

municipalities) the exclusive right to provide public telecommunication services. Changing this monopoly will be difficult. Only Congress can change the monopoly principle expressed in Article 21 of the 1988 Constitutional Act, and this will encounter strong opposition from labour unions (very active in telecommunications) and nationalist opposition political parties, who still believe that state intervention in the economy means "efficiency" and "social benefits" for Brazilians.

Telecommunications is one of the main economic sectors in which international capital could return to Brazil with profitable results for all parties concerned. There is already unanimity that without huge investments in telecommunications (over US\$30 billion in the next 5 years), the present network will rapidly lose throughput and quality and will limit growth of the national economy. New technologies such as cellular, satellite and fiber optics will need to be employed to recover basic network growth. This will necessitate shared investments by the state, national and international private investors. Market integration with South American countries through common market agreements (the Mercosul agreement is to be fully implemented by 1994), may spur much needed long term investment, if modernization of Brazil's economy proceeds unimpeded. The telecommunications privatization program is the leading edge of this modernization drive and both government and Telebras officials are working hard for its short term implementation.

The current status of Canadian activity in Brazil's telecommunication market is in the preliminary phase for most of major market segments. In public switching, Canada's presence is marked by Northern Telecom which, through its recently installed office in Brazil and in association with Promon Tecnologia, is already competing in all Telebras turn-key equipment bids and associated consulting services. Although present in this market for only 12 months, the results have been very positive. Contracts for the implementation of public cellular systems (A Band) in Brasilia (together with Novatel), Espirito Santo and Minas Gerais have been awarded to Northern Telecom, as well as 2 bids for major packet switching systems (over 17,000 ports) for Embratel and Telemig. Bell Canada International Telecommunications is preparing for the opening of private cellular service (B band) concessions in association with the Iochpe Group. Newbridge Networks Corp., associated with a local company Moddata, was awarded Embratel's order for dedicated line Transdata Plus service (over 7,400 ports). Several other manufacturers, consultants and service providers are looking for business with Brazilian partners especially in EDI, Radio, Satellite and Data Communication equipment.