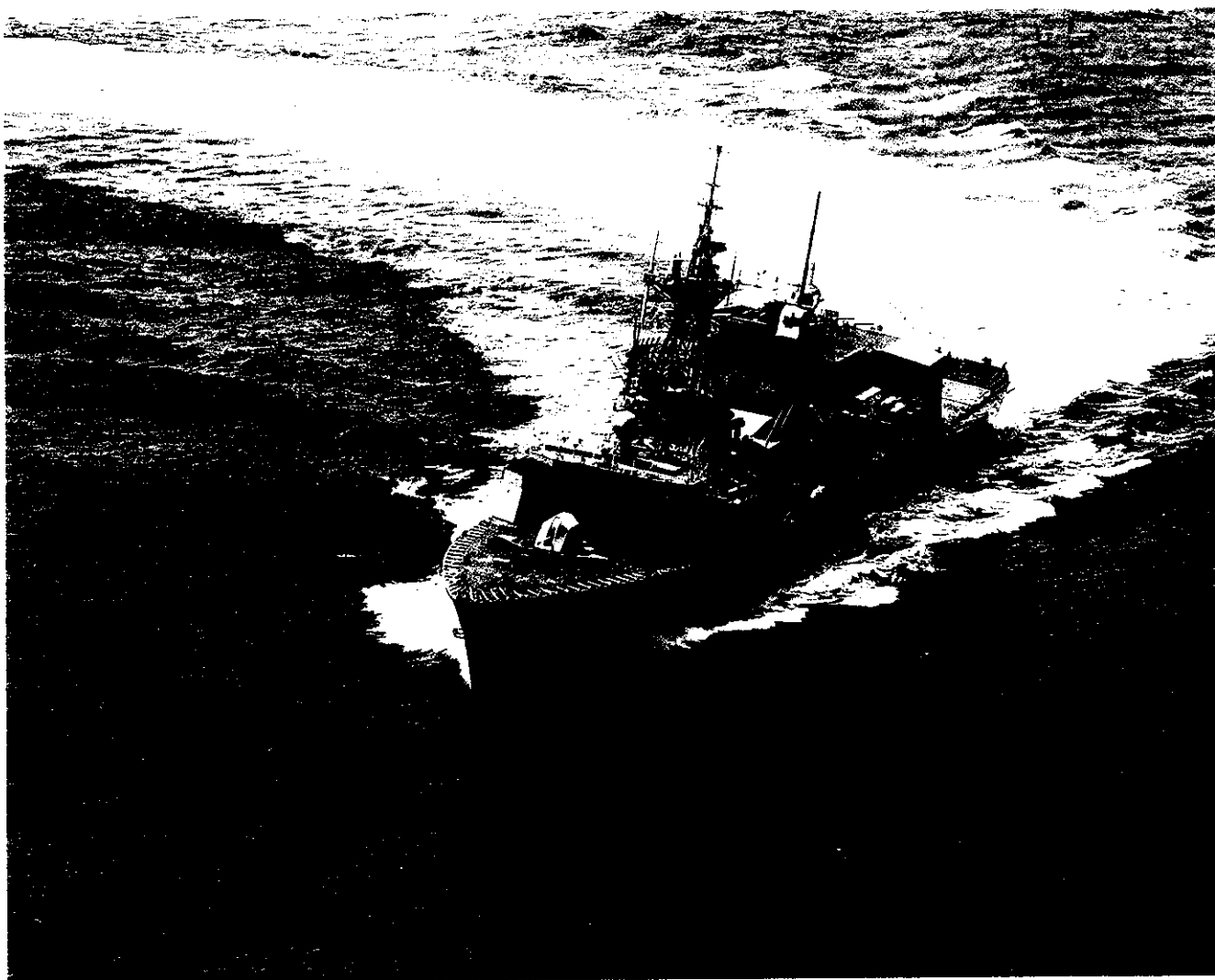


# Crisis in Naval Shipbuilding?

## Canada must maintain home grown capability for national security

BY PETER W. CAIRNS



Expertise in ship construction, gained through the CPF program, may have been lost

