

## II - CONCLUSIONS OF THE PEAT MARWICK STUDY

The U.S. Department of Commerce (USDOC) includes in its definition of the U.S. telecommunications industry, the telephone and telegraph equipment industry and the radio communication and detection equipment industry. The products encompassed by telephone and telegraph equipment include switching and switchboard equipment, telephone instruments, teleprinting and telex equipment. Related equipment categorized as radio detection and communication equipment includes fibre optic systems, microwave and satellite communications systems and mobile and cellular radio communications equipment.

The U.S. Department of Commerce forecasts that U.S. industry shipments of telephone and telegraph equipment will gain 8% (in real terms) in 1988 and should maintain a 5% growth rate thereafter through 1992. This growth will be driven primarily by the ongoing modernization programs of the telephone companies and common carriers, as well as by continuing technological developments which are contributing to a voice and data communications revolution within private business. The outlook for related equipment including satellite communications equipment, cellular telephone equipment and fibre optics also appears favourable.

For the particular telecommunications products and parts that were the focus of this report (a list of these product groups is provided on page 6 of this report), total U.S. imports were roughly \$4 billion (U.S.) in 1987, and they have increased over 293% since 1982. Over this period of time, Japanese exports have generally gained market share at the expense of both Canada and Europe. In addition, exports to the United States of telecommunication products and parts manufactured in other countries such as Taiwan, South Korea and Hong Kong have also experienced strong growth, increasing 323% from 1982 to 1987.

Of the product groups studied for this report, the largest import market is for "radio telephonic apparatus, nspf\*, and parts, nspf, of radio telephonic apparatus" (Schedule A 7649350). Estimated U.S. imports in 1987 for this group of products were \$1.16 billion (U.S.) of which Canada supplied \$80 million (U.S.). Among the product groups examined, Canada has the largest market share (39%) of U.S. imports of "Telephone switching equipment, and parts thereof, nspf"

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\* not specifically provided for