



# COMEXPORT

Dept. of External Affairs  
Min. des Affaires extérieures

Vol. 1, No. 2

June 1, 1993

## Russia Signs Telecom Agreements With Canada

At the invitation of Communications Minister Perrin Beatty, Russia's Minister of Posts and Telecommunications, Vladimir Bulgak, visited Canada in February to develop a new framework for co-operation in telecommunications between the two countries.

During his visit to INTER COMM 93 in Vancouver, Minister Bulgak signed two Memoranda of Understanding (MOU) with Minister Beatty. The first MOU identifies several areas of co-operation in telecommunications, including research and development, long-term forecasting, technical standards and certification, frequency co-ordination, spectrum management and licensing of radiocommunications, market analysis, and telecommunications policy and regulation. This

agreement marks a new closeness in telecommunications relations between Canada and Russia.

For the second MOU, Canada's Department of Communications co-ordinated a "Canada Inc." approach involving Northern Telecom, Bell Canada International and Telesat Canada. The agreement, which was co-signed on the Russian side by Intertelecom and Moscow City Telephone Network, will consolidate existing partnerships and lead to future alliances among Canadian and Russian companies.

The MOUs should open doors to Canadian companies wishing to participate in the development of Russia's telecom infrastructure and, in particular, that country's planned multimillion-dollar satellite telecommunication system.

manufacturer. Major international players active in the French market include ITT, AT&T, Siemens, Philips, Ericsson and Northern Telecom (especially through its investment in Matra). Most successful foreign-based telecommunications companies operating in France are affiliated with a French partner.

Several French companies are active in the PABX market, including Alcatel, Matra Communications (the second largest French telecommunications manufacturer) and SAT.

The telecommunications sector in France is overseen by the Ministry of PTE, which regulates the industry through the Direction de la Réglementation Générale (DRG). The Conseil Supérieur de l'Audiovisuel (CSA) regulates the broadcast and cable industries. All equipment connected to the public telephone network in France or using the radio waves must be approved by the DRG. The actual testing of equipment is done by the Centre national d'études des télécommunications (CNET).

### Market Opportunities

As of January 1, 1993, competition has been reinforced for value-added services, including electronic mail, database access services and the resale of basic data communications services. With foreign telephone companies beginning to enter the French market, some Canadian companies find that the drive to develop competitive solutions has created new opportunities.

Other key market segments in France include mobile communications, network management equipment for France Télécom, cable and satellite broadcasting, and

*Continued on page III—FRANCE*

## Trend Towards Competition Opens Telecom Markets in France

There appears to be a new climate in the French telecommunications marketplace. The regulatory trend is favouring more open competition and there is evidence that supply restrictions are beginning to be alleviated, albeit slowly, since the EC proposed a more evolutionary path toward telecommunications reform.

France Télécom, formerly part of the Ministry of PTE (Postes, Télécommunications et Espace), became an autonomous corporation in 1991. While France Télécom

remains state-owned and retains its status as the monopoly provider of public voice services, competition now exists in the value-added services, and mobile communications marketplace.

Many telecommunications products and services in France are provided by independent subsidiaries of a holding company controlled by France Télécom. In the public telephone market, the majority of equipment is supplied by the French multinational Alcatel NV, the world's largest telecommunications



## Asia-Pacific Region

## "Explosion" in Satellite Capacity Leads to Demand for Ground Equipment

The market for satellite equipment in the Asia-Pacific region is expected to grow substantially during the 1990s. As one expert puts it, "We are facing an explosion of satellite capacity." By 1995, forecasts predict that the number of transponders in the region will almost double to over 600 units, from the 327 already in place.

The growth in space segment capacity is expected to stimulate requirements for ground equipment. Rapid growth is expected in the VSAT (Very Small Aperture Terminal) and SCPC (Single Carrier per Channel) areas, particularly for earth-station hardware that is suited to specific market conditions (fewer frills and increased durability for tropical environments). Specialized earth stations for public switched telephone network applications and business voice services, suited to regional requirements, could represent major opportunities. Given the rapid expansion of the sector, a market will also be created for those who can offer training to operators and users. However, the greatest potential may lie in the areas of data and voice satellite-based services to small businesses through local dial-up access. These applications may include E-mail, store and forward facsimile options, on-line data retrieval, bulletin board services and news broadcasting services.

Yet the market remains complex. The broad diversity of economic and national priorities, with varying degrees of co-operation among nations, creates opportunities throughout the region. Through the Palapa series, extended by the launch of the next generation of high-powered, multiple-spot beam satellite, Indonesia will ensure its status as a regional service provider.

