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Highlights Of Recent Study On Mexican Telecommunications System

by John Neagle

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The Mexican government plans to sell most of its shares in the state-run telephone company, Telmex, or 56% of the total. Selected highlights of a recent study of Mexican telecommunications by Gabriel Szekely, Jonathan Aronson and Peter Cowhey of the Mexico-US Studies Center at the University of San Diego, are summarized below: * The Mexican phone company has realized profits virtually since its creation in 1948. At present, however, the Mexican telephone system is unreliable, and has failed to incorporate modern telecommunications technology. * Mexico cannot hope to attract large-scale foreign investment if its telecommunications services are too costly, or of inferior quality. * Mexico must break AT&T's virtual monopoly of long-distance telephone services. The government is advised to negotiate with AT&T's competitors. * Mexico could become Latin America's telecommunications center, but only if labor problems within the national telephone company are resolved. * At least $8 billion are required to modernize the Mexican telephone system. Successful modernization is partially contingent on improved labor relations at Telmex. Acquisition of company stocks by the telephone workers' union is recommended. (Basic data from Notimex, 10/22/89)

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