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In the last decade, since the telecommunications sector in Brazil was privatized, as the cover story explains, it has undergone sweeping changes. Now, as in the rest of the world, a second wave of changes is arriving. The question now is ensure broadband access for the majority of the population. This is what is guiding the actions of operators, suppliers, regulators, and the government. The next step will be how technological convergence will bring TV and broadband together to transport, store, and redistribute sound, video, voice and data.

Already fixed and mobile telephone operators are merging to lower costs and optimize resources. Recently, the Spanish company, Telefónica, has purchased 100% of the Vivo company. Mexican businessman Carlos Slim, owner of Telmex, has shown interest in becoming sole owner of Brazil's Net Serviços company. These developments give rise to large business groups, similar to what happening throughout Latin America, where the prevailing two international companies are Spain's Telefónica and Mexico's Telmex.

In Brazil there are actually three groups because the national company, Oi, has been strengthened by a 23% investment by Portugal Telecom. But how smaller companies will fare is not clear. "They may be purchased by large companies or maintain separate operations in specific market niches," says economist Marcio Couto of the Brazilian Institute of Economics, a former executive of the National Telecommunications Agency and director of Embratel

Lower costs and solid companies seem to be the prospects for the telecom sector. Between 2000 and the first half of 2010, the prices of communications services in Brazil increased above inflation by 1.5%, while the United States and European Union countries registered declines of 32% and 36%. One explanation for this is due to privatization. Because the sector was in precarious condition, there was a need for heavy investments to improve the networks. Most of the investments had to be funded by higher prices.