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**WORLD TELECOMMUNICATION
DEVELOPMENT CONFERENCE**

(21-29 March 1994)

Buenos Aires, 21 March, 1994

**INAUGURATION OF THE FIRST
WORLD TELECOMMUNICATION DEVELOPMENT
CONFERENCE (WTDC-94)**

Opening address by

Dr. Pekka Tarjanne

Secretary-General of the International Telecommunication Union (ITU)

Your Excellency, Dr. Carlos Menem, President, Argentine Republic,
Mr. Vice-President of the United States,
Excellencies,
Ladies and Gentlemen,
Dear Friends,

Mr. President, on behalf of the ITU and of all delegations here present, I would like to express our sincere gratitude to you for having shown us the honour to preside over this opening ceremony of our historic Conference in your beautiful capital city of Buenos Aires. This World Telecommunication Development Conference brings together many of the most influential thinkers in the field of telecommunications development and provides an opportunity for us to listen, to learn and to share our experiences.

For the ITU, this Conference marks the *coming of age* of its youngest offspring, the Telecommunication Development Sector, which can now take its rightful place alongside the Telecommunication Standardization and Radiocommunication Sectors, as one of the three pillars of the Union. This Conference is the culmination of a process of evolution over the last forty or more years whereby the Members of the Union have agreed to focus their efforts on extending the benefits of telecommunication technologies to all peoples of the world.

But the significance of the Conference is much wider than this. The holding of this Conference will push telecommunications to the fore in international policy-making alongside issues such as the environment, human rights, or the fight against poverty. Over the next nine days, we have a unique opportunity to send a clear message to the world on the immense potential that telecommunications can offer in promoting economic, social and cultural development. The challenge before us is to ensure that telecommunications remains a central concern to policy-makers long after the conclusion of this Conference.

In this context, I am delighted that this Conference is being held in Argentina. We are won over, Mr. President, not only by the natural beauty of your country and the proverbial hospitality of its inhabitants, but also by the example it sets of what can be achieved in a short space of time if there is a common commitment -- between the State, the banks and private firms -- to improving the level of telecommunication networks and services. Through a process of sector reform,

privatisation, market liberalisation, the adoption of new technologies and a commitment to infrastructural investment, Argentina has succeeded in *transforming* its telecommunication services sector. In its first two years, some 600 000 new lines have been installed at a growth rate which has been one of the highest in the world. This has been achieved by a substantial rise in the level of investment which now stands at more than US\$ 1.2 billion per year, or around 50 per cent of revenues. Both the State and its new partners have benefited from this reform in terms of higher taxes and higher profits. The telecommunication sector in Argentina is in the forefront of economy-wide reforms which have given the country one of the highest rates of economic growth in the region. We will have an opportunity to see during the Conference that rural areas and other issues of social interest are not being neglected in this process.

This year, 1994, marks the tenth anniversary of the Report of the Independent Commission for World-Wide Telecommunications Development, *The Missing Link*. This report, which was commissioned by the ITU from a multi-disciplinary group of independent experts, proved to be seminal in focusing the attention of policy-makers on the telecommunication development gap between the industrialised countries and the developing world. As part of the preparations for this Conference, the ITU Secretariat has prepared a new report, the *World Telecommunication Development Report*, published today, which traces the development of the telecommunication sector over the decade since *The Missing Link* Report. The development gap is still very much in evidence. For instance, the 24 advanced industrialised democracies of the OECD account for 70 per cent of global telephone mainlines, 80 per cent of service revenues, and 90 per cent of mobilephone subscribers, even though they are home to just 16 per cent of the world's population. More than two-thirds of households around the world still have no telephone.

