

## **CADSI's International Outlook 2015**

Opening Remarks

February 18th, 2015, Ottawa Conference and Event Centre, Ottawa, Ontario

### **Check Against Delivery**

*(delivered on behalf of President Cianfarani by Janet Thorsteinson, VP Policy and Government Relations)*

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GOOD MORNING. IT IS MY PLEASURE TO WELCOME YOU TO CADSI'S INTERNATIONAL OUTLOOK 2015. I KNOW THAT CHRISTYN CIANFARANI, CADSI'S NEW PRESIDENT, WAS LOOKING FORWARD TO WELCOMING YOU TODAY AND, SADLY, BECAUSE OF PRESSURES RELATED TO CADSI'S INTERNATIONAL PROGRAM, SHE HAS ASKED ME TO DELIVER HER REMARKS.

2015 PROMISES TO BE A SIGNIFICANT YEAR FOR CANADIAN DEFENCE EXPORTS. FOR OUR PART, CADSI IS PURSUING A VERY ACTIVE INTERNATIONAL PROGRAM THIS YEAR. CHRISTYN HAS JUST RETURNED FROM A TRADE MISSION TO KOREA WITH MINISTER ED FAST AND A LARGE AND DIVERSE DELEGATION OF CANADIAN DEFENCE COMPANIES. SHE WAS ABLE TO PRESENT CADSI'S MEMBER DIRECTORY TO THEIR VICE-MINISTER OF ACQUISITIONS (CALLED DAPA) AND TO DRAW THE VICE-MINISTER'S ATTENTION TO THE FACT THAT WHILE DAPA DOES NOT HAVE A HARD RULE IN PLACE, IT PAYS PARTICULAR ATTENTION TO SOURCING FROM KOREAN COMPANIES IN THEIR GLOBAL VALUE CHAINS.

CHRISTYN EXPLAINED THAT IN CANADA WE HAVE NEW PROCUREMENT RULES THAT WILL DO THE SAME. SHE WAS ALSO ABLE TO MEET WITH LARGE KOREAN CONGLOMERATES - SAMSUNG, HANWHA AND DSME/DAEWOO - AND DELIVER THE SAME MESSAGES. SPECIFICALLY, SHE ADVISED THEM THAT SHOULD THEY WANT TO PLAY A ROLE IN OUR CANADIAN SURFACE COMBATANT PROJECT, THAT THEY "NEED TO MAKE MORE FRIENDS" IN CANADA, ESPECIALLY WITH OUR SMES AND THAT THEY ALSO NEED TO CONSIDER WHAT COMMERCIAL GLOBAL VALUE CHAIN OPPORTUNITIES COULD BE MADE AVAILABLE IN A RECIPROCAL TRADE.

THE GOOD NEWS IS THAT SHE BELIEVES THAT THEY UNDERSTOOD EXACTLY WHAT WAS BEING SAID.

THE BAD NEWS IS THAT THEY ARE VERY MUCH AHEAD OF CANADA ON THE SUBJECT OF STRATEGIC PROCUREMENT FOR INDUSTRIAL BASE GROWTH.

CHRISTYN WAS ABLE TO POINT THIS OUT TO MINISTER FAST IN THEIR ROUND TABLE

WRAP-UP.

NOW, MORE THAN EVER, IS THE TIME FOR US TO PUSH HARD FOR THE NEXT STEPS - A MORE REFINED STUDY OF OUR CAPABILITIES, OUR GAPS, AND TO START ARTICULATING WHERE WE WANT AND NEED TO BE AS AN INDUSTRY, AS A COUNTRY, IN THE NOT-TOO-DISTANT-FUTURE.

IN A COUPLE OF DAYS CHRISTYN, STEVEN HILLIER AND I LEAVE FOR THE IDEX TRADE SHOW IN ABU DHABI, AT WHICH CANADA IS SHOWCASING A LARGE AND RICH ARRAY OF DEFENCE COMPANIES.

A LITTLE OVER A YEAR AGO, THE GOVERNMENT OF CANADA UNVEILED ITS GLOBAL MARKETS ACTION PLAN IN WHICH I AM PLEASED TO SAY DEFENCE WAS IDENTIFIED AS A PRIORITY SECTOR FOR EXPORT LED GROWTH. IN ADDITION, THE DEFENCE PROCUREMENT STRATEGY, RELEASED ALMOST EXACTLY A YEAR AGO, HAS A MAJOR EXPORT COMPONENT TO IT WHICH, AMONG OTHER THINGS, SETS AN AMBITIOUS TARGET TO INCREASE EXPORT REVENUE EARNED BY THE CANADIAN DEFENCE SECTOR BY 40% OVER TEN YEARS.

