

EXECUTIVE SUMMARY

This report addresses one of approximately 80 sectors reviewed as part of a broadly-based study commissioned by the U.S. Trade, Tourism and Investment Development Bureau of the Department of External Affairs. The objective of this study is to provide a preliminary indication of potential opportunities for the expansion of Canadian exports into the United States. The findings in each report are based on an analysis of U.S. trade statistics and a limited survey of U.S. importers and trade associations from a broad cross-section of the U.S. industry.

The purpose of each report is to assist Canadian companies in identifying potential export opportunities that may justify further investigation. While the reports do not provide analyses of Canadian export industries or their international competitiveness, they do provide other kinds of information that should be useful. For example, each report provides information on individual companies that have indicated an interest in new sources of supply, some of which are quite specific. Information on U.S. import market size and shares and on industry publications and trade fairs that the companies surveyed felt were most useful are also provided. As such, individual reports in the series should be of particular interest to small and medium-sized Canadian companies that either are not yet exporting or that would like to increase their level of exports to the United States.

Telecommunications equipment is one of the sectors examined during the study. The U.S. telecommunications sector is composed of numerous product groups. Six of these product groups were chosen to be the focus of this report. Together, these product groups accounted for \$4.04 billion (U.S.) in imports to the United States in 1987. Of this total, \$406 million (U.S.) or 10% of those imports came from Canada, while Japanese imports amounted to 42.9% and those from Western Europe, 6.7%. U.S. imports from other countries amounted to 40.4% in 1987.

A survey of U.S. importers of telecommunications equipment was conducted to determine, among other things, the effects of the devaluation of the U.S. dollar on imports from Japan and Europe and to assess the potential for Canadian manufacturers to replace these imports. The results of the survey indicated that nearly 70% of respondents faced rising costs for their imports as a direct result of the dollar's decline. Of those who had never tried Canadian sources, 48.6% were interested in learning more about Canadian companies and their products as alternate sources of supply for increasingly expensive imports. Most of those not interested in sourcing from Canada