

**GLOBAL ECONOMIC PROSPECTS 2008:
TECHNOLOGY DIFFUSION IN THE DEVELOPING WORLD¹
THE CENTRE, 11 JANUARY 2008**

SPEAKING POINTS - J-F SOUPIZET FOLLOWING DR DADUSH PRESENTATION

1. Let me first thank you for this opportunity and congratulate Dr Uri Dadush for his challenging presentation and his views on technology diffusion in developing countries. I would like in this context to give to you a brief contribution focussed on the specific case of the ICTs
2. Let me refer to the situation of telecommunications in the case of China and Africa:

China

- China's mobile phone users exceeded 520 million by the end of October 2007, with a monthly rise of 6.8 million on average, according to statistics from the Ministry of Information Industry (MII). Chinese cell phone users had sent a total of 378.5 billion short text messages by the end of August, up 38.3 percent year on year. Since last year, China's rural areas have seen a continued demand for cell phones, which also boosted the handset output.
- Meanwhile, the number of fixed-line subscribers remained almost the same as last month's 372 million and the number of newly-added fixed-line users averaged only 579,000 per month, barely one tenth of that of mobile users.
- In May 2007, China accounted for 97 million broadband users, the world's second highest figure after the United States.
- China produced 347.6 million mobile phones between January and August 2007, up 28 percent over the same period last year.
- The telecom equipment manufacturing industry generated revenues of RMB 220.54 billion (or □ 19.46 billion) in the first four months of 2007, growing 10.7% when compared with the same period of 2006. It accounted for 18.6% of the revenues of China's entire electronics and information industry in the first four months. (MII, June.14).

Africa

- At the end of 2007, Africa counted 278 million users of mobile phones, compared to the 16 million in 2000.
- At the same time, RASCOM, the first African satellite, was successfully launched.

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- The African continent has still a very low internet penetration rate of 4.8% and an even lower broadband availability of below 1%. But encouraging news shows that the mobile services will certainly go beyond voice services and, as an illustration of this reality, a project to offer WiFi connections from all the railway stations between Abidjan and Ouagadougou is on its way.
3. In both cases, one of the main factors is the massive arrival of "small consumers" into the mobile markets. And this is even more evident, if we consider the ARPU in the field; around 40 €/month the industrialized world, actually 11 to 17 €/month in African countries, but Indian operators are considering possible to reach customers with an ARPU as low as 3 or 4 €/month.
 4. Among the key factors of success of mobile telephony, I would like to stress the following:
 - A robust demand for a service which is considered as a priority by the citizens;
 - An innovative technology (wireless) and significant industry capacity from the equipment providers;
 - An appropriate economic model, the prepaid card which is ensure the revenue of the operator even in difficult conditions and offer the service and without a fixed sum to pay each month for the consumer.
 5. The services will go beyond the voice telephony, and we have clear indications of strong demand for messaging services, internet access and applications in the field of m-payments. At the same time, the television, which is broadly available even in developing countries, is moving to digital technologies, paving the way for interactive developments beyond entertainment. The combination of mobile services and digital TV is adding new possibilities for access to information society services and will possibly trigger a shift from an informal economy to a partially modern economy or a traditional economy benefiting from modern ways of communications and basic banking services.
 6. This is why I consider that ICTs are one of the key drivers for technology take up in developing and emerging economies and one of the main vectors of modernisation of these economies.
 7. For EU industry, this context represents many opportunities for investment, for exporting services and know-how, and it is a priority to address. Weaknesses are known: to seize the benefit of this growing demand from emerging markets, actions aiming at strengthening openness, setting up regulatory capacities and building partnerships with EU actors should be at the core of an international strategy.
 8. On the other hand, the situation represents also new threat for EU industry as China and other BRICS countries produce new large competitors, already active in the equipment supply industry.