

concessions: to Telcel C.A. and to the CANTV subsidiary Movilnet C.A., creating the beginnings of competition in the lucrative cellular services industry. In 1993, the investment in this sector reached US\$ 300 million. Actually, Telcel and Movilnet together total over 200,000 subscribers: around 85,000 (Movilnet) and 110,000 (Telcel). They expect to reach a total of 400,000 lines in 1995. This year, Telcel and Movilnet foresee investment of US\$ 10 million each to expand their coverage. Movilnet wants to incorporate two new markets: Mérida (in the Andes) and Punto Fijo (at the North West of the country). In addition, it wants to digitize the entire system (Time Division Multiple Access, TDMA). Telcel, which has national coverage plans to consolidate its present market.

With all these recent developments, the Telecommunications Industry in Venezuela has become one of great importance, in which both local and foreign companies will find good market potential.

## 2.2. COMPUTING

In 1993, the Venezuelan Informatics Industry registered sales of US\$ 238.6 million, which represents an increase of 15% compared to 1992. Over the years, the computing business has grown in importance, and expanded considerably since 1990 when sales in the sector increased by 33%. From 1991 to 1993, the industry sales remained relatively stable around US\$ 254 million per year.

The importation of goods related to computing has always had an important place in the sector with an average of US\$ 216 million worth of imports since 1989. 76% of the imported equipment are PCs and the remainder mainframes and components 80% of which come from U.S.A. The most important companies dominating the Venezuelan market are North American: IBM with a 27% share, Hewlett & Packard with 16%, Xerox with 15% and Datageneral with 12%. The area of hardware will be very competitive for Canadian companies. However, the area of peripheral equipment and accessories should be explored.

On the other hand, the Venezuelan software market offers great prospects to Canadian suppliers. According to informed sources, there should be an increasing demand for software in Venezuela during the next few years. Companies, both private and public, will have to commit to investment in software to modernize their operation so it can cope with new commercial and industrial environments. Lately, with the steady devaluation of the local currency vis-a-vis the U.S. dollar and thus the cost of imported software, we have seen an increasing number of local informatics companies developing quality software, which is gradually gaining the confidence of local end-users. However, high tech software is an area where local software companies are "still young" and where the Canadian companies could have