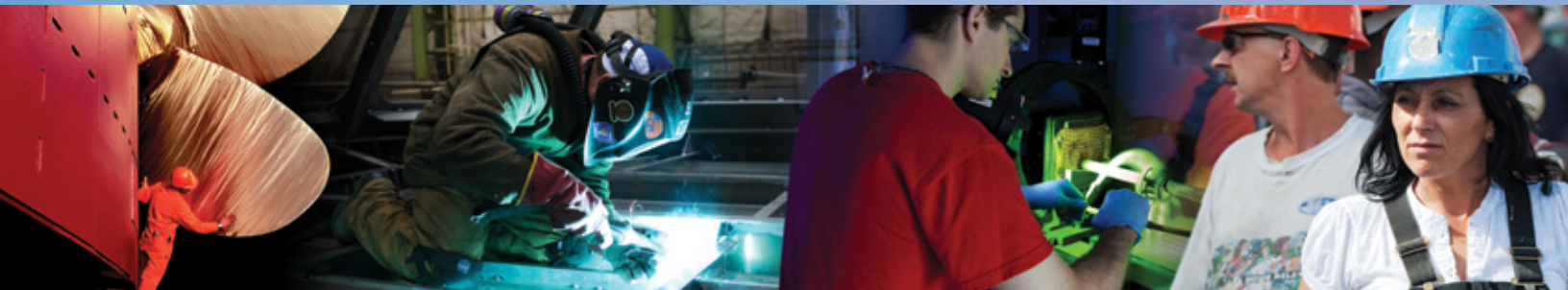
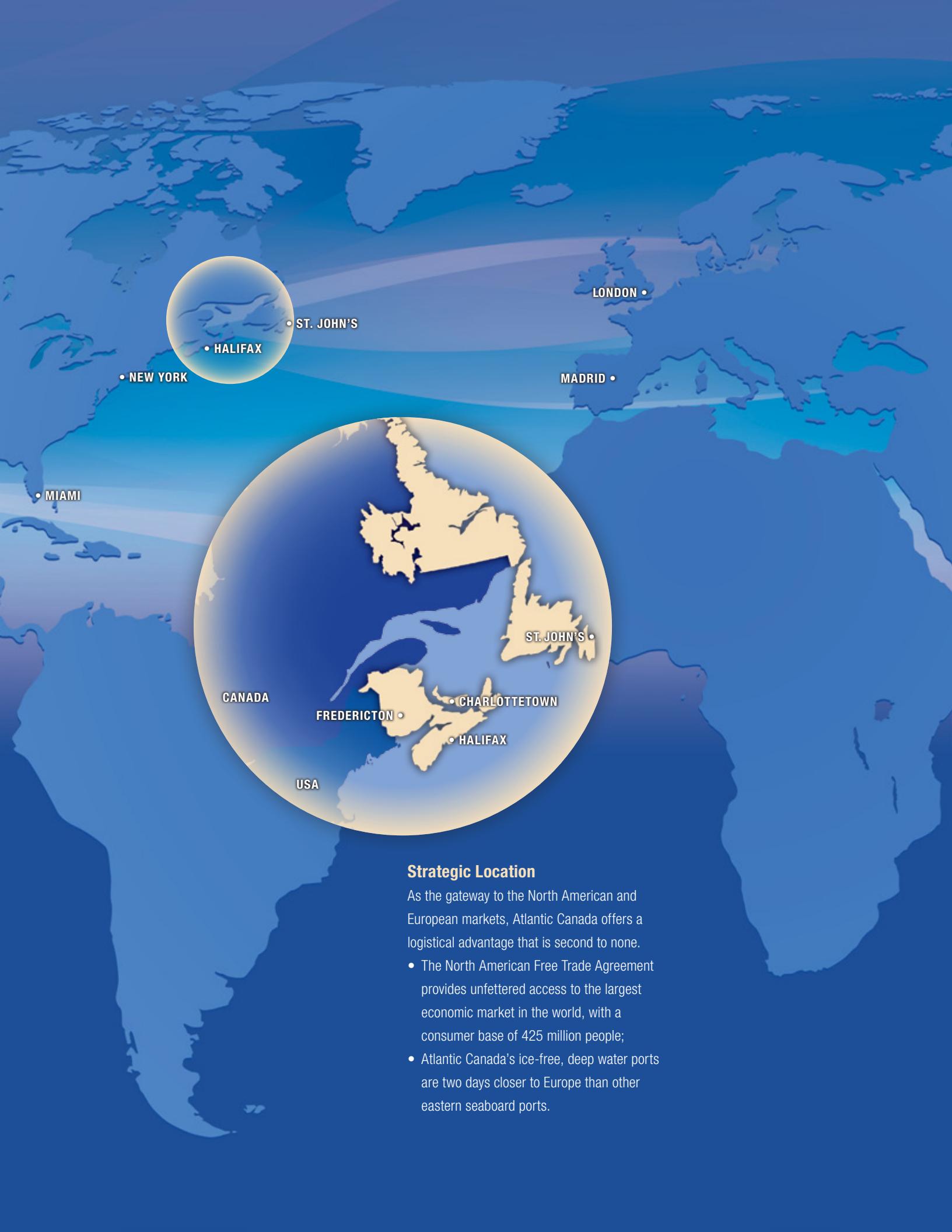




