

MUNICH, GERMANY

Market Facts

The German market for telecommunication products is the third largest market worldwide (ranking only behind the U.S. and Japan). The creation of the Single Market of the European Community (EC), the liberalization of the telecoms in general in the EC, and particularly in Germany, the unification of the two Germanies, and the need to upgrade telecommunication facilities in Germany, all combine to increase the demand for communication equipment and to make Germany a strong potential market for Canadian suppliers.

Canadian firms must commit themselves - senior management and resources - to the German market. They must be prepared to work with an organization (the Bundespost Telekom) that is transforming itself from a state monopoly to something akin to a private sector organization; and they must undergo the time-consuming and rigorous certification process to become a Telekom supplier. For those firms that are ready to undertake all of this, the potential rewards will be worth the effort.

Because of the variety of products and services, the massive job of creating a new telecommunications infrastructure in the old East Germany, and the (still unknown) factor of privatization, it is difficult to estimate the total size of the market. Nevertheless, the following figures provide some order of magnitude.

Market size:

1990:	old FRG	\$ Cdn 9100.00 million
1991:	Germany (total)	\$ Cdn 11000.00 million
1992:	Germany (total)	\$ Cdn 13000.00 million

The Bundespost Telekom which retains its state monopoly on networks plans to invest approximately DM 55 billion (\$ Cdn 39 billion) in the new provinces until 1997. In addition to that public investment, the private investment on telecommunication will increase the market size in Germany remarkably.

The current share of the German market by Canadian companies still is very small; total purchases in 1992 will be \$ Cdn 114 million, 2½ times the exports in 1990. However, the important fact is that Canadian companies are developing a reputation as developers and suppliers of world-class telecommunications products.

The process of liberalization of the telecommunications industry in Germany is proceeding slowly, but the German government is committed to it. The Telekom is being directed to act in a more 'free market' manner, and it is 'privatizing' some of its own