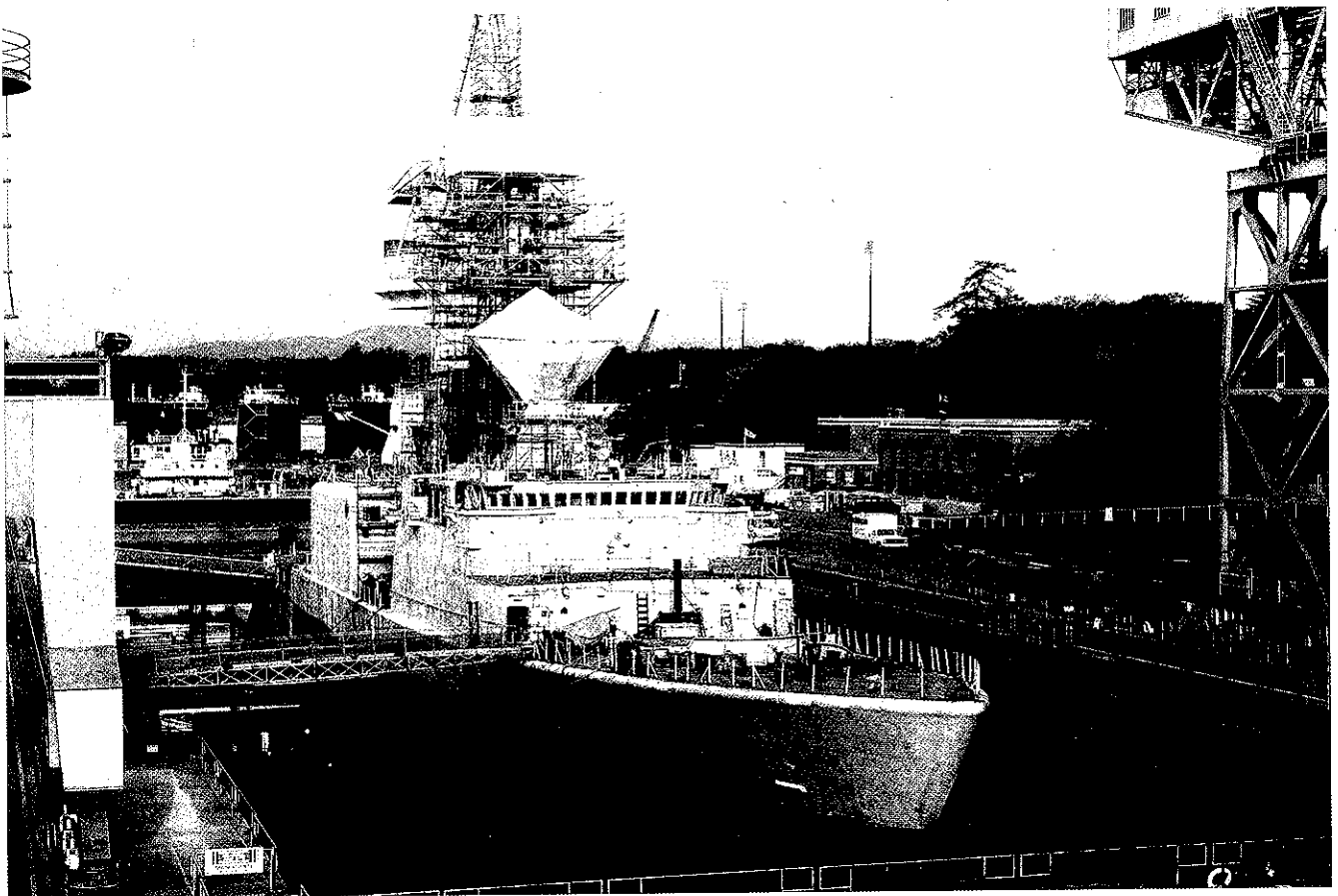
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*A recent issue of 'Canadian Defence Review' featured a report on Canada's dwindling shipbuilding capability. In this follow on story, Peter Cairns a former senior officer in*

