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April 1, 2008

Honourable Jim Prentice, Minister of Industry Canada
Honourable Maxime Bernier, Minister of Foreign Affairs and International Trade Canada
Parliament of Canada,
Ottawa, ON Canada

Re: Sale of MacDonald, Dettwiler and Associates Ltd. under Investment Canada Act and RADARSAT-2 with Licence under The Remote Sensing Space Systems Act

Dear Sirs:

The executive and Council of the Engineering Institute of Canada (EIC), a constituent body of twelve Member Engineering Societies with a combined membership in excess of 22,000 engineers, wish to add our voice to the widely-held concerns that the sale of MacDonald, Dettwiler and Associates Ltd. (MDA) Information Systems and Aerospace Services unit to a foreign company raises serious questions of national security, national identity, government of Canada-funded intellectual property, international competitiveness in leading edge technologies and our national knowledge base in important high-technology disciplines. The latter include space hardened electronics, mechatronics, robotics, aerospace engineering, materials, advanced controls and data transmission and manipulation software, both satellite and land based.

We are gratified that you have used your rights under the Investment Canada Act (1985 c. 28, 1st supp) to utilize a 30 day extension for additional review of the transaction to ensure Canada's interests are protected.

In 2006, the Government of Canada published a blueprint for the Canadian economy entitled, "*Advantage Canada: Building a Strong Economy for Canadians.*" As a Policy Commitment, the Government identified the protection of national interests as a necessary policy goal. The government indicated quite clearly that it wanted to retain the ability to review foreign investments to ensure that they did not damage Canada's long-term interests.

The sale of MDA's Information Systems and Geospatial Services business has the potential to create such damage to Canada's long-term interests.

In 2007, the Government of Canada published "*Mobilizing Science and Technology to Canada's Advantage.*" In it, the Government notes, under the theme, "*Building on our Strengths*" that "*Canadian researchers are at the forefront of important scientific developments in many fields of inquiry.*" This could be compromised by such a sale.

Under the new Government approach cited therein, "*Our S&T strategy for a more competitive and sustainable society is built on the following convictions: 1) Canada needs a strong private-sector commitment to S&T; 2) Canada must continue to strengthen its knowledge base; 3) Canada must be a magnet for talent.*"

The subject sale would be contrary to this S&T strategic approach for Canada.

In raising our concerns, we have considered carefully the factors which are required to be examined in the Government's review, as detailed in Clauses 20 and 21 of the Investment Canada Act, Vis.

20. For the purposes of section 21, the factors to be taken into account, where relevant, are

(a) the effect of the investment on the level and nature of economic activity in Canada, including, without limiting the generality of the foregoing, the effect on employment, on resource processing, on the utilization of parts, components and services produced in Canada and on exports from Canada;

(b) the degree and significance of participation by Canadians in the Canadian business or new Canadian business and in any industry or industries in Canada of which the Canadian business or new Canadian business forms or would form a part;

(c) the effect of the investment on productivity, industrial efficiency, technological development, product innovation and product variety in Canada;

(d) the effect of the investment on competition within any industry or industries in Canada;

(e) the compatibility of the investment with national industrial, economic and cultural policies, taking into consideration industrial, economic and cultural policy objectives enunciated by the government or legislature of any province likely to be significantly affected by the investment; and

(f) the contribution of the investment to Canada's ability to compete in world markets.

Net benefit

21. (1) Subject to sections 22 and 23, the Minister shall, within forty-five days after the certified date referred to in subsection 18(1), send a notice to the applicant that the Minister, having taken into account any information, undertakings and representations referred to the Minister by the Director pursuant to section 19 and the relevant factors set out in section 20, is satisfied that the investment is likely to be of net benefit to Canada."

On balance, we do not see a clear net benefit to Canada and have many significant concerns.

In reading some of the key terms of the first licence granted to RADARSAT-2 under The Remote Sensing Space Systems Act (2005, c.45) by the Minister of Foreign Affairs and International Trade Canada, it is not clear how Canada's national security and national sovereignty would be protected, not to mention how Arctic surveillance of the Northwest Passage would be assured, once RADARSAT-2 is in the hands of a foreign country and under its foreign national security and military and sovereignty authority, rather than Canada's.

In our opinion, the Minister of Foreign Affairs and international Trade Canada should not permit transfer of the RADARSAT-2 Licence under the Remote Sensing Space Systems Act to a foreign operator that would be able to control RADARSAT-2 from a foreign jurisdiction, without ensuring Canada's national security and sovereignty interests are fully met.

We hope that our expressing these concerns regarding the sale of MacDonald, Dettwiler and Associates Ltd. (MDA) Information Systems and Aerspatial Services unit helps in your deliberations and final decision.

Respectfully Submitted

EIC President

Cc: Parliamentary Standing Committee on Industry

Parliamentary Standing Committee on Foreign Affairs
Engineers Canada
Canadian Academy of Engineering
Association of Canadian Engineering Companies
National Council of Deans of Engineering and Applied Science
Canadian Federation of Engineering Students