

for the Electronics and Electric Communications Industry  
(CANIECE):

| ITEM                  | 1987    | 1988    | 1989    | 1990    |
|-----------------------|---------|---------|---------|---------|
| Black & white TV's    | 381,682 | 302,989 | 163,939 | 134,649 |
| Color TV sets         | 380,364 | 405,741 | 272,424 | 531,968 |
| Hi-fi systems         | 229,163 | 158,908 | 104,682 | 278,948 |
| Audio components      | 10,121  | 2,372   | 0       | 0       |
| Radios (incl. car)    | 220,803 | 91,873  | 0       | 0       |
| Radio/recorders       | 157,300 | 93,788  | 57,986  | 189,685 |
| Video cassette        |         |         |         | 238,149 |
| Video cameras         |         |         |         | 13,317  |
| Compact disks players |         |         |         | 68,759  |

Source: CANIECE

#### 4.4 OFFICE EQUIPMENT

There has never been a specific government plan for the development of this industry. Import substitution policies helped build this local industry, as is the case for the other electronic sectors. However, from its inception in the 1960's, the office machinery sector was affected by government policies which emphasized the promotion of exports through incentives. This sector is thus export oriented and dominated by foreign firms. The preferential tariffs for trade between Latin American countries established by ALADI further promoted export strategies.

The liberalization of parts, components and finished products was implemented earlier for this sector than for the rest of the electronics industry, in 1985. Manufacturers faced foreign competition without support from the government via fiscal incentives or any other plans. It was not until the beginning of 1987 when preferential tariffs were made available for manufacturers of office machinery. These tariffs have been increased to 10%, significantly diminishing their attractiveness.

Local production of office machines and equipment is estimated at approximately \$175 million in 1990, satisfying around 70% of total demand. Production reached its peak of \$298 million in 1981, which has not been recovered. Part of this trend is explained by the stopping of production by some firms, that were affected by the introduction of electronics and by the opening of the domestic market to imports.

Local content requirements brought about a percentage of national integration of up to 60%. The local contents of office machinery dropped with the adoption of digital electronics. The new technology and the opening of the market forced government officials to relax regulations. At present, local contents of electronic office machinery is estimated at 27%. Only one