



# The Telecom market in Uruguay

## FACT PACK

Swedish Trade Council in Argentina

November 2007



# THE SWEDISH TRADE COUNCIL MAKES IT EASIER FOR SWEDISH COMPANIES TO GROW INTERNATIONALLY

## Sweden:

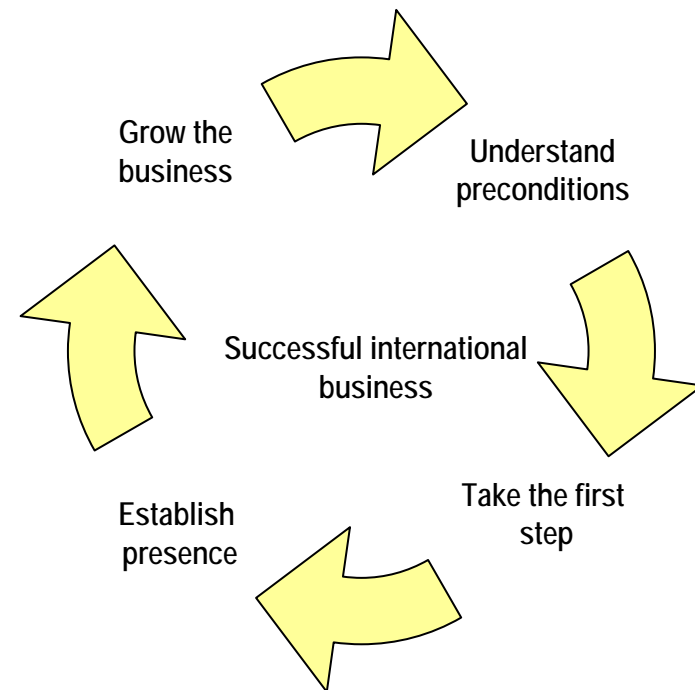
- Headquarters in Stockholm, 80 employees
- 22 regional export advisers
- All Trade Commissioners regularly visit different parts of Sweden

## Abroad:

- 60 places, 400 employees in 52 countries
- Through partners and networks we cover more than 100 countries

## Uruguay:

- Covered from Buenos Aires office (Argentina)
- 5 employees



Vision of the office:  
STC in Buenos Aires is the primary consulting partner for Swedish companies doing business in Uruguay

