

# Canadian Telecom Industry

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Canada offers many opportunities for Swedish companies in the wireless industry.

In general, North America has not developed as fast as Scandinavia, especially Sweden, when it comes to wireless technologies and usage. However, Canada hosts some of the most innovative companies in wireless industry and market growth is fast.

Canada is open for business, and has one of the most attractive investment climates in the world. When considering business establishment and expansion in North America, the world's biggest and richest market, Canada can be a gateway to the region.

## Breakdown of the Telecom Industry:

- The Canadian Radio-television and Telecommunications Commission is the main regulatory body for all broadcasting systems as well as all telecommunication carriers and service providers. The CRTC governs all regulations established by the Broadcasting Act of 1991 and the Telecommunications Act of 1993.

## Recent Industry News:

- In 2005, the Canadian Radio-television and Telecommunications Commission (CRTC) decided on March 14, 2007 as the deadline for wireless number portability (WNP) to come into effect in Canada. WNP is bringing more competition to the market as customers can keep the same number and shop for more convenient deals.
- In April 2007, the Canadian government announced that the Canadian telecom industry will become de-regulated. Major players, Bell Canada Enterprises & Telus Communications, within the Canadian market will be able to actively compete with outside carriers, i.e. Rogers Communications, who have been eating up their market share. Companies will be allowed to set their own prices for services whereas in the past this was regulated.
- A \$12 Billion CAD class action lawsuit has been launched by a Saskatchewan lawyer against Canadian cell phone companies. The suit targets unjust "system access fees" that companies have been charging consumers for years without reasoning. The Canadian big 3 (Rogers, Bell and Telus) have been named specifically in the suit.
- Rogers has introduced 3G technology in the greater Toronto Area. It has been the first within Canada and the second in the Americas to do so.



## Some Telecom Facts and Figures:

- In December 2006, Statistics Canada reported that 90.5% of households have landlines and 66.8% reported to having at least one cell phone. The highest cell phone usage was reported in Alberta at a rate of 80%. Canada has more than 17 million wireless phone subscribers.
- As of December 2006, about 10.6% of Canadian households reported using a cable telephone service or a "VoIP" service. (Statistics Canada)
- Canada's wireless penetration rate is 54% and that places Canada 27<sup>th</sup> in wireless penetration among the top 30 OECD countries (in 2005). However, penetration is expected to rise to 63% in 2007 – that's almost 1.5 million new users per year.
- Mobile phone users in Canada most commonly use features such as: text messaging (25%); taking pictures (15%); downloading content (15%); push-to-talk service (7%); instant messaging (6%); send or receive e-mail (6%); search information from the Internet (4%); multimedia messaging (3%); listening to music (2%); and downloading music (2%).
- With more than 32,000 ICT companies, Canada is a strong player in North America. The cluster, also known as "Silicon Valley North" stretches from Toronto to Ottawa and north to Montreal. 79% of companies are involved with software/computer services, 11% in ICT wholesales and 7.2% in ICT manufacturing.
- Canada is home to some of the most innovative companies in the telecom industry such as Nortel, Research in Motion (Blackberry) and Sierra Wireless.
- There are 3 major wireless service providers; Rogers AT&T, Bell Mobility and Telus Mobility. In addition there are 9 local wireless operators and MVNOs (Mobile Virtual Network Operator).
- There are several technologies used by operators in digital networks in Canada such as TDMA, CDMA-2000, GSM/GPRS and EDGE & UMTS. 3G was introduced in mid 2007.
- Even though 97 % of the Canadian population has cellular coverage; the networks cover only 14 % of the country. The parts with poor or no coverage are the vast and isolated areas of the north, but also in the larger cities, such as in the subway of Toronto, coverage is yet poor.



- More than \$5 billion are spent annually in R&D by companies in the Canadian telecommunications industry. That is 42 % of all R&D expenditures by Canada's Top 100 R&D spending companies (in 2006).
- Wi-Fi networks are expected to grow fast. In 2005 the large telecom operators jointly launched an intercarrier Wi-Fi service and they also plan to develop more than 500 hot spots. This network will become the largest of its sort in North America.
- In 2006, Toronto Hydro Telecom announced plans to provide a blanket of Wi-Fi coverage in the downtown Toronto core, giving Toronto the largest ubiquitous Wi-Fi coverage zone in Canada.
- The Economist's Intelligence Unit ranks Canada as the #1 country the world in which to conduct business over 2003-2007 (USA ranks as # 5).

Please feel free to contact us if you are planning to expand into Canada or if you require local assistance with your entry/establishment.