

The Total Economic Footprint of Boeing in Canada:

An Economic Impact Study

Final Report – Executive Summary Extract

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Executive Summary

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The Boeing Company; October 12th 2016.

Introduction and Background: In the context of Canadian government procurements of jet aircraft generally, and a new-generation jet fighter specifically, Doyletech Corporation proposed a project to identify the total value of the Boeing Company to Canada’s economic evolution and development. The study identifies Boeing as being a major contributor to Canadian technological, human, and economic upgrading.

Boeing in Canada exists as part of the Canadian aerospace sector. The Canadian sector is estimated to be the fifth-largest in the world and accordingly is a high-priority sector for the Canadian economy, having disproportionately higher-than-average productivity and exports. It is technologically and economically competitive with a wide range of OEM producers and multi-tier suppliers. Boeing is a key player in the Canadian sector, and operates the third-largest manufacturing facility in Canada for aerospace.

First, we positioned Boeing as an “Agile Producer” in Canadian aerospace, highlighting modern management concepts, supply-chain development, and “Centre of Excellence” status. This positioning relates very positively to the federal government’s recently-commissioned reports on Defence Procurement (“Jenkins Report”), Aerospace (“Emerson Report”), and its current Innovation Agenda. Boeing and its Canadian supplier partners generate \$217,000 directly per worker to Canadian GDP, against \$165,000 for the aerospace sector overall, and about \$90,000 for the Canadian economy as a whole. This means that Boeing’s industry-wide economic value in Canada is proportionally more positive than even the Canadian aerospace sector as a whole.

The Canadian aerospace sector exports about 80% of its output; Boeing’s principal Canadian facilities export over 95%. Other positive aspects of Boeing’s contribution to Canada include long-term sustainability with growth path options, Canadian industrial cluster development, and employment of highly-qualified personnel (HQP). Boeing’s total spend in Canada grew at an average annual rate of nearly 8% from 2009 to 2015 (the most current data available), nearly four times higher than the economy as a whole. This compares to average annual growth of 7% for the Canadian aerospace industry and 2% growth for the Canadian economy.

