

SECTOR: Advanced Technology Products, Systems and Services

SUB-SECTOR: ELECTRONIC COMPONENTS

Officer: D. Shaw

U.S. Market Opportunities: As the U.S. economy emerges from the recession, the component industry is forecast to grow at a compound rate of 6 to 8 percent through the mid-1990s. With forecasted growth at 9 percent for 1991, the most active growth area will be in semi-conductor and related devices. More moderate gains of 5 to 6 percent expected in components. As the economic recovery continues, demand for electronic components, semi-conductor devices and integrated circuits will be driven by the information processing, telecommunications and automotive markets.

Recession and a sluggish recovery have resulted in consolidation and increased competitiveness within the U.S. industry. However, significant market opportunities exist for a broad range of products from simple components, such as resistors and capacitors, to multi-layer circuit boards and chips.

Canadian Capabilities: Canadian industry is well placed to meet a wide variety of competitive challenges in the US market place, from power supplies, to connectors, to multi-layer boards. The bulk of the industry is medium sized to small, with a number of larger multi-national corporations also active, some under world product mandate. Concentrated in the major industrial centres, the Canadian industry is facing a difficult economic future and there may be some adjustments. Particular areas of strength include power supplies, multi-layer circuit boards, fibre-optics and connectors.

1989 trade figures indicate that Canada imported almost 1.8 billion in electronic components from the United States while exporting slightly more than 1.5 billion. Canadian exports to the U.S. accounted for 7.4% of the latter's imports in this sector.

Strategy: - Reinforce the image of the Canadian electronics industry as a capable, competitive and quality supply source through participation in selected national and regional high profile trade development activities.

- Expand into new or underexploited markets and develop new market segments by information booth participation and trade missions to targeted market areas.

- Promote U.S investment and strategic alliances in the sector in order to attract high technology-based firms to Canada.