



Aerospace

and

Defence

Branch

OUR CHARTER:

To help the Canadian Aerospace and Defence Industry grow and improve its international competitiveness, for the benefit of Canadians.

PRODUCT & SERVICES DEVELOPMENT

Technology

The Branch Technology Road Map Team has initiated a pilot project with the Ontario Aerospace Council and selected Ontario aerospace firms to develop a technology road map for the aircraft manufacturing, repair and overhaul industry. This road map will determine the enabling critical technologies which the industry will require to satisfy the global marketplace in the 2001 through 2005 time frame. This project is scheduled for completion in December 1996. It is intended, with the assistance of the AIAC and provincial associations, to continue this effort coast to coast, adding technologies not covered by the Ontario pilot project.

Investment

Industry Canada and Foreign Affairs and International Trade are strengthening and enhancing their joint investment attraction and retention strategy:

- Identification of sectors on the basis of importance to the Canadian economy/international competitiveness. Aerospace is a priority sector. MNEs will be targeted in the five countries that represent the bulk of foreign direct investment in Canada — the USA, Japan, the U.K., Germany and France. Other MNEs may also be targeted for priority sectors.
- Marketing Canada internationally as the preferred access to NAFTA, and profiling regional strengths and opportunities.
- Targeting specific, foreign MNEs that represent major investment opportunities.

- Increasing assistance to SMEs to find international sources of capital or technology.
- Improving Canada's investment climate through: a more systematic assessment of the remaining impediments and investor concerns; reporting on Canadian performance; and overseeing efforts to address the impediments as appropriate.

Trade

The 1997/98 Canadian International Business Strategy (CIBS) will be the result of extensive consultations with aerospace and defence firms across Canada which focused on the challenges that industry faces in developing international markets, the markets that these firms consider to be a priority, and the strategic direction which government and industry together should adopt to achieve a greater impact in world markets. The CIBS sets out a strategic framework, and provides a mechanism and process for developing a compendium of activities to be undertaken by the Aerospace and Defence National Sector Team (NST) in support of the industry's international marketing efforts.

Human Resources

Aerospace will continue to be an important source of highly skilled jobs. The Branch has launched the Careers in Aerospace Homepage led by our Vancouver Regional Office. It will provide a homepage in the Aerospace and Defence site of *Strategis* (or link to it on the Internet) to help students with a career choice. Using colour photos and text, typical aerospace jobs are described, with education and skills necessary; national and local aerospace association contacts are provided, as is a

list of educational institutions, with links to other relevant sites including *Strategis* and company information.

Best Manufacturing Practices

A Web site (<http://www.bmpcoe.org>) and Canadian participation on the U.S. Navy's Office of Naval Research, the Best Manufacturing Practices (BMP) program is jointly sponsored by the Aerospace and Defence Branch and the Department of National Defence. Access to the program encourages companies to identify best practices, to document them and then encourages industry and government to share this information.

The BMP program consists of program management, engineering and technical risk assessment software, a formal survey process, a computerized database of more than 3000 best practices of manufacturing companies as well as several other technology transfer tools. It is being used by companies such as: The Boeing Co., General Dynamics, Litton Industries Inc., Lockheed Martin Corp., McDonnell Douglas Ltd., Northrop Grumman Corp., Raytheon Co., Texas Instruments Inc. in the U.S. and over 150 Canadian companies are registered users. BMP is available at no cost to Canadian firms.

Industry Canada/AIAC Total Quality Initiative

This initiative was launched in 1991 by the former Aeronautics Branch of Industry, Science and Technology Canada and the Total Quality Committee of the AIAC with a Total Quality (TQ) survey of Aerospace sector companies. This was followed in 1993, in close cooperation with sector companies, by the development of a *Handbook on Total Quality Management* for use by sector

companies. The demand for the TQM Handbook, which has been very well received by sector companies, continues today and the book is now in its second printing.

