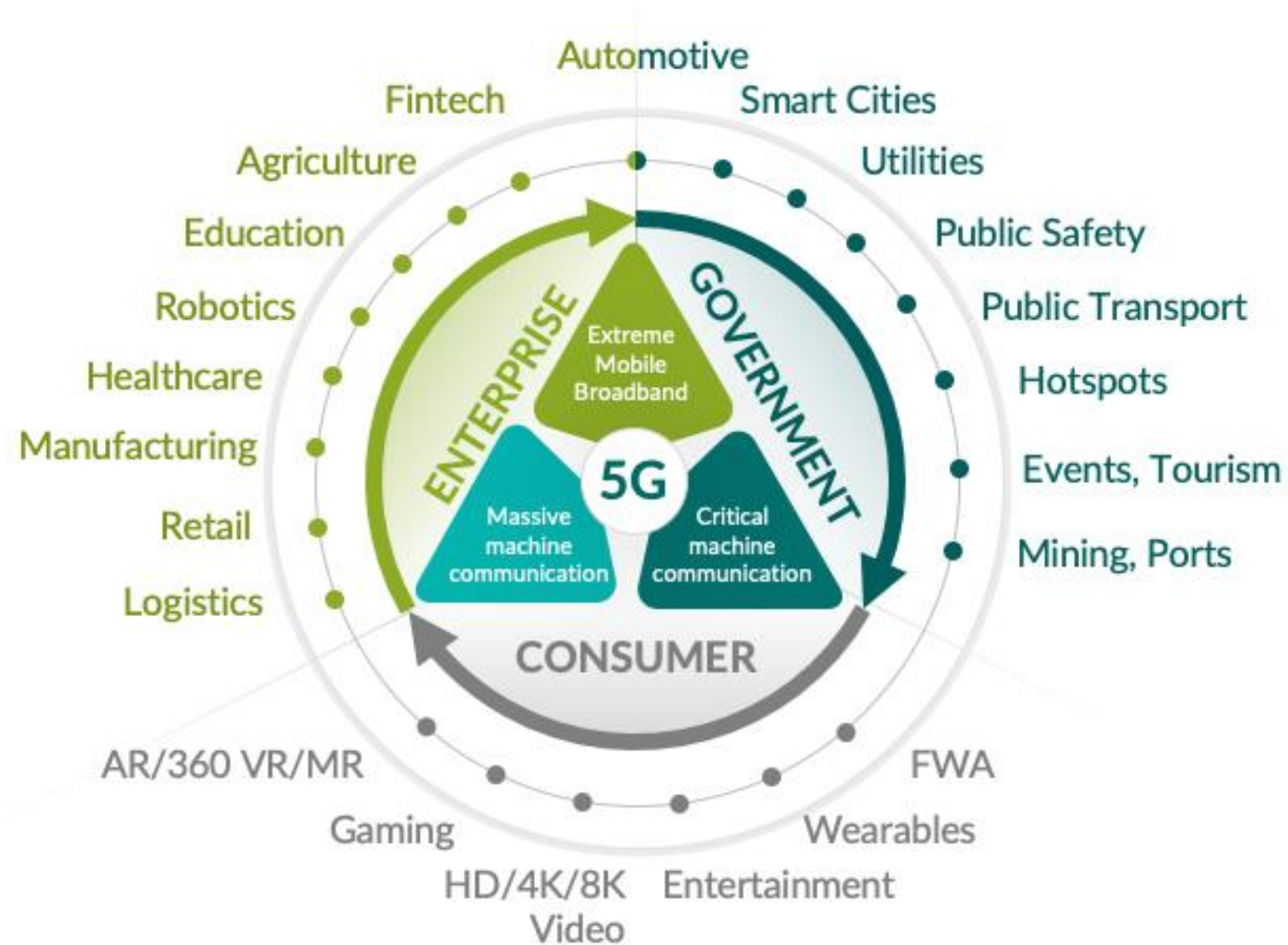


5G: The Outlook for the Caribbean

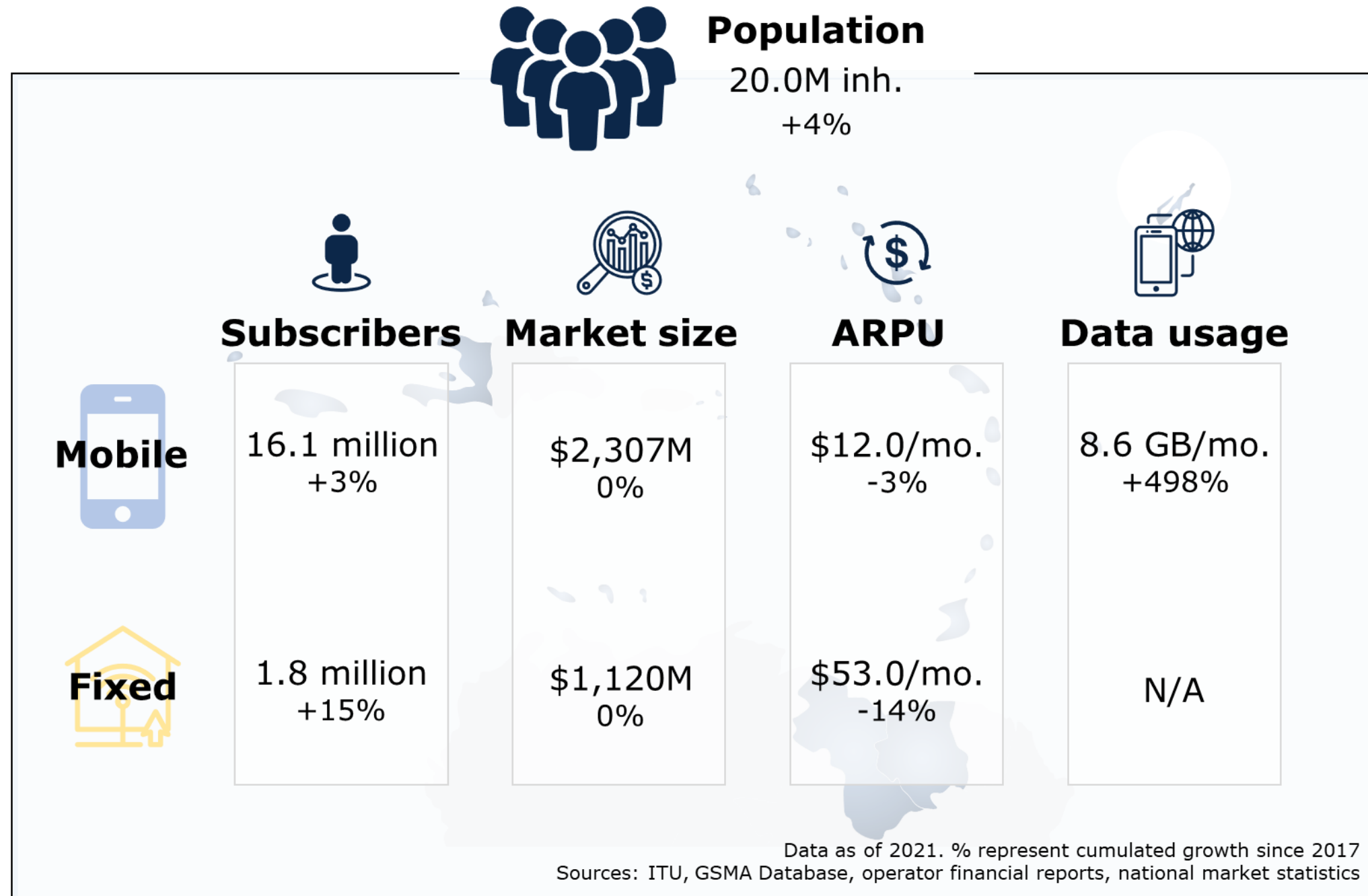
*Desha Clifford
September 2022*



