The Competition

Canadian companies in the computer products field are frequently in a market niche where their competitors are mostly of like size i.e. small to medium. In addition to German firms, the primary competition comes from the United States, Japan and Western Europe. Together, the U.S., Italy and Japan account for 30 per cent of imports, with the balance shared by a number of other countries. However, there are ample opportunities for Canadian manufacturers of computer products to supply compatible equipment to the OEM firms and system houses for integration with their products.

A number of European telecommunications manufacturing companies, that are dominant in their home markets, are competitive to Canadian companies in other world markets; ITT, Siemens (F.R.G.), L.M. Ericsson (Sweden), Thomson-CSF (France), CIT-Alcatel (France) and Philips (Netherlands). Each are major forces in their own country. In the F.R.G., for example, Siemens dominates, with Standard Electrik Lorenz (SEL), an ITT subsidiary, as the second broad range suppliers.

In the non-telephone equipment market, major western European manufacturers are: Philips, Marconi (ITT), Racal, GEC-Marconi, Storno, Olivetti, Sagern, Siemens, Brown-Boveri, SRA (LME), SRI (ITT), Bosch, etc.

The Action Plan

The following activities are planned in pursuit of marketing computer communications and related products in the F.R.G. market:

a) Pursuit of opportunities identified by the tri-country technology mission, composed of representatives of six companies, which travelled to the F.R.G., the Netherlands and Switzerland in October 1982 (EELA*);

b) Match Canadian suppliers of computer peripherals with opportunities in the F.R.G. and encourage them to make market identification visits with the assistance of PEMD-B (market identification) (EELA*);

c) Develop more precise data on market potential for the specific products manufactured by Canadian firms in close collaboration with those firms (Munich);

d) Sponsor an official exhibit in the CEBIT section of the Hanover Fair 1984, 4-11 April 1984 (EELA*/Munich);

e) Assist Canadian companies with complementary products in the computer peripherals sector to develop a common approach to increase their impact on the F.R.G. market (EELA*/Munich);

f) Sponsor an official exhibit at Electronica 84, 13-17 November 1984 in Munich (EELA*/Munich);

g) Organize an incoming and one outgoing mission related to the cable TV sector (RCT*/Munich).

* Refer to Glossary of Abbreviations, page 39

3. DEFENCE ELECTRONICS/AVIONICS

The Opportunity

NATO plans specify significant additions to the defence equipment of its major partners throughout the 1980s. Economic difficulties in the F.R.G. have slowed the pace of equipment purchasing plans. It is expected, however, that the F.R.G. will continue to shoulder its full share of NATO's defence requirements, since the German government has stated that it remains firmly committed to a strong national role within NATO. That commitment is confirmed by its substantial defence spending program: approximately $25.0 billion in 1981, $26 billion in 1982, $28 billion in 1983 and $28.5 billion in 1984. Those figures do represent cutbacks from the previous, more ambitious intentions through fiscal 1984. As such, they have forced the F.R.G. to reappraise its medium and long-range defence position. One aspect of that reappraisal has been the shelving of a series of new weapon systems in favour of a low-cost approach that stresses systems improvement and stretching the mission life of already deployed weapons. Current revised defence planning also calls for creation of new mission capabilities for existing equipment through technological modification, and for an increased level of technology to improve current mission roles. Existing long-term procurement programs that will be continued relatively unchanged through 1984 include acquisition of: Gepard A/A armoured vehicles, Leopard II battle tanks, naval vessels, helicopters, Tornado multi-role combat aircraft and the Alpha Jet.

Modern military systems will have a growing electronic component in their make-up as they continue to develop. That gives Canada the opportunity to become a significant supplier of electronics equipment and systems to the German defence forces.

A principal instrument for making the F.R.G. aware of Canadian capabilities in defence electronics has been government-to-government meetings conducted under the aegis of the Defence Research, Development and Production (RDP) Agreement. That 1964 agreement between the former Department of Industry, Trade and Commerce and the German Ministry of Defence (GMOD) is primarily intended to identify common military requirements and to share R&D costs and production. However, the reciprocal promotion of defence products and efforts to encourage industry-to-industry co-operation in product development have featured in RDP committee discussions.

Within the past two years, a number of promising new opportunities in the electronics and avionics sector have been identified. They are being actively pursued through the RDP media, by the post and by the Canadian companies concerned. The opportunities are:

a. *Perimeter Security Systems*

Perimeter security systems are intended as complementary aids to guard personnel, or as part of