

# LA CONVENCION



27<sup>th</sup>-28<sup>th</sup> FEBRUARY 2020 • MADRID • SPAIN

# New Direction



Founded by Margaret Thatcher in 2009 as the intellectual hub of European Conservatism, New Direction has established academic networks across Europe and research partnerships throughout the world.

# LA CONVENCION AZUL

“ In recent decades, trade has lifted hundreds of millions of people out of poverty, whilst allowing consumers in the developed world to benefit from an abundance of cheap goods and new technologies. Therefore, whilst the rhetoric across both the developed and developing world is dominated by protectionism and pessimism, the path to future prosperity points in the opposite direction, towards freer trade and open markets. La Convención Azul marks a new beginning for this collaboration.



**Tomasz Poręba MEP**  
*President of New Direction  
Member of the Euro-Latin American  
Parliamentary Assembly (S)*



## LA CONVENCION AZUL

La Convención Azul is the pre-eminent free-market forum, taking place on February 27<sup>th</sup>-28<sup>th</sup> in Madrid, Spain.

La Convención Azul brings together the foremost free-market advocates and thought-leaders from business, government, academia and the non-for-profit sector from across Europe and the Americas, in order to shape the debate on how trade and digital economy can become the driving force of global growth.

From keynote speeches to topic-driven panel discussions, La Convención Azul will provide participants with valuable insights into the ideas that are shaping our time and our century.

The agenda for this event reflects on major policy challenges in the digital economy and trade including:

- **The digital market in Latin America: setting regulation to promote its development,**
- **Creative industries in digital convergence and the growth of intelligent mobility,** and
- **How free trade can spur economic growth between Europe and Latin America.**

The event will be held in English and Spanish, with live translation.

Madrid has long been a capital of European thought. It hosts more free market think tanks than any other city in the European Union. For centuries Madrid has been the gathering place the intellectual movement of the hispanosphere.

**La Convención Azul** will seek to inspire a new generation of free-market supporters, by platforming rigorous discussions between some of the world's finest exponents and practitioners in this field. Faced with the current rise of protectionist policymaking and authoritarian politics, we believe that the time is ripe for a new strategy which defends the record of free-markets in raising living standards across the world, and which champions a comprehensive reform agenda for the future.

“ La Convención Azul provides a forum that encourages and values discussion and rigorous debate. I believe that free markets, individual liberty, private property, unrestricted commerce and small government are the ultimate instrument of poverty alleviation, conflict resolution and social justice.



**Naweed Khan**  
*Executive Director, New Direction*

## TABLE OF CONTENTS

ARGENTINA	8
BOLIVIA	10
BRAZIL	12
CHILE	14
COLOMBIA	16
COSTA RICA	18
ECUADOR	20
EL SALVADOR	22
GUATEMALA	24
HONDURAS	26
MEXICO	28
NICARAGUA	30
PANAMA	32
PARAGUAY	34
PERU	36
URUGUAY	38
VENEZUELA	40
EUROPEAN UNION	42
UNITED KINGDOM	46
UNITED STATES	48



COMMUNICATIONS INFRASTRUCTURE AND ECONOMIC INDICATORS

# ARGENTINA

## Introduction

In 1816, the United Provinces of the Rio Plata declared their independence from Spain. After Bolivia, Paraguay, and Uruguay went their separate ways, the area that remained became Argentina. The country's population and culture were heavily shaped by immigrants from throughout Europe, with Italy and Spain providing the largest percentage of newcomers from 1860 to 1930. Up until about the mid-20th century, much of Argentina's history was dominated by periods of internal political conflict between Federalists and Unitarians and between civilian and military factions.

After World War II, an era of Peronist populism and direct and indirect military interference in subsequent governments was followed by a military junta that took power in 1976. Democracy returned in 1983 after a failed bid to seize the Falkland Islands (Islas Malvinas) by force, and has persisted despite numerous challenges, the most formidable of which was a severe economic crisis in 2001-02 that led to violent public protests and the successive resignations of several presidents. The years 2003-15 saw Peronist rule by Nestor and Cristina FERNANDEZ de KIRCHNER, whose policies isolated Argentina and caused economic

stagnation. With the election of Mauricio MACRI in November 2015, Argentina began a period of reform and international reintegration.

## Economic Profile

Argentina benefits from rich natural resources, a highly literate population, an export-oriented agricultural sector, and a diversified industrial base. Although one of the world's wealthiest countries 100 years ago, Argentina suffered during most of the 20th century from recurring economic crises, persistent fiscal and current account deficits, high inflation, mounting external debt, and capital flight.

Cristina Fernandez De Kirchner succeeded her husband as president in late 2007, and in 2008 the rapid economic growth of previous years slowed sharply as government policies held back exports and the world economy fell into recession. In 2010 the economy rebounded strongly, but slowed in late 2011 even as the government continued to rely on expansionary fiscal and monetary policies, which kept inflation in the double digits.

In order to deal with these problems, the government expanded state intervention in the economy: it nationalized the oil company YPF from Spain's Repsol, expanded measures to restrict imports, and further tightened currency controls in

an effort to bolster foreign reserves and stem capital flight. Between 2011 and 2013, Central Bank foreign reserves dropped \$21.3 billion from a high of \$52.7 billion. In July 2014, Argentina and China agreed on an \$11 billion currency swap; the Argentine Central Bank has received the equivalent of \$3.2 billion in Chinese yuan, which it counts as international reserves.

With the election of President Mauricio MACRI in November 2015, Argentina began a historic political and economic transformation, as his administration took steps to liberalize the Argentine economy, lifting capital controls, floating the peso, removing export controls on some commodities, cutting some energy subsidies, and reforming the country's official statistics. Argentina negotiated debt payments with holdout bond creditors, continued working with the IMF to shore up its finances, and returned to international capital markets in April 2016.

In 2017, Argentina's economy emerged from recession with GDP growth of nearly 3.0%. The government passed important pension, tax, and fiscal reforms. And after years of international isolation, Argentina took on several international leadership roles, including hosting the World Economic Forum on Latin America and the World Trade Organization Ministerial Conference, and is set to assume the presidency of the G-20 in 2018.

### GDP PER CAPITA (PPP)

2017	2016	2015
\$20,900	\$20,600	\$21,200

### EXPORTS

2017	2016	COUNTRY COMPARISON TO THE WORLD
\$58.45 billion	\$57.78 billion	49

PARTNERS (2017)

BRAZIL	US	CHINA	CHILE
16.1%	7.9%	7.5%	4.4%

COMMODITIES  
soybeans and derivatives, petroleum and gas, vehicles, corn, wheat

### IMPORTS

2017	2016	COUNTRY COMPARISON TO THE WORLD
\$63.97 billion	\$53.5 billion	48

PARTNERS (2017)

BRAZIL	CHINA	US	GERMANY
26.9%	18.5%	11.3%	4.9%

COMMODITIES  
machinery, motor vehicles, petroleum and natural gas, organic chemicals, plastics

### INTERNET USERS

TOTAL	% OF POPULATION (2016)	COUNTRY COMPARISON TO THE WORLD
30,786,889	70.2%	24

### TELEPHONES - FIXED LINES

TOTAL	SUBSCRIPTIONS PER 100 INHABITANTS (2018)	COUNTRY COMPARISON TO THE WORLD
9,764,014	22	18

### TELEPHONES - MOBILE CELLULAR

TOTAL	SUBSCRIPTIONS PER 100 INHABITANTS (2018)	COUNTRY COMPARISON TO THE WORLD
58,598,041	131	18

### TELEPHONE SYSTEM

**GENERAL ASSESSMENT**  
Argentina opened its telecommunications market to competition and foreign investment encouraging the growth of modern telecommunications technology in 1998; major networks are entirely digital and the availability of telephone service continues to improve to rural areas; even with numerous providers there is a lack of competition; still Argentina is the 3rd largest in the region after Brazil and Mexico (2018)

**DOMESTIC**  
22 per 100 fixed-line, 131 per 100 mobile-cellular; microwave radio relay, fiber-optic cable, and a domestic satellite system with 40 earth stations serve the trunk network (2018)

**INTERNATIONAL**  
country code - 54; landing points for the UNISUR, Bicentenario, Atlantis-2, SAm-1, and SAC, Tannat, Malbec and ARBR submarine cable systems that provide links to Europe, Africa, South and Central America, and US; satellite earth stations - 112 (2019)



# BOLIVIA

## Introduction

Bolivia, named after independence fighter Simon BOLIVAR, broke away from Spanish rule in 1825; much of its subsequent history has consisted of a series of coups and countercoups, with the last coup occurring in 1978. Democratic civilian rule was established in 1982, but leaders have faced difficult problems of deep-seated poverty, social unrest, and illegal drug production.

In December 2005, Bolivians elected Movement Toward Socialism leader Evo Morales president - by the widest margin of any leader since the restoration of civilian rule in 1982 - after he ran on a promise to change the country's traditional political class and empower the nation's poor, indigenous majority. In December 2009 and October 2014, President Morales easily won reelection. His party maintained control of the legislative branch of the government, which has allowed him to continue his process of change. In February 2016, Morales narrowly lost a referendum to approve a constitutional amendment that would have allowed him to compete in the 2019 presidential election. However, a 2017 Supreme Court ruling stating that term limits violate human

rights provided the justification for MORALES to be chosen by his party to run again in 2019. Morales attempted to claim victory in the 20 October 2019 election, but widespread allegations of electoral fraud, rising violence, and pressure from the military ultimately forced him to flee the country. An interim government is preparing new elections for 2020.

## Economic Profile

Bolivia is a resource rich country with strong growth attributed to captive markets for natural gas exports - to Brazil and Argentina. However, the country remains one of the least developed countries in Latin America because of state-oriented policies that deter investment.

Following an economic crisis during the early 1980s, reforms in the 1990s spurred private investment, stimulated economic growth, and cut poverty rates. The period 2003-05 was characterized by political instability, racial tensions, and violent protests against plans - subsequently abandoned - to export Bolivia's newly discovered natural gas reserves to large Northern Hemisphere markets. In 2005-06, the government passed hydrocarbon laws that imposed



**POPULATION**  
11,639,909

COMMUNICATIONS INFRASTRUCTURE AND ECONOMIC INDICATORS

GDP PER CAPITA (PPP)			
2017	2016	2015	
\$7,600	\$7,400	\$7,200	
EXPORTS			
2017	2016	COUNTRY COMPARISON TO THE WORLD	
\$7.746 billion	\$7.214 billion	97	
PARTNERS (2017)			
BRAZIL 17.9%	ARGENTINA 16%	US 7.8%	JAPAN 7.3%
COMMODITIES			
natural gas, silver, zinc, lead, tin, gold, quinoa, soybeans and soy products			
IMPORTS			
2017	2016	COUNTRY COMPARISON TO THE WORLD	
\$8.601 billion	\$7.888 billion	107	
PARTNERS (2017)			
CHINA 21.7%	BRAZIL 16.8%	ARGENTINA 12.6%	US 8.4%
COMMODITIES			
machinery, petroleum products, vehicles, iron and steel, plastics			
INTERNET USERS			
TOTAL	% OF POPULATION (JULY 2016)	COUNTRY COMPARISON TO THE WORLD	
4,354,678	39.7%	83	
TELEPHONES - FIXED LINES			
TOTAL	SUBSCRIPTIONS PER 100 INHABITANTS (2018)	COUNTRY COMPARISON TO THE WORLD	
711,961	6	87	
TELEPHONES - MOBILE CELLULAR			
TOTAL	SUBSCRIPTIONS PER 100 INHABITANTS (2018)	COUNTRY COMPARISON TO THE WORLD	
11,445,830	101	79	
TELEPHONE SYSTEM			
GENERAL ASSESSMENT			
state-owned Empresa Nacional de Telecomunicaciones (Entel) is the country's incumbent long-distance operator, and offers local telephone service, DSL, and satellite TV; its subsidiary Entel Movil is Bolivia's largest mobile network provider, reliability, and coverage have steadily improved, but some remote areas are still underserved; Entel plans to extend fiber to all 339 municipal capital cities by 2022; MNP (mobile number portability) launched in October 2018; Bolivian Space Agency planning to launch a second telecom satellite after 2020 (2019)			
DOMESTIC			
6 per 100 fixed-line, mobile-cellular telephone use expanding rapidly and teledensity stands at 101 per 100 persons; most telephones are concentrated in La Paz, Santa Cruz, and other capital cities (2018)			
INTERNATIONAL			
country code - 591; Bolivia has no direct access to submarine cable networks and must therefore connect to the rest of the world either via satellite or through terrestrial links across neighboring countries; satellite earth station - 1 Intelsat (Atlantic Ocean) (2019)			

significantly higher royalties and required foreign firms then operating under risk-sharing contracts to surrender all production to the state energy company in exchange for a predetermined service fee; the laws engendered much public debate. High commodity prices between 2010 and 2014 sustained rapid growth and large trade surpluses with GDP growing 6.8% in 2013 and 5.4% in 2014. The global decline in oil prices that began in late 2014 exerted downward pressure on the price Bolivia receives for exported gas and resulted in lower GDP growth rates - 4.9% in 2015 and 4.3% in 2016 - and losses in government revenue as well as fiscal and trade deficits.

A lack of foreign investment in the key sectors of mining and hydrocarbons, along with conflict among social groups, pose challenges for the Bolivian economy. In 2015, President Evo Morales expanded efforts to court international investment and boost Bolivia's energy production capacity. Morales passed an investment law and promised not to nationalize additional industries in an effort to improve the investment climate. In early 2016, the Government of Bolivia approved the 2016-2020 National Economic and Social Development Plan aimed at maintaining growth of 5% and reducing poverty.





# BRAZIL

## Introduction

Following more than three centuries under Portuguese rule, Brazil gained its independence in 1822, maintaining a monarchical system of government until the abolition of slavery in 1888 and the subsequent proclamation of a republic by the military in 1889. Brazilian coffee exporters politically dominated the country until populist leader Getulio Vargas rose to power in 1930. By far the largest and most populous country in South America, Brazil underwent more than a half century of populist and military government until 1985, when the military regime peacefully ceded power to civilian rulers. Brazil continues to pursue industrial and agricultural growth and development of its interior. Having successfully weathered a period of global financial difficulty in the late 20th century, Brazil was seen as one of the world's strongest emerging markets and a contributor to global growth. The awarding of the 2014 FIFA World Cup and 2016 Summer Olympic Games, the first ever to be held in South America, was seen as symbolic of the country's rise. However, from about 2013 to 2016, Brazil was plagued by a sagging economy, high unemployment, and high inflation, only emerging from recession in 2017. Former President Dilma Rousseff (2011-2016) was removed from office in

2016 by Congress for having committed impeachable acts against Brazil's budgetary laws, and her vice president, Michel Temer, served the remainder of her second term. In October 2018, Jair Bolsonaro won the presidency with 55 percent of the vote and assumed office on 1 January 2019.

