



CANADIAN GLOBAL AFFAIRS INSTITUTE
INSTITUT CANADIEN DES AFFAIRES MONDIALES

Annual Defence Procurement Conference

by Justin Nakao, Érika Dupuis, Abigail Dyer
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CONFERENCE REPORT

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The View from the Deputies' Offices

Panelists:

- Stephanie Beck, Deputy Minister of National Defence.
- Arianne Reza, Deputy Minister of Public Services and Procurement Canada.
- Philip Jennings, Deputy Minister of Innovation Science Economic Development Canada
- Moderator: Lieutenant-General (ret'd) Michael Day, CGAI Fellow

The panel opens with the speakers agreeing that changes in defence requirements are driven by advances in capabilities, workforce, infrastructure, and policy, creating uncertainty. Retired Lieutenant-General Michael Day noted, “We’re living the consequences of decades of underfunding.” He emphasized that the new defence priorities and limited fiscal flexibility mean Canada must adopt clearer, more innovative approaches to ensure the Canadian Armed Forces (CAF). Deputy Minister Beck reinforced this statement of new defence priorities by highlighting that Canada is in a cyber war with the data and IP of businesses, governments, and citizens being sold to nations beyond traditional adversaries. Beck stressed the need to continue exploring dual-use technologies to meet these challenges.

Deputy Minister Jennings reaffirmed that ISED’s core mandate is to grow Canadian companies and create jobs, including within the defence sector. He highlighted the untapped export opportunities available to Canadian firms and emphasized that ISED’s support goes beyond domestic CAF needs to also serve allied nations. DM Jennings stated that the defence industry already sustains over 80,000 Canadian jobs, and that before Christmas, a component of the new Defence Industrial Strategy would be published to guide future investment and procurement priorities. He described procurement as the government’s most powerful economic lever, complemented by tools like the Offset Policy and the Strategic Response Fund (a \$5 billion fund supporting eligible defence initiatives). “ISED,” he said, “is all in.”

Deputy minister Reza drew parallels between the urgency of COVID-era procurement and today’s global defence context, calling for similar agility and collaboration. She proposed establishing a separate agency for defence procurement, one with commercial agility and streamlined decision-making to reduce “dwell time.” DM Reza stressed the importance of a Service-Oriented Architecture (SOA) – an integrated approach where departments such as PSPC, ISED, and DND operate as “one team” to eliminate duplication and inefficiency.

All three deputies discussed how procurement reform is no longer a purely administrative matter but a strategic one, directly tied to national sovereignty and Canada’s industrial resilience. The panellists agreed that the government and private sector must work together to define a shared vision. DM Beck framed the challenge bluntly: “We see the threats – so what is our common objective, and how is it measurable?” She reminded industry participants that taxpayer money must serve readiness, not corporate profit. DM Reza added that competition remains essential and must be reimagined through new lenses to accelerate innovation. She highlighted the need for “high levels of communication” between government and industry to prevent delays, since defence operates as a complex ecosystem where small changes can disrupt entire processes. To mitigate this, commercial contracting models and locked-in pricing were identified as practical



solutions, particularly in volatile global markets. DM Beck urged faster adoption of technology and shorter learning cycles for repair and maintenance processes. They highlighted a shift in risk appetite, with major financial institutions such as Export Development Canada (EDC) and Business Development Bank of Canada (BDC) adopting new mandates to support defence-related investment.

Balancing between Buy Canada policies and maintaining trade relationships was also a key focus. Deputy Minister Beck noted that not every procurement need can be met immediately and by Canadian industry — pacing acquisitions over several years allows time for the CAF to expand and for Canadian companies to grow strong enough to compete internationally. To drive innovation, open collaboration is encouraged between the public and private sectors — including unsolicited proposals and try-and-buy initiatives. To conclude, the panellists returned to a central question posed by LGen Day: What kind of defence ecosystem does Canada want in the decade ahead? Their answer was clear — one that balances speed with accountability, sovereignty with collaboration, and innovation with inclusion.

