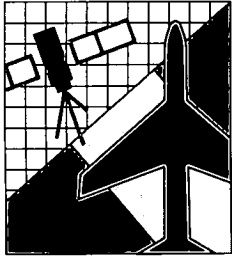


AEROSPACE



The Canadian aerospace industry ranks fifth (behind the United States, Britain, France and West Germany) in the western world. It has been growing at an annual rate of 15 per cent since the 1970s. Employment levels reached 45,000 in 1985, and annual sales now exceed \$4 billion. Sixty per cent of Canadian production goes to the U.S. market; 13 per cent to the Third World, and seven per cent to the European Community.

- Commercial aviation products account for about 70 per cent of production, the balance being defence items.
- There are four leading Canadian aerospace firms. Thirty companies have annual sales in the \$20-\$400 million range. More than 100 smaller firms have sales of less than \$20 million each.
- Two foreign helicopter manufacturers are beginning production in Canada for the world market.
- The industry is concentrated in Quebec (51 per cent of sales) and Ontario (41 per cent). Seven per cent of sales originate in the Prairie provinces, primarily Winnipeg, and the balance in B.C. and the Atlantic region.
- Several of the industry's larger companies are foreign-owned. There is only limited direct competition among leading Canadian firms. Between 70 and 80 per cent of total production goes to export.

- Sales to the U.S. have been limited by government procurement practices favouring domestic suppliers. Under a free-trade arrangement, the Canadian industry would have an opportunity to penetrate more deeply into U.S. government projects at the frontiers of technology.
- Canadian manufacturers have been successful in exploiting niches in the aerospace market where foreign competitors are less dominant, or where they have a lead on the competition. With improved market access, both to the U.S. and multilaterally, the outlook for Canada's aerospace industry is excellent.

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