



Aerospace Industries
Association of Canada

AIAC Issue Position

Investment Support for Aerospace Technology Development & Commercialization

ISSUE:

Aerospace is a technology intensive, global industry. The up-front technology investment requirements are substantial, the development risks are high, and the payback periods are long. Canadian based aerospace firms annually invest more than \$1 billion in R&D. With 85% of Canadian aerospace output destined for export markets, they have chosen to invest in and serve global aerospace markets from Canada. Competition for this investment among established and emerging aerospace nations is intense. Governments play an important role in creating a competitive aerospace investment climate. They recognize the value of aerospace as a key contributor to economic and national security and as a generator of high quality jobs. Through a variety of means, they support and lever private sector investment in aerospace technology development and commercialization. With a new global aerospace investment cycle now underway, Canada must take action to ensure its aerospace investment climate remains competitive, so that Canada remains a 'location of choice' for serving global aerospace markets. The 'window of opportunity' to capture vital investments is limited.

OBJECTIVE: EARLY ESTABLISHMENT OF A NEW AEROSPACE INVESTMENT PROGRAM TO SUCCEED TPC

The Federal Government should move quickly to establish a more effective, and adequately funded successor program to Technology Partnerships Canada (TPC), the primary existing program by which it co-invests with Canadian firms to develop and commercialize new aerospace technologies. Current TPC funding levels are insufficient to meet the demands of a renewed aerospace investment cycle, and the program is slated for termination at the end of 2006. A number of critical investment decisions by Canadian-based aerospace firms are at risk.

RECOMMENDED IMPLEMENTATION ACTIONS FOR THE FEDERAL GOVERNMENT:

1. Provide investment support comparable to similar programs in competitor nations.
2. Flow support in a way that remains off the balance sheet, and is predictable over the life of an approved development project.
3. Tie repayment obligations directly to the success of the technology for which the investment support was provided.
4. Avoid a 'one size fits all' approach, by implementing five explicit components of support with differing terms and conditions: Strategic Investments, Technology Collaboration, Technology Demonstration, Proprietary Technology, Supplier Development.
5. Align the application/approval process to the decision making cycle/timeframe of companies and evaluate proposals on clear project assessment criteria transparent to applicants and others.
6. Support technology priorities developed through industry/government consensus.
7. Flow a portion of funding through existing or newly created defence R&D programs.
8. Ensure the program is complementary to other support policies/mechanisms/programs aimed at facilitating and/or supporting private sector technology development and commercialization.

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