
Policy and Market Revisions Task Force

TELECOMMUNICATIONS REGULATORY AFFAIRS IN THE AMERICAS

A Report for the Inter-American Development Bank

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Recommendations

This study and others conducted by third parties indicate that the Latin American and Caribbean region lags behind North America, by a very substantial degree, in the development of basic telecommunications infrastructure and in the broad development of the telecommunications and information service industry. Without a very large amount of near-term investment in information and communications networks across the entire region, the economic and social development that depends upon state-of-the-art communication services will not be adequate to permit the region's nations to experience full integration into the evolving global economy.

At the 1994 Summit of the Americas, the presidents of the American and Caribbean nations recognized the critical importance of regulatory reform in providing the basis for growth and expansion of this key industry sector. The Summit's communique called for legislation authorizing competition and free market entry and endorsed seven critical-path regulatory requirements for such structural change:

- ensure universal access to existing and emerging technologies, including alternative technologies, removing all technical and administrative barriers to such access;
- create awareness that competition and open markets requires clear and stable laws, regulations, and policies with adequate safeguards;
- as soon as possible, and not later than 2005, adopt new telecommunications legislation allowing competition and authorizing free entry into intra-country markets;
- as soon as possible, and not later than 2005, adopt new regulatory structures separating the regulatory entity from the telecommunications operator and modifying existing frameworks to allow a smooth transition to open, competitive markets;
- establish a framework capable of adjusting to technological change in order to ensure the protection of intellectual property rights, privacy, and security of information;
- plan phased rate rebalancing in order to evolve to cost-based rates; and
- review radio spectrum planning and management and current standards-setting processes to increase speed and responsiveness to markets, and reduce discretionary use of authority.

In June 1996, the International Telecommunications Union noted in its report, *Americas Telecommunications Profile*, current difficulties in resolving regulatory issues in many of the Latin American and Caribbean nations, such as interconnection and frequency management, which are necessary to ensure continuing telecommunications development in the region. These fundamental regulatory functions are critical to the successful deployment of information infrastructure, particularly where that infrastructure may utilize technologies other than traditional wireline networks.

CITEL, in its Plan of Action for the Americas adopted in September 1996, endorsed key regulatory reform objectives consistent with those recommended by the Summit of the Americas. The CITEL Plan calls for

- putting in place flexible regulatory frameworks that can easily adapt to rapid change in technology and innovation in telecommunications markets and that facilitate

- implementation of the Global Information Infrastructure;
- encouraging fair competition among providers of services and interconnection, according to the principles of transparency and nondiscrimination;
- promoting flexible regulatory frameworks that allow such competition and regulate in an impartial manner matters related to interconnection and, where applicable, numbering plans; and
- promoting policies that include interconnection safeguards, cost-oriented rates, equitable access charges, and account settlement rates that stimulate demand for telecommunications services and foster competition.

The most recent assessment of the region's telecommunications infrastructure requirement was conducted by the UNDP earlier this year and released in July in the report, *Hemispheric Sustainable Development Network for the Americas*. The findings of the UNDP underscore the need for region-wide regulatory reform. The UNDP analysts pointed out market requirements that must be addressed by new regulatory rules:

- the cost of international links is unacceptably and unnecessarily high;
- restrictions on closed user group networks increase the cost of operations and result in a loss of economic efficiencies; and
- restrictions designed to protect [incumbent carriers] result in redundant connectivity and usage inefficiencies.

In view of these conditions, the UNDP recommends that the opening of networks be a major communications reform objective for the region. The report stresses that regulatory neutrality and transparency are essential and concludes that countries that implement an attractive regulatory environment will encourage new local investment and will attract inward foreign investment. In order to accomplish this goal, the UNDP states that many countries need technical and policy support in developing their regulatory authorities and policies.

The market effect of this lack of regulatory expertise was noted by the Caribbean Latin American Action (C/LAA), a private-sector organization promoting economic development in the countries of the region. In its May 1997 white paper on telecommunications, C/LAA pointed out that a current impediment to entry into telecommunications markets is the commercial uncertainty created by the lack of clear and transparent regulations in most countries in the region. As a result, C/LAA concluded, these countries are limited in their ability to attract large investments B both foreign and local B needed within the telecommunications industry.

The goal of the IDB's Informatics 2000 Initiative (Athe Initiative@) is to stimulate the needed investment within the region to ensure that communications facilities adequate to meet this challenge are constructed during the next several years. The Bank must be certain that the investment resulting from the Initiative is deployed in ways that will not only achieve adequate infrastructure deployment, but will do so in a manner consistent with the trends in telecommunications industry structure that are evident worldwide. To do otherwise would heighten, not decrease, the risk that the region's economies will not be fully integrated into international markets.

The blueprint for the future of the telecommunications industry worldwide is now set out in the form of the World Trade Organization's agreement on trade in basic telecommunications services. The nations that have agreed to open their telecommunications industry to competition constitute over 90 percent of the world's telecommunications traffic. Their collective decision will result in the conversion of traditional monopoly arrangements in most of these countries to a competitive industry structure to be overseen by independent regulatory authorities. Investment will now flow into countries conforming with the WTO Agreement's provisions mandating reliable and transparent Arules of the road@ for companies operating in individual national markets. Those rules must be promulgated through processes consistent with the Agreement's Reference Paper on regulatory principles.

Reducing potential asymmetry in industry structure and regulation among the nations of Latin America and the Caribbean should be a primary goal of the IDB's Initiative. To the degree that substantial variance exists among countries in the region in market opportunities and regulatory conditions, the entire region will suffer in attracting investment and new infrastructure

development. Only 15 countries in the region agreed to accept, in whole or in part, the WTO regulatory principles. While the largest economies in the region are included in this group, the majority of countries have not agreed to reform their industry structure. The lack of regulatory tradition and experience that characterizes most Latin American and Caribbean countries poses a daunting hurdle even for those countries that have assented to the WTO requirements.

As part of the Initiative, the IDB should assist countries in restructuring their telecommunications industry in line with the WTO principles, whether or not a given country has bound itself to the WTO trade regime, so that the telecommunications industry across the entire region will develop in ways compatible with this global blueprint. The IDB should immediately undertake a program of information dissemination and expert advice to officials in the appropriate ministries of each nation in the region. This program should address, at a minimum, the following subjects: options for structuring an independent regulatory authority; the competitive and regulatory implications of resale; options for achieving equitable interconnection to public switched networks; the regulatory and economic implications of resale; and options for spectrum allocation.

The IDB should consider, as a first step, sponsoring a series of seminars for officials to be held in several locations throughout the region. In view of the fact that the WTO Agreement becomes effective on January 1, 1998, priority should be given to assisting officials from the governments other than those of Chile and Mexico that have bound themselves to the WTO regulatory principles. Those are Antigua and Barbuda, Argentina, Colombia, the Dominican Republic, El Salvador, Grenada, Guatemala, Jamaica, Peru, Trinidad and Tobago, and, in partial measure, Bolivia and Venezuela. In light of the passage of reform legislation during July, Brazil must now carry forward its pledge of future acceptance of the regulatory principles. Of the remaining countries in the region that have not agreed to accept the WTO principles, two are protectorates of France B Guadeloupe and Martinique B and will now be governed by the new WTO-consistent regulatory regime being implemented by the French government.

Twenty six nations have no announced plans to implement regulatory reform. These countries are in danger of being viewed as unacceptable investment environments for telecommunications infrastructure projects. They are at risk of falling behind the rest of the region in gaining the economic and social benefits anticipated from the availability of state-of-the-art information and communications services. The Initiative should give special priority to providing assistance to the leadership, public and private, of these countries in understanding the advantages of these reforms for this dynamic industry sector and in understanding that failure to undertake these reforms puts in jeopardy their countries' ability to reap the potential benefits of the Information Age.

Findings

Over the past few decades, advances in telecommunications and computer technology have made it possible to move ever larger quantities of information over greater distances and at constantly declining costs.

In addition to creating whole new industries, this ability to communicate instantaneously and cheaply with any point on the globe has made it possible for companies to take increasing advantage of the factors of production wherever they may be found in abundance.

The consequence of this change has been the creation of one inter-linked global economy, not the series of poorly integrated national and regional economies that had been the norm until after World War II.

But if many countries have a factor of production (say labor) in abundant supply at attractive wages, then other factors will go into the decision as to where to open a factory or a business. Foremost among the factors that entrepreneurs consider when making investment decisions is the availability of advanced telecommunications networks.

