



Summary of the Positions of the International Association of Machinists and Aerospace Workers (IAMAW) on the Air Defence Procurement Projects and the Canadian Aerospace Ecosystem

By  
Guillaume Valois, Public Relations and Research Officer  
(IAMAW Local Lodge 712)

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## WHO WE ARE

The International Association of Machinists and Aerospace Workers (IAMAW) was founded in Atlanta in 1888. In 1890, the union formed its first Canadian local in Stratford, Ontario. Today, the organization represents 650,000 workers in 1,143 locals at more than 200 companies in the United States, Canada, Puerto Rico and the American island of Guam. The IAMAW has been active in aerospace since 1935 and is now the world's largest union in that sector, with more than 184,000 members covered by some 1,000 collective agreements.

## THE IAMAW AND CANADIAN AEROSPACE

The Machinists' Union became the voice of Canada's aerospace workers in 1940.

### List of companies where IAMAW members work

#### **Quebec**

- Bombardier
- Airbus
- Héroux-Devtek
- Stelia (Mirabel, Saint-Laurent)
- Safran Group, landing gear division
- L3-Harris
- AJ-Walter

#### **Ontario**

- Magellan
- Arnprior Aerospace
- L3-Harris
- Safran Landing Systems
- Safran Electronics

- Hypernetics
- Field Aviation  
Infotech aviation

#### **British Columbia**

- MTU
- Avcorp (Latécoère)

#### **Saskatchewan**

- CAE, military aviation training

#### **Alberta**

- Field Aviation

## BACKGROUND

The aerospace sector is generally divided into two industries: civil aerospace and military aerospace. However, while these industries are often differentiated, they are both part of the same ecosystem. Their complementary nature is one of the keys to the viability, resilience and stability of the aerospace ecosystem. We have therefore chosen to summarize our organization's positions on the future of the Canadian aerospace ecosystem in this document, paying particular attention to air defence and fighter aircraft.

Purchasing and maintaining a fleet of fighter aircraft is a complicated process that requires a long-term financial commitment and a sizeable share of the federal budget.

Yet this complicated and expensive project has the potential to satisfy the government's defence needs, create and preserve good jobs and generate major industrial and technological spin-offs in a key economic sector.

Accordingly, such a project needs to start with a rigorous contracting process that protects the common good and promotes our strategic interests at every stage.

### What we propose

- Ensure the procurement objectives and the fulfillment of these objectives, including the contracting process for the acquisition and maintenance of the equipment required for national air defence or any other type of aircraft and its components, are integrated into a national aerospace policy.
- Include in the procurement objectives clear requirements for industrial activities, technology transfers, maintenance operations and manufacturing of air defence equipment and components under licence.
- Review some criteria of the Industrial and Technological Benefits (ITB) Policy to expand its scope. For example, section 8.2 on indirect transactions should apply to all procurement and equipment contracts necessary for national air defence.
- Give priority to and show respect for Canada's aerospace ecosystem. For example, regarding the contract to replace the CF-18, the federal government must ensure spin-offs that maintain or boost the sector's economic, technological and industrial footprint.

## ON THE NEED FOR A NATIONAL AEROSPACE POLICY

To secure the future of our aerospace sector and boost its potential, we need to organize our actions within the framework of an industrial policy for the sector.

Canada needs to develop the tools to take coordinated actions that address long-term objectives through a national aerospace policy that is tailored to this vital sector's needs and ensures its viability in the long run. Based on sound strategic planning, this policy would improve consistency and synergies among national investment policies and other public policies, primarily social and environmental policies.

We therefore recommend that the federal government establish a national aerospace policy that clearly spells out the roles, responsibilities and commitments of every stakeholder in the Canadian aerospace ecosystem.

