

4. Setting competitive tariffs and attaining financial selfsufficiency and reducing telephone taxes;
5. Fostering increased private investment participation and competitiveness and reducing state participation in order to attract new investments and reduce government spending in this sector;
6. Modernizing the regulatory framework in order to allow for increased competition by allowing private companies to provide telecommunications services, while the federal government retains planning, regulation and supervision functions.

This program calls for a one billion dollar investment during the 1989-1994 period. Of this amount, 54% will be directed toward the federal microwave and optic fiber network, 30% toward the satellite network, 8% toward data communications, 5% toward telegraph and 3% toward special services. Private investors will have an increasing participation in telecommunications, particularly in areas such as private networks for data transmission, installation and operation of earth stations, cellular telephone services, paging systems, fax and electronic mail. Foreign and national private investors are expected to invest approximately \$30 billion in the telecommunications sector in the next ten years.

The government will continue operating the basic telecommunications network through a new decentralized office called Telecomunicaciones Nacionales de México. It will operate the basic network, satellite earth stations, data communications and telegraph systems. In the area of radio, new concessions are expected to be granted and old ones reviewed. New concessions are also expected to be granted for television stations, UHF channels and side-band frequencies for music, teletext and cable TV.

SCT has stressed the importance of developing a solid infrastructure for satellite communications. Priority will be given to the integrated use of the system and facilitating the installation and operation of earth stations by the private sector. SCT plans to add 250 new ground stations to the 237 now operating in the Morelos Satellite System; expand coverage and increase the number of users of MSS by increasing the capacity of the existing ground stations, in particular those to operate on the KU band for rural and private applications; and to install 500 earth stations for the educational system. On October 4, 1989, TELMEX announced a tender for two master, five semi-master and 50 remote earth stations. In 1994, SCT plans to launch a new satellite, Morelos III.

SCT has announced the renewal of 430 radio broadcasting and 67 TV broadcasting stations within the Secretariat's program to enhance radio and TV coverage. The program calls for the installation of 400 new stations under concession, 250 for TV and 150 for radio. However, these concessions are exclusively for Mexican citizen. The system will operate both through concessions and permits. It also contemplates incorporating new technology to update installations already functioning, improving the quality of operating programs and the development of human resources. A recent agreement assigned 100 kilocycles on the radio band to Latin American countries, extending the AM band to 1,750 kc. This expansion increases the capacity to permit 1,000 new radio stations in Mexico.

3.2 TELEFONOS DE MEXICO

TELMEX is one of the largest corporations in Mexico. It has nine subsidiaries and is involved in the whole range of telephone related services, such as construction, telephone equipment production (since 1983 in a joint venture with Mitel) and providing the telephone service itself.