

Press Release

## International Telecommunication Union

For immediate release

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### **Number of global broadband subscribers grows 72% in 2002 Republic of Korea, Hong Kong (China) and Canada top the list**

**Geneva, 16 September 2003** — The number of worldwide broadband subscribers grew 72 percent in 2002 to approximately 63 million, according to a report issued today by the International Telecommunication Union (ITU). The Republic of Korea leads the way in broadband penetration, with approximately 21 broadband subscribers for every 100 inhabitants. Hong Kong (China) ranks second in the world with nearly 15 broadband subscribers per 100 inhabitants and Canada ranks third with just over 11 broadband subscribers per 100 inhabitants. Home users are driving the vast majority of broadband demand in all markets.

“Broadband is arriving at a time when the revolutionary potential of the Internet has still to be fully tapped,” said Dr. Tim Kelly, Head of the Strategy and Policy Unit at ITU. “However, while broadband is accelerating the integration of the Internet into our daily lives, it is not a major industry driver in the same way that mobile cellular and the Internet were in the 1990s. It’s an incremental improvement, offering Internet access that is faster, more convenient and cheaper than ever before.”

One reason for the sharp increase in broadband subscribers is the growing demand for faster Internet speeds. Broadband services provide Internet connections that are at least five times faster than earlier dial-up technologies, enabling users to play online games and download music and videos, as well as share files and access information much faster and more efficiently than before. In many markets, increased competition among broadband service providers has also triggered lower prices for consumers, boosting demand and making broadband access more affordable.

Early evidence suggests that broadband access may also help fuel consumer spending, according to the report. Around the world, there is a positive relationship between broadband penetration and monthly spending on communications services. For example, the Republic of Korea, which ranks number one in broadband penetration worldwide, enjoys the second highest level of monthly telecommunications spending after Switzerland. Other economies with high rates of broadband penetration, such as Canada and Iceland, also have above average levels of consumer telecommunications spending.

For businesses, the new generation of broadband services competes very effectively with leased lines, which have traditionally served the corporate sector. In fact, in some markets, broadband can be up to 111 times cheaper, per megabyte per second, than today’s private network options. The cost savings alone suggest a major incentive for business and government users to shift to broadband. With its increased speed and efficiency, broadband also offers an excellent infrastructure for e-government and e-education services, such as online driver’s license renewals, electronic tax filing, and online library and learning resources.

“The dot.com boom was driven by the expectation that the Internet would create a large market for electronic commerce, on-demand content, and online applications,” said Kelly. “Broadband brings this expectation one step closer to reality by offering faster speeds and a better platform for the development of content services. In other words, the reality is finally starting to catch up with the market hype.”

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Today, approximately one in every 10 Internet subscribers worldwide, or just over 5 percent of the total installed base of fixed lines worldwide, has a dedicated broadband connection. However, many more people share the benefits of high-speed Internet access through a local area network (LAN) at work or at school. In the Republic of Korea, which is approximately three years ahead of the global average in converting Internet users to broadband, broadband subscribers represent 94 percent of total Internet subscribers.

By year-end 2002, broadband services were commercially available in approximately 82 out of 200 economies worldwide. Many of these economies have enjoyed impressive growth in broadband subscriber numbers during the past four years, and in some markets broadband is expected to become one of the fastest growing consumer communications services. For example, in the United States, broadband is likely to reach the 25 percent penetration mark more quickly than either PCs or mobile telephones have in the past.

The vast majority of broadband users today are in the developed world. However, as the cost of the service becomes cheaper, some developing countries may be able to use wireless broadband technology to leapfrog ahead of the traditional wireline infrastructure. Instead of waiting for wireline services, which can be costly to deploy, they can potentially use broadband to develop an integrated voice, data and video network. For example, in Bhutan, wireless broadband technologies are currently used to provide basic voice telephone access. Broadband technologies have connected villages that previously were out of range of traditional telephone service.

"Around the world, access to knowledge and information is quickly becoming the major driver of growth and development," said Kelly. "Broadband will help accelerate this process by enabling multiple applications across a single network, bringing down prices and radically changing the economics of access."

"Birth of Broadband" is the fifth in the series of "ITU Internet Reports", originally launched in 1997. This edition has been specially prepared for the ITU TELECOM World 2003 Event, to be held in Geneva from 12 to 18 October 2003. As one of the 'hot topics' of the telecommunication industry in 2003, broadband is expected to be one of the highlights of this year's show. This new report examines the emergence of high-speed, dedicated Internet connections that will greatly expand the world's access to information. Broadband will also facilitate the long-expected convergence of three previously distinct technologies: computing, communications and broadcasting. *A limited number of press copies of the report are available on demand from the ITU Press Office. Your request should be emailed to [pressinfo@itu.int](mailto:pressinfo@itu.int). To be eligible for press copies media not yet accredited for ITU TELECOM WORLD 2003 are required to submit a copy of a valid press card or a recent copy of the page of the publication (list of credits for TV/radio) which provides the names of regular editorial staff and contributors and which lists the journalist requesting a press copy to be eligible for a press copy.*

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## **Editor's Note**

The ITU TELECOM WORLD 03 Forum, which takes place in Geneva, Switzerland from October 12-18, will include three sessions, which will offer more discussion and debate on broadband. The Forum session "Technologies for Broadband" is scheduled for Monday, October 13, from 14:30 to 16:00. The session "New Models for Broadband Content" will take place Thursday, October 16, from 14:30 to 16:00. Also taking place on October 16 is "The Business of Broadband," which is scheduled from 16:30 to 18:00. For more information on ITU TELECOM WORLD 2003, please visit: <http://www.itu.int/WORLD2003/>

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## **About ITU**

ITU is a world-wide organization which brings governments and industry together to coordinate the establishment and operation of global telecommunication networks and services; it is responsible for standardization, coordination and development of international telecommunications including radiocommunications, as well as the harmonization of national policies.

To fulfil its mission, ITU adopts international regulations and treaties governing all terrestrial and space uses of the frequency spectrum as well as the use of all satellite orbits which serve as a framework for national legislations; it develops standards to foster the interconnection of telecommunication systems on a worldwide scale regardless of the type of technology used; it also fosters the development of telecommunications in developing countries.

ITU also organizes worldwide and regional exhibitions and forums bringing together the most influential representatives of government and the telecommunications industry to exchange ideas, knowledge and technology for the benefit of the global community, and in particular the developing world.