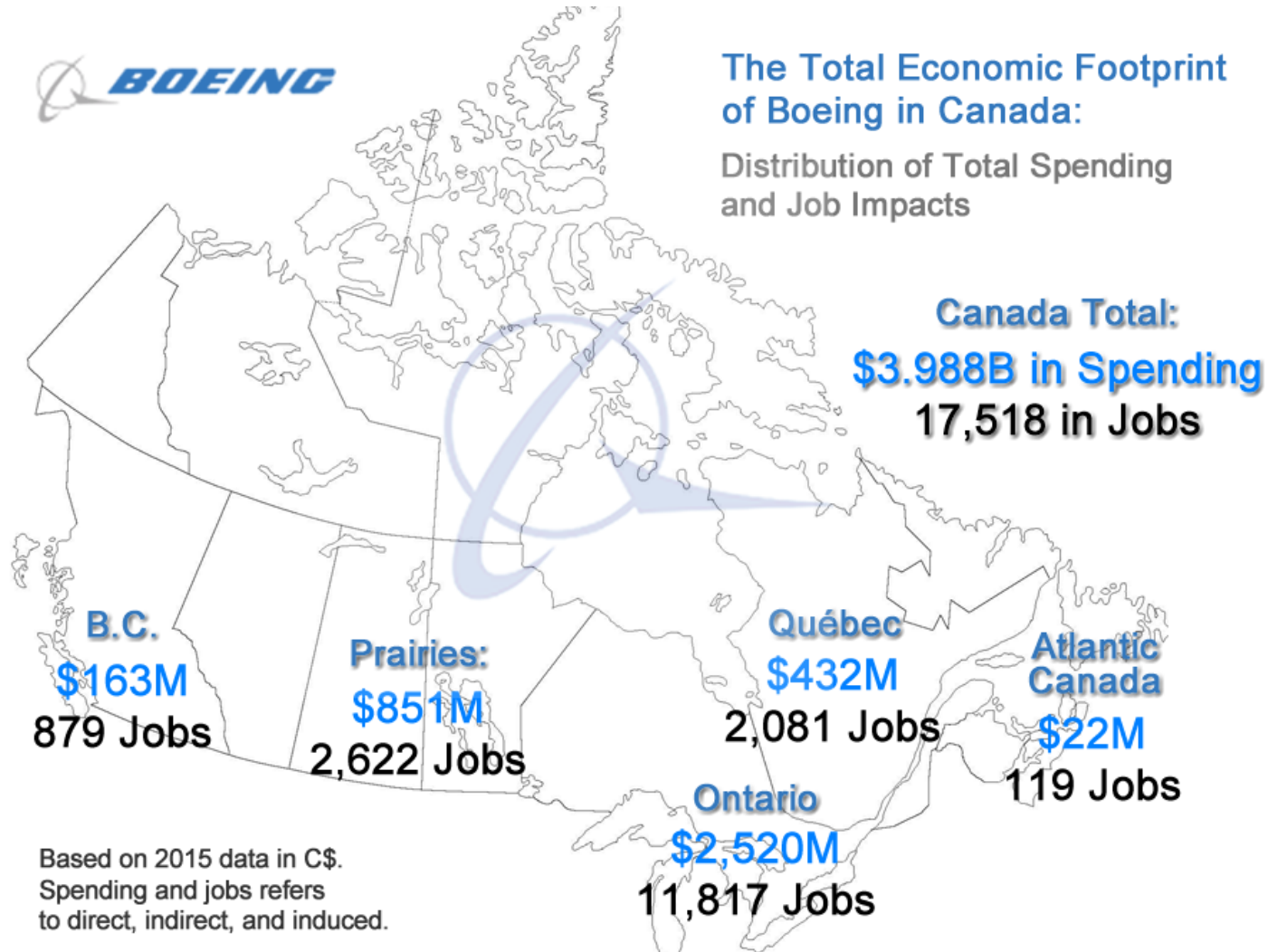
Second, we demonstrated Boeing’s direct and indirect contributions to Canadian science policy and S&T goals. This includes support for pure science research, pre-competitive R&D networks⁷ involving universities and public-sector organizations, spin-off firms from such networks, and direct support, through contracts to facilitate Canadian innovation and new products and processes. In 2016, Boeing is estimated to spend more than \$10 million annually in R&D in Canada, and moreover supports another \$10 million annually in university-industry research networks for a total of \$20 million. This R&D spending through various Canadian network linkages, is likely “leveraging” five times this sum in research that would otherwise not be done. Boeing suppliers do at least as well on R&D as the broader Canadian aerospace sector, and probably more.

Third, we estimated the total dollar value generated and jobs created as a result of The Boeing Company’s presence in Canada; distributed across numerous different geographic locations, taking into account direct, indirect, and induced economic effects, through use of the Doyletech EconWin economic impact model. We calculate Boeing’s total economic “footprint” in Canada as \$3.988 billion annually. This is close to 14% of Canada’s entire aerospace economic impact.

The main results are shown in the following table and graphics:

Region	Calculated / Estimated Boeing Spend	Total Economic Impact (Direct + Indirect + Induced)	Direct Jobs	Total Impact - Jobs (Direct + Indirect + Induced)
Atlantic Canada	\$13M	\$22.4M	81	119
Québec	\$219M	\$431.8M	1,250	2,081
Ontario	\$1,087M	\$2,520M	6,060	11,817
Prairie Provinces	\$652M	\$851.0M	1,573	2,622
British Columbia	\$85M	\$163.1M	528	879
Canada Total	\$2,056.0M	\$3,988.3M	9,492	17,518

Note: Based on 2015 data. All figures C\$.



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