However, one must look beyond Palapa to see the large number of companies offering satellite-based services in Indonesia. A direct broadcast service for the country is planned by PMediacitra Indostar. The satellite, *Indostar 1*, will provide S- and L-band television and radio services. Citra Sari Makmur offers VSAT services jointly with PT Telekom, and Lintasarta provides services to the financial sector. GTE Spacenet is setting up a network across Indonesia for the tourism industry.

In Thailand, the Shinawatra Group will start offering narrow band services this year from *Thaicom 1* and 2. Compunet Corporation in Bangkok offers a broadcast service aimed at the financial and news sectors, while Smart Telecom has VSAT customers for a high-speed data network.

Hong Kong's AsiaSat, having changed the television viewing habits of much of Asia through its distribution of Star TV, is planning for next year's launch of *AsiaSat 2*. However, AsiaSat has a new competitor. APT Satellite plans to launch *Apstar 1* next year as well. Although it is a Hong Kong-based company, APT has Chinese and Thai ownership, which may give it a certain edge with customers in those countries.

A Malaysian-Filipino organization, led by Binariang Sdn. Bhd. is planning the launch of *MEASAT* which will have 12 C-band and one or two Ku-band transponders.

For further information on the Asia-Pacific satellite sector, contact the Department of Communications, International Telecommunications Division, or EAITC's Aerospace and Defence Programs Division.

### Canada-Japan Technical Seminar Set for November

The fourth Canada-Japan Communications Industry Technical Seminar is being planned for November 1993. This seminar gives Canadian and Japanese companies an opportunity to compare developing technologies in the telecommunications field and to seek areas where co-operation would be beneficial to both sides.

Before planning this year's program, industry representatives were canvassed for their suggestions. Many felt that the seminar should be expanded to give visitors from Japan the opportunity to see the work and research being done by Canadian companies. This could be achieved through on-site visits or through mini-trade shows. Respondents also felt it was important that the Japanese visitors saw more than one region of Canada. Incorporating these suggestions in the planning process promises to make the event more interesting and valuable for both the Canadian and Japanese companies taking part.

If you wish to participate in the seminar, please get in touch with the International Trade Policy, and Science and Technology Co-operation Division of the Department of Communications or the Japan Trade Development Division of External Affairs and International Trade Canada (see contacts box).

## Telecom Markets in China—Look to the Provinces!

Growing decentralization in China is having a major effect on how one should market to the telecommunications sector. China's Ministry of Posts and Telecommunications (MPT), which is responsible for all telecom operations and, through subsidiary companies, for much of the telecom manufacturing in the country, has given considerable procurement decision making powers to its regional offices.

In terms of operations and procurement, the MPT is divided into five levels: international, national, provincial, municipal, and county. The international level is responsible for international communications, while the national level is responsible for the backbone networks (such as the new fibre lines and the packet-switching network) that link the provincial capital cities. The decision makers for these levels are based in Beijing. To capitalize on opportunities at the other levels, telecom business people must visit officials outside Beijing.

At the provincial level, Post and Telecommunications Authorities (PTAs) are responsible for telecommunications networks that interconnect major cities within a

province (or autonomous region). While the PTAs are responsible to the MPT, they receive much of their funding for network expansion from provincial governments. Because the provinces have vastly different capacities for funding, there are great disparities in the sophistication of the networks from one province to another. Provincial funding, when available, gives the PTAs a considerable degree of independence from the MPT in procurement decisions.

Municipal level PTAs, responsible for intra-urban networks, are often dependent on municipal government funding. They can also be involved in the establishment of microwave links to neighbouring cities, if the funding and demand exist. In Special Economic Zones and coastal cities, municipal PTAs will often set up switching centres in duty-free areas, thus eliminating considerable tariff barriers on telecom equipment.

The county level of the MPT is responsible for the rural telecommunications networks including small switches, point-to-multipoint systems and small power generators.

*Continued on page IV—CHINA*

## France

*(continued from page I)*

private corporate networking — particularly networking for the multinational client market.

Cable television is finally catching on in France. It is predicted that by 1995, the cable infrastructure will pass 8 million households, with 2.7 million of those homes subscribing for service. To reach these goals, various *câblo-opérateurs* will need equipment, software and more quality programs to attract new customers (see *CanadExport*, March 1, 1991).

With congestion on France's present telecommunications systems increasingly becoming a factor, observers expect to see a boom in mobile communications over the next few years. France Télécom appears to be the most enthusiastic promoter in Europe for both GSM digital cellular and telepoint cordless service. Paging is also another area with development potential.

### Advice and Plans for 1993

Companies need to consider the political and regulatory side of the telecommunications industry in France if they hope to be successful. Attempts at market entry should only be made if a product is technically superior and less expensive than products already available in Europe. Canadian companies that have worked hard over a number of years to develop a market for their products in France are finding themselves well represented in the marketplace and are meeting with increasing success.

