

Bombardier and Toronto in the 21st Century
Submission: Councillor Michael Walker
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Executive Summary:

Bombardier is now the world's third largest civil aviation producer, with a line of aircraft that includes the CL-415 waterbomber, the 50 seat Canadair Regional Jet, the 70 seat CRJ-700, the deHavilland family of Dash 8 aircraft (37-, 50- and 70- seat turboprop airliners), and a wide range of corporate jets (Learjet, Challenger and Global Express).

Bombardier is evolving into a producer of larger aircraft, notably the new 70-seat CRJ-700 and the proposed 90-seat BRJ-X. The latter aircraft could prove to be the next replacement for the world's fleet of older DC-9, Boeing 737, BAe 146 and Fokker F-28 aircraft.

With respect to the future of our city's aerospace industry, a key question is what portion of these aircraft could be built and/or assembled in Toronto. This is important given the uncertainty surrounding the future of Boeing's Malton facility and the fact that the Downsview production output of Dash 8s has been slowing. Now is the time to understand Bombardier's needs regarding these new aircraft types and to ensure that Bombardier selects Toronto as the location for a major portion of the CRJ-700 and proposed BRJ-X production.

Background:

DeHavilland has been building aircraft in Toronto since 1928. During this period of time it has been owned by various groups, including Boeing, the Federal government and Hawker Siddeley of Britain. Today, Bombardier out of Montreal is the sole shareholder. Currently the plant has the mandate to manufacture the Dash 8 aircraft (100, 200, 300 and 400 Series) as well as the Global Express long-range business jet. Bombardier's very popular Canadair Regional Jet (CRJ), is manufactured in Montreal. There are two versions, the 50 seat CRJ and the new 70 seat CRJ-700.

The BRJ-X (Big Regional Jet) is proposed as a new 90 seat aircraft with seating for 5 across. The aircraft will be positioned between CRJ-700 and the smaller versions of the Boeing 737 and the Airbus A319. There is significant demand for such an aircraft given the large fleet of older Boeing 737 and DC-9 aircraft that need to be replaced, as well as the large demand for upgraded aircraft on thinner (lower passenger volume) routes.

Objective:

Toronto, and the adjacent municipalities, perhaps under the Greater Toronto Services Board, should ensure that the Greater Toronto area has a significant share of this 21st century project. The Montreal facilities of Canadair are now filled with a large backlog for Challenger business jets and orders for more than 480 CRJ aircraft (together equal to more than five years of output at current production levels).

The economic spillover of jobs from major work at deHavilland for the CRJ-700 and BRJ-X as well as the subcontractor-supplied components being manufactured would provide a boost of skilled work for the city's population, including young graduates of technical schools. In addition, the economic multiplier from such a long-term skilled workforce would be significant.

Challenges:

The major problem is to ensure that Toronto gets a fair hearing for the building of the CRJ-700 and the BRJ-X. Issues which will impact on this will include:

- Bombardier may be under significant pressure to build these aircraft in Quebec given its federalist perspective;
- Bombardier may have other facilities in mind (Belfast, Kansas or even the former Fokker facility in the Netherlands) for production of this aircraft;
- Downsview is presently suitable for final assembly but its long term viability may be impacted by the Technodome project; and
- availability of other facilities, such as McDonnell-Douglas/Boeing facility at Malton for manufacture and assembly of components for the aircraft itself.

Bombardier has not given a go-ahead for the production of the 90-seat aircraft (BRJ-X), but in the event it does, it will need a suitable location for manufacture of major components i.e. fuselage and wings as well as final assembly. The Downsview facility could be used for final assembly of either the 70-seat (CRJ-700) or 90-seat (BRJ-X) aircraft.

Analysis

Aviation is a major growth industry for the next century, especially the production of smaller aircraft to replace older larger aircraft and provide better fuel economy per passenger seat kilometre. Bombardier is positioning itself within the global aviation industry as the leading manufacturer of regional airliners (turboprops and jets).

In addition, aviation is a clean, relatively non-polluting source of industrial development that creates long-term skilled jobs in design, parts and component manufacturing, assembly, sales and after-sales service.

The aviation sector in Toronto has fallen behind that of Montreal and with the potential closing of the McDonnell Douglas/Boeing plant at Malton, it could slip further. The Dash 8 project, well into its second decade, has seen lower levels of orders as regional airline operators move to jets. The Global Express long-range business jet programme at Downsview has orders for 80 aircraft, and 36 units are expected to be built per year. However, the real prize for Toronto would be either the CRJ-700 and/or the BRJ-X.

Also, if Toronto wants an economic engine with long-term potential to replace the Olympics and its McJobs, the Bombardier project may warrant a concerted effort by federal, provincial, GTSB and Toronto politicians and their respective public servants.

Several steps would appear to be in order:

- (1) obtain a briefing from knowledgeable persons (i.e. aviation analysts such as Ted Larkin of HSBC Securities and union representatives, industry reps) to identify the opportunity and the process;
- (2) Toronto City Council endorse bringing the CRJ-700 and BRJ-X production to Toronto and the Greater Toronto Area (GTA);
- (3) arrange for the Greater Toronto Services Board (GTSB) to endorse the "Bring the CRJ-700 and BRJ-X to T.O." project and to meet with Bombardier to identify how Toronto can make these projects viable;
- (4) liaise with the federal and provincial governments to ensure there is upgraded training in aviation in the post-secondary sector and funding is available to ensure there will be a sufficiently large pool of properly trained potential employees;
- (5) develop a plan to address the needs and concerns of Bombardier;
- (6) develop a plan to lobby key decision makers (Toronto-based shareholders, Bombardier senior management, others) for the project; and
- (7) encourage Canada's major airlines, Air Canada and Canadian Airlines, to place early orders for these new aircraft.