For a country to become an attractive site for investment, it must offer modern telecommunications capabilities to potential investors. Unfortunately, the number of countries in the Latin American and Caribbean region that have such infrastructures is limited.

Access to telecommunications services in the Americas varies considerably. The United States and Canada have 85 percent of the telephone lines in the region, despite having only 51 percent of the population. Telephone density in Latin America and the Caribbean average 10 lines per 100, compared to 59 lines per 100 inhabitants in the rest of the region.

Besides Canada and the United States, only seven countries in the region had more than 20 lines for every 100 inhabitants: Antigua and Barbuda, Bahamas, Barbados, Dominica, Grenada, St. Kitts, and Nevis. Together these countries comprise only 0.44 percent of the population of the region.

On the other end of the scale, 12 countries, with a total population of approximately 360 million inhabitants, had a telephone density of less than 10 lines for every 100 inhabitants. At an average cost of US\$1,500 to install a new telephone line, it would require an investment of US\$137.2 billion to bring the regional average up to 20 lines for each 100 inhabitants.

Two questions come immediately to mind: how can this target be met and where will the investment funds come from?

Government Monopolies vs. Private Competition

The two choices seem to be government monopolies or the private sector.

In a particularly profound examination of its telecommunications needs and how to meet them, the Government of Colombia analyzed the advantages and disadvantages of public monopolies and regulated competition among entrepreneurial operators.

According to the Colombian report, a public monopoly has few advantages and a number of important disadvantages:

On the other hand, the study found that turning the sector over to private investment while imposing competent regulatory control would provide a number of benefits.

As the Colombian report suggests, government-owned monopolies have not been very successful in meeting the goals of providing either universal service or offering advanced communications systems increasingly required by business. Neither these telephone administrations nor the governments themselves have access to the immense amounts of capital needed to buildout the networks to a level capable of stimulating and sustaining economic growth. Further, both the countries themselves, as well as the international lending organizations, seem to agree that there are other areas where the government should be investing its scarce resources.

But does the private sector have access to such amounts? Recent experience seems to suggest that it does. Since 1989, international telecommunications companies have paid considerable sums to acquire the former government telecommunications companies in Argentina, Bolivia, Chile, the Dominican Republic, Mexico, Panama, Peru, and Venezuela. Most recently and most dramatically, a consortium led by the U.S.-based Bell South paid \$2.45 billion dollars just for the B-band cellular license for Sao Paulo in Brazil.

Acquisition of South American Telecom Companies			
Country	Company	Year	Acquirer
Argentina	Telefonica de Argentina (south)	1990	Telefonica de Espana
Argentina	Telecom de Argentina (north)	1990	France Telecom & STET
Bolivia	ENTEL	1995	STET
Chile	CTC	1990	Telefonica de Espana
Chile	Entel	1989	STET
Dominican Rep.	Codetel	1990	GTE
Mexico	Telmex	1990	SBC & France Telecom
Panama	Intel	1997	Cable & Wireless
Peru	CTP & Entel	1994	Telefonica de Espana
Venezuela	Cantv	1991	GTE

Regional Consensus for Competition

When the Presidents of the nations of the Western Hemisphere gathered in 1994 at the Summit of the Americas, telecommunications was one of the subjects that was on their agenda. The leaders issued a series of recommendations designed to create the conditions for increased private investment in the telecommunications sector and to create a regulatory environment conducive to fair competition.

In September 1996, senior telecommunication officials of the Inter American Telecommunication Commission, meeting in Washington, DC, agreed on a set of guidelines designed to

- meet communication and information needs under equitable conditions and at reasonable cost;
- use appropriate technologies;
- develop an environment of fair competition; and
- encourage participation by the broad spectrum of groups in the decision-making process.

Among the objectives that the group set for the sector, five stand out as keys to meeting the hemisphere's needs. They include

- putting in place flexible regulatory frameworks that can easily adapt to rapid change in technology and innovation in telecommunications markets and that facilitate implementation of the Global Information Infrastructure;
- supporting training of human resources for the sector;
- encouraging fair competition among providers of services and interconnection, according to the principles of transparency and nondiscrimination; and
- promoting regional coordination in the areas of value-added services, equipment certification and coordination of standards.

Telecommunications Goals

The stated telecommunications goals of most countries are to provide basic telecommunications service to any citizen who wishes it (universal service) at affordable prices and to provide the advanced telecommunications services that companies need to be competitive in the world marketplace.

There is growing consensus that the most effective way to reach those goals is by promoting competition in the provision of telecommunications services.

The transition to competition involves three key elements B privatization, liberalization, and regulation B that lie along a continuum. At one end we have total government ownership of the basic telephone network; at the other, fair and open competition.

At present, a slim majority of countries of the region are clustered near the monopoly end of the continuum. Of the 43 countries in the Americas south of the United States, local telephone service is provided by companies that are wholly owned by the government in 16 countries. Five more countries depend on companies of mixed ownership in which the government holds the majority of shares.

Government	Govt. Majority	Priv. Majority	Private
Antigua & Barbuda	Cuba	Argentina	Anguilla
Aruba	Trinidad & Tobago	Belize	Barbados
Bahamas		Bolivia	Bermuda
Brazil		Grenada	British Virgin Is.
Colombia		Montserrat	Cayman Islands
Costa Rica		St. Kitts & Nevis	Chile
Ecuador		Turks & Caicos	Dominica
El Salvador		Venezuela	Dominican Republic
Guadeloupe			Jamaica
Guatemala			Mexico
Guyana			Panama
Haiti			Peru
Honduras			St. Lucia
Martinique			St. Vincent & the Grenadines
Neth. Antilles			
Nicaragua			
Paraguay			

Suriname			
Uruguay			

In 8 countries, service is provided by companies that are partly, but not majority, owned by governments. Fourteen countries depend on privately owned companies for their basic telecommunications services.

Privatization

Privatization is the first step and, conceptually, the simplest. The sale of government-owned monopolies in Mexico, Chile, Argentina, Bolivia, Peru, Venezuela and Panama has shown that investors are willing to pay a substantial price for the assets of a monopoly and to agree to invest extensively in building out the network when the conditions are right.

Liberalization

But privatization does not automatically lead to competition. The trend in the Americas has been, in fact, to privatize the government monopoly while giving the new private-sector operator an exclusive right to provide local and, sometimes, long distance service for a number of years. Six of the countries mentioned (Belize, Bolivia, Peru, Argentina, Panama, Venezuela) have given buyers the right to be the exclusive providers of telecommunications services for some period of time B thus converting a public monopoly into a private one. While this has driven up the value of the companies and assured a higher sales price, it has postponed the arrival of affordable service through competition B in some cases for several years.

The next step then is to change the laws to allow new service providers the legal opportunity to offer services. In theory, this is a fairly simple step but, in practice, it has generated considerable opposition from labor unions and political parties committed to maintaining the government=s role in the provision of what are generally referred to as essential services.

Increasingly, however, more and more countries are successfully changing their legal framework to create the conditions for competition. The most recent, but particularly important because of its size, is Brazil, which successfully pushed through a new telecommunications law in July 1997.

Regulation

But privatizing the state-owned monopoly and granting new service providers the legal right to compete are actions that are still unlikely to result in real competition.

Competing successfully against a dominant operator that has a national infrastructure and a 100 percent share of the market is difficult. The dominant operator controls access to its customers and, experience has shown, is almost universally unwilling to allow competitors to connect to its network on reasonable terms. The dominant operator can also use its market-dominant position to keep rates high in areas where there is no competition and can use the proceeds to subsidize services where it does have competition, a process known as cross-subsidization.

In order to enhance competition, countries need to create an independent regulatory authority capable of protecting new market entrants from the predatory practices of the dominant operator. Without such protection, a new service provider has little chance of succeeding.

According to an ITU report on Latin America and the Caribbean: AAs the telecommunications sector undergoes further liberalization in the region, regulatory issues such as interconnection and [radio] frequency management become critical to assure success. Only a few countries in the region have created independent regulatory agencies, though others have plans to do so.@

In September 1996, senior telecommunication officials of the Inter American Telecommunication Commission identified several measures that they believe are necessary to promote competition. They include

- promoting flexible regulatory frameworks that allow competition and regulate, in an impartial manner, matters related to interconnection and, where applicable, numbering plans.
- promoting policies that include interconnection safeguards, cost-oriented rates, equitable access charges, and account settlement rates that stimulate demand for telecommunications services and foster competition;
- sharing, when appropriate, information and views on accounting rates; and
- working together, when appropriate, on issues relating to the movement of accounting rates towards costs in a spirit of mutual respect between parties.

