

Meeting Document Summary Sheet

Document Title: Facilitating digital connectivity and widespread access to broadband networks
Purpose: For consideration
Issue: Promoting digital connectivity in the APEC region
Background: <p>One of the key pillars in the APEC Connectivity Blueprint for 2015-2025 is facilitating investments in international connectivity through fiber-optic cables (including submarine cables and terrestrial cables) to connect an economy or region to the global internet.</p> <p>Enhancing digital connectivity in such fashion would address some of the conclusions of a recent report commissioned by ABAC in the sense that a well-developed broadband infrastructure is key to enhancing the connectivity of digital economies and that economies that lack appropriate broadband infrastructure should assign a high priority to fixed line broadband.</p> <p>In light of that, ABAC has recommended Leaders to broaden affordable access to all communities to the internet and broadband communications through policies that generate competition and by prioritizing investment in facilitating infrastructure.</p> <p>This presentation focuses on Chilean government assessments to deploy a submarine fiber optic cable linking South America and Asia so as to promote digital connectivity and regional integration.</p>
Proposal / Recommendations: <ul style="list-style-type: none">• Holding a workshop in March/April of 2019 on a submarine cable deployment implications to both business and regional integration specifically focused on the project's overall economics, security and potential to actually affect broadband access.• Address the potential of PPPs in this context.• Give recommendations to Leaders if applicable.

Facilitating digital connectivity and widespread access to broadband networks

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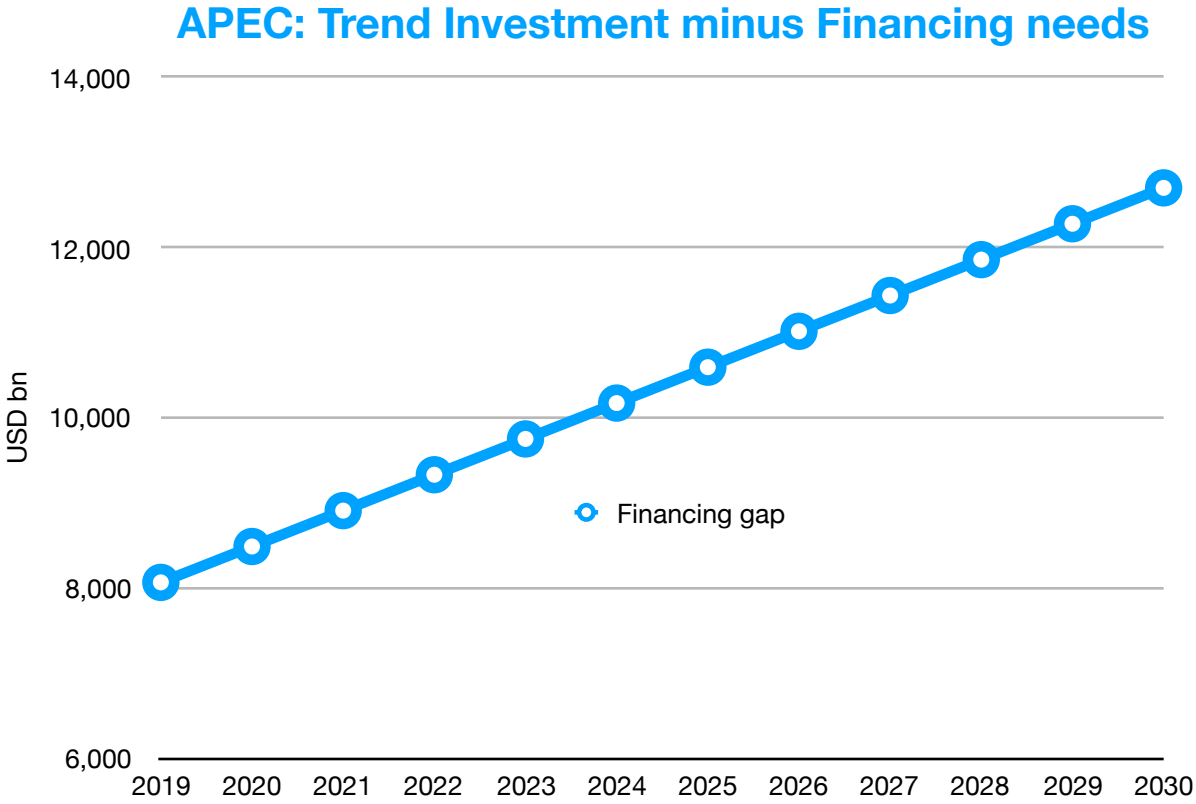


