

- 20% of the population has no access to telephones;
- the demand backlog for phone service is estimated to be 1.5 million requests;
- Of the 5.5 million lines presently installed, 495,000 use over 30 years old electro-mechanical technology, and 3.7 million are still analog;
- 40% of the underground telephone network is composed of obsolete cable with over 15 years in operation;
- 45,000 phones are out of order every day;
- service quality is below international standards;
- international long distance calls are significantly more expensive than in other countries;
- data banks and other data transmission services are not yet available to the general public.

TELMEX published its 1991-1994 three year program, which contemplates a total investment during that period of \$7.2 billion, 35% of which will correspond to imports, an annual growth rate of 12%, the installation of 2.3 million new lines during that period. This represents almost half of all telephones installed within over 50 years. This is expected to increase telephone density to one out of every three families, presently of only 5.1%, one of the lowest in the world. Another 8,000 communities will receive telephone service. The fiber optic network will be increased by the construction of 13,500 kms. Additionally, 470,000 obsolete lines will be replaced by digital centers, and 1,400 computer operators will be installed in 33 new digital centers. Another 100,000 public telephones will be installed, in order to reach an objective of two public telephones per 1,000 inhabitants. Cellular telephone supply will increase from 35,000 to 200,000 users, incorporating 50 cities. Customer complaints will also be given priority, through a faster and more efficient attention in the company's 288 offices, which will be computerized. Additionally, a new training center will be opened to train the company's workers and improve efficiency and productivity. Within the first year, 8,700 public telephones were installed, 1,200 rural communities were provided with telephone service and total 11,300 communities now have telephones.

Fiber optic technology will continue to be used extensively in the future, due to its advantages over other types of transmission systems, in particular for the new overlay network and ISDN. A contract to create the second largest fiber optic cable network in the world, with 13,500 kms. of fiber optics, at an estimated cost of \$300 million, was awarded by the end of 1990 by TELMEX to a number of suppliers. The largest portion was granted to AT&T, followed by Alcatel-Indetel, Telettra, Fujitsu and Ericsson. This project is expected to be finalized within three years and incorporate Mexico's 53 largest cities to the network.

The new phone lines being installed are predominantly digital, so that by the year 2000 approximately 70% of the system will be