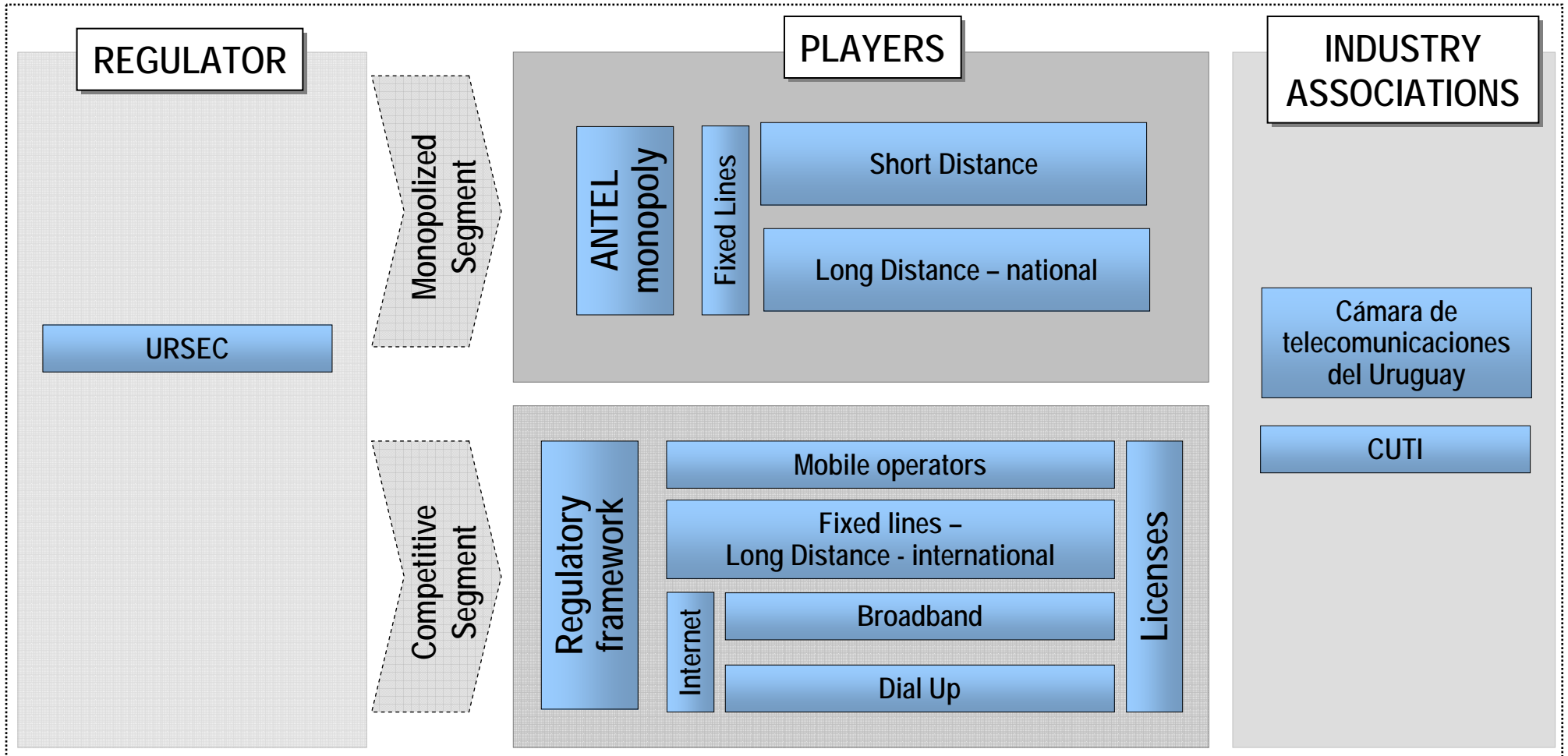
## URUGUAY IN BRIEF

- Area: 176 215 km<sup>2</sup>
- Inhabitants: 3.47 million
- Constitution: Democratic republic
- Head of State: President Tabaré Vazquez
- Languages: Spanish (official), English often spoken in business
- Inhabitants per km<sup>2</sup>: 20/km<sup>2</sup>
- Currency: Peso
- GDP 2006: 19 308 MUSD
- GDP per capita 2006: 5 500 USD
- Inflation: 6.3% (2006)
- Main exports: Meat, food & beverage and agriculture products
- Main imports: Machinery & equipment, oil & gas, inputs for production
- Swedish Exports to Uruguay 2006: 194.4 MSEK
- Swedish imports from Uruguay 2006: 152.9 MSEK



# STRUCTURE OF URUGUAY'S COMMUNICATIONS SECTOR

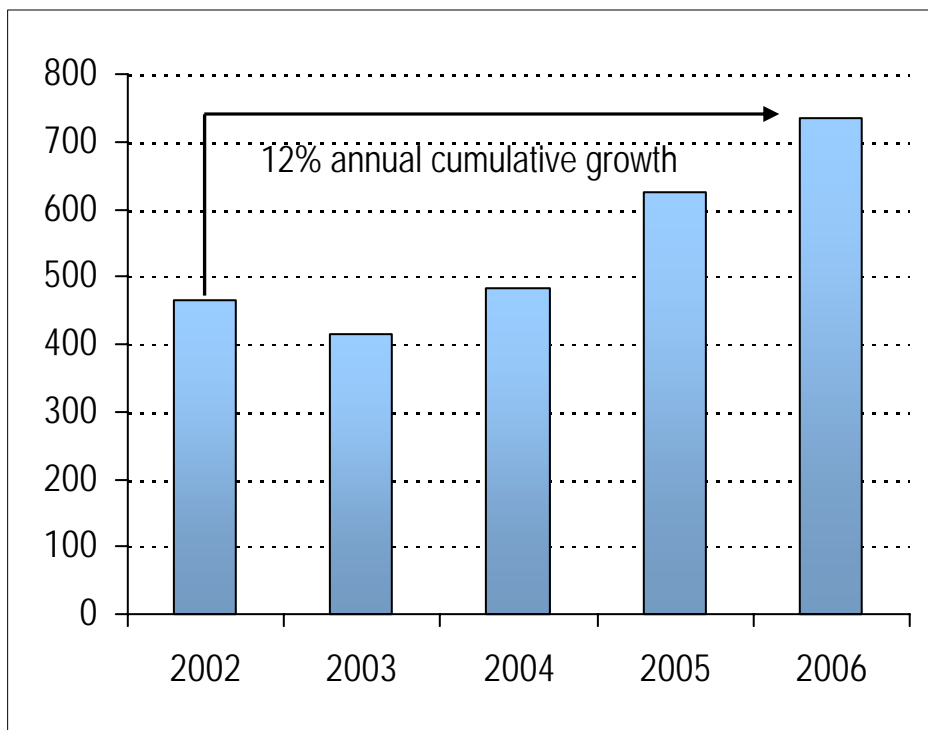
- One of the few countries in Latin America with state monopoly of fixed communications