*Canada's Navy and current President of the Shipbuilding Association of Canada, looks at the current state of Canada's Naval Shipbuilding.*



Build in Canada policy

### **From Battle of the Atlantic to the CPF**

During World War II Canada's fledgling shipbuilding industry constructed 529 ships for the war against the axis. These ships were by no means sophisticated but they formed the basic force that won the Battle of the Atlantic that led to the eventual invasion of occupied France and Italy.

From this auspicious beginning Canada went on to design and build the St. Laurent class destroyer escort, which was a radical departure from the ships of its day. The St. Laurent's served their country well from 1955 until the end of the first Gulf War. They were followed in the mid-sixties and early seventies by the Operational Support Ships Provider, Protecteur and Preserver and the Tribal class Destroyers Iroquois, Athabaskan, Algonquin and Huron. With the exception of Provider these ships are still in service.

It was not until 1983 that the first contract for the construction of 12 Canadian Patrol Frigates (CPF) was awarded. The CPF's like their predecessors the St. Laurent's are considered ton for ton one of the finest classes of frigates in the world today. This was followed by the construction of 12 Mine Countermeasures and Coastal Defence Vessels in the early nineties.

Both these programs completed in the mid-nineties and since then there has not been any military ship construction in this country.

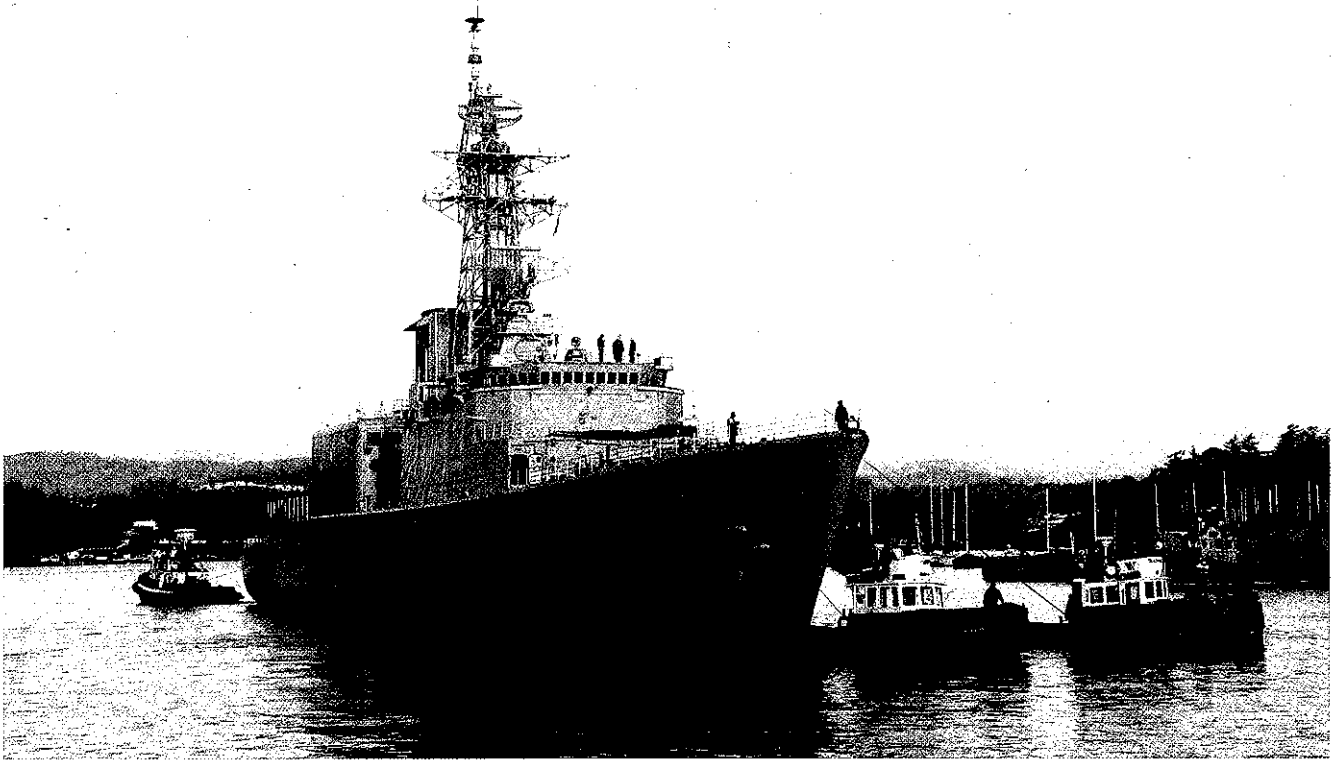
### **Eliminate peaks and valleys of procurement**

