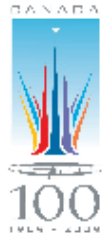




Aerospace Industries
Association of Canada

L'Association des industries
aérospatiales du Canada



22 June 2009

President's Letter to AIAC Official Representatives on 2009-2010 Membership Renewal

The experiences of 2008 and early 2009 have once again demonstrated the importance of a strong national aerospace association that can speak on behalf of its members across Canada. Our industry's contribution to Canada's GDP and trade balance continues to demonstrate, year after year, the importance of nurturing this industry with balanced, visionary policies.

In this time of economic turbulence, aerospace remains one of the pillars of the Canadian economy. Decision-makers must be regularly informed and reminded of the challenges and opportunities found in our highly competitive environment and of the need to adopt visionary policies if we are to remain a world leader.

AIAC must continue to speak out on behalf of its members across Canada on the many issues that determine this industry's success – particularly with regard to public policy, government relations and major technology investment platforms. Our strength comes from the depth and breadth of our membership and from the members' important contribution to all regions.

The Government of Canada is multi-faceted and complex, with multiple areas of key influence on the aerospace industry. To ensure the survival and growth of the Canadian industry, we must keep abreast of numerous – and often conflicting – policy areas, and interact with government officials in several departments to ensure constant collaboration on important issues and initiatives. AIAC must continually strive to inform all political parties on the competitive reality of our industry.

Foreign government policies can also have a significant impact on our industry and we must be knowledgeable of foreign developments to ensure our continued access to international opportunities. Today, more than ever, a strategy to ensure Canada's optimal performance in a fiercely competitive global aerospace marketplace is imperative.

AIAC's contribution is crucial to the industry's success, and increasingly so in the current environment. As we renew our relationship with our members, it seems appropriate to take stock of our achievements of the past year, and to set the scene for the coming one. We are proud of our achievements in 2008-2009 and we are looking forward to a year of additional accomplishments.

We are currently implementing a series of measures to maximize our effectiveness and ensure that AIAC members are well served. This includes key changes to our processes and staffing to meet our current and future policy objectives and ensure our financial stability. We also held a Strategic Planning session to better identify the priorities of our members and subsequently approved a Business Plan for 2009-2012 with clear objectives and measures of performance.

We are happy to announce a full revamping of AIAC's corporate image – including a new interactive website that will keep our members informed of key developments in a timely fashion, and demonstrate the importance of our industry to Canadians and to the world. We also published Op Eds in major national newspapers that promoted the industry's successes and value to the Canadian economy.

AIAC played a successful role in the creation of a non partisan **Aerospace Caucus** and briefed the members at the first meeting. This meeting was chaired by Marc Garneau, while Claude Bachand, Terrance Young and Jack Harris served as Vice-Chairs. AIAC met with key ministers, the Leader of the Opposition, and senior officials (including Richard Dicteri and Dan Ross) to advance member views on SADI, IRBs, ISS and major procurements. Our association also appeared in front of the Aerospace Subcommittee on the Industry Committee and held numerous meetings with Ministers' advisors and public servants at all levels to ensure a mutually beneficial dialogue and collaboration.

We have continued to make a case for continued and additional funding for the **Strategic Aerospace and Defence Initiative (SADI)** to improve its capacity to meet both the government's public policy objectives and the business imperatives of Canada's aerospace firms. A review is currently underway to ensure that SMEs have access to a streamlined process for SADI. In addition, Industry Canada recently indicated its intention to continue to support aerospace industry research and development through SADI. Our priority is to continue to pursue a formal commitment for the additional funding promised in the Speech from the Throne in the Fall of 2008.

The **Future Major Platforms Initiative (FMP)** continues to be at the forefront of our agenda. With the full support of major federal departments and senior officials in the industry, AIAC is actively engaged in developing strategic capture plans for future major aircraft platforms. These plans will ensure that our industry understands the key technology drivers and other determinants in the development of these platforms well ahead of the actual launch. This process will give our members – large and small – access to privileged insights into the opportunities and the technologies that they should target for the future. It will also help our members benefit from organized and targeted marketing initiatives aimed at the major OEMS and their first-level suppliers.

In response to the Minister of Industry's request, AIAC presented Industry Canada with three **Technology Demonstration Projects Proposals** that are now under examination as pilot projects. AIAC, Industry Canada and NRC have also initiated a dialogue with Airbus in Toulouse to explore avenues of collaboration on future technologies and promote Canada's aerospace industry proficiency in these areas.

AIAC and Industry Canada jointly organized a successful **Forecasting Conference** with renowned financial analysts, academics and industry representatives. We also made presentations to international gatherings from the US, Brazil, Spain and other EU countries that are interested in doing business with the Canadian supply chain. Lastly, we are helping our members succeed abroad by working with Trade Commissioners to identify aerospace and defence opportunities. One notable example of this work was our mission to Embraer in the Fall of 2008 in the context of the FMP initiative.

Our members' submissions for improvements to the **Industrial Regional Benefits (IRB)** Program were well received. AIAC will increase its efforts to secure maximum benefits for its members from Canada's defence procurements. We will also encourage policies that foster long-term relationships with Canadian companies, based on transfer of technology, and facilitate early Canadian involvement in new development programs.

AIAC's participation in the **Farnborough Airshow** helped showcase Canadian companies and gave AIAC the opportunity to promote Canada's interests with Ministers and OEMs on issues such as IRBs and the Future Major Platforms.

AIAC continues to support its members in the dialogue with the **Canadian Space Agency (CSA)** as it moves toward the adoption of a long term space plan for Canada. Our members provided a much-appreciated contribution to the definition of this plan. AIAC will continue to advocate the need for adequate space funding.

We will explore ways to provide resources to continue our actions regarding the implementation of a domestic defence industrial base strategy; technology driven environmental regulations that will keep the aerospace industry in the leadership position in environmental protection; and the implementation of a system of oversight of aviation safety regulation that enhances safety, improves effectiveness and increases the global acceptance of Canadian aviation products and services.

AIAC will work alongside subject matter experts within the Federal Government on prioritizing and harmonizing rulemaking programs within the FAA, EASA and Transport Canada as well as on providing input on the technical content. We will seek the government's support in our campaigns for changes to the fee structure at the European Aviation Safety Agency; removing unnecessary constraints that Canadian companies face under the US International Traffic in Arms Regulations; and for continued open access to the US defence market for Canadian firms.

AIAC recognizes the importance and role of the provincial and regional associations and their membership as key contributors to our industry's growth. Our intent is to further maximize these linkages to ensure that all members benefit from enhanced collaboration and to help the industry speak with one united voice.

The entire AIAC team will step up its efforts to broaden and deepen awareness of our industry's substantial contribution to Canada's economic well-being, national security, knowledge wealth and social prosperity.

We will work with our membership to continually refine our objectives and our project priorities in the context of a volatile domestic political environment in Canada and at a time when the Buy America policies threatens our access to that market.

Needless to say, this important work requires adequate resources. In this time of economic uncertainty, our ability to speak in a strong, unified voice is dependent on a strong and engaged membership. In order to remain a leading advocate for Canada's aerospace industry, we need your support in the form of membership renewal.

We appreciate your continued confidence in AIAC, and welcome your input on any issues that are of concern to you. If you have any questions related to your membership renewal – or to AIAC activities as a whole – please contact me at 613-232-4297.

Sincerely,

Claude Lajeunesse
President & CEO