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INSTITUT CANADIEN DES AFFAIRES MONDIALES

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by **Christyn Cianfarani**
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POLICY PERSPECTIVE

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“**G**iven the deteriorating world situation, we need the defence industry to go onto a wartime footing and increase their production lines to be able to support the requirements that are out there, whether it’s ammunition, artillery, rockets, you name it.”

Highly unusual comments from Chief of the Defence Staff (CDS) Gen. Wayne Eyre to the CBC last May, in reference to the war in Ukraine. And ones that have had Canada’s defence companies scratching their heads ever since.

In late October, CGAI hosted a conference titled “Putting Canadian Defence Procurement on a War Footing.” The objective was to snatch a few nuggets of clarity, in terms of both Eyre’s statement and how the government hopes to make it a reality. Various civilian government officials and military officers, including the CDS, spoke at the event. Yet, five months after Eyre’s pleading, none of the officials at the conference could provide any new details on what government policy is in this respect, nor what is expected from industry.

Nevertheless, Eyre’s basic sentiment hits home.

We are witnessing the first conventional land war in Europe in 75 years. It is happening on NATO’s doorstep, with Ukraine’s territorial integrity and broader European security hanging in the balance. In reaction, Sweden and Finland have speedily joined NATO, owing to the direct threat to their territorial sovereignty the Russian invasion of Ukraine reveals.

In response, Canada’s closest allies have rapidly depleted weapons, munitions and defence technology stockpiles to assist the Ukrainian war effort. The United States alone has provided US\$24.9 billion in [military aid to Ukraine](#) since January 2021, roughly the size of Canada’s entire annual defence budget. The U.S. Javelin anti-tank missile stock, to take one example, has evaporated seemingly overnight and the hastily accelerated production of this critical technology cannot keep pace with demand from the battlefield in Ukraine.

Meanwhile, Canada has committed just over C\$1.1 billion in military aid to Ukraine since the war began, while the Canadian Armed Forces (CAF) have provided four M-777 howitzers to the Ukrainian army and 100 old Carl Gustav anti-tank weapons.

Respectfully, while the government claims this is a significant contribution, it is in fact marginal in light of the devastating situation on the ground and in comparison to what many of our NATO allies have contributed. Tiny Denmark, for example, with a military one-quarter the size of Canada’s, has provided some 2,700 shoulder-held anti-tank weapons to Ukraine this year.

Hence, moving to more of a war footing, like our allies have done, is probably required. And Canadian defence companies can and would step up if they knew exactly what, and how much, to step up with.

But Canada has not been anywhere near a wartime footing in the past 70 years. This was made painfully clear at the conference by virtue of the number of references to 1943. No one in industry



has a clue what government will require from companies to achieve that end, or even what “wartime footing” means to government in the modern context. The fact that neither the prime minister nor any government ministers have echoed Eyre’s comments causes further confusion.

The good news is that, depending on the technology, Canadian defence companies can move quickly to respond to a crisis. During the pandemic, some firms rapidly began producing ventilators at scale for the first time. Like any business, the first priority is to make a profit for shareholders, but those who run, and work in, defence firms also care about the national interest and national security. This is their business, after all, and for many of them it is in their blood. More than a few executives in these companies are retired members of the CAF.

Nevertheless, no firm will take vague exhortations to “increase their production lines” seriously without meaningful and systematic commitment from the government. No respectable CEO is going to take the risk of ordering tens of millions of dollars worth of parts to then see them sitting on a shelf awaiting integration while simultaneously telling investors to trust them that a buyer will materialize in this highly managed protectionist market.

By now, near-weekly conversations should be taking place to nail down the art of the possible. Canada is comparatively light on munitions, but we’re heavy on armour, machinery and beyond visual-range sensing technologies, to name a few items also in high demand in Ukraine. To respond to that demand, industry needs answers to basic questions such as what the government aims to buy; when they aim to buy it; in what quantities; over what time frame; and how they are going to buy. We understand that the Department of National Defence (DND) would need assurances from officials on backfilling if stocks are further depleted. These conversations could even extend to arrangements with allies, allowing for a strategic pooling of capabilities and raw materials, and the ability to procure more equipment at volume.