The CAF And the Path to Five Percent

Panelists:

- Lieutenant-General Jamie Speiser-Blanchet, Commander of the Royal Canadian Air Force.
- Vice-Admiral Angus Topshee, Commander of the Royal Canadian Navy.
- Lieutenant-General Michael Wright, Commander of the Canadian Army.
- Moderator: Charlotte Duval-Lantoiné, VP Ottawa Operations for the Canadian Global Affairs Institute.

The commanders of each service were asked what their top priority requirements were, translating new funding under the Federal government's 5% defence budget into concrete capability.

Commander of the RCAF, LGen Speiser-Blanchet, articulated that the priorities are based on NORAD (North American Aerospace Defence Command) modernization, NATO and Indo-Pacific commitments, and the assurance of Canadian sovereignty. LGen Speiser-Blanchet highlighted priority programs including continental missile defence, the procurement of F-35 fighter aircraft, and enhancements to tankers, transport, and communications platforms. LGen Speiser-Blanchet noted that 70% of the RCAF investments are being spent domestically through In-Service Support (ISS), which sustains Canadian employment across technical, logistical, and engineering fields. LGen Speiser-Blanchet stressed that while Canada continues to integrate American systems, efforts are being made to incorporate Canadian technology and supply chains wherever feasible. Importantly, LGen Speiser-Blanchet highlighted the need for balance between immediate readiness and future flexibility — particularly as emerging technologies like artificial intelligence (AI) and unmanned aerial systems (drones) redefine the air domain.



Commander of the Canadian Army, LGen Wright, stated that it was a four-plus-one modernization and that it is more than just new equipment. It is also modernizing structure, training and sustainment, with a focus on operating at the divisional level. The first project is Long-Range Precision Strike with procurement of the U.S. HIMARS (High Mobility Artillery Rocket System), proven effective in Ukraine and capable of deployment via Hercules or C-17 aircraft. Second is Ground-Based Air Defence (SHORAD – Short-Range Air Defence), currently deployed in Latvia as part of Canada’s largest NATO commitment of 25,000 troops, and soon to be brought home for training and national readiness. Third is Indirect Fire Range Modernization, the replacement of outdated systems from the Afghanistan era with self-propelled howitzers and mortar systems. Fourth is Domestic Mobility Enhancements, replacing aging BV 206 Arctic vehicles in coordination with Nordic allies. The plus one is modernizing and integrating Command, Control, Communications, Computers, Cyber, Intelligence, Surveillance, Reconnaissance, and Targeting (C5ISR&T). LGen Wright stated that the army aims to introduce drone technology under Project Minerva, but as tools that assist soldiers, not replace them.

Commander of the Royal Canadian Navy, Vice-Admiral Angus Topshee, offered a candid assessment of the Royal Canadian Navy’s (RCN) challenges and opportunities rather than concrete priorities. He highlighted the need for a cultural and mindset shift within both the government, the RCN, and industry to embrace change and innovation. He focused on the economic aspects of the National Shipbuilding Strategy, stressing that every dollar must deliver tangible capability and noted the recruitment challenges the Irving Shipbuilding faces due to Halifax’s high cost of living and harsh climate. He stated that Canada’s approach to shipbuilding must balance capability, cost, and geography. This balanced approach is reflected in his statements on submarines and surface combatants. An off-the-shelf submarine will have zero modifications, citing the cost of re-engineering a design. Comparatively, baking in pure Canadian requirements for surface combatants, such as the river-class destroyers, ensures that capability is at the forefront. On geography, Topshee highlights the need for long-range and ice-capable ships to navigate Canada’s massive coastlines.

The three commanders agreed that Canada’s procurement system must evolve. The system must accelerate decision-making, even if solutions are imperfect – “It’s better than waiting until 2032”. There needs to be increased collaboration with Public Services and Procurement Canada (PSPC) and Innovation, Science and Economic Development Canada (ISED) to synchronize investments. Industry inclusion, ensuring Canadian firms participate early in defence programs and have access to funding pools similar to Australia’s CAF-controlled innovation funds. Trust and transparency, avoiding overregulation that delays accountability or innovation. Notably, they advocated for direct investment “pots” managed by the CAF to fund promising projects emerging from the private sector. Additionally, they cited the need for the “whole-of-government” and “whole-of-nation” approach. Project Minerva is cited as a step towards this goal, demonstrating effective cooperation between engineers, soldiers, and industry innovators.