## Economic Profile

Brazil is the eighth-largest economy in the world, but is recovering from a recession in 2015 and 2016 that ranks as the worst in the country's history. In 2017, Brazil's GDP grew 1%, inflation fell to historic lows of 2.9%, and the Central Bank lowered benchmark interest rates from 13.75% in 2016 to 7%.

The economy has been negatively affected by multiple corruption scandals involving private companies and government officials, including the impeachment and conviction of Former President Dilma Rousseff in August 2016. Sanctions against the firms involved — some of the largest in Brazil — have limited their business opportunities, producing a ripple effect on associated businesses and contractors but creating opportunities for foreign companies to step into what had been a closed market.



POPULATION  
**211,715,973**

The succeeding Temer administration has implemented a series of fiscal and structural reforms to restore credibility to government finances. Congress approved legislation in December 2016 to cap public spending. Government spending growth had pushed public debt to 73.7% of GDP at the end of 2017, up from over 50% in 2012. The government also boosted infrastructure projects, such as oil and natural gas auctions, in part to raise revenues. Other economic reforms, proposed in 2016, aim to reduce barriers to foreign investment, and to improve labor conditions. Policies to strengthen Brazil's workforce and industrial sector, such as local content requirements, have boosted employment, but at the expense of investment.

Brazil is a member of the Common Market of the South (Mercosur), a trade bloc that includes Argentina, Paraguay and Uruguay - Venezuela's membership in the organization was suspended in August 2017. After the Asian and Russian financial crises, Mercosur adopted a protectionist stance to guard against exposure to volatile foreign markets and it currently is negotiating Free Trade Agreements with the European Union and Canada.

### COMMUNICATIONS INFRASTRUCTURE AND ECONOMIC INDICATORS

GDP PER CAPITA (PPP)			
2017	2016	2015	
\$15,600	\$15,600	\$16,300	
EXPORTS			
2017	2016	COUNTRY COMPARISON TO THE WORLD	
\$217.2 billion	\$184.5 billion	26	
PARTNERS (2017)			
CHINA	US	ARGENTINA	NETHERLANDS
21.8%	12.5%	8.1%	4.3%
COMMODITIES			
transport equipment, iron ore, soybeans, footwear, coffee, automobiles			
IMPORTS			
2017	2016	COUNTRY COMPARISON TO THE WORLD	
\$153.2 billion	\$139.4 billion	29	
PARTNERS (2017)			
CHINA	US	ARGENTINA	GERMANY
18.1%	16.7%	6.3%	6.1%
COMMODITIES			
machinery, electrical and transport equipment, chemical products, oil, automotive parts, electronics			
INTERNET USERS			
TOTAL	% OF POPULATION (JULY 2016)	COUNTRY COMPARISON TO THE WORLD	
122,841,218	59.7%	4	
TELEPHONES - FIXED LINES			
TOTAL	SUBSCRIPTIONS PER 100 INHABITANTS (2018)	COUNTRY COMPARISON TO THE WORLD	
38,311,930	18	6	
TELEPHONES - MOBILE CELLULAR			
TOTAL	SUBSCRIPTIONS PER 100 INHABITANTS (2018)	COUNTRY COMPARISON TO THE WORLD	
207,046,810	99	6	
TELEPHONE SYSTEM			
GENERAL ASSESSMENT			
good working system including an extensive microwave radio relay system and a domestic satellite system with 64 earth stations; four major mobile operators offering a range of voice and data services; one of the largest broadband markets in Latin America, broadband penetration only behind Chile, Argentina, and Uruguay; country is a pioneer in the region for m-commerce (electronic commerce conducted on mobile phones) (2018)			
DOMESTIC			
fixed-line connections have remained relatively stable in recent years and stand at about 18 per 100 persons; less-expensive mobile-cellular technology has been a major impetus broadening telephone service to the lower-income segments of the population with mobile-cellular teledensity roughly 99 per 100 persons (2018)			
INTERNATIONAL			
country code - 55; landing points for a number of submarine cables, including Malbec, ARBR, Tamnat, SAC, SAM-1, Atlantis -2, Seabras-1, Monet, EllaLink, BRUSA, GlobeNet, AMX-1, Brazilian Festoon, Bicentenario, Unisur, Junior, Americas -II, SAE x1, SAIL, SACS and SABR that provide direct connectivity to South and Central America, the Caribbean, the US, Africa, and Europe; satellite earth stations - 3 Intelsat (Atlantic Ocean), 1 Inmarsat (Atlantic Ocean region east), connected by microwave relay system to Mercosur Brazilsat B3 satellite earth station; satellites is a major communication platform, as it is almost impossible to lay fibre optic cable in the thick vegetation (2019)			





SANTIAGO DE CHILE

# CHILE

## Introduction

Prior to the arrival of the Spanish in the 16th century, the Inca ruled northern Chile while an indigenous people, the Mapuche, inhabited central and southern Chile. Although Chile declared its independence in 1810, it did not achieve decisive victory over the Spanish until 1818. In the War of the Pacific (1879-83), Chile defeated Peru and Bolivia to win its present northern regions. In the 1880s, the Chilean central government gained control over the central and southern regions inhabited by the Mapuche. After a series of elected governments, the three-year-old Marxist government of Salvador ALLENDE was overthrown in 1973 by a military coup led by General Augusto PINOCHET, who ruled until a democratically-elected president was inaugurated in 1990. Sound economic policies, maintained consistently since the 1980s, contributed to steady growth, reduced poverty rates by over half, and helped secure the country's commitment to democratic and representative government. Chile has increasingly assumed regional and international leadership roles befitting its status as a stable, democratic nation.

## Economic Profile

Chile has a market-oriented economy characterized by a high level of foreign trade and a reputation for strong financial institutions and sound policy that have given it the strongest sovereign bond rating in South America. Exports of goods and services account for approximately one-third of GDP, with commodities making up some 60% of total exports. Copper is Chile's top export and provides 20% of government revenue.

From 2003 through 2013, real growth averaged almost 5% per year, despite a slight contraction in 2009 that resulted from the global financial crisis. Growth slowed to an estimated 1.4% in 2017. A continued drop in copper prices prompted Chile to experience its third consecutive year of slow growth.

Chile deepened its longstanding commitment to trade liberalization with the signing of a free trade agreement with the US, effective 1 January 2004. Chile has 26 trade agreements covering 60 countries including agreements with the EU, Mercosur, China, India, South Korea, and Mexico. In May 2010, Chile signed the OECD Convention, becoming the first



POPULATION

18,186,770

COMMUNICATIONS INFRASTRUCTURE AND ECONOMIC INDICATORS

GDP PER CAPITA (PPP)

2017	2016	2015
\$24,600	\$24,500	\$24,400

EXPORTS

2017	2016	COUNTRY COMPARISON TO THE WORLD
\$69.23 billion	\$60.6 billion	42

PARTNERS (2017)

CHINA	US	JAPAN	SOUTH KOREA
27.5%	14.5%	9.3%	6.2%

COMMODITIES

copper, fruit, fish products, paper and pulp, chemicals, wine

IMPORTS

2017	2016	COUNTRY COMPARISON TO THE WORLD
\$61.31 billion	\$55.29 billion	49

PARTNERS (2017)

CHINA	US	BRAZIL	ARGENTINA
23.9%	18.1%	8.6%	4.5%

COMMODITIES

petroleum and petroleum products, chemicals, electrical and telecommunications equipment, industrial machinery, vehicles, natural gas

INTERNET USERS

TOTAL	% OF POPULATION (JULY 2016)	COUNTRY COMPARISON TO THE WORLD
11,650,840	66%	46

TELEPHONES - FIXED LINES

TOTAL	SUBSCRIPTIONS PER 100 INHABITANTS (2018)	COUNTRY COMPARISON TO THE WORLD
2,997,192	17	47

TELEPHONES - MOBILE CELLULAR

TOTAL	SUBSCRIPTIONS PER 100 INHABITANTS (2018)	COUNTRY COMPARISON TO THE WORLD
25,178,981	140	49

TELEPHONE SYSTEM

GENERAL ASSESSMENT

most advanced telecommunications infrastructure in South America; modern system based on extensive microwave radio relay facilities; although Chile has one of the highest mobile penetration rates in the region, the number of subscribers has fallen due to subscribers ending multiple SIM card use; this downward trend is expected to be halted as the availability of LTE networks and services broaden; in terms of available broadband speeds in the country rank second highest in South and Central America (2018)

DOMESTIC

number of fixed-line connections have stagnated to 17 per 100 in recent years as mobile-cellular usage continues to increase, reaching 140 telephones per 100 persons; domestic satellite system with 3 earth stations (2018)

INTERNATIONAL

country code - 56; landing points for the Pan-Am, Prat, SAM-1, American Movil-Telxius West Coast Cable, FOS Quellon-Chacabuco, Fibra Optical Austral, SAC and Curie submarine cables providing links to the US, Caribbean and to Central and South America; satellite earth stations - 2 Intelsat (Atlantic Ocean) (2019)

South American country to join the OECD. In October 2015, Chile signed the Trans-Pacific Partnership trade agreement, which was finalized as the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP) and signed at a ceremony in Chile in March 2018.

The Chilean Government has generally followed a countercyclical fiscal policy, under which it accumulates surpluses in sovereign wealth funds during periods of high copper prices and economic growth, and generally allows deficit spending only during periods of low copper prices and growth. As of 31 October 2016, those sovereign wealth funds - kept mostly outside the country and separate from Central Bank reserves - amounted to more than \$23.5 billion. Chile used these funds to finance fiscal stimulus packages during the 2009 economic downturn.

In 2014, then-President Michelle BACHELET introduced tax reforms aimed at delivering her campaign promise to fight inequality and to provide access to education and health care. The reforms are expected to generate additional tax revenues equal to 3% of Chile's GDP, mostly by increasing corporate tax rates to OECD averages.



# COLOMBIA

## Introduction

Colombia was one of the three countries that emerged after the dissolution of Gran Colombia in 1830 (the others are Ecuador and Venezuela). A decades-long conflict between government forces and antigovernment insurgent groups, principally the Revolutionary Armed Forces of Colombia (FARC) heavily funded by the drug trade, escalated during the 1990s. After four years of formal peace negotiations, the Colombian Government signed a revised final peace accord with the FARC in November 2016, which was subsequently ratified by the Colombian Congress. The accord calls for members of the FARC to demobilize, disarm, and reincorporate into society and politics, and it creates an alternative system for transitional justice that includes a “Special Jurisdiction for Peace” to address accountability for conflict-related crimes and established truth-telling mechanisms. The Colombian Government has stepped up efforts to reassert government control throughout the country, and now has a presence in every one of its administrative departments. Despite decades of internal conflict and drug related security challenges, Colombia maintains

relatively strong democratic institutions characterized by peaceful, transparent elections and the protection of civil liberties.

## Economic Profile

Colombia heavily depends on energy and mining exports, making it vulnerable to fluctuations in commodity prices. Colombia is Latin America’s fourth largest oil producer and the world’s fourth largest coal producer, third largest coffee exporter, and second largest cut flowers exporter. Colombia’s economic development is hampered by inadequate infrastructure, poverty, narco-trafficking, and an uncertain security situation, in addition to dependence on primary commodities (goods that have little value-added from processing or labor inputs).

Colombia’s economy slowed in 2017 because of falling world market prices for oil and lower domestic oil production due to insurgent attacks on pipeline infrastructure. Although real GDP growth averaged 4.7% during the past decade, it fell to an estimated 1.8% in 2017. Declining oil prices also have contributed



**POPULATION**  
49,084,841

COMMUNICATIONS INFRASTRUCTURE AND ECONOMIC INDICATORS

## GDP PER CAPITA (PPP)

2017	2016	2015
\$14,400	\$14,300	\$14,200

## EXPORTS

2017	2016	COUNTRY COMPARISON TO THE WORLD
\$39.48 billion	\$31.39 billion	55

### PARTNERS (2017)

US	PANAMA	CHILE
28.5%	8.6%	5.1%

### COMMODITIES

petroleum, coal, emeralds, coffee, nickel, cut flowers, bananas, apparel

## IMPORTS

2017	2016	COUNTRY COMPARISON TO THE WORLD
\$44.24 billion	\$43.24 billion	57

### PARTNERS (2017)

US	CHINA	MEXICO	BRAZIL
26.3%	19.3%	7.5%	5%

### COMMODITIES

industrial equipment, transportation equipment, consumer goods, chemicals, paper products, fuels, electricity

## INTERNET USERS

TOTAL	% OF POPULATION (JULY 2016)	COUNTRY COMPARISON TO THE WORLD
27,452,550	58.1%	28

## TELEPHONES - FIXED LINES

TOTAL	SUBSCRIPTIONS PER 100 INHABITANTS (2018)	COUNTRY COMPARISON TO THE WORLD
6,973,573	14	22

## TELEPHONES - MOBILE CELLULAR

TOTAL	SUBSCRIPTIONS PER 100 INHABITANTS (2018)	COUNTRY COMPARISON TO THE WORLD
64,513,977	134	24

## TELEPHONE SYSTEM

### GENERAL ASSESSMENT

modern system with a nationwide microwave radio relay system, a domestic satellite system with 41 earth stations, and a fiber-optic network linking 50 cities; the cable sector commands about half of the market by subscribers, with DSL having a declining share and with fiber-based broadband developing strongly; competition among the MVNO (mobile virtual network operator) sector has promoted 2.9 million subscribers as of mid-2018; most infrastructure is primarily in high-density urban areas (2018)

### DOMESTIC

fixed-line connections stand at about 14 per 100 persons; mobile cellular telephone subscribership is about 134 per 100 persons; competition among cellular service providers is resulting in falling local and international calling rates and contributing to the steep decline in the market share of fixed-line services (2018)