APEC Connectivity Blueprint

- ▶ **APEC Leaders' 2013 Declaration:** seamlessly and comprehensively connected and integrated Asia-Pacific through the pillars of Institutional, People-to-People and Physical Connectivity.
 - ▶ **Physical:** disparity in access to and quality of physical and ICT infrastructure throughout the region; commitment to increase broadband internet access and reduce the digital divide.
 - ▶ **Key pillar:** facilitate investments in international connectivity through fiber-optic cables.
- ▶ Enhancing infrastructure financing through public private partnerships (PPP).
- ▶ Measures to cut costs of red tape, doing business and other barriers, thus promoting investment to close financing gaps.
- ▶ SOM-level group on the Internet Economy → incorporate private sector input into the digital and internet economy agenda.



Telecom infrastructure: financing gap



Data for AU, CA, CL, CN, ID, JN, KO, MX, NZ, PE, TH, US

Source: Global Infrastructure Hub



The project

- ▶ Chilean government weighing technical, economic and legal viability factors together with the Andean Development Bank (CAF) and Inter-American Development Bank (IADB).
- ▶ Feasibility to be reported by mid-July 2019; bidding thereafter.
- ▶ Two private companies have conducted their own viability reports.
- ▶ Chilean government would privilege establishing a PPP with a consortium.
- ▶ China, Japan, New Zealand/Australia are interested in this project. In South America, Argentina, Brazil also considering participation in the PPP.



Submarine fiber optic cable: “Digital Gate Asia-South America”



