

Foreign investment and the development of telecommunications in Latin America (Innovation and Growth: Chasing a Moving Frontier)

Latin America leads developing countries by a significant margin in cumulative FDI flows to the telecommunications sector. Access to communications services has progressed very positively in the region in the past decade, accompanied by the expansion in foreign investment and innovation in both technology and service delivery. Both foreign investments -including from home-grown Latin multinationals- and mobile telephony, especially in the form of prepaid lines, have contributed to increasing the density of telecommunication services. However, service provision for relatively disadvantaged groups remains a major challenge that current investment and innovation trends have only begun to address. Two policy concerns dominate the communications sector: access to services remains very unequal -for example, only 25% of the poorer households have a phone at home- and innovations in network expansion are slow. This chapter makes a case for a stronger regulatory network, more competition and policies to support innovation.

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