

*Supply*

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This has been done with specific companies such as Bristol Aerospace which is located in my riding. We have also worked with Bristol and other companies in the west to help as they pursue opportunities in international markets.

All of this is part of the national issue of restructuring the Canadian defence industry. It is done to safeguard the positive contributions the industry has made and continues to make to Canada's economic well-being, while building something viable and sustainable for the long term future without side-swiping in the process the advanced technology companies that have already diversified and have already taken action for the future.

The blueprint for defence conversion contained in the red book sets out a program to pursue strategic and fiscally sound alternatives for high tech job creation. The program is to focus on alternative military requirements, dual use products and sustaining research and development.

Two major objectives were set, namely conversion of military bases to alternative uses, and economic conversion and diversification of the defence industry toward alternative military and civilian goods, including the development of peacekeeping technologies.

This government has already started down the defence conversion road. Those base closures that were long overdue have been announced as part of the recent budget. An example of the concrete conversion action being taken as a result of the base closures is the activity surrounding Defence Research Establishment Pacific in Victoria, sometimes referred to as DREP.

Defence Research Establishment Pacific is to close on March 31, 1995 as part of the reduction of defence infrastructure. However, there is tremendous potential here to build upon the critical mass of ocean industry and science which is resident in Victoria and centred at DREP.

For example, there are many companies both large, such as MacDonald Dettwiler and Associates, and small, such as Barrodale Computing with just 10 employees, which have transformed the science contracts they have undertaken with DREP in the past into major commercial opportunities.

To maintain this flow from research into a commercial business, western economic diversification in the next few days will commission a study of the opportunities open to the ocean industry based upon the critical mass existing in both the private and public sectors in Victoria. Science does exist at Defence Research Establishment Pacific. Highly competitive, high technology companies, world-class firms are already in place.

The Department of National Defence wishes to see the technology transferred to industry and the academic community, such as the University of Victoria, and is anxious to build further momentum. What better ingredients could be found for converting a defence establishment into a sound commercial enterprise than this one which is focused upon a growing, vital ocean industry?

Our defence conversion blueprint also set out the objective of diversification toward alternative military and civilian goods. This too is already getting under way with a number of alternate use concepts being actively examined by industry itself and government. This goes beyond program and policy responses on a broad sectoral front to the specific activities of individual companies which are right now pursuing the opportunities that are presenting themselves.

An example of government support to a winning defence conversion strategy is EDO Canada Ltd. of Calgary. This company has been manufacturing fuel tanks for the CF-18 fighter jets using composite materials.

In January of this year it won its first major commercial contract by which it will supply lightweight natural gas fuel tanks for General Motors 1994 Chevrolet Caprice and Corsica models. This contract will be worth \$2.5 million to \$5 million annually. To quote company president Doug Moore from a Calgary *Herald* article of January 12, 1994: "The contract is the result of the commercialization of our aerospace technology". It is also the result of this government's application of the industrial and regional benefits policy to defence conversion.

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General Motors as part of its contractual commitment to the federal government for the sale of light armoured vehicles has agreed to undertake millions of dollars of industrial benefits in Canada.

The agreement of the government to allow IRB credit for GM or to GM for the EDO sale helped to cement for EDO a strategic alliance that it had been working on for some time. This is part of an ongoing government program with continuing discussions which could lead to a similar kind of contract for another growing western high technology manufacturer. Again IRB credits from the light armoured vehicle purchase could be an incentive to solidify the deal.

I want to conclude by saying that this government knows what defence conversion does not mean. It is not moving defence companies into mature commercial markets. It is not intended to be done in isolation from other economic activity and it cannot happen instantly. It most certainly cannot mean wiping out the existing defence industrial base.