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• (1540)

[English]

The Chair (Hon. John McKay (Scarborough—Guildwood, Lib.)): Colleagues, I see that everyone is in the room; we have quorum. I don't think we have to wait out our time. We'll be adding about 10 minutes to the clock, given that we have a late start.

Again, I want to thank Dr. Huebert and Dr. Massie for their patience with us. As you know, we don't always control our own time. I don't need to make an introduction of either Dr. Huebert or Professor Massie, because they've been faithful witnesses before this committee. We appreciate your making yourselves available.

With that, I'll just call on Professor Huebert for his opening five minutes.

Dr. Robert Huebert (Professor, Centre for Military, Security and Strategic Studies, University of Calgary, As an Individual): Thank you very much. I very much appreciate the chance to appear before the committee to share some thoughts on the most recent attempts to develop a Canadian defence policy.

I'd like to begin first of all by stating what is good with the policy. The first thing, of course, is the clear recognition and identification of the threat. In Canada, we've had a bit of a tendency to try to soft-pedal what some of the issues are, particularly when we are thinking on the geopolitical threats. Many of the challenges that are in fact identified within the defence update have their genesis in the period of around 2005 to 2008, so it is both timely and important that the very dire nature of the threat has been identified.

The second element is that, of course, there are considerable promises to provide for very needed pieces of equipment. Again, these are all things that are needed. While we might criticize it for being late, at least we are talking about the pieces of materiel, such as the update to the NORAD modernization, along with the development of the modernization of our submarine fleet.

The major criticism I have, however, is that the document still remains a tactical document, when, in fact, what is needed is a strategic document. What do I mean by that? Again, the document itself talks about the different pieces of kit that we will be getting. It talks in great detail in terms of what some of the new pieces of equipment are that are needed to meet the new geopolitical threats that are identified, specifically the threats posed by Russia, China and Iran. On that front, the tactical side is obviously something that is necessary, but we also need to understand why we are pursuing these tactical needs, and that is the strategic environment.

What I would suggest is that while we talk about the rise of these adversaries, it misses one of the most critical points that we are facing, that the new geopolitical environment, really, at the heart of it, is talking about a transformation of the traditional international arena of nuclear deterrence. What we are seeing is the combination of the rise of the authoritative states with expansionary desires and the weapons systems that they have been developing since 2005-08, which have been enduring in a series of conflicts to give them the capability. For example, when we talk about the various wars, with the Russians in Georgia and the Ukrainians and Russia, we really should be thinking about it in the context of the Russian war beginning in 2008 against NATO, because that is really what it is.

The most important point is one I want to have the committee really focus on. The actions of the Russians, the Chinese and, increasingly, the Iranians represent a modernization of their nuclear capabilities, their delivery systems and, most chilling, their policies. When we go and examine what they are talking about—in terms of hypersonics, the stealth, the speed, the disruption of our political will through social media attacks—really what we are talking about is a consideration of these enemy states to not only continue in terms of the maintenance of nuclear deterrence—and that still remains the critical part for the forces of all three countries—but also their ability to increasingly talk about and have the ability to launch a strike using nuclear weapons.

The last point that as Canadians we have to be very aware of is something that we always sidestep. Because of this changing nuclear environment, the Americans are very much engaged. They have already engaged in a \$10-trillion modernization of their nuclear forces. We know that they already are building a new nuclear missile-carrying submarine class; they have a new bomber, the B-21; and they have new missiles that will be replacing them, the Sentinel.

All of this is to say that if Canada does not begin thinking strategically, we run two major risks. We run the risk that we are the weak link in regard to our enemies. If they see us as a weak link within whatever format that they are thinking in terms of the possibility of a nuclear exchange, that places all Canadians at risk. We also have a second problem that we must be aware of. The moment the Americans believe that we are also part of the weak link, that will be very detrimental, not only for our security but also for our economics and all of the other special relationships with the Americans.

• (1545)

The only way we can, in fact, endeavour to address these dire threats is to begin to think strategically, not in terms of what we need for submarines or meeting a 3% GDP rate, but how, in fact, we can strategically meet this dire geographical problem or crisis we are now facing, which is in many ways akin to what we faced in 1938.

Thank you very much.

The Chair: Professor Massie, go ahead.

[*Translation*]

Dr. Justin Massie (Professor, Université du Québec à Montréal, As an Individual): Mr. Chair, ladies and gentlemen, thank you for inviting me to speak to you today about Canada's updated defence policy.

First, the update is to be applauded simply for the fact that it has taken place, as it is unusual in Canada to produce a defence policy on a regular basis. Its greatest virtue is to provide reasonable defence guidance to future governments, and to commit to an update every four years. If this is achieved, it will be a huge success, because national thinking on defence is unfortunately all too often intermittent and partisan.

That said, I'd like to point out the update's three main shortcomings.

The first shortcoming is its strategic inconsistency. Indeed, 89% of the announced sums will take place between 2030 and 2044. There's clearly no sense of urgency in the face of international threats. Yet Canada faces three sources of threats in the next five years: the end of the war in Ukraine, possible Russian aggression in Latvia and possible Chinese aggression against Taiwan.

These three scenarios call for urgent investments in the Canadian Armed Forces, not by 2044. Peace in Ukraine requires the supply and co-production of weapons in Ukraine, and the offer of tangible security guarantees. Furthermore, preventing Russian aggression in Latvia requires not sample tripwire forces, but mass volume capabilities to win a high-intensity war. Finally, Chinese aggression against Taiwan could lead the U.S. into a war with China and would require Canada to defend the Northeast Pacific zone.

None of the investments planned for the next five years in the update suggest such strategic planning. First of all, a large proportion of the commitments over the next five years relate solely to maintaining current operational capabilities. Next, several urgent capabilities are not budgeted for, including drones, submarines, artillery, tanks and air defences. What's more, investments to increase ammunition production will only start to be significant from 2026-27. Yet Canada has earmarked only \$1.6 billion over five years in military aid for Ukraine, including just \$320 million this year, while its share of NATO's military aid pledge for 2025 alone is \$1.8 billion. Finally, the update does not propose a concrete plan to address the personnel shortage and reform the military procurement process.

In short, Canada has a 20-year policy to deal with tangible threats within a five-year timeframe.

The second shortcoming is the lack of an industrial policy. The update does not prioritize the industrial sectors in which Canada should concentrate its investments in its domestic industry. Only the production of ammunition is mentioned. Furthermore, the lessons of the war in Ukraine and growing protectionism around the world demonstrate the need for greater autonomy and mass production capacity. Canada cannot develop a military industry in all sectors, so prioritization is necessary. In my opinion, priority should be given to sectors essential to the defence of Canadian territory, i.e., the air force and the navy, including mass production of maritime and aerial drones. This requires major investments and strategic positioning in value chains, starting now.

The third shortcoming is the lack of strategic choices. The update continues to propose a sampling model based on the idea that the Canadian Armed Forces should have a little bit of everything. Canada's size and the high attrition rate from high-intensity warfare suggest that capability choices need to be made. It is not possible for Canada to support a high-intensity war effort on land in Eastern Europe, in the air in North America and at sea in East Asia. Priority should be given to large, diversified air and sea fleets to support attrition and the demands of high-intensity warfare. The role of the army should be to integrate into foreign multinational brigades, providing specialized capabilities.

Thank you for your attention and consideration.

• (1550)

[*English*]

The Chair: Thank you.

In our first round, we will have Mr. Bezan, Madam Lambropoulos, Madame Normandin and Ms. Mathysen.

Mr. Bezan, you're up for six minutes, please.

Mr. James Bezan (Selkirk—Interlake—Eastman, CPC): Thank you, Mr. Chair.

I want to thank our witnesses for appearing today. They are definitely not painting a rosy picture of what the future holds for us.

To both our witnesses, were you at all consulted by the government when it was doing the defence policy update?

Dr. Robert Huebert: No, I wasn't.

Dr. Justin Massie: I took part at some level of discussion, not formally but because I'm the co-director of the MINDS program network, so I had some encounters with people crafting the policy but no direct consultations.

Mr. James Bezan: Other than knowing people who were actually in the department writing the policy, then, the government didn't reach out to you for your actual input.

Now we are hearing that the government keeps saying that we're going to hit 2% even though there's no budget for it and it doesn't show up in the defence policy update. It was announcements that were made in Washington during the NATO summit, and, of course, they were trying to save face. Every time it's been asked if they could share the math on where they're going to increase it, they've been hiding behind cabinet confidences.

Actually, if you look at the briefing notes that were given to us by the Library of Parliament researchers, you will see that they actually say that the DND and the CAF spending authorities for the year 2023-24 total just over \$30 billion, accounting for only 0.95% of GDP. That's direct spending out of the Department of National Defence. Of course, in 2017, the Liberals started doing their creative accounting, adding in veterans' pensions, our civilian Coast Guard vessels and things like that, which actually aren't even a paramilitary fleet. That's the only way you can pad the numbers up to 1.3% for that year.

With the limited financial resources that have been invested—and you talk about strategic planning—where does air defence fit into this?

Professor Huebert, you talked about the nuclear threat, the missile threat. Where does Canada make those investments in that list of priorities?

Dr. Robert Huebert: That's an excellent question because, again, when we think about the new nuclear environment that we are in, where the indications are increasingly that we are moving from strictly one of nuclear deterring—that is, to stop a nuclear exchange ever occurring because the mutual assured destruction scares everybody from acting—to one where people are asking how we actually do it.... The way we deter it going into the future is that we have to ensure that the air defence systems that we are getting are, in fact, able to convince the Russians and the Chinese that there simply is no chance of successfully launching a surprise attack on the North American continent. The problem is that since 2005 to 2008, the Russians, followed by the Chinese, have very carefully been developing weapons systems that are designed to basically destroy, outwit and out-think our systems of defence. General VanHerck, the previous commander of NORAD, has stated publicly several times that American systems are having difficulty staying up with what the Chinese and the Russians have.

What we need, of course, is to be part of a system of aerospace defence. This is where we have to get beyond just simply saying, "Hey, we're going to buy a bunch of F-35s, and that's good enough." We need to have the F-35s that can be refuelled, that can maintain their connection. They need to be able to communicate, and that's part of the satellite promises that are, of course, included in the update. They also have to be fully integrated with the Americans. Without that, you simply do not have the time and the technological capability to respond to what we are seeing are the clear capabilities in the advancements of the delivery systems that the Chinese and the Russians have.

One of the problems that we still have in Canada is that we think in World War II terms. We think, "If we only bought more Spitfires, we would be making an important contribution to World War II." The reality is that in the coming war, you have to be getting a system of systems, so it means all of the above. It means the satellite connectivity, the over-the-horizon radars that are promised, and the fact that you have the refuelling, the fighting, and a point that Justin made, which is, of course, the ability to take hits. You have to have a capability so that if you get hit at the first onslaught of a conflict, you have the ability to replace it. It's not just simply, "Okay, they took out the over-the-horizon radar," and then we're blinded at that point, or "They took out the 15 F-35s that we had stationed to the north, and we can't resupply or refuel."