ATLANTIC SHIPBUILDING ACTION PLAN

JOBS • GROWTH • PROSPERITY





Strategic Location

As the gateway to the North American and European markets, Atlantic Canada offers a logistical advantage that is second to none.

- The North American Free Trade Agreement provides unfettered access to the largest economic market in the world, with a consumer base of 425 million people;
- Atlantic Canada's ice-free, deep water ports are two days closer to Europe than other eastern seaboard ports.



National Shipbuilding Procurement Strategy

In 2010, the Government of Canada announced the \$35-billion National Shipbuilding Procurement Strategy (NSPS) to renew Canada's naval and coast guard vessels.

This shipbuilding initiative represents a historic opportunity for job creation and growth in Atlantic Canada. The Conference Board of Canada has estimated the NSPS will create nearly 11,500 jobs at its peak in Nova Scotia alone and produce a range of economic opportunities for shipyards, as well as for local small- and medium- sized businesses throughout the region.

The Government of Canada, through the Atlantic Canada Opportunities Agency (ACOA), has developed the Atlantic Shipbuilding Action Plan to ensure that Atlantic Canadian businesses are prepared and well-positioned to take advantage of the tremendous opportunities resulting from the shipbuilding strategy.

Atlantic Shipbuilding Action Plan

The Atlantic Shipbuilding Action Plan is designed to help businesses build their capacity and position them for growth and opportunities in the marine and defence sectors and beyond.

The action plan includes:

- Helping Atlantic Canadian businesses to ready themselves to take advantage of opportunities related to the Government of Canada's renewal of the country's naval and coast guard fleets (for example, by hosting Industry Days);
- Helping Atlantic Canadian businesses prepare for supply chain opportunities through ACOA programs (for example, acquiring certifications, process improvements, technology acquisition, skills improvements and marketing); and
- Engaging with community colleges and provincial governments on skills and labour force research and planning.

Growth Opportunities

In 2011, Irving Shipbuilding Inc. was selected to build the combat vessel work package and Seaspan Marine was selected to build the non-combat vessel work package. The combat package includes the Royal Canadian Navy's Arctic Offshore Patrol ships and the Canadian Surface Combatant ships. The non-combat package includes the Navy's joint support ships, the Canadian Coast Guard's off-shore science vessels and the polar icebreaker. The total value of both packages is \$33 billion and will span 20 to 30 years. This represents the largest procurement sourcing arrangement in Canadian history. A variety of supply chain opportunities exist for Atlantic Canadian industry through these large-scale procurements.

