

Summary

Chile, with its highly educated population, innate entrepreneurial spirit in its private and public sectors and liberal economic policies, has achieved an enviable position among the countries of Latin America. Over the last ten years, its economy has posted the region's most spectacular rate of growth.

This economic growth has influenced the pace of business in the country. Needs by individuals, business firms and government organizations for modern, efficient communications systems and equipment have driven the telecommunications sector, which grew by 600% between 1977 and 1994. The importance of this sector increased after the liberalization of the industry resulting from Law 3A, enacted in March 1994.

However, the industry's various subsectors have not yet matured and display some shortcomings with regard to regional coverage which will require time to adjust. The ratio of telephones to population is still too low (14.32 lines for every 100 Chileans) compared with the developed countries and there is a major difference in the ratio between the urban centres and the regions. The Santiago metropolitan area has always enjoyed a monopoly over the other regions with regard to installation of telephone lines, since most business firms are located there. It is therefore not surprising to find that most of the planned investments in the industry up to the year 2000 will be made in that city.

The same applies to the cellular sector, whose ratio is only 1% and the cable sector, which covers 11% of the total market (estimated at 3.4 million households) and 30% of the potential market (currently 1.3 million). Despite these low penetration rates, prospects for growth are positive; the cellular growth rate is estimated at 30% per year and the cable ratio will reach 50% by the end of the century.

As regards specialized communications equipment like ATM, the Internet and EDI, the sector is experiencing a remarkable boom. Growth rates of 20% a month have been recorded in these sectors, which are important for improving the quality of communications in business firms, especially for companies with dealings abroad.

Chile imports all its required telecommunications equipment, mainly from Canada, the United States and Japan. Although there are no local manufacturers, foreign companies make agreements with local companies to represent them on the Chilean market. Other companies, such as BellSouth, have preferred to establish themselves fully in the market or set up joint ventures with local firms, as in the case of Motorola and SouthWestern Bell.

The Canadian companies that supply equipment and services to the telecommunications industry are making their presence increasingly felt on the Chilean market. The most promising areas are rural telephone service, interactive television, satellite (wireless) television, PCS, and planning, design and engineering of (cellular and telephone) networks. As regards products, the most promising areas are digital (cellular) equipment, decoders (interactive television), dish antennas