



To: House Commerce and Economic
Development Committee

Date: January 22, 2016

From: Chris Carrigan
Vermont Chamber of Commerce

Re: Vermont Chamber Record of Work and Investment in Québec

Introduction

For the record, my name is Chris Carrigan and I am the Vice President of Business Development with the statewide Vermont Chamber of Commerce, with 1,500 members from Bennington to Newport. In my role, I manage the Vermont Chamber's Manufacturing Division.

Thank you for this opportunity to share with you our work and investment in Québec. While our work with Québec spans a decade, I will highlight our efforts and work in aerospace manufacturing and supply chain during the past five years.

Aerospace and Aviation in the Green Mountain State

To provide some background and context, Vermont is home to a thriving \$2 billion aviation and aerospace manufacturing industry. According to the Economic Impact of Civil Aviation by State Study done by the Federal Aviation Administration (FAA) in January of 2015, the economic impact of civil aviation alone for the state of Vermont includes:

- \$1.1 billion in economic output
- \$316 million in earnings
- 11,081 jobs

Vermont is also home to industry leaders in aerospace manufacturing, such as GE Aviation and UTC Aerospace Systems, and an established, world-class supplier base of over 250 small and medium-sized manufacturing enterprises (SMEs) with manufacturing capabilities in the areas of:

- Aerospace design & engineering, aircraft structures and sub-assemblies, aircraft airframes and engines, advanced ceramics, avionics, composites, electronics, fixtures and gages, fuel measurement, landing gears, precision machining, maintenance, repair & overhaul (MRO), sensors, and turbomachinery.

World class Original Equipment Manufacturers and aircraft manufacturers from Airbus, Bell Helicopter, and BAE Systems to Boeing, Bombardier, GE Aviation, Lockheed Martin, Pratt & Whitney, and Northrop Grumman rely on Vermont's manufacturers to design, build and deliver the finest quality products with innovation, speed to market and competitive advantage. The Boeing Company, for example, participated in our recent Annual Supply Chain Conference and Trade Show in 2015. The Seattle-based industry leader has 23 suppliers and vendors based right here in Vermont representing an \$88.1 million spend for the company and supporting an estimated 2,800 direct and indirect jobs.

Supply Chain: From Contacts to Contracts

Responding to the need of our manufacturing members for contacts and contracts, and, to market, promote and grow Vermont's aerospace manufacturing industry, the Vermont Chamber developed a program and has a proven track record in supply chain, matchmaking and bringing buyers and suppliers together in a meaningful way with over 20 supply chain events over the last 9 years. The Vermont Chamber also partners with the Vermont Procurement Technical Assistance Center and the Vermont Global Trade Partnership (both housed in the Agency of Commerce) on both domestic and international efforts to match Vermont manufacturers with buyers.

Québec Aerospace

To provide additional, international context, the overall Canadian aerospace industry to our north is \$28 billion. A vital contributor to this market share is the \$13.8 billion Québec aerospace cluster in and around Montreal. Québec aerospace is the 3rd world capital of aerospace, after Seattle, Washington and Toulouse, France. Commercial aircraft are built from the ground up in these 3 locations.

Québec aerospace is also home to some 204 aerospace companies, a network of 190 SMEs and a workforce of 41,750 and some of the largest global aerospace equipment manufacturers, including Bombardier, Bell Helicopter, Magellan Aerospace, and Viking Air, to name a few. Most of these Canadian companies source over 50% of their

aerospace parts from the U.S. Additionally, Québec aerospace ranks 6th place worldwide after the United States, France, Germany, the UK, and Japan.

The Opportunity

With these two markets in mind, the Vermont Chamber recognized the opportunity to link Vermont's \$2 billion aerospace and aviation industry with Canada and tap Québec's \$13.8 billion aerospace cluster for enhanced cross-border trade and supply chain integration.

Key market opportunities for Vermont in manufacturing for aerospace and aviation include:

- Close proximity and access to a \$28 billion Canadian aerospace industry;
- Increasing demand for precision tooling in the global commercial aircraft MRO market, which, according to Visiongain, already reached \$49.2 billion in 2013 in response to growing demand for maintenance services to handle the global fleet of commercial aircraft; and
- Production of next generation fuel-efficient aircraft with light-weight materials such as composites and advanced ceramics.

Beginning in 2011, the Vermont Chamber began investing in a Québec program with a goal of capitalizing on this market opportunity for its members in aerospace manufacturing.

The Solution: VT - Québec Aerospace Trade Corridor

After two years of laying the groundwork with roundtables, events and meetings, the Vermont Chamber of Commerce signed a Memorandum of Understanding (MOU) in 2013 with Aéro Montréal, a strategic think tank for Québec's aerospace cluster, at the 4th edition of Aéro Montréal's International Aerospace Innovation Forum.

The vision and mission of our MOU and partnership is to create a VT - Québec Aerospace Trade Corridor and facilitate the flow of supply chain opportunities between Vermont's aerospace and aviation industry and Canadian aerospace.

Investment and Results Delivered

Over the past five years, and, in support of this program, the Vermont Chamber has made a significant financial investment in the amount of **\$440,000** and facilitated **813** B2B supply chain meetings representing **271** hours of quality meeting time for our members and Canadian partners. Our work is privately funded through the financial support of our members.

For your review, the Vermont Chamber has included a handout that details our investment, record of work to date and results.

Road Ahead

Looking ahead, and, in continued support of our MOU with Aéro Montréal, the Vermont Chamber, in partnership with the Vermont Global Trade Partnership, housed in the Agency of Commerce, is bringing a delegation of nine Vermont aerospace manufacturers to attend and participate in Aéro Montréal's 2016 Aerospace Innovation Forum – the premier Aerospace Supply Chain event for Québec aerospace.

Additional work will include cooperation, collaboration and partnership with Aéro Montréal on our pre-scheduled B2B matchmaking for both Vermont and Canadian companies at our upcoming Annual 2016 Vermont Chamber's Manufacturing Supply Chain Conference & Trade Show on Wednesday, September 21st at the Champlain Valley Exposition Center.

For 2015 our Annual Supply Chain Event featured:

- **90** supplier exhibitors;
- **485** B2B supply chain meetings (122 hours of quality meeting time);
- **14 OEMs**, including: Boeing Defense Space & Security, Elbit Systems of America, GE Aviation, Kaman Aerospace, Raytheon Missile Systems, Textron Systems | Textron Weapon & Sensor Systems, and UTC Aerospace Systems, to name a few;
- **Over 600 participants** from 3 countries and 10 states; and
- **25 Canadian companies** from Québec aerospace and a high-level Aerospace Roundtable in support of our VT-Quebec Aerospace Trade Corridor.

Conclusion

In closing, the Vermont Chamber has a consistent and vested program when it comes to strengthening ties and working directly with Québec on cross-border economic development initiatives, including the VT - Québec Aerospace Trade Corridor.

Additionally, and should future funding be available, the Vermont Chamber asks that such monies be managed by the Agency of Commerce and Community Development with a formal application process to:

- Provide a fair, equitable and transparent system for distribution of monies;
- Allow the State to partner with multiple organizations working in a coordinated manner without duplication to achieve the best results for the State; and
- Achieve economies of scale by leveraging the strengths, networks, programs, and services of partners with proven programs and track records and results in working with Québec.

Thank you for your time today. At this time, I am more than happy to address any questions or comments.

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