SECTOR: ELECTRONICS

I. MARKET OPPORTUNITY OVERVIEW

World markets for electronics products and services have been growing at a rapid pace over the past decade or two. Growth projections in the 1980s and 1990s indicate continuing rapid rates, especially in informatics and telecommunications. While the needs of individual countries vary widely, as does their capacity to absorb and fund acquisitions, there are few markets with insignificant potential for commercial sales by Canadian industry. In addition to informatics and telecommunications, space communications have also shown continuing upward growth trends. Rural communications have for some time been an important component of development programs in Third World countries. In defence electronics, while markets outside of North America are limited, there are opportunities for unique product or technology sales.

Priority markets are a) for informatics - USA, W. Europe, Japan; b) for telecommunications - Africa, Asia/Pacific; c) for space communications -Nigeria, Colombia, Argentina, Mexico, China; d) for rural/subscriber radio -Colombia, China, Thailand; and e) for defence electronics - USA.

II. CURRENT ACCESS CONSTRAINTS

By and large, policies of individual countries are aimed at creating, or expanding, domestic industrial capabilities. Imports, when they are allowed, are expected to serve these policy objectives through, e.g., establishment of local manufacturing facilities, licencing and training. Protectionism in NATO's European countries, and Canadian export controls to many Third World countries, limit Canadian industry access to the defence electronics markets.

Standards are often a constraint. Linguistic and application environments, as well as telecommunication, safety and electrical requirements are common obstacles to the sale of Canadian products abroad. Compliance with local standards is often complicated by industry's incomplete knowledge of requirements and approvals procedures, as well as by its limited access to test facilities, and by the cost of product adaptation.