We really have to shift the mindset in thinking about the air defence, that it is not about an individual piece of kit. It's about the system, and it is about integrating with the Americans 100% of the effort. That is expensive, and it is politically unappealing. However, if we're going to defend, we need it.

● (1555)

Mr. James Bezan: In the last few seconds I have left here, last week at a Mackenzie Institute forum on security in the Arctic, one of our former colleagues, Andrew Leslie, a former Liberal MP and a former army commander, said, in reference to U.S. politicians:

That is their concern and dismay over Canada's paltry contributions to international peace and security and the unacceptable—and I'll use that word again, unacceptable—levels of money spent on defence capability.

In both your expert opinions, does the DPU have enough change on the expenditure side in this trajectory?

The Chair: We're going to have to hold those expert opinions, because we are at six minutes for questions and answers.

With that, we'll turn to Madam Lambropoulos.

Ms. Emmanuella Lambropoulos (Saint-Laurent, Lib.): Thank you, Chair.

Thank you to both of our witnesses for being here to answer some of our questions on this subject today.

You both spoke about the importance of being strategic with our funding in this particular area, and you spoke about the fact that other countries, especially our enemies, are looking at how they can use their capabilities and work together to use nuclear capabilities in the future. I'm hearing from you that the DPU didn't really touch on that. Do you have a specific recommendation for what you would have liked to see in that regard in the DPU?

I'll give you each a chance to answer that question.

Dr. Robert Huebert: What we needed within the document is the acknowledgement that we are not just talking about numbers. In Canada, we have fixated on the 3% when, in fact, if you really look at what our allies are asking us to do, it's to be prepared to fight a war. The 3% is the political answer to make sure governments are doing something, but if we look at all of our European allies, their defence policies are really about how we are going to engage in the fight.

To what you asked about what we specifically needed in it, we needed some discussion of the fact that we will, in all probability, be facing a real shooting war that may or may not involve nuclear weapons. Do we have the ability to mobilize? Do we have any indication we have learned lessons from our hard experience with COVID about how we mobilize the entire population? Do we have the ability to provide more people when people are killed on the front? Do we have the capability to provide the necessary munitions? What happens if part of North America actually suffers some form of hit, either from conventional or from nuclear forces?

None of this is brought forward, because we hate thinking about it, but the probability is that if we don't start thinking about it now, our enemies will think we're not thinking about it, and we will not be prepared.

- (1600)

[Translation]

Ms. Emmanuella Lambropoulos: Mr. Massie, would you like to answer the question?

Dr. Justin Massie: I made three points. First, over the next five years, we should be investing much more urgently in air defence and drones. It's going to take far too long to build that capacity with the conflicts that are coming.

Second, there is the absence of an industrial policy. There has been no consultation to say that we have to ramp up production capacity and jobs in these strategic sectors in Canada. There's a huge gap there.

Finally, there is also the need to make choices, to change this attitude of always doing a little bit of everything and spreading out expenditures over 20 years so as to avoid difficult political choices, that is to say, prioritizing the defence of Canadian territory rather than having a smattering of forces that do a bit of everything everywhere.

Ms. Emmanuella Lambropoulos: Okay.

Thank you.

[English]

Since the DPU was announced, have either of you come across in your research how our NATO allies are receiving the DPU? You've spoken a bit about what they would expect to see, but has there been any concrete commentary or anything that has been put out there on how they have received it?

[Translation]

Dr. Justin Massie: What I've understood in my exchanges with NATO representatives was that they were relieved that Canada finally had a plan to reach the threshold of 2% of its GDP for de-

fence, but that 2032 seemed to have been pulled out of a hat without any concrete plan to achieve it.

So Canada's credibility is very weak, because we made that commitment more than 10 years ago and it still hasn't been met. Nor will it be in the short term. I think our credibility is weakened because what we say is considered meaningless if we don't follow through. The plan announced last April is a 20-year plan that is not binding on the current government, but on a number of future governments.

[English]

Dr. Robert Huebert: I haven't heard or seen anything written, and that has led me to an initial hypothesis that we are becoming increasingly irrelevant to the thoughts of our allies, and I would include our friends in the Asia-Pacific region.

If, in fact, we had not developed the habit of saying good things.... We can say that "Strong, Secure, Engaged" made a whole host of very important promises that, if acted upon, would have been very useful.

The update that we had back in 2022 about modernization and the subsequent documentation have led me to conclude—since I'm not hearing anything from my contacts within NATO—that Canada is simply devolving itself out of any consideration.

Ms. Emmanuella Lambropoulos: Okay, thank you for those responses. I have one question.

You spoke a bit about the fact that Canada will be seen as the weakest link, and I guess I'm asking you if there are other countries that are doing a lot better. Of course there are, but would you consider us currently as being the weakest link?

The Chair: Again, I'm going to have say, in the same way Mr. Bezan was treated, it's six minutes for a question and answer. I'm sure that both of you are very skilled at working in responses that may or may not be that direct.

[Translation]

Ms. Normandin, you have the floor for six minutes.

- (1605)

Ms. Christine Normandin (Saint-Jean, BQ): Thank you, Mr. Chair.

Professor Massie, you wrote an article entitled "Parliamentarizing war: explaining legislative votes on Canadian military deployments", which appeared in 2023. In it, you mention that before launching missions, the Trudeau and Harper governments both called on Parliament more often than the Mulroney government had done before, for fear of being blamed for missed missions.

In order to solve a problem, you have to be able to identify its root cause. You identified three main shortcomings in Canada's defence policy update. Are these due to the fact that our leaders are afraid of upsetting the public, that they do not take the threats that have already been identified seriously, or that they are unable to set priorities for government spending in general?

Do you think there are one or more reasons for these shortcomings?

Dr. Justin Massie: The reasons are clearly political. They're not related to capacity. As the 10th largest economy in the world, we would theoretically be able to make the choices that Denmark, a very small country, is able to make.

It's all about politics. We tend to let our allies take care of Canada's defence, thinking that they will decide for us and that we will follow them. If they invade Afghanistan or Iraq, we'll tag along. If there is a war in Ukraine, we will participate. However, we don't think about our needs. This lack of reflection is the first factor.

Second, there is no sense of priority coming out of the Prime Minister's Office. Since this file is clearly not an important issue for the leader of the government, it's not at the top of the pile. The issue is resolved when there is too much pressure coming from the allies, not as a result of a reflection on what is necessary for Canada to ensure its defence and meet its commitments.

As for Canada's influence on the international scene, the fact that we engage, sign documents and make major statements without there being any follow-up on those actions makes the situation even more problematic. It hurts us enormously, not only in defence matters, but on all other foreign policy issues.

If we tell a future U.S. administration that we still don't have a plan to spend 2% of our GDP on defence, but we are crossing our fingers and hope to have submarines in 2032—which is impossible, given the time it takes here for decision-making and procurement—we won't be credible. In our negotiations to reduce the tariffs that will be imposed by a Republican administration, we will not be able to demonstrate in any way our credibility on this issue.

So we're not just talking about an impact on national defence. I think it's important to understand that our underinvestment has a major impact on our influence and credibility internationally.

Ms. Christine Normandin: Thank you very much.

Since you are talking about submarines, let me ask you a question about that very topic. The update was released last spring, and the announcement for the submarines was made at the NATO summit. Submarine procurement is a particularly complex file, however. It's hard to imagine that this could be done on the back of a napkin.

In your opinion, does this somewhat hurried announcement of the submarine procurement process also take the shine off Canada's reputation?

Might there still be a positive impact? Some hostile actors, such as Russia, might think that they will have less scope to move around the Arctic, in particular, since Canada intends to invest a little more in maritime surveillance.

I would appreciate it if both of you could answer those questions.

Dr. Justin Massie: In terms of the impact of submarine procurement on the thinking of the Chinese and the Russians, I would think they would decide to see what things look like 15 years down the road and maybe adjust their behaviour at that point in time.

In the short term, China is concerned about issues other than those related to Canadian submarines. As for Russia, as you know,

it is completely focused on something else, that is to say trying to occupy territory on its border. I don't think there is an impact there.

However, our allies can say that Canada does want to invest in this capability, which could enable it to join pillar 2 of the AUKUS pact. There may be a connection between the two decisions. Again, I think they will want more than just an announcement; it will be a question of waiting and seeing if investments and choices are indeed made. The current government is running out of time. What it announces today will basically depend on its successor.

Ms. Christine Normandin: Professor Huebert, do you have anything to add?

[English]

Dr. Robert Huebert: Your questions are excellent. The submarines do matter to the thinking of both the Chinese and the Russians. For the Chinese, if we actually had been thinking, when we should have, of some form of submarine capability for the Arctic... The newly announced third icebreaker the Chinese now have, which has a deep-diving submersible that puts our cables at risk, along with the independent SOSUS the Chinese have developed, all point to the fact they see the north as undefended.

To get to a really critical point at the heart of your first question, which is that we talk about political will, look at our enemies over the long term. In 1989 China had a defence budget of \$19 billion, which was \$3 billion less than Canada's. Following Tiananmen Square, it had the political will to become a military superpower, and it now has the largest navy. Look at the GDP of Russia from the period of 1989 to 2024. It is roughly equivalent to the GDP of Canada. There are different ways of counting it, but it's within that ballpark figure. Russia is now the number one military threat to Canada. It made the political decision to become an aggressor state, to oppose NATO expansion and now to threaten us.

Now, I'm not saying that Canada would ever be in a position to match them dollar for dollar for their defensive capability, but we can see clearly that when we have an aggressor state such as Russia making the political decisions it is making and the Canadian state making political decisions not to do anything, I think that really illustrates Justin's point that this is an issue of political will, not capability.

● (1610)

The Chair: Thank you, Madame Normandin.

We go to Ms. Mathysen for six minutes.

Ms. Lindsay Mathysen (London—Fanshawe, NDP): Thank you to the witnesses for appearing today.

Professor Massie, I want to talk to you about the DPU, in terms of the fact that it talks a lot about the relationships we have in the defence industry. There were a lot of conversations—of course, recently—about our domestic arms industry and ensuring that it aligns with Canadian values. We saw a lot of questions, especially around the NDP's motion to end arms sales to Israel, yet there's a continuation of the exportation of Canadian weapons. Can you talk about how the DPU could or should have been used to better align our Canadian values with our own arms sales strategy and also international humanitarian law?

[*Translation*]

Dr. Justin Massie: I think Canadians value peace. Canada is a peaceful nation that wants to live in peace. Unfortunately, to achieve that peace, we still need armed forces because our enemies have them.