Small and medium-sized enterprises can also benefit from the NSPS through the construction of small vessels, as well as work relating to repairing and refitting. Small ship construction, with an estimated value of \$2 billion, will be set aside for competitive procurement amongst Canadian shipyards other than the yards selected to build the large vessels. Regular maintenance and repair, valued at \$500 million annually, will be open to all shipyards through normal procurement processes.

Key Industry Capabilities

Atlantic Canada's marine and defence sector's key capabilities include:

- Boat Building and Repair
- Engine Repair and Overhaul
- Engineering and Design
- Instrumentation – Ocean Environment
- Machining
- Marine Electronics/Navigation Equipment
- Marine Equipment
- Marine Repair and Overhaul
- Maritime Surveillance and Equipment
- Metal Fabrication
- Ocean Technology Engineering
- Shipbuilding



Atlantic Canada's Marine and Defence Industry

Home to industry leaders on the national and global stage, Atlantic Canada's marine and defence industry is gaining worldwide recognition for its expertise in marine and defence technology. This growth-orientated sector is a major driver of Atlantic Canada's economy having seen core marine-related manufacturing exports more than double from 2008 to 2012.

By the Numbers

GDP – Defence contributes nearly \$2 billion worth of real GDP to Atlantic Canada's economy each year. Core marine-related manufacturing contributes another \$530 million per year to GDP and marine transportation and related services another \$400 million per year.

Export growth – The region generated nearly \$500 million worth of core marine-related manufacturing exports in 2012 – more than double since 2008.

Number of companies – More than 175 core marine-related manufacturing companies and more than 540 marine and transportation-related service providers are located in Atlantic Canada. Core marine-related firms employ some 5,600 Atlantic Canadians alone.

Highest concentration of defence presence in the country:

Canadian Forces in Atlantic Canada

- Military bases - 7
- Staff - 18,600
- Annual operating budget - \$1.6B



ACOA: Helping to Build Regional Capacity

Through the Atlantic Shipbuilding Action Plan, ACOA is working closely with all four Atlantic provinces, Atlantic businesses and industry associations, prime contractors, economic development organizations, and educational and research institutes to help businesses in the region understand the process and address areas such as innovation capacity, certification and workforce skills so that they are prepared to capitalize on these and other future opportunities

ACOA's Business Development Program

supports supplier development by providing assistance to firms that are undertaking a range of initiatives, such as renovating their premises, purchasing new equipment or conducting research and development activities to become more innovative with their products or processes.

The Productivity and Business Skills Initiative helps businesses improve their competitiveness through a number of activities such as training, hiring skilled personnel and quality improvement.

Industrial and Regional Benefits Policy

Through the Industrial Regional Benefits policy, the selected shipyards are required to identify business activities in Canada valued at 100 per cent of the contract value, ensuring a dollar-for-dollar investment into the Canadian economy.

The IRB Policy is administered and managed by Industry Canada in partnership with the Regional Development Agencies (RDAs), including ACOA. The IRB Policy ensures that procurements generate high value-added business activity for Canadian industry. In this role, ACOA also helps prime and sub-contractors identify Atlantic Canadian suppliers.

Dedicated to Growth

Through the Atlantic Shipbuilding Action Plan, the Government of Canada is contributing to the growth of a modern manufacturing capacity in Atlantic Canada, promoting a skilled work force and encouraging the growth of new innovation-based sectors. This will benefit not only rural and urban businesses, but also communities and academic institutions throughout the region.



The Atlantic Innovation Fund helps businesses partner with researchers and each other to undertake and commercialize R&D.

