

- stand-alone or built-in telephone answering machines and the latest telephone service technology: conferencing, call waiting, last number dialled, etc.;
- PABX and multiline telephones for companies.

2.2 Cable Television Service

The Chilean cable market is the fourth most developed market in Latin America after Argentina, Mexico and Brazil. This is an attractive market, since there are no restrictions on investment and the technological level is high. In 1996, the market will be more competitive and more highly developed with the arrival of satellite television.

2.2.1 Market Size

At the end of 1995, there were about 400,000 cable customers in the country. There are 96,000 subscribers in the northern area (distributed among regions I to V); UIH (United International Holding, an American multinational), which controls CableVision, has 81% of the market and Intercom-Metropolis has 19%. In the central area and the metropolitan region there are 220,000 subscribers. VTR-Cablexpress has 38% of the market and Intercom-Metropolis 62%. Penetration is low in the southern regions. There are 70,000 subscribers distributed among regions VI to X. VTR-Cablexpress has 81% and Intercom-Metropolis 19%.

The potential market for cable is currently estimated at 1.33 million subscribers among the 3.4 million households that have a television set. The present penetration rate is therefore 30% of the potential market and 11% of the total market. It is expected that there will be a potential market of 1.7 million subscribers by the end of the century.

There is no doubt that the largest market in Chile is the capital, Santiago. In this region, the distribution networks of the major suppliers overlap and keener competition is expected in future years. Total investments planned for the metropolitan region alone are US\$650 million. The purpose of these investments is to extend and digitize the network and offer new services and channels.

2.2.2 VTR-Cablexpress

VTR-Cablexpress, an affiliate of VTR for cable service delivery, is the outcome of a merger of VTR Telecable and Cablexpress and has 42% of the market in its franchise area (the Santiago region and southern Chile). Another merger plan is currently under way with UIH (United International Holding), which owns CableVision, whose franchise covers the northern part of the country from Viña del Mar to Arica.

An investment of US\$72 million is planned to complete the merger. The merged entity will have about 160,000 subscribers in 23 cities, representing 90% of the total population. The VTR-Cablexpress system will therefore be the largest in the country. The company is hoping to have 600,000 subscribers by the end of 1996. Since the optical fibre network is used to