

WESTERN EUROPE:

REGIONAL ASSESSMENT

The Western European market is the 2nd largest in the world, and certainly represents fertile ground for Canadian companies. Three of the largest 'national' companies reside in the region (Alcatel, Siemens, and Ericsson). Europeans are very familiar with the vagaries of non-tariff barriers such as rigid testing and certification procedures. Adherence to national standards and technical specifications make market penetration a difficult and costly proposition for Canadian companies. Also, since telecom is one of four sectors currently excluded from the disciplines of the GATT government procurement code, Canadian suppliers do not enjoy assured access to procurements by EC governments. It is estimated that between 70% and 90% of contracts awarded by telecommunications administrations have gone to national producers. This is gradually being overcome as a result of the EC92 evolution and through GATT discussions, but has not yet disappeared. It should also be noted that the technical infrastructure to support telecom is in place in most of the Region (Portugal, Greece and Turkey being the possible exceptions) and financing is seldom a problem.

- TIER A:**
- Turkey One of the largest regional markets for Canadian telecom, principally due to activities of Northern Telecom. Exceptional penetration rate of Canadian technology.

 - Germany Ongoing deregulation and the move towards privatization and the need to upgrade existing equipment are yielding some new opportunities for Canadian firms attempting to gain access to this market, currently ranked as the #3 international market. Nevertheless, a small number of national firms (such as Siemens and MBB) continue to dominate, particularly in the area of public procurement bidding.
 - Bonn Excellent technology base, firmly established infrastructure, quality more important than price for firms attempting to penetrate market or establish joint ventures.

 - Munich Good market, subject to much the same considerations as Bonn.

 - Berlin New market, with little market intelligence. Should represent an excellent entry point for Eastern Europe but concern exists that the major German players such as Siemens, MBB, etc. will leave nothing more than crumbs for firms from other countries.