



Standing Committee on Finance

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Janet Wardle (Chair of COVID-19 Committee, Aerospace Industries Association of Canada):
Good evening. Thank you.

As chair of the Aerospace Industries Association of Canada, special COVID-19 economic impact committee and president and CEO of MHI Canada Aerospace, thank you for the invitation to be here today as you study the government's response to COVID-19.

AIAC is an industry association representing more than 95% of aerospace activity in Canada. Our members are located in all regions of the country and range from very small to very large businesses operating in all three segments: space, aerospace and defence.

MHI Canada Aerospace is a North American Tier 1 heavy aerostructures operation whose work statement represents the largest on load of related high skilled aerospace manufacturing jobs to Canada in the past 40 years. We currently employ 850 employees out of our Mississauga facility, along with an estimated 3,000 indirect people throughout our supply chain, of which 65% is within Canada.

We pride ourselves on our team Canada approach, our accomplishments and how we have successfully positioned ourselves for future growth opportunities within the commercial and defence aerospace industry. More than 80 years ago, decision makers just like you committed to making Canada a global leader in aerospace. They had the foresight to recognize an industry that

if supported would add to the overall economic health of the country. We are now one of the five leading aerospace hubs in the world. That is the kind of commitment and leadership required today. Nearly 215,000 Canadian jobs and \$25.5 billion annually is contributed to the Canadian economy.

We have faced challenges before, but the impact of the COVID-19 crisis is truly unprecedented with little demand for flights and most airline fleets grounded for the foreseeable future, the effect on the after-market demand has been significant and is expected to remain low. In some cases new orders have been stalled and airlines have requested delivery delays, leading to reduced aircraft deliveries.

Canadian aerospace companies are grappling with cash availability, operational constraints, supply chain impacts and revenue sensitivity. In fact, EDC's own reporting identifies aerospace manufacturing as one of the hardest hit industries.

While some sectorial support has been announced for other industries, that hasn't been the case for aerospace. Now is the time. In addition to your overall economic support, we are once again calling on the government to please work with us on a sectorial strategy for aerospace.

There are many global examples where industry and government are working together to enable the aerospace, defence and space industries in their countries to achieve a top position in the global market and that is what we need to do in Canada.

For example, the Australian government is investing significantly to build defence capabilities. In the U.K., programs across the space sector are supported to deliver innovation and growth. Likewise, the U.K. has also developed a strategy for defence. This isn't about bailouts. It's about leveraging a transformational opportunity to catapult to a solid position of strength as a world leader.

Canada has been a leader in the past and we need to get there again. This crisis has reinforced what AIAC has been saying for some time now. Vision, investment and partnership is needed if we are able to be the leaders on the world stage.

AIAC issued our "Vision 2025" report last year because Canada was starting to lose ground and we needed to partner with the government. Now, of course, no one could have foreseen the COVID-19 crisis, but we knew that as an industry we couldn't continue on the downward trend. Too much is at stake.

Its recommendations are more applicable now than ever and our industry through AIAC has also identified some additional priorities to ensure we mitigate the severe challenges and position Canada's aerospace sector, moving out of COVID.

One, we need to partner with the government on a plan to allow people to begin flying again in a way that considers safety and respects new social norms.

Two, we need to further reform our existing programs that take into account different timelines faced by our industry compared to others.

Three, building on the work already done through Vision 2025, the development of a long-term strategy for the sector to ensure our global competitiveness and to ensure we contribute to the economic growth that is required post COVID-19.

Four, the rapid implementation of green technologies and supply chain support for SMEs so that the sector can establish itself as a world leader in environmental sustainability and ensure our supply chain can adapt.

Five, we need to expedite public procurement; in particular, defence and space projects to help stimulate and sustain high-tech jobs and supply chains.

We have a road map for moving forward, but government support is needed to not only allow the sector to recover from the crisis but recover to a position of strength on the global market. We look forward to partnering with the government to make this a reality.

Thank you for your time and consideration.