

in 1990 as compared to \$396 million in 1989. As a result of the measures described above, domestic production in this sector has played an important role, accounting for 52% of total apparent consumption. This predominance of local production is most significant in the area of telephone equipment, which accounts for approximately 60% of total production of telecommunications equipment, followed by transmission equipment (30%). The third most important segment has usually been mobile radio equipment, followed by data communications equipment. Telex and broadcasting equipment production is only marginal.

Import substitution policies pushed the local content to high levels. Electromechanical equipment such as switches, PBX's and telephones reached 40% to 80% proportions of local integration, calculated in terms of the cost of parts. Local contents have dropped with the introduction of digital and other advanced technologies. At present, it is estimated that between 65% and 70% of inputs (excluding labor) for this industry are imported and only 30% is locally manufactured. Of this, a large proportion are electronic boards bought from third suppliers which do not have many local components.

Mexico has a well developed telecommunications equipment manufacturing industry, mostly based on multinational firms. The number of manufacturing firms has not increased significantly in the last three years, although in 1988 the number was 1.4 times greater than in 1981. The telecommunications equipment industry is very concentrated; the two largest firms, Ericsson and Indetel/Alcatel have net revenues equivalent to over 50% of the domestic market.

At present, 53% of locally manufacturing firms are national, 38% are joint ventures and 9% are foreign. However, the largest plants for the manufacturing of telecommunications equipment have usually been either foreign or joint ventures. Ericsson and Indetel are both foreign. Ericsson, a Swedish firm, started as a provider of telephone services at the beginning of this century and is firmly established in the Mexican market as the main supplier of TELMEX. Indetel, for many years a joint venture between Mexican investors, a state bank and the American conglomerate ITT, now is a French firm owned by Alcatel and is the second most important firm in Mexico. These two companies supply all public switches. They manufactured electromechanical switches until the beginning of the 1980's, when they introduced digital switching technology.

The second tier of manufacturers are medium sized companies, such as NEC (a joint venture between with the Japanese group), Telectra (a joint venture between Mexican industrialists and the German Siemens), TSP (a joint venture between Mexican industrialists and the Dutch Philips) and TELETRA (a fully Italian firm). In the area of transmission equipment and cable, domestic production covers approximately 70% of total demand. Mexico is practically self-sufficient in the area of coaxial