***Canada's Defence Industrial Strategy and Global Market Opportunities***

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Good morning. Bonjour.

Thank you for inviting me to speak with you today. It is a privilege to engage with Canada's public service on an issue that has become increasingly important to our country's security, economic prosperity, and global competitiveness.

While my role as CADSI's President and CEO often requires me to assess public policy and government programs, I have tremendous respect for the public service. At a time of growing geopolitical uncertainty and increasingly complex national security challenges, public service leadership, professionalism, and excellence have never been more important.

Je m'exprimerai en anglais. Le secteur de la défense à l'échelle mondiale fonctionne en anglais et, malheureusement, j'ai assimilé la majeure partie du jargon et des acronymes uniquement dans cette langue.

You have asked me to provide perspective on the government's Defence Industrial Strategy, or DIS. I would like to focus on how the strategy can help position Canadian defence firms for success in global markets and contribute to Canada's broader economic and security objectives.

The introduction of a Defence Industrial Strategy is significant. Canada was one of the only G7 countries without a defence industrial policy. Among our Five Eyes partners, we stood alone in that regard. In highly regulated global defence markets, where governments are often the primary customer, the absence of a national industrial strategy increasingly represented a competitive disadvantage.

The Defence Industrial Strategy provides an important framework for aligning defence spending, industrial growth, innovation, and economic development. As the Government of Canada seeks to position the defence sector as a contributor to economic growth, having a clear set of priorities and objectives is essential.

I am cautiously optimistic that the Defence Industrial Strategy can support economic growth in Canada by leveraging historic defence investments and increased defence spending commitments. I am equally optimistic that it can create new opportunities for Canadian defence firms in international markets, provided it is fully implemented.

Implementation is critical. Developing a strategy is one thing; translating that strategy into programs, procurement decisions, investment priorities, and measurable outcomes is another. Policy intent is essential, but it is only the starting point. Success will ultimately depend on execution.

The Defence Industrial Strategy's "Build, Partner, Buy" framework represents a significant shift in Canada's approach.

For many years, Canadian defence procurement was not primarily oriented toward building domestic industrial capability. As a result, government organizations, policies, and processes evolved within a different policy environment and are now adapting to a new strategic direction. That transition will present challenges, but it is also central to the strategy's long-term success.

The government's decision to establish the Defence Investment Agency reflects, at least in part, a recognition that meaningful organizational change is required to achieve the objectives set out in the strategy.

An obvious question is how strengthening Canadian industrial capability contributes to global market success for Canadian defence firms.

The answer is relatively straightforward. Defence companies routinely report that one of the first questions they receive from potential international customers is whether their own government uses or purchases the capability being offered.

Government adoption serves as a powerful endorsement. It demonstrates confidence in a product, validates its performance, and provides reassurance to foreign buyers.

Conversely, if a capability is not used domestically, securing international sales becomes considerably more difficult, particularly when competing against companies that benefit from strong support from their home governments.

If the Defence Industrial Strategy succeeds in increasing opportunities for Canadian-made products and services to be procured and fielded domestically, it will improve the ability of Canadian firms to compete internationally.

This is not only an economic opportunity. A stronger Canadian defence industrial base contributes directly to Canada's national security, military readiness, and sovereignty. In today's geopolitical environment, those outcomes matter as much as the economic benefits.

Strengthening Canadian industry also requires promoting Canadian industry abroad.

The Defence Industrial Strategy's commitment to directing defence attachés to play a more active role in trade promotion and export support can make a meaningful difference. Foreign governments place significant value on hearing directly from military users and defence officials about the technologies and capabilities they are considering purchasing. Those endorsements can be highly influential in international procurement decisions.

The strategy's commitment to establishing a dedicated unit responsible for coordinating a whole-of-government defence export approach, as well as creating deal teams to pursue major international opportunities, is also encouraging. Its success, however, will depend on effective implementation.

We have already seen positive signals.

At the MSPO defence exhibition in Poland, where Canada served as Lead Nation, more than 200 Canadian organizations and nearly 500 Canadian delegates participated alongside the Ministers of National Defence and International Trade.

A coordinated national presence at major international defence events helps create opportunities for Canadian firms and signals Canada's commitment to supporting its defence industry.

Participation in initiatives such as MSPO, SAFE, ReArm Europe, and the NATO Innovation Fund similarly creates opportunities for industrial collaboration, innovation partnerships, and participation in future procurement programs.