### INTERNATIONAL

country code - 57; landing points for the SAC, Maya-1, SAIT, ACROS, AMX-1, CFX-1, PCCS, Deep Blue Cable, Globe Net, PAN-AM, SAM-1 submarine cable systems providing links to the US, parts of the Caribbean, and Central and South America; satellite earth stations - 10 (6 Intelsat, 1 Inmarsat, 3 fully digitalized international switching centers) (2019)



COMMUNICATIONS INFRASTRUCTURE AND ECONOMIC INDICATORS

<b>GDP PER CAPITA (PPP)</b>			
2017	2016	2015	
\$16,900	\$16,600	\$16,100	
<b>EXPORTS</b>			
2017	2016	COUNTRY COMPARISON TO THE WORLD	
\$10.81 billion	\$10.15 billion	90	
PARTNERS (2017)			
US	BELGIUM	PANAMA	NETHERLANDS
40.9%	6.3%	5.6%	5.6%
COMMODITIES			
bananas, pineapples, coffee, melons, ornamental plants, sugar; beef; seafood; electronic components, medical equipment			
<b>IMPORTS</b>			
2017	2016	COUNTRY COMPARISON TO THE WORLD	
\$15.15 billion	\$14.53 billion	89	
PARTNERS (2017)			
US	CHINA	MEXICO	
38.0%	13.1%	7.3%	
COMMODITIES			
raw materials, consumer goods, capital equipment, petroleum, construction materials			
<b>INTERNET USERS</b>			
TOTAL	% OF POPULATION (JULY 2016)	COUNTRY COMPARISON TO THE WORLD	
3,217,277	66%	94	
<b>TELEPHONES - FIXED LINES</b>			
TOTAL	SUBSCRIPTIONS PER 100 INHABITANTS (2018)	COUNTRY COMPARISON TO THE WORLD	
774,303	16	84	
<b>TELEPHONES - MOBILE CELLULAR</b>			
TOTAL	SUBSCRIPTIONS PER 100 INHABITANTS (2018)	COUNTRY COMPARISON TO THE WORLD	
8,495,585	170	96	
<b>TELEPHONE SYSTEM</b>			
GENERAL ASSESSMENT			
good domestic telephone service in terms of breadth of coverage; in recent years growth has been achieved from liberalisation of the telecom sector and has seen substantial expansion in all sectors; Costa Rica's broadband market is the most advanced in Central America, with the highest broadband penetration for this sub-region; broadband penetration does lag behind many South American countries; with the implementation of number portability there is greater opportunity for increased competition in the future (2018)			
DOMESTIC			
16 per 100 fixed-line, 170 per 100 mobile-cellular; point-to-point and point-to-multi-point microwave, fiber-optic, and coaxial cable link rural areas; Internet service is available (2018)			
INTERNATIONAL			
country code - 506; landing points for the ARCOS-1, MAYA-1, and the PAC submarine cables that provide links to South and Central America, parts of the Caribbean, and the US; connected to Central American Microwave System; satellite earth stations - 2 Intelsat (Atlantic Ocean) (2019)			

## Introduction

Although explored by the Spanish early in the 16th century, initial attempts at colonizing Costa Rica proved unsuccessful due to a combination of factors, including disease from mosquito-infested swamps, brutal heat, resistance by natives, and pirate raids. It was not until 1563 that a permanent settlement of Cartago was established in the cooler, fertile central highlands. The area remained a colony for some two and a half centuries. In 1821, Costa Rica became one of several Central American provinces that jointly declared their independence from Spain. Two years later it joined the United Provinces of Central America, but this federation disintegrated in 1838, at which time Costa Rica proclaimed its sovereignty and independence. Since the late 19th century, only two brief periods of violence have marred the country's democratic development. In 1949, Costa Rica dissolved its armed forces. Although it still maintains a large agricultural sector, Costa Rica has expanded its economy to include strong technology and tourism industries. The standard of living is relatively high. Land ownership is widespread.

## Economic Profile

Since 2010, Costa Rica has enjoyed strong and stable economic growth - 3.8% in 2017. Exports of bananas, coffee, sugar, and beef are the backbone of its commodity exports. Various industrial and processed agricultural products have broadened exports in recent years, as have high value-added goods, including medical devices. Costa Rica's impressive biodiversity also makes it a key destination for ecotourism.

Foreign investors remain attracted by the country's political stability and relatively high education levels, as well as the incentives offered in the free-trade zones; Costa Rica has attracted one of the highest levels of foreign direct investment per capita in Latin America. The US-Central American-Dominican Republic Free Trade Agreement (CAFTA-DR), which became effective for Costa Rica in 2009, helped increase foreign direct investment in key sectors of the economy, including insurance and telecommunication. However, poor

infrastructure, high energy costs, a complex bureaucracy, weak investor protection, and uncertainty of contract enforcement impede greater investment.

Costa Rica's economy also faces challenges due to a rising fiscal deficit, rising public debt, and relatively low levels of domestic revenue. Poverty has remained around 20-25% for nearly 20 years, and the government's strong social safety net has eroded due to increased constraints on its expenditures.

Costa Rica's credit rating was downgraded from stable to negative in 2015 and again in 2017, upping pressure on lending rates - which could hurt small business, on the budget deficit - which could hurt infrastructure development, and on the rate of return on investment - which could soften foreign direct investment (FDI). Unlike the rest of Central America, Costa Rica is not highly dependent on remittances - which represented just 1% of GDP in 2016, but instead relies on FDI - which accounted for 5.1% of GDP.





# ECUADOR

## Introduction

What is now Ecuador formed part of the northern Inca Empire until the Spanish conquest in 1533. Quito became a seat of Spanish colonial government in 1563 and part of the Viceroyalty of New Granada in 1717. The territories of the Viceroyalty - New Granada (Colombia), Venezuela, and Quito - gained their independence between 1819 and 1822 and formed a federation known as Gran Colombia. When Quito withdrew in 1830, the traditional name was changed in favor of the "Republic of the Equator." Between 1904 and 1942, Ecuador lost territories in a series of conflicts with its neighbors. A border war with Peru that flared in 1995 was resolved in 1999. Although Ecuador marked 30 years of civilian governance in 2004, the period was marred by political instability. Protests in Quito contributed to the mid-term ouster of three of Ecuador's last four democratically elected presidents. In late 2008, voters approved a new constitution, Ecuador's 20th since gaining independence. General elections were held in April 2017, and voters elected President Lenin Moreno.

## Economic Profile

Ecuador is substantially dependent on its petroleum resources, which accounted for about a third of the country's export earnings in 2017. Remittances from overseas Ecuadorian are also important.

In 1999/2000, Ecuador's economy suffered from a banking crisis that led to some reforms, including adoption of the US dollar as legal tender. Dollarization stabilized the economy, and positive growth returned in most of the years that followed. China has become Ecuador's largest foreign lender since 2008 and now accounts for 77.7% of the Ecuador's bilateral debt. Various economic policies under the Correa administration, such as an announcement in 2017 that Ecuador would terminate 13 bilateral investment treaties - including one with the US, generated economic uncertainty and discouraged private investment.

Faced with a 2013 trade deficit of \$1.1 billion, Ecuador imposed tariff surcharges from 5% to 45% on an



POPULATION

16,904,867

COMMUNICATIONS INFRASTRUCTURE AND ECONOMIC INDICATORS

GDP PER CAPITA (PPP)

2017	2016	2015
\$11,500	\$11,400	\$11,700

EXPORTS

2017	2016	COUNTRY COMPARISON TO THE WORLD
\$19.62 billion	\$16.8 billion	70

PARTNERS (2017)

US	VIETNAM	PERU	CHILE
31.5%	7.6%	6.7%	6.5%

COMMODITIES

petroleum, bananas, cut flowers, shrimp, cacao, coffee, wood, fish

IMPORTS

2017	2016	COUNTRY COMPARISON TO THE WORLD
\$19.31 billion	\$15.86 billion	78

PARTNERS (2017)

US	CHINA	COLOMBIA	PANAMA
22.8%	15.4%	8.7%	6.4%

COMMODITIES

industrial materials, fuels and lubricants, nondurable consumer goods

INTERNET USERS

TOTAL	% OF POPULATION (JULY 2016)	COUNTRY COMPARISON TO THE WORLD
8,693,739	54.1%	59

TELEPHONES - FIXED LINES

TOTAL	SUBSCRIPTIONS PER 100 INHABITANTS (2018)	COUNTRY COMPARISON TO THE WORLD
2,360,581	14	56

TELEPHONES - MOBILE CELLULAR

TOTAL	SUBSCRIPTIONS PER 100 INHABITANTS (2018)	COUNTRY COMPARISON TO THE WORLD
15,772,838	96	65

TELEPHONE SYSTEM

GENERAL ASSESSMENT

fixed-line service and sophisticated 4G LTE ultra-broadband network; much of the country's fixed-line structure is influenced by topographical challenges associated with the Andes Mountains; Ecuador has a small telecom market with a dominant mobile sector; the state-owned incumbent CNT dominates the fixed-line market, and therefore the DSL broadband market as well (2018)

DOMESTIC

fixed-line services with digital networks provided by multiple telecommunications operators; fixed-line teledensity stands at about 14 per 100 persons and mobile-cellular use has surged and subscribership has reached 96 per 100 persons (2018)

INTERNATIONAL

country code - 593; landing points for the PAN-AM, PCCS, America Movil-Telxius West Coast Cable and SAM-1 submarine cables that provide links to South and Central America, and extending onward to the Caribbean and the US; satellite earth station - 1 Intelsat (Atlantic Ocean) (2019)

estimated 32% of imports. Ecuador's economy fell into recession in 2015 and remained in recession in 2016. Declining oil prices and exports forced the Correa administration to cut government outlays. Foreign investment in Ecuador is low as a result of the unstable regulatory environment and weak rule of law.

In April of 2017, Lenin Moreno was elected President of Ecuador by popular vote. His immediate challenge was to reengage the private sector to improve cash flow in the country. Ecuador's economy returned to positive, but sluggish, growth. In early 2018, the Moreno administration held a public referendum on seven economic and political issues in a move counter to Correa-administration policies, reduce corruption, strengthen democracy, and revive employment and the economy. The referendum resulted in repeal of taxes associated with recovery from the earthquake of 2016, reduced restrictions on metal mining in the Yasuni Intangible Zone - a protected area, and several political reforms.



SAN SALVADOR

# EL SALVADOR

## Introduction

El Salvador achieved independence from Spain in 1821 and from the Central American Federation in 1839. A 12-year civil war, which cost about 75,000 lives, was brought to a close in 1992 when the government and leftist rebels signed a treaty that provided for military and political reforms. El Salvador is beset by one of the world's highest homicide rates and pervasive criminal gangs.

## Economic Profile

The smallest country in Central America geographically, El Salvador has the fourth largest economy in the region. With the global recession, real GDP contracted in 2009 and economic growth has since remained low, averaging less than 2% from 2010 to 2014, but recovered somewhat in 2015-17 with an average annual growth rate of 2.4%. Remittances

accounted for approximately 18% of GDP in 2017 and were received by about a third of all households.

In 2006, El Salvador was the first country to ratify the Dominican Republic-Central American Free Trade Agreement, which has bolstered the export of processed foods, sugar, and ethanol, and supported investment in the apparel sector amid increased Asian competition. In September 2015, El Salvador kicked off a five-year \$277 million second compact with the Millennium Challenge Corporation - a US Government agency aimed at stimulating economic growth and reducing poverty - to improve El Salvador's competitiveness and productivity in international markets.

The Salvadoran Government maintained fiscal discipline during reconstruction and rebuilding following earthquakes in 2001 and hurricanes in 1998 and 2005, but El Salvador's public debt, estimated at 59.3% of GDP in 2017, has been growing over the last several years.

POPULATION  
6,481,102

COMMUNICATIONS INFRASTRUCTURE AND ECONOMIC INDICATORS

GDP PER CAPITA (PPP)

2017	2016	2015
\$8,000	\$7,900	\$7,700

EXPORTS

2017	2016	COUNTRY COMPARISON TO THE WORLD
\$4.662 billion	\$5.42 billion	111

PARTNERS (2017)

US	HONDURAS	GUATEMALA	NICARAGUA
45.7%	13.9%	13.5%	6.7%

COMMODITIES

offshore assembly exports, coffee, sugar, textiles and apparel, ethanol, chemicals, electricity, iron and steel manufactures

IMPORTS

2017	2016	COUNTRY COMPARISON TO THE WORLD
\$9.499 billion	\$8.954 billion	103

PARTNERS (2017)

US	GUATEMALA	CHINA	MEXICO
36.7%	10.5%	8.7%	7.4%

COMMODITIES

raw materials, consumer goods, capital goods, fuels, foodstuffs, petroleum, electricity