I believe that Ukrainians would have liked Canadians to help them before the full-scale invasion of their territory rather than receive non-lethal equipment from Canada before the same invasion. That is why we need to better align our humanitarian values. We have to understand one thing: We live in a world where states armed with nuclear weapons want to invade their neighbours. Peace will not be achieved with pretty speeches. Regrettably, we have to have a credible defence policy and support our allies, otherwise they will be at the mercy of those states.

We see what is currently happening in the United States. There is a potential future American president who is able to state publicly that he will let his enemies invade American partners and their allies if they do not live up to American expectations.

We live in an extremely unstable world. To guard against that and achieve peace, we have to arm ourselves and arm our allies. There's no way around it.

[*English*]

Ms. Lindsay Mathysen: That inconsistency can be seen as a weakness as well. Is that what you're saying?

Dr. Justin Massie: Absolutely.

Ms. Lindsay Mathysen: To go to procurement, we did a big study here at defence, and the discussion about procurement seems consistent and continuous. One thing we heard about quite a lot within that study—and we made it a recommendation—was the depoliticization of the military procurement system and trying to find the consensus around those commitments. I think that's what we're talking about a lot, in terms of committing to longer-term plans, thinking this through and being consistent.

Can you talk about that in terms of what we need to do, in a time when everything is politicized, and how we can work to depoliticize that longer-term planning?

Dr. Robert Huebert: We've seen one of the clearest examples of doing the exact opposite of what you've just suggested, and that was the politicization of the Canadian shipbuilding strategy.

The Canadian shipbuilding strategy was based on a long-standing problem that Canada has always faced, which is that we have politicized how we build our naval and coast guard vessels. The shipbuilding strategy was an effort to ask how we could do that in a

long-term, sustainable fashion. Their public conclusions, which were applauded by both parties, were that, in effect, if we want to keep it going, we have to train two shipyards. We have to pick two. That's all that we can sustain economically, and we have to keep them going.

Of course, we know that for what many have argued are very political reasons, a third shipyard was added into the mix and, of course, we're right back to where we started. We're building a whole bunch of ships now. For example, Davie is doing a great job building many of the coast guard vessels that are absolutely necessary.

The short-term and political payoffs that come from jamming everything at the front mean that, again, we're not going to have that shipbuilding capability in the long term. We haven't given Vancouver enough time to learn how to do it and how to proceed with all the mistakes that come with that.

Again, the question is that there is an example where we said we should have the shipbuilding strategy so we can address that major problem Canada faces, and we immediately rip it up. No one has said, "Hey, politicize the shipbuilding strategy." There hasn't been any discussion on that. You may agree or disagree, but that is what happened with that.

The question I ask you, as a parliamentarian, is this: Why did that occur?

• (1615)

[*Translation*]

Dr. Justin Massie: I would add that we need strategic planning, as you say. It's necessary, and it has to be done at the right time.

Currently, if Canada had planned things properly, the delivery of the submarines would not be scheduled for 2040, but 2030. In addition, in 2024, Canada would not end up with a policy that provides no funding for drone procurement, when thousands of them are being used in the high-intensity war in Ukraine. What we are hearing is that by 2044, Canada will consider the possibility of acquiring surveillance and attack drones.

In my opinion, that makes no sense. Strategic planning is required, but decisions must also be made immediately if we want to acquire the necessary capabilities in the right area to fight well-defined threats.

[English]

Dr. Robert Huebert: Just to pick up on something that Justin said at the beginning, remember he made the point that we weren't providing to Ukraine in the initial phases. Remember, the Ukrainian war did not start in 2022; it started in 2014. The actual Canadian policy was that we were not going to provide lethal armaments to Ukraine. Again, if we look at Russian behaviour from 2008 onward as an expansionary action against NATO efforts, how is the policy of not sending lethal capabilities in line with the protection of Canadians? I would say that is the most important value that all of us have.

The Chair: We're going to have to leave it there. Thank you.

We're now on to the five-minute round, starting with Mrs. Gallant.

You have five minutes, please.

Mrs. Cheryl Gallant (Renfrew—Nipissing—Pembroke, CPC): Dr. Huebert, does the DPU have sufficient funds set aside to accomplish the systems and redundancy you described?

Dr. Robert Huebert: That's easy: No.

Mrs. Cheryl Gallant: There's no political will to be a reliable defence partner, because there's no public perception of a probability of being hit on our territory. How do we mobilize the entire Canadian population so there is the political will to have our government do something about defence?

Dr. Robert Huebert: That's an easy question, actually. Why? It's because I'm old enough to have been studying environmental security threats and remember the time when the whole idea of climate change and the existential threat that it posed to Canadians was even considered. It wasn't in the literature and it wasn't in the political discourse. There is an appreciation of what climate change, from the period of about 1990 onward, means as a threat to Canada. In that regard, we have to understand how successive governments have been able to understand that developing threat, present it to Canadians and have Canadians respond.

We need exactly the same type of thinking about the geopolitical threat. There is a mythology that either you are trying to solve the existential threat of climate change or you are trying to solve the existential threat of geopolitical nuclear war. What we really need to do is tell Canadians it's just as serious as the threat to the environment is. The threat to our security on the basis of a failing American democracy, if we see what we are expecting to transpire with one possibility and with the rising weapon systems and threats that China and Russia offer to us, is just as serious a threat. It's not one replacing the other.

We've solved one. We've created the political thinking that we needed to respond to climate change. We need exactly the same type of political will, at exactly the same time, to deal now with the geopolitical threat.

• (1620)

Mrs. Cheryl Gallant: Dr. Huebert, has there been any movement or initiative that you've seen from the government so far to have Canadian industry step up production of drones for combat use?

Dr. Robert Huebert: I'm afraid that this is beyond my expertise. I haven't been following that. You need to be following the companies closely.

I can't really answer that. I'm sorry.

Mrs. Cheryl Gallant: Mr. Massie.

[Translation]

Dr. Justin Massie: To my knowledge, there has been no order other than the 11 drones that were recently acquired. The policy update only mentions the potential procurement of attack and surveillance drones.

[English]

Mrs. Cheryl Gallant: This is for Dr. Huebert again.

The government is claiming cabinet confidence in refusing to provide a plan to meet the NATO commitments and become a reliable partner.

Are you confident of their estimate, which was made up to placate our allies' frustration over our lack of contribution?

Dr. Robert Huebert: No. If you look at any of the open sources that have examined what we did following the promises of "Strong, Secure, Engaged" and then subsequently look at the promises that were made in June 2022, the open source literature tells us that we basically haven't met any of those promises.

The real problem at the heart of your excellent question, though, is that we have created a politicized element of confidentiality. We say we can't talk about this in the open because we don't want to let our enemies know. We know our enemies have efficient ways, and they probably know already. Really what it does is it prevents any of the public discourse and discussions that we are much more willing to have when it comes to the problem of climate change.

That's really at the heart of what you're talking about. It's that we are not sharing the information that is necessary for people such as me or Justin to actually make any engagements of understanding just how bad or how good we've been.

Mrs. Cheryl Gallant: Dr. Huebert, you said that this government, for whatever reason, has decided that traditional foreign policy does not matter and that this government's only interested in what it does for its electoral benefit.

Might it be worth a question on whether or not the DPU is worth anything without having a corresponding foreign policy?

Dr. Robert Huebert: Absolutely. The fact that we had both the Minister of National Defence and the Minister of Foreign Affairs actually say something in DPU really is, I think, the way the government itself is acknowledging that it never got around to having a foreign policy.

How do you have a security policy when we do not know as a country what our foreign policy officially is?

There's a problem, again, in terms of informing Canada where we are supposed to be going. That has been the traditional purpose of a foreign policy. Of course, as we all know, we don't have one.

The Chair: Dr. Powlowski.

Mr. Marcus Powlowski (Thunder Bay—Rainy River, Lib.): I want to ask a bit about recruitment and what we're doing to address the problem of recruitment. It seems to be a big issue.

In the last meeting, we talked to some analysts who said that Canada would find it difficult to sustain our deployment of 1,900 troops in Latvia, which is pretty astounding given that we're a population of 40 million people.

The policy update does talk a bit about recruitment. It doesn't say a whole heck of a lot about it, though. My understanding is that we're trying to grow our forces to 71,500, and there's a shortfall of 15,000. Minister Blair says it's 16,500. General Eyre said we need 30,000 more military personnel, yet, if you look at our recruitment for 2023-24, we had almost 71,000 applications and only 4,000 were accepted. Moreover, when it comes to people with permanent residence status, they had 21,000 applications and 76 were accepted.

The report mentions a couple things like new probationary periods and re-evaluating the medical requirements.

How big of an issue is this, and what do we have to do to address the issue?

I'm not sure which of you to ask. Could both or either of you respond?

[*Translation*]

Dr. Justin Massie: I can start, if I may.

This is a major issue. No matter how many pieces of equipment we want to buy, if there is no one to operate them, they will be completely useless. So personnel is at the heart of a defence policy.

The problem is not simply the shortage of 15,000 soldiers that you mentioned, but the fact that, if we want to expand the force, we need more than the 71,000 authorized soldiers. In addition, there is no plan to increase the size of the Canadian Armed Forces to a level comparable to that of the Cold War, when there was only one front, the European front. We are heading into a world where the fight will be on two perhaps even three fronts: the Arctic, Europe and the Asia-Pacific, with fewer soldiers than we used to have.

This shortage does not seem to be taken seriously because, as you noted, the update makes no mention of any concrete plans to increase the number of soldiers, nor does there seem to be any sense of urgency to increase the number of soldiers in the Canadian Armed Forces.

I fear that the problem is unfortunately more difficult to solve than the one related to the need to inject money into the Department of National Defence.

• (1625)

[*English*]

Dr. Robert Huebert: There are three things at the heart of your question, sir.

The first, of course, is that your statistics speak for it; we have Canadians who want to join the forces. Furthermore, the more successful we are at actually addressing those who are willing to step forward and say they want to come in, the more we know there is a multiplier effect. Once they actually successfully get in, they talk to people in their communities and people there start saying, hey, that's a pretty neat job, and maybe that's something they want to do.

That existing number that you quote us is in fact an indication that this is not a problem of reaching Canadians. It's often portrayed as having to allow people to have long hair or having to relax the dress codes. That's not the issue. Let me be very clear on it. We have the people stepping up to do it.

There are two problems. The first one is that our forces are stretched so thin that we can't dedicate the necessary personnel to say, "Okay, how do we bring these people in? How do we train them?" Anecdotally, I have a number of students who applied to join the military. They signed up and they passed the medicals, and then they were sitting for a year or two before they got the call back. Once again, I don't know if that is indicative of everyone, but I have talked to enough students to think this is a serious problem.

The second element is that we have allowed perfection and a fear of failure, i.e., letting the one or two bad apples in means that we have to have such a perfect system that we're not willing to.... We need numbers. We need a system that says, instead of being perfect, instead of having everybody screened and examined so carefully, we have to loosen that up and accept the risk that comes with it.

