

The Current Reality

Russia's invasion of Ukraine has changed the status quo, significantly increasing certain allied defence production needs. The return of high-intensity conflict has meant moving away from the focus on efficiency and 'just in time' that has prevailed since the end of the Cold War. NATO allies now recognize that collective security and deterrence depend on increasing and sustaining a higher level of defence production across the Alliance. At the [2023 Vilnius Summit](#), NATO leaders not only re-affirmed their commitment to the "Three Cs" first agreed to in the 2014 Wales Defence Investment Pledge, they also agreed to a new Defence Production Action Plan.

While it is important for Canada to honour its international commitments, our domestic defence procurement system is not designed to achieve the greater and sustained procurement outcomes. Reform will require painstaking, co-operative, and incremental work in partnership with industry. A new relationship with Canadian industry is required if we are going to address these issues and be a meaningful security contributor to Ukraine, NATO, and our allies. More broadly, Canada must start thinking about our defence industry as a fundamental component of national security and a tool of deterrence.

The "Elevator Pitch"

A new relationship is required between government and the Canadian defence industry to meet the deteriorated Euro-Atlantic security environment. Industry must be seen and used for what it is: a key contributor not only to Canada's national security, but to global security.

What is Required?

- 1. An explicit government commitment to grow and develop the Canadian Defence Industrial Base (DIB),** through both acquisitions and export sales support. The government should use its acquisition strategies and policy guidance to protect, sustain and grow Canada's DIB. It must champion Canadian defence products and services abroad, as our allies do with their domestic industries. The outcome should be a larger domestic industry that is sustainable and more capable of responding nimbly and at scale to CAF and allied demands.
- 2. A new, structured, persistent, and strategic partnership between the government and the Canadian DIB.** Allies recognize the importance of working with their DIBs and are sharing information, leveraging skills and infrastructure resident with industry, and co-developing solutions. Partnership should be focused on two-way information sharing, forward planning, demand-signalling, industrial and key capabilities development, and acquisition strategy that favours and protects the growth and sustainment of a vibrant industrial base. A renewed partnership should cover both "traditional defence" as well as cyber defence/offence, and emerging and disruptive technologies.
- 3. Consideration and understanding, in advance of conversations with foreign Primes,** regarding what capabilities Canada wants to embed in the supply chain, preserve through In-Service Support/Maintenance, Repair and Overhaul, and/or grow through policy incentives. Senior CAF leadership have stated they are increasingly aiming to acquire platforms through Foreign Military Sales (FMS) and directed or sole-source purchases for "off the shelf" technologies from foreign Primes. When procuring through FMS, Canada should continue to maximize economic benefits for Canada's DIB. There are opportunities for Canadian suppliers in FMS platforms if approached early in the platform's development when the Prime is setting up supply chains, partnerships and collaborations.