

BOLIVIA COUNTRY PROFILE

The Republic of Bolivia is located in South America. Bordered by Brazil, Paraguay, Argentina, Chile and Peru, this landlocked country is home to three contrasting environments: the Andes mountains and high plains; sub-Andean valleys; and tropical flatlands. Lake Titicaca, the world's highest and fourth largest, is partially situated in Bolivia.

The population of Bolivia was estimated at 8.3 million in June 2000, of which 37 per cent live in rural areas. The largest urban area is La Paz – one of the highest cities in the world at an average altitude of 3640 metres – with 1.6 million inhabitants. Bolivia has the biggest indigenous population in Latin America. There are three official languages: Spanish, plus the Indo-American Aymará and Quechua.

Bolivia has a low per capita income compared to its neighbours and consequently poorer levels of life expectancy, school enrolment and literacy. It is imperative that it boosts economic development in order to catch up. Consequently, it has been liberalizing a number of economic sectors, including telecommunications.

The Bolivian telecommunications industry structure is quite distinct from other countries. Local service is provided by telephone cooperatives (of which there are 14 today), each with a monopoly licence for a particular geographic area. The largest telecommunication company, Empresa Nacional de Telecomunicaciones (ENTEL), has an exclusive licence for national and international long-distance services and provides local service in areas with no telephone cooperatives. ENTEL was privatized in 1995. Unlike most other countries, where proceeds from the privatization of the telecommunication operator went to the State, ENTEL was capitalized through the sale of 50 per cent of its shares to STET International (part of Telecom Italia) for USD 610 million. This sum is to be reinvested in the company. The remaining 50 per

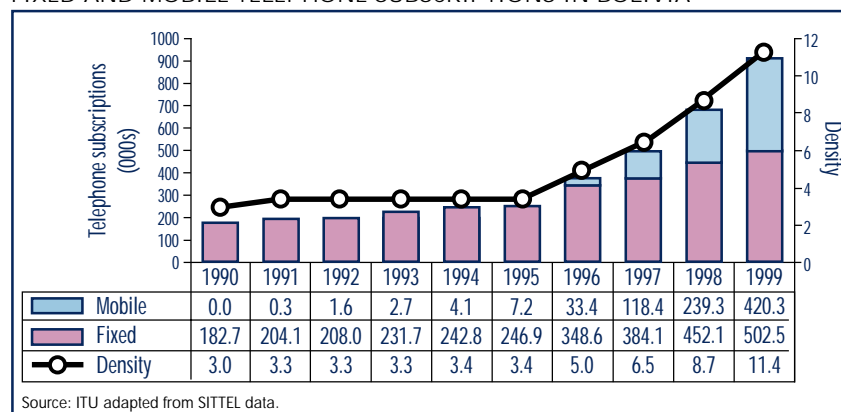


cent is owned by all Bolivians through national pension plans.

Regulatory and policy-making decisions are the primary responsibility of the regulator, the Superintendencia de Telecomunicaciones (SITTEL). The existing industry structure, based primarily on monopoly service providers, will change in November 2001, when the six-year period of exclusivity granted to ENTEL and the cooperatives will expire.

standard) mobile cellular telephone service was introduced in 1991 by TELECEL, now fully owned by Luxembourg-based Millicom. ENTEL entered the market in 1996. The cellular duopoly will soon change with the newly licensed joint venture between the US company, Western Wireless, and local telephone cooperative, COMTECO, planning to launch personal communication services (PCS) in November 2000. Since the introduction of cellular competition and later, pre-paid service, the number of subscribers has increased steadily. In 1999, mobile cellular telephone density reached 5.2, only one percentage point behind fixed-line density. In Santa Cruz, the second largest city, the number of cellular subscribers has surpassed the number of fixed lines. However, the majority of cellular telephone lines are also concentrated in the three main cities and departments (about 90 per cent).

FIXED AND MOBILE TELEPHONE SUBSCRIPTIONS IN BOLIVIA



Only about six per cent of Bolivia's inhabitants have a fixed-line telephone, one of the lowest levels of teledensity in Latin America. The figure is even glimmer when considering urban-rural disparities, as about 80 per cent of all lines in service are in the three largest cities. Fixed-line growth has been low as teledensity only increased from about 5 in 1996 to 6.2 in 1999. Analogue AMPS (advanced mobile phone service – a North American analogue

SITTEL has the important mandate of developing strategies when the market is fully opened late 2001 in order to enhance universal access to telecommunication services. This includes responsibility for establishing an implementation plan for the Rural Telecommunications Development Fund. Bolivia is one of the ITU Internet Case Studies; additional information about the country can be found at www.itu.int/ti/casestudies/index.htm.