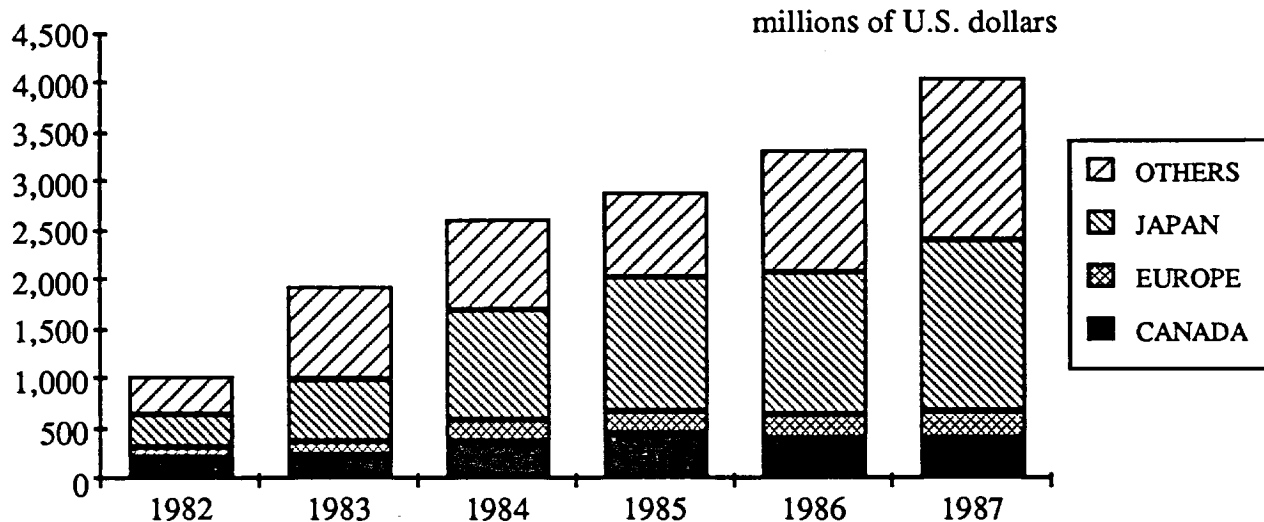


CHART 1
TOTAL U.S. IMPORTS OF SELECTED
TELECOMMUNICATIONS EQUIPMENT



Source: *U.S. General Imports and Imports for Consumption*, U.S. Department of Commerce.

In 1987, the combined value of imports of products in these six groups increased more than 21% over the 1986 value. Over the period 1982 through 1987, U.S. imports of these products increased at an average annual rate of 31.5%. Imports from Japan exceeded \$1.73 billion (U.S.) in 1987 and represented 42.8% of total U.S. imports of the products in this study, up from 32.6% in 1982. "Other Countries", primarily those from the Far East, increased their share of imports to the United States of these products from 37.5% in 1982 to 40.4% in 1987. Japan and "Other Countries" have generally gained market share at the expense of both Canada and Europe. Canada has made significant market share gains in only one of these product groups: "telephone switching equipment, and parts thereof" (Schedule A 7644010). Canada has taken the lead with 39% of U.S. imports of this product group in 1987. For the other five product groups, Canada has lost a substantial share of the U.S. import market.* Trends from 1982 to 1987 for each product group are presented in Appendix 6.

* According to industry sources, the bulk of Canadian telecommunications exports to the United States are products manufactured by Northern Telecom Limited (NTL). NTL has apparently rationalized much of their production in the United States to include more U.S. content. While these exports have not been identified as corresponding directly to the products which are the focus of this study, there is reason to believe that this factor may have contributed to the leveling of the Canadian exports identified above.