

it is not expected to be altered radically by the new government being formed. The previous government set a total defence budget for 1992 at some BF 101.7 billion (approximately \$ CAD 3.4 billion).

Until the new government is formed, detailed expenditures of the armed forces will not be known. However, it is expected that the main capital equipment expenditures will relate to the acquisition of Agusta A109 helicopters; the mid-life upgrade program for the Hercules 130 transporters; the Mirage safety improvement program, and the BELMILCOM/BELMILDAT secure communications program.

Small arms manufacturing and aerospace and electronics form the basis of the Belgian defence industry. The industry has been experiencing difficulties due to global arms reductions and defence budget cut-backs. Foreign investment, mergers and acquisitions have become more common in this sector.

## **2. Best Market Prospects**

There are opportunities for Canadian companies in regard to both Belgian national defence contracts as well NATO projects contracted in Belgium. Despite the reduction in defence spending, Canadian companies have been recently very successful in competing for Belgian defence contracts.

The long term trends in the Belgian defence spending and the rationalization and "Europeanization" of the defence production industry suggest that Canadian companies will have to maintain a presence in Europe in order not to be excluded from the European defence products market. This may be possible through merger, acquisition and/or joint ventures. It would seem to be an ideal time for companies in the Canadian defence products industry to examine possibilities for strategic partnering/industrial cooperation.

## **3. Trade Promotion Activities**

Signed in 1987, the Canadian-Belgian MOU on industrial cooperation in the defence and related high technology sectors is perhaps the most appropriate vehicle through which to explore possible avenues for trade and industrial cooperation. A Steering Committee meeting of this MOU will be held in 1992 at which time the defence products requirements of each country over the next few years will be thoroughly examined with a view to encouraging the creation of mutually beneficial strategic ventures between Canadian and Belgian firms.