

4. APPENDIX
- Resolution No. 662 of June 19, 1978

Defined rules for equipment procurement for the state-owned companies, using the weight of the Telebras system purchases, to indirectly enforce industrial and technological policies to the telecommunications industry. This Resolution introduced the concept of "Brazilian manufacturer", defines market protection for them and imposes several limitations to imports and companies with foreign capital. It also institutes the Telebras Research and Development Center in Campinas (CPqD) and defines its objectives - the development of a family of switching system baptized "TROPICO", designated for use in the digitalization of the Telebras system. The regulation provoked higher local content of the telecommunications products and consequently import substitution.

- Resolution No. 215 of November 3, 1981

Complements former protectionist policies by reserving 50% of the total switching market for the TROPICO systems. The local manufacturers utilizing foreign technologies are entitled to compete for the rest of the market (public systems with final capacity of over 4000 lines), participation conditioned to minimum level of locally integrated content and exports of same products to international markets.

Besides the Ministry of Communication regulating actions, the National Security Council constituted, in 1980, the Special Secretariat of Informatics - SEI - with the mission to develop and protect the nascent Brazilian informatics and telematics industrial and service complex. This new, protectionist, science and technology, policy maker government agency, has enforced additional limiting conditions for foreign capital to participate in the so called Electronic Complex, (data processing, industrial process control and telecommunications equipment and technologies). As first decisions regarding telecommunications, Private Switching Office Systems equipment (PBX and Key Systems), modems and data communications devices and voice and data terminals, were exclusively produced by 100% owned Brazilian companies. Later, also public switching, transmission and external plant equipment were included in this market reservation practice. The combined action of both Telecommunication and Informatics Authorities has led the Telecommunication industrial segment to cartel practices, resulting in higher prices for Telebras supplies and also to the accelerated technological degradation of their products.