At present, the regulatory situation in the region is mixed. Most of the countries in South America have, at least on paper, regulatory authorities with some degree of independence. In Central America, most of the companies are government-owned and self-regulating (Mexico is a notable exception). In the Caribbean, regulatory authority is vested in one ministry (the Dominican Republic is the one country that is actively moving toward an independent regulatory authority).

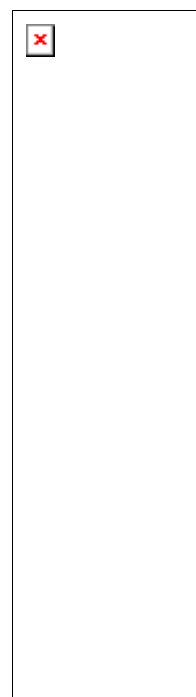
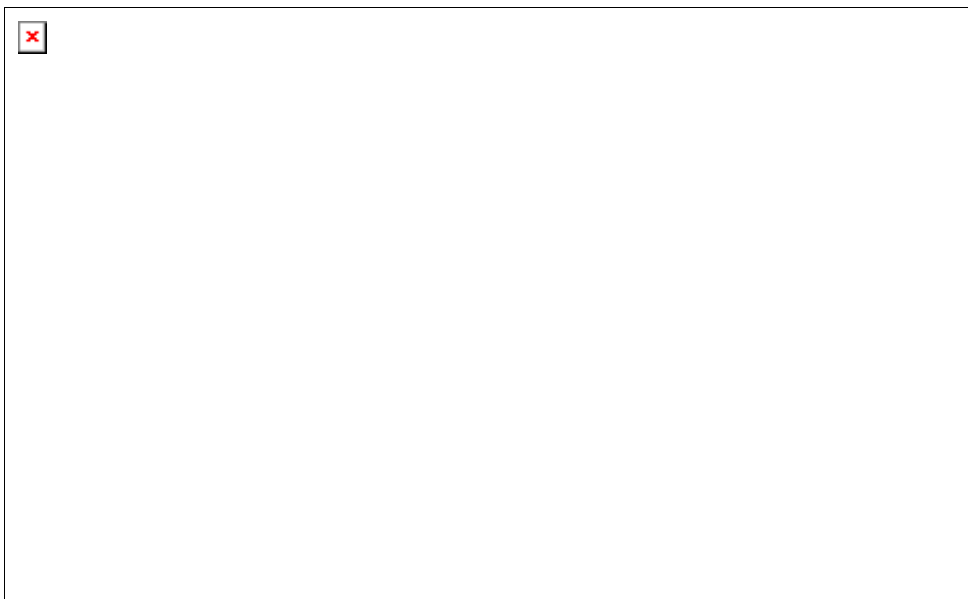
Making competition a reality will be difficult. Regulation of telecommunications companies is difficult. It requires a tradition of regulatory independence and even-handedness that is often lacking in the region. It also requires resources, both monetary and human, to make the process work. Conversations with regulators from several countries suggest that the biggest problems that they face are lack of personnel and high turnover among staff caused by low wages, a lack of technical competency to judge complaints from competitors, political interference in awarding contracts, and a legal framework that makes effective regulation difficult.

Competitive Environment

Much work remains to be done to open up the telecommunications markets of the region to competition. Only two countries in the region can be said to be open to full competition: Chile and Mexico. Colombia and the Dominican Republic allow a degree of competition in basic services. Several other countries are in transition toward a competitive regime.

That leaves 39 countries where the provision of local telephone service is primarily a monopoly. Of those, Peru will open its local market to competition in 1999, Venezuela in 2000, Bolivia in 2001, Belize in 2002, Panama and Ecuador in 2003.

Twenty-seven others have announced no plans to allow competition in the provision of local telephony before 2005.



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Agreement on Basic Telecommunications Services. In the organization's first major action, the members of the new World Trade Organization reached agreement on rules that they would follow regarding trade in telecommunications services.

That agreement clearly establishes competition as the system of choice for the provision of telecommunications services in the future.

One of the most important results of the agreement is a reference paper establishing regulatory principles that are necessary for the development of a truly competitive environment in the telecommunications field. The principles spell out the minimum conditions that each country's regulatory agency must meet.

Fifty-four countries, including 12 from this region, have agreed to adopt the principles. They include Antigua and Barbuda, Argentina, Chile, Colombia, Dominican Republic, El Salvador, Grenada, Guatemala, Jamaica, Mexico, Peru, and Trinidad and Tobago. Brazil agreed to adopt the principles in the future; Bolivia and Venezuela agreed to adopt some of the principles.

An analysis of the offers of the countries in the region also reveals that Chile, Colombia, Dominican Republic, El Salvador, Guatemala, and Trinidad and Tobago agreed to permit foreign ownership or control of all telecommunications and facilities by 1998; Peru by 1999; Argentina and Venezuela by 2000; Bolivia by 2001; Grenada, Antigua and Barbuda, and Jamaica sometime after 2005.

Brazil agreed to 100 percent foreign ownership for nonpublic services and satellite and cellular services after July 1999. Ecuador agreed to 100 percent for cellular only. Mexico agreed to 100 percent for cellular and 49 percent for all other services.

Chile, Dominican Republic, El Salvador, Guatemala, Mexico, and Trinidad and Tobago agreed to open up international telecommunications services and facilities to competition by 1998; Peru by 1999; Argentina and Venezuela by 2000; Bolivia by 2001; Mexico by 2002; Jamaica, Grenada after 2004.

Brazil agreed to open all non-public domestic and international services for closed user groups not connected with the PSTN.

The Future

The trend is clear. Each year more and more countries of the region are privatizing their telecommunications companies and creating the conditions for competition. The first to take the leap was Chile in 1978. The next country to move decisively in this direction was Mexico in 1995. Argentina, Bolivia, Brazil, Colombia, Dominican Republic, Ecuador, El Salvador, Nicaragua, Panama, Peru, and Venezuela have already made considerable progress towards liberalization. Others are following suit.

Country Profiles

The following is a review of the status of the regulatory regime, degree of privatization, and the regulatory authorities in the countries of the region. All of the information is taken from secondary sources and may contain some errors. If you believe changes are appropriate, please contact Charles Loveridge at the Center for Strategic and International Studies in Washington, DC.

General Sources

AA Guide to Telecommunications Markets in Latin America and the Caribbean, @ U.S. Department of Commerce, June 1996.

ATelecommunications and Information Infrastructure in the Americas, @ Section 1.2.1, Meeting of Senior Telecommunications Officials, September 25-26, 1996, Washington DC, CITEL document AAT/04/96.

1997 Plan Nacional de Telecomunicaciones, Seccion 3.5.1.

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SOUTH AMERICA

Argentina

Industry Structure: Monopoly. The dominant providers of local telecommunications services and domestic long distance service in Argentina are Telecom, serving the northern half of the country, and Telefonica, serving the southern half. In addition, TELINTAR holds a monopoly on international long distance service and STARTEL holds a monopoly on national telex and mobile maritime radio services.

Telecom and Telefonica were awarded five-year regional monopolies on basic telecommunications services, following a two-year transition to private ownership. The concessions end in November 1997, but exclusivity can be extended for an additional three years if the companies meet certain performance standards.

At the end of that period, competition will be allowed in the provision of basic services and additional companies can be licensed at the discretion of the government.

Argentina has also announced the privatization of its postal system, ENCOTESA. Both Telefonica de Argentina and Grupo Macri, a company that provides integration services for information and communications systems have qualified to bid. The postal company operates some 5,500 offices nationwide and would give the winning bidder a national presence to offer telecom services and equipment.

Local: Monopoly. Telecom and Telefonica have exclusive rights to provide local telephone service in their service areas.

Long Distance: Monopoly. Telecom and Telefonica have exclusive rights to provide domestic long distance service in their service areas. Telintar holds a monopoly on international long distance service.

Value-added: Competitive. Telecom and Telefonica are required to connect value-added service providers on a non-discriminatory basis, but there have been complaints from competitors.

Cable: Competitive. Cable has always been completely competitive. No company holds an exclusive franchise area and must compete with any company that chooses to build a network. There are presently 1,200 cable operators in Argentina and approximately 6 million subscribers. Only 5 of the operators have more than 300,000 subscribers. The largest are Multicanal, VCC, and Cablevision.

Cellular: Competitive. The Argentine cellular market is divided into three regions B Buenos Aires and northern and southern Argentina. In Buenos Aires, Movicom, which is 60 percent held by BellSouth and 25 percent by Motorola, and Minifon (formerly Movistar), a 50:50 joint-venture of Telefonica de Argentina and Colombia=s Empresa Nacional de Telecomunicaciones, compete.

