WHAT CHALLENGES DOES LATIN AMERICA FACE IN REGULATING TELECOMMUNICATIONS TECHNOLOGY?

JANET HERNÁNDEZ CONTINUES

A key to the success of the new digital economy is generating consumer trust so that people are willing to shift more of their lives online.

This raises consumer protection challenges, such as establishing frameworks to address online data protection and privacy—particularly when it comes to crossborder data flows—as well as cybersecurity issues, such as protection against hacking. Also, policymakers should consider the need to ensure that consumers have access to high-quality broadband Internet services.

To this end, in various countries in the region, such as Brazil, Chile and Ecuador, regulators are introducing legislation and regulations to address net neutrality, quality of service, data retention, and privacy.

However, regulators should tread with caution to avoid overreaching and inadvertently stifling some of the proconsumer and innovative practices they wish to promote. ■

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In the past 15 years, favorable macroeconomic trends and sensible public policies have attracted investments and propelled social improvements. Between 2000 and 2012, 56.2 million citizens moved out of poverty[1] and the middle class grew from 100 million to nearly 150 million individuals.[2] Hundreds of billions of dollars poured into the region to deploy fiber optics and to create Latin America's best infrastructure: its mobile network. The challenge the region faces now is to maintain growth. The deceleration of the Chinese economy, the decrease in commodities prices and changes in U.S. monetary policy are challenging governments to develop new approaches to secure continued social improvements. Technology, and especially telecommunications, is of utmost relevance in this context: according to the World Bank, an increase of 10 points in broadband penetration could increase GDP growth by more than one point in low- and middle-income countries.[3]

With regards to telecom regulation, the best path is to maintain the light approach that has been prevalent since the 1990s. Unfortunately, regulatory trends are not following this path. Countries like Brazil, Colombia, Guatemala, and Ecuador have created new taxes affecting the industry. In some cases, spectrum—the different pathways of data transmission—is prohibitively expensive and strictly regulated. New regulatory guidelines are being developed under the assumption that operators are to blame for issues (such as handset theft and signal blocking in prisons) that, in fact, can only be resolved with the cooperation of governments and other stakeholders. The new regulations adversely affect cost structures and may lead to reduced profit margins and less investment. To secure Latin America's access to the digital world, we need to strengthen telecommunications operators by fostering consolidation in our markets, promoting public–private cooperation to increase network coverage and developing frameworks that grant the same legal treatment to all market players. ■

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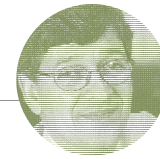

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Latin America has made enormous progress in developing information and communications technology (ICT) in the past 20 years. According to recent studies, over 50 percent of the population is already using the Internet.[1]

However, the region has a wide development gap. The primary challenge is how to continue development while recognizing the importance of addressing the so-called demand gap.[2] Focused regulation and inclusive policies can help to narrow this divide.

Regulators and policymakers, in collaboration with the private sector, need to take on three efforts: 1) increase affordability of broadband access, particularly at the base of the economic pyramid; 2) promote digital literacy in education curricula and offer workforce training; and 3) develop Internet content that is suited and attractive to the local population.

Since mobile broadband is going to be instrumental in addressing this gap, governments must provide the necessary frequency spectrum to improve coverage and capacity. ■

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