

Given the small size of Canada's domestic market, the industry must develop products with broader market appeal -- items that will lower costs and improve competitiveness. The industry is introducing business management techniques to increase the competitiveness of the planning, designing, developing and manufacturing processes. Recent events in the international marketplace suggest that Canadian companies must consider entering into alliances or partnerships with other Canadian companies and international players to ensure market access and to create economies of scale.

MARINE & LAND DEFENCE SYSTEMS DIRECTORATE

DEFENCE TECHNOLOGIES

The Defence Technologies sub-sector groups companies with advanced defence technology capability for defence related products and services. The sub-sector includes advanced applications in alternative power sources, the environment and optics, robotics and advanced industrial materials.

There are approximately 20 companies manufacturing numerically and remote controlled, audio-visual and voice actuated defence robotic systems. Annual sales total \$500 million. Defence related sales account for approximately 70% of annual production, of which 50% is exported.

Approximately 20 companies are involved in the development and production of advanced materials for military applications. Annual sales total approximately \$100 million. Defence sales account for 30% of annual production, of which 25% is exported.

Typical applications are protective body armour, vehicle chassis parts and components, armour, structural components for aircraft, missiles and other systems, including ceramic bearings and surface coatings. Although the industry faces trade barriers and bid restrictions as applicable to some military procurements, divisional staff is very actively engaged in assisting the industry in realizing their full export potentials.

MUNITIONS AND SMALL ARMS

The Munitions and Small Arms sub-sector is composed of small arms, ammunition, explosives, and propellant manufacturers. The sub-sector consists of approximately 10 companies with annual sales totalling \$600 million. Defence sales account for 50% of annual production, of which 25% is exported.

MARINE DEFENCE PRODUCTS

The Marine Defence Products sub-sector consists of approximately 80 small and medium sized companies. Annual sales are estimated to total \$600 million, and roughly \$140 million is exported mainly to the U.S.