I would argue it's much more important to get the numbers up, to have that sustainability, to get those communities involved rather than saying, oh, we had that one person that the *Ottawa Citizen* said was a military person. How could the military ever have allowed that one individual in?

I think we have to change the mindset on that, and we have to do it right now.

Mr. Marcus Powlowski: Thank you.

The Chair: Ms. Normandin, you have two and a half minutes.

[*Translation*]

Ms. Christine Normandin: Thank you very much, Mr. Chair.

One comment we often hear about procurement is the fact that we have to operate more and more quickly, given the speed at which technology is evolving.

When it comes to new technology, there seems to be a lack of flexibility and speed in Canadian procurement. We are often told that a problem exists and that we need specific technology to solve it. When the technology exists, it takes years of bureaucracy. Often, a stakeholder is added to the process, such as Innovation, Science and Economic Development Canada.

Can you suggest any solutions that could lighten the bureaucratic side of procurement when it comes to new technology?

Dr. Justin Massie: I think we need an industrial policy. If Canada were to establish one, there would be daily exchanges with people in the industry. It would not just be when we need to discuss a contract and we make a request for information to see what is available. Then it takes up to two years to get the information and another 10 years to actually get what you need. For example, the drones that Canada has purchased belong to an outdated generation of technology, and yet they will be used for future conflicts.

We need to be having a daily conversation with people in the industry, with Canada saying it is prioritizing aeronautics because it is an economic powerhouse, helps support the artificial intelligence and hi-tech sectors, and contributes to national security.

The answers to the questions about what exists and what technologies are available and can be produced in Canada will already be known. We will then be able to say that we will make preliminary orders to acquire a few prototypes. If that works out, we will be able to make a bulk order.

It's something you have to do on a daily basis. We can't wait 15 years, realize that our entire fleet is becoming obsolete and then decide to buy everything at the same time.

I hope that this lack of planning will be corrected in the defence policy update. If we only conduct a review every four years, we will always be asking ourselves questions. Your work on the committee will be essential in keeping this information updated daily. However, until the relationship between industry and the Department of National Defence is strengthened, this conversation will always be happening too late.

• (1630)

Ms. Christine Normandin: Could targeting dual-use products more closely also be a potential solution, considering that things can move more quickly if dual-use products are developed?

Dr. Justin Massie: That is absolutely the case. Think of drones. They will be used in both a civilian and military capacity. The military applications are different, of course, but it's the same type of aircraft equipment. The same goes for artificial intelligence and other technologies.

I do believe that Canada will probably not be able to produce all of the equipment. That is the case for submarines, for example. However, certain pieces of equipment for the communications system or the weapons system, whatever it may be, can be produced using expertise that has been established in the civilian sector, expertize that can then be used by the military. To know that, you have to be in contact with people in the industry that produces these capabilities, or tell them that, 15 years from now, Canada wants an industry in this area, because it is essential not only in terms of national economic production, but also national security.

[English]

The Chair: You'll have to leave it there.

Ms. Mathysen, you have two and a half minutes.

Dr. Robert Huebert: I want to jump in on a very important element, though, for your supply chain, and this is a solution—

The Chair: Excuse me, Dr. Huebert. I'd love to have you jump in, believe me, but I have a lineup I'm trying to organize here. If you could work it in later somehow or another, I'd appreciate it.

Dr. Robert Huebert: Just remember the supply chain. I do have something important to say on that.

The Chair: I love supply chains, as my colleagues well know.

Ms. Mathysen, you have two and a half minutes.

Ms. Lindsay Mathysen: I'll tell you what, if I can make it work for you on supply chains, I will.

I want to follow up, Dr. Huebert, on your point about taking in more people and taking the risk. I am concerned, though. We certainly have seen, in terms of that environment within the armed forces, that one bad apple—it's more than that, and we know it—can hurt a lot of people. They can hurt their co-workers. They can do a lot of damage. As the overall employer or entity and the institution that provides that ability, how do we navigate that?

After that, maybe you can talk about the supply chain.

Dr. Robert Huebert: Absolutely.

It's not an either-or in terms of having a perfect system or a completely open system so that we're recruiting Hells Angels and the types of individuals you are describing. Keep in mind—and we always forget about this—that within the forces, we do need individuals we may say are bad apples within the general society, but we are looking for people who are willing to kill. That is the essence of what a military does, and that's a very different type of personality than we have in common society. If you were in my class, I'd say that's what Clausewitz tells us about the actual essence of how you conduct war.

On the supply chains, since you've been so kind to give me the time, you guys have the solution. If you really want to understand how we can improve supply chains in Canada, push all governments, including the provinces, to have a royal commission on what we did right and wrong on COVID. COVID is the case study of how we mishandled and how we were able to manage supply chain crises in a period of dire economic, health and security conditions.

If we want to learn how to move forward, we need to look at what we did right and wrong before, and the COVID example is a brilliant opportunity to be honest with ourselves about where we were able to keep the supply chains going, how we got the vaccinations and how we got the necessary drugs, and where we failed. The moment we understand in an open and honest fashion that is not trying to hide political mistakes and address those issues with an open royal commission, we will be able to really situate ourselves well going into the future.

The Chair: Mr. Allison, you have five minutes.

Mr. Dean Allison (Niagara West, CPC): Thank you, Chair.

Thank you to the witnesses for being here.

I'm going to talk a bit about artificial intelligence and ask a question or two.

In part of the DPU, one of the three defence and security challenges affecting both domestic and international security is those new and disruptive technologies that are out there. I think some of you alluded to those in your opening remarks. Minister Blair made an announcement on artificial intelligence in the Canadian military a few weeks ago, so I know it is definitely a big disrupter in business. It will be a big disrupter, as it is already, when it comes to security.

Do you have any thoughts on whether the government is doing enough to harness the power of AI as it relates to its potential in the defence sector?

• (1635)

[Translation]

Dr. Justin Massie: In general, I would say that this isn't the case. Canada's productivity rate is one of the lowest in the Organisation for Economic Co-operation and Development, or OECD.

Productivity would rise with increased robotization of domestic production, rather than a reliance on cheap labour. Unfortunately, Canada's strategy is to rely on cheap labour rather than to invest in high technology, which would boost production faster.

We need to respond effectively to the matter of autonomous weapons, which our enemies—rival states—may increasingly produce.

In addition to governance to express disapproval of autonomous weapons systems, which may be fine in a moral sense, we'll need military responses to prevent these weapons systems from threatening our external operations and national security, since they can be produced in massive quantities.

Personally, I didn't see in the defence policy update or in the minister's statements any idea or strategy to address the high-volume production of drones or autonomous technologies that can carry out combat operations.

[English]

Dr. Robert Huebert: The other problem we face—and we stopped doing this at the end of the Cold War—is we seldom have the large-scale exercises that say, okay, we have something such as artificial intelligence. Where does it come into the various elements of the armed forces, both in getting ready and in actually conducting war? How do we know what we don't know unless we practise it?

One of the greatest difficulties that we face as we deal with the issue of artificial intelligence, as we're seeing from the reports coming out of the Russian-Ukrainian war, is of course that we're still trying to understand what it actually means.

Many people still have the science fiction view of the robots taking over, like in *Terminator*, and that's the fear. That's not what it is, but the problem is that we don't know where it actually adds to our

capability, and we don't know where we have to be thinking about where our enemies are using it against us. The only way you really get to know that is by engaging your enemies. Short of that, it's the engagement with the training exercises in a realistic environment that is large-scale, and it addresses that. To my knowledge, we're not doing that type of exercise.

Mr. Dean Allison: Thank you.

I have more questions than that, but I do want to finish off the question that Ms. Lambropoulos asked. Are we the weakest link when it comes to NATO?

Dr. Robert Huebert: Well, you know, Luxembourg has a smaller armed force, so there are some countries that are smaller, but again, the geography of where we are within the American nexus... Of course, we always tend to try to divide NORAD from NATO, but the reality is that the moment that we are weak, the fact that we are the weakest link within the greater geopolitical nuclear strategic... is a concern here. In that context, it's a long answer to say, yes, we are the weakest link here.

[Translation]

Dr. Justin Massie: I think that Portugal is doing worse than us. However, I don't think that we should be comparing ourselves to Portugal to defend Canadians. We shouldn't compare ourselves to the weakest countries, but rather to countries that ensure the national security of their people.

[English]

Mr. Dean Allison: Okay. I will go back to the AI then. How do we fare in terms of countries like China and Russia? I think, Doctor, you already mentioned that, but once again, when it comes to integrating the AI, I think you pretty much said it: We're not even on the scale of China and Russia. Is that correct?

Dr. Robert Huebert: From what I have read... Once again, you always have to be so careful about the open literature, because we're aware that AI is actually used to taint our thinking about how we think about AI. However, it seems that what you have just said is a fair assessment.

[Translation]

Dr. Justin Massie: I know that Canada can count on the United States to help modernize NORAD and integrate artificial intelligence into the decision-making process in order to see missiles arrive in North America. Fortunately, the United States is there.

I'm thinking of the Canadian soldiers currently in Latvia who don't have this capability. We see how drones and artificial intelligence make the battlefield completely transparent. We see the enemy all the time. Our Canadian soldiers don't have these defence tools to guard against a Russian attack. Therein lies the rub. Canada must do better for its own troops.

• (1640)

[English]

The Chair: The final question is for Mr. Collins.

Mr. Chad Collins (Hamilton East—Stoney Creek, Lib.): Thanks, Mr. Chairman.

Dr. Huebert, I want to get back to the whole question of political will.

I had the opportunity recently to listen to a podcast where the interview was with former defence minister Jason Kenney. He was confronted with the statement that spending was substantially lower as a fraction of GDP when he was defence minister than under our current government. He was quite blunt with his answer when confronted with that. He said, "*Mea culpa*." He said that they were coming out of the great recession, and his government looked at cuts and austerity, and that meant cuts to CAF, which brought us down to the 1% level back in 2014, when the Ukrainian conflict started, as you referenced.

I would assume from his statement there and his answer that he was following where he and his government thought Canadians were in terms of where the military stood at that point in time. I'm assuming that there was no political will to increase funding as a percentage of GDP, if I just use that key performance indicator for the purposes of this question. I'm assuming he thought the public wasn't there to provide additional support for CAF at that period in time.

In the background, I'm thinking about the efforts of Russia and China as it relates to misinformation and disinformation, and the seeds that they plant with our constituents and the Canadian public as it relates to trying to erode the trust and confidence we have in some of our democratic institutions. One of those is our military.

You caught me with your comment about the failing democracy to the south, in the U.S. I look at the efforts they have, whether it's the culture wars or the whole issue of trust in the Department of Justice or the FBI. Here, north of the border, we went through that as part of the pandemic in terms of people's trust in public health officials, questioning the efficacy of the pandemic response and the vaccines.

