

associations with local Brazilian groups in order to meet the Informatics Law. Having to build new marketing and manufacturing structures, apart from their public switching manufacturing and commercial operations, these multinational companies have significantly increased costs and consequently prices. The limitations to importing new technology and capital assets caused a gap between products on the Brazilian market and their international line of products and technical and market solutions. Only after 1990 were key systems liberated from the import controls. The remainder of IOS products (PBX, Telsets, Voice Mail and ACD) have been freed of import control since October 1992. As a consequence, multinational companies can now regain capital and technological control over their local manufacturing and distribution operations and new international suppliers can directly enter the IOS market.

The most relevant multinational companies already present in Brazil in association with local partners are:

<u>Company</u>	<u>Multinational Partner</u>
MATEC	L.M.Ericsson - Sweden
Equitel	Siemens - Germany
Netcom	Nippon Electric -Japan
Multitel	Alcatel - France
SAT	Philips - Holland
Elebra (Later Promon)	Northern Telecom-Canada

A great number of Brazilian companies producing small size analog PBX systems based on local technology has resulted from the action of the Market Reserve policy introduced by SEI in the 80's. These companies, short of cash to invest in new technology, are now looking for foreign partners in order to meet new competition. As will be shown in the next item, many of these local manufacturers have achieved a reasonable sales performances (some over 50,000 lines/year), constructed extensive distribution networks and developed marketing skills that could be very interesting to any foreign entrepreneur who wishes to team up to succeed in Brazil.