The Promise of 5G



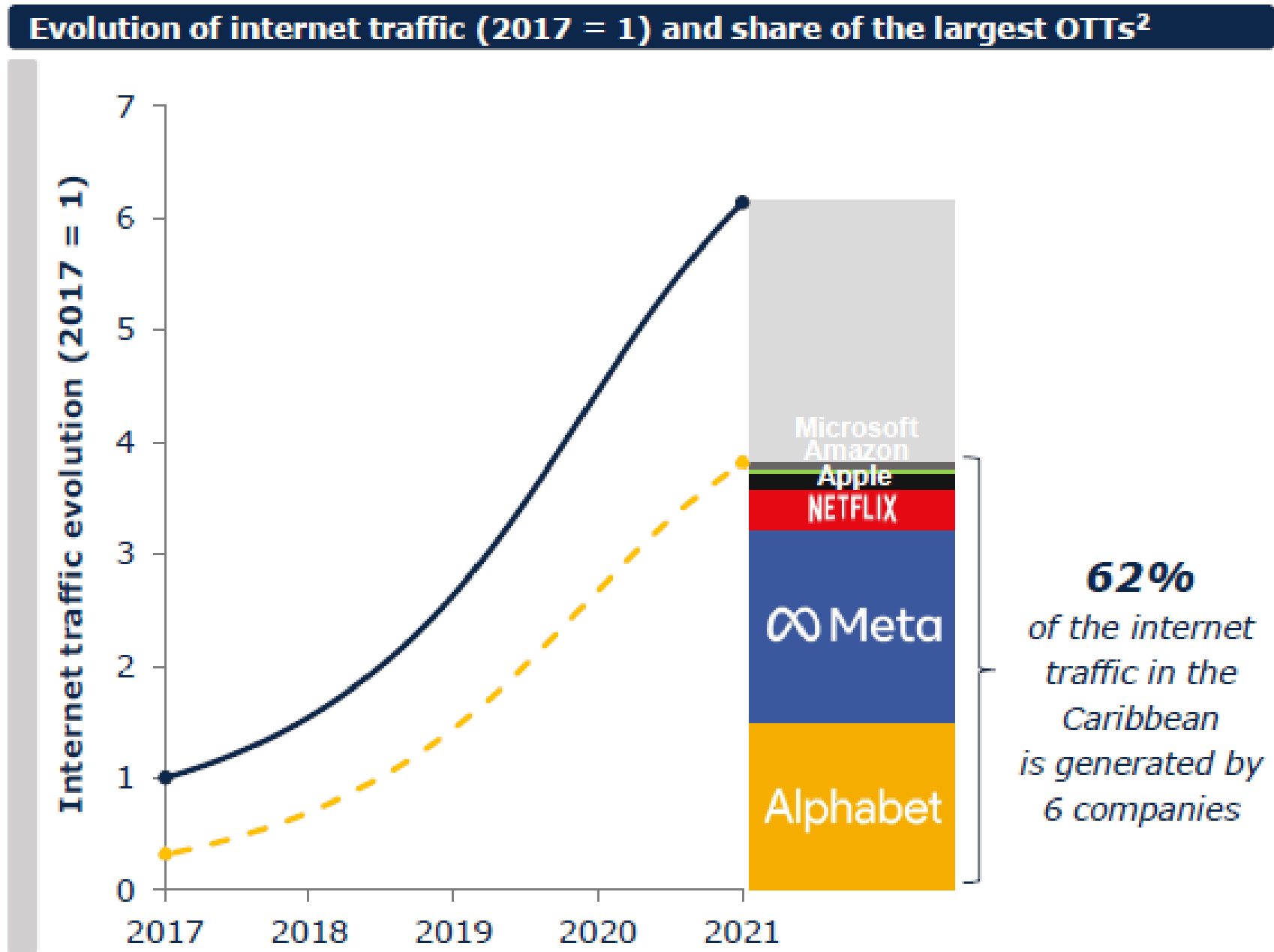
The Regional Telecoms Market



- The regional telecoms market has remained flat over the last few years.
- Increases in subscriber numbers were offset by declining ARPU levels.
- At the same time, data traffic increased dramatically between 2017 and 2021.

