

On a Mission



wfn strategies

Too 'Critical' for the Public –
Nationalizing Subsea
Communications in the 21st Century

Academic Insights and Public-Private Partnerships

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to connect
THE WORLD



Introduction

- Subsea cables are crucial for global connectivity.
- Debate: Nationalization vs. Privatization
- Academic insights from Korbin and D'Souza & Megginson
- Key Focus: Real-World Case Studies
- Exploring Public-Private Partnerships (PPPs) as a balanced solution



Historical Perspective from Korbin

- Nationalization is selective and strategic.
- 'Domino Effect': Nationalization in unstable regions
- Focus on industries critical to national interests



Korbin's Methodology on Nationalization

- Analyzed political and economic factors driving nationalization
- Studied data from various countries and industries (1960-1980)
- Identified patterns and outcomes of nationalization efforts
- Key focus on economic motivations and strategic importance



After Nationalization: Impact on Companies/Industries

- **Changes in Management and Ownership Structure**
- **Shift in Operational Focus: Strategic vs. Profit-Driven**
- **Potential Decline in Efficiency and Innovation**
- **Examples: Oil Industry in the Middle East, Telecom in Latin America**



Case Study: Libyan Oil Industry (1970)

- **Context:** Rising nationalism and demand for economic control
- **Libya nationalized oil assets in 1970, beginning with BP.**
- **Impact:** Increased state revenue, reduced foreign influence
- **Domino Effect:** Inspired similar actions in Algeria, Iraq, Iran



Privatization and Performance – D'Souza & Megginson

- **Analysis of 85 countries' utilities and telecom sectors**
- **Privatization leads to significant performance improvements.**
- **Enhanced financial and operational outcomes in private firms**



Case Study: Privatization of Telmex (Mexico, 1990s)

- **Pre-Privatization:** Inefficiency, limited network, poor service
- **Privatization:** Sold to private investors in 1990
- **Post-Privatization:** Rapid expansion, improved service quality
- **Outcome:** Number of lines doubled, increased profitability



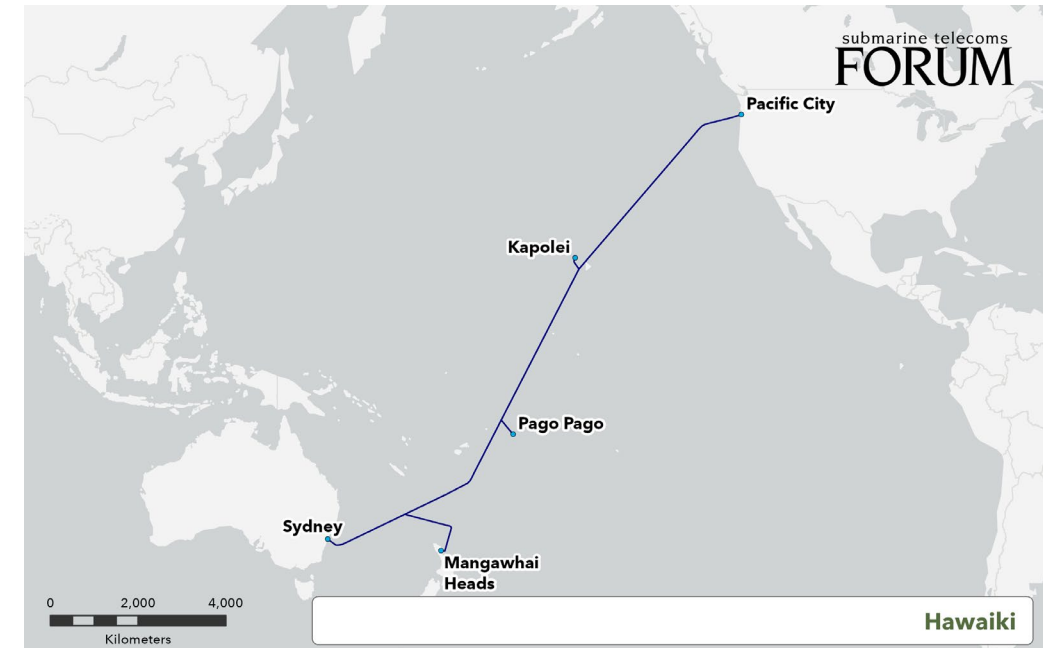
Public-Private Partnerships in Submarine Cables