All of that said, in terms of political will, there seems to be almost a battle today in terms of trying to convince a portion of the population that our efforts need to be ramped up as it relates to combatting some of the threats that you talked about in your opening statement, as well as those in Mr. Massie's opening statement.

Part of that political will is hard to get at because of the efforts of some of our adversaries to plant that seed of doubt with us, whether it's the former Harper government or the constituencies that are following former president Trump.

Academics and others are talking about civil war in the United States. Had you said a decade ago that there was the possibility that there might be a civil war in the U.S., I would have bet a lot of money that I didn't have against that.

That's a long introduction to my question, but I'm just fascinated by this whole issue of political will and making the link with our

constituents and our residents that there is a real, existential threat beyond just climate change. There are people working on a daily basis to undermine all the efforts of our military and otherwise.

Could you comment on that?

Maybe I could ask Mr. Massie, as well.

Dr. Robert Huebert: Yes, I'll happily answer. It's a critical point of our time.

You're absolutely right that our enemies are doing everything they can to plant discord amongst us. Please recognize that they are not creating this discord, but they're amplifying it. Where they find existing cracks, they're trying to turn them into crevices.

By the way, I wish I had taken that bet with you back in that time. That would have been nice for at least a bottle of Scotch at this time.

The reality is that we need leadership. We need people such as you and your colleagues, basically, to say to the Canadian public that there is a threat.

I'll give you the one example where we saw it actually work. Canada had always heard from our political elites that we were peacekeepers. We never talked about the 171 peacekeepers who lost their lives in the various exercises. In other words, that was one of Canada's dirty secrets. I tell my students that there were 171 who were killed in some form trying to keep the peace, be it in Cyprus or wherever.

When we had the Tarnak four killed by the American forces in Afghanistan, the government made the decision to be open about their deaths. They weren't going to just bring them home through the back door as they did with the 172. We had a public acknowledgement of their sacrifice.

[*Technical difficulty—Editor*] what the Canadian response was? Remember the way the Canadians lined the highways. Notice the cities changing the roadways to honour the four who had been lost. We paid attention to the 151 Canadians who were killed in Afghanistan.

You guys can change the dialogue [*Technical difficulty—Editor*] the political will that you bring and the political issues that you always prioritize. If you also take the time to say to Canada that there is a nuclear war coming, that we need to be paying attention and that our enemies will be trying to tell you differently.... You guys hold that in your hand, not to put too fine of a point on it. We saw that in Afghanistan, and you guys can do it again.

That is really where I come from.

• (1645)

The Chair: Thank you.

Unfortunately, we're at an end. I think this was an important question.

Dr. Massie, do you want to add just a few thoughts before we close out?

[*Translation*]

Dr. Justin Massie: Thank you, Mr. Chair.

I'll keep this brief.

Political science clearly shows that, when elected representatives from two or three political parties agree, public opinion falls in line. They don't need to convince the public if they agree with the investments.

In Canada, and in many other countries, we've seen that when political leaders agree on investments, public opinion falls in line. The vast majority of Canadians give their support.

I think that much of the work must be done in your committee and in your relations with the government.

[English]

The Chair: Thank you, both.

I appreciate your final comment that we need to change the political dialogue, and maybe that change in the political dialogue should start right here.

Thank you for your contribution over the years. It's always been formative to us.

With that, I'm going to suspend for a moment or two and we'll empanel our second panel.

Thank you again.

• (1645)

(Pause)

• (1650)

The Chair: I call the meeting back to order.

We're going to run against the clock. I'm going to ask the witnesses to be pretty precise with their five minutes and the members to be pretty precise with their allotted time for questions. I suspect that when we finish the first round, we're going to have to assess whether we can have a complete second round, but we'll worry about that when we need to.

With that, I want to welcome Mike Mueller, the president and chief executive officer of the Aerospace Industries Association of Canada, Christyn Cianfarani, the president and chief executive officer of the Canadian Association of Defence and Security Industries, and Brian Gallant, the chief executive officer of Space Canada and host of a brilliant event last night.

I'm going to ask each one of you to go in no particular order. We'll probably start with Mr. Mueller for a five-minute opening statement, and then we'll go to our first six-minute round of questions.

Mr. Mueller.

Mr. Mike Mueller (President and Chief Executive Officer, Aerospace Industries Association of Canada): Thank you, Mr. Chair and members of the committee, for the opportunity to be here today.

Before I begin my remarks, I want to recognize the Royal Canadian Air Force and its 100th anniversary this year. I want to acknowledge and thank all currently serving members and also the veterans of the RCAF. Many veterans are currently employed with

in the industry, and their experience is so valuable. I often say that while the Canadian aerospace industry is amazing with the products we produce, in reality it's about the people. I think the same can be said about the RCAF.

Speaking of people, our aerospace sector contributes approximately 218,000 jobs and nearly \$29 billion in GDP to Canada's economy, with defence accounting for 25% of that.

Turning back to that relationship between industry and the Canadian Armed Forces, to quote the current NATO Secretary General, "Without industry, there is no defence." This underscores the importance of working closely with our aerospace defence sector as a strategic asset for Canada's defence.

Canada's defence policy update, and its recognition of the need for close collaboration with industry, is a positive step forward and something that our industry has long been advocating. We are seeing this kind of relationship in places such as Australia, where they have not only a policy but also an industrial strategy. This is the next step that is required here in Canada.

The last time I appeared before this committee, I made several recommendations, including building stronger, meaningful and strategic partnerships with industry through ongoing and sustained engagement, and working together early, often and regularly to help develop the requirements that ensure capability relevance for current and future needs. I am pleased to see these recommendations and our language woven into the DPU.

However, while the DPU lays out a high-level framework, it lacks concrete steps as to how the goals and objectives will be operationalized. In my view, the best way to ensure this is through the development and adoption of an aerospace industrial strategy for Canada that includes defence. We're pleased that the government and Minister Champagne have committed to this development. A well-conceived strategy would provide clear direction and timing and institutionalize the objectives outlined in the DPU, giving industry the predictability and clarity it needs to support Canada's defence requirements. I would go so far as to say that it would equally benefit the many other partners in government and other external players in their own planning and support efforts.

By institutionalizing this partnership between government and industry, and this includes the small and medium-sized businesses here in Canada that often feel overlooked by the Department of National Defence, not only can we address current pressing areas with the NORAD modernization and NATO's 2% defence spending, but we can look beyond to foresee, plan and prepare for the new challenges on the horizon. We welcome the additional \$8.1 billion in funding over the next five years and the long-term commitment of \$73 billion, but, like many, I am concerned about the government's ability for timely procurement and concerned about the significant cuts to the defence spending, to the tune of \$1 billion. While the investments and initiatives are critical for Canada's readiness in a rapidly changing global environment, we need a clear road map and industrial strategy.

It's also important to stress that this is not a partisan issue. The future of Canada's aerospace sector and our ability to protect our nation's interests and people are matters of national security and economic prosperity. We need a clear strategy that details how and when investments highlighted in the DPU will be implemented.

NATO's 2% defence spending commitment and the NORAD modernization are front and centre as a measure of commitment by our allies. While the DPU acknowledges this, it lacks the urgency and concrete actions needed to meet these targets. Investment and commitment must start now.

As I said before, we need political leadership to lay the foundation for today and for the future of all Canadians. I encourage all parties to make this a priority.

In summary, the DPU is a start, an encouraging start, but we must ensure it is operationalized effectively. An aerospace industrial strategy will be key to achieving this and institutionalizing the goals and objectives.

The AIAC and our members look forward to working with the government and Parliament to ensure that the objectives laid out are met and that Canada's aerospace sector remains a pillar of our national security and economic prosperity.

Thank you, Mr. Chair.

• (1655)

The Chair: Thank you, Mr. Mueller.

Madam Cianfarani.

Ms. Christyn Cianfarani (President and Chief Executive Officer, Canadian Association of Defence and Security Industries): Thank you for inviting me to speak about the government's defence policy update. CADSI is the national voice of the Canadian defence industry, with more than 700 members. These companies have a significant stake in Canada's defence policy.

Today, I'd like to make two points about "Our North, Strong and Free".

First, we were pleased to see a section entitled "Building an Innovative and Effective Defence Industrial Base" and the commitment to "change our approach to working with industry, innovators, and researchers—moving away from transactional approaches for acquiring capabilities to sustained strategic partnerships founded on transparency and trust." The policy also acknowledged that "Building up Canada's defence capabilities must also include building up our defence industrial base."

The Canadian government has long been an outlier internationally in its unwillingness to work in partnership with its domestic defence industry. "Our North, Strong and Free" suggests a new willingness to fundamentally change the way DND, the CAF and Canada's defence industry interact.

Moving from words to actions is a challenge that we enthusiastically embrace. Recently we submitted a proposal to the government on how to structure and institutionalize the defence industry-government-CAF relationship to meet both domestic and NATO industrial requirements. We look forward to working with both this government and future ones on this issue.

The government's change of approach hopefully also reflects NATO's current agenda, as allies implement the defence production action plan, or DPAP, which is anchored in the recognition that radically increasing defence industrial output across all members is now core to NATO's strategic concept and to deterring Russia.

A strong, resilient defence industrial base is a new element of NATO burden sharing. The Washington summit further expanded these commitments through the NATO industrial capacity expansion pledge.

On industrial co-operation, the government seems to be headed in the right direction. On defence funding, however, Canada remains a laggard.

As "Our North, Strong and Free" was drafted, we witnessed unrestrained brutality and territorial ambitions from Russia toward Ukraine. Leading experts repeatedly say that if Russia prevails, other European democracies will be next on Putin's hit list. The NATO 2% of GDP defence spending requirement, agreed at Wales in 2014 and re-confirmed last year at Vilnius, has now become an imperative rather than an option.

However, you wouldn't know that from the funding the government committed in "Our North, Strong and Free"—\$8 billion over the next five years. The Parliamentary Budget Officer estimates that it would take nearly double that amount per year over several years to meet NATO's 2% target.

The disappointing budgetary commitment also implies that Canada hasn't accepted that its own Arctic sovereignty is threatened by Russian and Chinese ambitions. It suggests that Ottawa believes our allies will come to our defence when we have no intention of coming to theirs.

Worse, we have a bizarre situation whereby the government is giving money to DND with one hand and taking most of it away with the other. What I'm referring here to the Treasury Board-led professional service cuts, which amount to between \$800 million to \$900 million annually targeting DND. These cuts will further undermine CAF operational readiness by reducing essential professional services that were contracted out to industry, in part, as a long-term cost-saving measure.

Fixing these financial shortcomings is core to the integrity of "Our North, Strong and Free", Canada's standing as a reliable NATO partner, and our relationships with our closest allies and our own national defence.

I'll close with three suggestions.

First, the government should move this fall to design and implement new mechanisms and arrangements and develop, with industry, a sustained strategic partnership founded on transparency and trust.

