

GLOBAL MARKET OPPORTUNITIES REVIEW

PRIORITY SECTOR: TELECOMMUNICATIONS

PURPOSE: To focus and enhance trade development in support of the telecommunications sector.

SECTOR DESCRIPTION:

- Telephony
- Data Communications
- Satellite
- Radio
- Fibre, Cable and Outside Plant
- Systems Integrators
- Services

The Canadian telecommunications sector is robust and growing. Domestic revenues for goods and services were about \$15 billion in 1991. Historically, the sector has been relatively immune to the cyclic economic pressures common to most industrial sectors in Canada, principally as a result of the regulated operating environment of the telephone operating companies such as Bell Canada and B.C. Telephone. These companies are the major Canadian customers for industry suppliers such as Newbridge, Glenayre, Northern Telecom, etc. Historically, the industry developed in a climate of serving the needs of these carriers which have traditionally operated under the scrutiny of a benevolent regulator. The CRTC, until recently, has permitted no foreign and little domestic competition for the carriers.

The sector exported in excess of \$1.9 billion in 1989, with an estimate for 1991 of \$2.5 billion, principally driven by Northern Telecom and a few of the top players such as Glenayre, Newbridge and Mitel. Three factors stand out in any analysis of telecom exports:

- ≈ 50% of export revenues are generated by Northern Telecom.
- The vast majority (over 80%) of companies are engineering driven (as opposed to market driven) niche players and earn less than \$ 1 million per year in exports.
- Canadian carriers play no significant role in exports.

These factors must be considered in the development of any trade plan or policy discussions designed to assist the industry in increasing exports.