Nevertheless, the report concludes that the telecommunications development gap is narrowing, albeit at a much slower rate than had been hoped. Furthermore, new technologies that were barely available in 1984 -- such as digital switching, fibre optics, and mobile communications, both terrestrial and satellite -- are making the installation of a high performance telecommunication network much quicker, much easier and, in relative terms, much cheaper than ever before. But it is important that we employ these new technologies to close the telecommunications development gap not to widen it. Today, the talk is of *information superhighways*, and this has rightly captured the imagination of telecommunication policy-makers and network developers. We are privileged to have with us as our guest speaker today, Vice-President Al Gore of the United States, the Godfather of the information superhighways. The ITU is founded on the principle of universality and therefore the challenge is to extend this concept to become an *international information infrastructure* which will benefit mankind as a whole.

Since 1984, more than 200 million lines have been installed across the world. Many of the larger developing countries -- such as China, Egypt, India, Indonesia and Pakistan -- are now emerging as major telecommunication markets and are attracting high levels of investment. Some of the smaller ones, such as Burkina Faso, the Maldives and Nepal, have also sustained double digit network growth rates over the last decade. The Report focuses on four countries from different parts of the world which have been particularly successful in promoting growth: Botswana, Chile, the Republic of Korea and Turkey. These case-studies show that, while there is no blueprint for success, there are certain common elements which are essential and which can be adopted by most developing countries, providing there is sufficient political will.

In discussing the problems of the telecommunications development gap, it is all too easy to assume that this is an issue that mainly affects the developing countries. Certainly it is the developing countries themselves that must play the major role in changing the situation through the establishment of new regulatory frameworks, through sector reform, and through accelerated investment programmes. But, the development gap is a problem which affects us all. The *Brandt Report*, which was published at around the same time as *The Missing Link* report, argued that the best way to fight unemployment and sluggish growth in the rich North was by stimulating economic demand in the poorer South. This argument is even more relevant today.

Narrowing the telecommunications development gap requires a global approach which recognises the inter-dependent nature of the modern world. Many of the problems that face telecommunication policy-makers today are fundamentally global, rather than national or regional in nature. Let me take three examples:

- By the end of this decade, we could see the development of global mobile satellite services offering personal communication services to handheld receivers anywhere in the world. The promise of this technology is that it makes any locality potentially accessible to the global telecommunication network. But at the same time it raises issues of global co-ordination, co-operation and competition that have not previously been faced.
- A second major policy issue is the reform of the accounting rate process. Accounting rate payments provide an important source of income to some of the developing countries but they also tend to keep telephone charges to end users high, and they can act as a disincentive to economic efficiency. The challenge here is to reform the system while still maintaining the vital flow of investment funds to assist with network development.
- Thirdly, the liberalisation of international trade in services, the rise of foreign direct investment and the creation of inter-firm alliances have created a new set of global players in the international telecommunications market with revenues that are greater than those of many of the smaller nation states. How can we ensure that global corporations continue to work for the benefit of their customers as well as their shareholders?

Globalization brings a new set of challenges to the system of intergovernmental regulation which has evolved for international telecommunications and radiocommunications. The ITU, which is founded on the principles of national sovereignty and universality, provides an appropriate forum for the discussion of these issues. A Conference like this can ensure that the voices of the developing world are afforded equal weight alongside those of the industrialised nations and the global corporations.

So what is this Conference intended to achieve? I would like to set three broad objectives which I feel are practical and achievable: first, to provide guidance to the ITU Development Sector on its future work programme; second, to increase awareness of the role of telecommunications in economic and social development; and third, to share our experiences as to what policies have proved the most effective in improving the provision of telecommunication networks and services.

The first objective is to provide guidance to the Development Sector and its Bureau on how to establish priorities in its work programme over the next five years. We are looking for a clear message from ITU Members and from the wider telecommunications community on what role the BDT should play and how it can use its limited resources to leverage a wider development effort. In addition to the *World Telecommunication Development Report*, we will be considering other important documents that will help us in this task, such as:

- A report on the ITU's development role in perspective;
- The Buenos Aires Action Plan on the future work programme of the Telecommunication Development Sector including the work programme of the BDT for the period 1995-99.
- This plan contains inter alia a far-reaching strategic plan on Integrated Rural Development, requiring co-operation between different sectors including agriculture, transportation, health, education, broadcasting, posts and telecommunications. Integrated Rural Development is expected to provide new opportunities for small-scale business activities such as agro-industry, workshops, etc. This will be a timely and concrete contribution to the forthcoming Social Development Summit to be held in 1995 which is being organised by the UN Secretary-General.

