

Preventing a tailspin



A Response to the COVID-19 Crisis for Canada's Aerospace Industry

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UNIFOR
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UNIFOR IN THE AEROSPACE INDUSTRY

Unifor represents more than **11,000 aerospace workers** across Canada performing highly specialized jobs in diverse workplaces and sub-industries including commercial, military and space exploration. Our members are highly skilled and rigorously trained to work in jobs that contribute significantly to the Canadian economy.

Our aerospace members design, build and finish commercial and utility aircraft; build component parts for commercial and defence aircraft; conduct overhaul and maintenance work on civilian, military and government aircraft; design and manufacturing simulators and training devices for a range of commercial and military aircraft and are engaged in the production of satellites and robotics for space exploration.

UNIFOR IN THE AEROSPACE INDUSTRY

Employer	Location	Members
Aircraft Applicances & Equipment Ltd.	Brampton, ON	30
Alta Precision	Montréal, QC	57
Avior Produits	Laval, QC	115
Avior Produits	Montréal, QC	41
Boeing of Canada	Winnipeg, MB	1,294
Bombardier Aerospace	Toronto, ON	2,272
Cascade Aerospace	Abbotsford, BC	446
Bombardier Finishing Centre	Montréal, QC	1,527
CAE Inc.	Saint-Laurent, QC	581
CMC Electroniques	Montréal, QC	500
De Havilland Aircraft of Canada	Toronto, ON	700
DJ Composites	Gander, NL	15
Firan Technology	Toronto, ON	68
Genaire Ltd.	Niagara-on-the-Lake, ON	38
Heligear Canada	Tecumseh, ON	74
Heroux Devtek Inc.	Longueuil, QC	278
IMP Group Ltd.	Halifax, NS	450
Magellan Aerospace	Winnipeg, MB	350
MDA	Brampton, ON	30
MDA Aéro Montréal	Ste-Anne-de-Bellevue, QC	200
Metal Improvement Co.	Brampton, ON	45
PCC Aerostructures	Montréal, QC	85
Pratt & Whitney	Longueuil, QC	2,300
Solutions FACC	Laval, QC	38
Technologies Surface Praxair	Montréal, QC	117
Vac Aéro International	Montréal, QC	40
Viking Air	BC	276



THE IMPACT OF COVID-19 AND ACCOMPANYING RECESSION ON THE AEROSPACE SECTOR

In 2018, Canada's aerospace industry sustained more than 200,000 jobs (direct and indirect) in the country and produced more than \$25 Billion in GDP. These jobs offer a tremendous contribution to local economies and economic development as well as supporting thriving families and communities in every province in Canada.

Unifor has consistently monitored the state of the aerospace industry in Canada throughout the pandemic. In general, the industry fared better than others in the early stages of the pandemic, however, it has become obvious that the worst is yet to come.

The first months of the pandemic saw at least 40% of our members in the aerospace sector laid off. As facilities learned how to operate while keeping workers safe from the novel coronavirus, our members began to return to work, but 8% of those laid off members remain laid off today.

