



DEFENCE INDUSTRY CONVERSION PROJECT NETS THIRTEEN COMMERCIAL FSU VENTURES

From 1992 to 1994 the *Canada-Ukraine Business Council (CUBC)* and the *Canadian Centre for Global Security (CCGS)* undertook a Defence Industry Conversion Project which matched Canadian companies and former-Soviet enterprises and assisted in the development of promising commercial ventures. The Project helped foster the conversion of former Soviet defence facilities and opened up new markets for Canadian technology and know-how. On February 8, 1994, Canadian corporate participants met with members of the Project Team, to review the work. Following is a summary of the key aspects of the Project that deal with Ukraine.

The Defence Industry Project was a federally-funded initiative that matches 26 companies, identified 58 promising projects, offered basic training to managers on western business expectations and management techniques, and has helped to develop 13 ventures potentially worth \$200 million per year, by the end of the decade.

Members met in Toronto in February to review the project and assess its future prospects, including: **Ainsworth Technologies Inc., Allied-Signal Aerospace Canada, Ault Foods Limited, Bell-Northern Research Ltd., Canadian Centre for Global Security (CCGS), Ford New Holland Canada Ltd., FRE Composites Inc., General Discovery (Canada) Ltd., Hatch & Associates Inc., Hawker Siddeley Canada, Orenda Division, Litton Systems Canada Ltd., MDS Health Group, Nordion International Inc. and Paramax Systems Canada, Inc.**

Phase I

Commencing in January 1992, Phase I was an intensive 3-month effort to define the Canadian market for Russian and Ukrainian technology, know-how and production capability, and to pre-qualify Canadian project participants. The

objective was to establish Canadian "demand" before reviewing the vast storehouse of technologies and defence capability in the FSU.

Once Canadian demand was identified, the Project Team set out to match Canadian companies with FSU enterprises. During one 3-week period, members of the Project Team visited 27 defence industries. By the end of Phase I, the Project Team had developed a comprehensive inventory of the most promising prospects for company-matching.

Phase II

The primary focus of Phase II was to develop promising company matches. Knowing that success would depend largely on face-to-face meetings between Canadian and FSU executives and managers, the Project Team concentrated on facilitating first-hand technical evaluation and business discussion at the senior management level.

Phase III

The third and final wrap-up phase has ended. Although some of the ventures initiated during Phases I and II have lost momentum, five Canadian companies are still very actively developing thirteen commercial ventures initiated during the project.

Assessment

Project participants agreed that Canadians are increasingly more visible in the FSU and have been well received. What Canadians bring to the table, specifically the commercialization of FSU technology, is an important contribution, which has been received in the best spirit of cooperation and mutual advancement. Upon completion of the Project, CUBC is to lay the groundwork for a Canadian clearing house of FSU defence-related opportunities, and a limited "placement"

program to ensure that Canadian companies most able to commercialize the FSU, are made aware of the opportunities and assisted in their early discussions with the enterprise overseas.

One of the companies that participated in the Project shared their experience.

ORENDA

*Teams Up with Ukrainian
Manufacturer to Package and Sell
Industrial Turbines*

Orenda was the first manufacturer of gas turbine engines in North America. The company manufactured the Avro and its engine. Orenda services F-86 "Sabre" engines, which have been adapted for industrial use, as well as American military jet engines.

Orenda recently signed an agreement with Ukraine's **Mashproekt** by which Orenda is to package, market and sell Mashproekt turbines for industrial use world-wide. Once in service, the turbines will be serviced by Orenda, which has made its name in repair, overhaul and support of industrial power generation equipment. Plans are to go into the North American market at 30% under the cost of current technology.

Final negotiations and signing ceremonies in late December 1993 topped a full year of market research and discussion. Delivery of the first Mashproekt units is expected as early as June 1994. Orenda engineers are convinced that the Mashproekt gas turbines are not only the toughest and sturdiest engines on the market, but that they are ahead of North American emission standards.