

# Present and Future of the Internet in Latin America

Fernando Rodríguez-Alvez, June 1999

How many Internet users are there in Latin America? Today it is estimated that about 7 million (1) people use the Internet in Latin America, although other analysts believe the number might be close to 10 million (2). Some studies cite as many as 13 million users throughout the region (3).

Differences of opinion over the actual number of users in Latin America, and the rate of growth of the Internet in the region, often hide the issue of the number of users as a percentage of the entire population. If we assume the number of Internet users in Latin America is 10 million, this still comes out to less than two percent of the population, compared with estimates ranging from 33% to 40% of the population in the United States.

## Who are the Internet users in Latin America?

According to one study published at the end of 1997(4), 90% of Latin American Internet users were from the upper middle and high socio-economic classes. Also, 80% of those interviewed said that English was not an obstacle for their use of the Internet.

Many commercial ventures, some based in the U.S. and some based in Latin America, see the small proportion of users in the region as a potential gold mine, concluding that the potential for growth in Latin America for services such as Internet access and e-commerce is enormous. For example, according to Fernando Espuelas, CEO of StarMedia Network, a Web Portal focusing on Latin America, about one-fifth of the population of the region belongs to the middle class and their per capita income make them serious potential customers of Internet services (5). Research conducted by Nazca S&S, the Latin American network of Saatchi & Saatchi Worldwide, suggests that by the year 2000, approximately 34 million people in Latin America will be using the Internet.

The contrary argument asserts that most of those in the region who can afford to be on the Internet already are, and that significant growth will not occur until general economic conditions and income distribution improve. Latin America has one of the world's most unequal distributions of wealth. To cite one example, there are seven Mexicans on the Forbes magazine list of the world's wealthiest billionaires, while 40 million Mexicans, nearly half of the population, subsists on the official minimum wage of about US\$100 per month. In Brazil, Latin America's largest economy, the official minimum wage is even less than Mexico's, at about US\$80 per month.

To give another idea of the scope of the problem, currently no country in Latin America has per capita GNP of over US\$9,000.

Country	GNP per capita (Dollars)
Argentina	8,570
Uruguay	6,020
Chile	5,020
Brazil	4,720
Mexico	3,680
Venezuela	3,450
Panama	3,080
Costa Rica	2,640
Peru	2,460
Colombia	2,280

Source: World Bank Report 1998/99.

The most connected countries in Latin America, measured in terms of the number of users, are also the most populated countries in the region: Brazil and Mexico. While Brazil is believed to have 2 million Internet users, Mexico has around 800,000 users. These two are followed by Argentina and Chile, with more than 220,000 users each.

Country	People with Internet Access (as a percentage of total population)
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United States	20.0%
Chile	1.35%
Brazil	1.20%
Mexico	0.90%
Argentina	0.80%

Source: Lanic calculations based on various sources..

### Infrastructure Issues

Beyond issues of income and size of the economies, there are other factors that will play a major role in determining the pace of growth for Internet usage in the region. Many of these have to do with access to the basic infrastructure necessary for connecting to the Internet, such as computers and phone lines. According to Annika Alford, research manager for the Latin American Department at International Data Corporation (IDC), "basic telephony costs remain the single largest inhibitor to greater growth in Internet usage in Latin America." (6) However, cable Internet access is becoming a new force to provide this service in Latin America. For instance, 43.7% of all households in Argentina are connected to cable TV, which puts this country at a tremendous advantage if affordable alternatives for cable-based Internet access can be effectively brought to market.

Country	% of Home w/Cable TV
Argentina	43.7
Brazil	19.2
Mexico	17.9
Chile	5.7
Colombia	2.2
Uruguay	2.2
Venezuela	1.8

Guatemala	1.4
Paraguay	1.3

Grupo Clarin, 1998.

The other major infrastructure issue is personal computers. At the beginning of 1998, it was estimated that there were 14 million PCs in the region. Lower computer prices and economic growth in the region have led to increased demand for PCs, but "inexpensive PCs will do little good, if the cost of long-distance telephone connections required to access the Internet remain as high as they are today," said Paul Cosntance in the Inter-American Development Bank's America Magazine.

<b>Country</b>	<b>PC's per 100 inhabitants</b>
United States	35.6a
Germany	18.3a
France	17.6a
Chile	4.5b
Argentina	4.3b
Mexico	4.1b
Brazil	4.0c
Venezuela	4.0b
Colombia	2.9b

a- eStats, January 1999

b- Forbes Magazine, June 1998

c- Revista Exame, 1998

## English Only?

The Internet, while clearly a global medium, is still heavily dominated by the English language. In 1996, the Internet Society conducted a survey sampling 60,000 of the 30 million computers around the world with Internet addresses. The study revealed that of the 17 most common languages in the world, English was by far the most frequently encountered -- accounting for no fewer than 82% of home pages on the WWW. German was second with 4%; followed by Japanese 1.6%; French 1.5% and Spanish 1.1%. Other Internet experts assert that more than 90% of the Internet sites are posted in English. More recently, a study by the Agence de la Francophonie, Union Latina and the NGO Funredes found that English is still the language that appears most frequently on the Internet at about 75%, while French accounts for 2.8%, Spanish 2.5%, and Italian 1.5%.

The number of Spanish-language sites on the WWW is growing rapidly, spurred in part by the recent launching of heavily-financed Spanish-language portal sites such as Yahoo! en Español, StarMedia, and QuePasa.com. However, much of the content on WWW remains inaccessible to the majority of the Latin American population, which does not speak English.

Country	Daily Newspapers (a)	TV sets (a)	Telephone main lines (a)	Mobile Phones (a)	Personal Computers (a)	Internet Hosts (b)
Argentina	138	347	174	16	24.6	5.32
Bolivia	69	202	47	4	..	0.69
Brazil	45	289	96	16	18.4	4.2
Chile	100	280	156	23	45.1	13.12
Colombia	64	188	118	13	23.3	1.81
Costa Rica	99	220	155	14	..	12.14
Dominican Republic	34	84	83	8	..	0.03
Ecuador	72	148	73	5	3.9	0.9
El Salvador	50	250	56	3	..	0.34
Guatemala	23	122	31	4	2.8	0.079
Haiti	6	5	8	..	..	..
Honduras	44	80	31	..	..	0.94

Mexico	113	193	95	11	29.0	3.72
Nicaragua	30	170	26	1	..	1.6
Panama	62	229	122	..	..	1.44
Paraguay	42	144	36	7	..	0.47
Peru	86	142	60	8	5.9	2.63
Uruguay	237	305	209	25	22	3.18
Venezuela	215	180	117	35	21.1	2.06

a- per 1,000 people.

b- per 10,000 people.

Source: The World Bank, World Development Report: Knowledge for Development-1998/99.

#### Footnotes

1-"Surprise! Surprise! Latin America Internet Use is on the Rise." PR Newswire. 11/19/97.

2-Richtel, Matt. "America Online Tackles Latin America." The New York Times. 4/5/99.

3-Romney, Lee. "A Latino Internet Revolution." Los Angeles Times. 6/22/99.

4-"Surprise! Surprise! Latin America Internet Use is on the Rise."

5-Niccolai, James. "Los mercados latinoamericanos estan preparados para la explosion de la Internet." CnnenEspanol.com-Ciencia y Tecnologia. 10/15/98.

6-"Study Finds Consumers Represent Sixty Percent of Accounts for Latin American Internet Access Providers." International Data Corporation. 9/15/98.