### The policy's main goals:

- Make aerospace a key strategic industry for Canada.
- Set out a clear long-term vision.
- Invigorate our economy by putting more emphasis on efficient and responsible development.
- Mobilize and increase cooperation between stakeholders.
- Create and protect good jobs.
- Increase Canada's attractiveness to key businesses.
- Revise Canada's ITB Policy.
- Enhance and expand the scope of provincial supports.
- Foster innovative projects and coordinate them efficiently.
- Promote a transformation of our productive capacity.
- Improve consistency and synergies among our national investment policies and public policies.
- Encourage the direct involvement of governments and unions in aerospace industry decision-making.
- Implement and orient policy by accounting for the size and specific characteristics of the aerospace sector in each province.
- Hold periodic consultations to assess the policy's impacts and modify it if necessary.
- Ensure the aerospace sector is an environmental leader.

### This policy could have five main components:

1. Innovation and research and development
2. Jobs
3. Education and training
4. Defence and procurement
5. Environment

## A CLEAR FRAMEWORK

The government is responsible for establishing a transparent process and requiring commitments from the players involved when it mobilizes resources and invests public funds. Without these measures, it would have trouble ensuring good results and benefits in the long run. We therefore believe that support for critical economic sectors such as aerospace must be subject to clear rules regarding the social, economic, industrial and technological spin-offs.

By requiring aerospace companies to guarantee benefits and focusing on creating winning conditions for all stakeholders, the government would strengthen our economy while supporting the aerospace ecosystem and serving our collective interests. Providing businesses with a clear framework would also improve the quality of interactions in the ecosystem, rendering it more efficient.

Military programs are an important way for the federal government to implement its industrial policy.

On this point, former Canadian defence minister Barney Danson described the impact that defence spending has on the economy in a speech in October 1978:

Defence spending purchases security, but also much more than that. It increases government revenues and consumer demand, lowers Unemployment Insurance costs and reduces regional disparities. It helps cover the costs of education and training, public works and emergency services; it improves our safety, health, comfort and individual well-being. It creates jobs, advances research, increases production, stimulates competition in secondary industries and helps attract and retain specialized workers. ...National security and economic prosperity go hand in hand. [translation]

Government air defence procurement contracts are an excellent way of invigorating the aerospace ecosystem. The new technologies and expertise developed in this area are subsequently redirected to commercial ends. As a result, these investments benefit the entire ecosystem and beyond. This is especially true given that self-sufficiency in defence equipment manufacturing and maintenance is critical to our national security.

Consequently, Canada must create a favourable environment for the expansion of the defence industry. The main challenge is in planning and implementing a procurement strategy that suits the realities of the ecosystem and our economic partners.

Awarding a major procurement contract is an opportunity to incite businesses to set up in Canada or expand their operations here. The possibilities include increasing their direct industrial footprint, giving the contract to Canadian suppliers, developing its products or taking part in various research and innovation projects.

Another criterion that can improve compliance with the federal government's ITB Policy and Defence Procurement Strategy is a technology transfer guarantee.

Technology transfer is a vital tool for implementing a national industrial strategy. It enables a government to support technological change in its industrial economy, boost cooperation within the aerospace ecosystem, promote domestic research and innovation, and create and preserve jobs.

In defence matters, technology transfer also addresses a government's national security concerns by fostering its industrial self-sufficiency as regards building and maintaining military equipment.

Manufacturing equipment under licence is a common technology transfer option and a way of guaranteeing some form of industrial and technological spin-offs from a procurement contract.

Building under licence can become a way of expanding the aerospace ecosystem's range of activities and stimulating the development of its supply chain. It can involve securing defence equipment assembly or component contracts.

Lastly, the air defence procurement process must include a maintenance operations component.

The decision on the location of maintenance operations, the selection of service providers and the accessibility of the replacement parts, technology and expertise required to carry out these operations must all be considered in order to keep the selected equipment operational and to allocate the financial resources necessary over their life cycle.

It is critical to have as much independence and decision-making power as possible regarding military equipment maintenance. The best option is to create an environment that supports keeping and expanding this kind of activity in Canada.

With Canada in the final stages of the process to replace its fleet of CF-18 fighter aircraft through a \$19-billion contract, this is a historic situation. This contract gives the government a unique opportunity to enhance and diversify its aerospace ecosystem by guaranteeing industrial and technological spin-offs from the purchase of the new aircraft fleet and over its entire life cycle.