

requirements have been estimated at 1.8 million additional lines. This represents a market of about **US\$2.1 billion**, given that it costs about US\$1,200 to install a telephone line. It is interesting to note here that local telephone service accounts for 63% of CTC's total sales.

The other six companies are completing the work in the regions where this is not possible for CTC. They may either agree with CTC to interconnect their networks or build their own network, which may take longer.

2.1.2 Entel Telefonía Local

Three companies hold franchises to operate solely in the Santiago metropolitan region. The first is Entel Telefonía Local SA, an affiliate of Entel, which began operations on January 3, 1996, after signing an agreement with CTC to interconnect its public network. It will provide service in the Las Condes, Vitacura, Providencia and Santiago Centro districts. In its initial plan, the company intends to attack the residential sector, followed by the business sector. For 1996 and 1997, Entel is planning to connect 18,000 and 24,000 lines respectively and hopes to have 200,000 customers by the year 2000. Its goal is to attain a 13% market share in the capital in the medium term, in return for a total investment of US\$30 million. There are currently 3,500 lines in operation.

In February, the company applied for another franchise for complete coverage of the metropolitan region beginning in August 1996. It will apply for a further franchise in March or April to provide service in the other regions of the country.

2.1.3 Telefonía Andina

The second company is Telefonía Andina, a strategic alliance of Télex-Chile and Comunicaciones Capitulo SA (Teleductos). This company has a franchise to operate in 35 Santiago region districts. Andina is planning to install 200,000 lines by the year 2001 for a total investment of US\$ 200 million, which may gain it the position of second largest local telephone service provider after CTC.

2.1.4 Telefonía Manquehue

The third company is Telefonía Manquehue. This company will expand its operations in the Santiago region in 1996. It has already applied for a franchise to expand its service to nine other districts in the region. Manquehue currently has 25,000 lines in service and its potential market is 75,000 lines. After the service expansion, the company will be in a position to connect 150,000 lines.

2.1.5 CMET

The CMET company operates in the Santiago region but also in regions IV, V and VI. At a later date, CMET will apply for a franchise for region VIII. The company hopes to have 150,000