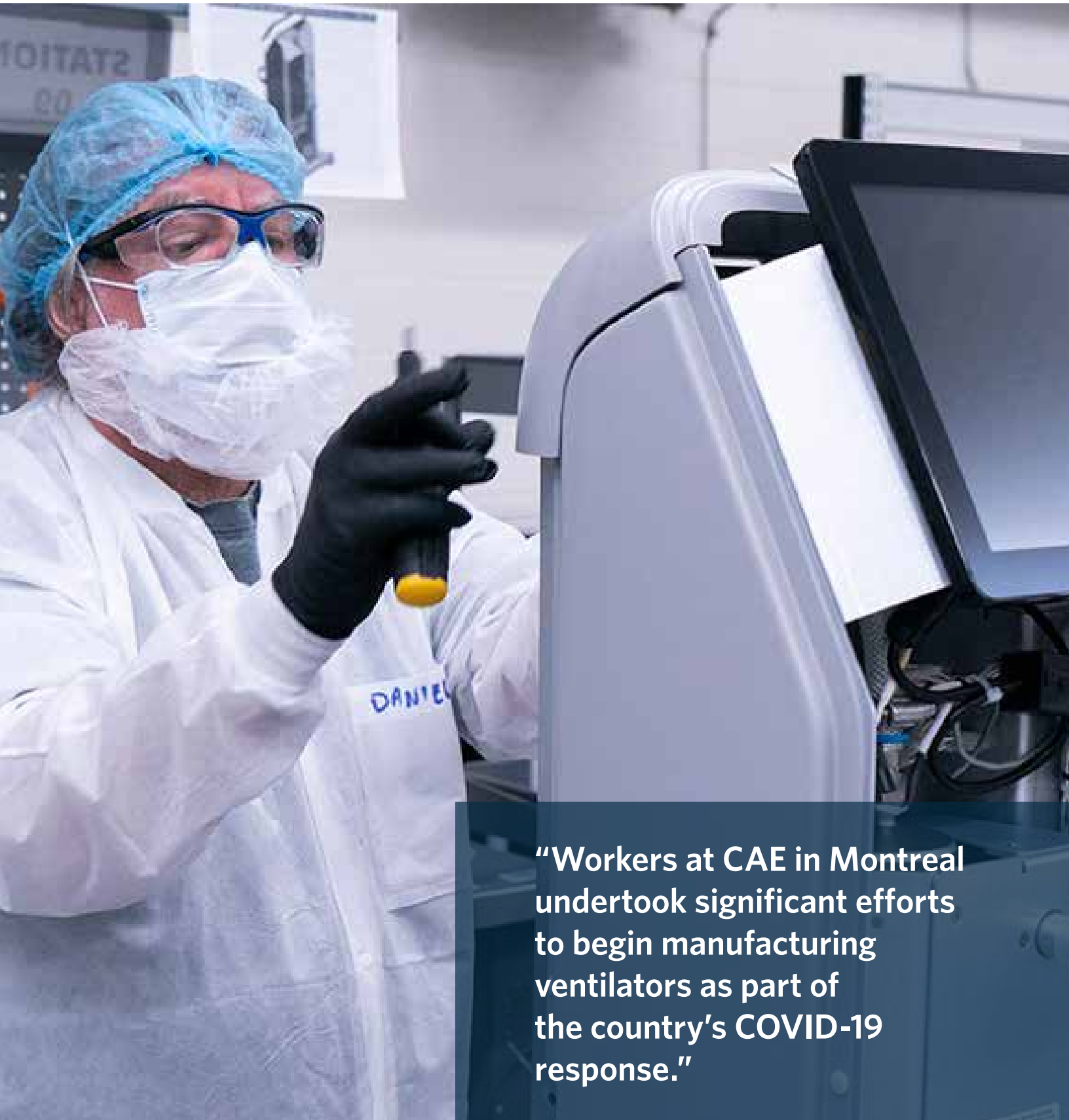
Furthermore, our locals in both the commercial and defence sub-sectors of the aerospace industry are near unanimous in reporting worrisome information. Several major aerospace workplaces in Canada show slowing or empty order books, looming layoffs and uncertainty about the future communicated from their employers.

As aircraft around the world have remained grounded, aircraft manufacturers are struggling to secure new orders, and some are producing aircraft that have not yet been sold. The most acute example of this is at De Havilland Aircraft in Toronto, Ontario. Our members working there have reported from discussion with management that, without new orders, work will dry up in the spring of 2021—approximately 6 months from now.

Just last month, aircraft engine manufacturer, Pratt & Whitney, announced a further 300 layoffs at its plant in Montreal, Quebec. These layoffs were directly attributed changes in long-term demand due to the COVID-19 pandemic.

The long-term layoffs are leading to a full break in the employment relationship for many of our members. That has our aerospace locals, industry council and the national organization anticipating significant skills shortages and hiring trouble once the aerospace industry begins to recover.

As well, workers at CAE in Montreal, Quebec, who manufacture flight and other training simulators for the aviation, healthcare, and defence industries, undertook significant efforts to begin manufacturing ventilators as part of the country's COVID-19 response. Although this work helped offset layoffs associated with the downturn in the commercial aviation sector it is likely to end in the coming months.