In the north, CTI North competes with CCPI and in the south both CTI South and Unifon compete for subscribers. As of May 31, 1997, there were 900,000 mobile telephony customers.

In May 1997, the government announced plans to auction off two PCS licenses in the 1900 MHz band in the metropolitan Buenos Aires area. Each license will receive 40 MHz of bandwidth (compared to 30 MHz in the United States) to allow PCS operators to build capacity for fixed telephony once the market is deregulated. Existing operators are prohibited from participating in the auction.

A decision is expected by the end of September 1997. There are no restrictions on foreign ownership in PCS.

Privatization: Private ownership. In June 1990, the government divided the national telecommunications monopoly provider ENTel into two regional companies B Telecom Argentina, serving the northern half of the country, and Telefonica de Argentina, serving the southern half.

Telecom Argentina is a consortium made up of France Telecom, STET, J.P. Morgan, and Argentina=s Perez Companc. Telefonica de Argentina is a joint venture between Telefonica de Espana, Citibank, and Teching of Argentina. Each consortium holds a 51 percent stake in the operating company; 39 percent of the stock is traded on the New York and Buenos Aires stock markets and 10 percent is held by the employees of the

company.

In addition, Argentina created TELINTAR, which holds a monopoly on international long distance service, and STARTEL, which holds a monopoly on data, telex, and mobile maritime radio services. Both are jointly owned by Telecom and Telefonica.

Regulatory Authority: The liberalization of the Argentina telephone system began in 1990 with the establishment of a quasi-independent regulatory agency, the Comision Nacional de Comunicaciones (CNT). It was established by executive decree under the Ministry of Public Works and Services, (which was later merged into the Ministry of Economy). The ability of CNT to regulate the market has been limited by the lack of clear laws and rules governing the sector.

Bolivia

Industry Structure: Monopoly. On July 6, 1995, the Bolivian government passed a new telecommunications law that established a framework for the liberalization of the telecommunications sector and the privatization of the state-owned monopoly, ENTEL.

Local: Monopoly. ENTEL and 22 local cooperatives provide local service.

Long Distance: Monopoly. ENTEL has a six-year monopoly on domestic and international long distance service.

Value-added: Monopoly. ENTEL provides all value-added services.

Cable: Competitive. Several systems provide cable and MMDS services.

Cellular: Monopoly. Telefonica Celular de Bolivia (Telcel) holds an exclusive license to provide cellular service in major metropolitan areas.

Privatization: Transitioning to private ownership. In 1996, Bolivia sold 50 percent of its stake in ENTEL to STET International. The remaining 50 percent is held by the government-owned national pension fund. Bolivian citizens may sell their stake in the company upon retirement. STET was given a 40-year concession to provide domestic and long distance service as well as to operate cellular, paging, and CATV networks. STET will have a monopoly on domestic and long distance service until 2001. There are no restrictions on foreign ownership of telecommunications companies.

Regulatory Authority: The Ministry of Transportation, Communications, and Civil Aeronautics is the government agency responsible for telecommunications policy. The 1995 telecommunications law created a telecommunications regulatory authority, the Telecommunications Superintendency, which is responsible for granting licenses and concessions, approving tariff rebalancing and drafting regulatory procedures.

Brazil

Regulatory Regime: State-owned monopoly. Telecommunications services in Brazil are provided by a series of monopolies that are partly owned by the government. TELEBRAS, in which the government holds a 24 percent equity stake but has voting control, is the dominant provider of telecommunications services in Brazil. TELEBRAS provides over 90 percent of local telephone service through a series of 28 regional TELEBRAS affiliates.

In July 1997, a new General Telecommunications Law was passed by the Congress and signed by the President. It provides for the privatization of the government-owned monopolies and the promotion of competition in the provision of telecommunications services.

Local: Monopoly. Regional TELEBRAS affiliates provide local telephone service on an exclusive basis.

Long Distance: Monopoly. Empresa Brasileira de Telecomunicacoes (EMBRATEL), in which the Brazilian government holds a 58 percent share, is the country's domestic and international long distance carrier.

Value-added: Limited competition. Since 1991, private companies have been authorized to offer limited

communications services.

Cable: Competitive. There are five major cable and MMDS service providers serving the Brazilian market.

Cellular: Competitive. TELEBRAS has an exclusive right to offer cellular service on A-band. The government is presently auctioning off B-band licenses to private providers.

In June and July 1997, licenses for the states of Bahia and Sergipe were awarded to Vicunha Telecom, a partnership between Telecom Italia, Globo, and Bradesco for R\$250 million, and to the BCP consortium led by Bell South for Sao Paulo for R\$2.45 billion. BellSouth's partners in the venture include the SAFRA financial group, the O Estado de S. Paulo media group, and Brazilian telephone equipment provider Splice.

Five concessions, including Rio de Janeiro, are still to be awarded. In August 1997, a group led by Sweden's state-owned Telia agreed to pay 1.326 billion reais (\$1.22bn) for the right to set up a second mobile phone system in the state of Sao Paulo, while a BellSouth-led group bid R\$556 million (\$512m) for a similar concession in six states in Brazil's northeast.

Sweden's state-owned Telia, which entered the bidding after receiving a court injunction that overturned an earlier disqualification, won the right to provide mobile service in the interior and coastal regions of prosperous and densely populated Sao Paulo state, narrowly beating out a 1.22 billion-real bid by a group led by Airtouch Inc.

The Telia group, which includes two Brazilian companies, Primav and Eriline Engenharia de Teleinformatica Ltda., must now await a final ruling from Brazil's highest appellate court on the legal status of its bid before celebrating victory. The court is expected to issue a final verdict on August 27, according to a court spokesman.

Should Telia lose its court battle, Airtouch, the runner-up in the bidding, would be declared the winner, the Communications Ministry said.

Privatization: Mixed, with government control. Since 1995, the government has been engaged in a concerted action to liberalize and privatize the telecommunications sector. In August 1995, the legislature passed a constitutional amendment to open the telecommunications sector to private-sector competition, stripping TELEBRAS of its monopoly. Following that, the government pushed through a constitutional amendment that would make private ownership of telecommunications sector possible.

In July 1997, Congress passed a new telecommunications law that would restructure and privatize the TELEBRAS System, leaving the state as a regulator and removing it from ownership. Foreign ownership of the companies will be limited, and the government will retain a major ownership position in the companies. Limits on foreign investment have not yet been announced.

In early August 1997, Communications Minister Sergio Motta announced that Brazil would start selling the 28 subsidiaries of Telebras by the second quarter of 1998. The 28 companies will be merged to form four or five companies.

Regulatory Authority: The new telecommunications law mandated the creation of an independent government agency, Agencia Brasileira de Telecomunicacoes (ABT), to assume the regulatory functions formerly handled by the Ministry of Communications. The Agency will have complete independence and adequate funding to carry out its responsibilities.

Chile

Regulatory Regime: Fully competitive. Chile was the first country in the region to privatize its state-owned telecommunications operating company and to adopt a liberal, competition-oriented regulatory regime. It is still the most liberal regime in the region.

The process began in 1978 with the passage of the National Telecommunications Polices Act and was followed by the General Regulations of Telephone Services in 1980. The state monopoly over telegraph and telex services was abolished in 1981. A new telecommunications law, passed in July 1994, opened the sector to full competition. There is no restriction on foreign ownership of telecommunications companies.

As a result, the telecommunications sector has grown by more than 14 percent over the past 6 years, about twice as fast as the rest of the economy. Telephone penetration has jumped from 7 per 100 to over 12.

In 1997, the government issued a license to a subsidiary of Metrogas, Chile's natural gas distributor, to construct a fiber optical network in metropolitan Santiago. The company has announced plans to build fiber optic cables along some 155 kilometers of pipeline. It is not clear whether Metrogas plans to sell telecommunications services or resell capacity.

Local: Competitive. Five separate carriers offer local service. CTC controls 90 percent of the local lines.

Long Distance: Competitive. Chile has the world's most open long distance market. Some 17 carriers compete for customers. CTC controls 22 percent of the domestic long distance and 33 percent of the international long distance market. ENTEL has a 41 percent share of domestic long distance traffic and a 37 percent share of international long distance traffic.

Value-added: Competitive. Any company can offer value-added services.