IT IS HIGHLY UNUSUAL FOR GOVERNMENTS TO SET SECTOR SPECIFIC GROWTH TARGETS, SO THIS SAYS SOMETHING ABOUT HOW IMPORTANT DEFENCE EXPORTS ARE TO THE GOVERNMENT.

THE GOVERNMENT'S INTEREST IN DEFENCE EXPORTS EXTENDS DIRECTLY INTO CADSI'S OFFICES. WE HAVE WITHIN OUR RANKS AN OFFICIAL SECONDED FROM DFATD TO WORK WITH US ON ADVANCING THE DEFENCE EXPORT FILE. THIS IS A TANGIBLE COMMITMENT OF HUMAN RESOURCES BY THE GOVERNMENT THAT IS RARE AMONG TRADE ASSOCIATIONS.

FURTHERMORE, AT CADSI IN RECENT MONTHS WE HAVE HAD MANY CALLS FROM CANADIAN EMBASSIES AND CONSULATES AROUND THE WORLD LOOKING FOR INFORMATION ABOUT OUR COMPANIES AND THEIR PRODUCTS AND SERVICES. THE MESSAGE IN THIS IS THAT THE PRIORITY THE GOVERNMENT HAS ATTACHED TO DEFENCE EXPORTS ISN'T JUST ON PAPER, IT HAS NOW TRICKLED DOWN INTO THE OPERATIONS OF CANADA'S FOREIGN MISSIONS AROUND THE WORLD. AND ON THAT POINT I WOULD URGE ALL OF YOU, WHEN TRAVELLING ABROAD, TO CHECK IN WITH THE CANADIAN EMBASSY OR TRADE CONSULATE IN THE COUNTRIES YOU VISIT TO HELP THE GOVERNMENT DEVELOP SOME MUCH NEEDED METRICS ON CANADIAN DEFENCE INDUSTRY FOREIGN MARKET ACTIVITY.

ALL THIS TO SAY THAT EXPORTING DEFENCE PRODUCTS AND SERVICES, WHICH HAS ALWAYS BEEN A HIGH PRIORITY FOR OUR SECTOR GIVEN THAT HALF OF INDUSTRY REVENUE COMES FROM EXPORTS, IS NOW CLEARLY A PRIORITY FOR THE FEDERAL GOVERNMENT IN A WAY IT HASN'T BEEN FOR MANY YEARS. CHRISTYN CAN ATTEST TO THIS AS WELL FROM PERSONAL INTERACTIONS THAT SHE HAD WITH MINISTER FAST IN KOREA.

THE GOVERNMENT NOW RECOGNIZES THAT REAL OPPORTUNITIES EXIST IN THE INTERNATIONAL MARKETPLACE FOR CANADIAN DEFENCE PRODUCTS AND SERVICES. AND THERE IS NOW ALSO A SHARED UNDERSTANDING THAT GOVERNMENT-INDUSTRY

PARTNERSHIPS ARE ESSENTIAL TO SEIZING THOSE OPPORTUNITIES.

THAT IS IN PART WHY THIS OUTLOOK SESSION IS FOCUSED ON HOW TO FIND AND PENETRATE FOREIGN MARKETS, AND TO DISCUSS THE CHANGING SHAPE OF FOREIGN MARKET OPPORTUNITIES, WHICH CONTINUES TO EVOLVE DUE TO DEFENCE SPENDING RETRENCHMENT IN TRADITIONAL MARKETS, AND GROWTH OPPORTUNITIES IN NEW ONES.

WE HAVE WITH US TODAY ON OUR PANELS A STRONG MIX OF COMPANY REPRESENTATIVES WITH EXTENSIVE EXPERIENCE IN FOREIGN MARKET IDENTIFICATION AND PENETRATION, AS WELL AS GOVERNMENT OFFICIALS INVOLVED IN THE DEFENCE EXPORT AGENDA.

I HOPE YOU FIND THE DAY A GOOD MIX OF SUBSTANTIVE DISCUSSION AND NETWORKING OPPORTUNITIES, WHICH I THINK YOU HAVE ALL COME TO EXPECT AS THE HALLMARK OF CADSI EVENTS LIKE THIS ONE. I WILL TURN THINGS OVER TO OUR FIRST SPEAKER, JEAN DOMINIQUE IERACI, DIRECTOR GENERAL TRADE SECTORS, DFATD, TO GET THE BALL ROLLING.