On April 1, 2001 the four co-chairs of the National Partnership Project Committee submitted their report to the federal government. In the covering letter they stated, "The report details the capabilities of Canadian shipyards, future

prospects for those yards, and relevant issues that are impediments to the industry's future potential. Further, a series of recommendations, based on our cross-country consultations is submitted for your consideration". Concerning the procurement of vessels for the naval and coast guard fleets the committee made three recommendations, two of which are worth reiterating here. That the Government of Canada:

- Recommit to the policy of procuring, refitting and overhauling in Canada; and
- Eliminate the peaks and valleys of procurement for the Navy and the Coast Guard through more effective forward planning and thereby keep order books and employment levels more consistent over the long term.

Just 74 days after receiving the NPP report the government responded to the reports 36 recommendations. In only one area did they fail to respond, Federal Procurement.



More effective forward planning required

### **Not enough "newbuild" requirements**

The Senior Officials Task Force Report was submitted in April 2002 in response to the unanswered recommendations made by the NPP on federal procurement. In this rather disappointing report they concluded that "there is no scope for leveling out newbuilding procurement". They also concluded that there were not enough federal newbuild requirements to support Canada's two large yards. It is my contention that the senior officials missed the point of the NPP recommendations entirely.

### **Hard earned expertise has evaporated**

Our present system of building a major class of new warships every 30 years is not working. It is inefficient and costly. Virtually nothing of the millions in-

vested in industrial and regional benefits from the St. Laurent class ships exists today. When it was time to build the CPF vessels we had to start all over again to recruit and build the expertise to do the job. That we did such a good job is a credit to the ingenuity of Canadian shipyards, the marine community and the Navy. Today less than 10 years after the delivery of the last CPF, the lead yard in Saint John, New Brunswick is closed and the majority of the hard-earned expertise has gone elsewhere.

### **Leverage shipbuilding expertise in other market niches**

Smoothing the peaks and valleys requires a fundamental shift in the Navy and government thinking. Using the 12 CPF's and the four Tribals as an example, if we begin to construct one

every two years the oldest would never exceed 32 years in age. If we throw the support ships, mine countermeasures vessels and Coast guard ships into the mix we could conceivably be building one to three ships a year indefinitely. This type of approach would provide several advantages:

- Government fleets would be more modern and thus more capable of meeting changing requirements;
- Government departmental budgets and cash flow would be more stable and predictable;
- The government would no longer be faced with the political anxiety caused by billion dollar programs;
- The defence industrial base as it relates to maritime security would be maintained; and
- The shipbuilding industry would be able to develop and maintain a core level of technological expertise that could be leveraged into other market areas.