Cable: Competitive. There are over 40 cable service providers in Chile. VTR, Chile's largest cable operator had announced plans to offer local, cellular, and long distance service over its cable network. In August 1997, however, CTC announced its intention to buy VTR SA. A sale would give CTC a near-monopoly in the cable television market, which may be grounds for the Anti-Monopolies Commission to block a merger, according to some analysts. Buying VTR would expand CTC's basic and long-distance telephone operations and eliminate its cable television operator's main competitor.

Cellular: Competitive. Two service providers have been authorized in each of 12 service areas. Two of the largest providers, VTR and CTC, combined their mobile telephone operations in 1996, creating Startel, the country's biggest mobile telephone operator, and continuing a trend toward consolidation that has characterized Chilean communications in the past few years.

Privatization: Wholly privatized. Between 1982-1986, the government completely privatized CTC, ENTEL, and Telex Chile. CTC and ENTEL are now owned by a group headed by Telefonica de Espana, which includes Chase Manhattan Bank, employees, pension funds, and small investors.

Regulatory Authority: The Ministry of Transportation and Telecommunications (MTT) is the principal regulatory authority for telecommunications. Created in 1978, the Undersecretary for Telecommunications (SUBTEL) has day-to-day responsibility for issuing franchises, licenses, and concessions for telecommunications services; establishing technical standards; overseeing the operating companies; allocating radio frequency spectrum; and overseeing pricing. The decisions of MTT and SUBTEL are appealable through the court system and in 1993, a court upheld the government's decision to allow competition in domestic and long distance services.

Colombia

Regulatory Regime: Mixed. The government of Colombia has announced plans to liberalize the telecommunications marketplace. In 1994, the government awarded licenses to six cellular companies, and in 1996, the Ministry of Communications opened bidding for two long-distance concessions (a third would automatically be assigned to TELECOM).

In April 1997, the Ministry of Communications issued a ten-year Plan Nacional de Telecomunicaciones. According to the plan, in some cases the statute will regulate competition in oligopolistic markets and, in others, owing to the nature of the services, the state will regulate freely competitive markets. The plan states that the introduction of competition and private capital in the telecommunications sector is a viable objective. The plan goes on to say that the introduction of competition should be carried out in an orderly manner and with the interests of the consumers as the principal objective.

Over the past several years, the government has taken a number of steps to prepare the groundwork for competition. Taken together, the actions open up the market for value-added services, cellular telephony, and VSAT satellite networks. Municipalities are given permission to compete with TELECOM in the national long distance market and with each other in offering local telephone service. They are also allowed the freedom to operate private networks.

Local: Competitive. Some 32 local and regional operating companies provide local services within their

service areas. The dominant telecommunications provider is the Empresa Nacional de Telecomunicaciones (TELECOM). Through subsidiaries, TELECOM provides local service in over 300 small and medium-size municipalities. Thirty-one state-owned companies provide basic telecommunications services in major cities.

Long Distance: Transitioning to competition. The dominant telecommunications provider, TELECOM, provides domestic and international long distance service. A 1993 law and a set of four presidential decrees opened the way for competition in the provision of national long distance service. International long distance service is still reserved exclusively to TELECOM. In 1996, Colombia announced plans to auction off two licenses to provide long distance service domestically and internationally. Following strong opposition from the labor unions, the government deferred a decision on the auction until August 1997.

In June 1997, a Colombian court ruled that the government does not have the authority to prevent Bogota's local telephone company from offering national and international long distance service. The government plans to appeal the decision.

In August 1997, Douglas Velasquez, president of Colombia's telecommunications regulatory committee, said it would accept bids in September for three companies to compete in the long-distance market against state-owned Telecom by mid-1998. The government must first define rules for bidding and set a minimum price for concessions to operate long distance services. The new operators should be announced by December, according to Velasquez.

Bidders must have less than 1.65 million telephone lines in Colombia as of last December, the government said, a condition that would rule out several big local Colombian telephone companies. The companies said they would appeal the ruling to the Supreme Court.

Value-added: Competitive. Any qualified public or private entity can receive a license to provide value-added services.

Cable: Competitive. Eight companies provide cable television services.

Cellular: Competitive. The government has granted six B-band licenses to companies to provide cellular services. TELECOM holds all A-band licenses.

Privatization: State owned. At present all 32 local, regional, and national telecommunications companies are owned by municipal, departmental, or the national government. In 1991, President Gaviria submitted to Congress a proposal to privatize TELECOM, the government-owned national telecommunications company, through the sale of shares to a non-Colombian firm. The plans were shelved after a nine-day strike by telecommunications workers and sympathy strikes by other unions. There are no present plans to privatize TELECOM.

Regulatory Authority: The Ministry of Communications is the principal telecommunications regulatory authority in Colombia and combines those responsibilities with ownership of TELECOM. The regulatory authority is vested in the Comision de Regulacion de Telecomunicaciones (CRT), a special administrative unit with administrative, technical, and economic autonomy. CRT's responsibility is to regulate the telecom monopolies and to promote competition.

Ecuador

Regulatory Regime: Monopoly. The dominant telecommunications services in Ecuador is the Empresa Estatal de Telecomunicaciones (EMETEL). Until recently, EMETEL held a monopoly on local and domestic and international long distance services.

In 1997, the government announced plans to privatize and liberalize the telecommunications market. EMETEL is being divided into two separate companies serving the northern and southern regions of the country. The two companies, when privatized by the end of 1997, will hold five-year exclusive licenses to provide services.

Local: Monopoly. EMETEL presently holds an exclusive right to provide local services; a right that will be passed on to its two constituent companies until 2003.

Long Distance: Monopoly. EMETEL presently holds an exclusive right to provide long distance services; a

right that will be passed on to its two constituent companies until 2003.

Value-added: Transitioning to competition. EMETEL's monopoly will expire at the end of 1997.

Cable: Competitive. Two systems compete for customers in some areas.

Cellular: Competitive. Two companies hold licenses to provide cellular services.

Privatization: Transitioning to private ownership. In 1995, after more than a year of difficult political infighting, the Ecuadorian congress passed a privatization bill dividing EMETEL into two operating companies, Andinatel in the south and Pacifictel in the north. In June 1997, the government offered tender specifications for the sale of 35 percent of the shares in each company to foreign investors.

Ten percent of the shares in the companies will be sold to employees. The remaining 55 percent will be retained by the government, which has announced its intention to sell the share in the future. Four companies have been prequalified to bid on the companies. Bids must be submitted by September 16, 1997.

Regulatory Authority: In 1992, the Ecuadorian government passed a Special Telecommunications Law to govern the telecom sector. The law established a regulatory framework and created the government-owned Empresa Estatal de Telecomunicaciones (EMETEL). The law also created a National Council on Telecommunications (CONATEL) to regulate rates and private operators and to award new concessions.

Guyana

Regulatory Regime: Monopoly. All telecommunications services in Guyana are provided by the Guyana Telecommunications Corporation (GTC).

Local: Monopoly. GTC has exclusive rights to provide local telephone services.

Long Distance: Monopoly. GTC has exclusive rights to provide domestic and international telephone services.

Value-added: Monopoly. GTC has exclusive rights to provide local telephone services.

Privatization: The Guyana Telecommunications Corporation (GTC) is owned jointly by Atlantic Tele-Network (ATN), a U.S. Virgin Islands-based company (80 percent) and the government of Guyana (20 percent). Despite its minority ownership position, the government exercises firm control over the company through a requirement that the company's development plans and tariffs be in line with the national development plan.

Regulatory Authority: GTC manages radio frequency allocation and performs the few regulatory functions as are necessary in a monopoly.

Paraguay

Regulatory Regime: Monopoly. The dominant carrier is ANTELCO, the Administracion Nacional de Telecomunicaciones, an autonomous agency legally distinct from, but wholly owned by the government of Paraguay. ANTELCO has been the monopoly provider of telecommunications services since 1948 and still provides most telecommunications services in Paraguay.

Local: Monopoly. ANTELCO has exclusive rights to provide local telephone services.

Long Distance: Monopoly. ANTELCO has exclusive rights to provide domestic and international telephone services.

Value-added: Monopoly. ANTELCO has exclusive rights to provide local telephone services.

Cable: Competitive. A number of companies are authorized to provide cable television services.

Cellular: Monopoly. TELCEL, a privately owned company, holds an exclusive right to provide cellular services. The government has recently announced plans to auction off another cellular license.

Privatization: State-owned monopoly. The government has announced its intention to privatize the company, but no date has been set.

Regulatory Authority: A new 1982 constitution provided for the progressive demonopolization of telecommunications services. In December 1995, the Congress passed a new telecommunications law that opened the sector up to competition and provided for the establishment of an independent regulatory authority, the Comision Nacional de Telecomunicaciones (CONATEL), to oversee the application of the law. CONATEL is modeled on the ITU Blue Book on telecommunications policies for the Americas.

