

WANG	Guadalajara	Mini and microcomputers, peripherals
UNYSIS	Guadalajara	Mini and microcomputers, peripherals
NCR	Puebla	Minicomputers
DIGITAL EQ.	Chihuahua	Minicomputers
PRINTAFORM	Sonora	Microcomputers
SIGMA/COMMODORE	Mexico	Microcomputers
MICRON	Irapuato	Microcomputers

#### 4.2 TELECOMMUNICATIONS

Import substitution policies stimulated the domestic production of a wide range of equipments, from telephones to public switches to satisfy internal demand during the 1970's and early 1980's. Suppliers of telecommunications equipment had to fulfill a set of requirements to operate in Mexico, including minimum local contents and exports and technological development, in order to be allowed to import parts and components, to obtain preferential tariffs for those imports, to be eligible for fiscal incentives and to obtain other benefits offered by the government. In order to fulfill the local content requirements imposed by the government, manufacturers had to invest in the production of parts and components. The liberalization of the domestic market and the elimination of preferential tariffs and fiscal incentives have recently reduced the government's capacity to influence the telecommunication equipment manufacturers. However, the concentration of the market in the public sector is making it possible for the government to favor local manufacturers.

The Mexican telecommunications industry is undergoing fundamental changes. New policy initiatives are opening opportunities to foreign companies wishing to enter the market, both as suppliers and manufacturers. The Mexican Government has gradually been changing its policies regarding the telecommunications sector, which is now considered of priority interest for Mexico's development and growth, in particular through the privatization of Telefonos de Mexico, the central telephone company and through modernization and expansion programs which cover virtually all areas of telecommunications services in Mexico. This will translate into increased investments in this sector during the near future, representing excellent opportunities for Canadian suppliers in the electronics industry.

The telecommunication equipment market has registered greater rates of growth than those of other manufacturing sectors. The level of domestic production increased significantly when manufacturing of digital switches started in the early 1980's. Production in 1985 was 1.7 times greater than in 1982. Since then, production has registered lower rates of growth. Local production of telecommunications equipment, including telephone, telex, telegraph, radio, video and TV broadcasting, transmission and data communications equipment is estimated at \$435.8 million