Source: Axon, 2022

Data Spike - The Tipping Point



- Big Tech have driven most of the data traffic growth over the last few years
- Their traffic alone in 2021 exceeded TOTAL traffic in 2019

Source: Axon, 2022

The Numbers - Quantification of the Problem

The growth in data traffic has pushed network operators to invest **over \$500 million a year (~0.5% of regional GDP)** in network upgrades and improvements since 2017

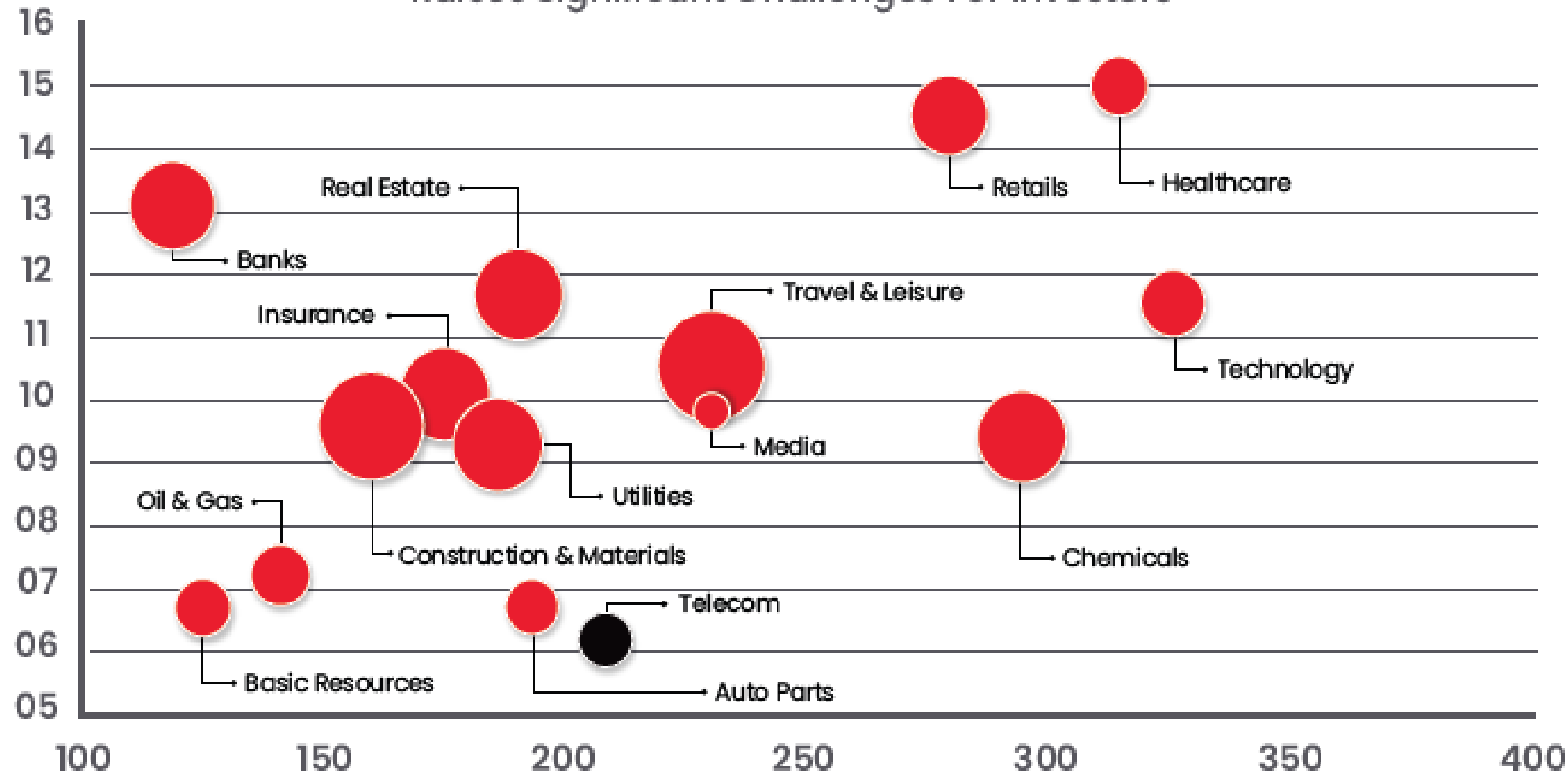


Impact of OTTs on Caribbean networks and implications of their fair share contribution to countries' development