Peru

Regulatory Regime: Monopoly. The dominant provider of telecommunications services in Peru is Telefonica del Peru, which has an exclusive right to offer local and long distance services through 1999. All other telecommunications services are open to private-sector competition.

Local: Monopoly. Telefonica del Peru holds an exclusive license to provide local telephone service through 1999.

Long Distance: Monopoly. Telefonica del Peru holds an exclusive license to provide domestic and international long distance telephone service through 1999.

Value-added: Competitive. Any company may offer value-added services.

Cable: Monopoly. One company is authorized to provide cable television services in Lima.

Cellular: Mixed. Two privately owned companies compete for the cellular market in Lima while one operates throughout the rest of the country.

Privatization: Wholly private. Telefonica del Peru was created by the privatization and subsequent sale of 35 percent of the state-owned monopolies ENTEL and CPT to Telefonica International (TISA) in 1994. TISA received a 20-year renewable concession with a five-year period of exclusivity to offer long distance and local telephone service in Peru. In June 1996, the government of Peru sold its remaining 24 percent stake in the company in an IPO.

Regulatory Authority: The Ministerio de Transportes, Comunicaciones, Vivienda y Construcion develops telecommunications policy and has responsibility for setting standards. Day-to-day regulatory authority rests with OSIPTEL, a financially and administratively independent body that has opened all sectors of the telecom market to competition, except local and long distance service, which are covered by the exclusivity provisions of Telefonica=s concession until 1999. OSIPTEL also regulates tariffs. Telefonica=s domestic and international long distance rates are to be gradually rebalanced by 1998.

Suriname

Regulatory Regime: Monopoly. Telesur, a government-owned monopoly, provides all domestic and international telecommunications services in Suriname.

Privatization: TELESUR, the dominant provider is state-owned. There are no present plans to privatize Telesur.

Regulatory Authority: The director of Telesur has the authority to issue licenses for telecommunications services in Suriname. The Ministry of Transport, Communication, and Tourism provides regulatory oversight and sets rates for local and long distance services.

Uruguay

Regulatory Regime: Monopoly. The state-owned Administracion Nacional de Telecomunicaciones (ANTEL) is the sole Uruguayan provider of local, domestic and international long distance, cable, microwave, and satellite services. Private cellular and cable television licenses have been issued. Private lines are permitted

Local: Monopoly. ANTEL holds exclusive rights to provide local service.

Long Distance: Monopoly. ANTEL holds exclusive rights to provide domestic and international long distance service.

Value-added: Monopoly. Private lines are allowed but ANTEL is the only company to offer a limited menu of value-added services.

Cable: Monopoly. One MMDS and three cable systems provide service, but all are owned by the same consortium.

Cellular: Monopoly. Only one service provider is licensed, but a second license is expected.

Privatization: ANTEL, the dominant provider, is state-owned. In 1992, a proposal to privatize ANTEL was defeated in a public referendum, and there are no present plans to privatize it.

Regulatory Authority: The National Department of Communications (DNC) is the formal telecommunications regulatory authority in Uruguay, but in practice ANTEL operates autonomously and is self-regulating. The DNC assigns radio frequencies and has oversight of radio and television stations. In 1990, the Comision Nacional de Telecomunicaciones (CONANTEL) was formed by presidential decree but has never operated.

Venezuela

Regulatory Regime: Monopoly. The Compania Anonima Nacional de Telefonos de Venezuela (CANTV) is the principal provider of telecommunications services in Venezuela under a 35-year concession that gives it the exclusive right to provide basic telephone services until 2000. All other telecom services are open to private competition.

Local: Monopoly. CANTV holds exclusive rights to provide local telephone services.

Long Distance: Monopoly. CANTV holds exclusive rights to provide domestic and international long distance telephone services.

Value-added: Competitive. Any company may build and operate its own private networks and offer value-added services in competition with CANTV.

Cable: *Competitive.* Venezuela has three nationwide cable television companies and six local cable operators.

Cellular: Competitive. The government has issued nationwide licenses to two competing companies to provide cellular services, one to CANTV and the other to a private company

Privatization: Mostly private. The government of Venezuela owns a minority share in CANTV but does not participate in decision making.

In November 1991, the government of Venezuela sold a 40 percent interest CANTV to a consortium led by GTE (51 percent), AT&T (5 percent), Telefonica de Espana, and the Venezuelan Electricidad de Caracas and Consorcio Inversionista Mercantil Cima. Employees were given 11 percent of the shares. The Venezuelan government retained a 49 percent interest in the company. In November 1996, the government sold an additional 29 percent of the company in an Initial Public Offering, reducing its stake in the company to 20 percent.

In 1996, the government also attempted to auction off its share in Telecomunicaciones Bantel. In May 1996, the sale was voided when the winning bidder failed to pay what it bid. In May 1997, the government again announced plans to sell the 85 percent of share that it owns in the company. A sale date and minimum price are still to be set.

The government also announced in May 1997 that it will solicit bids after July 1997 from companies interested in creating a new national phone company to compete with CANTV when its monopoly on domestic service expires in 2000.

In 1997, the government issued a concession to Infonet, a joint U.S.- Venezuelan company to provide rural

telecommunications services in the western part of the country. In June 1997, it announced plans to award two additional licenses by the end of June. The first concession is being challenged in the courts.

Regulatory Authority: The Ministry of Transport and Communications (MTC) is the primary government regulator. In September 1991, MTC established CONATEL, an independent telecommunications regulatory authority, to coexist with the Directorate General of Communications (DGC). DGC regulates television and radio; CONATEL is responsible for radio spectrum management, granting of concessions and permits, international relations and the establishment of technical standards. CONATEL also regulates CANTV and privately owned networks.

CENTRAL AMERICA

Belize

Regulatory Regime: Monopoly. The dominant telecommunications provider in Belize is Belize Telecommunications Limited (BTL). It holds exclusive rights through 2002 to provide all domestic and international telecommunications services in Belize under a concession from the government.

Privatization: Mixed. BTL is owned by MCI Communications Corporation (23.5 percent), the government of Belize (1.5 percent), the Belize Social Security Board (25 percent), and Belize Holdings (25 percent).

Regulatory Authority: The Office of Telecommunications, a department of the Ministry of Energy and Communications, is the principal telecommunications regulatory authority in Belize.

Costa Rica

Regulatory Regime: State-owned monopoly. Telecommunications services in Costa Rica are provided by the Instituto Costarricense de Electricidad (ICE), an autonomous national energy development and telecommunications organization owned by the government of Costa Rica. ICE has a monopoly on all telecommunications services.

Cable: Competitive. Some 25,000 people subscribe to cable and an additional 10,000 to MMDS systems.

Cellular: Monopoly. Millicom Costa Rica offered cellular services under concession from 1989 to 1993 when the Constitutional Court declared the concession a violation of the constitution. ICE began offering cellular services in 1994.

In early 1997, ICE issued two public tenders for build-lease-operate systems. The first involves over 100,000 wireless access lines for PCS services. The government will allocate two bands in the 1910-1930 MHz frequency range. The second involves the installation of 50,000 lines in rural areas for which the government will allocate two bands in the 3.4-3.7 GHz frequency range for wireless local loop systems.

At the end of the contract, ICE will have the right to buy the system or renegotiate the terms of the lease. If it does neither, the system shall revert to the bidder.

Privatization: State-owned. A 1987 plan to privatize ICE was abandoned as a result of serious political opposition. There are, at present, no plans to privatize ICE or its telecom function.

Regulatory Authority: A 1996 reform proposed by ICE would divide the company into two entities, one for telecommunications and one for electricity generation. The proposed law would also create an independent telecommunications regulatory authority, the Institute Regulador de Telecomunicaciones (IRT). A National Telecommunications Council would also be created to advise the government on policy issues. As presently being debated, the law would allow private companies to participate in ICE telecommunications projects through built-operate-transfer and build-lease-transfer schemes. It would also allow other forms of leasing and renting of ICE's network facilities.

El Salvador

Regulatory Regime: Monopoly. The dominant telecommunications services provider in El Salvador is the autonomous, government-owned company called the Administracion Nacional de Telecomunicaciones (ANTEL). ANTEL holds exclusive rights to provide domestic and international telecommunications services. It

has, however, permitted some private investment in cellular telephone and is expected to allow additional investment in satellite, trunked radio, and paging.

Local: Monopoly. ANTEL holds exclusive rights to provide all local telecommunications services.

