

AEROSPACE

Sector Profile



Sector Facts and Figures, 2016

Total Sales <i>Change since 2007</i>	\$19.1 billion +\$3.1 billion
Total GDP <i>Share of Canadian GDP</i>	\$6.7 billion 0.4%
Exports	\$15.8 billion
Imports	\$14.2 billion
Foreign Trade Balance <i>Inflation-adjusted change since 2007</i>	\$1.6 billion -20%
Total Employment <i>Change since 2007</i>	45,700 +1%
Average Hourly Wage (Excluding overtime) <i>Inflation-adjusted change since 2007</i>	\$32.60 +10%
Productivity Growth 2007-2016	-12%
Average Work Hours/Week (Excluding overtime)	37.1
Average Overtime Hours/Year	104
Greenhouse Gas Emissions (Kilotons, 2014) <i>Share of Canada's total industrial emissions</i>	196 0.03%
Union Coverage Rate (Approximate)	50%
Unifor Members in the Industry	11,100
Share of Total Unifor Membership	3%
Number of Unifor Bargaining Units	30
Average Bargaining Unit Size	370

Source: Cansim; Federal Reserve Economic Data;
Trade Data Online; Unifor Research
Department.

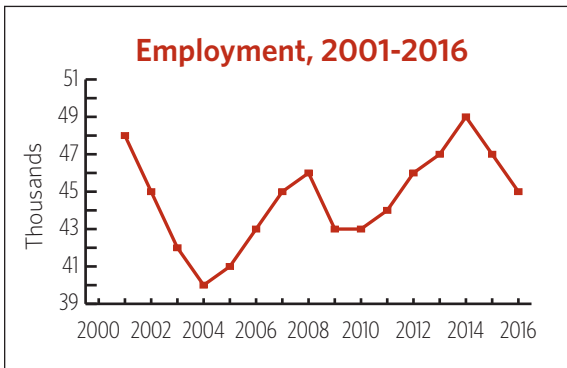


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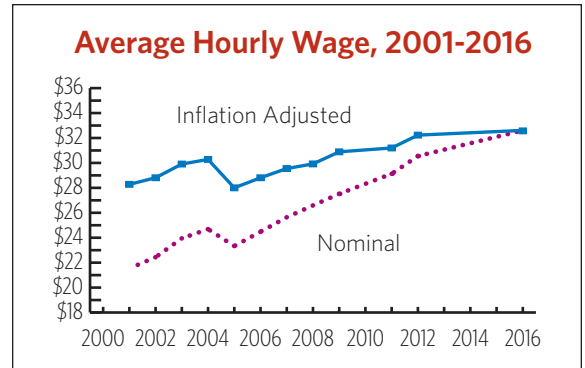
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Current Conditions

While much of Canada's manufacturing base has been eroded over the past 15 years, with one in four jobs disappearing, the aerospace industry has been resilient. Strategic investments, both private and public, have helped the industry maintain its global footing, especially as new products (like Bombardier's C-Series) are brought to market.



Canada's aerospace industry directly employed 46,000 people in 2016, down from an all-time high of 49,000 in 2014. If overhaul, maintenance and repair are included, the number employed rises to 87,000. Aerospace product sales topped \$19 billion in 2016, up \$3 billion from a decade ago, and the aerospace industry added \$6.7 billion to Canadian GDP (\$13 billion including overhaul, maintenance and repair). This industry consistently runs trade surpluses, averaging \$1.9 billion over the past decade, which are badly needed to compensate for chronic trade deficits in other areas.



For the most part, the aerospace industry is a source of good-paying jobs. Average hourly earnings were nearly \$33 in 2016, which represented a 40 per cent premium over the Canadian average. And wage growth been strong: over the past decade, wages have risen by 27 per cent in nominal terms or 10 per cent after adjusting for inflation. While often holding secure jobs themselves, our members in the aerospace industry are increasingly warning about the use (and overuse) of temporary workers in their workplaces. Temporary workers are often paid less to do the same work and receive less training than their permanent and unionized colleagues. A growing share of the aerospace workforce is considered to be "permanently temporary", which creates a two-tiered structure in the workplace and leads to downward pressure on the high quality jobs the industry is lauded for producing.

Workers on the ground are reporting inadequate investment in training for the skills necessary to perform their work safely and efficiently. Plans to implement and improve training capacity are currently in

the development stages in British Columbia and are being discussed in additional jurisdictions. Overall, this industry has been a beacon of made-in-Canada technological sophistication, industrial dynamism and good, stable jobs.

Moving Forward: Developing the Aerospace Industry

Unifor in the Canadian Aerospace Industry

Select Unifor Employers	Approx. # Members
Bombardier Aerospace	3,050
Pratt & Whitney Aircraft	2,050
Boeing Canada	1,050

Unifor's 11,000 or so aerospace members make up three per cent of total Unifor membership and are spread across 30 bargaining units, with heavy regional concentration in Quebec (where nearly half of the membership works) and Ontario (where one-quarter of the membership works). Despite the concentration in central Canada, there is still significant membership presence in Atlantic Canada, the Prairie provinces and British Columbia.

This industry is heavily unionized. Nearly one in four people employed in Canada's aerospace industry is a Unifor member, and overall union coverage is estimated to be 50 per cent. Two out of every three Unifor aerospace worker is employed by Bombardier, Boeing or Pratt & Whitney. The remaining members are spread across a diverse array of firms.

Aerospace is perhaps the most technologically-sophisticated industry in Canada. Canadian firms design and build satellites and robots for use in space exploration. They have developed new and more fuel-efficient aircraft for commercial use and are building pieces of the new generation of fighter jets for a number of large defense firms. Given the significant wealth and geo-strategic influence that arises from having successful players in the global aerospace industry, governments around the world are now competing to attract aerospace investment in part because of the good jobs and innovation intensity associated with the industry. Governments do this by pulling on a variety of policy levers, including local content requirements, spending offsets, tax incentives and research and development grants and partnerships. The Canadian government continues to invest in the aerospace industry as a strategic priority in creating and maintaining high value jobs and ensuring Canada's high-tech talent can find their niche close to home.

In recent years the federal government has made a number of strategic investments in Canadian aerospace, including Bombardier's new C-Series program, the continued development of Canadian content in the F-35 Joint Strike Fighter Program and a space technology research consortium

led by MDA to bridge the gap between academic research and commercialization in the space satellite industry. These are perfect examples of the type of pro-active policies that have enabled Canada's aerospace industry to thrive.

Despite ongoing success, there are reasons for concern. Canada's two-way trade in the aerospace sector is valued at roughly \$30 billion and nearly all of Canada's aerospace exports are destined for the U.S. Other jurisdictions in the hemisphere are emerging as centres for advanced manufacturing. Mexico, for example, has seen its footprint grow rapidly, with the number of aerospace firms in Mexico tripling over the past decade. Another concern is that aircraft maintenance services will be included in the new Trade in Services Agreements (TISA) being negotiated by 23 members of the World Trade Organization, Canada included. This could limit the government's ability to regulate the services and encourage stronger international competition, which could put downward pressure on wages and working conditions.

Major Sector Development Issues

- Maximize Canadian content throughout the supply chain, including production offsets from procurement of military and civilian aircraft.
- Use government R&D and investment support to assist with the development and launch of major new industry initiatives (like Bombardier's C-Series).
- Aim for reciprocity in foreign trade: Europe, Brazil and Asia should purchase Canadian-made equipment in return for Canadian purchase of their products.