22,000 kms

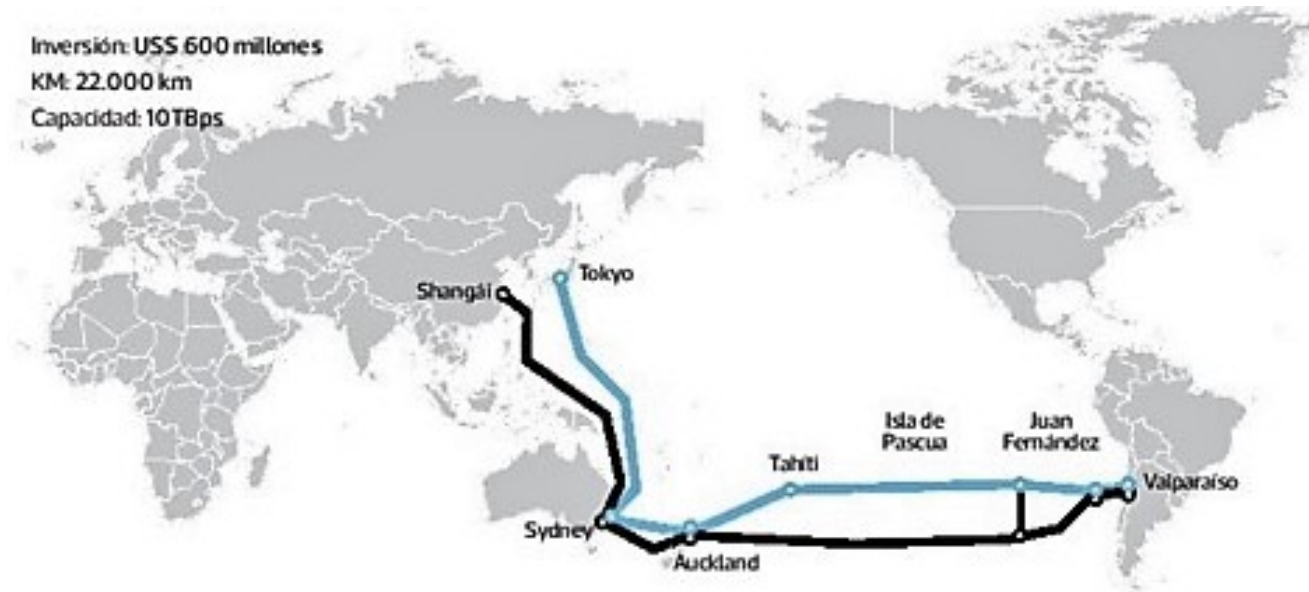


USD 600m
investment



2 alternatives

Inversión: US\$ 600 millones
KM: 22.000 km
Capacidad: 10TBps



ABAC

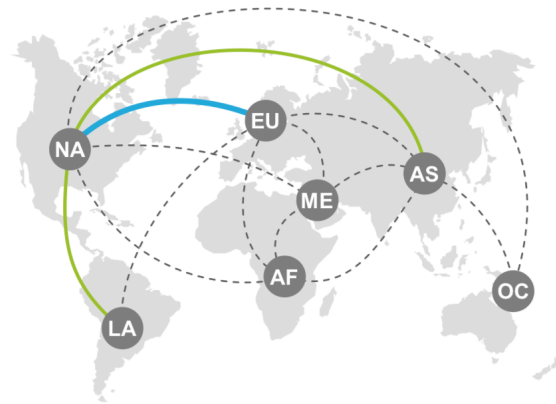
Cross-border data flows

Cross-border data flows are surging and connecting more countries

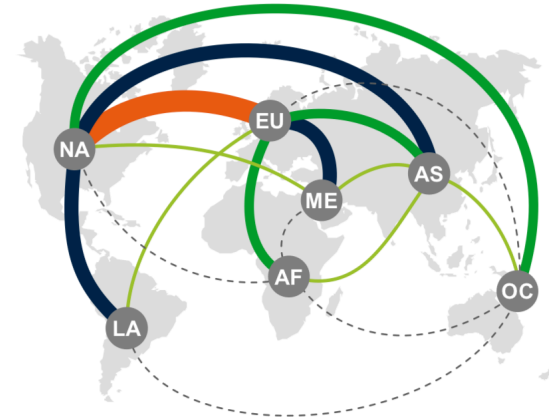
Used cross-border bandwidth

Regions	NA United States and Canada	EU Europe	AS Asia	LA Latin America	ME Middle East	AF Africa	OC Oceania
Bandwidth Gigabits per second (Gbps)	----- <50	— 50–100	— 100–500	— 500–1,000	— 1,000–5,000	— 5,000–20,000	— >20,000

2005
100% = 4.7 Terabits per second (Tbps)



2014
100% = 211.3 Tbps **45x larger**



NOTE: Lines represent interregional bandwidth (e.g., between Europe and North America) but exclude intraregional cross-border bandwidth (e.g., connecting European nations with one another).

SOURCE: TeleGeography, Global Internet Geography; McKinsey Global Institute analysis

Business and strategic impact

- ▶ Chile as a bridge: It would enhance Latin America's connectivity with the Asia-Pacific region reducing costs and enabling new businesses (data centers, IT...) → South American digital hub.
- ▶ Digital and internet-based technologies provide the underpinning for the global economy, acting as a platform and catalyst for innovation.
- ▶ Strategic considerations: geostrategic interdependence → implications for relationships between partners.



Proposed work plan

- ▶ **ABAC I:** Chile's approach to connect with Asia and broaden connectivity. Kickstart discussion.
- ▶ **ABAC II:** Report on workshop to be held in Santiago, March/April, to identify the project's business opportunities.
- ▶ **ABAC III:** Recommendations to Leaders.