Long Distance: Monopoly. ANTEL holds exclusive rights to provide domestic and international long distance telecommunications services.

Value-added: Transition to competition. ANTEL is beginning to permit competition in a number of fields including trunked radio, paging services, and international business communications.

Cable: No information.

Cellular: Monopoly. In October 1991, ANTEL licensed Telemovil El Salvador to provide cellular telephony on an exclusive basis.

Privatization: Transitioning to private ownership. In September 1996, the government of El Salvador approved a controversial telecommunications law over the objections of the political opposition and the labor unions. The law divides ANTEL into two competing private companies. In January 1997, the government announced plans to privatize the two companies and sell all of its shares 45 percent to a strategic investor and the rest to the general public. Ten percent of the shares will be given to ANTEL employees.

Regulatory Authority: ANTEL has always acted as the government regulatory authority under limited government oversight.

Guatemala

Industry Structure: Monopoly. Telecommunications services in Guatemala are provided by the state-owned Empresa Guatemalteca de Telecomunicaciones (GUATEL). GUATEL is a decentralized and autonomous government entity, that holds a monopoly on all national and international telecommunications services. A 1996 draft telecommunications law provides for the gradual liberalization of the telecom sector. Private networks would be permitted and GUATEL would be allowed to offer leased lines to resellers. Value-added service, data transmission, and Internet connections have already been opened to competition.

Local: Monopoly. GUATEL holds a monopoly on all national telecommunications services.

Long Distance: Monopoly. GUATEL holds a monopoly on all national and international telecommunications services.

Value-added: Transitioning to competition.

Cable: Competitive. Approximately 40,000 households subscribe to one or another of the private cable systems in operation in Guatemala.

Cellular: Competitive. In 1990, GUATEL awarded a 15-year concession to Comunicaciones Celulares to provide cellular service. In 1995, the government of Guatemala organized a competition to provide competing AMPS service on Band A.

Privatization: In transition to mixed ownership. In 1994, Guatemala signed an agreement with ITU to assist in the demonopolization of GUATEL. In 1996, the government of Guatemala submitted a new Ley General de Telecomunicaciones to Congress. Under the terms of the law, GUATEL will be privatized and the government will continue to have a 40-50 percent stake in the company. Five percent will be offered to employees, and the rest will be sold to the public. Companies interested in bidding must prequalify prior to August 8, 1997. The winning bidder will acquire between 51 percent and 95 percent of the company.

Regulatory Authority: The 1996 Ley General de Telecomunicaciones calls for the creation of an autonomous regulatory agency, the Superintendencia de Telecomunicaciones, and the privatization of GUATEL.

Honduras

Regulatory Regime: State-owned monopoly. The Empresa Hondurena de Telecomunicaciones (HONDUTEL) is a semi-autonomous agency of the government of Honduras. It supplies and regulates all domestic and international services and handles frequency allocation for the government.

Local: Monopoly. Hondutel provides all local telecommunications services.

Long Distance: Monopoly. Hondutel provides all domestic and international long distance telecommunications services

Value-added: Monopoly. Hondutel provides all value-added services.

Cable: No information.

Cellular: No information.

Privatization: There are no plans to privatize HONDUTEL.

Regulatory Authority: HONDUTEL is self-regulating under the overall supervision of the Secretary of Communications, Public Works, and Transport. The Secretary presides over the HONDUTEL board of directors.

Mexico

Regulatory Regime: Fully liberalized. On May 18, 1995, the Mexican Congress passed a new Federal Telecommunications Law that made Mexico the second Latin American country, after Chile, to fundamentally liberalize and deregulate its telecommunications market. The expressed purpose of the law is to develop healthy competition between different vendors of telecommunications services that will promote lower prices, diversity and quality of services for the benefit of users and promote adequate social coverage [universal service].@

Local: Transitioning to competition. The 1995 Federal Telecommunications Law opened the local market to competition. No entity is yet offering services other than TELMEX.

Long Distance: Competitive. A number of companies have been licensed and are providing service.

Value-added: Competitive. Any company may provide value-added services.

Cable: Competitive. Over 55 companies are licensed to provide cable television services and telecommunications services, and seven have expressed interest in offering telephone services as well.

Cellular: Competitive. Both Telcel, a Telmex subsidiary, and private companies compete in each of nine regions.

Privatization: All telecommunications providers, except Telecomm (the state-owned satellite service provider), are or will be privately owned by the end of 1997.

The dominant telecommunications operator in Mexico is Telefonos de Mexico (Telmex) and its subsidiary Telefonos del Noroeste (Telnor), which operates in Baja California and Northern Sonora. Telmex was corporatized in 1976 and given a 30-year concession to build, install, maintain, operate, and exploit a public telephone network...which covers the entire national territory?@

Subsequently, the government sold all of its shares in Telmex to a group headed by the Mexican Grupo Carso (10 percent) that included SBC Communications (5 percent) and France Telecom (5 percent). Mexico still maintains imposes a limit on foreign ownership of telecommunications companies of 49 percent.

Regulatory Authority: In conformity with the Telecommunications Law of 1995, the government created a Federal Telecommunications Commission (COFETEL) in August of 1996. Administratively, the CFT is a part of the Secretary of Communication and Transportation (SCT) but has full technical and operational autonomy and is the principal day-to-day regulator.

Nicaragua

Regulatory Regime: Monopoly. TELCOR, the state-owned Instituto Nicaraguense de Telecomunicaciones y Correos, has the exclusive right to provide telephone, telegraph, telex, facsimile, and data transmission services.

Local: Monopoly.

Long Distance: Monopoly.

Value-added: Monopoly

Cable: There are some 20,000 cable subscribers in Nicaragua.

Cellular: Monopoly. TELCOR was awarded a five-year exclusive franchise to offer cellular services in 1993.

Panama

Industry Structure: Monopoly. Transitioning to competition. The Instituto Nacional de Telecomunicaciones (INTEL) is the dominant telecommunications service provider in Panama. INTEL holds an exclusive right to provide basic local, national, and international telecommunications services until 2003. After that, all services will be open to competition.

Local: Monopoly. INTEL holds a monopoly on local services until 2003.

Long Distance: Monopoly. INTEL holds a monopoly on domestic and international long distance services until 2003.

Value-added: Transitioning to competition. Value-added services are open to competition starting in 1997.

Cable: No information.

Cellular: Transitioning to competition. Bell South holds an exclusive license to provide cellular service in Panama. Under its new concession, Cable and Wireless must offer a competitive service by May 1998.

Privatization: Transitioning to mixed ownership. In early 1995, the Legislative Assembly passed legislation allowing for the corporatization and subsequent privatization of INTEL. On May 20, 1997, the government approved the sale of 49 percent of the shares in the company and a 20-year management concession to Cable and Wireless. The government retains 49 percent and will turn over 2 percent of the shares to the employees.

Regulatory Authority: The 1995 law also created a new telecommunications regulatory agency called the Ente Regulador as a part of the Department of Commerce, modeled on the U.S. FCC. It is supposed to have administrative autonomy to regulate all service providers. It is authorized to speed up the transition to competition by granting licenses for new service providers to compete with INTEL in two years, giving them one year to prepare to compete in 2000.

THE CARIBBEAN

Anguilla

Regulatory Regime: Monopoly. Cable and Wireless is the sole owner and monopoly provider of all telecommunications services in Anguilla.

Privatization: Totally private.

Regulatory Authority: The Ministry of Communications regulates telecommunications services in Anguilla.

Antigua and Barbuda

Regulatory Regime: Monopoly. The Antigua Public Utilities Authority (APUA) holds a monopoly on all domestic wireline services. International and wireless services are provided by Cable and Wireless.

Privatization: Mixed. APUA is wholly owned by the government. Cable and Wireless is privately owned.

Regulatory Authority: The telecommunications regulatory authority is the Ministry of Public Works and Communications.

Aruba

Regulatory Regime: Monopoly. The Servicio di Telecomunicacion di Aruba (SETAR) provides all domestic and international telecommunications services in Aruba.

Privatization: Government-owned. SETAR is wholly owned by the government of Aruba.

Regulatory Authority: The Ministry of Traffic and Telecommunications (MTT) is the telecommunications regulatory authority in Aruba.

Bahamas

Regulatory Regime: Government-owned monopoly. Domestic and international telecommunications services in the Bahamas are provided by the Bahamas Telecommunications Corporation (BATELCO).

Privatization: Government owned. Transitioning to a mixed system.

The government of the Bahamas is the sole owner of BATELCO. The government has announced plans to begin to sell shares in BATELCO to the public.

