



OAC BOARD OF DIRECTORS

Chair: Todd Young, Chief Operating Officer, **DeHavilland Aircraft of Canada**

Secretary: Frank Karakas, Vice President, **ABU Landing Systems, Collins Aerospace**

Treasurer: Tony Burgess, Principal, **TDM Technical Services**

Member at Large: Michael Iacovelli, CEO, **Ben Machine Products Co. Inc.**

Executive Director: Moira Harvey, **Ontario Aerospace Council**

Dwayne Charette, President & CEO, **Airbus Helicopters Canada**

Thomas Melvin, President, **Arnprior Aerospace Inc.**

Graham Kelly Vice President Global Operations & Toronto Site, **Bombardier Business Aircraft**

Peter Adams, Co-Founder & Chief Technology Officer, **Burloak Technologies**

Jamie Prescott, General Manager, Aerospace, **Celestica International LP**

Mark Waring, VP, Operations, **Cyclone Manufacturing Inc.**

Scott McFadzean, CEO, **Diamond Aircraft Industries Inc.**

Val Wilson, Vice President, **Dishon Limited**

Brad Bourne, President & CEO, **Firan Technology Group**

Cameron McKenzie, Vice President, Global Sales and Business Development, **L3Harris**

Ernie Lynch, President, **Lynch Dynamics**

Dan Zanatta, Corporate Advisor, Canadian Government, Global Affairs, **Magellan Aerospace Corporation**

Mike McCarthy, Chairman and CEO, **MHI Canada Aerospace**

Peter Voss, President & CEO, **Shimco**

Bryan Teed, President & VP Finance, **Safran Landing Systems Canada Inc.**

Rosemary Yeremian, President, **Thermodyne Engineering Ltd.**

www.theOAC.ca

VIA EMAIL

June 2, 2020

The Honourable Doug Ford
Premier of Ontario

The Honourable Victor Fedeli
Minister of Economic Development, Job Creation & Trade, Ontario

Dear Premier and Minister,

I am writing to you today on behalf of the Board of Directors and Members of the Ontario Aerospace Council (OAC). During this unprecedented COVID-19 pandemic, we have been working closely with the Ontario Ministry of Economic Development, Job Creation and Trade and would like to commend the Province on their responsiveness to industry concerns, the accessibility of our government partners and the collaborative approach taken by Minister Fedeli and his team. We have also been working closely with the Aerospace Industries Association of Canada (AIAC) and providing specific regional input, as we share a collective goal to mitigate and minimize the economic damage to our sector and protect it for the future.

Moving forward, a strong Canadian aerospace sector is more important than ever given the substantial industry contributions to our nation's economic health on an annual basis with **\$31 billion in revenues, over \$25 billion to GDP and nearly 215,000 jobs.**

Ontario represents 28% of all aerospace activity in Canada. Ontario made aerospace parts are on virtually every passenger aircraft in the world. Key strengths include electronics, aerostructures, MRO, engines, and with three of the world's leading landing gear companies – we are perhaps the global landing gear capital and we are Canada's leading jurisdiction for space.

Our province boasts:

- **over \$6 billion in annual sales**
- **80% export of finished product**
- **contributes over \$7.1 billion (direct and indirect) to GDP**
- **represents over 44,000 jobs** (25,200 direct & 19,400 indirect).
- **strong collaboration and relationships between industry and academia to introduce new products and processes as evidenced by an annual ½ Billion in R&D spend.**

Aerospace touches all aspects of the economy — moving people and goods, enabling emergency responses, facilitating commerce and tourism. A strengthened and supported aerospace industry can play a significant role in Canada's overall recovery.

Working collectively as an industry, AIAC has prepared COVID19 recovery recommendations that builds on the Vision 2025 initiative, to help deliver relief to the aerospace industry today and set the stage for a thriving future coming out of the COVID-19 crisis.

Canada has a strong heritage and reputation in aerospace to protect — and a longstanding position of strength to build on. **We can do so if we act together, now.**

Premier, can we count on your support to ask the Prime Minister to work with AIAC to develop a strategic sector strategy to protect aerospace for the future?

OAC will continue to collaborate with Minister Fedeli and the team at MEDJCT to ensure that we address the needs and concerns of our aerospace sector in Ontario and provide that additional input to AIAC for their work with the Federal Government.

Actions needed to address the current challenges

1. Develop a pragmatic and proportional plan to allow people to begin flying again.

Airlines drive demand for the manufacturing output that makes up 69% of Canada's aerospace and defence activity. They are also significant buyers of the maintenance, repair and overhaul (MRO) services that make up the remaining 31% of our sector's business.¹ Without question, our industry needs planes in the skies and support for the airlines needs to include support for the industry that keeps those planes in the skies.

At the same time, our members have been clear that they only want to see the economy reopen gradually and sustainably.² The Government of Canada can play a powerful role in supporting the survival of Canada's airlines by communicating and ensuring travel by flight is reinstated in safe, socially acceptable ways. AIAC recommends that the government work with AIAC to establish a task force of like-minded associations on how to reinstate safe, socially acceptable travel, that includes the adoption of new technology.

2. Adapt Canada's job retention program and liquidity measures to support employees in industries that will take longer to recover.

