

U.S. war on Bombardier's C Series summons ghost of Avro Arrow

By Barrie McKenna

September 29, 2017 – *The Globe and Mail*

The discovery this summer of several discarded prototypes of the Avro Arrow jet fighter at the bottom of Lake Ontario is a grim reminder of Canada's dashed aerospace dreams.

It's also an omen for the future of Bombardier and its troubled C Series commercial aircraft.

Canada has long struggled to gain a toehold in the global aerospace industry, no matter how promising and technically advanced its offerings. It's as true today as it was the 1950s.

And just as the Americans helped kill the Avro Arrow, they wouldn't shed a tear if the C Series wound up at the bottom of one of the Great Lakes, covered in algae and zebra mussels.

This week's preliminary decision by the U.S. Commerce Department to slap a crippling 220-per-cent duty on the C Series strongly suggests Washington and Boeing are out to sabotage the aircraft.

The parallels between the Avro Arrow and the C Series are obvious. Both are cutting-edge Canadian-designed planes that became the backbone of the domestic aerospace industry.

Both aircraft also threatened the dominance of the established global players, in the United States and Europe.

Ostensibly, the Bombardier-Boeing fight is about the selling price of the C Series. The U.S. defence and aerospace giant alleges that the Canadian company sold 75 C Series planes to U.S.-based Delta Air Lines at "absurdly low prices" while benefiting from unfair subsidies from the Canadian, Quebec and British governments.

Commerce Secretary Wilbur Ross's contention that Canada isn't playing "by the

rules" is chutzpah. According to the website Subsidy Tracker, Boeing is at the top of the heap when it comes to receiving federal, state and local pork in the United States. Since the mid-1990s, the company has pocketed \$14.4-billion (U.S.) in subsidies and nearly \$74-billion in loans, guarantees and bailouts. It's also the single largest recipient of U.S. government contracts.

So it's not about the rules, but who's playing the game.

The 220-per-cent duty – nearly three times higher than what Boeing initially sought – has little to do with price, the Delta purchase or subsidies. It's about preventing Bombardier from selling the aircraft in the U.S. market.

As Delta officials pointed out: Boeing doesn't sell a directly comparable model. It had offered Delta a batch of used jets as an alternative.

The showdown is about dominance in the lucrative market for smaller narrow-body transcontinental planes, capable of non-stop flights to smaller cities. Delta's order was for Bombardier's CS 100, which seats up to 133.

The CS 100 is obviously a stepping stone for Bombardier, which is also selling the larger CS 300 aircraft, which can carry up to 160 passengers.

And that happens to be right in the sweet spot of Boeing's ubiquitous 737 aircraft, and its latest iteration, the 737 Max.

Boeing has seen France-based Airbus chip away at its market share by gradually moving up from small to larger commercial aircraft.

Boeing isn't anxious to see Bombardier starring in the sequel. As Marc Allen, president of Boeing's international division, told *The*

Canadian Press recently: “We watched another competitor come up and enter the market in a very similar fashion.”

Flash back to the 1950s. The Canadian-built and designed Avro Arrow was the pride of the aerospace industry. It was poised to become the fastest aircraft in the sky, capable of intercepting incoming Soviet bombers at nearly three times the speed of sound.

The U.S. government helped convince Prime Minister John Diefenbaker that the jet project was a costly folly. Canada invested instead in U.S. technology, including Bomarc anti-ballistic missiles and dozens of U.S.-made fighter jets.

The cancellation of the Arrow wiped out tens of thousands of Canadian aerospace jobs.

Many of Canada’s best and brightest engineers fled to the U.S. space program and to Europe.

Satellites and ABMs would probably have rendered the Avro Arrow obsolete. But keeping the project and its technology alive would have sustained a vital industry long enough to produce the next generation of jets – as the U.S. government has done repeatedly for Boeing.

The C Series is not a white elephant as the Avro Arrow was. By all indications, it’s an innovative and highly fuel-efficient aircraft with eager buyers and a well-defined market.

But the aircraft will suffer the same fate if Bombardier is bullied out of the U.S. market.

All of Canada will be poorer if that happens.