

Defence Industrial Strategy – February 17, 2026

U15 Canada Summary and Key Messages

Dear Members,

Earlier today, the Prime Minister and the Minister of National Defence, David McGuinty, announced the publication of the long-awaited Defence Industrial Strategy. The strategy features a clear recognition of the role of research universities in Canada's defence and security ecosystem. Notable measures of relevance to the post-secondary sector and key messages to help your institutions respond are included below.

Overall, the strategy includes a commitment to increase defence research by 85%, promises a roadmap for the standup of BOREALIS, with the first round of projects funded by Q3 of 2026, and the creation of a 'Science and Research Defence Advisory Council' – which officially formalizes the working group U15 Canada co-created with DND.

The strategy reflects a more integrated view of the innovation continuum — from research, to commercialization, to public procurement. As has been consistently noted, public procurement has been an important missing link in translating research strengths into economic and capability outcomes. It is therefore notable that procurement is treated as a strategic policy lever, alongside a clear emphasis on intellectual property protection.

Key Takeaways:

- The core objectives of the Defence Industrial Strategy (DIS) notably include:
 - Build world-leading Canadian firms in key sovereign capability areas.
 - Accelerate procurement of successful Canadian defence R&D innovations.
 - Boost government investment in defence-related R&D by 85%.
 - Create 125,000 new jobs across the Canadian economy.
- The DIS recognizes the importance of domestic capability development in critical areas and highlights the key role that research, development and innovation play for Canada to be at the forefront of defence innovation. It positions the new Defence Investment Agency (DIA) at the centre of the strategy.
- The DIS is organized around five strategic pillars.
 - **Pillar 1 — Renewing Industry Relations:** The Strategy emphasizes deeper, more sustained engagement with Canada's defence industrial base. Key actions include:
 - Establishing a permanent Defence Advisory Forum through the new Defence Investment Agency (DIA).
 - Investing to accelerate the security clearance process and improving information sharing and enhancing ISED "concierge" support for firms.
 - **Pillar 2 — Procuring Through "Build-Partner-Buy":** The DIS introduces a new procurement approach designed to strengthen domestic capacity and reduce reliance on vulnerable supply chains. Under the framework, Canada will:

- Build where domestic strengths and sovereign capabilities exist; Partner where Canada lacks capacity, but allies can support development; and Buy where it is not feasible to build domestically or through trusted partnerships.
- Key action includes the publishing of the full Build–Partner–Buy Framework by summer 2026 and a package of changes to ITB policy by early 2026.
- **Pillar 3 — Investing in Defence Innovation:** The DIS emphasizes long-term, mission-driven investment in Canadian defence R&D and innovation ecosystems. Key actions include:
 - Formalizing the Science and Research Defence Advisory Council between government and higher education.
 - Invest \$244 million through a Defence Industry Assist stream of NRC-IRAP.
 - Publishing a roadmap for BOREALIS and fund the first round of R&D projects by Q3 2026. Our understanding is that this is the upcoming DISH call.
 - Establishing a Drone Innovation Hub at the NRC, supported by \$105M over three years and \$460M over five years to acquire a new R&D platform.
- **Pillar 4 — Securing Defence Supply Chains:** The Strategy prioritizes securing access to key defence inputs and industrial goods, with a focus on resilience, reliability, and trusted partnerships. Key actions include:
 - Prioritize funding through the Strategic Response Fund and Life Science Fund to support strategic sectors to participate in DIS.
 - By Q2 2026, publish a defence-critical minerals strategy.
- **Pillar 5 — Strengthening Domestic Partnerships:** The DIS underscores collaboration with key domestic partners, including provinces, territories, and Indigenous rights holders, with particular attention to Canada’s North and Arctic.