INTERNET USERS

TOTAL	% OF POPULATION (JULY 2016)	COUNTRY COMPARISON TO THE WORLD
1,785,254	29.0%	102

TELEPHONES - FIXED LINES

TOTAL	SUBSCRIPTIONS PER 100 INHABITANTS (2018)	COUNTRY COMPARISON TO THE WORLD
923,029	14	78

TELEPHONES - MOBILE CELLULAR

TOTAL	SUBSCRIPTIONS PER 100 INHABITANTS (2018)	COUNTRY COMPARISON TO THE WORLD
9,433,495	148	88

TELEPHONE SYSTEM

GENERAL ASSESSMENT

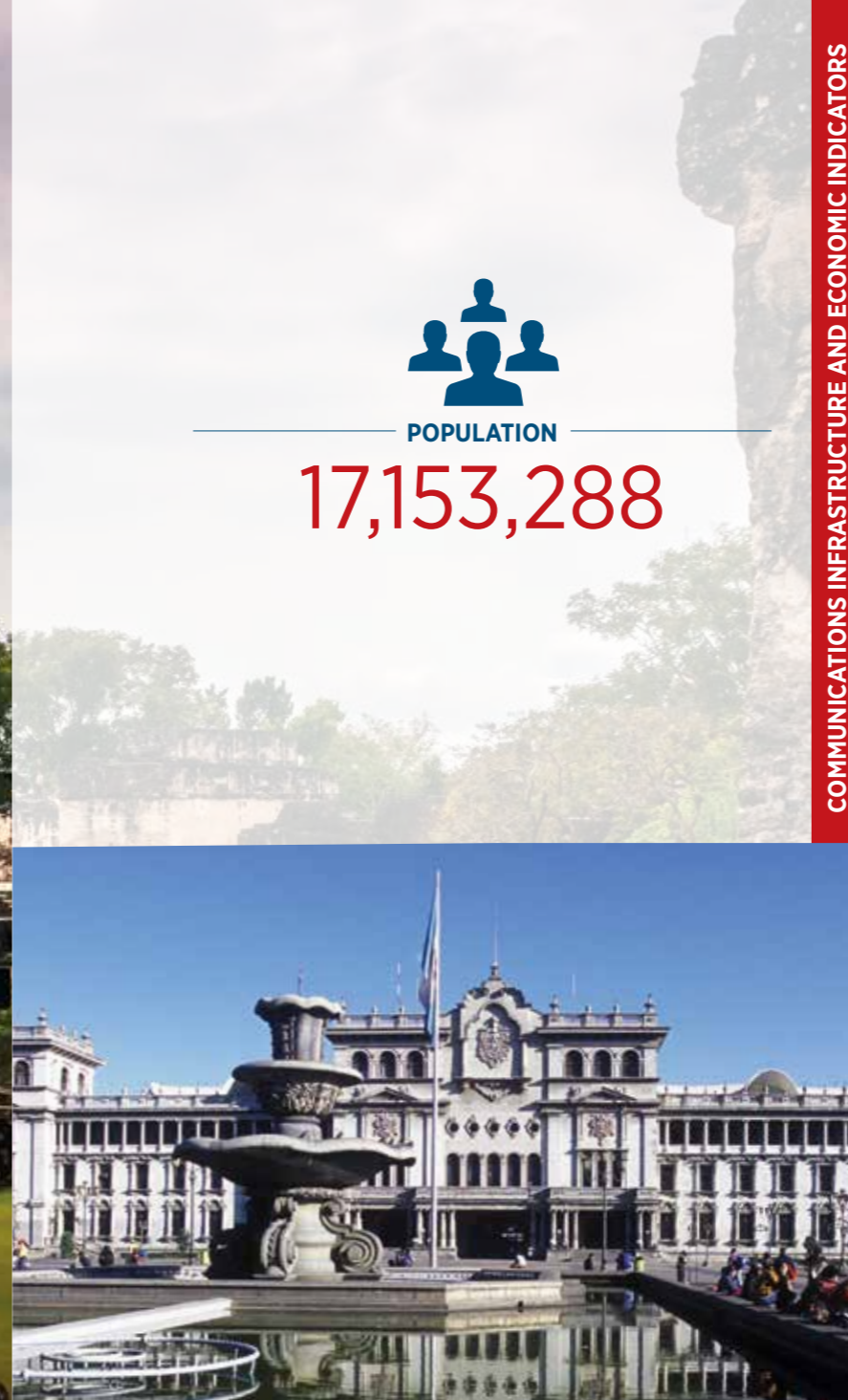
multiple mobile-cellular services began rolling out Long Term Evolution (LTE) data services in late-2016; Internet usage grew almost 400% between 2007 and 2015; 6% of phones are fixed while 94% are mobile (2018)

DOMESTIC

nationwide microwave radio relay system; growth in fixed-line services 14 per 100, has slowed in the face of mobile-cellular competition at 148 per 100 (2019)

INTERNATIONAL

country code - 503; satellite earth station - 1 Intelsat (Atlantic Ocean); connected to Central American Microwave System (2019)



COMMUNICATIONS INFRASTRUCTURE AND ECONOMIC INDICATORS

  
**POPULATION**  
**17,153,288**

**GDP PER CAPITA (PPP)** 

2017	2016	2015
\$8,200	\$8,100	\$8,000

**EXPORTS** 

2017	2016	COUNTRY COMPARISON TO THE WORLD
\$11.12 billion	\$10.58 billion	88

**PARTNERS (2017)**

US	EL SALVADOR	HONDURAS	NICARAGUA
33.8%	11.1%	8.8%	5.1%

**COMMODITIES**

sugar, coffee, petroleum, apparel, bananas, fruits and vegetables, cardamom, manufacturing products, precious stones and metals, electricity

**IMPORTS** 

2017	2016	COUNTRY COMPARISON TO THE WORLD
\$17.11 billion	\$15.77 billion	83

**PARTNERS (2017)**

US	CHINA	MEXICO	EL SALVADOR
39.8%	10.7%	10.7%	5%

**COMMODITIES**

fuels, machinery and transport equipment, construction materials, grain, fertilizers, electricity, mineral products, chemical products, plastic materials

**INTERNET USERS** 

TOTAL	% OF POPULATION (2018)	COUNTRY COMPARISON TO THE WORLD
5,241,952	65%	74

**TELEPHONES - FIXED LINES** 

TOTAL	SUBSCRIPTIONS PER 100 INHABITANTS (2018)	COUNTRY COMPARISON TO THE WORLD
2,436,093	15	54

**TELEPHONES - MOBILE CELLULAR** 

TOTAL	SUBSCRIPTIONS PER 100 INHABITANTS (2018)	COUNTRY COMPARISON TO THE WORLD
20,467,520	123	57

**TELEPHONE SYSTEM** 

**GENERAL ASSESSMENT**

fairly modern network centered in the city of Guatemala; one of the lowest teledensities in the region especially in the country; state-owned telecommunications company privatized in the late 1990s opened the way for competition; steady improvement of fixed-line which has also spurred growth in mobile-cellular and broadband; open regulatory framework coupled with competition and greater disposable household revenue spurs growth (2018)

**DOMESTIC**

fixed-line teledensity roughly 15 per 100 persons; fixed-line investments are concentrating on improving rural connectivity; mobile-cellular teledensity about 123 per 100 persons (2018)

**INTERNATIONAL**

country code - 502; landing points for the ARCOS, AMX-1, American Movil-Texius West Coast Cable and the SAM-1 fiber-optic submarine cable system that, together, provide connectivity to South and Central America, parts of the Caribbean, and the US; connected to Central American Microwave System; satellite earth station - 1 Intelsat (Atlantic Ocean)

# GUATEMALA

## Introduction

The Maya civilization flourished in Guatemala and surrounding regions during the first millennium A.D. After almost three centuries as a Spanish colony, Guatemala won its independence in 1821. During the second half of the 20th century, it experienced a variety of military and civilian governments, as well as a 36-year guerrilla war. In 1996, the government signed a peace agreement formally ending the internal conflict.

## Economic Profile

Guatemala is the most populous country in Central America with a GDP per capita roughly half the average for Latin America and the Caribbean. The

agricultural sector accounts for 13.5% of GDP and 31% of the labor force; key agricultural exports include sugar, coffee, bananas, and vegetables. Guatemala is the top remittance recipient in Central America as a result of Guatemala's large expatriate community in the US. These inflows are a primary source of foreign income, equivalent to two-thirds of the country's exports and about a tenth of its GDP.

The 1996 peace accords, which ended 36 years of civil war, removed a major obstacle to foreign investment, and Guatemala has since pursued important reforms and macroeconomic stabilization. The Dominican Republic-Central America Free Trade Agreement (CAFTA-DR) entered into force in July 2006, spurring increased investment and diversification of exports, with the largest increases in ethanol and non-traditional

agricultural exports. While CAFTA-DR has helped improve the investment climate, concerns over security, the lack of skilled workers, and poor infrastructure continue to hamper foreign direct investment.

The distribution of income remains highly unequal with the richest 20% of the population accounting for more than 51% of Guatemala's overall consumption. More than half of the population is below the national poverty line, and 23% of the population lives in extreme poverty. Poverty among indigenous groups, which make up more than 40% of the population, averages 79%, with 40% of the indigenous population living in extreme poverty. Nearly one-half of Guatemala's children under age five are chronically malnourished, one of the highest malnutrition rates in the world.





# HONDURAS

## Introduction

Once part of Spain's vast empire in the New World, Honduras became an independent nation in 1821. After two and a half decades of mostly military rule, a freely elected civilian government came to power in 1982. During the 1980s, Honduras proved a haven for anti-Sandinista contras fighting the Marxist Nicaraguan Government and an ally to Salvadoran Government forces fighting leftist guerrillas. The country was devastated by Hurricane Mitch in 1998, which killed about 5,600 people and caused approximately \$2 billion in damage. Since then, the economy has slowly rebounded.

## Economic Profile

Honduras, the second poorest country in Central America, suffers from extraordinarily unequal distribution of income, as well as high underemployment. While historically dependent on the export of bananas and coffee, Honduras has diversified its export base to include apparel and automobile wire harnessing.

Honduras's economy depends heavily on US trade and remittances. The US-Central America-Dominican Republic Free Trade Agreement came into force in 2006 and has helped foster foreign direct investment,



POPULATION  
**9,235,340**

COMMUNICATIONS INFRASTRUCTURE AND ECONOMIC INDICATORS

GDP PER CAPITA (PPP)			
2017	2016	2015	
\$5,600	\$5,400	\$5,300	
EXPORTS			
2017	2016	COUNTRY COMPARISON TO THE WORLD	
\$8.675 billion	\$7.841 billion	94	
PARTNERS (2017)			
US	GERMANY	BELGIUM	EL SALVADOR
34.5%	8.9%	7.7%	7.3%
COMMODITIES			
coffee, apparel, coffee, shrimp, automobile wire harnesses, cigars, bananas, gold, palm oil, fruit, lobster, lumber			
IMPORTS			
2017	2016	COUNTRY COMPARISON TO THE WORLD	
\$11.32 billion	\$10.56 billion	96	
PARTNERS (2017)			
US	GUATEMALA	CHINA	MEXICO
40.3%	10.5%	8.5%	6.2%
COMMODITIES			
communications equipment, machinery and transport, industrial raw materials, chemical products, fuels, foodstuffs			
INTERNET USERS			
TOTAL	% OF POPULATION (JULY 2016)	COUNTRY COMPARISON TO THE WORLD	
2,667,978	30%	102	
TELEPHONES - FIXED LINES			
TOTAL	SUBSCRIPTIONS PER 100 INHABITANTS (2018)	COUNTRY COMPARISON TO THE WORLD	
532,004	6	93	
TELEPHONES - MOBILE CELLULAR			
TOTAL	SUBSCRIPTIONS PER 100 INHABITANTS (2018)	COUNTRY COMPARISON TO THE WORLD	
7,588,554	84	100	
TELEPHONE SYSTEM			
GENERAL ASSESSMENT			
fixed-line connections are increasing but still limited; competition among multiple providers of mobile-cellular services is contributing to a sharp increase in subscribership; demand for broadband increasing and some investment needed in network upgrades; mobile penetration below regional average (2018)			
DOMESTIC			
private sub-operators allowed to provide fixed lines in order to expand telephone coverage contributing to a small increase in fixed-line teledensity 6 per 100; mobile-cellular subscribership is roughly 84 per 100 persons (2018)			
INTERNATIONAL			
country code - 504; landing points for both the ARCOS and the MAYA-1 fiber-optic submarine cable systems that together provide connectivity to South and Central America, parts of the Caribbean, and the US; satellite earth stations - 2 Intelsat (Atlantic Ocean); connected to Central American Microwave System (2019)			

but physical and political insecurity, as well as crime and perceptions of corruption, may deter potential investors; about 15% of foreign direct investment is from US firms.

The economy registered modest economic growth of 3.1%-4.0% from 2010 to 2017, insufficient to improve living standards for the nearly 65% of the population in poverty. In 2017, Honduras faced rising public debt, but its economy has performed better than expected due to low oil prices and improved investor confidence. Honduras signed a three-year standby arrangement with the IMF in December 2014, aimed at easing Honduras's poor fiscal position.





COMMUNICATIONS INFRASTRUCTURE AND ECONOMIC INDICATORS

GDP PER CAPITA (PPP)		
2017	2016	2015
\$19,900	\$19,700	\$19,400
EXPORTS		
2017	2016	COUNTRY COMPARISON TO THE WORLD
\$409.8 billion	\$374.3 billion	12
PARTNERS (2017)		
US 79.9%		
COMMODITIES		
manufactured goods, electronics, vehicles and auto parts, oil and oil products, silver, plastics, fruits, vegetables, coffee, cotton		
IMPORTS		
2017	2016	COUNTRY COMPARISON TO THE WORLD
\$420.8 billion	\$387.4 billion	14
PARTNERS (2017)		
US 46.4%	CHINA 17.7%	JAPAN 4.3%
COMMODITIES		
metalworking machines, steel mill products, agricultural machinery, electrical equipment, automobile parts for assembly and repair, aircraft, aircraft parts, plastics, natural gas and oil products		
INTERNET USERS		
TOTAL	% OF POPULATION (JULY 2016)	COUNTRY COMPARISON TO THE WORLD
73,334,032	59.5%	7
TELEPHONES - FIXED LINES		
TOTAL	SUBSCRIPTIONS PER 100 INHABITANTS (2018)	COUNTRY COMPARISON TO THE WORLD
21,645,699	17	12
TELEPHONES - MOBILE CELLULAR		
TOTAL	SUBSCRIPTIONS PER 100 INHABITANTS (2018)	COUNTRY COMPARISON TO THE WORLD
120,173,510	95	14
TELEPHONE SYSTEM		
GENERAL ASSESSMENT		
adequate telephone service for business and government; improving quality and increasing mobile cellular availability, with mobile subscribers far outnumbering fixed-line subscribers; domestic satellite system with 120 earth stations; extensive microwave radio relay network; considerable use of fiber-optic cable and coaxial cable; two main MNOs despite efforts for competition; preparation for 5G and LTE-M services; Mexico's first local Internet Exchange Point opens in Mexico City (2018)		
DOMESTIC		
competition has spurred the mobile-cellular market; fixed-line teledensity exceeds 17 per 100 persons; mobile-cellular teledensity is about 95 per 100 persons (2018)		
INTERNATIONAL		
country code - 52; Columbus-2 fiber-optic submarine cable with access to the US, Virgin Islands, Canary Islands, Spain, and Italy; the ARCOS-1 and the MAYA-1 submarine cable system together provide access to Central America, parts of South America and the Caribbean, and the US; satellite earth stations - 120 (32 Intelsat, 2 Solidaridad (giving Mexico improved access to South America, Central America, and much of the US as well as enhancing domestic communications), 1 Panamsat, numerous Inmarsat mobile earth stations); linked to Central American Microwave System of trunk connections (2016)		

## Introduction

The site of several advanced Amerindian civilizations - including the Olmec, Toltec, Teotihuacan, Zapotec, Maya, and Aztec - Mexico was conquered and colonized by Spain in the early 16th century. Administered as the Viceroyalty of New Spain for three centuries, it achieved independence early in the 19th century. Elections held in 2000 marked the first time since the 1910 Mexican Revolution that an opposition candidate - Vicente FOX of the National Action Party (PAN) - defeated the party in government, the Institutional Revolutionary Party (PRI). He was succeeded in 2006 by another PAN candidate Felipe CALDERON, but Enrique Pena Nieto regained the presidency for the PRI in 2012. Left-leaning antiestablishment politician and former mayor of Mexico City (2000-05) Andres Manuel Lopez Obrador, from the National Regeneration Movement (Morena), became president in December 2018.