# COMPETITION IS CHANGING THE TELECOMMUNICATIONS SECTOR

- Growth in mobile communications strongly influences overall telecom growth

GDP Uruguay telecommunications industry (MUSD)



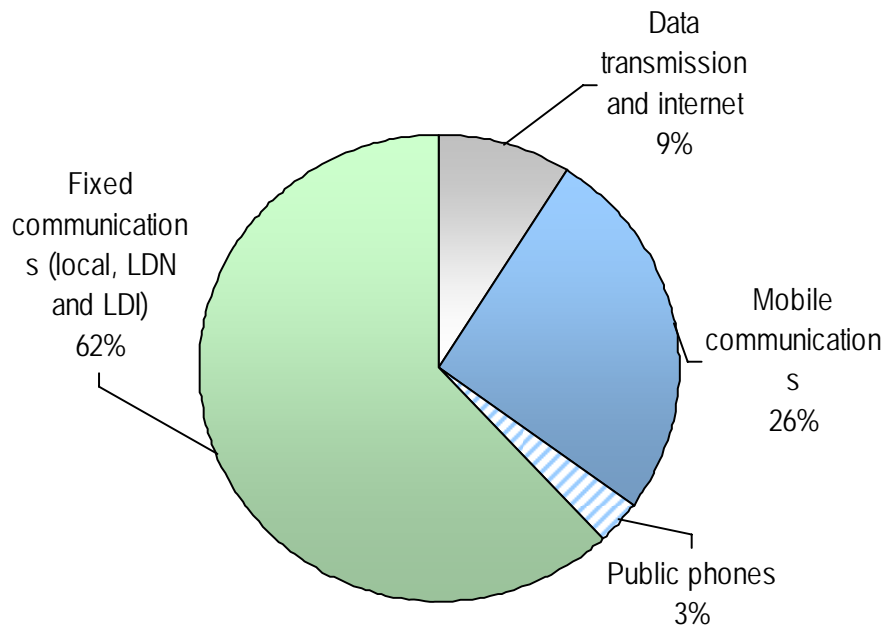
- Mobile communications sector deregulated in 2003 with Movistar entering the market, followed by CTI in 2004.
- Tariffs have dropped (in real terms) in all telecom segments.
- Fixed lines revenues also increase even though number of lines are dropping due to higher revenues per line derived of fixed - mobile communications growth.
- Mobile communications and broadband connections expected to generate future growth.
- Mobile operators will invest 54 MUSD in 2007. Investments are expected to keep increasing due to need for development in telecom area. The focus of the investments are going to be 3G, VAS and coverage (infrastructure).

**Mobile communications is expected to continue driving growth over the next years.**

# FIXED COMMUNICATIONS ARE STILL THE BIGGEST SOURCE OF REVENUES

- Due to low penetration rate, mobile communications have a long way to grow

Revenues Uruguay telecommunications industry 2005 (MUSD)