- PPPs combine public and private sector strengths
- Effective for large-scale infrastructure projects
- Risk sharing, strategic oversight, and investment



Hawaiki Submarine Cable (Pacific Region)

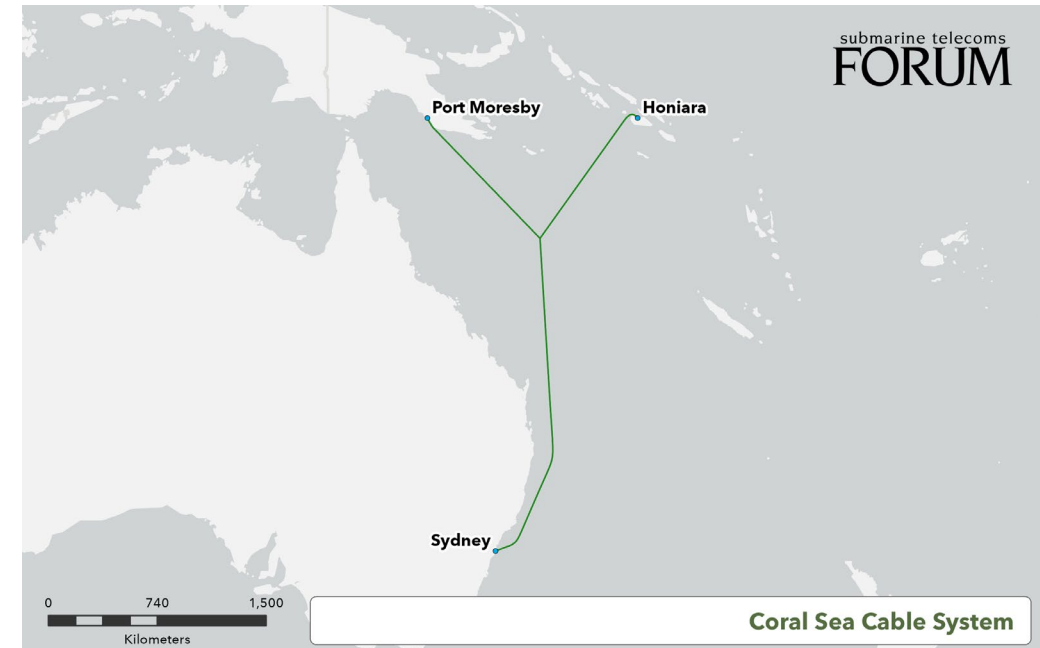
- **Ownership Model: Public-private partnership**
- **Connects the US, Australia, NZ, and Pacific islands (15,000 km)**
- **New Zealand government investment for national broadband goals**
- **Strategic importance: Improved connectivity and resilience**





Coral Sea Cable System

- **Ownership Model: PPP with Australian government funding**
- **Connects Australia, Papua New Guinea, Solomon Islands (4,700 km)**
- **Australia's strategic influence in the Pacific**
- **Enhanced regional security and development**





Asia-America Gateway (AAG)

- Ownership Model: Consortium with PPP components
- Connects Southeast Asia with the US (20,000 km)
- Involves state-owned and private telecom companies
- Strategic data route, reducing dependency on other cables





Key Benefits of PPPs in Submarine Cables

- **Risk Sharing:** Financial and operational risk distribution
- **Access to Capital and Expertise:** Private investment and skills
- **Alignment with National Interests:** Strategic goals and private sector support
- **Enhanced Infrastructure Development:** Accelerated deployment in underserved regions
- **Strategic and Geopolitical Influence:** National participation in global telecom networks



The Way Forward

- **Hybrid Model: Combine nationalization and privatization**
- **Public-Private Partnerships: Strategic oversight + private efficiency**
- **Policy Frameworks: Clear regulations and aligned incentives**



Conclusion

- Academic literature shows:
 - Strategic nationalization for security
 - Privatization enhances performance
- Models are validated by real-world, industry-specific cases
- PPPs: A balanced solution for subsea communications



Thank you!