

## AEROSPACE MARKETING OPPORTUNITIES

### Overview

The Canadian aerospace industry sales in 1983 were \$3.25 billion, 80% of which was exported. The industry is dominated by two major Crown-owned aircraft companies, Canadair and de Havilland, and by Pratt and Whitney Canada (PWC) which has the small gas turbine engine mandate for the United Technologies Corporation. Other elements are major systems and avionics companies, components manufacturers, and a large number of firms supporting the prime contractors and providing repair and overhaul services world wide. The industry is expecting a significant increase in export sales in 1985 as a result of the upturn in commercial and general aviation and the continued high level of defence spending by the US and other NATO countries.

### Current Access Constraints

The industry market penetration problems relate to the products and geographic area. In general, if the product is competing with a fully funded government program in the United States, Britain, France, Brazil, Indonesia, or Spain, the national market is closed and a competitor is created in the other markets. Additional constraints are competitors' predatory financing, foreign military assistance, and subsidized pricing. The possible sale by the Crown of Canadair and de Havilland could generate some market resistance; this should not affect the rest of the industry. A significant portion of the market for de Havilland's STOL aircraft is in the developing countries of the world, which nearly all face serious economic problems and have great difficulty in financing major capital projects.

### Canadian Export Capabilities and Opportunities

The USA business market will dominate future sales of Canadair's Challenger. Military or government-related market opportunities include 24 aircraft to China, 12 aircraft to Australia and 7 plus to the USA. Canadian and United States-produced avionics will be excluded by our export permit restrictions from the Chinese offer. The Australian order requires 30% industrial participation which Canadair is unable to offer without taking the work from itself or its Canadian suppliers. Strong local lobbying must be overcome in the USA government market. Follow-on sales prospects to Germany look promising, now that the first 7 units have been sold to the Government.

Canadair's pilotless surveillance systems, CL-289 and CL-227, have multibillion dollar market prospects provided that program funding brings both the CL-289 to production for the German and French Government requirements and the CL-227 to preproduction status for evaluation by US Navy, US Army, and other procurement authorities.

A small market will continue to exist in various parts of the world for specialized amphibious aircraft such as the Canadair CL-215.

De Havilland's Dash 7 and Dash 8 major market is the United States regional carriers followed by regional carriers world wide. The Dash 7 maritime patrol variant is competing with British and Netherlands aircraft for a large Venezuelan Navy patrol aircraft contract. Given that country's financial situation, financing such a large order poses major problems for de Havilland and its Canadian avionics suppliers.