

| Activity  | Date     | Location    | Dept. | Contact      |
|---|----------|-------------|-------|--------------|
| Industrial equipment and services; solo show: Canada Expo '94                           | Jan 1994 | Monterrey   | EAITC | 613-996-5358 |
| Plastics machinery; national stand: Plastimagen '94                                     | Feb 1994 | Mexico City | EAITC | 613-996-6921 |
| High technology, oil and gas, manufacturing machinery; solo trade show: Canada Expo '94 | Mar 1994 | Mexico City | EAITC | 613-996-5358 |
| <b>Central/Eastern Europe and the Commonwealth of Independent States</b>                |          |             |       |              |
| Engineering; national stand: Brno International Engineering Fair                        | Sep 1993 | Brno        | EAITC | 613-996-7107 |
| Industrial machinery; national stand: Plovdiv International Engineering Fair            | Sep 1993 | Plovdiv     | EAITC | 613-996-7107 |
| Industrial machinery; national stand: TIB '93   | Oct 1993 | Bucharest   | EAITC | 613-996-7107 |

## Aeronautics

### A International Environment

In 1991, total American aerospace and defence manufacturing output was \$131 billion. Since the U.S. output is generally considered to be somewhat greater than that of the rest of the Western world's combined, it is likely that total Western output was about \$250 billion. (The output in the former Communist bloc is unknown, but was, in any case, self-contained.)

Canadian output in 1991 was approximately \$9.4 billion, about 3.8 per cent of the Western world total. Of this amount, about 80 per cent was commercial output. Since the output of the rest of the Western world was only about 35 per cent commercial, Canada produced close to 8.6 per cent of the Western world's commercial aerospace output.

The sector utilizes very advanced technologies and, therefore, requires significant levels of employee training. The constant drive to increase the operating efficiencies of aircraft demands high levels of research and development and generates a steady stream of new, high-technology products. The technology spinoff is broad, making this among the most strategically important of industries.

The major exporters of finished aircraft are the United States and West European countries, but significant portions of these aircraft are manufactured in other countries. High capital acquisition costs for modern aircraft have led purchasers to demand that a share of production be carried out in their countries. The substantial development costs of new aircraft have forced the major manufacturers to look for risk-sharing partners, further contributing to the internationalization of the industry.

Shrinking defence budgets and worldwide economic conditions have affected the industry severely. Production rates are being trimmed by all manufacturers, and they are attempting to compensate by bringing back into their own plants much of the work they previously subcontracted. They are also trying to consolidate their purchases among a smaller number of suppliers with whom they plan to develop longer-term, more strategic relationships.

The major area of growth in demand over the next several years is projected to be the Pacific Rim countries. British Aerospace, for example, predicts that defence spending in the Asia-Pacific region will overtake that of Western Europe and equal approximately two-thirds of U.S. spending by 2010. Many of these countries are also expected to use their large reserves of capital to push the development of their own industries.

In terms of growth in supply, the former Warsaw Pact countries may be strong challengers for market share if they are able to develop the marketing skills to complement their technological capabilities and low labour costs.