

year period is divided up into two years of exclusive operation as a transition period, a further five year exclusive licence if minimal requirements in the efficiency and expansion of service are met and an additional three years if these requirements are exceeded. As an additional incentive for purchasing ENTEL, the new operators have been guaranteed a 16% profit margin during the two year transition period.

AWARDING OF ENTEL

Telco South was awarded to a consortium headed by Telefonica of Spain now officially named **Telefonica de Argentina S.A.** Telco North was awarded to a consortium headed by Stet of Italy and France Telecom now officially named **Telecom Argentina Stet France-Telecom S.A.** These two companies operate individually as private, limited liability companies and operate together through two wholly owned subsidiaries named **Telintar S.A.** for international services and **Startel S.A.** for other competitive telecommunication services.

With the exception of basic and international telephone services for which the present operators have been granted an exclusive licence, the Argentine telecommunications market has been opened for the rendering of all other services by any interested party. This includes cellular services, national telex, data transmission and other value added services. The two new telcos have formed together **Startel S.A.** to compete in this competitive services market.

NETWORK INFRASTRUCTURE

The two new telcos inherited a telephone network and service company in complete decay. ENTEL provided 3.2 million telephone lines through 1,300 switching centres and had an estimated demand for one million lines. In 1988/89 installed main lines per 100 of the population was 8.47. Statistics showed that only 47% of all urban and 23% of all long distance calls were completed and that line trouble was 8 times the world average.

Telefonica and Telecom are working on plans for an ambitious expansion and modernization of the network.

INDUSTRY STRUCTURE

The Argentine telecommunications industry is regulated by the government agency **Comision Nacional de Telecomunicaciones (CNT)**. The residual company left after the privatization of ENTEL is still known as **ENTEL (RESIDUAL)**. Its only purpose is to sell the 40% equity of ENTEL not privatized on the Buenos Aires Stock Exchange. Telefonica Argentina and Telecom Argentina are the two new principal telcos in Argentina covering 90% of the market. **Compañia Argentina de Telefonos (CAT)** operated in six rural provinces had