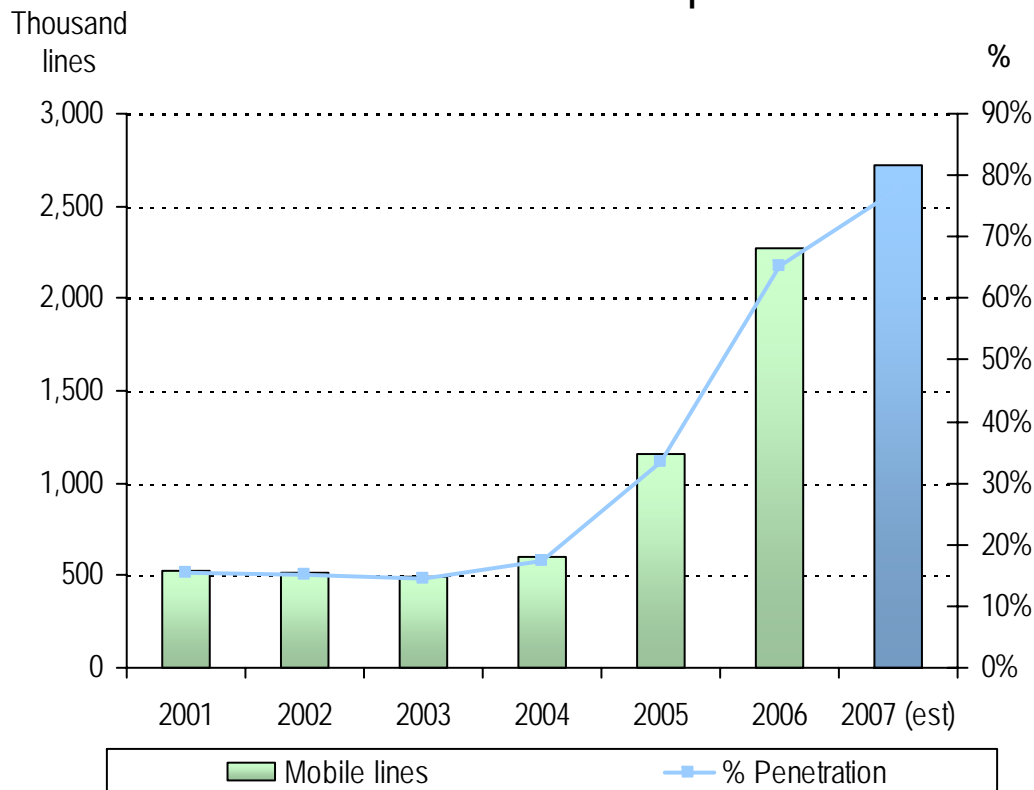
- Antel represent 75% of telecommunications industry revenue, and has presence in all the segments.
- Main investments are destined for mobile services (third generation technologies).
- Newest players of the market are the most active ones in investments and promotion of their services.
- Antel focus is in reducing tariffs and competing in the areas where they don't have the monopoly (mobile communications, data transmission and international long distance calls).

**Mobile communications are expected to become the largest source of revenues on the next years.**

# MOBILE PENETRATION RATES ARE STILL RELATIVELY LOW IN URUGUAY

- However, 2005 and 2006 were two years with growth rates over 90%

Mobile lines in service and % penetration



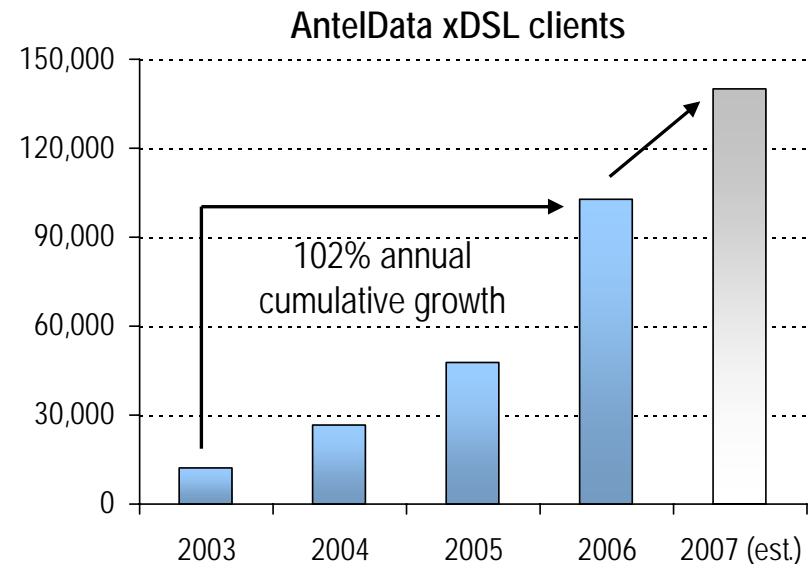
- 2002 economic crisis severely affected Uruguay's mobile communications development, but on 2004 the sector started to recover.
- Two years with growth rates over 90% annually allowed Uruguay to increase mobile penetration strongly, reaching 65.4% in 2006.
- Tariff reduction (real terms) and new players in the market increased competition influencing mobile lines growth.
- Mobile lines are expected to continue growing in 2007, but with lower rates than the ones from the previous years.
- Uruguay mobile penetration is low compared to other countries in Latin America, such as Argentina, Chile, or Colombia.