The global financial crisis in late 2008 caused a massive economic downturn in Mexico the following year, although growth returned quickly in 2010. Ongoing economic and social concerns include low real wages, high underemployment, inequitable

income distribution, and few advancement opportunities for the largely indigenous population in the impoverished southern states. Since 2007, Mexico's powerful drug-trafficking organizations have engaged in bloody feuding, resulting in tens of thousands of drug-related homicides.

## Economic Profile

Mexico's \$2.4 trillion economy - 11th largest in the world - has become increasingly oriented toward manufacturing since the North American Free Trade Agreement (NAFTA) entered into force in 1994. Per capita income is roughly one-third that of the US; income distribution remains highly unequal.

Mexico has become the US' second-largest export market and third-largest source of imports. In 2017, two-way trade in goods and services exceeded \$623 billion. Mexico has free trade agreements with 46 countries, putting more than 90% of its trade under free trade agreements. In 2012, Mexico formed the Pacific Alliance with Peru, Colombia, and Chile.

Mexico's current government, led by President Enrique Pena Nieto, has emphasized economic reforms, passing and implementing sweeping energy,

financial, fiscal, and telecommunications reform legislation, among others, with the long-term aim to improve competitiveness and economic growth across the Mexican economy. Since 2015, Mexico has held public auctions of oil and gas exploration and development rights and for long-term electric power generation contracts. Mexico has also issued permits for private sector import, distribution, and retail sales of refined petroleum products in an effort to attract private investment into the energy sector and boost production.

Since 2013, Mexico's economic growth has averaged 2% annually, falling short of private-sector expectations that President Pena Nieto's sweeping reforms would bolster economic prospects. Growth is predicted to remain below potential given falling oil production, weak oil prices, structural issues such as low productivity, high inequality, a large informal sector employing over half of the workforce, weak rule of law, and corruption. Mexico's economy remains vulnerable to uncertainty surrounding the future of NAFTA - because the United States is its top trading partner and the two countries share integrated supply chains - and to potential shifts in domestic policies following the inauguration of a new president in December 2018.





# NICARAGUA

## Introduction

The Pacific coast of Nicaragua was settled as a Spanish colony from Panama in the early 16th century. Independence from Spain was declared in 1821 and the country became an independent republic in 1838. Britain occupied the Caribbean Coast in the first half of the 19th century, but gradually ceded control of the region in subsequent decades. Violent opposition to governmental manipulation and corruption spread to all classes by 1978 and resulted in a short-lived civil war that brought a civic-military coalition, spearheaded by the Marxist Sandinista guerrillas led by Daniel Ortega Saavedra to power in 1979. Nicaraguan aid to leftist rebels in El Salvador prompted the US to sponsor anti-Sandinista contra guerrillas through much of the 1980s. After losing free and fair elections in 1990, 1996, and 2001, former Sandinista President Daniel Ortega was elected president in 2006, 2011, and most recently in 2016. Municipal, regional, and national-level elections since 2008 have been marred by widespread irregularities. Democratic institutions have weakened under the Ortega administration as the president has garnered full control over all branches of government,

especially after cracking down on a nationwide antigovernment protest movement in 2018.

## Economic Profile

Nicaragua, the poorest country in Central America and the second poorest in the Western Hemisphere, has widespread underemployment and poverty. GDP growth of 4.5% in 2017 was insufficient to make a significant difference. Textiles and agriculture combined account for nearly 50% of Nicaragua's exports. Beef, coffee, and gold are Nicaragua's top three export commodities.

The Dominican Republic-Central America-United States Free Trade Agreement has been in effect since April 2006 and has expanded export opportunities for many Nicaraguan agricultural and manufactured goods.

In 2013, the government granted a 50-year concession with the option for an additional 50 years to a newly formed Chinese-run company to finance and build an inter-oceanic canal and related projects, at an estimated cost of \$50 billion. The canal construction has not started.



POPULATION  
6,203,441



COMMUNICATIONS INFRASTRUCTURE AND ECONOMIC INDICATORS

GDP PER CAPITA (PPP)			
2017	2016	2015	
\$5,900	\$5,600	\$5,500	
EXPORTS			
2017	2016	COUNTRY COMPARISON TO THE WORLD	
\$3.819 billion	\$3.772 billion	119	
PARTNERS (2017)			
US	EL SALVADOR	VENEZUELA	COSTA RICA
44.2%	6.4%	5.5%	5.5%
COMMODITIES			
coffee, beef, gold, sugar, peanuts, shrimp and lobster, tobacco, cigars, automobile wiring harnesses, textiles, apparel			
IMPORTS			
2017	2016	COUNTRY COMPARISON TO THE WORLD	
\$6.613 billion	\$6.384 billion	116	
PARTNERS (2017)			
US	CHINA	MEXICO	COSTA RICA
20.8%	14.3%	11.1%	7.9%
COMMODITIES			
consumer goods, machinery and equipment, raw materials, petroleum products			
INTERNET USERS			
TOTAL	% OF POPULATION (JULY 2016)	COUNTRY COMPARISON TO THE WORLD	
1,466,152	24.6%	122	
TELEPHONES - FIXED LINES			
TOTAL	SUBSCRIPTIONS PER 100 INHABITANTS (2018)	COUNTRY COMPARISON TO THE WORLD	
325,821	5	109	
TELEPHONES - MOBILE CELLULAR			
TOTAL	SUBSCRIPTIONS PER 100 INHABITANTS (2018)	COUNTRY COMPARISON TO THE WORLD	
7,441,527	122	101	
TELEPHONE SYSTEM			
GENERAL ASSESSMENT			
system being upgraded by foreign investment; nearly all installed telecommunications capacity now uses digital technology, owing to investments since privatization of the formerly state-owned telecommunications company; lowest fixed-line teledensity and mobile penetration in Central America; a Russian state corporation is operating in the area; LTE service in 60 towns and cities (2018)			
DOMESTIC			
since privatization, access to fixed-line and mobile-cellular services has improved; fixed-line teledensity roughly 5 per 100 persons; mobile-cellular telephone subscribership has increased to 122 per 100 persons (2018)			
INTERNATIONAL			
country code - 505; landing point for the ARCOS fiber-optic submarine cable which provides connectivity to South and Central America, parts of the Caribbean, and the US; satellite earth stations - 1 Intersputnik (Atlantic Ocean region) and 1 Intelsat (Atlantic Ocean) (2019)			



COMMUNICATIONS INFRASTRUCTURE AND ECONOMIC INDICATORS

**GDP PER CAPITA (PPP)**

2017	2016	2015
\$25,400	\$24,500	\$23,700

**EXPORTS** INCLUDES THE COLON FREE ZONE

2017	2016	COUNTRY COMPARISON TO THE WORLD
\$15.5 billion	\$14.7 billion	74

**PARTNERS (2017)**

US	NETHERLANDS	CHINA	COSTA RICA
18.9%	16.6%	6.5%	5.4%

**COMMODITIES**  
fruit and nuts, fish, iron and steel waste, wood

**IMPORTS** INCLUDES THE COLON FREE ZONE

2017	2016	COUNTRY COMPARISON TO THE WORLD
\$21.91 billion	\$20.51 billion	72

**PARTNERS (2017)**

US	CHINA	MEXICO
24.4%	9.8%	4.9%

**COMMODITIES**  
fuels, machinery, vehicles, iron and steel rods, pharmaceuticals

**INTERNET USERS**

TOTAL	% OF POPULATION (JULY 2016)	COUNTRY COMPARISON TO THE WORLD
2,000,833	54%	112

**TELEPHONES - FIXED LINES**

TOTAL	SUBSCRIPTIONS PER 100 INHABITANTS (JULY 2016)	COUNTRY COMPARISON TO THE WORLD
728,379	19	85

**TELEPHONES - MOBILE CELLULAR**

TOTAL	SUBSCRIPTIONS PER 100 INHABITANTS (2018)	COUNTRY COMPARISON TO THE WORLD
5,722,370	151	116

**TELEPHONE SYSTEM**

**GENERAL ASSESSMENT**  
domestic and international facilities well-developed; investment from international operators; competition among operators helps reduce price of services; launches of LTE services; (2018)

**DOMESTIC**  
fixed-line 19 per 100 and rapid subscribership of mobile-cellular telephone 151 per 100 (2018)

**INTERNATIONAL**  
country code - 507; landing points for the PAN-AM, ARCOS, SAC, AURORA, PCCS, PAC, and the MAYA-1 submarine cable systems that together provide links to the US and parts of the Caribbean, Central America, and South America; satellite earth stations - 2 Intelsat (Atlantic Ocean); connected to the Central American Microwave System (2019)

**Introduction**

Explored and settled by the Spanish in the 16th century, Panama broke with Spain in 1821 and joined a union of Colombia, Ecuador, and Venezuela - named the Republic of Gran Colombia. When the latter dissolved in 1830, Panama remained part of Colombia. With US backing, Panama seceded from Colombia in 1903 and promptly signed a treaty with the US allowing for the construction of a canal and US sovereignty over a strip of land on either side of the structure (the Panama Canal Zone). The Panama Canal was built by the US Army Corps of Engineers between 1904 and 1914. In 1977, an agreement was signed for the complete transfer of the Canal from the US to Panama by the end of the century. Certain portions of the Zone and increasing responsibility over the Canal were turned over in the subsequent decades. With US help, dictator Manuel NORIEGA was deposed in 1989. The entire Panama Canal, the area supporting the Canal, and remaining US military bases were transferred to Panama by the end of 1999. An ambitious expansion project to more than double the Canal's capacity - by allowing for more Canal transits and larger ships - was carried out between 2007 and 2016.

**Economic Profile**

Panama's dollar-based economy rests primarily on a well-developed services sector that accounts

for more than three-quarters of GDP. Services include operating the Panama Canal, logistics, banking, the Colon Free Trade Zone, insurance, container ports, flagship registry, and tourism and Panama is a center for offshore banking. Panama's transportation and logistics services sectors, along with infrastructure development projects, have boosted economic growth; however, public debt surpassed \$37 billion in 2016 because of excessive government spending and public works projects. The US-Panama Trade Promotion Agreement was approved by Congress and signed into law in October 2011, and entered into force in October 2012.

Future growth will be bolstered by the Panama Canal expansion project that began in 2007 and was completed in 2016 at a cost of \$5.3 billion - about 10-15% of current GDP. The expansion project more than doubled the Canal's capacity, enabling it to accommodate high-capacity vessels such as tankers and neopanamax vessels that are too large to traverse the existing canal. The US and China are the top users of the Canal.

Strong economic performance has not translated into broadly shared prosperity, as Panama has the second worst income distribution in Latin America. About one-fourth of the population lives in poverty; however, from 2006 to 2012 poverty was reduced by 10 percentage points.





# PARAGUAY

## Introduction

Paraguay achieved its independence from Spain in 1811. In the disastrous War of the Triple Alliance (1865-70) - between Paraguay and Argentina, Brazil, and Uruguay - Paraguay lost two-thirds of its adult males and much of its territory. The country stagnated economically for the next half century. Following the Chaco War of 1932-35 with Bolivia, Paraguay gained a large part of the Chaco lowland region. The 35-year military dictatorship of Alfredo STROESSNER ended in 1989, and, despite a marked increase in political infighting in recent years, Paraguay has held relatively free and regular presidential elections since the country's return to democracy.

## Economic Profile

Landlocked Paraguay has a market economy distinguished by a large informal sector, featuring re-export of imported consumer goods to neighboring countries, as well as the activities of thousands of microenterprises and urban street vendors. A large percentage of the population, especially in rural areas, derives its living from agricultural activity, often on a subsistence basis. Because of the importance of the informal sector, accurate economic measures are difficult to obtain.

On a per capita basis, real income has grown steadily over the past five years as strong world demand for commodities, combined with high prices and favorable weather, supported Paraguay's

commodity-based export expansion. Paraguay is the fifth largest soy producer in the world. Drought hit in 2008, reducing agricultural exports and slowing the economy even before the onset of the global recession. The economy fell 3.8% in 2009, as lower world demand and commodity prices caused exports to contract. Severe drought and outbreaks of hoof-and-mouth disease in 2012 led to a brief drop in beef and other agricultural exports. Since 2014, however, Paraguay's economy has grown at a 4% average annual rate due to strong production and high global prices, at a time when other countries in the region have contracted.

The Paraguayan Government recognizes the need to diversify its economy and has taken steps in recent years to do so. In addition to looking for new commodity markets in the Middle East and Europe, Paraguayan officials have promoted the country's low labor costs, cheap energy from its massive Itaipu Hydroelectric Dam, and single-digit tax rate on foreign firms. As a result, the number of factories operating in the country - mostly transplants from Brazil - has tripled since 2014.

Corruption, limited progress on structural reform, and deficient infrastructure are the main obstacles to long-term growth. Judicial corruption is endemic and is seen as the greatest barrier to attracting more foreign investment. Paraguay has been adverse to public debt throughout its history, but has recently sought to finance infrastructure improvements to attract foreign investment.

