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> " There is a lack of understanding of the role that the IT industry could have in the development of the Argentinean economy."
>
> ***—IT executive, Argentina***

> " Investment in IT increases competitiveness not only in companies but also in the whole economy. The increase of competitiveness leads to economic growth. So there are just two options for the future: to remain behind or to close the gap…[closing the gap] is the scenario that we imagine for Argentina."
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> ***—CEO of an IT company, Argentina***

While Argentina ranks first among Latin American nations in Readiness for the Networked World, and thirty-second overall, the nation faces a number of serious challenges. Most notably, Argentina has been suffering recently from severe economic and financial crises. Low household income, high prices for technology equipment and services, and limited government programs promoting ICTs (Ranking in Effectiveness of Government ICT Programs: 52) constrain the ability of the new technologies to help support the economy.

Argentina's Network Access indicators are among the best in the region, and the country's telecommunications infrastructure has improved since the privatization of the state operator Entel in 1990. Teledensity is high, measured at twenty-one fixed lines per hundred people and sixteen mobile lines per hundred people in 2000. The number of cellular telephone subscribers has grown more than 300 percent a year since 1990.[1]

Most (77 percent) of Argentina's Internet users are located in Buenos Aires.[2] Internet access costs declined 23 percent between 1999 and 2000.[3] A number of ISPs provide free Internet access by sharing revenues with telecommunications firms; it is estimated that 37 percent of all dial-up accounts belong to free ISPs.[4] The government has helped to extend access by creating a 0610 prefix for telephone numbers to offer nationwide Internet telephone calls at a discounted rate.

There are promising early-stage access initiatives bringing technology to education, but observers point out the need to enhance and link them with teacher training efforts. A public-private partnership, known as *educ.ar*, aims to wire all schools and offer e-mail access to all students. *RedEs* is a public initiative that aims to link 40,000 schools in four years.[5] Higher education is top-notch, creating a pool of human resources with a high level of technical expertise, although job opportunities are limited.

Argentina is one of the dot-com leaders of Latin America, and the number of Argentine Internet start-ups is higher than in most of the region (Ranking in Prevalence of Internet Start-ups: 27). E-commerce is thriving: it is estimated that Argentines will spend US$231 million online in 2001.[6]

Argentina's software and software services companies compete globally. However, software piracy is rampant, and tax evasion in the hardware industry is common. Taxes and trade barriers make software, technology equipment, and services unaffordable to many Argentines. Funding is hard to come by, and credit is expensive.

Argentina lacks a viable long-term national vision for tapping into technology's benefits (Ranking in ICT as Government Priority: 54). The lack of trust in the Argentine government further inhibits the government's ability to extend ICT use. Critics argue that Argentina needs to improve its legal framework for ICT while, at the same time, reducing corruption and building trust in government. Intellectual property laws are not in place, and laws that do exist are not obeyed or enforced.

There is evidence that the Argentine government is taking initial steps toward building the legal and economic framework necessary for promoting the technology industry. A Digital Signature Law was approved and sanctioned by the Congress in late 2001. The Ministry of Economy is considering fiscal incentives for the software and IT services industry in the context of a national competitiveness plan.

Argentina

Key Facts

Population	37,000,000
Rural population (% of total population) 1999	10.40 %
GDP per capita (PPP)	US$12,314
Global Competitiveness Index Ranking, 2001–2002	49
UNDP Human Development Index Ranking, 2001 (adjusted to GITR sample)	29
Main telephone lines per 100 inhabitants	21.31
Telephone faults per 100 main telephone lines	17.29
Internet hosts per 10,000 inhabitants	72.98
Personal computers per 100 inhabitants	5.13
Piracy rate	58.00 %
Percent of PCs connected to Internet	14.23 %
Internet users per host	9.25
Internet users per 100 inhabitants	6.75
Cell phone subscribers per 100 inhabitants	16.33
Average monthly cost for 20 hours of Internet access	US$20.75

	RANK
Networked Readiness Index	**32**
Network Use component index	**31**
Enabling Factors component index	**36**
Network Access	**35**
Information Infrastructure	28
Hardware, Software, and Support	41
Network Policy	**39**
Business and Economic Environment	45
ICT Policy	33
Networked Society	**43**
Networked Learning	38
ICT Opportunities	51
Social Capital	39
Networked Economy	**38**
e-Commerce	31
e-Government	34
General Infrastructure	50