

3. How does Canada's defence industry compare internationally?

Canada's defence industry has a very different character from the defence industries of countries such as the United States or Russia, and even many smaller countries such as Sweden and Israel. Unlike manufacturers in these countries, Canadian manufacturers largely produce parts and components rather than complete weapons systems. They also tend to specialize in high-tech goods rather than weapons and ammunition.

Canada's world-leading aerospace and high-tech companies account for a significant proportion of this country's military goods exports. Much of their production consists of components and subsystems, which they sell to major international aerospace companies that produce both civilian and military aircraft. Since those customers expect their suppliers to provide parts for both civilian and military aircraft, the Canadian manufacturers produce and export goods that meet the "military" and "dual-use" definitions.

According to Industry Canada, about 500 Canadian companies were in aerospace and defence-related industries in 1996. They employed about 59 000 people, many of them in well-paid, highly skilled jobs in research, development and production. However, because many of these employers had diversified product lines, only 24 percent of their production had specific military applications or consisted of controlled goods.