**By 2008 Uruguay is expected to reach 90% mobile phone penetration rate**

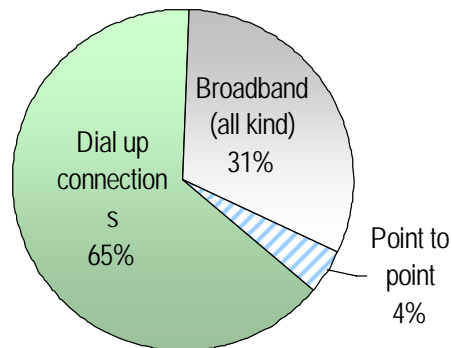
# URUGUAY BROADBAND GAINING SHARE OF INTERNET CONNECTIONS

- Dial up is dropping fast and is being replaced by broadband connections

- There are 15 internet and data transmission suppliers in Uruguay. Antel is the absolute leader of the market through its division AntelData.
- AntelData will invest 11 MUSD in 2007 to increase connections capacity, and geographical coverage of broadband.
- AntelData and Adinet are providing together TV over the net since November 2006. This is an advance of future triple play services.
- Broadband users spend more than twice the time than dial up users.



Internet connections by type (2005)



- AntelData has approximately 83% of dial up market and 78% of broadband.
- AntelData has the monopoly of xDSL in Uruguay. However, other players offers wireless broadband, such as the case of Movistar.
- The regulatory framework does not allow for cable modem

High expected increase in broadband for 2007 (36%) generates need for investments.

## URUGUAY PROVIDES CONSIDERABLE BUSINESS OPPORTUNITIES

- A small but fast growing economy open to foreign investments.
- A transparent government and an economy with clear rules. A member of MERCOSUR - an springboard to a larger market
- New sectors are developing fast and require equipment & technology, such as forestry, wood, pulp & paper and telecommunications
- High growth of imports over the past years, particularly of inputs for production.

... which has contributed to...

...the fact that more than **10** Swedish companies are registered in Uruguay and many more are there as sub suppliers or via distributors.

**STC in Buenos Aires is the natural partner for all Swedish companies who want to establish or develop their business in Uruguay**

## USEFUL CONTACTS

### INE

(National Statistical Office)

Tel: +59 82 902 7303

[www.ine.gub.ar](http://www.ine.gub.ar)

### Unidad Reguladora de Servicios de Comunicaciones

*(Telecommunications Industry Regulations Institution)*

Tel: +59 82 902 8082

[www.ursec.gub.uy](http://www.ursec.gub.uy)

### Antel

*(Telecommunications National Company)*

[antel@antel.com.uy](mailto:antel@antel.com.uy)

[www.antel.com.uy](http://www.antel.com.uy)

### Banco Central de Uruguay

*(Uruguay's Central Bank)*

Tel: +59 82 1967

[www.bcu.gub.uy](http://www.bcu.gub.uy)

### Cámara de Tecnologías de la Información

*(IT Chamber of Commerce)*

Tel: +59 82 480 9932

[www.cuti.org.uy](http://www.cuti.org.uy)

### Cámara nacional de comercio y servicios

*(Chamber of Commerce and Services)*

Tel: +59 82 916 12 77

[www.cncs.com.uy](http://www.cncs.com.uy)

### Swedish Trade Council in Argentina

Visiting address: Business Support Office

Paraguay 1178, 7th Floor – Office A, Buenos Aires

Tel. +54 11 4816 5000 , Fax. +54 11 812 6800, [argentina@swedishtrade.se](mailto:argentina@swedishtrade.se), [www.swedishtrade.se/Argentina](http://www.swedishtrade.se/Argentina)