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The total production value of finished electronic goods amounts to \$75 billion, of which 50% is exported. Some 25% of Europe's output of finished products with electronic components is made in France. Growth is strongest in integrated circuits, at 25%, and more generally in high value-added active components, discreet or opto-electric components, and powerful semi-conductors, which continue to lead the market with sales of close to \$6.5 billion.

The market is dominated by major players such as France Télécom (the world's fourth-biggest operator) and Alcatel Télécommunications (until recently the world's largest manufacturer). France is thus potentially an important source of investment in the Canadian information technology sector, and French companies could make good partners for Canadian firms seeking joint ventures, technology transfers and access to intellectual property, as well as co-operation in R&D for new products and technologies. In fact, French laboratories in the information technology sector are among the best in the world; the main players are the Centre National d'Études en Télécommunications (CNET) and the Centre National de la Recherche Scientifique (CNRS). Thanks to major investments by both the public and private sectors, France has overtaken Germany for third place among G-7 countries in terms of research spending. Canadian companies enjoy privileged

access to French and other European R&D projects, under the Science and Technology Agreement between Canada and the European Union, as well as through Canada's participation in the European Space Agency's programs.

B. Constraints

The most difficult challenge for Canadian makers of telecommunications products is to ensure conformity with European standards. The "CE" (European Union) label is required on many products entering France. The Canadian Embassy in Paris publishes a periodical bulletin, entitled "Market Information on Information Technology in France", that contains updates on French companies, the French market and regulatory issues, including certification in France. Canadian companies can subscribe, free of charge, by faxing or e-mailing the information technology commercial office at the Embassy.

From a partnership and investment viewpoint, Canada and Canadian companies must cope with a very competitive environment in France. French companies do not automatically think of Canadian firms as partners, and a sustained and concerted effort will be required to keep Canada ranked in a respectable position on the list of French priorities.

