

Indications suggest a great emphasis on government austerity thereby probably leaving most commercial opportunities in the private sector. Canadian companies having urgent business in Venezuela for the next three or four months are encouraged to contact the undersigned for a quick politic-economic update.

2. HIGH-TECHNOLOGY SECTOR

2.1. TELECOM

Until 1991 the Telecommunications Industry was practically non-existent in Venezuela. The National Telephone Company (CANTV) had a virtual monopoly and depended mainly on a very limited number of foreign suppliers. Two companies: Ericsson (Sweden) and Siemens (Germany), were the main suppliers. Both continue to have a strong presence in the local market.

The Venezuelan Government and the Ministry of Transport and Communications, opened the door to foreign investment in early 1991 when it sold the rights to operate a cellular telephone system to an international consortium headed by Bell South and Venezuelan investors. Since then, the sector has seen significant growth. The communications sector accounted for 0,13% of GDP in 1990, 1,59% in 1991 and 2,91% in 1992.

The Government privatized CANTV in 1991. An international consortium headed by GTE paid the Venezuelan Government US\$ 1.9 billion for 40% of CANTV's shares and operating control of the company. The new owners invested US\$ 510 million in 1992, the first year they operated the company, US\$ 650 million in 1993, and have programmed capital outlays of US\$ 6 billion through the end of the decade. The key objectives of the expansion program in 1994 include: installation of a national and international fibre-optics network; development of new services such as video conferencing and data transmission; plus the expansion of rural telephone system.

The privatization of CANTV was the beginning of a new era in Venezuelan telecommunications. As a result, the National Telecommunications Commission (CONATEL) was created by government decree on Sep. 18, 1991, as an autonomous agency of the Ministry of Transport and Communications. It was designed to act as a regulatory agency. Among some of its recent duties is the studying and awarding of concessions in different areas related to Communications. Since its creation, CONATEL has granted close to 50 concessions to operate the basic telephone system (CANTV), private telephone systems, added value services, trunking systems, data service networks, cellular telephone systems, and public service centres.

Among mobile communication services, CONATEL authorized two