

SECTOR: Advanced Technology Products, Systems and Services

SUB-SECTOR: TELECOMMUNICATIONS

Officer: D. Shaw

U.S. Market Opportunities: The U.S. market grew by a compound annual rate of almost 10% between 1985-89. Although 1990 figures indicate a levelling off of the growth rate, the market is still expected to reach \$53 billion annually by the end of 1994. This growth rate notwithstanding, Canada's market share has declined slowly since 1985.

Implementation of integrated services digital networks, (ISDN), a technology increasingly significant in 1990, which is expected to continue to grow through the rest of the decade. The market will see increasing use of value added network services (VANS), such as: packet-switched and public data services; telecommunications and information gateway services, code and protocol processing and conversion; voice messaging; audiotex; and 900 numbers and electronic mail and electronic data interchange. The main growth segments of the U.S. market lie in corporate data communications as the use of distributed data processing, remote computer monitoring services, electronic software distribution and virtual private networks become more prevalent.

Canadian Capabilities: The Canadian telecommunications equipment industry is composed of 250 companies that exported globally approximately \$C1.5 - \$C1.9 billion in 1990. Seventy percent of these exports (\$1.2 billion) went to the US. About half of these exports were accounted for by a single company, Northern Telecom. The concentration of export sales among a few exporters suggests that the remaining 240+ small and medium sized Canadian companies could increase export sales to the US. Canada should be more successful in switching, data communications, mobile communications and software related services since these sub-sectors are strong domestically, compatible with U.S. standards and competitively priced.

Strategy: - Develop new markets in the U.S. Northeast, North central and Western regions through a series of initiatives aimed at improving sales of Canadian SMEs to the Regional Bell Operating Companies who together account for 90% of the U.S. market. Coincident with these initiatives, market presence will be reinforced and direct sales opportunities provided to SMEs through participation in national and regional trade shows.

- Enhance domestic awareness of U.S. opportunities through incoming missions, regional market studies and publication of detailed marketing information.
- Encourage Canadian SMEs to build upon their strengths in providing complementary products to established systems as well as to explore and adapt to the markets presented by independent U.S. carriers and the burgeoning private network.
- Promote U.S investment and strategic alliances in the sector in order to attract high technology-based firms to Canada.