Our industry is aware that the full impacts of the current crisis have yet to be felt. Due to the long lead times of MRO activities and manufacturing supply chains, many aerospace companies expect greater difficulties in summer and fall 2020 than they are experiencing today.

Extending the Canada Emergency Wage Subsidy (CEWS) would provide crucial support to aerospace companies.³ That extension is needed in terms of both duration, as

¹ DRAFT E&Y Briefing Note.

² Avascent for AIAC. COVID-19 Industrial Impacts: Data Collection and Analysis. May 2020.

³ Avascent for AIAC. COVID-19 Industrial Impacts: Data Collection and Analysis. May 2020.

“competitor” nations such as Germany and France have committed to multi-year wage support programs,⁴ and also applicability — because currently many firms do not qualify due to the way they are structured.

3. Rapidly expand government support for green technologies to enable the decarbonization of key sectors, particularly transportation and aviation.

Climate change is a global concern that requires government and industry to act decisively and in cooperation. Aerospace has made great strides “cleaning and greening” in recent years — developing technologies and design approaches that reduce fuel consumption, helping bring down aviation-related emissions even as traffic has skyrocketed. Making aerospace and its operations more sustainable will make our industry more competitive and will open up massive opportunities for Canadian SMEs. Canada has the potential to be a world leader in this arena as a pioneering developer of electric air vehicles and carbon-neutral and autonomous flight capabilities. In the near term, coming out of the COVID-19 crisis, being green will help improve the economics of the industry. Going forward, it stands to lead us into new realms of prosperity and mobility.

4. Establish a new long-term investment bank to support and foster essential manufacturing supply chains through the market transformation ahead.

Because Canadian aerospace is 80% export-oriented, it has a pivotal role to play in the country’s overall economic recovery post-COVID. Other countries are investing in their sectors. Since aerospace is almost uniquely integrated — comprising a truly global ecosystem — we need to keep pace. That means investing in next-generation technologies, growing future-facing markets, strengthening our supply chains and developing a critical mass of innovative companies. Establishing a mechanism to facilitate that investment will be a valuable instrument in both the short and long terms.

5. Advance public procurement projects, particularly in defence and space projects, to help stimulate and sustain high-tech supply chains through the difficult months ahead.

The defence and space sides of the aerospace industry have generated many decades’ worth of innovations and contribute strongly to the Canadian economy. Public procurement of platforms, products, systems and services will help sustain companies in those domains through the COVID-19 period and provide opportunities to keep civil aviation workers employed as that side of the industry waits to rebound. The act of procurement is important but more so will be ensuring that contracts advance and cash

⁴ Roland Berger for AIAC. Global Aerospace and Defense Outlook Webinar. April 2020.

flows into the system to keep companies operating. Predictable, stable defence funding is key — on par with where other countries are focusing their projects and funding, so that Canada keeps up.

6. Establish a Canadian sector strategy for aerospace that includes civil, defence and space.

The extreme circumstances brought by the COVID-19 pandemic and the responses of other countries have underscored the need for a Canadian aerospace sector strategy that clearly identifies the specific areas where we want Canada to be a recognized aerospace leader.

A Vision for Canadian Aerospace

Beyond the actions outlined above, the COVID-19 crisis reinforces the need to focus on the six priorities set out in AIAC's *Vision 2025*, which we released in spring 2019 and of which OAC strongly supports.⁵ *Vision 2025* called on industry and government to work together to increase our support for the world's most skilled workforce through the following measures:

1. Ensure small and medium-sized aerospace businesses thrive and grow
2. Use innovation to capture new opportunities, including carbon-neutral flight and unmanned vehicles
3. Invest to maintain Transport Canada's internationally recognized status for aircraft certification and regulation
4. Maximize Canada's leadership at the forefront of space
5. Maximize defence procurement and government partnerships to drive new industrial growth

The Ontario Aerospace Council stands by those goals, in particular the need for greater resources to retrain employees in order to position the industry for success coming out of COVID19. We are currently working in collaboration with the Ontario Ministry of Labour, Training & Skills Development through the Skills Catalyst program to support Ontario companies in this process.

The Vision 2025 goals are critically important to the long-term vitality of Canada's innovative aerospace industry. It is our hope that with your assistance and advocacy the Government of Canada stands with our industry. We have heard much in the way of general federal government support for the *Vision 2025* document, but little in the way of solid long-term thinking to achieve our mutual goals. We need to move from agreement into action.

⁵ Roland Berger for AIAC. Global Aerospace and Defense Outlook Webinar. April 2020.



Small and mid-sized companies throughout our sector are calling out to governments for help so they can survive this crisis and reap the benefits when the global industry rebounds. The biggest players are seeking signs that the Government of Canada is committed to aerospace for the long term.

If we can get this right together, Canada will emerge from the era of COVID with an aerospace industry that is even stronger and better equipped to contribute economically, socially and environmentally for decades to come.

Taking the right actions today is the opportunity to set that in motion. We hope that aerospace can count on your support and remain at your disposal should you wish to discuss in further detail.

On behalf of OAC, we thank you for your consideration and support and look forward to continuing to work with you and your teams to ensure that Ontario and Canada remain key players in the global aerospace industry.

Kind regards,

A handwritten signature in blue ink, appearing to read 'Moira Harvey', is written over a light blue circular watermark.

Moira Harvey
Executive Director