However, participation alone is not sufficient. Countries that consistently secure opportunities for their industries tend to engage actively, strategically, and persistently. Success requires sustained effort and a coordinated approach across government and industry.

This is the essence of economic diplomacy.

Around the world, governments actively promote their defence sectors through ministerial engagement, trade missions, industrial partnerships, and strategic advocacy. Canada's growing presence in this space is encouraging.

The participation of Ministers McGuinty and Sidhu at MSPO, as well as Prime Minister Carney's appearance at CANSEC 2026, sent a clear message that Canada is increasingly prepared to champion its defence industry and support its international ambitions.

Canada's export control system also appears to be evolving in a positive direction.

For many years, exporters cited concerns regarding complexity, uncertainty, and limited transparency. More recently, the system appears to be moving toward a more practical balance between facilitating legitimate exports and safeguarding Canadian interests.

This is particularly important given that nearly 70 per cent of Canadian defence exports are destined for Five Eyes partners.

Another important consideration is the quality and competitiveness of Canada's defence industry itself.

Export success ultimately depends on delivering innovative, effective, and reliable capabilities that meet customer requirements.

Canadian defence firms have demonstrated that they can compete successfully in global markets.

According to Statistics Canada data, approximately half of industry revenues are derived from exports. That is an exceptionally high level of export intensity, particularly for a sector that until recently received relatively limited attention within Canada's export promotion efforts.

This success reflects the strength of the industry. Canada's defence sector is approximately three times more research-and-development intensive and more than twice as STEM-intensive as the broader manufacturing sector.

In short, it is an innovative, technology-driven, and globally competitive industry.

Recent growth trends reinforce that conclusion.

Between 2022 and 2024:

- Uncrewed and autonomous systems revenues increased by approximately 60 per cent.
- Military training services revenues increased by more than 100 per cent.
- Combat and military vehicle sustainment services revenues grew by approximately 270 per cent.

These examples illustrate broader growth occurring across multiple segments of the defence sector.

Importantly, much of this growth occurred at a time when Canadian defence spending remained relatively modest by allied standards and domestic procurement activity continued to face longstanding challenges.

Many firms achieved this growth through exports into highly competitive global markets.

With global defence spending projected to continue rising through the end of the decade, additional opportunities are likely to emerge for Canadian companies.

One final observation relates to the "Partner" and "Buy" elements of the Defence Industrial Strategy.

More than 80 per cent of Canadian defence companies are small and medium-sized enterprises.

Helping these firms integrate into international supply chains and major defence programs will be critical to long-term success.

Many countries employ highly deliberate industrial strategies to achieve this objective.

For example, while I was at CAE, I participated in a procurement program in Turkey where the government required the inclusion of a specific domestic supplier as part of its acquisition strategy. This was not left to the discretion of the prime contractor; it was a deliberate policy decision designed to develop domestic capability.

Canada's Industrial and Technological Benefits policy encourages industrial participation, but it is generally less directive. The transfer of ITB responsibilities to the Defence Investment Agency may create opportunities to apply these tools more strategically in support of Canadian industrial objectives.

Elements of this approach can already be seen in initiatives such as the German submarine program and the GlobalEye program. These developments suggest progress is being made.

There are significant global market opportunities ahead for Canadian defence companies and the technologies and services they provide.

The Defence Industrial Strategy, together with other initiatives designed to support exports and industrial growth, has the potential to help Canadian firms capture a greater share of those opportunities.

At the same time, we should remain realistic about the environment in which Canadian firms compete. Defence markets around the world continue to be shaped by domestic preferences, industrial strategies, and non-tariff barriers designed to support national industries.

Canada must ensure that efforts to strengthen domestic industrial capability result in the retention and growth of Canadian expertise, intellectual property, advanced manufacturing capacity, and strategic capabilities. Appropriate oversight and accountability will be important to achieving the objectives of the strategy.

The opportunity before us is real. Global demand is increasing. Canada has adopted a more strategic approach to defence industrial policy. Canadian companies are increasingly well positioned to compete internationally.

Most importantly, this is not simply an economic opportunity. A stronger Canadian defence industrial base contributes directly to Canada's security, military readiness, resilience, and sovereignty.

The question now is whether we can execute successfully and measure progress effectively. If we can, Canada will be well positioned to build a stronger defence industrial base, enhance national security, and capture a greater share of growing global markets.