**POPULATION**  
7,191,685



COMMUNICATIONS INFRASTRUCTURE AND ECONOMIC INDICATORS

GDP PER CAPITA (PPP)			
2017	2016	2015	
\$12,800	\$12,400	\$12,000	
EXPORTS			
2017	2016	COUNTRY COMPARISON TO THE WORLD	
\$11.73 billion	\$10.86 billion	83	
PARTNERS (2017)			
BRAZIL	ARGENTINA	CHILE	RUSSIA
31.9%	15.9%	6.9%	5.9%
COMMODITIES			
soybeans, livestock feed, cotton, meat, edible oils, wood, leather, gold			
IMPORTS			
2017	2016	COUNTRY COMPARISON TO THE WORLD	
\$11.35 billion	\$9.617 billion	95	
PARTNERS (2017)			
CHINA	BRAZIL	ARGENTINA	US
31.3%	23.4%	12.9%	7.4%
COMMODITIES			
road vehicles, consumer goods, tobacco, petroleum products, electrical machinery, tractors, chemicals, vehicle parts			
INTERNET USERS			
TOTAL	% OF POPULATION (JULY 2016)	COUNTRY COMPARISON TO THE WORLD	
3,524,045	51.3%	92	
TELEPHONES - FIXED LINES			
TOTAL	SUBSCRIPTIONS PER 100 INHABITANTS (2018)	COUNTRY COMPARISON TO THE WORLD	
302,754	4	113	
TELEPHONES - MOBILE CELLULAR			
TOTAL	SUBSCRIPTIONS PER 100 INHABITANTS (2018)	COUNTRY COMPARISON TO THE WORLD	
7,439,692	106	102	
TELEPHONE SYSTEM			
GENERAL ASSESSMENT			
the fixed-line market is a state monopoly and fixed-line telephone service is meager; principal switching center is in Asuncion; DSL, cable modem, FttP (fiber to the home) and WiMAX technologies available; competition in mobile market among 4 operators; 18 mobile phones for every fixed-line service phone (2018)			
DOMESTIC			
deficiencies in provision of fixed-line service have resulted in a rapid expansion of mobile-cellular services fostered by competition among multiple providers; Internet market also open to competition; fixed-line 4 per 100 and mobile-cellular 106 per 100 (2018)			
INTERNATIONAL			
country code - 595; Paraguay's landlocked position means they must depend on neighbors for interconnection with submarine cable networks, making it cost more for broadband services; satellite earth station - 1 Intelsat (Atlantic Ocean) (2019)			



COMMUNICATIONS INFRASTRUCTURE AND ECONOMIC INDICATORS

<b>GDP PER CAPITA (PPP)</b>			
2017 \$13,500	2016 \$13,300	2015 \$13,000	
<b>EXPORTS</b>			
2017 \$44.92 billion	2016 \$37.02 billion	COUNTRY COMPARISON TO THE WORLD 53	
<b>PARTNERS (2017)</b>			
CHINA 26.5%	US 15.2%	SWITZERLAND 5.2%	SOUTH KOREA 4.4%
<b>COMMODITIES</b>			
copper, gold, lead, zinc, tin, iron ore, molybdenum, silver; crude petroleum and petroleum products, natural gas; coffee, asparagus and other vegetables, fruit, apparel and textiles, fishmeal, fish, chemicals, fabricated metal products and machinery, alloys			
<b>IMPORTS</b>			
2017 \$38.65 billion	2016 \$35.13 billion	COUNTRY COMPARISON TO THE WORLD 61	
<b>PARTNERS (2017)</b>			
CHINA 22.3%	US 20.1%	BRAZIL 6%	MEXICO 4.4%
<b>COMMODITIES</b>			
petroleum and petroleum products, chemicals, plastics, machinery, vehicles, TV sets, power shovels, front-end loaders, telephones and telecommunication equipment, iron and steel, wheat, corn, soybean products, paper, cotton, vaccines and medicines			
<b>INTERNET USERS</b>			
TOTAL 13,975,422	% OF POPULATION (JULY 2016) 45.5%	COUNTRY COMPARISON TO THE WORLD 43	
<b>TELEPHONES - FIXED LINES</b>			
TOTAL 3,082,036	SUBSCRIPTIONS PER 100 INHABITANTS (2017) 10	COUNTRY COMPARISON TO THE WORLD 45	
<b>TELEPHONES - MOBILE CELLULAR</b>			
TOTAL 38,915,386	SUBSCRIPTIONS PER 100 INHABITANTS (2017) 125	COUNTRY COMPARISON TO THE WORLD 39	
<b>TELEPHONE SYSTEM</b>			
<b>GENERAL ASSESSMENT</b>			
adequate for most requirements; nationwide microwave radio relay system and a domestic satellite system with 12 earth stations; 3G network and new LTE services begun; Peru is seen as a potential market for growth in broadband, with government work to install fiber-optic backbone to remote areas (2018)			
<b>DOMESTIC</b>			
fixed-line teledensity is only about 10 per 100 persons; mobile-cellular teledensity, spurred by competition among multiple providers, now 125 telephones per 100 persons (2018)			
<b>INTERNATIONAL</b>			
country code - 51; landing points for the SAM-1, IGW, American Movil-Telxius, SAC and PAN-AM submarine cable systems that provide links to parts of Central and South America, the Caribbean, and US; satellite earth stations - 2 Intelsat (Atlantic Ocean) (2019)			

## Introduction

Ancient Peru was the seat of several prominent Andean civilizations, most notably that of the Incas whose empire was captured by Spanish conquistadors in 1533. Peru declared its independence in 1821, and remaining Spanish forces were defeated in 1824. After a dozen years of military rule, Peru returned to democratic leadership in 1980, but experienced economic problems and the growth of a violent insurgency. President Alberto Fujimori's election in 1990 ushered in a decade that saw a dramatic turnaround in the economy and significant progress in curtailing guerrilla activity. Nevertheless, the president's increasing reliance on authoritarian measures and an economic slump in the late 1990s generated mounting dissatisfaction with his regime, which led to his resignation in 2000. A caretaker government oversaw a new election in the spring of 2001, which installed Alejandro Toledo Manrique as the new head of government - Peru's first democratically elected president of indigenous ethnicity. The presidential election of 2006 saw the return of Alan Garcia Perez who, after a disappointing presidential term from 1985 to 1990, oversaw a robust economic rebound. Former army officer Ollanta Humala Tasso was elected president in June 2011, and carried on the sound, market-oriented economic policies of the three preceding administrations. Poverty and unemployment levels have fallen dramatically in the last decade, and today Peru boasts one of the best performing economies in Latin America. Pedro Pablo Kuczynski Godard won a very narrow presidential runoff election in June 2016. Facing impeachment after evidence surfaced of his involvement in a vote-buying scandal, President Kuczynski offered his resignation on 21

March 2018. Two days later, First Vice President Martin Alberto Vizcarra Cornejo was sworn in as president. On 30 September 2019, President Vizcarra invoked his constitutional authority to dissolve Peru's Congress after months of battling with the body over anticorruption reforms. New congressional elections are scheduled for 26 January 2020.

## Economic Profile

Peru's economy reflects its varied topography - an arid lowland coastal region, the central high sierra of the Andes, and the dense forest of the Amazon. A wide range of important mineral resources are found in the mountainous and coastal areas, and Peru's coastal waters provide excellent fishing grounds. Peru is the world's second largest producer of silver and copper.

The Peruvian economy grew by an average of 5.6% per year from 2009-13 with a stable exchange rate and low inflation. This growth was due partly to high international prices for Peru's metals and minerals exports, which account for 55% of the country's total exports. Growth slipped from 2014 to 2017, due to weaker world prices for these resources. Despite Peru's strong macroeconomic performance, dependence on minerals and metals exports and imported foodstuffs makes the economy vulnerable to fluctuations in world prices.

Peru's rapid expansion coupled with cash transfers and other programs have helped to reduce the national poverty rate by over 35 percentage points since 2004, but inequality persists and continued to pose a challenge for the Ollanta Humala administration, which championed a policy of social inclusion and a more equitable distribution of income.

Poor infrastructure hinders the spread of growth to Peru's non-coastal areas. The Humala administration passed several economic stimulus packages in 2014 to bolster growth, including reforms to environmental regulations in order to spur investment in Peru's lucrative mining sector, a move that was opposed by some environmental groups. However, in 2015, mining investment fell as global commodity prices remained low and social conflicts plagued the sector.

Peru's free trade policy continued under the Humala administration; since 2006, Peru has signed trade deals with the US, Canada, Singapore, China, Korea, Mexico, Japan, the EU, the European Free Trade Association, Chile, Thailand, Costa Rica, Panama, Venezuela, Honduras, concluded negotiations with Guatemala and the Trans-Pacific Partnership, and begun trade talks with El Salvador, India, and Turkey. Peru also has signed a trade pact with Chile, Colombia, and Mexico, called the Pacific Alliance, that seeks integration of services, capital, investment and movement of people. Since the US-Peru Trade Promotion Agreement entered into force in February 2009, total trade between Peru and the US has doubled. President Pedro Pablo Kuczynski succeeded Humala in July 2016 and is focusing on economic reforms and free market policies aimed at boosting investment in Peru. Mining output increased significantly in 2016-17, which helped Peru attain one of the highest GDP growth rates in Latin America, and Peru should maintain strong growth in 2018. However, economic performance was depressed by delays in infrastructure mega-projects and the start of a corruption scandal associated with a Brazilian firm. Massive flooding in early 2017 also was a drag on growth, offset somewhat by additional public spending aimed at recovery efforts.



MONTEVIDEO

# URUGUAY

## Introduction

Montevideo, founded by the Spanish in 1726 as a military stronghold, soon took advantage of its natural harbor to become an important commercial center. Claimed by Argentina but annexed by Brazil in 1821, Uruguay declared its independence four years later and secured its freedom in 1828 after a three-year struggle. The administrations of President Jose Batlle in the early 20th century launched widespread political, social, and economic reforms that established a statist tradition. A violent Marxist urban guerrilla movement named the Tupamaros, launched in the late 1960s, led Uruguay's president to cede control of the government to the military in 1973. By yearend, the rebels had been crushed, but the military continued to expand its hold over the government. Civilian rule was restored in 1985. In 2004, the left-of-center Frente Amplio Coalition won national elections that effectively ended 170 years of political control previously held by the Colorado and National (Blanco) parties. Uruguay's political and labor conditions are among the freest on the continent.

## Economic Profile

Uruguay has a free market economy characterized by an export-oriented agricultural sector, a well-educated workforce, and high levels of social spending. Uruguay has sought to expand trade within the Common Market of the South (Mercosur) and with non-Mercosur members, and President Vazquez has maintained his predecessor's mix of pro-market policies and a strong social safety net.

Following financial difficulties in the late 1990s and early 2000s, Uruguay's economic growth averaged 8% annually during the 2004-08 period. The 2008-09 global financial crisis put a brake on Uruguay's vigorous growth, which decelerated to 2.6% in 2009. Nevertheless, the country avoided a recession and kept growth rates positive, mainly through higher public expenditure and investment; GDP growth reached 8.9% in 2010 but slowed markedly in the 2012-16 period as a result of a renewed slowdown in the global economy and in Uruguay's main trade partners and Mercosur counterparts, Argentina and Brazil. Reforms in those countries should give Uruguay an economic boost. Growth picked up in 2017.



POPULATION

3,387,605

COMMUNICATIONS INFRASTRUCTURE AND ECONOMIC INDICATORS

GDP PER CAPITA (PPP)

2017	2016	2015
\$22,400	\$21,900	\$21,600

EXPORTS

2017	2016	COUNTRY COMPARISON TO THE WORLD
\$11.41 billion	\$8.387 billion	86

PARTNERS (2017)

CHINA	BRAZIL	US	ARGENTINA
19%	16.1%	5.7%	5.4%

COMMODITIES

beef, soybeans, cellulose, rice, wheat, wood, dairy products, wool

IMPORTS

2017	2016	COUNTRY COMPARISON TO THE WORLD
\$8.607 billion	\$8.463 billion	106

PARTNERS (2017)

CHINA	BRAZIL	ARGENTINA	US
18.8%	17.9%	13.3%	6.9%

COMMODITIES

refined oil, crude oil, passenger and other transportation vehicles, vehicle parts, cellular phones

INTERNET USERS

TOTAL	% OF POPULATION (JULY 2016)	COUNTRY COMPARISON TO THE WORLD
2,225,075	66.4%	107

TELEPHONES - FIXED LINES

TOTAL	SUBSCRIPTIONS PER 100 INHABITANTS (2018)	COUNTRY COMPARISON TO THE WORLD
1,153,533	34	74

TELEPHONES - MOBILE CELLULAR

TOTAL	SUBSCRIPTIONS PER 100 INHABITANTS (2018)	COUNTRY COMPARISON TO THE WORLD
5,170,624	153	120

TELEPHONE SYSTEM

GENERAL ASSESSMENT

fully digitalized; one of the highest broadband penetrations in Latin America; high fixed-line and mobile penetrations as well; FttP coverage by 2022; nationwide 3G coverage (2018)

DOMESTIC

most modern facilities concentrated in Montevideo; nationwide microwave radio relay network; overall fixed-line 34 per 100 and mobile-cellular teledensity 153 per 100 persons (2018)

INTERNATIONAL

country code - 598; landing points for the Unisor, Tannat, and Bicentenario submarine cable system providing direct connectivity to Brazil and Argentina; Bicentenario 2012 and Tannat 2017 cables helped end-users with Internet bandwidth; satellite earth stations - 2 Intelsat (Atlantic Ocean) (2020)



# VENEZUELA

## Introduction

Venezuela was one of three countries that emerged from the collapse of Gran Colombia in 1830 (the others being Ecuador and New Granada, which became Colombia). For most of the first half of the 20th century, Venezuela was ruled by generally benevolent military strongmen who promoted the oil industry and allowed for some social reforms. Democratically elected governments have held sway since 1959, although the re-election of current disputed President Nicolas Maduro in an election boycotted by most opposition parties was widely viewed as fraudulent. Under Hugo Chavez, president from 1999 to 2013, and his hand-picked successor, Maduro, the executive branch has exercised increasingly authoritarian control over other branches of government. National Assembly President Juan Guaido is currently recognized by more than 50 countries - including the United States - as the interim president while Maduro retains control of all other institutions within the country and has the support of security forces. Venezuela is currently authoritarian with only one democratic institution - the National Assembly - and strong restrictions on freedoms of expression and the press. The ruling party's economic policies expanded the state's role in the economy through expropriations of major enterprises, strict currency

exchange and price controls that discourage private sector investment and production, and overdependence on the petroleum industry for revenues, among others. However, Caracas in 2019 relaxed some economic controls to mitigate some impacts of the economic crisis driven by a drop in oil production. Current concerns include human rights abuses, rampant violent crime, high inflation, and widespread shortages of basic consumer goods, medicine, and medical supplies.