"Workers at CAE in Montreal undertook significant efforts to begin manufacturing ventilators as part of the country's COVID-19 response."

THE IMPACT OF COVID-19 AND ACCOMPANYING RECESSION ON THE AEROSPACE SECTOR CONTINUED

This situation is unacceptable. Unifor has continuously raised the need for additional strategy and focus on the aerospace sector from governments of all levels and stripes in order to ensure the highly lucrative contracts, jobs, and research and development continue to take place in Canada and the country maintains its edge over competitors.

GDP created by the aerospace industry dropped by nearly 20% between February and May 2020. The industry had recovered half of that loss by August. However, the information above suggests the aerospace recovery will likely be 'W' shaped with another valley before a full recovery occurs. It took the aerospace industry nearly six years to recover to the GDP levels of 2007 and three years to recover the level of employment.

No one needs this pattern to repeat and government must pay close attention to ensure there are programs in place to keep workers attached to employers, research and development is accelerated and enhanced and aerospace customers, both government and private sector, are focused on buying Canadian products and expanding the supply chain.



UNIFOR RECOMMENDATIONS

National Aerospace Industrial Strategy

- Formalize a national aerospace industrial strategy to build a robust aerospace industry right here in Canada including high quality employment, a strong and resilient supply chain, thriving commercial and defence sectors and multi-stakeholder engagement.

Buy Canadian

- Reinforce the commitment to the Industrial Technological Benefits Program through the Joint Strike Fighter Capability Project and expand the program to additional military purchases when a Canadian made option is not available.
- Recognize the capabilities of Canadian aerospace companies in filling orders for government, military and emergency response aircraft by including a preference for Canadian content and made in Canada solutions.
- Introduce a consistent, universal sales financing program to facilitate purchases of Canadian made aircraft, including passenger aircraft, in both domestic and export markets.

Focus on Research and Development

- Expedite the details of the new Strategic Innovation Fund - Net Zero Accelerator with specific targets for reducing aerospace related emissions in both commercial and defence sub sectors.
- Further develop the Advanced Manufacturing Stream of the Strategic Innovation Fund to focus on advancing Canadian designed and made aerospace technology of the future.
- Ensure research and development is a core component of the National Aerospace Industrial Strategy.

Maintain and recruit the skilled workforce in the aerospace sector

- Improve the CEWS program for furloughed workers and affected companies to ensure a replacement rate of at least 75%. In addition, ensure workplace health benefits are covered by the program.
- Renew and expand the funding commitments to aerospace related training programs at the provincial and federal level.

Immediate financial support

- Develop an aerospace specific, low-interest relief package to assist aerospace companies in reaching the other side of this pandemic.
- Ensure the benefits of the above program flow to workers: Government must set strong conditions on any corporate support package that ensures benefits flow to workers through the maintenance and improvement of job quality, pension protection, low interest loans and equity investments to name a few.

UNIFOR RECOMMENDATIONS CONTINUED

Safely and prudently open borders

- Adopt the Universal Standard for facilitating passenger flights across international borders developed by the Collaborative Arrangement for the Prevention and Management of Public Health Events in Civil Aviation (CAPSCA). It is time for a robust, updated approach to border controls using the most up to date scientific evidence and health and safety protocols.

CONCLUSION

Canada's aerospace industry is a crown jewel in Canada's industrial capacity that must be fostered and protected. The industry creates more than 200,000 high quality jobs in the country and \$25 billion in GDP. The longer the travel restrictions last, the more dire the situation becomes. Without government intervention, many workers will lose their jobs and employers lose the connection to the highly skilled workers they've trained. Furthermore, some companies will never recover. Government needs to step in now with the policies recommended above to ensure the industry is already in gear when the air transportation industry returns and, in the intervening months, these companies are developing the clean-tech and next generation technology the aerospace and air transportation industries are ready for.

Unifor's recommendations to recover and rebuild the aerospace sector are a part of our Road Map for a Fair, Inclusive and Resilient Economic Recovery – Unifor's plan to Build Back Better. Find out more at buildbackbetter.unifor.org.

