Defence Sector Briefing

Defence Industrial Strategy | Dual-Use Technology | Canadian Procurement

Prepared by

NORTHERN ARC PUBLIC AFFAIRS

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CONFIDENTIAL

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> *"Defending Canada means more than the size of our military. It also means the strength of our industries, the resilience of our economy and our capacity to act independently when it matters most. Our national security and our economic security go hand in hand." "Over the last few decades, Canada has neither spent enough on our defence nor invested enough in our defence industries. We have relied too heavily on our geography and others to protect us. This has created vulnerabilities that we can no longer afford and dependencies that we can no longer sustain."*
>
> **The Rt. Hon. Mark Carney, Prime Minister of Canada**
> Defence Industrial Strategy Launch, Montréal | February 17, 2026

$180B	$6B	$379M	70%
Total Defence Procurement Pipeline	BDC Defence Platform	Regional Defence Investment Initiative	Canadian-Sourced Procurement Target by 2035

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Executive Summary

On February 17, 2026, Prime Minister Carney launched Canada's first Defence Industrial Strategy, committing $63.1 billion in new defence investment over five years and setting a target of 5% of GDP on defence by 2035. The announcement established the Defence Investment Agency, a BUILD-PARTNER-BUY procurement hierarchy that prioritizes Canadian companies, and a $180 billion total direct investment pipeline over twenty years. For Canadian dual-use technology companies at the intersection of defence innovation, autonomous systems, AI, cybersecurity, advanced manufacturing, and maritime or aerospace technology, this is the most consequential federal funding moment since the Second World War.

The window is narrowing. The Defence Investment Agency is standing up its Strategic Partner framework and begins designating BUILD-tier companies no later than summer 2026. The BDC Defence Platform has already deployed $91.7 million to 16 companies in its first three months of operation. IDEaS is advancing its BOREALIS roadmap, with publication expected by Q3 2026. PacifiCan is delivering $67.5 million in RDII funding specifically to B.C. defence companies, with applications opening April 1, 2026. On March 26, 2026, Canada officially achieved the NATO 2% GDP defence spending benchmark, validating the scale of investment already underway.

This briefing maps the federal funding and procurement landscape for Canadian companies in the defence and dual-use technology sector. It outlines a strategic roadmap to capture $10–30 million in federal support over 6 to 12 months, spanning non-repayable contributions, defence procurement, BDC financing, and tax credits. Northern Arc's value is not paperwork. It is the political positioning at the ministerial, Deputy Minister, and PMO level that determines which applications succeed and which companies become the ones Ottawa points to when it needs to demonstrate Canadian industrial sovereignty.

Part One covers the federal funding programs offering the highest value for dual-use defence companies: IDEaS, IRAP DI Assist, the BDC Defence Platform (including StrongNorth VC and Defence Loans), RDII through the relevant Regional Development Agency, RAII, SRF Priority 2, DIA procurement, SR&ED credits, and CanExport SMEs.

Part Two covers the ministerial portfolios where positioning matters: National Defence (McGuinty), Fisheries and Coast Guard (Thompson), Industry/ISED (Joly), AI and Digital Innovation (Solomon), PacifiCan/Housing (Robertson), Environment (Dabrusin), and the Major Projects Office.

Part Three covers provincial stacking programs and international market pathways through allied nations and Five Eyes procurement networks.

WHAT MAKES CANADIAN DUAL-USE DEFENCE COMPANIES DIFFERENT

BUILD-Tier Eligible by Design. The Defence Industrial Strategy's BUILD framework reserves the highest-value procurement for Canadian-owned companies developing sovereign capability in designated priority areas: digital systems, autonomous systems, AI, cybersecurity, sensors, space, aerospace, and advanced manufacturing. Companies with Canadian IP, Canadian headquarters, and Canadian manufacturing are not just preferred. They are the stated policy intent.

The DIS Names Ten Priority Capability Areas. Aerospace. Ammunition. Digital systems. In-service support. Personnel protection and medical countermeasures. Sensors. Space. Specialized manufacturing. Training and simulation. Autonomous systems. Companies that map their technology to one or more of these named areas are positioned for every funding stream simultaneously: IDEaS, IRAP DI Assist, BDC Defence Platform, RDII, and DIA procurement.

Dual-Use Architecture Unlocks Both Funding Streams. The same technology serving both civil and military missions qualifies for defence programs (IDEaS, IRAP DI Assist, BDC StrongNorth) and civil innovation programs (RAII, SRF Priority 2, PacifiCan/RDII) simultaneously. Dual-use architecture is not a complication. It is a multiplier.

