Information and Communication Technologies (ICTs) are key tools for the development of countries …

- The World Telecommunications/ICT Development Report 2006 showed how in Latin America, in the period from 1995 to 2003, investment in ICTs contributed to almost 20% of total growth of the economy...
- The study also shows how the relative importance of ICTs for economic development has been growing in recent years. In Latin America, for instance, the contribution of ICTs to economic growth in the period of 1989 to 1995 was barely above 5%.
Infrastructure development improves the competitiveness of countries...

As Raul Katz shows in a statistical study on competitiveness there is a strong positive correlation between the development of the information society (measured by the Network Readiness Index) and the competitiveness of countries.

For instance, Chile, with a high level of development of the Information Society has a level of competitiveness similar to Spain.

They have a direct impact on economic growth through the improvement of competitiveness...

Source: Raul Katz, Columbia Business School, Santiago de Chile, Jan 10, 2008

(1) Presented in Columbia Business School, Santiago de Chile, January 2008
(2) Index developed by the World Economic Forum

The Telecommunications sector is thus crucial for the progress of nations; Latin America’s Telecom sector has high growth expectations for the coming years...

Source: IDC
* Excluding Japan, Korea, Hong Kong, Singapore and Taiwan

Source: Telefónica
The growth of the Telecommunications industry will lead to the improvement of penetration rates of broadband and mobile services, reaching all sectors of society.

### Mobile penetration forecasts (% mobiles/pop)

- **2007**: 91%, 64%, 65%, 100%, 91%
- **2008**: 96%, 72%, 71%, 106%, 96%
- **2009**: 82%, 77%, 79%, 108%, 82%
- **2010**: 55%, 84%, 84%, 110%, 55%

### Broadband penetration forecasts (% BB accesses/households)

- **2007**: 15%, 14%, 15%, 22%, 15%
- **2008**: 22%, 22%, 22%, 30%, 22%
- **2009**: 34%, 26%, 26%, 34%, 26%
- **2010**: 36%, 34%, 34%, 36%, 34%

**Fuente**: Pyramid research

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The mobile industry in particular is in an excellent competitive position to continue growing at a fast speed in future years.

- Although in 2010 Latin America will still have lower levels of GDP per capita than developed countries today, mobile service penetration will have similar levels.
- The mobile sector is likely to gain market share in the Telecom sector offering broadband mobile services.

### GNP per capita (USD)

- **2007**: Mexico 7,910, Perú 3,980, Chile 10,190, Argentina 5,510, Brasil 6,436, W. Europe 32,264, USA 45,594, Japon 38,990
- **2010**: Mexico 7,810, Perú 3,970, Chile 10,180, Argentina 5,500, Brasil 6,420, W. Europe 32,254, USA 45,584, Japon 38,984

### Mobile penetration (% mobiles/pop)

- **2007**: Mexico 10%, Perú 10%, Chile 12%, Argentina 12%, Brasil 15%, W. Europe 18%, USA 20%, Japon 20%
- **2008**: Mexico 12%, Perú 12%, Chile 12%, Argentina 12%, Brasil 15%, W. Europe 18%, USA 20%, Japon 20%
- **2009**: Mexico 12%, Perú 12%, Chile 12%, Argentina 12%, Brasil 15%, W. Europe 18%, USA 20%, Japon 20%
- **2010**: Mexico 12%, Perú 12%, Chile 12%, Argentina 12%, Brasil 15%, W. Europe 18%, USA 20%, Japon 20%

**Fuente**: Pyramid research

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Telefónica Latinoamérica
However, the fixed broadband industry is different: International experience shows that high speed growth of broadband requires heavy long term investments

A case study: South Korea

In the last decade, Telefonica has invested in fixed broadband development in Latin America...

- Since 1990, Telefonica has invested almost 30,000 million Euros to develop fixed line infrastructures in the region.
- Telefónica has today 45,000 Km of optical fiber in Latin America; in the future, we intend to continue investing to develop the optical fiber network and to improve the quality of broadband services.

**Telefónica's investments will allow broadband penetration rates to double from 2006 to 2010**

<table>
<thead>
<tr>
<th>Country</th>
<th>Penetration 2010</th>
<th>Siemens, x</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peru</td>
<td>17,8%</td>
<td>2,5</td>
</tr>
<tr>
<td>Argentina</td>
<td>36,1%</td>
<td>2,3</td>
</tr>
<tr>
<td>Brazil</td>
<td>22,0%</td>
<td>2,0</td>
</tr>
<tr>
<td>Chile</td>
<td>55,3%</td>
<td>1,8</td>
</tr>
</tbody>
</table>

**Telefónica investments for 07-10: 14-16,000 mill Euros**
But high investments by the private sector will require that Governments provide sound regulatory frameworks that ensure the development of the Telecom industry. The development of the Telecom industry requires a public-private partnership.

It is the responsibility of Governments to...
- Establish a regulatory framework adapted to the development of the telecommunications industry, with public policies aimed at promoting private investment and the development of infrastructures.
- Leadership and promotion of innovative initiatives and sustainable projects.

It is the responsibility of the private sector to...
- Invest and ensure the extension of the benefits of the information society.
- Have a long term commitment with the economic and social development of countries.
- Take advantage of business opportunities to drive the extension of the information society.

The Telefonica’s Group, the largest integrated operator in the region, is ready to take this challenge.

**Telefonica Latin America in 2007**

**Countries**
- Presence in 15 countries

**Clients/Accesses**
- 134 million

**Employees**
- 57,700 direct employees
- 90,000 employees in partner companies

**Infrastructure**
- TIWS: The largest cable infrastructure in Latin America

**Investment**
- Major private investor in the region: more than 100 Billion USD invested since 1990

45,000 km of optical fiber