

about 10% of the Argentine telecommunications market and has just recently been bought out by the telcos. Telintar and Startel, joint subsidiaries of Telefonica and Telecom respectively, handle international and competitive services. A US-Argentine consortium led by Motorola and Bell South, known as Movicom, have one of the cellular telephones operating licences for Buenos Aires. The second cellular licence has been awarded in March 1992 to Startel. The local industry is grouped under four different telecommunication chambers of commerce.

The major telecommunication manufacturers in Argentina are: Equitel - a subsidiary of Siemens; Pecom-Nec - a joint venture with the local firm Perez Companc and Nec of Japan; and Compañía Standard Electric Argentina formerly a subsidiary of ITT now sold to an Argentine group with Siemens holding a minority share. Siemens has a long history and strong presence in the marketplace. It was one of the first companies to set up a subsidiary during the Perón Government policy of national integration when ENTEL could only buy equipment from suppliers with factories in Argentina. At the end of the 1970s, Siemens bought its principal competitor and the Government allowed Pecom-Nec to set up a subsidiary to prevent a monopoly in the market.

Other important local manufacturers which are mainly subsidiaries of foreign firms are Ericsson, Alcatel, GTE, Telletra, Italtel and Pirelli. These firms produce and assemble telephone sets and cable, switching equipment, and private branch exchanges. Much of the assembly is done locally by importing components from the parent companies.

COMMERCIAL INFORMATION

The major telecom importers in the newly privatized Argentine telecommunications market will be the two new telephone operating companies Telefonica de Argentina and Telecom Argentina and their joint subsidiaries Telintar and Startel. Other large users include the local, provincial and federal government agencies, the military, and the state-owned companies. Many of these state companies are going through their own privatization eg. railways, hydro-electric, gas and petroleum. This will mean an influx of new capital and an impetus to improve telecommunication infrastructures.

Germany, with Siemens manufacturing in Argentina, followed by Japan and the United States are the traditional leading foreign suppliers of telecommunications equipment to the Argentine market.

In addition to technology, the availability of financing is a critical factor in purchasing decisions. Japanese and European suppliers offer very competitive financing packages with low interest rates, and a long payback often including grace periods. However, these financing packages are often associated with higher prices.