

Of the six product groups referred to above, the largest import market is for "radiotelephonic apparatus, nspf, and parts, nspf, of radiotelephonic apparatus" (Schedule A 7649350). This category includes handsets, telephone equipment, facsimile equipment and video telephones. Estimated U.S. imports for this product group in 1987 were \$1.16 billion (U.S.) of which Canada supplied \$80 million (U.S.), Japan \$374 million (U.S.), Europe \$101 million (U.S.) and "Other Countries" \$600 million (U.S.). The value of U.S. imports of this product group have increased 146% since 1982.

The fastest growing import market among the products examined appears to be "telegraph apparatus and instruments, nspf, and parts thereof, nspf" (Schedule A 7644050). During the 1982-1987 period the value U.S. imports of this product gained nearly 73% per year for the five-year period covered by the study. Japan has the largest share of U.S. imports of this product group.

"Other Countries", particularly those from the Far East (excluding Japan), have been steadily increasing their share of the U.S. import market for these products. These countries account for 52% of 1987 U.S. imports of "radiotelephonic apparatus, nspf, and parts, nspf, of radiotelephonic apparatus" (Schedule A 7649350), 62% of "radio remote control apparatus" (Schedule A 7648360) and 61% of 1987 U.S. imports of "telephone instruments and parts" (Schedule A 7644020).

Given the devaluation of the U.S. dollar against major developed country currencies and the relatively stable relationship between the Canadian and U.S. dollars, there would appear to be room for growth in Canada's share of the U.S. telecommunications market. However, the devaluation of the U.S. dollar is more likely to affect buying decisions in the U.S. market for low technology, high volume items such as telephone sets, facsimile machines and smaller turnkey products. While this study does not analyze the impact of the devaluation of the U.S. dollar on specific product groups, there is reason to believe that the devaluation of the U.S. dollar has less impact on buying decisions for high technology, finished telecommunications products such as switches and software. In these cases, life cycle costs, connectivity and product features may be more important to many buyers than the initial price.

As a result of a Free Trade Agreement, it appears that there would be enhanced opportunities for increased exports to the United States of a number of products such as telephone switching