Allied governments are already at the table with their respective industry partners. The United Kingdom’s Ministry of Defence, for example, has been speaking to and buying from British defence companies daily since Russia invaded Ukraine in February. Likewise in Washington.

Institutionalized, government-defence industry relationships and forums – with information sharing on government objectives and military equipment demand linked to domestic supply and capabilities – have existed in these and other NATO states for decades. Our allies have taken the view that a strong domestic defence industrial base (DIB) is critical to national defence output, not just in times of crisis, but at all times, and that a DIB cannot exist independent of the domestic military customer it serves.

Canada doesn’t think this way. It has been decades since we have fostered serious, institutionalized government-defence industry collaboration that would allow the two sides to work together toward common objectives like getting on a wartime footing. We heard the talking points loud and clear at the recent conference: Canada’s defence industry is vital to the CAF’s effectiveness and output. Partnership with industry is crucial. But when followed by no drumbeat of action, the expression “all sizzle and no steak” comes to mind. We heard precisely zero on how the government intends to create a partnership where one does not currently exist.



Industry won't respond to rhetoric without the government defining what it means and then working hand in glove with companies to make it happen.

The war in Ukraine and heightened tensions in the Indo-Pacific, which are both the product of well-known and entrenched Russian and Chinese territorial ambitions and revanchism, mean Canada will continue to be implicated in big international security events, whether we like it or not. We are not an island. We cannot hide from our allies and alliances even if we want to. And Canada's status-quo approach – to the threats we face, to our DIB and to how we develop and procure military capability – makes us less relevant to our closest allies like the U.S., which is turning to those allies ready to match rhetoric with action, notably Australia. When the AUKUS deal was announced earlier this year, President Joe Biden stated in public that America has no closer ally than Australia. People in Ottawa should have fallen off their chairs. Instead, our prime minister dismissed AUKUS as a “submarine deal” while the Australians doubled down – sending a high-level, ministerial delegation to a recent American defence tradeshow that not a single Canadian minister attended.

This is part of a broader pattern wherein successive Canadian governments have neglected, been hostile to or simply ignored the Canadian defence industry.

Deputy Prime Minister Chrystia Freeland recently [spoke in Washington](#) about the need for a new global order of democracies, anchored in the concept of “friend shoring.” The world's democratic states, she argued, should buy commodities and technologies deemed critical to national security and domestic resiliency exclusively from countries that share their democratic values.

To some, this sounds like a new and exciting concept. To the defence industry, it is common sense and as old as the hills. Canada and most NATO states have friend-shored their defence equipment purchases since NATO was founded in 1949. The Department of National Defence hasn't bought so much as a screwdriver from any country that isn't a close ally since the Second World War. You can call that “friend shoring” if you like. We call it business as usual.

The lack of understanding of how the defence industry operates in Canada and abroad, and the absence of any apparent desire or mechanism to partner meaningfully with Canada's DIB, negatively affects the sustainability of this industry and undermines its ability to shift to a wartime footing when exigencies demand it. This needs to change.

Rather than issuing vague pleas for companies to get with the program in light of what is happening in Ukraine, the Canadian government needs to take the DIB's needs seriously. Work with domestic industry, not against it, both in times of peace and in war. Develop a real, meaningful and structured industry-government relationship, as our allies have had with their defence industries for decades. Then sit down with us in a spirit of mutual respect and trust, in the pursuit of common objectives. The government has already identified key industrial capabilities tied to the defence sector in order to understand what is resident within Canada and how best to leverage that to our collective advantage. So put those companies around the table, get real with them, and together we'll get on a wartime footing, if that is what is needed today and in the future.

► About the Author

Christyn Cianfarani is President and CEO of the Canadian Association of Defence and Security Industries (CADSI), where she leads the national association representing the interests of more than 650 defence, security and cyber companies.

Ms. Cianfarani served in the Royal Canadian Navy for six years before moving to Canada's aerospace, defence and security industries. During her 17 years at CAE Inc., she held leadership positions in strategy, business solutions, government relations, research and development, and intellectual property. In 2013, she was named to the Government of Canada-commissioned Jenkins panel on military procurement, which has played a significant role in shaping modern Canadian defence procurement policy. She joined CADSI as its President and CEO in September 2014.

Ms. Cianfarani holds a master's degree from the University of Toronto and a bachelor's degree from the Royal Military College of Canada (RMC).

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