Canada’s Key Sovereign Capabilities:

- The DIS and DIA will prioritize the following initial sovereign capability areas:
 - **Aerospace** – Aerospace Platforms; Avionics; Aircraft Communications.
 - **Ammunition** – Common Ammunition; Battle-Decisive Munitions; Small Arms; Missiles and Bombs.
 - **Digital Systems** – Secure Cloud; AI; Quantum Computing and Communications; Integrated C3; High-Assurance Communications Equipment.
 - **In-Service Support** – Air; Land; Naval.
 - **Personnel Protection** – Medical Counter Measures.
 - **Sensors** – Marine Sensors; Quantum Sensors; Electronic Warfare.
 - **Space** – Space-based Intelligence, Surveillance and Reconnaissance; Space Domain Awareness; Satellite Communications; Space Launch.
 - **Specialized Manufacturing** – Land Vehicles / Surface Ships, including Icebreakers and Marine Systems.
 - **Training and Simulation** – Air; Land; Naval.

- **Uncrewed and Autonomous Systems** – Uncrewed and Autonomous Land, Aerial, Underwater and Surface Systems (including Uncrewed Collaborative Platforms).

Notable Features:

Industrial and Technological Benefits (ITB) Policy Reforms under Pillar 2

- ISED is expected to publish ITB reforms in early 2026, including a new Strategic Investment Transaction mechanism to incentivize strategic investment/R&D/IP, enhanced multipliers for high-impact contributions (including a Canadian Company Boost), and stronger skills-development incentives via workforce-related multipliers.

Leveraging Investigator-Driven College and University Research under Pillar 3

- The DIS explicitly recognizes the research capacity across Canada's post-secondary institutions. It commits to formalizing the U15-co founded Science and Research Defence Advisory Council, bringing together leaders across government, research funders and universities to explore areas and opportunities for alignment.
- A central pillar of the defence research strategy will be BOREALIS, intended as a key mechanism to better align and fast-track Canada's research strengths with defence.

Prioritizing Canadian IP Ownership, Protection, and Access under Pillar 3

- The DIS commits to strengthening Canadian defence and dual-use IP sovereignty by expanding supports (e.g., ElevateIP) to help SMEs secure, manage, and leverage IP, and by embedding Canadian IP ownership, protection, and access requirements into procurement and partnership frameworks under the new Build-Partner-Buy approach.

Workforce Development through Canada's Defence Skills Agenda under Pillar 3

- The DIS advances a new Canada Defence Skills Agenda to align federal efforts around strengthening the defence industry talent pipeline, addressing urgent defence-sector skills needs, growing the supply of skilled labour, and partnering with provinces/territories and Indigenous rights holders.

Securing Key Canadian Assets and Technology under Pillar 4

- The DIS acknowledges existing legal and policy framework which protect Canadian technology from hostile actors, recognizing the importance of the *National Security Guidelines for Research Partnerships* and the *Policy on Sensitive Technology Research and Affiliations of Concern* (STRAC). However, the DIS affirms that the government will "remain vigilant" to ensure these policies remain "fit for purpose."

Key Messages:

- U15 Canada welcomes the clear role for Canada's leading research universities outlined in the newly published Defence Industrial Strategy.
- Canada's leading research universities are national assets to drive innovation in dual-use technologies that will help secure Canada and defend our economic sovereignty.
- The Defence Industrial Strategy recognizes that by increasing investment in research and aligning it with industrial strategy, university research can help to strengthen Canada's national security and economic prosperity at a critical moment for the country.
- The strategy outlines an ambitious vision for how the existing strengths of Canada's research universities can be built on, including an important goal to increase defence research funding by 85% and standup the new BOREALIS defence research organization.
- U15 Canada is pleased to note the formal establishment of the Science and Research Defence Advisory Council. This will provide an important venue for leaders from universities and the federal government to collaborate with the urgency this moment requires.
- As the government moves to increase funding for defence research by 85% and establish BOREALIS, U15 Canada is ready to work closely through the new advisory council to build on the strengths of our world-class research universities and realize the long-term economic and industrial opportunities this strategy presents for all Canadians.