

large number of non-tariff barriers, particularly in the U.S, that prevent the Canadian aerospace sector from fully exploiting defence market opportunities in the U.S. and elsewhere.

The increasing trend in the late 80's towards strategic partnering among the world aerospace companies was the primary result of the increasingly high cost and risk of aerospace product development programs. Such partnerships, in addition to mitigating the risk and cost of product development, provide access to new markets, improve market share performance and limit competition. Only a few of the Canadian aerospace firms have formed such partnerships with foreign aerospace companies.

Offsets requirements, which during the 70's were primarily a defence market phenomenon, became widespread in civil aircraft procurement programs during the 80's. The Newly Industrialized Nations as well as some European countries demand industrial benefits/offsets on civil procurement. This results in a smaller proportion of the product being manufactured in its country of origin.

DEFENCE INDUSTRY PRODUCTIVITY PROGRAM (DIPP)

OBJECTIVE - The objective of DIPP is to develop and maintain strong defence related industries across Canada capable of competing successfully over the long term in domestic and export markets. The industrial environment is characterized by relatively high commercial, technical, and financial risk and by foreign firms which are typically heavily supported directly and indirectly by their respective governments. This objective includes the development and maintenance of a defence technology capability.

ASSISTANCE - Four types of assistance are available under DIPP. Contributions are provided towards the eligible costs of the following types of projects carried out in Canada.

Research and Development - research and development of defence related products and for sustaining the associated technology base.

Source Establishment - establish qualified Canadian suppliers of defence related products.

Capital Assistance - to acquire advanced production equipment to modernize or upgrade engineering and/or manufacturing capability in Canada for defence related products.

Market Feasibility - studies to establish the specifications and characteristics of defence related products required to meet market demand or to determine market sector characteristics for those products when needs have been identified in Canadian or export markets.