

given to operators to install fibre-optic switched star networks. British Telecom, with its expertise in cable laying, will be a major participant in the development of cable TV services. Eleven cable operators were awarded "interim" franchises in late 1983 ahead of the cable legislation.

Recent Canadian Marketing Activity

In the period subsequent to the BT Act changes, activity has increased significantly. Canada's market share rose to about 2 per cent of total imports (i.e., £2.5 million) in 1982.

The major Canadian companies active in the market are Northern Telecom (U.K. subsidiary and licensing agreements with GEC and STC), Mitel (U.K. manufacturing subsidiary, technology licensing agreement with BT, GEC and Plessey, distribution agreement with ICL), Canadian Marconi (telex exchange contract with BT), SR Telecom (supplier to BT) and Gould Canada (telecommunications batteries).

Seven Canadian companies exhibited together with their U.K. subsidiaries or representatives at the Communications '82 Exhibition held in April 1982 in Birmingham, and reported successes. Six Canadian firms participated in the Communications '84 Show in Birmingham in May, which provided initial contacts for Canadian companies who were either seeking joint venture or licensing arrangements or the appointment of a U.K. distributor.

In March 1984, fifteen companies participated in a Cable and Satellite Mission to the U.K. Both Canadian and British interests who met during the mission have become enthusiastic about the potential.

Other trade fairs of interest to Canadian suppliers would be the Eurocast (Cable and Satellite Europe) Show. In 1984, sixteen Canadian firms exhibited at that show and nine other firms were represented. The Eurocast Show is held in May, and alternates between Basel (Switzerland) and Birmingham. The 1985 CAST (Cable and Satellite Television) Show will be held in Birmingham in April.

Market Considerations

Although the trends are encouraging in the medium term, only a limited competitive market for telecom equipment in the U.K. can be expected. As a consequence, Canadian suppliers are encouraged to enter this market in association with a British company already having a working relationship with BT and thus capable of offering expertise on U.K. requirements.

There is little difficulty in locating suitable and interested British companies. The major problem has been in identifying Canadian companies with the potential to successfully penetrate the market. Worthwhile sales of relatively minor telecom equipment may be achieved in the short term through the traditional supplier/distributor network, especially if some final assembly and service is U.K.-based. The eventual outcome of that market penetration may,

however, be the establishment of U.K. manufacturing facilities.

Competition

There are four major U.K. equipment manufacturers who supply the bulk of BT's requirements — GEC, Plessey, STC and Pye (Philips) — and who are also major suppliers to the non-BT sector. A new addition is Ferranti-GTE, a joint venture of the major British electronics company Ferranti and GTE of the U.S.

As shown in Table 3 on page 14, the major source of telecommunications imports is the EEC (Germany, France and Ireland), followed by the U.S. and Japan. The level of imports has tended to rise at a faster rate than the telecom market as a whole.

1.2 Computers

Opportunity

According to U.K. industry experts, increases in computer hardware budgets among U.K. companies were forecast for 1983-84, with the greatest expansion being in office automation (e.g., message switching, word processing and personal computers). The sectors providing strongest demand for capital-intensive items will be public utilities, public administration, retail, distribution, general industry and engineering sectors, followed by the financial sector. On the software side, the increase in demand for packaged software will level off marginally over the next 24 months. Software for local machines in distributed processing systems is currently in short supply.

U.K. computer hardware imports increased by 30 per cent between 1981 and 1982. Import totals in 1983 were approximately £3.0 billion. Imports represented almost two-thirds of the U.K. market in 1982.

The Central Computer and Telecommunications Agency (CCTA) acts as a co-ordinator of government policy and practice in the use of computers and telecommunications. Large government computer contracts tend to go either to British companies or foreign companies with substantial British commitments and investments, e.g., IBM. As Table 4 depicts, total billings of the U.K. computer services industry were £695 million in 1982. Public sector billings represented £78 million or 11 per cent of that total.

Recent Canadian Marketing Activity

Canadian companies have been active in the U.K. market for many years. ICL, the major U.K. manufacturer of hardware, derived its "1900 series" of computers from a Canadian Ferranti-Packard design. For many years ICL has marketed Consolidated Computer Inc.'s Key-Edit equipment outside North America and has begun marketing Mitel's SX2000 in the U.K.

In terms of the overall U.K. market, the Canadian share is less than 1 per cent. In certain niches Canadian companies are quite active, successful and increasing their market share. Some examples include Geac computers (major on-line systems for