- OTT driven traffic generates annual costs of approx. **USD\$250 million** for Caribbean network operators.
- This equates to approx. **7.3%** of their revenues

The Investment Challenge

Raising Capital For Further Network Investment
Raises Significant Challenges For Investors



INDUSTRY EV/EBITDA MULTIPLE AND TRS | 2018
SOURCE | EMIS, MARKETLINE, CSI MARKET, ARTHUR D. LITTLE

“Stagnating revenues and lower margins have resulted in telcos achieving the lowest EV to EBITDA multiple compared to those for most other industries. At the same time, demand for capital expenditure is increasing because telcos have to invest in existing infrastructure not only to meet the rapid growth in data traffic, but also to find new areas for growth.”



Meeting the Investment Challenge - Global Developments



Broadband Commission:

“All companies who derive benefit from the use of broadband infrastructure should contribute towards the cost of its deployment.”



A mandatory code of conduct which governs commercial relationships between Australian news businesses and ‘designated’ digital platforms who benefit from a significant bargaining power imbalance.

Meeting the Investment Challenge - Global Developments



A South Korea court ruled that Netflix was abusing its market power by refusing to pay a local broadband network operator, SKB, for the use of its network to deliver Netflix services to consumers.

The European Commission's draft Declaration on Digital Rights and Principles for the Digital Decade includes the principle that all market actors, including platforms, must assume their social responsibility in contributing to the cost of public goods, services and infrastructures.



What can the Caribbean do?

1. Amend local ICT law to require Big Tech platforms above a certain threshold to register locally and appoint a local representative.
2. Empower regulators to intervene if these Big Tech platforms refuse to engage commercially with local operators, media and other companies that provide services to them.
3. Mandate that some provisions of ICT law apply to such Big Tech platforms, e.g. cooperation with legal authorities and a duty to provide information.
4. Introduce a legal requirement that illegal content and content designated as harmful must be removed within a given time frame.



A harmonised approach across the Caribbean is needed and the development of a Caribbean Single ICT Space where the same rules apply in every Caribbean country.

Competition Law

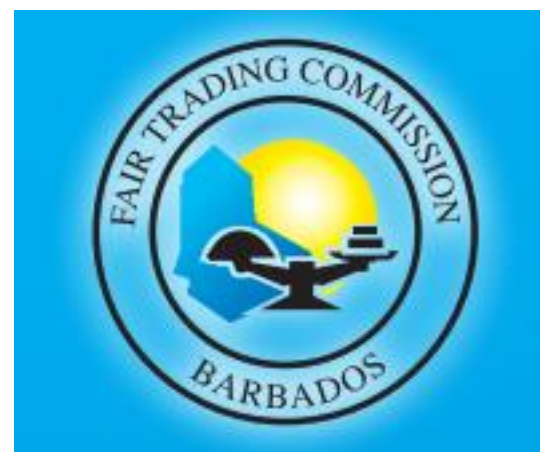
Caribbean jurisdictions can leverage investigations into Big Tech already undertaken by the EU (or other jurisdictions with similar laws) by investigating the same practices.

‘Copycat’ investigations following previous investigations elsewhere saves time and resources as Caribbean competition authorities could impose fines or other remedies without the need to develop their own theories of harm, market definition and competitive assessment.

CARICOM
competition
commission



FAIR TRADING COMMISSION
Promoting Competitive Markets



Conclusion



Our request is that Caricom comes together to safeguard our digital future, and that the CTU leads a project to develop a regulatory solution over the next few months that can be brought into force in **2023**.

Our Region is facing a lost decade if we are excluded from the digital economy and do not join 5G world.