Companies primarily based in Canada that envision a long-term European marketing strategy may be well advised to establish partnerships with local firms. By integrating Canadian equipment into their installations, foreign partners may enhance the local image of the Canadian company.

### Upcoming Events

Médiaville, an annual event focusing on the cable and satellite broadcasting sector, will take place May 26-28, in Versailles. Telecom Network 93, the largest trade show covering the French telecommunications market, will take place September 14-17, in Paris.

In the fall of 1993, the Canadian Embassy in Paris will be organizing a telecommunications mission to France for Canadian firms wishing to develop partnerships with French companies. To obtain more information on this mission, or on the French telecommunications sector in general, please contact either the Canadian Embassy in Paris, the Western Europe Trade Division of External Affairs and International Trade Canada, or the International Telecommunications Division of the Department of Communications (see contacts box).

# Multimedia Exhibit Showcases Canadian Companies to the World

Vancouver's INTER COMM 93 was the site for a Canadian first in multimedia. The Canadian government, in co-operation with Apple Canada and Animatics, demonstrated a multimedia system that promotes the Canadian advanced technologies industry internationally. Communications Minister Perrin Beatty was on hand to launch the exhibit.

Multimedia computer technology combines video, graphics, sound and text applications. The system demonstrated in Vancouver encourages visitors to interact with the display so that they can zero in on specific information requests. At the same time, the system collects strategic marketing data from the user that can

be employed by Canadian companies.

According to Scott Sullivan, Positron's vice-president for international business development, "The system is one of the most innovative and exciting international marketing initiatives I've seen coming from government." Randy Zadra of the Department of Communications and Greg Meredith of Investment Canada say that due to the success of the multimedia display, plans are being developed to exhibit it at other trade shows and embassies around the world. For more information, contact the Investment Prospecting Division of Investment Canada (see contacts box).

## China

(continued from page III)

These officials must generally rely on funding from the central authorities. As is the case in many underdeveloped rural regions, the electricity supply can be very unreliable.

To give an idea of the constraints facing PTAs at the various levels, consider the autonomous region of Guangxi. Despite its proximity to the thriving Guangdong, Guangxi is relatively poor and underdeveloped. For a population of 46 million, there is a switching capacity of only 200 000 lines and a long-distance trunk capacity of 3 000 lines. Digital switching was introduced to the region five years ago. So far, only the municipal and provincial levels use optical fibre, microwave or digital switching. By the end of this year, all municipal level switches are expected to be digital. The immediate procurement interests of the Guangxi PTA include switching

centres, small earth-stations, low-capacity microwave and light optical fibre. Guangxi hopes to eventually extend its packet switching network to the municipal level. The Guangxi annual budget for infrastructure improvement is US\$10 million per year. Access to concessional financing is extremely important to the purchasing decisions of the province. The Guangxi PTA would welcome renewed effort on the part of Canadian companies to market products to the region.

It takes time, effort and money to establish relationships that would enable a Canadian company to sell at the various levels of the Chinese telecommunications system. However, with an average population of 40 million, each province in China can be considered an important market in its own right, and each has real, and extensive needs for imported telecommunications equipment. Canadian companies should explore the great potential of joint ventures in China's provinces.

## Contacts

**ComExport** is published in English and French as a supplement to **CanadExport** by Communications Canada, with contributions from External Affairs and International Trade Canada (EAITC). Articles may be reprinted with credit to **ComExport**.

For further information on any of the topics described in this issue of **ComExport**, please contact:

### Department of Communications

International Telecommunications Division  
Tel.: (613) 990-4214  
Fax: (613) 990-4215

International Trade Policy, and Science and Technology Co-operation Division  
Tel.: (613) 990-4235  
Fax: (613) 952-5313

### External Affairs and International Trade Canada

Advanced Technologies Division  
Tel.: (613) 996-1893  
Fax: (613) 944-0050

Aerospace and Defence Programs Division  
Tel.: (613) 996-1814  
Fax: (613) 996-9265

Japan Trade Development Division  
Tel.: (613) 995-1281  
Fax: (613) 943-8286

East Asia Trade Development Division  
Tel.: (613) 992-7359  
Fax: (613) 996-4309

Western Europe Trade, Investment, and Technology Development Division  
Tel.: (613) 995-9401  
Fax: (613) 995-6319

Canadian Embassy in Paris, Commercial Division  
Tel.: (011-33-1) 44.43.32.00  
Fax: (011-33-1) 44.43.34.98

### Investment Canada

Investment Prospecting Division  
Tel.: (613) 995-9468  
Fax: (613) 996-1370