The Industrial Policy; What Opportunity?

Panelists:

- Kristen Leroux, VP & Regional Executive Canada and Latin America, Lockheed Martin.
- Major-General (ret'd) Sylvain Menard, GGR Canada Country Director, RTX.
- Brigadier-General (ret'd) Kevin Whale, Senior Director Defence Strategy, MDA Space.
- Dr. Craig Stone, CGAI Fellow.
- Moderator: David Perry, CEO and President of the Canadian Global Affairs Institute.

Industry leaders agreed that the right messages from the government are being sent but feared the lack of commitment and mixed messages. The panel pressed for execution discipline: clear checklists, fewer bureaucratic loops, and faster decision-making. As Brig Gen (ret'd) Whale put it, Canada cannot spend ten years analyzing options; when engineering evidence is compelling, leaders must make calculated go/no-go calls and move. BGen (ret'd) Whale argued that by prioritizing domestic capability and co-developing technologies with allies, Canada boosts its credibility in NORAD (North American Aerospace Defense Command) and NATO. Without action, Canada risks capturing none of the benefits from the current investment cycle. The panel flagged space as a top priority domain: fast-moving development, dual-use applications, and central to communications over Canada's vast geography.

Dr. Craig Stone framed Canada's position as a "vantage point moment," noting that past efforts, such as the Harper government's pledge to increase defence spending to 2% of GDP, were undermined by external crises reflecting concerns around government commitment. Today, Canada faces similar crossroads: major procurement projects exceeding \$100 million require decisive leadership, a clear industrial plan, and freedom for CEOs to act without excessive bureaucratic constraints.

From a private sector perspective, Kristen Leroux emphasized that Canada has lagged behind its allies over the past 30 years. Strengthening partnerships with multinational companies, integrating into global supply chains, and investing in research and development are essential to building a mutually beneficial industrial ecosystem. Panelists highlighted the importance of elevated skill sets, mission capability, and measurable outcomes to ensure the industrial base can respond effectively to strategic demands. Not everything must be built to the Canadian scale, but R&D and exportability should be embedded from the outset so companies can sell beyond the Department of National Defence (DND). Brig Gen (ret'd) Whale highlighted that in the global context, allies are re-wiring supply chains to protect economies; Ukraine shows how quickly tactics and tech evolve at the edge. The Five Eyes (CAN, US, UK, AUS, NZ) alignment is a strength, but Canada must diversify partnerships and move faster to remain credible.

Regarding the European Union and its growing defence investments and opportunities. The panel stressed that the EU market is almost as large as the US, but has vastly different regulations, especially for intellectual property (IP) and trade controls. Canada needs in-house EU expertise to avoid getting bogged down in regulation and to align with European diversification goals. The



message: treat Europe as a two-way street: Canadian access there coupled with European investment and presence here.

The panel stated 5 key things the defence industry needs. First are consistency and specificity of demand signals from the CAF in the near, mid, and long-term. Second is the willingness of the government and CAF to partner and invest, including “try-and-buy,” unsolicited proposals, and venture-style funds. Third, government speed and risk-sharing commercial terms, and earlier price lock-ins to avoid cost spikes. Fourth is sovereignty by doing: use more Canadian IP at home; allies won’t adopt what Canada won’t use itself. Fifth is that the government needs to provide a long-term, strong signal in the length of decades. The industry wants to know that the government will invest and is willing to move forward with technology to keep up with the rapid innovation of new tech.

The key takeaway of the panel is that national security and economic prosperity are linked, specifically the value of dual-use technology such as space technology. The panel’s bottom line: act now, even if initial solutions are imperfect: “buy what we can, make what we must.” Start with capabilities that meet today’s needs, then iterate and upgrade (modular designs, spiral development). Canada is roughly 30 years behind in some areas; catching up requires bold moves, strong competition, and transparent processes that still deliver at speed.

