

Bombardier: Innovate To Reverse Manufacturing Slump

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TORONTO — The CEO of transportation giant Bombardier Inc. (TSX:BBD.B) believes that with some innovation, Ontario can turn around a slump in its manufacturing sector, adding that his company has enough work orders to maintain staffing levels at its plants in the province.

Pierre Beaudoin said Tuesday that Ontario's manufacturing base has been seriously eroded by a strong Canadian dollar, uneven demand south of the border and the low cost of labour in emerging markets.

The outlook is bleak, Beaudoin said, but added he has seen prospects charge dramatically through first-hand experience at Bombardier, which is celebrating its 20th anniversary in the province.

Bombardier first invested in the province through the purchase of de Havilland and the Urban Transportation Development Corp. in 1992 during another crisis in the manufacturing sector.

"Many argue that manufacturing in Ontario is doomed to die a slow death. I beg to differ. Manufacturing's demise in the province is neither inevitable nor irreversible," he said in the text of a speech prepared for a Toronto business audience.

"The truth is, Ontario's current manufacturing crisis is really an innovation and productivity crisis. Innovation fuels productivity, which in turn creates a thriving manufacturing sector."

As for the Montreal-based manufacturer's presence in Ontario, Beaudoin said there is "absolutely" enough work to keep its more than 6,000 Ontario workers employed at plants in Thunder Bay, Kingston, North Bay, Toronto and Mississauga.

"If I take the example of Thunder Bay, in fact we're expanding. We were at 1,200 employees not too long ago and we're at 1,300 now going to 1,400 because of the work we're doing for the City of Toronto and other projects," he told reporters after his speech to the Canadian Club.

Still, he touted the benefits of his company's global approach to manufacturing.

For example, he said, under Bombardier's C Series commercial aircraft program, the fuselage is produced in China, the wings in Belfast, and the cockpit and final assembly in Montreal and includes parts from Ontario.

Its Global 5000 and Global 6000 aircraft are made in Toronto, Montreal, Belfast and

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Mexico.

He added that its Toronto plant will take care of final assembly of its new Global 7000 and Global 8000 business jets.

"In short, developing a global value chain is by no means a zero sum game. It is all about sharpening our competitive edge and expanding markets on the global stage," he said of fears that domestic jobs will be lost to emerging markets with lower wages.

Beaudoin said strengthening demand for business jets as the economy improves south of the border, a number of much-needed infrastructure projects in Canada and demand for transportation connecting medium-sized cities in China will help fuel future revenue growth.

And Beaudoin said he doesn't fear so-called "Dutch disease," a prospect that has been raised of late by the NDP leader Tom Mulcair and others that blames booming oilsands exports for inflating the Canadian dollar and, as a result, hollowing out the country's manufacturing sector.

He noted that oilsands companies like Suncor (TSX:SU) order Bombardier aircraft to transport employees to the oil fields, which has been a boon to the company's bottom line and kept workers at Ontario plants busy.

"For me, any success in Canada, whether its in resources or manufacturing, makes our country successful overall," Beaudoin said.

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