



Telecommunications

COMPETITORS

- ▶ Large incumbents like Telus Corp., BCE Inc. and Rogers Communications Inc. dominate the Telecommunications Service industry in Canada. These three companies control 95 per cent of the domestic wireless market.
- ▶ Major telecom equipment manufacturers include Nortel Networks Corporation, Mitel Networks Corporation and Research in Motion (RIM).

MARKET OVERVIEW

- ▶ Canada's telecom sector is a US\$36-billion business, which generated US\$12.7 billion in revenue in 2006 and has posted annual growth rates of 15 to 20 per cent in each of the past five years.
- ▶ Most telecom equipment is produced offshore. However, Canada remains a strong resource for R&D and early design with a majority of this work being conducted in Ottawa.
- ▶ Canada has one of the most developed telecom networks in the world.
- ▶ Telephone and cable companies are competing for market share in the race to provide triple-play services, including high-definition television, traditional and wireless phone services and Internet access.
- ▶ There is a very clear downward trend in the revenues from wired local voice and wired long distance. Upward trends in revenues can be seen in the wireless voice and data/broadband markets. Data/broadband is expected to more than double its revenues from 2002 to 2009.

REGULATIONS

- ▶ There are four pieces of legislation that govern the telecommunications industry in Canada, The Telecommunications Act of 1993, the Broadcasting Act of 1991, The Radiocommunications Act of 1989 and the Competition Act of 1985.
- ▶ The Canadian Radio-television and Telecommunication Commission (CRTC) is responsible for the regulation and supervision of telecommunications and broadcasting services in Canada. The Minister of Industry is responsible for the regulation of radiocommunication services and spectrum policy and management.
- ▶ The Telecommunication Act, implemented in 1993 to promote local competition, still imposes restrictions on foreign investment in the telecommunication industry. In addition, the act places limitations on foreign voting equity and prohibits foreign control.

MARKET OPPORTUNITIES

- ▶ The telecommunication industry has been continually growing in all sectors of the industry, but there has been strong growth in the wireless sector with over 19.3 million Canadian consumers now using wireless products and services.
- ▶ Due to labor cost pressures and a general outsourcing trend, the telecom equipment sector is moving from large, all encompassing companies to predominately small private companies who are turning to US venture capitalists for funds to grow their companies.
- ▶ The Canadian photonics industry sector has also experienced strong growth. On a global scale, Ottawa is considered to be among the top five photonics clusters in the world and comprises 70% of the industry in Canada.
- ▶ Best Prospects include VoIP products, 3G/3.5G Equipment & Contents, WiMax equipment/solutions/components, Internet Protocol TV Technology, Broadband Convergence Network, and Mobile Broadcasting Technology.

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For more information on doing business in Canada, U.S. companies should contact the U.S. Commercial Service in Canada (CS Canada). CS Canada offers a variety of resources and services (including market research, agent/distributor searches, corporate matchmaking, etc.) to assist U.S. exporters of non-agricultural products entering new markets. The Canadian market in particular represents a good "first step" for new-to-export companies seeking a new and exciting opportunity, and we welcome the chance to assist you. **Think BIG! Think CANADA!**