

TELMEX is required to provide long-distance service to all towns with more than 500,000 inhabitants by the end of 1994. During the first five years the company will install four million new terminal lines. TELMEX is a participant in the Columbus II transatlantic submarine cable which is due to go into operation this year. It also operates part of Mexico's Federal Microwave System.

The first TELMEX five-year plan, which covers the period 1991 to 1995, calls for total spending over the period of US \$14 billion. More than a third of this is expected to be spent on imports.

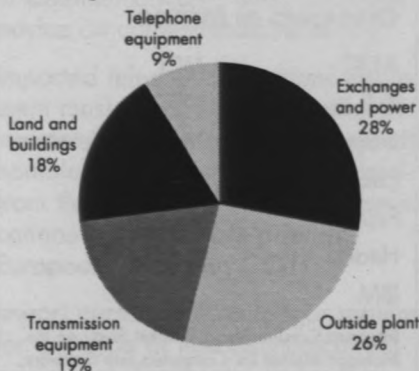
TELMEX SYSTEM EXPANSION

	1990	1995
Trunk lines (percentage digital)	330,041	700,000
	55	85
Toll switches (percentage digital)	137	250
	41	85
Microwave channels (percentage digital)	489,281	700,000
	21	50
Fibre optic length	4,134	5,935

Source: Teléfonos de México (TELMEX), National Telephone Company.

TELMEX BUDGET 1991-1995

Percentage of US\$ 14 billion



Source: Teléfonos de México (TELMEX), National Telephone Company.

Cellular Telephone Service

Concessions for cellular telephone service have been granted by the *Secretaría de Comunicaciones y Transportes (SCT)*, Secretariat of Communications and Transportation, in each of Mexico's eight regions. Each of them was granted to a Mexican company associated with a foreign partner. Bell Canada is the foreign partner in two of the regions and one of the other systems is using Northern Telecom equipment. As of 1994, there are estimated 400,000 cellular customers in Mexico.

Television and Radio Broadcasting

There are seven television networks operating more than 500 stations in Mexico. Three of the networks are operated by *Grupo Televisa*, which is the largest producer of Spanish-language television programs in the world. It distributes its products in more than 50 countries and its *Galavisión* network is available in 20 American states. The Mexican government owns and operates more than 200 television stations, but it plans to sell some of them to the private sector.

There are more than one million cable TV subscribers in Mexico. The largest of these is *Cablevisión*, owned by *Grupo Televisa* with almost 200,000 subscribers. The major U.S. networks are among the roughly 25 channels available to cable customers.

Radio-broadcasting licences are granted by the *Secretaría de Comunicaciones y Transportes (SCT)*, Secretariat of Communications and Transportation, on either a commercial or non-commercial basis. There are almost 800 AM stations and close to 300 FM stations. There are also about 30 short-wave stations.

THE MARKET FOR EQUIPMENT AND SERVICES

The Mexican market for telecommunications equipment was estimated at US \$2.3 billion in 1992, and was

expected to increase to US \$2.5 billion in 1993. Market growth is projected at 10 percent for each of 1994 and 1995. There is a related market for professional services needed for network design, system integration, maintenance and training. However, there are no reliable estimates of the size of the services market.

Import penetration was estimated, for 1992, at more than 60 percent. The United States accounts for close to half of the import market. Japan and Sweden are the other major suppliers with 14 percent and 11 percent market shares respectively. Canada's share is estimated at just over two percent of the import market.

The efforts of *Teléfonos de México (TELMEX)*, Mexico's recently-privatized national telephone company to modernize Mexico's outdated telephone system offers major opportunities for Canadian producers of all types of telephone equipment and services. This includes value-added services such as voice mail, facsimile and data communications. Increasingly, the market is shifting towards digital and fibre optic equipment. TELMEX will have to expand Mexico's telephone system by ten times to reach Canada's level of service, so this is a long-run opportunity.

MARKET OPPORTUNITIES IN MEXICO FOR TELECOMMUNICATIONS EQUIPMENT

- Telephone switching equipment
- PBXs
- Data transmission equipment
- Customer premise equipment
- Private networks
- Fibre optics
- Satellite support services
- Cellular telephone systems
- Digital switches
- TV and broadcasting equipment
- Test and maintenance products