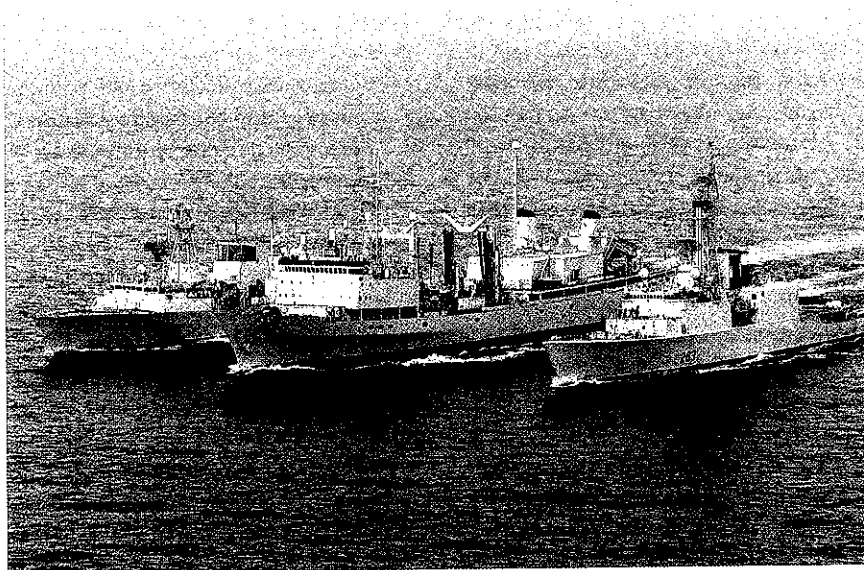
MCDV ship refit at Victoria Shipyards

### Build hulls in China or Canada?

Some argue that it is not necessary to build our warships in Canada. They say, "would it not be cheaper to build them in China"? Perhaps, if you look at the problem as only a cost issue. I believe that building offshore represents a security concern that we cannot afford to take. Do we really wish to put the supply of the tools required for our maritime defence in the hands of a foreign nation such as China? I believe that would be foolhardy. I agree that we have done that

with our nation's air defence but those countries were our NATO partners. Those nations that provide our aircraft cannot build our ships any better or cheaper than we do ourselves. So why should we let them?

There are also those who believe we should build the hulls offshore and then outfit them in Canada. Again I do not consider this a reasonable solution. A decision along this line would relegate Canada's shipyards to repair and refit only. The ability to both build and repair is required for a small viable shipbuilding industry to survive in Canada. It is the



New Sea Lift requirement

building of new and exciting vessels that attracts bright young people to the industry. Without a building component the repair component is unlikely to survive.

### Demise of Saint John Shipbuilding

Will there be any yards left to build Canada's government ships? The demise in July 2003 of Saint John Shipbuilding Limited does complicate the problem. This leaves Davie Maritime as the only yard, at this moment, capable of building a ship the size of the proposed Afloat Logistics Sealift Capability (ALSC) ship. The Washington Marine Group's yards in Vancouver and Victoria and the Port Weller Dry Docks yard on the seaway might be able to play a roll depending upon the size of the ship eventually called up by the navy.

### Productive marine industry and strong Navy

It is important to realize that shipbuilding is only one, but a key, segment of the country's marine industry. Studies show that the narrow connotation of 'shipbuilding' undervalues the importance of the industry to Canada. Shipbuilders also fabricate and build rigs and components for the offshore oil and gas industry and they support the many thousands of people who are involved in the industrial marine side of the business. Those who produce and sell everything from radars to sophisticated self-unloading equipment to paint etc. Shipbuilders also provide highly skilled, high paying jobs, many of those in areas that are generally less well off.

By treaty and geography Canada is responsible for an ocean area larger than its landmass. Canada's inland waterway is longer than the Atlantic Ocean is wide. It follows that a productive marine industry and a strong navy are essential to our nation's economic survival. In my view a progressive shipbuilding industry is a vital component of a productive marine industry and a strong navy. We stop building ships at our peril. ■