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April 8, 2009

The Honourable Tony Clement, P.C., M.P.
Minister of Industry
House of Commons
Ottawa, ON, K1A 0A6

A RECOMMENDED CANADIAN AEROSPACE PROCUREMENT POLICY

Dear Minister:

The Board of Directors of the Canadian Society for Senior Engineers, a Member Society of the Engineering Institute of Canada with a combined membership in excess of 22,000 engineers wishes to convey the following message of support to you.

The CSSE wishes to express its support for a decision that ensures that the project to purchase 17 Fixed Wing Search and Rescue aircraft proceeds in an open competition providing equal opportunity to Canadian manufacturers to act as prime contractors to meet Canada's needs in this unique and sensitive area.

The CSSE believes that the objectives of DND in the procurement of equipment and materiel should be supportive of and in step with the overall national Canadian objectives of economic development, specifically in areas of advanced technology.

The CSSE further believes that the independence of Canada as a nation and its stated intent of exerting sovereignty over its disputed coastal regions are best served by having a strong national Canadian base from which to provide the means to exercise that fundamental right. This must be done without having to depend on foreign suppliers for the essential means to implement that policy. Any dependence on foreign sources of supply undermines Canada's capability to implement its independent status in the ranks of nations. Eventually, through the supply chain, foreign political influences will be put to bear to compromise Canada's independence. Historically Canada has experienced such pressures in the past to the detriment of its economic and national development.

Without infringing on safeguards against nationalistic protectionism, there is every reason to insist Canadian suppliers be designated and selected as prime contractors, especially in areas and interests of national sovereignty, supplemented as needed with sub-contracted items not currently available from Canadian sources. This is based on the fundamental belief that a nation must be able to produce those goods and services essential to its ability to protect and defend its independence without compromising its economic and social well-being and stability as a nation in a competitive world.

The current arrangement to place quantitative-only contractual requirements for long term in-service support (ISS) on foreign prime contractors is fundamentally flawed. It allows foreign suppliers to keep

control over essential technologies in foreign hands. It jeopardizes Canada's independent defence capability by losing control of its more technically complex defence assets.

As outlined in our February 21, 2009 submission to you entitled "A Recommended Canadian Aerospace Procurement Policy", Canadian manufacturers are very capable with their vast experience of building reliable aircraft to meet Canadian needs, especially in the field of Canadian search and rescue operations. Canadian climate, geography, and environmental requirements are NOT the same as US or Italian needs and have been successfully met with Canadian designed and built aircraft.

CSSE holds that the prevailing model to buy foreign designed and built aircraft, to be modified at considerable additional expense to meet a plethora of mixed military specifications, with some minor spin-offs to Canadian aircraft manufacturing firms, should be revamped. The prevailing "resource-oriented" DND procurement model, if it continues to be practiced, undermines Canadian economic development of its strategic aerospace and defence industries. Replacement with a "capability-oriented" procurement model provides a level playing field for Canadian companies and opportunities to be awarded prime contracts of Canada's strategic technologies.

The CSSE believes an alternative model should be structured to allow the prime contract to be awarded to a Canadian manufacturer, with foreign manufacturers supplying specialized equipment not available in Canada as sub-contractors, rather than what seems to be a mindset of the reverse.

The CSSE believes that this method of procurement will create the maximum number of jobs within the country, maintain Canada's much needed expertise and know-how, retain and enhance Canada's aerospace manufacturing capability (not to mention enhanced sales export potential) to meet future foreign competition and enhance Canadian sovereignty over its three extensive and rugged coastal areas.

The CSSE believes that the \$3 billion of Canadian tax payers' money earmarked for aerospace search and rescue (SAR) renewal should be used to serve the Canadian national interest in its broadest sense by developing and supporting the design and manufacturing capabilities within the Canadian aerospace industry, rather than those of other nations and their defence industries.

We recommend that you request a careful review of these important considerations and encourage your officials to pursue a more open SAR bidding process thereby enabling the creation of a more comprehensive Canadian SAR specification profile. The CSSE's "A Recommended Aerospace Policy" elaborates our view on this and other fundamentally important procurement and development issues.

We thank you in advance for your thoughtful consideration.

Yours respectfully,

K. W. Putt, FCAE, FEIC, FCSSE, P.Eng.
President