

population and offer another selling venue.

PART III: INDUSTRY OVERVIEW

AEROSPACE

Overview

The Czech aerospace industry has been identified by the Canadian Embassy in Prague as a priority sector for Canada.

Following the disintegration of its Eastern European markets, the Czech aircraft industry faces strong challenges as it undergoes privatization and restructuring. Owing to the relatively limited size of both the industry and the country itself, the Czech government does not have the leverage to use procurement contracts to create consistent work for its aircraft components industry. Nevertheless, industrial cooperation activities are already plentiful, since global aerospace production involves extensive sub-contracting from domestic and foreign sources to meet the demands of new markets.

High quality work combined with low wages have resulted in the Czech industry winning a number of contracts to produce components for Boeing, Airbus, Pilatus, Dornier, General Electric, and Bombardier. Changes in the sourcing pattern of Western regional aircraft manufacturers will also

benefit the Czech aerospace industry. Czech component manufacturers have the capability to develop subsystems for their foreign counterparts. Several Czech start-up companies are taking advantage of high local standards of workmanship to create "kits" and assembly projects for small airplanes, microlights, and ultralights, almost all of which are exported.

Opportunities and Constraints

Foreign-built commercial aircraft have potential, as the Czech national airline, CSA, and the regional airlines re-evaluate their fleet requirements to meet intense competition. Demand also exists for policing and med-evac helicopters.

Czech military-sector imports should keep rising as demand continues for specialized avionics that meet NATO standards.

Eastern Europe is targeted by Czech manufacturers as a market with excellent sales prospects, for which they can provide good contacts; the problem lies in financing sales in these markets. European and American competitors have already established relationships with some Czech firms. Canadians will benefit if they offer niche products and establish alliances quickly; market barriers could soon be erected by competitors.

When looking at the aeronautical sector, industrial cooperation projects should be considered. Canadian