

# TechScape: ‘Without the telcos, there is no Netflix’ – the battle between streamers and broadband

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The writers and actors strikes in Hollywood have largely focused on streamers like Netflix paying more for the work the artists contribute to the services. On the tech side of things, meanwhile, a similar fight is brewing. Far from the Hollywood picket lines, telecommunications executives are looking at booming broadband use largely driven by video. Streaming video is one of – if not the main reason – for the explosion in data use across networks in the past 10 years, and platforms like Netflix are some of the main culprits. That amount of streaming across the globe is leading to big infrastructure costs for internet and mobile broadband providers, at a time when customers are used to large or unlimited downloads at a low price and are unwilling to pay much more. A year ago, 16 telecoms officials in Europe signed a joint statement calling for tech companies such as Google, Meta and Microsoft to pay their fair share, stating that European telecoms companies spend €50bn (£44.5bn) annually on building and maintaining full-fibre broadband and 5G networks. As the European Commission began considering whether to force the streamers to pay, European and British telecommunications companies stepped up their lobbying at the annual Mobile World Congress in February. “Without the telcos, without the network, there is no Netflix, there is no Google,” Michaël Trabbia, chief technology and innovation officer for France’s Orange, told CNBC in March. It’s fair to say that Netflix and the other companies named – including Amazon and Apple – aren’t thrilled at the idea. Netflix’s co-CEO Greg Peters told the same conference that it would amount to a tax on the streamers, and would lead to a reduction in content. He argued that it would amount to charging twice for the same infrastructure – once to the streamers and once to the customers who use it. Meta, meanwhile, labelled the proposal “nonsense”, saying there was no credible evidence of an investment gap in networks. The proposal drew an unlikely alliance between other broadband providers, film companies and activist groups. In a letter in May, the groups – including Wikimedia Europe, Electronic Frontier Foundation and Motion Picture Association Europe – said the so-called “telco tax” would effectively end net neutrality in Europe and would worsen competition. They also claimed it would benefit incumbent providers, with the tax passed on to customers, who would probably have to pay more for their streaming subscription. But their complaints did not sway lawmakers in Europe: the European parliament voted in June to push ahead with the policy proposal, albeit with a caveat added at the end “without prejudice to net neutrality”. Europe’s domino effect Telecommunications companies in the rest of the world are also keeping a close eye on how it progresses in Europe. Australia’s second-largest telco, Optus, has been lobbying for a similar proposal, and the country’s communications minister specifically cited the European legislation in her deliberations. Optus’s biggest rival, Telstra, was less keen on the idea, however, with CEO Vicki Brady saying it was a “very different conversation” and

something not actively being pursued. Considering tech regulation works across the world, you can bet that if Europe starts down a path, other countries will soon follow. It wouldn't be surprising to see a stronger pushback from the tech companies to stop a domino effect from happening. We already saw this happen in Australia and most recently Canada when their governments tried to get Meta and Google to pay for news. Meta pulled news from Facebook in both countries in protest. While it was short-lived in Australia, and paved the way for Meta to pay news companies, the protest continues in Canada. At the very least, if it doesn't get to the stage of withholding services, the tech companies will no doubt pass the cost on to customers while making it very clear why they had to raise prices in Europe. One thing is evident: with the proliferation of streaming services and a growing sense from all sides that no one is getting a good deal out of what they offer, it feels as if we are reckoning with the 2010s era of cheap, all-you-can-watch content and what that means for those who bring it to you. Another legislative cage fight One battle that could bring about an unlikely alliance between tech companies and human rights groups are moves in the UK and elsewhere to make it easier for law enforcement to access encrypted messages to help tackle child abuse. Law enforcement and child safety advocates are most concerned with Meta's planned shift to end-to-end encrypted messaging across Facebook and Instagram, suggesting that it could lead to a 50% reduction in reporting of child abuse activity on Meta's platforms. Codes and legislation being developed do not talk explicitly about having a backdoor into encrypted messaging, but say there should be a method to detect material being shared. Tech companies say that metadata and communications behaviours, as well as AI can be used to detect such activity without needing to reveal the content of the communications, but lawmakers seem unconvinced so far. The tech companies argue that such proposals would embolden authoritarian states to demand any technologies developed for such laws be applied to communications on a wider scale – such as for cracking down on dissidents. As with the streaming fights, it seems the tech companies will be trying to avoid a precedent set in one country being followed elsewhere. In the course of the UK's development of another proposal around law enforcement, Apple has threatened to withdraw iMessage and FaceTime, if it believes end-to-end encryption will be compromised. If you want to read the complete version of the newsletter please subscribe to receive TechScape in your inbox every Tuesday.