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Defense Innovation and Industrial Collaboration Panel Discussion

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The American Embassy in Ottawa hosted an event entitled *Defense Innovation and Industrial Collaboration Panel Discussion* on January 28, 2026, that examined defence innovation and the status of the Canada-United States defence industry relationship. The conversation, which was conducted under Chatham House rules, can be understood through the lens of the MINDS defence policy challenge of “Strengthening Canada’s Defence Industrial Base and Partnerships”.

Strengthening Canada’s Defence Industrial Base and Partnerships

The premise of the MINDS policy challenge, “[Strengthening Canada’s Defence Industrial Base and Partnerships](#)”, is the idea that “Canada must build up its defence industrial base and diversify its defence partnerships and investments. [...] Also, while the United States (U.S.) remains an important ally, strengthening our defence industrial capacity for the benefit of the Canadian Armed Forces (CAF) means enhancing our defence relationships and industry dialogues with other allies and partners.”¹ This investment comes from the federal government’s promise to reach [NATO’s new spending floor of 5% of national GDP](#). While the announced Defence Industry Strategy has yet to be released as of February 10, 2026, there is guidance on what the forthcoming strategy will focus on in the [2025 Budget Report](#). For example, there is going to be a dedication to take a whole-of-government approach to Canada’s defence investments aimed at advancing Canada’s sovereign defence capacity. The recapitalization into the industry is designed to target across the industrial process, such as strengthening all elements of the supply chain, transit capabilities, and technological innovation.² This MINDS challenge supplies the lens through which the American Embassy event is understood.

Event Summary

The *Defense Innovation* event hosted by the United States embassy in Ottawa focused on the idea that innovation and experimentation are key for Canada’s large recapitalization project regarding the defence industry. One of the biggest changes that Canada will need to embrace if they are going to see a defence industry that lives up to Canada’s industrial ambitions is the acceptance of failure during the experimentation process.

¹ “MINDS Defence Policy Challenges 2025-26,” National Defence, October 2, 2025, <https://www.canada.ca/en/department-national-defence/programs/minds/defence-policy-challenges.html>.

² Government of Canada, *Chapter 4-Protecting Canada’s Sovereignty and Security* (Government of Canada, 2025), 181–202.

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True innovation and experimentation cannot emerge from a mindset of “just enough, just on budget, and just on time.” Innovation has a financial cost that Canada has historically shielded itself from, instead relying on American experimentation.

The Canada-United States (CANUS) relationship was a key theme throughout the discussions, with no unified understanding of how close the CANUS defence industry will remain. One speaker pointed out that, under American law, CANUS is viewed as a single unified defence industrial complex. Accordingly, at a granular level, defence industrial integration will continue despite high-level political rhetoric. Furthermore, the America First mentality does not mean America Alone, and there is a demonstrated understanding in the United States that one cannot fight a war without allies.

Another speaker did not share the same optimism and highlighted the wide reaching impact that the Trump Administration’s political rhetoric has had within Canada, and the anti-American sentiments that this discourse has created. This breakdown of trust between the two neighbours has created an understanding that Canada’s southern neighbour may no longer be considered blindly an ally but instead must be reconceived as a closely integrated partner which has continued to engage in overt threatening behaviour towards Canada and other established allies. Accordingly, the Carney government has openly pursued new defence and trade partners, allowing the state to diversify from the United States.

Furthermore, when looking to the defence industrial complex, policy statements alone do not do enough to signal to industry that the Canadian government is serious in its implementation plans. Policy statements need to be backed up by funding and policy implementation. In addition, there is currently a big push for Canada to spend money and improve its procurement challenges quickly, but speed cannot be the first priority. Just because something is delivered quickly does not mean that it has been fully tested or is able to meet expectations. Thus, projects must be timely but also realistic in order to allow the state to invest in quality, long-lasting industrial products.

In the context of Canada’s MINDS policy challenge, industry representatives are looking for assurances both in terms of the CANUS relationship and the stability and longevity of Canada’s new approach to defence and reinvestment in Canada’s defence industry. Despite the Canadian government’s public decision to reinvest and reinvigorate the Canadian defence industrial complex, uncertainty remains about how long this commitment will last and the extent to which the Canadian and American defence industries will stay interconnected. While the American legal system continues to recognize Canada and the United States as a unified complex, the trust has broken down between the two states, challenging the long-held understanding of the CANUS relationship that makes cooperation possible in sensitive sectors. All in all, the discussions at the event echo the ideas in the MINDS policy challenge: while the United States is an important partner to Canada, Canada needs to diversify its partnerships and no longer rely solely on the United States. The idea of stability and consistency was repeatedly reiterated. If Canada is committed to reinvigorating its defence industry, then policy implementation and follow through is necessary to prove to both domestic and international companies that Canada’s interest is more than just a momentary investment, at risk of being pulled when a new challenge appears that seizes the primary attention of the government of the day.