

Richard Shimooka: Politics delayed F-35 choice by over a decade, leaving Canada worse off

This was always the correct decision, even if the government tried to ignore reality

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(FILES) This file photo taken on June 12, 2019 shows an F-35 fighter jet flying over the White House in Washington DC. PHOTO BY PHOTO BY ERIC BARADAT / AFP

Defence procurement in Canada has long been marked by failures and poor outcomes. Where the CF-18 fighter jet replacement plan is unique is that no program has been the subject of so much political interference. After 2010, at nearly every step of the way, governments made decisions

based more on political perception than fundamental realities, leading to a lamentable series of events that finally concluded with Monday's announced selection of the F-35.

Between 2007 and 2010, the Canadian government's preliminary analysis found that the F-35 was the most suitable for Canada's military requirements at the lowest lifecycle cost. It was also the best option economically, in part because Canadian companies were producing components and providing service for nearly all F-35s built worldwide. Due to Canada's participation in the Joint Strike Fighter program, all of these factors were largely fixed and unlikely to change. Based on this analysis, the government pursued a sole-source acquisition to avoid the significant cost of a competition.

While this decision set up nearly a decade of strife, those fundamental realities have not changed over the past dozen years. If anything, the intervening time has only shored up the original analysis made by the bureaucracy, as evidenced by the fact that in the past four years, four countries (Poland, Finland, Switzerland and Germany) launched and completed competitions that selected the F-35. In Canada, even the competition that ultimately selected the F-35 had requirements that looked remarkably similar to 2010 — the changes made were largely to enable less capable aircraft the opportunity to compete against the F-35.

In short, the answer has not changed — rather, Canadian politics had to adapt to it. As is well documented, the 2010 decision quickly became politically untenable.

Critical reports by the Parliamentary Budget Officer and the Office of the Auditor General led the Harper government to scrap the purchase over concerns over cost. However, over time the original Department of National Defence estimates have proven more accurate.

The government then conducted an independent review by the National Fighter Procurement Secretariat, which returned with the same answer, leading the Conservatives to decide to acquire the F-35s a second time in 2014. That decision was postponed, as the government prepared for the upcoming election, after details were leaked in the United States.

While the F-35 was raised as an issue in the 2011 federal election, this paled in comparison to the 2015 campaign announcement by now Prime Minister Justin Trudeau. The Liberals promised that they would not purchase the F-35, instead announcing the intention to select a less costly jet more suited to Canada's needs through a competition. This was a fiction that would essentially guide the federal government's next seven years of defence policy. Upon entering office, the Liberals were confronted with the reality that no part of their campaign promises could be achieved. It is illegal in Canada to bar a competitor from a competition, especially one that was likely to win.

Instead of acknowledging that reality, the government created a new fiction — the so-called "capability gap," which claimed that Canada could not meet its NATO and NORAD defence commitments simultaneously. According to the government, this required the immediate sole-source acquisition of 18 F/A-18E/F Super Hornets. While intended to be an interim buy, it would have likely locked the fighter as the CF-18 replacement in a competition. This would have

allowed the Trudeau government to do an end run around a proper competition that likely would have chosen the F-35.

However, the interim buy collapsed a year later — partly due to a trade dispute between Boeing and Bombardier, as well as the exorbitant cost of a the small number of Super Hornets, which was two-thirds of the cost to acquire a full fleet of 65 F-35s. Instead, Canada acquired surplus 40-year-old Hornets from Australia to bolster the Royal Canadian Air Force’s aging CF-18 fleet. Canada is now suffering the very capability gap the Liberal government sought to avoid with the interim purchase, but it has conveniently ignored the fact it can barely meet Canada’s northern defence needs (much less a NATO one), because it does not fit its political needs.

Given the fundamentals outlined above, that the competition selected the F-35 Monday should not have been a surprise. The ministers who announced the decision were at great pains to point out the integrity of the “process” in selecting the F-35. However, that ignores all of the events that led to this point. The government could have made a decision as early as December when the bureaucracy’s analysis was completed, but it chose to delay the announcement for nearly three months. In some ways, the politics surrounding the fighter acquisition changed following Russia’s invasion of Ukraine — it was now politically untenable to not acquire an effective fighter capability, especially in the face of numerous allies making that decision.

While many lessons can be gleaned from this series of events, perhaps the most important is how the deep expertise was ignored for superficial political considerations. It has cost Canada billions of dollars and left our country much weaker as a result.

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RESPONSE TO SHIMOOKA

April 6, 2022

By Alan Williams

In a recent opinion piece regarding Canada's intention to purchase the F-35A, Richard Shimooka regurgitates the same arguments put forward by the Government in 2010 to support its decision to purchase the F-35A without a competition. Both the Government and Mr. Shimooka were convinced that it was the best jet at the best price as well as being the best option economically. Fortunately, upon examination, Canadians discovered that, at that time, none of those assertions were valid.

With respect to costs, in 2010 the average procurement cost for an F-35A was about \$126 million including the cost of the engine. However, at this time Lockheed

Martin was just in its fourth low rate initial production contract. Costs were significantly higher than expected and delays were occurring. More ominously, were the high life cycle costs. Its hourly costs were estimated at over \$30,000 per hour, double that of the F-18 Super Hornet.

With respect to the F-35A, in 2010 it was impossible to state that it was the best aircraft for Canada. It was still in its embryonic stage of development. At the time of the announcement, the block 1 software had not yet been completed. Timing of the future software upgrades was still in flux. No one could be assured of its capabilities.

With respect to economic opportunities, they would certainly be plentiful. In fact, that is why I signed the memorandum of understanding with the U.S. in Feb. 2002 committing Canada to the program. Without joining the program, our industry would have been excluded from bidding on contracts valued at \$200 billion-dollars. Nevertheless, it was recognized at that time, that these industrial benefits were not guaranteed and would pale in comparison to the level of benefits bidders would have to guarantee in a competition.

Lastly, when spending billions of taxpayers' money, it is vital that there is transparency in the process. Furthermore, the only way to objectively ensure that the military is getting the best product to meet its needs is through a competition. The decision to sole-source in 2010 was unnecessary and the linchpin for the chaos that followed.

Mr. Shimooka is right when he says, "this decision set up a decade of strife". However, he believes we should have gone through with the sole-source decision at that time. I believe we should have conducted an open, fair and transparent competition to replace our jets in a timely fashion.