

## Chapter 14

# A Critical Analysis of the Limitations and Effects of the Brazilian National Broadband Plan

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### **ABSTRACT**

*This chapter examines the limitations and the socio-political effects of the Brazilian National Broadband Plan (PNBL: is its Portuguese acronym). The discussion considers the main transformations witnessed in the telecommunications landscape in Brazil during the second half of the twentieth century. On the one hand, the end of state monopoly of telecommunications services and the provision of such services by the private sector called for greater investments in infrastructure. On the other hand, the Brazilian regulatory agencies have failed to lower prices, promote competition, and spread broadband access to remote and underserved areas. The PNBL was launched in order to deal with these difficulties. The plan, however, has at least three important problems: (1) the low-speed connection offered to users, (2) the unattractive prices, and (3) the lack of reflection on issues such as net neutrality. The text argues that only by taking such issues into consideration will the plan ensure innovation, economic growth, diversity, and freedom of access to information.*

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## INTRODUCTION

There are a series of studies and reports that indicate that Brazil is one of the leading countries of the current digital culture. This is what can be gleaned from different articles, which are coverage targets of the national press (IDGNOW, 2011a, 2011b; Portal G1, 2011; UOL Notícias, 2011). However, expanding the digital infrastructure and access to online resources in such country faces a number of challenges. These challenges include the high cost of Internet access and the difficulty of serving remote areas.

In 2010, the Brazilian Government proposed the PNBL (Plano Nacional de Banda Larga, or National Broadband Plan) for the purpose of lowering the prices of internet access and offering connectivity solutions to the Brazilian society at large.

Indeed, there were previous attempts at the municipal, state, and federal levels to combat digital exclusion. These attempts included the creation of telecenters, equipping public schools with computers, and decreasing taxes on IT products (Costa, 2007; Lemos, 2007). One of the lessons learned was that only access to equipment was not sufficient. Therefore, providing affordable and reliable high-speed Internet access has become a priority in public policy at the state and federal levels. The PNBL is the main result of the country's recent efforts.

This chapter addresses the following questions: what are the distinctive characteristics of the PNBL? What are the main tension hot spots generated from the moment that telecommunications operators take on a more interventionist profile similar to that of public agencies? To what degree can the PNBL address the challenges facing users, companies, and governments?

While answering these questions, we focus on the social and economic effects of the PNBL. We will also identify its limitations, discuss its current status and provide suggestions for future improvements.

The text also presents the current Brazilian regulatory framework, completely modified following the telecommunications monopoly breakdown, which occurred in the late 1990s. This discussion allows us to understand the correlation of forces, which have surrounded users, companies, and governments for over a decade. For the purpose of contextualization, we present data regarding the use of telecommunications (principally of the Internet) in Brazil.

If, on one hand, Brazilians make up a consumer market in full expansion in the telecommunications sector, on the other hand, the difficulties to take advantage of digital communication services in the country are clear. Mobile telephony, for example, beats line creation records every month; but the majority of these subscriptions relate to prepaid service, given that many users do not have the financial conditions to deal with the expenses tied to (a) the operation costs and (b) the high tax burden witnessed in Brazil.

The chapter also discusses the tensions concerning the declared resistance of a few telecommunications companies to expand their Internet connection service to less profitable areas. Finally, the text points towards the problem of net neutrality and of digital inclusion—central issues to the understanding of the PNBL.

## THE CONTEXT OF BRAZILIAN TELECOMMUNICATIONS

Since the 1917 Decree 3,296 (issued to affirm the “exclusive responsibility of the Federal Government regarding radiotelegraphic and radiotelephonic services in the Brazilian territory”), until the last decade of the 20th century, one can note a strong centralization of telecommunications services in the hands of the Brazilian State.

The development and greater use of radio broadcasting, started in the 1930s, generated a new list of concerns for the Government. Besides transmission itself, it became necessary to keep

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