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## **Telecoms can drive economic recovery in Europe**

- **Telefónica's Alierta: "High-speed networks are critical to Europe's competitiveness"**

**Brussels, 14 October 2009** A major challenge for the European economy over the next five years will be to achieve the right political and regulatory environment to foster investments in new high-speed telecommunications networks, Telefónica Chairman César Alierta said today.

Alierta called on European policymakers to focus their efforts on speeding up the rollout of the next generation networks that lie at the heart of a future knowledge-based society and economy. The first step is to urgently create a regulatory climate that stimulates infrastructure investment, he said.

Telefónica believes the challenge going forward will be to create confidence in the markets so that large-scale investments in new high-speed networks take place in Europe, where the bloc is falling behind North America and Asia.

"The Information Communications Technology (ICT) sector is a complex ecosystem which is changing rapidly and produces constant innovation which makes it so important to modern economies," Alierta said. "But there will be no new applications and services – nothing like a European Facebook or Google – if we do not achieve the best state-of-the-art infrastructure for communications in Europe."

Alierta said EU policymakers could foster an investment-friendly climate by creating the appropriate incentives for investments with a forward-looking regulatory framework. He also called for freeing up the necessary spectrum for new mobile services as soon as possible.

The deliberalisation process has been a great European success story and resulted in the creation of today's competitive communication markets in Europe, in which consumer prices have been constantly decreasing in the last decade.

But Alierta warned that while Europe is global leader in telecoms – particularly mobile communications where the region has the highest penetration and coverage of any major market – it significantly trails the USA in the development of Internet applications and Software and Asia in terms of hardware and computer manufacturing.

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**About Telefonica**

Telefónica is one of the largest telecommunications companies in the world in terms of market capitalisation. Its activities are centered mainly on the fixed and mobile telephony businesses with broadband as the key tool for the development of both. The company has a significant presence in 25 countries and a customer base that amounts to 264 million accesses around the world. Telefonica has a strong presence in Spain, Europe and Latin America, where the company focuses an important part of its growth strategy. Telefónica is a 100% listed company, with more than 1.5 million direct shareholders. Its share capital currently comprises 4,704,996,485 ordinary shares traded on the Spanish Stock Market (Madrid, Barcelona, Bilbao and Valencia) and on those in London, Tokyo, New York, Lima, Buenos Aires and São Paulo.

**About Telefónica Europe**

Telefónica Europe is a business division of Telefónica comprising mobile, fixed and DSL operations in the UK, Ireland, Germany, the Czech Republic and Slovakia - all of which use 'O2' as their consumer brand. Telefónica Europe also has 50% ownership of the UK and Irish Tesco Mobile and German Tchibo Mobilfunk joint venture businesses. In addition, the group includes the Isle of Man integrated fixed/mobile operator, Manx Telecom. Telefónica Europe is headquartered in Slough, UK, and has some 46.7 million mobile and fixed customers.

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