## Economic Profile

Venezuela remains highly dependent on oil revenues, which account for almost all export earnings and nearly half of the government's revenue, despite a continued decline in oil production in 2017. In the absence of official statistics, foreign experts estimate that GDP contracted 12% in 2017, inflation exceeded 2000%, people faced widespread shortages of consumer goods and medicine, and the central bank's international reserves dwindled. In late 2017, Venezuela also entered selective default on some of its sovereign and state oil company, Petroleos de Venezuela, S.A., (PDVSA) bonds. Domestic production and industry continues to severely underperform and the Venezuelan Government continues to rely on imports to meet its basic food and consumer goods needs.



**POPULATION**  
28,644,603

Falling oil prices since 2014 have aggravated Venezuela's economic crisis. Insufficient access to dollars, price controls, and rigid labor regulations have led some US and multinational firms to reduce or shut down their Venezuelan operations. Market uncertainty and PDVSA's poor cash flow have slowed investment in the petroleum sector, resulting in a decline in oil production.

Under President Nicolas Maduro, the Venezuelan Government's response to the economic crisis has been to increase state control over the economy and blame the private sector for shortages. Maduro has given authority for the production and distribution of basic goods to the military and to local socialist party member committees. The Venezuelan Government has maintained strict currency controls since 2003. The government has been unable to sustain its mechanisms for distributing dollars to the private sector, in part because it needed to withhold some foreign exchange reserves to make its foreign bond payments. As a result of price and currency controls, local industries have struggled to purchase production inputs necessary to maintain their operations or sell goods at a profit on the local market. Expansionary monetary policies and currency controls have created opportunities for arbitrage and corruption and fueled a rapid increase in black market activity.

COMMUNICATIONS INFRASTRUCTURE AND ECONOMIC INDICATORS

### GDP PER CAPITA (PPP)

2017	2016	2015
\$12,500	\$14,400	\$17,300

### EXPORTS

2017	2016	COUNTRY COMPARISON TO THE WORLD
\$32.06 billion	\$27.2 billion	62

#### PARTNERS (2017)

US	INDIA	CHINA	NETHERLANDS ANTILLES
34.8%	17.2%	16%	8.2%

#### COMMODITIES

petroleum and petroleum products, bauxite and aluminum, minerals, chemicals, agricultural products

### IMPORTS

2017	2016	COUNTRY COMPARISON TO THE WORLD
\$11 billion	\$16.34 billion	99

#### PARTNERS (2017)

US	CHINA	MEXICO
24.8%	14.2%	9.5%

#### COMMODITIES

agricultural products, livestock, raw materials, machinery and equipment, transport equipment, construction materials, medical equipment, petroleum products, pharmaceuticals, chemicals, iron and steel products

### INTERNET USERS

TOTAL	% OF POPULATION (2017)	COUNTRY COMPARISON TO THE WORLD
18,547,381	72%	35

### TELEPHONES - FIXED LINES

TOTAL	SUBSCRIPTIONS PER 100 INHABITANTS (2018)	COUNTRY COMPARISON TO THE WORLD
5,547,291	19	27

### TELEPHONES - MOBILE CELLULAR

TOTAL	SUBSCRIPTIONS PER 100 INHABITANTS (2018)	COUNTRY COMPARISON TO THE WORLD
20,731,169	70	56

### TELEPHONE SYSTEM

#### GENERAL ASSESSMENT

modern and expanding; by late 2018 teledensity has fallen due to political upheaval in the country with people holding on to mobile service, but cancelling fixed-line telecom services; poor quality of service in many areas of the country due to financial concerns of customers, decrepit state of fixed-line network and difficulty to pay for equipment from foreign vendors; popularity of social networks has given growth to mobile data traffic; LTE population coverage about 47% (2018)

#### DOMESTIC

two domestic satellite systems with three earth stations; recent substantial improvement in telephone service in rural areas; installation of a national inter-urban fiber-optic network capable of digital multimedia services; 3 major providers operate in the mobile market and compete with state-owned company; fixed-line 19 per 100 and mobile-cellular telephone subscribership about 70 per 100 persons (2018)

#### INTERNATIONAL

country code - 58; landing points for the Venezuela Feroon, ARCOS, PAN-AM, SAC, GlobeNet, ALBA-I and Americas II submarine cable system providing connectivity to the Caribbean, Central and South America, and US; satellite earth stations - 1 Intelsat (Atlantic Ocean) and 1 PanAmSat (2020)





POPULATION

453,007,803

# EUROPEAN UNION

## Introduction

Following the two devastating World Wars in the first half of the 20th century, a number of far-sighted European leaders in the late 1940s sought a response to the overwhelming desire for peace and reconciliation on the continent. In 1950, the French Foreign Minister Robert SCHUMAN proposed pooling the production of coal and steel in Western Europe and setting up an organization for that purpose that would bring France and the Federal Republic of Germany together and would be open to other countries as well. The following year, the European Coal and Steel Community (ECSC) was set up when six members - Belgium, France, West Germany, Italy, Luxembourg, and the Netherlands - signed the Treaty of Paris.

The ECSC was so successful that within a few years the decision was made to integrate other elements of the countries' economies. In 1957, envisioning an "ever closer union," the Treaties of Rome created the European Economic Community (EEC) and the European Atomic Energy Community (Euratom), and the six member states undertook to eliminate trade barriers among themselves by forming a common market. In 1967, the institutions of all three communities were formally merged into the European Community (EC), creating a single Commission, a single Council of Ministers, and the body known today as the European Parliament. Members of the European Parliament were initially selected by national parliaments, but in 1979 the first direct elections were undertaken and have been held every five years since.

In 1973, the first enlargement of the EC took place with the addition of Denmark, Ireland, and the UK. The 1980s saw further membership expansion with Greece joining in 1981 and Spain and Portugal in 1986. The 1992 Treaty of Maastricht laid the basis for further forms of cooperation in foreign and defense policy, in judicial and internal affairs, and in the creation of an economic and monetary union - including a common currency. This further integration created the European Union (EU), at the time standing alongside the EC. In 1995, Austria, Finland, and Sweden joined the EU/EC, raising the membership total to 15.

A new currency, the euro, was launched in world money markets on 1 January 1999; it became the unit of exchange for all EU member states except Denmark, Sweden, and the UK. In 2002, citizens

of those 12 countries began using euro banknotes and coins. Ten new countries joined the EU in 2004 - Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, and Slovenia. Bulgaria and Romania joined in 2007 and Croatia in 2013, but the UK withdrew in 2020. Current membership stands at 27. (Seven of the new countries - Cyprus, Estonia, Latvia, Lithuania, Malta, Slovakia, and Slovenia - have now adopted the euro, bringing total euro-zone membership to 19.)

In an effort to ensure that the EU could function efficiently with an expanded membership, the Treaty of Nice (concluded in 2000; entered into force in 2003) set forth rules to streamline the size and procedures of EU institutions. An effort to establish a "Constitution for Europe," growing





out of a Convention held in 2002-2003, foundered when it was rejected in referenda in France and the Netherlands in 2005. A subsequent effort in 2007 incorporated many of the features of the rejected draft Constitutional Treaty while also making a number of substantive and symbolic changes. The new treaty, referred to as the Treaty of Lisbon, sought to amend existing treaties rather than replace them. The treaty was approved at the EU intergovernmental conference of the then 27 member states held in Lisbon in December 2007, after which the process of national ratifications began. In October 2009, an Irish referendum approved the Lisbon Treaty (overturning a previous rejection) and cleared the way for an ultimate unanimous endorsement. Poland and the Czech Republic ratified soon after. The Lisbon Treaty came into force on 1 December 2009 and the EU officially replaced and succeeded the EC. The Treaty's provisions are part of the basic consolidated versions of the Treaty on European Union (TEU) and the Treaty on the Functioning of the European Union (TFEU) now governing what remains a very specific integration project.

UK citizens on 23 June 2016 narrowly voted to leave the EU; the formal exit took place on 31 January 2020. The EU and UK have negotiated and ratified a Withdrawal Agreement that includes a status quo transition period through December 2020, which can be extended if both sides agree.

### Economic Profile

The 27 member states that make up the EU have adopted an internal single market with free movement of goods, services, capital, and labor. The EU, which is also a customs union, aims to bolster Europe's trade position and its political and economic weight in international affairs.

Despite great differences in per capita income among member states (from \$28,000 to \$109,000) and in national attitudes toward issues like inflation, debt, and foreign trade, the EU has achieved a high degree of coordination of monetary and fiscal policies. A common currency – the euro – circulates among 19 of the member states that make up the European Economic and Monetary Union (EMU). Eleven member states introduced the euro as their common currency on 1 January 1999 (Greece did so two years later). Since 2004, 13 states acceded to the EU. Of the 13, Slovenia (2007), Cyprus and Malta (2008), Slovakia (2009), Estonia (2011), Latvia (2014), and Lithuania (2015) have adopted the euro; seven other member states – excluding Denmark, which has a formal opt-out – are required by EU treaties to adopt the common currency upon meeting fiscal and monetary convergence criteria.

The EU economy posted moderate GDP growth for 2014 through 2017, capping five years of sustained growth since the 2008-09 global economic crisis and the ensuing sovereign debt crisis in the euro zone in 2011. However, the bloc's recovery was uneven. Some EU member states (Czechia, Ireland, Malta, Romania, Sweden, and Spain) recorded strong growth, others (Italy) experienced modest expansion, and Greece finally ended its EU rescue program in August 2018. Overall, the EU's recovery was buoyed by lower commodities prices and accommodative monetary policy, which lowered interest rates and stimulated demand. The euro zone, which makes up about 70% of the total EU economy, performed well, achieving a growth rate not seen in a decade. In October 2017 the European Central Bank (ECB) announced it would extend its bond-buying program through September 2018, and possibly beyond that date, to keep the euro zone recovery on track. The ECB's efforts to spur more lending and investment through its asset-buying

program, negative interest rates, and long-term loan refinancing programs have not yet raised inflation in line with the ECB's statutory target of just under 2%.

Despite its performance, high unemployment in some member states, high levels of public and private debt, muted productivity, an incomplete single market in services, and an aging population remain sources of potential drag on the EU's future growth. Moreover, the EU economy remains vulnerable to a slowdown of global trade and bouts of political and financial turmoil. In June 2016, the UK voted to withdraw from the EU, the first member country ever to attempt to secede. Continued uncertainty about the implications of the UK's exit from the EU (concluded January 2020) could hurt consumer and investor confidence and dampen EU growth, particularly if trade and cross-border investment significantly declines. Political disagreements between EU member states on reforms to fiscal and economic policy also may impair the EU's ability to bolster its crisis-prevention and resolution mechanisms. International investors' fears of a broad dissolution of the single currency area have largely dissipated, but these concerns could resurface if elected leaders implement policies that contravene euro-zone budget or banking rules. State interventions in ailing banks, including rescue of banks in Italy and resolution of banks in Spain, have eased financial vulnerabilities in the European banking sector even though some banks are struggling with low profitability and a large stock of bad loans, fragilities that could precipitate localized crises. Externally, the EU has continued to pursue comprehensive free trade agreements to expand EU external market share, particularly with Asian countries; EU and Japanese leaders reached a political-level agreement on a free trade agreement in July 2017, and agreement with Mexico in April 2018 on updates to an existing free trade agreement.



COMMUNICATIONS INFRASTRUCTURE AND ECONOMIC INDICATORS

### GDP PER CAPITA (PPP)

2017	2016	2015
\$40,900	\$39,400	\$38,200

### EXPORTS EXTERNAL, EXCLUDING INTRA-EU TRADE

2016	2015
\$1,929 trillion	\$1,985 trillion

PARTNERS (2016)			
USA	CHINA	SWITZERLAND	TURKEY
20.7%	9.6%	8.1%	4.4%

COMMODITIES  
 machinery, motor vehicles, pharmaceuticals and other chemicals, fuels, aircraft, plastics, iron and steel, wood pulp and paper products, alcoholic beverages, furniture

### IMPORTS EXTERNAL, EXCLUDING INTRA-EU TRADE

2016	2015	COUNTRY COMPARISON TO THE WORLD
\$1,895 trillion	\$1,92 trillion	2

PARTNERS (2016)			
CHINA	US	SWITZERLAND	RUSSIA
20.1%	14.5%	7.1%	6.3%

COMMODITIES  
 fuels and crude oil, machinery, vehicles, pharmaceuticals and other chemicals, precious gemstones, textiles, aircraft, plastics, metals, ships

### INTERNET USERS

TOTAL	PERCENT OF POPULATION
398,100,000	85%

### TELEPHONES - FIXED LINES

TOTAL	SUBSCRIPTIONS PER 100 INHABITANTS (2017)
210,621,546	4

### TELEPHONES - MOBILE CELLULAR

TOTAL	SUBSCRIPTIONS PER 100 INHABITANTS (2017)
625,000,799	121





# UNITED KINGDOM

## Introduction

The United Kingdom has historically played a leading role in developing parliamentary democracy and in advancing literature and science. At its zenith in the 19th century, the British Empire stretched over one-fourth of the earth's surface. The first half of the 20th century saw the UK's strength seriously depleted in two world wars and the Irish Republic's withdrawal from the union. The second half witnessed the dismantling of the Empire and the UK rebuilding itself into a modern and prosperous European nation. As one of five permanent members of the UN Security Council and a founding member of NATO and the Commonwealth, the UK

pursues a global approach to foreign policy. The Scottish Parliament, the National Assembly for Wales, and the Northern Ireland Assembly were established in 1998.

The UK has been an active member of the EU since its accession in 1973, although it chose to remain outside the Economic and Monetary Union. However, motivated in part by frustration at a remote bureaucracy in Brussels and massive migration into the country, UK citizens on 23 June 2016 narrowly voted to leave the EU. The UK departed the EU on 31 January 2020, but negotiations on the future EU-UK economic and security relationship will continue throughout 2020 and potentially beyond.



POPULATION  
**65,761,117**

## Economic Profile

The UK, a leading trading power and financial center, is the third largest economy in Europe after Germany and France. Agriculture is intensive, highly mechanized, and efficient by European standards, producing about 60% of food needs with less than 2% of the labor force. The UK has large coal, natural gas, and oil resources, but its oil and natural gas reserves are declining; the UK has been a net importer of energy since 2005. Services, particularly banking, insurance, and business services, are key drivers of British GDP growth. Manufacturing, meanwhile, has declined in importance but still accounts for about 10% of economic output.

