

International Telecommunications: An Overview

Telecommunications Economics



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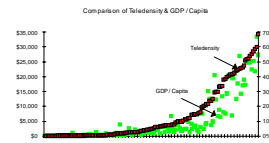
Agenda

- Overview
- Telecom & Development
- Trends
- Implications/Conclusions

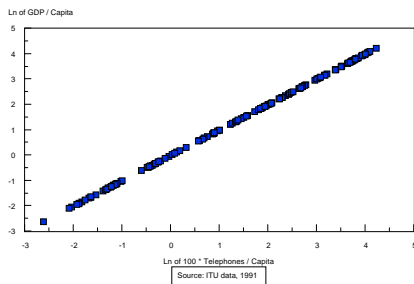
Telecom / Economic Overview

- Teledensity versus GDP
- Investments
- Traffic and Prices

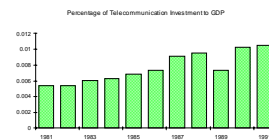
Teledensity versus GDP



Teledensity: Jipp Curve

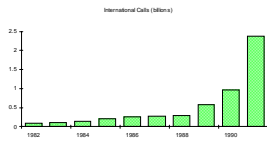


Telecommunication Investment



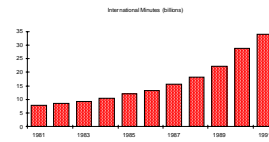
Source: ITU data, 1991

International Calls: ROW



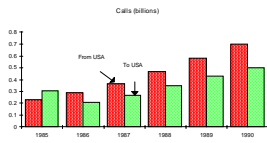
Source: ITU data, 1991

International Minutes: ROW



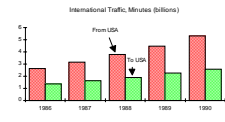
Source: ITU data, 1991

International Calls: USA



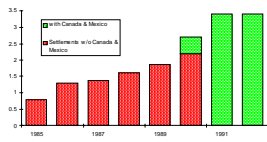
Source: FCC data, 1991

International Minutes: USA



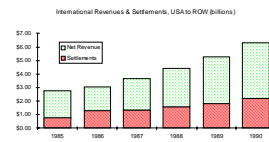
Source: FCC data, 1991

International Settlements



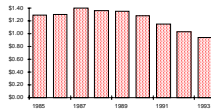
Source: FCC data, 1991

International Settlements



Source: FCC data, 1991

International Accounting Rates



Source: FCC data, 1991

Telecom & Development

- **Telecommunications is a Significant Driver of Economic Growth**
 - ▶ Empirical Estimates Confirm
 - ▶ Magnitudes of Estimate Vary

Qualifications

- ▶ **Telecommunications Investment Not Sufficient.**
- ▶ **Human & Capital Resources Required**
- ▶ **Other Infrastructure Investments Required**

Trends

- **Technology**
- **Privatization**
- **Regulation**

Technology

- ▶ **Digitalization**
- ▶ **Wireless**
- ▶ **Convergence**

Technology

- ▶ **Digitalization**
 - Modular
 - Smaller
 - Cheaper

Technology

- ▶ Digitalization
- ▶ **Wireless**
 - Ubiquitous
 - Mobile
 - Cheaper

Technology

- ▶ Digitalization
- ▶ Wireless
- ▶ **Convergence**
 - Competition
 - Cheaper

Privatization: Rationale

▶ Performance / Efficiency

Upgrade & Expand Networks
Rebalance Prices
Import Experts
Bureaucracy Eliminated
Introduce Competition

Privatization: Rationale

- ▶ Financial Structures
 - Raise Capital / Cash
 - Reduce Government Debt
 - Reduce Foreign Debt
 - Improve Balance of Trade
 - Promote Stock Ownership

Regulation

- ▶ Incentive / Price Caps
- ▶ Competitive Entry
- ▶ Sale of Spectrum

Conclusions / Implications

- Price Decreases
- Improved Infrastructure
- Intense Competition