Building on the success of the TQM Handbook, a similar industry/government cooperative approach is being used to develop a handbook on ISO 9000. This handbook will show, by example, how companies can use the standard as a basis for continuous improvement and really make it work for them. Distribution is expected to commence late this year.

Looking ahead, we are planning another TQ survey of aerospace and defence companies. This survey, which is expected to commence late this Fall, will enable us to draw a comparison with the 1991 survey results to see what progress we have made in the area of TQ. We will also compare our results with those of a recently completed TQ survey of the U.S. aerospace industry. Further information on any of the above can be obtained by contacting Bob Atkinson at (613) 954-3269.

Procurement Policy

The Branch reviews and analyzes a broad range of procurement policy issues and programs (e.g. Aboriginal Business Set Asides, Agreement on Internal Trade, WTO and NAFTA) for industry sectors, and promotes industry interests in the development of procurement strategies for projects falling within the procurement review system (i.e. those valued between \$2 and \$100 million).

Industrial & Regional Benefits

The Branch is responsible for the Federal Government's Industrial and Regional Benefit program. Industry Canada uses the leverage of large federal purchases to promote Canadian

industry participation on contracts, for the development and international competitiveness enhancement of Canadian companies and sectors across all regions of the country, through investments, technology transfers and human resources and supplier development. The Branch has a small team that interacts with other government departments and agencies to initiate and administer this industry development program. The current dollar value for projects amounts to approximately \$5.3 billion. This value fluctuates (1994 — \$12 billion) from year to year as new projects come on stream and others are completed.

Examples of some past and present projects include the Canadian Patrol Frigate, the Radar Modernization Program, Canadian Automated Air Traffic System, Search and Rescue Helicopter and the Armored Personnel Carrier.

Strategic Analysis

A prominent portion of the Branch's strategic analysis is formed by the Sector Competitiveness Frameworks (SCF) series. The series provides a product and process for analysis, consultation, initiatives and action on issues facing the industry. *Part 1 — Overview and Prospects* explores the current situation and performance of the Canadian Aircraft and Aircraft Parts industry and demonstrates its significance to Canada's economy. The *Overview and Prospects* report precedes *Part 2 — Framework for Action* which, based on industry consultation, will explore more specific responses to issues and roles for stakeholders. The *Framework for Action* is to be published in 1997.

Information Products

- The Aerospace and Defence site on *Strategis* (Industry Canada's Internet site) was launched in March 1996. Future plans include adding new information to the site, improving the links to other Internet sites, and updating and maintaining current files.
- Production and publication of 3000 INSIGHT Plus CD-ROMs on the Aerospace and Defence industry which have been distributed to clients in the industry. Feedback on the usefulness of the information provided will be evaluated for the INSIGHT update.
- The annual *Aerospace and Defence Industries Survey* for 1995 was completed and published in March 1996. The coverage of this annual survey has been expanded in 1996 to capture more detailed information on certain defence sub-sectors.



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SECTOR DEVELOPMENT ACTIVITIES

Aerospace and Defence Branch Sectors:

- Space
- Airframes
- Propulsion and Aircraft Systems
- Aerostructures
- Helicopters and R&O
- Land and Marine Defence Systems
- Electronic and Defence Systems

A brief list of some of the sectoral initiatives planned for 1996/97 includes:

Information Products

- Market Segment Analysis
- Aerospace & Defence page on *Strategis* Web site
- Capability Guides (R&O, Defence & Civil Electronics Systems, SME Pilot)
- Sector Competitiveness Frameworks

Sectoral Policy

- SME consultations — Phase II Implementation
- Advice on trade policy (e.g. GATT/WTO Aircraft Agreement, Defence Economic Relations (DD/DPSA))
- Corporate MOU development and review
- Sustainable development feedback and policy advice

Services

- Briefings on the impact of procurement initiatives on industry sector
- SME supplier development with large companies
- Supplier Capability Database
- Association development and support
- Company relationship management and advice to Ministers and Industry