INVEST IN CANADA
CANADA'S COMPETITIVE ADVANTAGES

AEROSPACE SECTOR
The Canadian aerospace sector is an international leader in terms of export intensity and trade diversity, with value chain partners in the United States, Europe, Asia and South America.

Thanks to Canada’s membership in the North American Free Trade Agreement (NAFTA) and one of the world’s best multi-modal transportation systems, the sector is well integrated into the North American market.

Aircraft parts manufacturers based in Canada typically enjoy the lowest cost structure among G7 countries.²

The aerospace-manufacturing sector is one of the most research and development (R&D) intensive in the Canadian economy. Manufacturing R&D performed by the aerospace sector totaled $1.64 billion in 2016, representing nearly 30 percent of all manufacturing industry R&D in Canada.

Canada’s expertise in flight training is also recognized around the world. In 2015, Canada’s 169 certified flight schools issued 1,186 commercial-pilot licenses.³ Canadian flight schools provide training in diverse climates and geographies, enabling pilots to develop superior professional skills.

Canada’s Maintenance, Repair and Overhaul (MRO) sector generates $7.7 billion in annual revenues and directly employs 31,000 highly skilled workers.¹ Its strengths include:

- Full ‘nose-to-tail’ services for single and twin-aisle commercial transports, regional jets and turboprops, as well as business and military aircraft, and helicopters
- Engine and accessory repair and overhaul for gas-turbine and piston engines

Canada ranks third globally in terms of civil-aircraft production—a remarkable achievement given the country’s relatively small population. With some 700 companies, Canada’s aerospace manufacturing and maintenance, repair, and overhaul industries generated direct annual revenues of more than $27 billion in 2016, a nearly 20 percent increase from 2011. The sector directly employs over 87,000 people and is responsible for approximately 208,000 jobs across Canada.

Highly integrated into global value chains, more than 60 percent of product exports by the industry are from the aerospace supply chain, a share that has increased by more than 20 percent over the last 15 years.¹

2. KPMG. Competitive Alternatives 2016.
RECENT INVESTMENTS

In May 2016, Bell Helicopter Textron Canada announced the relocation of its assembly program to Quebec. This investment is expected to create more than a 100 jobs.

In February 2017, GE Aviation stated it will spend $238-million to modernize its aircraft engine parts plant in Bromont, Quebec.

On June 1, 2015, LISI Aerospace Canada, a subsidiary of French group LISI Aerospace, announced an investment of more than $12 million in a new production line that will make titanium assembly components for the global aerospace industry. The investment will allow the company to hire 116 skilled workers over the next three years.

Pratt & Whitney Canada is planning a $67-million investment over the next six years at its manufacturing facility near the Halifax airport.

WESTERN PROVINCES: Aerostructures, composites, airframe MRO, helicopter MRO, defence electronics, space systems, earth observation, engines, engine MRO, small-aircraft manufacturing, cold-weather engine testing

» Leading companies: Asco Aerospace Canada Ltd., Avcorp, Boeing Canada, Cascade Aerospace (IMP Group), Vector Aerospace (Airbus Group), General Dynamics Canada, KF Aerospace, Magellan Aerospace, MacDonald Dettwiler and Associates (MDA), Pratt & Whitney Canada (P&WC), StandardAero, Viking Air Ltd

ONTARIO: Rotorcraft manufacturer, commercial and business aircraft, satellite-payload subsystems, landing gear, ECS, electrical power, engine parts, MRO, space robotics, display systems, aerostuctures, gears and gears assemblies, engines

» Leading companies: Airbus Helicopters Canada, Bombardier, United Technologies Aerospace Systems, Honeywell Canada, Magellan Aerospace, MDA, Messier-Bugatti-Dowty, L-3 Electronic Systems Services, MHI Canada Aerospace, Northstar Aerospace, P&WC

QUEBEC: Aerostructures, civil helicopters, commercial and business aircraft, training and simulation, avionics, engine components, landing gear, engines, engine MRO

» Leading companies: Aerolia, Bell Helicopter, Bombardier, CAE, Esterline CMC Electronics, GE Canada, Héroux-Devtek, LISI, Mechtronix, P&WC, Premier Aviation Rolls-Royce Canada, Safran, Stelia, Thales Canada, Turbomeca Canada

ATLANTIC PROVINCES: Precision machining and complex assemblies, composites, gas turbine MRO, MRO, design and manufacturing, engines

» Leading companies: APEX Industries, Bluedrop, Vector Aerospace (Airbus Group), IMP Group, P&WC, Slemon Park

CANADA IS AN IDEAL LOCATION for aerospace investment, with world-class clusters in Montréal, Toronto, Vancouver and other centres throughout the country.
CANADA’S ADVANTAGES

RESEARCH & DEVELOPMENT (R&D)
With annual R&D investment of more than $1.6 billion in 2016, Canada is an industry leader in the development of aircraft technology and applications.¹

HIGH R&D INTENSITY
The Canadian aerospace manufacturing sector is six times more R&D intensive than Canada’s total manufacturing average.

EXPORT COMPETITIVENESS
Export Development Canada (EDC) provides commercial solutions ranging from commercial financing support for inbound foreign investment to export-market financing of aircraft sales. Also, the Canadian Commercial Corporation (CCC) is the Government of Canada’s defence and security export-sales organization, connecting government buyers in other nations to Canadian technology and expertise through government-to-government contracts.