In 2008, the global financial crisis hit the economy particularly hard, due to the importance of its financial sector. Falling home prices, high consumer debt, and the global economic slowdown compounded the UK's economic problems, pushing the economy into recession in the latter half of 2008 and prompting the then BROWN (Labour) government to implement a number of measures to stimulate the economy and stabilize the financial markets. Facing burgeoning public deficits and debt levels, in 2010 the then CAMERON-led coalition government (between Conservatives and Liberal Democrats) initiated an austerity program, which has continued under the Conservative government. However, the deficit still remains one of the highest in the G7, standing at 3.6% of GDP as of 2017, and the UK has pledged to lower its corporation tax from 20% to 17% by 2020. The UK had a debt burden of 90.4% GDP at the end of 2017.

COMMUNICATIONS INFRASTRUCTURE AND ECONOMIC INDICATORS

<b>GDP PER CAPITA (PPP)</b>			
2017 \$44,300	2016 \$43,800	2015 \$43,400	
<b>EXPORTS</b>			
2017 \$441.2 billion	2016 \$407.3 billion	COUNTRY COMPARISON TO THE WORLD 10	
PARTNERS (2017)			
US 13.2%	GERMANY 10.5%	FRANCE 7.4%	NETHERLANDS 6.2%
COMMODITIES manufactured goods, fuels, chemicals; food, beverages, tobacco			
<b>IMPORTS</b>			
2017 \$615.9 billion	2016 \$591 billion	COUNTRY COMPARISON TO THE WORLD 5	
PARTNERS (2017)			
GERMANY 13.7%	US 9.5%	CHINA 9.3%	NETHERLANDS 8%
COMMODITIES manufactured goods, machinery, fuels; foodstuffs			
<b>INTERNET USERS</b>			
TOTAL 61,064,454	% OF POPULATION (JULY 2016) 94.8%	COUNTRY COMPARISON TO THE WORLD 11	
<b>TELEPHONES - FIXED LINES</b>			
TOTAL 31,919,894	SUBSCRIPTIONS PER 100 INHABITANTS (2018) 49	COUNTRY COMPARISON TO THE WORLD 7	
<b>TELEPHONES - MOBILE CELLULAR</b>			
TOTAL 79,472,341	SUBSCRIPTIONS PER 100 INHABITANTS (2018) 122	COUNTRY COMPARISON TO THE WORLD 21	
<b>TELEPHONE SYSTEM</b>			
GENERAL ASSESSMENT technologically advanced domestic and international system; one of the largest markets in Europe for revenue and subscribers; will complete the switch to fiber by 2025; mobile penetration above the EU average; govt funding for trial 5G technologies; FtTP provided to over million customers; super-fast broadband available to about 95% of customers (2018)			
DOMESTIC equal mix of buried cables, microwave radio relay, and fiber-optic systems; fixed-line 49 per 100 and mobile-cellular 122 per 100 (2018)			
INTERNATIONAL country code - 44; Landing points for the GTT Atlantic, Scotland-Northern Ireland -1, & -2, Lanis 1-2, & -3, Sirius North, BT-MT-1, SHEFA-2, BT Highlands and Islands Submarine Cable System, Northern Lights, FARICE-1, Celtic Norse, Tampnet Offshore FOC Network, England Cable, CC-2, E-LLan, Sirius South, ESAT -1 & -2, Rockabill, Geo-Eirgrid, UK-Netherlands-14, Circle North & South, Ulysses2, Conceto, Farland North, Pan European Crossing, Solas, Swansea-Bream, GTT Express, Tata TGN-Atlantic & -Western Europe, Apollo, EIG, Glo-1, TAT-14, Yellow, Celtic, FLAG Atlantic-1, FEA, Isle of Scilly Cable, UK-Channel Islands-8 and SeaMeWe-3 submarine cables providing links throughout Europe, Asia, Africa, the Middle East, Southeast Asia, Australia, and US; satellite earth stations - 10 Intelsat (7 Atlantic Ocean and 3 Indian Ocean), 1 Inmarsat (Atlantic Ocean region), and 1 Eutelsat; at least 8 large international switching centers (2020)			





## Introduction

Britain's American colonies broke with the mother country in 1776 and were recognized as the new nation of the United States of America following the Treaty of Paris in 1783. During the 19th and 20th centuries, 37 new states were added to the original 13 as the nation expanded across the North American continent and acquired a number of overseas possessions. The two most traumatic experiences in the nation's history were the Civil War (1861-65), in which a northern Union of states defeated a secessionist Confederacy of 11 southern slave states, and the Great Depression of the 1930s, an economic downturn during which about a quarter of the labor force lost its jobs. Buoyed by victories in World Wars I and II and the end of the Cold War in 1991, the US remains the world's most powerful nation state. Since the end of World War II, the economy has achieved relatively steady growth, low unemployment and inflation, and rapid advances in technology.

## Economic Profile

The US has the most technologically powerful economy in the world, with a per capita GDP of \$59,500. US firms are at or near the forefront in technological advances, especially in computers, pharmaceuticals, and medical, aerospace, and military equipment; however, their advantage has narrowed since the end of World War II. Based on a comparison of GDP measured at purchasing power parity conversion rates, the US economy in 2014, having stood as the largest in the world for more than a century, slipped into second place behind China, which has more than tripled the US growth rate for each year of the past four decades. In the US, private individuals and business firms make most of the decisions, and the federal and state governments buy needed goods and services predominantly in the private marketplace. US business firms enjoy greater flexibility than their counterparts in Western Europe and Japan in

decisions to expand capital plant, to lay off surplus workers, and to develop new products. At the same time, businesses face higher barriers to enter their rivals' home markets than foreign firms face entering US markets.

Long-term problems for the US include stagnation of wages for lower-income families, inadequate investment in deteriorating infrastructure, rapidly rising medical and pension costs of an aging population, energy shortages, and sizable current account and budget deficits.

The onrush of technology has been a driving factor in the gradual development of a "two-tier" labor market in which those at the bottom lack the education and the professional/technical skills of those at the top and, more and more, fail to get comparable pay raises, health insurance coverage, and other benefits. But the globalization of trade, and especially the rise of low-wage producers such as China, has put additional downward pressure on wages and upward pressure on the return to capital. Since 1975, practically all the gains in household income have gone to the top 20% of households. Since 1996, dividends and capital gains have grown faster than wages or any other category of after-tax income.

Imported oil accounts for more than 50% of US consumption and oil has a major impact on the overall health of the economy. Crude oil prices doubled between 2001 and 2006, the year home prices peaked; higher gasoline prices ate into

consumers' budgets and many individuals fell behind in their mortgage payments. Oil prices climbed another 50% between 2006 and 2008, and bank foreclosures more than doubled in the same period. Besides dampening the housing market, soaring oil prices caused a drop in the value of the dollar and a deterioration in the US merchandise trade deficit, which peaked at \$840 billion in 2008. Because the US economy is energy-intensive, falling oil prices since 2013 have alleviated many of the problems the earlier increases had created.

The sub-prime mortgage crisis, falling home prices, investment bank failures, tight credit, and the global economic downturn pushed the US into a recession by mid-2008. GDP contracted until the third quarter of 2009, the deepest and longest downturn since the Great Depression. To help stabilize financial markets, the US Congress established a \$700 billion Troubled Asset Relief Program in October 2008. The government used some of these funds to purchase equity in US banks and industrial corporations, much of which had been returned to the government by early 2011. In January 2009, Congress passed and former President Barack OBAMA signed a bill providing an additional \$787 billion fiscal stimulus to be used over 10 years - two-thirds on additional spending and one-third on tax cuts - to create jobs and to help the economy recover. In 2010 and 2011, the federal budget deficit reached nearly 9% of GDP. In 2012, the Federal Government reduced the growth of spending and the deficit shrank to 7.6% of GDP. US revenues from taxes and other sources are lower, as a percentage of GDP, than those of most other countries.



Wars in Iraq and Afghanistan required major shifts in national resources from civilian to military purposes and contributed to the growth of the budget deficit and public debt. Through FY 2018, the direct costs of the wars will have totaled more than \$1.9 trillion, according to US Government figures.

In March 2010, former President OBAMA signed into law the Patient Protection and Affordable Care Act (ACA), a health insurance reform that was designed to extend coverage to an additional 32 million Americans by 2016, through private health insurance for the general population and Medicaid for the impoverished. Total spending on healthcare - public plus private - rose from 9.0% of GDP in 1980 to 17.9% in 2010.

In July 2010, the former president signed the DODD-FRANK Wall Street Reform and Consumer Protection Act, a law designed to promote financial stability by protecting consumers from financial abuses,





POPULATION

332,639,102

ending taxpayer bailouts of financial firms, dealing with troubled banks that are "too big to fail," and improving accountability and transparency in the financial system - in particular, by requiring certain financial derivatives to be traded in markets that are subject to government regulation and oversight.

The Federal Reserve Board (Fed) announced plans in December 2012 to purchase \$85 billion per month of mortgage-backed and Treasury securities in an effort to hold down long-term interest rates, and to keep short-term rates near zero until unemployment dropped below 6.5% or inflation rose above 2.5%. The Fed ended its purchases during the summer of 2014, after the unemployment rate dropped to 6.2%, inflation stood at 1.7%, and public debt fell below 74% of GDP. In December 2015, the Fed raised its target for the benchmark federal funds rate by 0.25%, the first increase since the recession began. With continued low growth, the Fed opted to raise rates several times since then, and in December 2017, the target rate stood at 1.5%.

In December 2017, Congress passed and President Donald TRUMP signed the Tax Cuts and Jobs Act, which, among its various provisions, reduces the corporate tax rate from 35% to 21%; lowers the individual tax rate for those with the highest incomes from 39.6% to 37%, and by lesser percentages for those at lower income levels; changes many deductions and credits used to calculate taxable income; and eliminates in 2019 the penalty imposed on taxpayers who do not obtain the minimum amount of health insurance required under the ACA. The new taxes took effect on 1 January 2018; the tax cut for corporations are permanent, but those for individuals are scheduled to expire after 2025. The Joint Committee on Taxation (JCT) under the Congressional Budget Office estimates that the new law will reduce tax revenues and increase the federal deficit by about \$1.45 trillion over the 2018-2027 period. This amount would decline if economic growth were to exceed the JCT's estimate.

COMMUNICATIONS INFRASTRUCTURE AND ECONOMIC INDICATORS

GDP PER CAPITA (PPP)

2017	2016	2015
\$59,800	\$58,900	\$58,400

EXPORTS

2017	2016	COUNTRY COMPARISON TO THE WORLD
\$1.553 trillion	\$1.456 trillion	2

PARTNERS (2017)

CANADA	MEXICO	CHINA	JAPAN
18.3%	15.7%	8.4%	4.4%

COMMODITIES

agricultural products (soybeans, fruit, corn) 9.2%, industrial supplies (organic chemicals) 26.8%, capital goods (transistors, aircraft, motor vehicle parts, computers, telecommunications equipment) 49.0%, consumer goods (automobiles, medicines) 15.0%

IMPORTS

2017	2016	COUNTRY COMPARISON TO THE WORLD
\$2.361 trillion	\$2.208 trillion	1

PARTNERS (2017)

CHINA	MEXICO	CANADA	JAPAN
21.6%	13.4%	12.8%	5.8%

COMMODITIES

agricultural products 4.9%, industrial supplies 32.9% (crude oil 8.2%), capital goods 30.4% (computers, telecommunications equipment, motor vehicle parts, office machines, electric power machinery), consumer goods 31.8% (automobiles, clothing, medicines, furniture, toys)

INTERNET USERS

TOTAL	% OF POPULATION (JULY 2016)	COUNTRY COMPARISON TO THE WORLD
246,809,221	76.2%	3

TELEPHONES - FIXED LINES

TOTAL	SUBSCRIPTIONS PER 100 INHABITANTS (2018)	COUNTRY COMPARISON TO THE WORLD
109,961,894	34	2

TELEPHONES - MOBILE CELLULAR

TOTAL	SUBSCRIPTIONS PER 100 INHABITANTS (2018)	COUNTRY COMPARISON TO THE WORLD
422,000,000	129	3

TELEPHONE SYSTEM

GENERAL ASSESSMENT

a large, technologically advanced, multipurpose communications system; mobile subscriber penetration rate of about 127%; 5G technologies and commercial services into 2020; developing technologies based on 5G for non-commercial customers as well; FttP rather than FttN efforts (2018)

DOMESTIC

a large system of fiber-optic cable, microwave radio relay, coaxial cable, and domestic satellites carries every form of telephone traffic; a rapidly growing cellular system carries mobile telephone traffic throughout the country; fixed-line 34 per 100 and mobile-cellular 129 per 100 (2018)

INTERNATIONAL

country code - 1; landing points for the Quintillion Subsea Cable Network, TERRA SW, AU-Aleutian, KKFL, AKORN, Alaska United -West, & -East & -Southeast, North Star, Lynn Canal Fiber, KetchCar 1, PC-1, SCCN, Tat TGN-Pacific & -Atlantic, Jupiter, Hawaiki, NCP, FASTER, HKA, JUS, AAG, BtoBE, Currie, Southern Cross NEXT, SxS, PLCN, Utility EAC-Pacific, SEA-US, Paniolo Cable Network, HICS, HIFN, ASH, Telstra Endeavor, Honotua, AURORA, ARCOS, AMX-1, Americas -I & -II, Columbus IIb & -III, Maya-1, MAC, GTMO-1, BICS, CFX-1, GlobeNet, Monet, SAM-1, Bahamas 2, PCCS, BRUSA, Dunant, MAREA, SAE x1, TAT 14, Apollo, Gemini Bermuda, Havfrue/AEC-2, Seabras-1, WALL-LI, NYNJ-1, FLAG Atalantic-1, Yellow, Atlantic Crossing-1, AE Connect -1, sea2shore, Challenger Bermuda-1, and GTT Atlantic submarine cable systems providing international connectivity to Europe, Africa, the Middle East, Asia, Southeast Asia, Australia, New Zealand, Pacific, & Atlantic, and Indian Ocean Islands, Central and South America, Caribbean, Canada and US; satellite earth stations - 61 Intelsat (45 Atlantic Ocean and 16 Pacific Ocean), 5 Intersputnik (Atlantic Ocean region), and 4 Inmarsat (Pacific and Atlantic Ocean regions) (2020)



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