

2. Current Access Constraints

For the USA, thanks to the US/Canada Defence Production Sharing Arrangement, the "Buy America" requirement and duties, are waived for Department of Defense prime and subcontracts to Canada. There are some non-tariff barriers, such as restrictions on some contracts to US sources only ("NOFORN"); small business and minority group set asides and labor surplus area exclusions. In spite of these restrictions, there is an estimated accessible market of nearly US\$80 billion for Canadian defence industry. For all other countries, export permits are required and are not available to some countries where sales are prohibited in accordance with Canadian Government policy. A growing problem for Canadian defence and high technology exporters is increasing demands from most overseas countries for offsets, coproduction and counterpurchase as a condition of sales.

3. Canadian Export Capabilities

The Canadian defence industry currently numbers about 300 companies, with total employment of nearly 40,000. Annual production totals approximately \$2.5 billion of which \$1.5 billion is exported, particularly for the following sectors of technological expertise:

- STOL, special purpose aircraft and remotely piloted vehicles
- Small gas turbine engines, engine fuel systems and instruments
- Aerial delivery systems; aircraft and personnel locator beacons
- Air crew and air traffic control training simulators
- Electro optic, acoustic and radar sensing and processing systems, navigation equipment, fire control systems, security equipment
- Command, control, communications, and information systems,
- Special purpose tracked and wheeled vehicles
- NBCW detection devices and personnel protective equipment
- Ships - from patrol boats to supply vessels
- Air to ground rockets, sounding rockets, ammunition

4. Proposed Promotional Activities (initiated by DEA Defence Programs Bureau)

- "HITEC 85" - (Defence and High Technology Industry Export Conference (March))
- New trade development actions to promote sales of Canadian defence products to US Department of Defense, instituted as a result of attendance of approximately 4000 Canadian companies at cross-Canada seminars by DOD Procurement officials in December 1984. (This initiative arose from a meeting between Canadian Minister of National Defence Coates and US Secretary of Defence Weinberger).
- New defence promotion for Europe, including reciprocal procurement seminars between Canadian industry and those of FRG, and other NATO countries, resulting from visits of Ministers Kelleher and Coates to Europe in November/December 1984.
- Catalogues: update "Canadian Defence Products Guide", prepare Spanish edition of "Canadian Security Products Guide"
- Trade Fairs: Belgium: International Security and Safety Show (April); Paris Air Show (June); AFCEA (Armed Forces Communications and Electronics Assoc) Washington (June); US Marine Corps Show (July); Netherlands Security Equipment Show (September); US Army Show (October); Singapore Air Show (January 85); etc.
- Outgoing and Incoming Missions: California Defence Products Mission New England - Canadian High Technology Market Place (early 1985) Sector specific missions and Incoming Buyers Missions as required