Second, cancel the planned cuts to DND's budget, which amount to \$810 million in 2024-25 and \$908 million in 2026-27 and beyond.

Third, in budget 2025, start laying out a transparent, year-over-year fiscal track to get Canada to the 2% NATO defence spending requirement. We can't wait four years for the next defence policy to get started on the defence production action plan.

Canada, like its NATO allies, needs to prepare for conflict to prevent it. Our commitments to NATO, including 2%, are fundamentally about global deterrence.

Thank you.

• (1700)

The Chair: Mr. Gallant, you have five minutes, please.

[Translation]

Hon. Brian Gallant (Chief Executive Officer, Space Canada):

Mr. Chair, I'm pleased to be here. I want to thank the committee for inviting me.

Space technologies and solutions are an essential part of Canada's defence strategy, contributing directly or indirectly to virtually all defence operations.

Space Canada represents over 90 Canadian space innovators who collectively play a vital role in preserving the environment, fighting climate change, bridging the digital divide, helping humanity explore far beyond our planet and, of course, protecting Canada's security and sovereignty.

[English]

Last week the Public Policy Forum released a report entitled "Matter More: A Canadian strategy for a changing United States". PPF makes several recommendations that reference space or space capabilities, as well as industrial capabilities and the need for government-industry partnerships, including the following, entitled "Deepen and Integrate all Aspects of Canada's Commitment to Space":

Space-based surveillance is a key element of future Arctic defence. Canada, with its huge geography and need for communications, has a long history of investment in space research and participation in space exploration. But those activities have too often been split into separate civilian and military compartments.

It goes on:

Canada should commit more resources to military space surveillance systems, making procurement decisions in conjunction with the United States to ensure inter-operability. Decisions on future space investments also should be made on an integrated basis that brings together government and industry. Canada has leading-edge private sector companies that can be partners on space-related investments and activities.

Indeed, for a nation to compete in the race for the new space economy, an economy that is emerging and projected to be \$1 trillion if not \$2 trillion globally on an annual basis by 2040, governments play a pivotal role, and their support is necessary. They help foster the space sectors as regulators, operational partners, capital

providers, investors, funders, anchor customers, early customers or even owners. It is with this principle in mind that Space Canada submits that the federal government should accelerate the delivery of identified space defence programs, engage directly with Canada's space innovators, expand defence research and development programs, establish a national space council to coordinate space priorities across the Government of Canada and develop a dedicated commercial space strategy for Canada.

To elaborate on the latter point, I will quote a brief Space Canada wrote and submitted to the federal government earlier this year. Canada's closest allies have all integrated commercial capabilities into their national strategic vision. Australia has integrated commercial components into both their civil and defence strategies. The U.K. has an overarching national strategy that includes civil, commercial and defence components. The U.S. has a national space policy that connects civil, commercial and defence components as well. For its national defence, the U.S. Department of Defense released a defence commercial integration strategy, and the United States Space Force recently released a commercial space strategy for integrating more commercial capabilities into the Space Force enterprise. Canada should clearly articulate a commercial space strategy to take maximum advantage of the capabilities at home. This would enable Canada to keep pace with allies and partners and to get the most out of the Canadian space industrial base. At the heart of this commercial space strategy should be the principle of building only what you cannot buy, as established by the U.S. DOD and the U.K.

Moreover, NATO is also working on a space commercialization strategy, announced this summer and to come out over the next few weeks or months. Even further, just to give you a sense of some of our allies' work in commercialization, NASA and the U.S. Space Force are playing major roles in supporting the commercial space sector in their country. To give you an example that I think puts all of this in context, consider this passage from a Harvard Business Review article, which says, "Roughly 90% of the first \$1 billion invested in SpaceX came from NASA's contracting arrangements, bringing some predictability to an inherently risky venture."

I look forward to discussing this pivotal topic and the role of space in securing Canada's defence and security with you today.

• (1705)

I'll finish my opening remarks with this quote. The importance of the role of space and defence was summed up by The New York Times just a few weeks ago, as follows:

Almost as soon as the next U.S. president is sworn in, questions about countering China's military buildup — in space and cyberspace, on the seas and in the nuclear missile silos that have suddenly appeared in the Chinese desert—will sweep through those Situation Room meetings.

[Translation]

This topic is incredibly important. Thank you again for giving me the opportunity to discuss it.

[English]

The Chair: We'll open our six-minute round with Mr. Bezan.

Mr. James Bezan: Thank you, Mr. Chair. I'd like to thank our witnesses for appearing today.

Ms. Cianfarani, yesterday CADSI posted on LinkedIn, saying, "In the United States defence and security inform every aspect of a bilateral relationship. To be taken seriously in Washington, Canada must begin laying out a transparent, year-over-year fiscal track to meet its NATO commitments."

That was linked to a news story that's headlined, "The U.S. needs a few good allies. Does it still need Canada?"

Can you answer that question? Does the U.S. still need Canada?

Ms. Christyn Cianfarani: I think it does need Canada, of course.

We are the northern flank, if you want to call it that. We have a responsibility under NORAD to defend the Arctic territories. We know the proximity to Russia, and China's interventions in the north are our responsibility. Yes, the United States very much does need Canada to be an active, engaged and funding partner in particular of NORAD.

Mr. James Bezan: In the decision and announcement by Minister Joly that Canada was going to no longer export any materiel that's used in defence weapons that might end up in Israel's hands, does that again undermine the relationship between us and the United States?

Can you tell us how your contacts in the U.S. are viewing that decision? They might be exporting to some of our other allies that they can't get.... They might have a client in Israel, in the IDF, and they might not be able to get into the supply chain parts from Canada.

Ms. Christyn Cianfarani: The concern that industry has is we never question a decision that is made, because the government is our regulator, so we'll comply with whatever the Canadian government decides with respect to what goods can go to what particular countries.

However, we do take two exceptions in the case of the way in which the decision was made to—let's call it perhaps "ban" extraterritorial...perhaps "exports" to Israel through the United States.

One is in the way in which it was transmitted to industry, which is, again, us learning about something of this magnitude in an ad hoc media conversation. What is worse is that the department at this point in time is unable to clarify for us, for the sector, the extent of this decision, meaning, does it extend to parts and components within platforms like F-35, for example? Then, because the department cannot give us clarity on that, there is a concern coming out of industry that this will harm 50% of our market share, which is our export market with the United States, largely serviced under the Defence Production Sharing Agreement.

Yes, there is much nervousness, as we are one of the biggest supply chain partners for United States platform manufacturers.

• (1710)

Mr. James Bezan: You mentioned the F-35. That also goes to the striker, right?

Ms. Christyn Cianfarani: There are many platforms that Canadians have parts and components on; it's not uniquely some of the major platforms.

Mr. James Bezan: Okay.

Were you or any of the three of you consulted by the government in the development of the DPU? Was industry talked to about it? Yes—all three? That's good, because we didn't have that with academics.

I know that at a CADSI conference going back a couple of years ago, not that long ago, after the full-scale invasion of Ukraine started with Russia, Minister Anand and General Wayne Eyre said that Canada and the defence industry must be moved to a war footing.

Do you feel confident that the government has given you the proper direction and contracts to move Canada onto a war footing?

Ms. Christyn Cianfarani: No, we are not on a war footing whatsoever. The urgency and the, let's call it the paperwork, if you want to call it that, the firmness of the relationship that would allow industry to go to a war footing is not there for certain aspects that are required, particularly in the war in Ukraine, whether that be ammunition, which is still missing contracting vehicles right now, or other goods and services. We are just not in a state of high alert, and we are not operating with the sense of urgency that we see other partners operating with.

Mr. James Bezan: Mr. Mueller and Ms. Cianfarani, you mentioned the billion-dollar cuts that are coming in the defence budget. We talk about giving more money to National Defence but then about cutting it back under Treasury Board guidelines, and that has impacted industry more than anything else. Is that having an impact on the maintenance of some of our legacy systems?

Mr. Mike Mueller: Regarding concerns about the cuts, I'm not aware of any on the actual maintenance side of things; it's more on the operational side that we see some impacts happening.

Going back to the earlier comments on the DPU, it's a very aspirational document, but it's lacking in concrete actions for how you're going to operationalize it, and that's really what we're looking for. How do you get the operationalization of the document? It just doesn't make sense from an industry perspective to have money but then also have cuts.

Mr. James Bezan: Just to interject here, it doesn't operationalize it. We know that the DPU was created in a vacuum and doesn't have a foreign policy to go along with it. There isn't the defence industrial strategy to go along with it, and there isn't a national security strategy to support it either.

Without those policies, how do you operationalize it?

The Chair: We're going to have to leave those questions in a vacuum.

With that, Madam Lapointe, you have six minutes, please.

Ms. Viviane Lapointe (Sudbury, Lib.): Mr. Mueller, in your opening statement you mentioned needing not only a policy but also an industrial strategy. What specific elements do you envision being part of an industrial aerospace strategy that would complement the defence policy update, and how would such a strategy address the gaps in Canada's current aerospace defence sector?

Mr. Mike Mueller: Again, we're very appreciative of the government's commitment to that aerospace strategy through Minister Champagne. An aerospace strategy will provide predictability and certainty for industry, so he asked about a couple of things that need to be a part of that.

The defence component absolutely needs to be a part of that, and one of the areas we're really looking for is how to define the sovereign capabilities and capacities we need as a country. We talk about moving to war footing and things like this, but as a country we need to have a clear understanding of what capacity and capabilities we need here from a defence perspective and from an economic prosperity perspective. We need to do that hard work with respect to that strategy. Strategy is absolutely critical. Operationalize the aspirational pieces of the defence policy update that was released.

• (1715)

Ms. Viviane Lapointe: How does this policy position of Canada's aerospace industry help us compete internationally, especially in terms of partnerships and exports?

Mr. Mike Mueller: I mentioned Australia, but if you look internationally at the U.K., the EU and the U.S., they all have defence industrial strategies. It really provides industry the certainty on where to invest, on where the government is going and on where the country is going, because right now we're stuck in a cycle of a transactional approach to defence procurement. Without that strategy in place, how do you start to align all the different things that need to be discussed?

I was listening to the earlier panel, and workforce development is an example. You have the CAF struggling with that, and you also have industry struggling with that, but without that strategy in place to operationalize and institutionalize the aspirational parts of the defence policy update, we're left in that vacuum again of not knowing where to invest, where we're going to go and what the timelines are, and that's absolutely critical.

Ms. Viviane Lapointe: In your opinion, what are the key strengths of the new policy of Canada's aerospace sector? Do you believe these strengths will have long-term benefits for the industry?

Mr. Mike Mueller: We were consulted by two previous defence ministers on the defence policy update, and we were pleased to see some of the language we had proposed within that, like making sure there is consultation with industry, that renewed relationship with industry and a four-year review. Again, that is incredibly important.