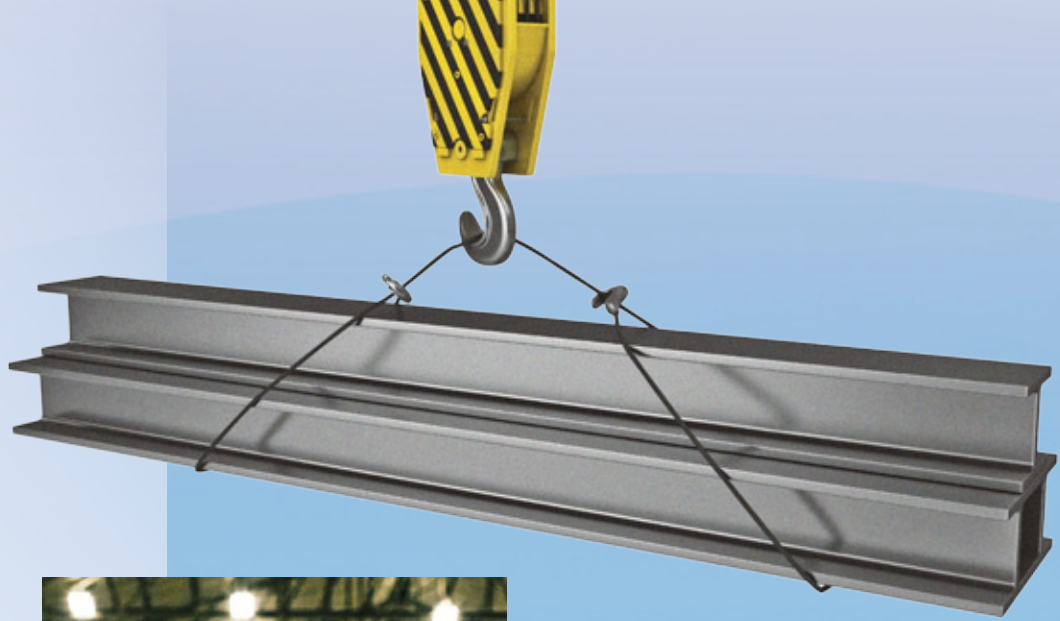
ACOA facilitates and leads events that position and promote Atlantic businesses within the marine supply chains. These events include one-on-one business meetings, industry days, supplier development information sessions, certification seminars and innovation showcases.

The Agency also plays an essential role in the co-ordination and development of trade development initiatives that increase the exposure of Atlantic Canadian marine and defence companies in foreign markets.

Canada's Atlantic Advantage

If you want to be part of a vibrant, growing industry, look no further than Atlantic Canada.

- Atlantic Canada is the gateway to North America from Europe with world-class air, land and sea access to all major U.S. markets;
- Atlantic Canada is ranked among the lowest business-costs locations within G7 countries;
- Atlantic Canada is home to more post-secondary graduates per capita than the Canadian and US averages, resulting in a highly skilled labour force;
- Atlantic Canada has a supportive business environment and world-class, cutting-edge expertise in marine and ocean technology, maintenance, repair and overhaul, and training and simulation in both military and commercial-related applications; and
- Atlantic Canada's research and development initiatives are supported through government-funded programs including competitive regional incentive programs.
- Lower employer benefit costs compared to US and European locations;
- Lower corporate tax rates than many US and European locations;
- Among the lowest land, construction and facilities costs in North America.
- Plus, Atlantic Canada offers one of the most generous R&D incentive programs among any G8 countries.



Poised for Continued Growth

The NSPS is already attracting new investment to Atlantic Canada. Firms such as MAN Diesel & Turbo and Portsmouth Atlantic have recently set up shop here to capitalize on the region's competitive advantages and growth opportunities. Their presence here is a strong testament to Atlantic Canada's business-friendly climate and investor confidence.

For more information

on National Shipbuilding Procurement Strategy opportunities and Atlantic Shipbuilding Action Plan activities, contact your local ACOA office or visit the Atlantic Shipbuilding Action Plan section of the ACOA website at:

www.acoa-apec.gc.ca





WWW.ACOA-APECA.GC.CA