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Editor's Welcome

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Editor's Welcome

This issue focuses on the telecommunications sector in the Americas. As it goes to press, the dynamic telecommunications industry worldwide is undergoing dramatic change that will result in enormous social and economic influence. On a global level, waves of competition and consolidation rock the world market for international telephone calls as international alliances form and transnational telecommunications giants merge. The United States Federal Communications Commission is in the process of promulgating rules that will allow domestic and foreign carriers to negotiate lower rates for overseas calls by waiving "proportionate return rules". This will allow significant benefit to countries privatizing their telecommunications sectors. This action, in turn, is expected to open additional opportunities in domestic markets around the world as overseas monopolies lose their ability to subsidize local telephone rates with surplus profits from international calls.

The NAFTA countries also are experiencing sweeping change in the telecommunications sector. "Seamless" service throughout the NAFTA member countries is becoming available to customers. Two major carriers already have created uniform networks that span all North America to provide seamless service throughout the NAFTA region. In Mexico, the long distance market is opening, and providers are beginning to offer competitive services contemporaneously with this publication. Mexico stands to benefit as its telephone systems connect with more complex global linkages, increasing its economic ties with Canada and the United States and attracting new investment. In the United States, the passage of the Telecommunications Act of 1996 proposes to open the telephone network nationwide to competition, causing a wave of consolidation among the "Baby Bells" as they join forces to serve wider coverage areas and compete in the long distance market.

Several articles in this issue address telecommunications in one or more of the NAFTA member countries. Richard McKenna's article discusses the challenge of assuring universal service in the context of the competitive market created as a result of the Telecommunications Act of 1996 and what the United States experience might suggest for Mexico. Steve Glover and JoEllen Lotvedt's article focuses on the development of the Mexican telecommunications market and the role the NAFTA has played in that process, describing the changes in the regulatory environment, alliances that have been formed among United States and Mexican companies to compete with the former *Telefonos de Mexico* "Telmex" monopoly, and the effect of the NAFTA telecommunications provisions on trade. Student comments lend further background on direct foreign investment in the Mexican telecommunications market and on the impact of the NAFTA on the Canadian telecommunications industry.

The telecommunications market in Latin American countries (in addition to Mexico) is marked by developments in privatization, deregulation and liberalization that have widespread and profound social and economic impact. To broaden the scope and depth of the analysis of the telecommunications sector in the Americas in this issue, two of our articles describe the telecommunications markets in Latin America generally. Sandra Orihuela's article discusses satellite telecommunication regulation and development in Latin America. This article analyzes important factors affecting satellite telecommunications development in the region, including the most influential contributors to the indus-

try and issues particular to the region. My article describes legal and contractual issues that impact the business plan of strategic investors who enter a Latin American telecommunications market by purchasing a telephone company in a privatization or by strategic alliance with a local partner.

In this telecommunications issue, we have been assisted by a highly competent Board of Professional Editors and guided by a distinguished Board of editorial Advisors named by the American Bar Association Section of International Law and Practice, Southern Methodist University and the University of London Centre for Commercial Law Studies. Our professional editors for this issue received assistance from the Student Editorial Board, consisting of highly qualified law students at Southern Methodist University School of Law.

We hope that you will benefit from the practical material and editorial insights provided in this telecommunications issue. We would like to hear your comments about this issue and your ideas about how future issues may address your academic and professional needs.

Thank you for reading our journal. We appreciate your continued readership.

Emily Barbour
Editor, Telecommunications Issue