

In-Service Support of New Aircraft Fleets

The Government of Canada is aggressively pursuing the acquisition of a strategic airlift capability (C-17 aircraft), a tactical airlift capability (C130J aircraft) and a medium-heavy lift helicopter capability (CH47 helicopter) with a high degree of justified urgency. While there is near-term focus on the acquisition of these fleets from their American OEMs (Original Equipment Manufacturers), the In-Service Support (ISS) of these fleets has received little public attention; yet it is precisely the ISS component of these and future acquisitions that will shape the long term aerospace industrial capability and that will determine the sovereign control and responsiveness of the Canadian aerospace industry to support the Canadian Forces for decades to come.

Until the early 1970s, the Canadian Aerospace Industry manufactured Canadian-designed aircraft or built American aircraft under license in Canada. These Canadian companies had the engineering capability and data and provided the required ISS to the Department of National Defence (DND). For the past 25 years or so, with the increasing complexity of aircraft and systems, and a parallel increase in capability, Canada has been able to replace existing fleets of its aircraft with new fleets with much smaller numbers of aircraft. As a result, it was no longer cost effective to establish production lines in Canada for Canadian requirements. The aircraft were

procured directly from the OEMs, mostly American companies, but license agreements for engineering and data were negotiated by the Government to allow Canadian companies to provide ISS directly to DND, without reliance on the aircraft manufacturers.

In the case of the Cormorant Search and Rescue helicopter, DND did not acquire the data package upfront. Instead, they negotiated an agreement with the OEM to acquire data piece-by-piece on an as-required basis. As a consequence, the ISS contractor has experienced significant difficulty resolving technical problems because the process for acquiring data is

cumbersome and protracted. This program is a good example of what can happen when the proper license and data rights are not acquired.

Like most countries, we have no choice but to purchase most of our military aircraft from foreign suppliers – and National Security was historically the driving force behind the Government's decisions to retain as much capability in the Canadian aerospace industry as possible. Retention of the ISS capability in Canada ensured that, should it be necessary, the Canadian aerospace industry, in conjunction with DND, could react very quickly to meet urgent Government requirements. This, in fact, was the case in the early 1990s, when the Government made the decision to deploy Sea Kings for the first Gulf War. The deployment represented a major role change for the Sea Kings and the aircraft required a number of significant modifications, which IMP, as the prime ISS provider, was able to quickly design and install. Had the ISS for the Sea Kings been provided through a foreign OEM, this process would have been much slower and much more difficult.

Provision of ISS by Canadian companies has served DND well in supporting the Hercules, the Aurora, the CF18 Hornet and the Sea King. The capability and expertise that Canadian industry has established as a result of these programs have made Canada a world leader in the area of military aircraft ISS. As a direct result, other countries send their aircraft to Canada for depot-level maintenance and modifications. IMP Aerospace in Halifax, currently has aircraft from Norway, Egypt and the United States Navy in its facilities undergoing work and in the past has supported both the Brazilian and Australian Air Forces. L-3 Spar Aerospace in Edmonton has had similar success with foreign Hercules operators. Canadian aerospace companies, such as IMP and Spar, have been able to leverage their ISS capability, initially established to support DND, to generate foreign business and to create thousands of highly skilled jobs in areas of the country that greatly benefit from this employment. In turn, this foreign business has helped Canadian ISS providers to achieve the critical mass necessary to cost effectively deliver world-class support to the relatively small DND fleets.

In contrast, the approach for ISS for the three recently announced aircraft



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acquisition programs is a marked departure from past practice. It is the government's intention to contract the ISS for all of these programs directly with the foreign OEM or through a foreign military sales (FMS) case. The only requirement that the Government is placing on these foreign OEMs is a dollar value amount of industrial offsets to Canadian industry. Granted, these offsets will provide work, but not at the level of complexity or scope required to continue to build Canada's world-renowned ISS capability. Canadian companies will be denied the ability to directly and independently support DND on these programs, and the industry will not have the downstream opportunities to sell their capability to foreign operators, increasingly building Canada's reputation of expertise, as they have in the past. The insertion of a foreign OEM between Canadian ISS companies and the government and troops that they support also introduces an additional layer of management overhead at a substantial cost, adding millions of dollars to the overall life cycle cost of these fleets. Furthermore, this approach places the destiny of Canadian ISS companies in the hands of a foreign OEM.

It has taken years to build these companies, with a lot of good will and support of government. The years invested in building this component of the Canadian industrial base are being jeopardized with the current ISS procurement strategy by placing Canada's world class Aerospace ISS Industry under the control of foreign American companies. And it is important to note that not only are they influenced by a number of American Government Agencies, such as the State Department, but they also compete with Canadian companies in foreign markets for ISS contracts.

Overall, this new process is not only a threat to thousands of Canadian jobs but is also increases the sovereignty and security risks to Canada by reducing our independent capability to maintain our own military assets. Considering this, immediate discussion should take place before this costly and questionable policy change is implemented. **FL**



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