

2.3.4 Market Opportunities

The current regulations applicable to the cellular sector, which restrict the number of companies providing cellular service to two in the same region, will change in the short term. Although the sector is technologically advanced in Chile, there are opportunities for Canadians in the areas of supply of material and equipment.

Services:

- installation of optical fibre networks;
- network planning and design;
- network digitization;
- design and planning consulting services;
- installation of satellites, switching equipment and signal transmission;
- installation of trunk lines;
- supply of PCS technology conforming to the CDMA or TDMA standards;
- PCS technology consulting services;

Products:

- cellular phones;
- antennas, voice channels, trunk lines, microwave cable networks;
- digital and other equipment for PCS technology;
- satellite equipment.

2.4 Long Distance Telephone Service

During the first quarter of 1994, Subtel introduced a new law (Law 3A) which liberalized the telecommunications industry and allowed installation of a system known as the multicarrier system. Chile is the first Latin American country to install this system and the fourth in the world after the United States, New Zealand and England.

With this new system, long distance service users can select any carrier by dialling its (3-digit) code to access the line, or can enter into a contract with it. Contracts are normally for a minimum period of two months and must be made with a single carrier. The only benefit associated with a contract with a carrier is the savings achieved. A user will pay less per minute if he has a contract with a certain carrier than if he dials the carrier's code on a casual basis. It should be noted that under the Law, companies providing local telephone service are entitled to operate long distance telephone service and vice versa (as in the case of CTC and Entel, for example).

2.4.1 Impacts of Multicarrier

Service introduction of this system lead to intensive price competition, especially during the last quarter of 1994. Price competition is continuing but to a lesser degree. Because the system is still recent and new companies are continuing to enter the market, the structure of this sector