

Priority Sectors for Canada in Colombia

Advanced Technology Products/Systems

Canada's presence in the Colombian telecommunications market is well-established and flourishing. As the telecom sector evolves and is open to competition for long distance traffic, the opportunities for sales and joint ventures with Colombian operators will grow; there is tremendous opportunity for investment in the sector. Telecommunications remains a priority for investment by the Government which is committed to increasing the lines density per population to more than double what it is now. This will require investments in the billions of dollars in the coming years. Canadian companies are well-positioned to take advantage of these emerging opportunities in regular telephony, cellular communications and satellite-based communications. Another priority for the Government will be rural telephony where projects are being financed by a revenue tax on the cellular companies. Additionally, Colombia plans for expansion in fibre optic networks in the major municipalities, which themselves will be interconnected. This will open up opportunities for equipment/cable/switching suppliers.

The Colombian telecommunications equipment market is estimated at over US\$300 million and is expected to grow at 7% annually through 2001. Of this \$300 million figure, US\$270 million is considered to be the import market.

The right to provide new services in the communications and telecommunications sectors will be awarded to domestic and foreign companies through concession contracts, thus opening a market estimated at US\$1 billion during 1996-1997 and promising US\$4.5 billion in new public investment plans for the 1996-2000. The overall market has already grown in response to Colombian Government liberalization of value-added services, private networks, cellular services and the lowering of import duties. The policy of privatization of both the domestic and international long distance services in 1997, combined with plans for extensive network modernization during the period 1996-1998, make Colombia a very promising market for Canadian telecommunications manufacturers and service providers.

Major Canadian telecommunications operators and suppliers are reaping the benefits of this growth in the Colombian telecommunications market. Comcel, a subsidiary of Bell Canada Inc. currently holds a greater than 51% market share in the cellular telephone market in the eastern region of Colombia and this market is poised for further growth. Nortel is also a major force in the Colombian telephony market as it is currently installing close to half a million phone lines in and around Bogotá, as well as data packet switching equipment and private branch exchanges to Colombian companies.

Geomatics is an expanding market where Canadian companies are enjoying