There are very good things within the defence policy update, but the question is, what's next? Regarding the industrial policy that is required to align this, how do we institutionalize and operationalize that new relationship that the minister has put down? There's a lot of work that needs to be done, and we need to send that signal to industry, to our international allies and to our competitors.

Ms. Viviane Lapointe: Would the other two witnesses like to add to that question?

Ms. Christyn Cianfarani: I think certainly having some of the capabilities.... In the case of the DPU, it looks more like equipment purchases than capabilities. It's described as, "We're going to buy these things." I think that at least gives a signal to industry on the direction we're going to go in in terms of what we're going to buy.

From that perspective, it does contain important and very necessary commitments to how we are going to start to build up our defence industrial base. What it doesn't do, though, is distinguish between what will be sovereign and protected, if you want to call it that, and what we will acquire from other nations. That's like a shortcoming of the policy itself. I'll leave it at that.

Hon. Brian Gallant: I would simply add to my colleagues' comments that it's great to have a plan, and certainly I want to acknowledge that the update, the review, contains some elements that we think are important for space, and it felt like there was a bit more of a recognition of the importance of space when it comes to defence. However, a plan is worth what it's written on in the sense that unless you actually execute and procure the things you plan to do, then it's not really worth much. Certainly we are concerned about the delays in procurement in defence in general, and then even more specifically for space-related defence capabilities.

We think that space is a very innovative sector, and if it takes years to procure something that you think you needed seven years ago, or whatever the case might be, then what you actually end up getting through that journey of procurement might be outdated. Certainly we would just like to see these investments made as quickly as possible. I think, if we're being honest with ourselves, we can come and say that—and we've said that to the minister and the team. We can say that, but unless there is some type of structural change to figure that out, then we're going to be waiting for some of the investments that I think are good from a space perspective to actually come to fruition.

Let me just add as well that I'm of the view that we need to get to 2% to meet our NATO target. For various reasons.... I'll just add this, and this isn't really with my Space Canada hat on—it's more just as a Canadian citizen. We had a Democratic president on the floor of Parliament, when Barack Obama visited, and it was all positive except he addressed the fact that we needed to invest more when it comes to defence. Then we had then-president Trump, a Republican, obviously saying the same.

Both parties in the U.S. are saying it, and they're saying it for a reason—maybe for different reasons, but nevertheless, they're hearing that, and/or it's a very palatable argument that will resonate with Americans for the U.S. to be able to retreat from important multinational institutions that we need to be a part of.

• (1720)

The Chair: Unfortunately we're going to have to leave the answer there.

Hon. Brian Gallant: It's all good.

The Chair: It's the former politician you have to rein in. That's the issue.

Madame Michaud, welcome to the committee.

[*Translation*]

Ms. Michaud, you have the floor for six minutes.

Ms. Kristina Michaud (Avignon—La Mitis—Matane—Matapédia, BQ): Thank you, Mr. Chair.

I would like to thank the witnesses for joining us. We'll benefit from their testimonies.

I want to talk about the contradictions between the planned cuts and the subsequent investments announced.

Ms. Cianfarani, you touched briefly on the topic in your opening remarks. You said that the cuts should simply be cancelled. You also said that there wasn't necessarily a clear vision of how the 2% target would then be achieved. A number of observers have also said this. How can we navigate between the cuts and the announced investments?

The Parliamentary Budget Officer carried out a further analysis this past summer, but didn't necessarily come up with the same estimates.

Do you find that the strategy provides a clear vision for defence investments or funding, or should it be a bit clearer?

My questions are for Ms. Cianfarani. However, the other two witnesses are welcome to weigh in if they have anything to add.

[*English*]

Ms. Christyn Cianfarani: There are a lot of items within the defence policy review that are under exploration. The government came out and said that if those items were costed and put within the defence policy update, it could arrive at close to a 2% number. We don't know for sure, because it needs to cost out those items and actually create a path and a plan year over year for us to see whether we can arrive at the 2% number. We're under no illusions that it will take decisions, a sort of reconciliation, if you will, among all the as-

pirations we have as a nation—health care, pharmacare, etc.—and in some cases weighing those against what it would take to meet not only our NATO commitments but that floor of 2% to 2.5% of GDP and, then, what our expectations will be coming back from our partners for that return on investment. I think there are bones in this defence policy that, if actualized, could show a plan for us to get to 2%, but the way in which they are in the exploration phase isn't a plan; it's merely an announcement. We need to do the process of actually costing them out, putting them in a budget framework and then showing how that budget will arrive at 2%—over the next 20 years, for example.

[*Translation*]

Mr. Mike Mueller: Thank you for the question.

[*English*]

To chime in from a company's perspective, no company can wait a decade to understand where the investments are going to be going. As a country, I don't think we can wait a decade either to figure out where we're going to go with respect to defence procurement. I believe that time is of the essence, and there needs to be a sense of urgency in that discussion.

The other piece that is so critically important on the need for a strategy is that we need to send that signal to the rest of the world that Canada is serious, is credible and has a plan, both from an investment perspective with respect to industry but also, as we've said before, to our allies around the world. It's absolutely critical.

• (1725)

[*Translation*]

Hon. Brian Gallant: I would just add that it isn't unusual to increase investments in one program while making cuts in other areas to adjust the funding. This can be done. However, it's obviously necessary to look at each proposed cut and determine whether it makes sense.

My colleague, Ms. Cianfarani, touched on a matter that certainly worries our members. It concerns the professional service cuts. We know why this happened. The news wasn't good for the government. Professional services were shut down. However, some of the contracts were quite important.

Our members' comments show that this certainly isn't the type of contract that Canadians, and ultimately the government, were trying to eliminate. Unfortunately, these contracts ended up in the wave of professional service cuts. In our members' view, these cuts, driven by the political environment, were unnecessary. Unfortunately, this will affect contracts that were important to the government, and ultimately to Canadians.

Ms. Kristina Michaud: Thank you.

I gather that a sense of urgency prevails, and that we need a fiscally transparent plan year after year.

This strategy and vision belong to the current government. Given the present circumstances, the government may change. I really don't want to play politics. However, I want to hear your thoughts on this possibility.

Are you concerned that a change of government could delay the achievement of objectives, such as the 2% target?

We can expect a new government, regardless of its political stripe, to take a totally different view of defence funding. Are your member organizations generally concerned about this?

[*English*]

Ms. Christyn Cianfarani: No. I do think that one challenge in Canada is that we approach defence by government instead of holistically, across parties, in a non-partisan way. I think that hurts us as a nation. We're not aligned in our thoughts around defence so, yes, it is a worry for our members.

The Chair: Thank you, Madame Michaud.

You have six minutes, Madame Mathysen.

Ms. Lindsay Mathysen: Thank you, Mr. Chair.

I just wanted to clarify this, Ms. Cianfarani.

You said that the department didn't give you any clarity on the changing of those arms exports in enough time or with any sort of clarity. They still haven't, to date, given you that clarity that the industry needs. Is that correct? Is that what you said?

Okay. That's interesting. If Canada were consistent in how we treat our arms exports in terms of sticking and being consistent to those nations that violate international law, would that provide the industry with the clarity and the consistency that it needs?

Ms. Christyn Cianfarani: I think there is an element of predictability that we would like to have, but we do recognize that this is an area in which the government will take decisions that may or may not be in response to an action by another nation. We understand that there may be a speed at which decisions are made that we have no influence on, so there's predictability, yes.

I think, for us, once a decision is made, we can go to the department, and the department is very, very clear on what, how and the degree to which a product will be restricted from its exportability.

Our inability to get those answers and the inability of companies to adjust their practices immediately are the most problematic aspect of it, notwithstanding the fact that it's unpredictable and that the method by which we are often informed is in a public domain space as opposed to being informed before a decision like that is made or we're given a warning that this may transpire.

• (1730)

Ms. Lindsay Mathysen: You represent quite a few companies, but I would imagine that many of them don't necessarily wait for a government to make those decisions, especially when we're talking about the instigation of war crimes. I mean, those are individual decisions as well for industry.

Ms. Christyn Cianfarani: No, companies will not make those decisions on their own, because they don't have access to the information that the government has to be able to make those decisions.

They wait for the government to signal that there is a challenge in a particular country with a particular good. Then we wait for the details of how that export and/or sanction will roll itself out.

Ms. Lindsay Mathysen: To shift gears a bit, I've certainly talked a lot about and we've heard from this committee a lot about the aligning of defence policy with industrial policy and that we need the robust domestic industry to get to where we need to be. That "made in Canada" approach that I've often tried to discuss at this committee ensures that we're spending the money, taxpayers' money, within Canada to benefit Canadians and workers.

Can you talk about that a bit more in terms of how the DPU is or is not addressing that?

Ms. Christyn Cianfarani: The DPU strangely addresses it, but only in reference to a defence industrial strategy. By nature, what you would do is have this defence industrial strategy or defence industrial policy. You would identify key capability areas where you want sovereign capability within the country, and then you would align all your programming, processes and procurements around ensuring that the sovereign capability remained within Canada.

You would also decide what you are going to purchase from your allies at the same time. For example, if we feel that airframe platforms are largely going to come from our allies and that we will be more interested in parts, components, sensors and things like that, we would articulate that in a defence industrial strategy, and then we would let that guide us when it comes to making decisions about what we're procuring and the speed at which we procure those things, in other words, sole-sourcing from Canadian firms, for example.

Ms. Lindsay Mathysen: I've heard from a lot of companies within Canada that they don't bid on Canadian contracts, either because the process is too complicated or because of Canada's over-reliance on what they call urgent operating requirement procurement, filling in short-term very quickly. They can't meet that need. I certainly heard that today.

Could all of you comment on that as well?

Mr. Mike Mueller: Sure. I'll take a crack at that.

The complexity of the procurement process is incredible. I'll give you just one anecdote from a company. In bidding on a same-sized contract in the U.S. and in Canada, in the U.S. it is a binder full of information that they're asking for, and in Canada they weighed theirs, and I think it was 45 pounds of paper. Just the amount of material that's being generated on this oftentimes is incredible.

There are definitely ways to streamline the procurement, to make it risk-based approaches: Do you need the amount of information for something very simple? However, there's definitely.... We put in some recommendations on that. It is a huge issue. It's one of the concerns I have with the DPU. There's lots of money there. How do we get the money out quickly and effectively to actually make a difference on some of these things?

The Chair: Okay. We're going to have to leave it there, colleagues. We have the room until a quarter to six. We have a 25-minute round coming up. The math doesn't work, so three minutes...and I'm just going to have to be brutal: three minutes, done. Let's just do it: three minutes, done.

Mr. Don Stewart (Toronto—St. Paul's, CPC): Thank you, Mr. Chair.

Thank you to the witnesses for being here today.

I want to draw attention to a section in the DPU: "Building an Innovative and Effective Defence Industrial Base". That leads me to the fact that we've had underinvestment in our military over the last number of years, and, in that, we've seen a stagnating growth potential in the defence industry.