Regulatory Authority: BATELCO is self regulating.

Barbados

Regulatory Regime: Monopoly. Domestic telecommunications services are provided exclusively by the Barbados Telephone Company (BARTEL). Barbados External Telecommunications (BET) provides international communications services.

Privatization: Wholly private. Cable and Wireless holds a majority stake in BARTEL (65 percent) and BET (83 percent). All other shares are publicly held.

Regulatory Authority: The telecommunications regulatory authority in Barbados is the Ministry of Information.

Bermuda

Regulatory Regime: Monopoly. The Bermuda Telephone Company (TELCO) provides all domestic telecommunications services in Bermuda. Cable and Wireless is Bermuda's international carrier.

Privatization: Wholly private. TELCO and Cable and Wireless are both privately owned.

Regulatory Authority: The Department of Telecommunications of the Ministry of Industry and Technology is the telecommunications regulatory authority in Bermuda.

British Virgin Islands

Regulatory Regime: Monopoly. Cable and Wireless is the exclusive provider of all domestic and international telecommunications services in the British Virgin Islands.

Privatization: Wholly private. Cable and Wireless is privately owned.

Regulatory Authority: The Ministry of Communications and Works is the telecommunications regulatory

authority in the British Virgin Islands.

Cayman Islands

Regulatory Regime: Monopoly. Cable and Wireless is the exclusive provider of all domestic and international telecommunications services in the British Virgin Islands.

Privatization: Wholly private. Cable and Wireless is privately owned.

Regulatory Authority: The Ministry of Communications, Works and District Administration is the telecommunications regulatory authority in the Cayman Islands.

Cuba

Regulatory Regime: Mixed. The Empresa de Telecomunicaciones de Cuba (ETECSA) has a 25-year concession to provide domestic and international telecommunications services. CUBACEL has a 20-year license to provide cellular communications.

Privatization: Mixed. ETECSA is jointly owned by the Cuban government, through a holding company called Telefonos Antilliana, and by Stet, Italy's state-owned telephone company (29.29 percent). In 1994, the Mexican Damos group agreed to pay \$706 million for a minority share of ETECSA and invest to boost the aging phone company's technology and number of telephone lines. Damos' relationship with the Cuban government deteriorated after the company was unable to finance a final payment of about \$300 million due since last year for its planned 49 percent stake in the telephone company. The Cuban government has terminated the relationship.

Regulatory Authority: The Ministry of Communications (MINICOM) regulates domestic and international telecommunications services. ETECSA is responsible for licensing frequencies.

Dominica

Regulatory Regime: Mixed. Cable and Wireless holds a 20-year exclusive agreement to provide all domestic and international telecommunications services in Dominica. Marpin holds a license to provide telephone services over its cable television network but presently only offers Internet service.

Privatization: Wholly private. Cable and Wireless is privately owned. Marpin is privately owned.

Regulatory Authority: The Ministry of Communications and Works is the telecommunications regulatory authority.

Dominican Republic

Regulatory Regime: Competitive. Compania Dominicana de Telefonos (CODETEL) is the dominant telecommunications service provider in the Dominican Republic. TRICOM provides mobile, fixed cellular services, and international satellite business services. All American Cables and Radio provides domestic and international long distance service.

Privatization: Wholly private. CODETEL, TRICOM, and All American are all privately owned. CODETEL is a wholly owned subsidiary of GTE.

Regulatory Authority: The telecommunications regulatory authority is the Direccion General de Telecomunicaciones (DGT), a branch of the Secretaria de Estado de Obras Publicas y Comunicaciones. The Dominican Republic is in the process of drafting new telecommunications laws to set a sound basis for telecommunications and to create an independent regulatory authority.

Grenada

Regulatory Regime: Monopoly. Grenada Telecommunications (GRENTTEL) is the sole provider of telecommunications services in Grenada.

Privatization: Mixed. GRENTel is jointly owned by the government of Grenada (30 percent) and Cable and Wireless (70 percent).

Regulatory Authority: The Ministry of Works, Communications, Public Utilities, Civil Aviation, and Energy is the regulatory authority for all telecommunications services.

Guadeloupe

Guadeloupe is a protectorate of France. France Telecom provides all telecommunications services.

Haiti

Industry Structure: Mixed. Telecommunications d=Haiti (TELCO) has an exclusive right to provide most domestic and international telecommunications services. The government has issued a single national license for cellular communication.

Privatization: State-owned. TELCO is wholly owned by the Government of Haiti. The government is working with the IFC to privatize telecommunications in Haiti.

Regulatory Authority: The Conseil National de Telecommunications (CONATEL) of the Ministry of Public Works, Transport, and Communications is the telecommunications regulatory authority.

Jamaica

Regulatory Regime: Monopoly. Jamaica Telephone Company (JTC) is the monopoly provider of domestic service. Jamaica International Telecommunications Limited (JAMINTEL) is the exclusive provider of international telecommunications services. Jamaica Digiport International offers private international services for Jamaica=s free trade zones.

Cable: Competition. Cable television is open to competition to companies that are majority owned by Jamaicans.

Privatization: Wholly private. JTC and JAMINTEL are both owned by Telecommunications of Jamaica (TOJ), a subsidiary of Cable and Wireless. Jamaica Digiport is owned by TOJ (30 percent), Cable and Wireless (35 percent), and AT&T (35 percent).

Regulatory Authority: The Telecommunications Branch of the Ministry of Public Utilities, Transport and Energy is the telecommunications regulatory authority in Jamaica.

Martinique

Martinique is a protectorate of France. France Telecom provides all telecommunications services.

Montserrat

Regulatory Regime: Monopoly. Montserrat Telephones, a subsidiary of Cable and Wireless, is the monopoly provider of telecommunications services in Montserrat.

Privatization: Wholly private. Montserrat Telephones is privately owned by Cable and Wireless.

Regulatory Authority: The Ministry of Communications and Public Works is the telecommunications regulatory authority on Montserrat.

Netherlands Antilles

Regulatory Regime: Mixed. Landsradio Telecommunicatie Dienst Nederlandse Antillen (Landsradio) is the monopoly provider of domestic and international long distance telecommunications services. In 1992 the government gave each of the five islands authority to set up their own telecommunications companies. Local services are now provided by the government-owned Servicio di Telefon (SETEL Curacao), St. Maarten Telephone, St. Eustatius Telephone Co. (EUTEL), Saba Telephone Co. (SATEL), and Telefondienst Bonaire.

Privatization: Government owned. Landsradio is a wholly owned government agency. Servicio di Telefon (SETEL Curacao), St. Maarten Telephon, St. Eustatius Telephone Co. (EUTEL), Saba Telephone Co. (SATEL), and Telefondienst Bonaire are all owned by the local governments. Plans to privatize Landsradio were shelved after opposition from labor unions.

Regulatory Authority: Landsradio acts as the regulatory authority for the government of the Netherlands Antilles.

St. Kitts and Nevis

Regulatory Regime: Monopoly. St. Kitts and Nevis Telecommunications Limited (SKANTEL) is the sole provider of telecommunications services.

Privatization: Mixed. SKANTEL is jointly owned by Cable and Wireless (70 percent), the government of St. Kitts and Nevis (18 percent), and the public.

St. Lucia

Regulatory Regime: Monopoly. Cable and Wireless is the sole provider of telecommunications services.

Privatization: Wholly private. Cable and Wireless is a private company.

Regulatory Authority: The Ministry of Communications, Works, and Transport is the telecommunications regulator.

St. Vincent and the Grenadines

Regulatory Regime: Monopoly. Cable and Wireless is the sole provider of telecommunications services.

Privatization: Wholly private. Cable and Wireless is a private company.

Regulatory Authority: The Ministry of Communications, Works, and Transport is the telecommunications regulator.

Trinidad and Tobago

Regulatory Regime: Monopoly. Telecom Services of Trinidad and Tobago (TSTT) is the monopoly provider of telecommunications services. Two companies, Cableview and Transcable, are licensed to provide cable television services.

Privatization: Mixed. TSTT is jointly owned by Cable and Wireless (49 percent) and the government of Trinidad and Tobago (51 percent).

Regulatory Authority: The Public Utilities Commission of the Ministry of Public Utilities and National Transportation is the telecommunications regulator.

Turks and Caicos

Regulatory Regime: Monopoly. Cable and Wireless is the monopoly provider of telecommunications services.

Privatization: Wholly private. Cable and Wireless is a private company.

Regulatory Authority: The General Post Office is the telecommunications regulatory authority.

