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### Highlights

- ▶ In the third quarter 2005, the telecommunications industry contributed \$19.8 billion (1997 constant dollars) to Canadian gross domestic product (GDP), accounting for 2.5% of total economy GDP. (STC, CANSIM II Table 379-0018).
- ▶ There were 12.2 million traditional residential telephone lines at the end of the third quarter of 2005, down 3.0% from the same period in 2004. This was the largest year-over-year drop since the end of 2001 when the erosion of this market began.
- ▶ The market for business lines has remained stable in relation to the previous year, with just over 7.0 million lines at the end of the third quarter of 2005. This confirms the very marked slowdown observed over the past year in the erosion of this market.
- ▶ The loss of residential customers continued to pull down the operating revenues of operators of traditional wireline networks. Those revenues fell to \$5.6 billion in the third quarter, down 2.2% compared to the third quarter of 2004.
- ▶ Operating profits plunged 31.4% from one period to the next, going from \$1.3 billion to \$0.9 billion.
- ▶ During this time, wireless telecommunications continued to gain steadily in popularity, to the benefit of the industry serving this market. That industry attracted more than 500,000 new customers between June and September of last year, bringing the total number of wireless subscribers to more than 16 million at the end of the quarter, up 12.4% from the third quarter of 2004.
- ▶ These new customers enabled the wireless industry to achieve record revenues and operating profits in the third quarter. Operating revenues climbed 16.0% compared to the third quarter of 2004, reaching \$2.9 billion. Operating profits stood at \$868.9 million, an increase of 15.7% over the same period in 2004.

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