Where would you suggest the government direct its investments in defence to create homegrown manufacturing, both in hard-core manufacturing and also in creating IP that can then be exported to our allies, thereby creating a greater GDP for Canada and for the defence industry?

• (1735)

Ms. Christyn Cianfarani: Can I make a small correction in your statement? The defence industry has actually grown 10% over the last few years because of the injection of the world market demand, basically, for defence-related goods. I think that's important to contextualize. There is demand.

To your point on Canadian competency, we have incredible Canadian competency in space, as my colleagues alluded to. In fact, we're world leaders in space and space exploration. We have incredible Canadian competency in things like—you were talking about it earlier—artificial intelligence and quantum computing. We have incredible Canadian capability on the conventional defence side in sensor and sensing capabilities and in underwater capabilities. We run our shipbuilding programs and, in land vehicles in particular, light armoured vehicles and other light APVs.

Those are just some areas. I could continue listing them. Maybe my colleague can give you some examples in the aerospace domain.

Mr. Mike Mueller: Well, I think you actually have to step back. We need to do this together. We talked about the foreign policy. We talked about the industrial policy. You need to make sure that everything is aligning and that you identify the capabilities that are required. Industry and government need to come together to do that, to define out what is required from our defence capabilities and what's required from an economic perspective.

That hard work has to come. I think the DPU sets the stage for that, but we haven't seen the follow-up to any of those pieces yet. I think you have identified very correctly what the issue is.

Mr. Don Stewart: Are there adequate amounts of Canadian IP being incorporated into the products that are being manufactured in Canada? Intellectual properties....

Mr. Mike Mueller: In Canada, yes. I think the bigger question is on some of the other procurements. How do you make sure that you have the intellectual property, again, defined out on what core capabilities we need incorporated into some of those?

The Chair: Thank you, Mr. Stewart.

Madame Lalonde, you have three minutes.

Mrs. Marie-France Lalonde (Orléans, Lib.): Thank you very much.

I'm going to be brief. You've all mentioned industrial policy, strategy and their importance. You just referred to all of your members and the enormous capabilities that Canadian companies can offer.

We talk all the time about innovation, creativity and being ready to help our defence team here. As we are writing a report, could you be more specific in terms of industrial policy or strategy? I know there was some reference to it, but you know the industries. You know who are the actors. If you were to suggest it to us as parliamentarians, what would you like to see more specifically in the industrial strategy? I know policy was mentioned.

Mr. Mike Mueller: I can take a crack, from an aerospace perspective again.

Again, there are very positive signals from the government and Minister Champagne with respect to that. Defence has to be a part of it. We talked about operationalizing and institutionalizing the DPU—that is absolutely critical—and about reforms to procurement to give that certainty and that predictability that's there.

Innovation is a huge piece. How are we supporting innovation, both on the defence side and on the civil side? What's the crossover to that? We have certification issues. There's a whole host of pieces that I think need to be addressed through a strategy. It has to tie into foreign policy. It has to tie into defence industrial policy. You need to take the signals from everywhere.

Again, my message to all parties is that this has to be above politics. This has to be an all-of-nation effort. You have a willing partner in industry to do this, but we need to come together. Those discussions are starting to happen, but we need to have the action flowing from that.

Ms. Christyn Cianfarani: I certainly think one of the key pieces of a defence industrial policy would be that you need CAF-DND to articulate the capabilities it needs for its force projection. It comes from CFD, basically, to force development, and from the CDS to articulate that the CAF needs certain capabilities for it to force project in line with Canada's aspirations under its foreign policy. That's a starting point.

From there, you would ask, "How will we look at our current defence industrial base and identify capabilities that will enable that, and what capabilities are we are missing that we will obtain perhaps from our allies and/or that we want to build in this country for the future?" That is the foundation of the questions you would ask, starting a defence industrial policy, in my opinion.

• (1740)

Mrs. Marie-France Lalonde: Mr. Chair, since they didn't all have time to reply, if it is possible, can you send us some remarks about some suggestions? It would be greatly appreciated.

[Translation]

The Chair: Ms. Michaud, you have the floor for a minute and a half.

Ms. Kristina Michaud: Thank you, Mr. Chair.

The defence policy seems to focus a great deal on digital technology, artificial intelligence and new technology that could, in a way, save the Canadian Armed Forces. We're told that the endless wait for recruitment is over and that the somewhat archaic supply system has run its course. There seems to be a number of promises. One promise is an armed forces cyber-command.

Ms. Cianfarani, do you think that the funding earmarked for the development of cyber capabilities will help us make up for lost time or for our lag behind countries, such as China, which use cutting-edge technology, for example?

[English]

Ms. Christyn Cianfarani: It's hard for me to answer, because I believe that, simultaneous with the investments we are making to try to right ourselves, the needle keeps moving forward faster than we can get in front of it. I think we have tremendous capability within the country, from an industrial perspective on the cyber side, and that we have incredible competency within our agencies—CSIS and the CSE—as well as the building of cyber-command under the Department of National Defence. I see those as all positive steps forward.

The question is really how a democratic country with a talent shortage and a funding shortage would match with a country that is a dictatorship and that has innumerable and exponential amounts of money to pour into this particular area. We will always, I think, be chasing our tail in some way, unless we come together more as allies with our allied partners, like we do under Five Eyes, to try to get ahead of it.

They're all good steps; it's just that by nature, I think, we will always be playing catch-up.

The Chair: You have a minute and a half, Ms. Mathysen.

Ms. Lindsay Mathysen: It has been repeated. We've done studies on it. We've talked about procurement. We've talked about de-

politicizing it. You've talked today about how you need that consistency beyond one government to another government, and so on.

One would argue that you're trying to create those sorts of policies or long-term strategies almost in consensus. Would you argue, then, that it's preferable that parties depoliticize and look, on these very important issues, to creating things like agreements or to going into partnerships—one may even say coalitions—in order to ensure that we're serving and doing what's necessary to support the industries—doing what we need to do on the world stage and putting ourselves at the back of that in favour of working together?

Hon. Brian Gallant: Look, I think that on any subject, if you can have multi-party support it's amazing. In the panel before us, I didn't catch the name of the academic, but I really liked it when he said that studies would show that when two or three parties have a consensus, you're going to see the public follow and agree to make that a priority, whatever the topic is, so certainly I think you're right to say everything you've just said.

In terms of the mechanisms, some of that would probably work. My gut would say that even just having the public dialogue would do the trick, frankly, and it's as simple as the discourse being, "No, we're supportive of this. We recognize"—whether it's party X, Y or Z—"that this is something we have to invest in. We're all working on this together."

The Chair: Thank you, Ms. Mathysen.

Ms. Gallant, you have three minutes.

• (1745)

Mrs. Cheryl Gallant: Thank you, Mr. Chair.

Madam Christyn Cianfarani, the government has estimated that it will award a submarine contract four years from now, with the first new submarine in the water a decade later. What can be done to expedite the process so that our navy can receive these new submarines in the water more quickly?

Ms. Christyn Cianfarani: Well, I think that some of the things it's doing right now will help to expedite the process. Going around the world and understanding what our allies already have in an off-the-shelf procurement in this particular case, I think, will expedite the capability in the hands of the Royal Canadian Navy, so I would say less bespoke and probably more off the shelf. Also, understanding where Canadian industry will play to probably maintain and operate such an asset will be incredibly important. The release of the RFI most recently to gather that information and move forward on it, then, I think, is incredibly important.

The other thing that will need to be done in short order, probably in the next budget, is to have that money profiled actually within the budget. Right now, you can't buy those submarines because you don't have any money earmarked for them.

Mrs. Cheryl Gallant: You say “off the shelf”, but there's no submarine sitting on a shelf somewhere. We don't even have the schematics done. All told, what is the minimum, then? If there were a production line already in play that we could place an order in, is there a possibility that we could get them sooner that way?

Ms. Christyn Cianfarani: I have not looked into this as to what country is most advanced in line with what our requirements say. You'd have to ask the navy that question.

Mrs. Cheryl Gallant: Now, the Prime Minister said, at the NATO summit, that Canada will hit its minimum 2% spending by 2032, or within eight years, and they're claiming cabinet confidence to refuse to provide a plan. Are you confident in that estimate, or is it just a number they made up to placate our allies' frustration over our lack of contribution?

Ms. Christyn Cianfarani: That's not a plan. That's a press release.

A plan would be a budget rollout, year over year, of funding for us to be able to get to 2% of GDP. From an industrial perspective, we would see a matching investment plan, which would show the assets and the money profiled out in order to achieve 2% of GDP.

The Chair: Thank you, Ms. Gallant.

Mr. Powlowski, you have the final three minutes.

Mr. Marcus Powlowski: Supporting Ukraine and its war against Russia, I think, aligns with our strategic interests. Certainly, one of the biggest challenges facing Ukraine at the moment is ammunition and the global shortage of 155-millimetre artillery shells. The update mentions that “Canada will seek to accelerate the establishment of new artillery ammunition production capacity in Canada”.

I think we did give some money in March, to IMT Defence and General Dynamics, to look at expanding manufacturing. What are we doing to expand manufacturing of artillery shells and ammunition and, specifically, 155-millimetre artillery shells?

Ms. Christyn Cianfarani: Currently, as I understand it, between the munitions supply program and the government contracting offices, there is a back-and-forth conversation with what the next

generation of round would look like and how much Canada would be willing to purchase itself, because obviously it needs to purchase it and then either donate it or have it for what we need for our own stocks.

That conversation has been ongoing prior to the release of the DPU. The sense of urgency we would expect in making investments in this particular area, moving it forward and then contracting out to industry is just not there in the way we're certainly seeing it in other nations. At this point, the Americans have made more investments in 155 and propellant in Canada than Canada has made in it. Next week, I will be at IMT for the opening of their new line for the Americans.

Mr. Marcus Powlowski: I guess, as the last question... I was looking into the production of 155-millimetre artillery shells. Do I have it totally screwed up? How much does it cost to make one? How much do they sell for? I figured out that it's about \$7,000 per shell, which seems incredible, given the number of shells that are being used. Is that an accurate figure?

• (1750)

Ms. Christyn Cianfarani: Honestly, I don't know. I haven't done the math. All I look at is that I think there are about 6,000 rounds per day and 250,000 rounds per month being used by Ukraine—something along those lines. The numbers are astronomical.

The Chair: Thank you, Mr. Powlowski.

Unfortunately, I have to gavel this meeting to a close. I appreciate, as does the committee, your presence here and your patience. Your contribution to our review of the DPU is most welcome. The more questions we ask, the more questions we have. It seems to be almost endless in this thing. Again, thank you.

Colleagues, we'll meet again on Thursday morning. We have the new chief of the defence staff and the new vice-chief of the defence staff for the first hour. For the second hour, we have Representative Tseng from the Taiwanese office, and we'll go from there.

With that, the meeting is adjourned.

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