of the Netherlands, as well as with the North American operator, US WEST.

During the year, together with our affiliates, we also increased our presence in the European Community by taking part in various projects within the following EC programmes: RACE (18 projects), ESPRIT (10 projects), CTS-2 (3 projects), DRIVE (2 projects), AIM (2 projects) and DELTA (1 project). Telefónica also set up an office in Brussels, which will act as our permanent representative to the European Community entities.

Finally, we should mention Telefónica's participation in several European memorandums of understanding for the coordinated introduction of networks and services.

Research and development

1989 was a year of consolidation for our subsidiary company, Telefónica I+D, in which the company defined its technological direction and inaugurated the new intelligent building, from where it will carry out research and development activities. With an area of 21,000 square metres, 13,000 of which are designed for laboratory use, the new Telefónica I+D headquarters is equipped with the latest technologies. Of particular note, is the advanced communications system (with a local 40 MHz broadband network) and the 50 MIPS computing centre with over 600 users. At 1989 year-end, there was a staff of 500 employed by this affiliate to perform the various activities in the new research and development centre.

During 1989, the company completed the hardware development of the TESYS-B packet switching system together with the software corresponding to the first delivery, programmed for 1990.

As regards the operations and maintenance structure (EOC), which is a systems package for telephone network management and operations, activities commenced in preparation for an initial trial in real plant during 1990. This trial will cover all network operations and maintenance in the province of Guadalajara. Telefónica I+D also carried on its activities in the field of speech technology, began developing a Broadband Communications experimental network and initiated a new line of work aimed at identifying ISDN services, which will open up fresh business opportunities for both users and Telefónica.

One a final note, Telefónica I+D placed special emphasis on developing tools for network planning and increased its participation in advanced EC projects.