In addition, you have a rich menu of other proposals and options that have been submitted by well-known experts and Conference participants. Clearly, it would be impossible for the Development Sector to undertake all the new projects which are being proposed and it is the role of this Conference to choose between competing alternatives.

The change in the funding policy of the UNDP has created a financial shortfall in the funding of the BDT's technical co-operation activities. Thus, any *new* initiatives which this Conference endorses must be matched by an equivalent reduction in the resources devoted to *existing* activities. This Conference does not have the power to establish the budget of the Development Sector -- that is the role of the Plenipotentiary Conference which meets in six month's time -- but it is important that this Conference provides a clear message to the Plenipotentiary Conference on the priorities for development and on the future role of the Development Sector.

To guide you in this important task I would offer a number of observations:

- The mission of the ITU is to provide to the international telecommunications community those products and services that are *best provided* by an international organisation. Many of the traditional technical co-operation activities of the BDT are now provided through national execution, through the development agencies and through private sector consultants. The ITU may still have a comparative advantage in some areas of project execution, but we must be prepared to reshape and reduce our role in this area in response to the declining demand for these services.
- On the other hand, the ITU's role in information exchange and know-how has become much more important over time, notably through the organisation of workshops, seminars and conferences such as this, through the gathering of telecommunication indicators and the publication of reports, and through the organisation of exhibitions and trade shows such as Africa TELECOM '94 which will take place next month in Cairo. Until recently, little of the work of the BDT has been published, but we are now committed to changing this policy and introducing far more transparency into the operations of the Development Sector.
- The services that the BDT can offer in terms of human resources development, regulatory/policy advice, project identification and definition, and bringing together project planners and potential investors are now more in demand than ever. In order to respond to these new demands, we need to optimise the use of resources available to the BDT and to build upon our existing core competencies.
- Finally, the BDT must focus more of its efforts on the requirements of the Least Developed Countries. One of the clear messages from the *World Telecommunication Development Report* is that most of the middle income developing countries are now in a position to attract investment finance on the commercial market and to self-finance their remaining needs. The BDT's efforts must therefore concentrate on those countries where the needs are greatest and the available resources least.

The second broad objective of this Conference is to raise public awareness of the benefits of investment in telecommunications to society as a whole. This is a message that is addressed not so much to national Ministries of Posts and Telecommunications but rather to Ministries of Finance or Ministries of the Economy. In this respect, the role of the representatives of the private sector, telecommunication users, and the press who are joining the traditional ITU Members at the Conference will be critical in conveying the message on the benefits that can be drawn from telecommunications. This is officially the *first* World Telecommunication Development Conference and it provides a unique opportunity to bring telecommunications on to the policy agendas, on to the television screens and into the newspapers of the world.

Finally, the third broad objective of this Conference is to listen, to learn and to share our experiences -- between countries, between private and public sector, and between telecommunication professionals and specialists in other areas. The 1980s and early 1990s have been a period of unparalleled experimentation with different policies and different ways of structuring the telecommunication sector. Even among the industrialised nations, no two countries have followed the same path or moved at the same pace. While there are certain elements which are recognised to be important -- such as competition, market liberalisation, private sector participation, regulation, universal service -- the exact mix of these ingredients will vary considerably between countries. So, it is important that we speak with honesty and we listen with open minds concerning the successes and failures of the past decade. This is the only way in which we can genuinely learn from one another and avoid repeating each other's mistakes.

At the ITU, we ourselves have been undergoing a process of restructuring following the Additional Plenipotentiary Conference that was held in December 1992. One of the main objectives of our restructuring exercise has been to become a "listening organisation", one that hears and responds to the wishes of its Members and customers. Thus in the spirit of the "new ITU", I hope you will join me in *listening, learning and sharing* during the course of this historic Conference.
