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industry workers and loses twice as many jobs, on the other? That is not progress, it is a setback.

Mr. Patrick Gagnon (Parliamentary Secretary to Solicitor General): Mr. Speaker, it is a pleasure to be given this opportunity to rise on this issue which is extremely important for many Quebecers.

I would like to thank the hon. member opposite for drawing attention to the future of defence industries. Over the years, these industries have been creating many jobs in our province and will continue to do so.

The future prosperity of defence industries is essential to Quebec's future prosperity as a part of Canada and North America. Quebec and its industries can adapt to technological changes and developments that are occurring in the world.

Once again, I congratulate the hon. member for the interest that he is showing in asking this question, and I would like to speak on that major issue for a few minutes.

In defence industries in Quebec, there are many small businesses and less than 20 medium or large businesses. These industries are very concentrated and the majority of sales are made by medium and large businesses.

All these businesses, regardless of their size, have seen their defence product sales progressively decreased over the last years. And, in view of the shrinking of international military markets that is projected, we can assume that this trend will continue.

Sales of defence products on European markets have radically decreased, causing the loss of 150,000 jobs in the last three years. This represents 10 per cent of the labour force in the aerospace and defence sector.

In America, the experience is similar with large reductions in military procurement matched by significant job losses, more than 3,000 in the last three years. Both European and American industries have been faced with a serious industrial adjustment problem. In various countries, the government has responded in various ways. It is tempting to look to solutions such as those proposed in the United States for the problems facing Quebec's aerospace and defence industry.

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I believe we can learn from others. I am confident that some of the lessons we might learn from others in defence industry conversion are universally acceptable. For example, there are a number of internal and external obstacles to defence industry diversification and conversion. These include a narrow client base, lack of experience in export or commercial markets, over-engineered products and small product runs. External obstacles include shrinking global defence markets, difficulty in attracting capital and market protectionism among others.

The various approaches adopted worldwide by governments to deal with their defence industry conversion problem all address these common elements but the approaches are often tailored to the particular circumstances unique to their defence industries.

As a general rule, none of these programs envisage getting out of military markets. Instead the first goal of diversification is normally to retain a viably industrial base. Many governments have dealt with this issue in a regional or community perspective and have given their support accordingly.

Many of them have set up committees where all parties concerned are represented, including governments, unions and the industry. The so-called dual use technologies—that have both civilian and military applications—are often a criterion on which governmental assistance for research and development is based.

One of the key objectives of all those programs consists in maintaining knowledge-based industries and quality jobs related to the high technology which is part of those industries. The efforts we are making to help in the conversion of the defence industry in Quebec are within the spirit of that objective.

Even though several of the approaches that I have just described could apply to the Quebec defence industrial base, I think that it would be wrong to use, for example, an American-style solution in Quebec. There are some noteworthy differences in the conversion of the defence industrial base in Quebec, in the United States and in other parts of the world like Europe.

Basically, the conversion of the Canadian defence industrial base in Quebec is different and unique. Many Canadian defence industries in Quebec could be described more appropriately as aerospace and defence industries because, unlike many other countries, Quebec has diversified a lot of its production. It produces a great variety of commercial products and, of course, defence materiel.

The Quebec industry is different, too, in another important area. The aerospace and the defence industries sell many of their products and services to world markets. Therefore, in order to succeed, it must produce first quality materiel at competitive prices. Like other Canadian industries in the aerospace and defence area, Quebec industries are looking for a ready market for high-tech products. They export sub-systems and components that are sold mainly to principal contractors in the aerospace and defence materiel area all over the world.

This is remarkable. A country as small as Canada is sixth in the world for the sales of the aerospace and defence materiel sector, which exports between 70 and 80 per cent of its total production. We should be proud of those dynamic firms and their workers who bring a high contribution to the economy of the province of Quebec and of Canada.