An Industrial Strategy & A New View on Exports

Panelists:

- Dr. Duncan Stewart, Partner at BDC Venture Capital.
- David Hutchison, Director General of Trade Strategy, Global Affairs Canada.
- Nicolas Todd, Vice President of Government Relations and Communications, CADSI.
- Ravi Singh, Director General of Defence Industrial Strategy, Department of National Defence.
- Moderator: David Perry, CEO and President of the Canadian Global Affairs Institute.

The panel explored critical intersections of economic growth, defence investment, and export diversification. Together, they painted a clear picture: Canada must transition from a fragmented approach to a unified defence economy—one that integrates innovation, production, and international collaboration. The panel agreed that defence exports are a critical part of both the defence industrial strategy and trade diversification strategy. Global Affairs Canada highlighted that allies are actively seeking Canadian defence exports and integrating Canadian firms into their supply chains. Building these relationships requires leveraging diplomatic tools and government-to-government mechanisms, such as the Canadian Commercial Corporation and Export Development Canada, defence attachés, and the trade commissioner service. These diplomatic tools can be used to strengthen Canada’s presence in international defence markets. The panel emphasized the role of senior government officials advocating for Canadian businesses with foreign counterparts as part of a coordinated, coherent effort between industry and government.



An important point raised by the panel was the need for the government to define what it means to “Buy Canadian.” This involves clarifying the roles of small and medium-sized enterprises (SMEs), scaling innovative firms, and fostering domestic self-reliance. By doing this, Canada will not only procure but also produce. Dr. Stewart linked these themes to the role of technology and capital, noting that “technology and knowledge are power.” Drawing parallels to the American experience of building innovation hubs like Silicon Valley, he argued that Canada should emulate successful dual-use models that bridge venture capital and defence technology. Canada’s challenge lies in bridging the “valley of death” between early-stage innovation and commercial viability—a process that requires strategic investment and risk tolerance. The need to “bridge” rest at the intersection between the financial and defence sectors is key to growing the defence industrial base. The panel noted the positive direction the banking sector has taken with defence companies, including the end of blacklisting and the investment into SMEs. The panel, however, noted that the finance sector must learn how the defence sector works compared to normal business. On the government side is a need to copy and adopt the USA, UK and NATO financing model that supports SMEs, the private sector and their defence industry. The panel highlighted the need for swift action, as Canada is no longer at a disadvantage with small companies disrupting the industry and capable of development before the big traditional players can adapt.

The panel also discussed the role of defence exports in the trade diversification strategy and the specific changes needed to maximize export opportunities. These changes include matchmaking the capabilities in Canada to our allies’ needs. This requires Canada to educate allies on our capabilities by building and leveraging bilateral relations, supporting industry in where they want to go, and political advocacy when needed. This will require a structured framework for the industry to engage with other nations. The panel encapsulated this idea with the statement that “We do not have all the capabilities, neither do our allies; that’s why trade exists. But harbouring and creating the best tech for ourselves and our allies, but also ensuring that they are aware of those capabilities, and think about us first, is crucial”. Canada makes up only 2% of global arms exports, with the majority of that to the United States. Director General Singh says it's part of their strategy to investigate partnerships with the EU and Indo-Pacific. However, overnight and over a presidency, Canada will not change its decades-long partnerships with the US. That is not the goal, to separate from them, but rather to invest in Canada, and rethink our systems and industrial strategies; to see how we are not productive with our own operations. A strategy of production over procurement, where the CAF isn’t the only market.

The discussion concluded with a forward-looking message: Canada must embrace agility, integration, and coherence across sectors. Small firms can now scale faster than large corporations can adapt, giving Canada a rare opportunity to lead. To seize it, the country must move from a culture of cautious procurement to one of proactive industrial strategy—anchored in innovation, partnership, and national purpose.



