

**ADVANCED TECHNOLOGIES  
PRODUCTS/SYSTEMS: TELECOMMUNICATIONS**

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**Market Opportunity:**

Privatization and the resulting competition in the Japanese telecommunications sector has had a broad impact on the market. The primary components of the reform were the introduction of the principle of competition to all areas of domestic and international telecommunications, the privatization of Nippon Telegraph and Telephone Public Corporation (NTT), and the liberalization of the terminal equipment market. Since 1987, Japan's imports of telecommunications equipment have increased an average of 38.5% annually. The focus has been on the manufacturing segment of this sector, but there are emerging markets for telecommunications services and consulting services.

The imminent divestiture of NTT, the participation of foreign carriers in the Japanese international carrier business, and the growing number of Type I and Type II carriers signal an opening in the telecommunications market in Japan for foreign suppliers. Over 40% of large corporations are using Integrated Services Digital Network (ISDN) and NTT plans to complete the digitization of its switching facilities by 1997. Frame relay exchanges, offering high speed interoffice data communications systems, have been well received in the Japanese market and are expected to find extensive use before the commercial availability of broadband ISDN (B-ISDN) services such as audio-visual teleconferencing and multimedia. Growing trends for the provision of international "seamless services" to international telecommunications carriers is another opportunity for Canadian manufacturers of equipment compatible with international standards. Canadian companies can also offer systems engineering support for Japanese products aimed at North American markets.

**Supplier Capability:**

Canadian companies with a proven track record in the North American market can provide equipment and end-user services either directly or through strategic partnering arrangements.

**Action Plan Strategy:**

Build awareness of Canadian export capability in telecommunications products and services and enhance the Japanese understanding of the Canadian telecommunications industry by fostering strong links through the industry associations. In the short to medium term, assist Canadian industry by providing timely market information and intelligence on trends and opportunities in the Japanese market, and advise on regulatory changes which affect the business environment in Japan. Continue to promote Canadian company products via selected initiatives.