The Honourable David J. McGuinty, P.C., M.P.
Minister of National Defence
101 Colonel By Drive
Ottawa, Ontario
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09 November 2026

For Public Circulation Dear Minister McGuinty:

On behalf of the Canadian Association of Defence and Security Industries (CADSI) and its nearly 1,800 small, medium, and large companies across Canada, I am writing to share our views as input to a refreshed or new defence policy that has been committed to by the Prime Minister. We are making them public so that our members, and other government departments with a stake in the outcome, know where Canada's defence industry stands.

The Government has set a clear ambition. It has committed Canada to invest 5 per cent of GDP in defence and security by 2035, including 3.5 per cent in core defence. In February, the Prime Minister launched Canada's first Defence Industrial Strategy (DIS), which commits, within ten years, to raise the share of defence acquisitions awarded to Canadian firms to 70 per cent, increase industry revenues by more than 240 per cent and create 125,000 jobs. Industry welcomed that ambition. The Defence Policy is where it must become a plan with the details companies need to secure investment commitments from their boards, lenders, and where small and medium-sized business (SMB) suppliers can position and forecast fitting into supply chains

With that in mind, I would like to make two recommendations.

1. Publish the plan and keep it current.

The Defence Policy should contain details on the Department of National Defence's projected budget increases over the next five to ten years as government moves toward the 3.5 per cent of core defence spending target by 2035. It should also be accompanied by a funded, project-level investment plan commensurate with the ambition, direction, and budget the Prime Minister has established. This investment plan, like those of our allies, should be broken down by type of spending: operations, personnel, and capital acquisition for each of the services. It should be updated annually to reflect any changes in project funding or schedules.

Year-over-year defence funding projections and a capital investment plan constitutes the basic level of transparency defence companies expect from government and require in order to consider investment decisions. It also reflects what we see in allied nations. The United Kingdom has published its Defence Investment Plan, and Australia publishes its Integrated Investment Program (IIP) alongside its National Defence Strategy.

The reason this matters to industry is simple. Companies build capacity, hire and train workers, and invest in facilities years before a contract is signed and the return on capital and operating expenses can take up to 15 years for new facilities. The DIS asks Canadian industry to grow its revenues by more than 240 per cent in ten years. Industry cannot scale to meet a forecast it cannot see.

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2. One direction of travel from DND and DIA.

The Defence Policy must closely reflect the concepts, objectives and targets of the DIS: Build–Partner–Buy, Buy Canadian, sovereign capabilities, strategic partnerships, a new partnership with industry led through the Defence Advisory Forum, and the growth of a strong and resilient Defence Industrial Base (DIB). National Defence, the Defence Investment Agency and Innovation, Science and Economic Development must speak with one voice, and industry must be able to see that same direction reflected in both the DIS and the Defence Policy.

CADSI recommends that the Defence Policy recognize Canada's DIB as a defence capability as it is critical to CAF military readiness and essential to the defence of Canada. Australia took this step in its 2016 *Defence Industry Policy Statement*, recognizing industry as a "Fundamental Input to Capability." CADSI would support a similar approach, provided the term is defined and the instruments to deliver it are described. Recognition on paper will not be enough.

Finally, the Defence Policy should measure its industrial targets alongside its military ones. A premise that is not measured will not be delivered. The Government should use its own targets established in the DIS.

The Government has asked Canadian industry to help rebuild, rearm, and reinvest in the Canadian Armed Forces. CADSI's members are ready. What they need from the Defence Policy is a straight line to a funded investment plan, built with input from industry, with actionable timelines and milestones. I submit these recommendations in that spirit, and CADSI would welcome the opportunity to discuss them with you.

Sincerely,



Christyn Cianfarani
President and CEO

c.c. The Honourable Mélanie Joly, P.C., M.P., Minister of Industry
The Honourable Stephen Fuhr, P.C., M.P., Secretary of State (Defence Procurement)
Mr. Doug Guzman, Chief Executive Officer, Defence Investment Agency