LOGISTICS AND MARKET ACCESS
Canada has a highly developed transportation infrastructure and duty-free access to the U.S., Mexico and many other global markets. Under NAFTA, Canada enjoys preferential access to one of the largest and most important markets in the world. Further, with the Comprehensive Economic and Trade Agreement (CETA) with the European Union provisionally in force, Canada has guaranteed preferential access to European markets. In addition, Canada’s recent FTA with South Korea, which entered into force in January, 2015, represents Canada’s first FTA in Asia and provides a strategic gateway to this dynamic and fast-growing region. These trade agreements enable aerospace investors in Canada to benefit from integrated global supply-chains and seize new export-market opportunities.

LOCATION
Canada is an attractive location for all tiers of the aerospace value-chain. Tier 1 multinationals can leverage Canada’s supplier base and skilled labour while using Canada as a base to pursue markets in the U.S. and other countries. Tiers 2 and 3 suppliers can use a Canadian location to enter into the many global value-chains present in Canada.

DUTY-FREE MANUFACTURING TARIFF REGIME
Canada is the first country in the G-20 to offer a tariff-free zone for industrial manufacturers; there are no tariffs on manufacturing inputs. As a result, investors can import advanced machinery and equipment free of import duties. Along with the straight-line depreciation that Canada allows for manufacturing and processing equipment, these duty-free policies mean that investors can quickly write off capital investment in Canada.

SKILLED LABOUR
The Canadian aerospace industry has a deep talent pool and employs 89,000 workers. Canada has a world-class higher-education system with 19 Canadian universities among the top 500 in the world.⁴ Canadian institutions awarded over 14,000 undergraduate degrees in engineering in 2015⁵—more than the U.S. on a per-capita basis—and approximately 3,000 students graduate from aerospace-related courses programs at Canadian institutions each year.

“Mirabel is a vital part of Bell Helicopter’s long-term growth strategy and the decision to move final assembly of the Bell 505 Jet Ranger X to Canada confirms our commitment to our Mirabel, Quebec, workforce and infrastructure.”
— Mitch Snyder, President and CEO, Bell Helicopter

¹ Shanghai Jiao Tong University, Academic Ranking of World Universities (2015).
⁴ Engineers Canada, Canadian Engineers for Tomorrow (2010-2015).
⁵ Shanghai Jiao Tong University, Academic Ranking of World Universities (2015).
Government of Canada resources and programs stimulate innovation by substantially reducing the associated costs across the supply chain and the technology-readiness spectrum. Provincial support customized to regional needs complements these federal initiatives.

The Strategic Innovation Fund allocates repayable and non-repayable contributions to firms of all sizes across all of Canada’s industrial and technology sectors.

National Research Council (NRC) Industrial Research Assistance Program (IRAP): Innovation assistance to SMEs includes advisory services, and funding for innovation, networking and youth employment

Scientific Research and Experimental Development (SR&ED): Income-tax credits and refunds for expenditures on eligible R&D activity in Canada

Natural Sciences and Engineering Research Council (NSERC):
Funding for university researchers Canada also facilitates collaborative R&D and initiatives supported by the federal and provincial governments:

- Green Aviation Research and Development Network (GARDN)
- Business-led network of centres of excellence
- Collaborative R&D projects focussed on reducing the environmental footprint of the aerospace sector
- Consortium of Research and Innovation in Aerospace in Quebec (CRIAQ)
- Based in Quebec, includes researchers from across Canada
- Collaborative R&D with strong training component

Consortium for Aerospace Research and Innovation in Canada (CARIC)
- Newly established national research and technology network that unites stakeholders from industry, academia and research institutions

Composites Innovation Centre (CIC)
- Based in Manitoba, collaborative R&D
- Manages Canadian Composites Manufacturing R&D (CCMRD)

Composites Research Network
- Based in British Columbia, collaborative R&D

NRC Aerospace
- Based in Ontario, Quebec and Manitoba
- Collaborative research and technology-development opportunities focused on improving safety, and decreasing weight, costs and environmental impacts
AN ENABLING BUSINESS ENVIRONMENT

A WELCOMING BUSINESS ENVIRONMENT
Canada is among the best places for business in the G20.

Source: Forbes, EIU

A HIGHLY EDUCATED AND TALENTED WORKFORCE
Canada has the most educated talent pool in the OECD with more than half of its population aged 25-64 having a tertiary level education.

Source: OECD

LOW BUSINESS TAX RATES
Canada is the most tax competitive country in the G7.

Source: KPMG

WORLD-CLASS CLUSTERS OF INNOVATION, WITH GOVERNMENT AS PARTNER
Canada has strong geographic and sectoral clusters, as well as R&D-intensive sectors with the lowest business costs in the G7.

Source: KPMG

FINANCIAL STABILITY
Canada’s banking system, ranked 3rd by the World Economic Forum (WEF), remains one of the soundest in the world following eight consecutive first place standings.

Source: World Economic Forum

A GREAT PLACE TO INVEST, WORK AND LIVE
Canada ranked first among 60 countries for quality of life. Canada is ranked first in the G7 and G20 for overall prosperity of citizens.

Sources: U.S. News and the Legatum Prosperity Index

Unless otherwise noted, all values in this publication are in Canadian dollars. The content is based on the latest available information at time of publication.

Cover image: Bell 505 Helicopter, Amanda Gerards. Images from inside pages: Shutterstock. All rights reserved.