The Evolving Acquisition Ecosystem Around the Defence Investment Agency

Panelists:

- Siobhan Harty, Senior Associate Deputy Minister, Defence and Marine Procurement, Public Services and Procurement Canada.
- Marc Rodgers, Chief of Programme, Department of National Defence.
- Heather Sheehy, Assistant Deputy Minister Materiel, Department of National Defence.
- Moderator: Brigadier-General (ret'd) Chris Ayotte, CGAI Fellow.

The Defence Investment Agency is a new player in the defence ecosystem, and the panellists have given some details with more to be unveiled in the coming weeks. It was revealed that the Defence Investment Agency is partly composed of Public Services and Procurement Canada specialists, who are moving from the main PSPC office on a voluntary basis. This is roughly 50 out of 600 people who are moving over. The Defence Investment Agency will be set up with new operating processes and a slower ramp-up. A smaller team allows for less miscommunication, efficient hybrid roles, and fewer bottlenecks. The panellists stressed that the process of creating the agency over the summer was done in a way that would see no disruptions in the customer's or public's view of the system, platforms and services would occur. The DIA aims to ensure an acceleration of procurement, value for money, and a mindset of more money for more capability. The DIA will work in partnership with PSPC to reduce dwell time and will use new streamlined processes to shorten decision points. To reduce overlap, the DIA will act as a single point of accountability and create a new procurement culture. The new procurement culture, according to the panel, aims to overcome risk-adverse processes to deliver faster. This is supported by the Treasury Board of Canada Secretariat, which promises flexibility in procurement not seen before. The specific strategy is aimed at reducing projectization by breaking down large projects with massive oversight into smaller projects to cut through red tape.

According to Rodgers, DND has seven guiding pillars shaping its transformation: delivering at pace, enhancing and professionalizing the workforce, ensuring accountability, supporting industry and innovation, strengthening collaboration, improving transparency, and aligning interdepartmental messaging. These pillars reflect an effort to move from rigid, reactive procurement toward a model based on continuous capability development. DND will also adopt a tranche approach aimed at building a minimum viable capability and then iterating in subsequent tranches. Critically, DND is ready to abandon and move on when technology has advanced; this is a commitment to continuous capability and sustainment. The panel discussed continuous capability and sustainment as an emerging procurement philosophy. Instead of periodic midlife upgrades, Canada should adopt rolling improvements, particularly in technology-heavy areas such as IT and digital defence. This approach—similar to subscription-based software models—would allow for faster adaptation and reduced lifecycle costs. The Department of National Defence currently manages 21 modernization roadmaps, with plans to double that



number to 40 by the end of the fiscal year, signalling a shift toward more iterative and flexible procurement planning.

The panellist also expressed their desire to fix some issues with trade laws. The panel also discussed the government-to-government discussions with allies. Reporting that Canada has asked them how they controlled and fixed those risks that were penalizing or costly. Trade law risk, according to the panel, is something they aim to overcome, and they are in communication with legal teams on how to de-risk those risks.

The central theme was the need for speed and alignment. Speakers acknowledged that Canada's procurement processes remain weighed down by bureaucracy and risk aversion. "Everyone needs to get the memo—because it's a good memo to get," one participant quipped, referring to the need for shared understanding and coordination across agencies. The concept of "sludge audits" and "weed whacking" through administrative layers captured the urgency of reforming outdated systems that slow decision-making. The DIA and the other department reforms across the procurement ecosystem are built around the need to cut red tape in defence and procure at speed.

Canadian Global Affairs Institute

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The Institute was created to bridge the gap between what Canadians need to know about Canadian international activities and what they do know. Historically Canadians have tended to look abroad out of a search for markets because Canada depends heavily on foreign trade. In the modern post-Cold War world, however, global security and stability have become the bedrocks of global commerce and the free movement of people, goods and ideas across international boundaries. Canada has striven to open the world since the 1930s and was a driving factor behind the adoption of the main structures which underpin globalization such as the International Monetary Fund, the World Bank, the World Trade Organization and emerging free trade networks connecting dozens of international economies. The Canadian Global Affairs Institute recognizes Canada's contribution to a globalized world and aims to inform Canadians about Canada's role in that process and the connection between globalization and security.

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