The Buy Canadian Policy Is Now Law. Implemented December 2025, the Buy Canadian Policy requires federal departments to prioritize Canadian suppliers in ICT and defence procurement. The threshold drops from $25 million to $5 million on June 15, 2026, dramatically expanding the range of contracts subject to Canadian preference.

The DIA Strategic Partner Framework Is Being Written Now. The framework for designating BUILD-tier Strategic Partners is expected no later than summer 2026. Companies that establish relationships with the DIA, Minister McGuinty's office, and ISED before that framework is published help shape how Canadian is defined. This is the most consequential positioning window in the history of Canadian defence procurement.

CANADA'S DEFENCE INDUSTRIAL SOVEREIGNTY: THE NATIONAL ARGUMENT

Prime Minister Carney has been explicit: Canada will not be "forced to choose between hegemons and hyperscalers." That principle extends from AI sovereignty to maritime autonomy to defence industrial capacity. For a country with the world's second-largest landmass, the longest coastline, Arctic sovereignty responsibilities, and an underinvested military, the strategic logic is inescapable.

The DIS was not written in isolation. It reflects a recognition that decades of defence underfunding created industrial gaps that foreign suppliers have filled. NORAD modernization has $38.6 billion committed. The RCN needs autonomous surface and subsurface vessels. The CAF needs advanced digital C4ISR. Canadian AI companies need defence-grade deployment environments. Canadian manufacturers need sovereign supply chains.

The government's answer is the BUILD-PARTNER-BUY hierarchy: Canadian firms building sovereign capability come first. Trusted allies partner when Canada lacks the industrial capacity. Foreign procurement is the last resort. For Canadian dual-use technology companies, the policy environment has never been more favourable.

On March 26, 2026, Canada officially achieved the NATO 2% GDP defence spending benchmark half a decade ahead of the previous schedule. The government's commitment to 5% of GDP by 2035 means defence spending will continue to accelerate. The companies that establish themselves as Strategic Partners now will benefit from that spending curve for the next decade.

THE COMPETITIVE GAP: WHY URGENCY MATTERS

Canadian dual-use technology companies that have secured early government validation, built defence-relevant IP, and established relationships with the Coast Guard, CAF, or allied primes are precisely the profile the Defence Industrial Strategy was designed to accelerate. But validation alone does not capture funding. Most companies are engaging at the program administrator level, submitting applications, and waiting.

Comparable Canadian companies are securing $10–30 million through IDEaS, IRAP DI Assist, BDC Defence Loans and StrongNorth, and RDA defence streams. The BDC Defence Platform has deployed $91.7 million in its first three months. IDEaS has $244.2 million committed for dual-use technology development. PacifiCan's RDII has $67.5 million specifically for B.C. defence companies opening April 1, 2026. These are not hypothetical programs. They are active, funded, and moving.

The question is not whether your company deserves this funding. The question is whether your company will capture it before the window closes.

Canadian Content: Quantified

The DIS, Buy Canadian Policy, and DIA Strategic Partner framework all prioritize companies that can demonstrate Canadian ownership, Canadian IP development, Canadian manufacturing, and Canadian headquarters. The following metrics are the baseline for positioning any dual-use technology company within the federal defence ecosystem.

Canadian-Owned IP. Technology developed in Canada with Canadian government R&D support, including NRC IRAP, IRAP DI Assist, and SR&ED, carries a strong presumption toward BUILD classification. IP developed abroad and licensed to a Canadian subsidiary carries risk under the emerging Strategic Partner framework. Assess IP ownership structure before positioning.

Canadian Headquarters and Manufacturing. The DIS framework weighs where decisions are made and where manufacturing happens. A Canadian headquarters with Canadian production operations is the strongest profile. A Canadian subsidiary of a foreign parent, even with genuine Canadian operations, will face scrutiny as the DIA framework develops.

Government Validation. Existing procurement relationships with the CAF, Coast Guard, or allied defence organizations are the most powerful proof point in any DIS application. Federal programs seek to accelerate proven success, not fund speculative development.

Indigenous Partnership. The government has explicitly elevated Indigenous economic partnership as a procurement priority. Companies with embedded operational relationships with Indigenous communities, not performative consultation, receive meaningful preference in federal evaluation.

Defence-Ready Leadership. Former CAF officers, defence procurement veterans, and export control specialists on the leadership team signal institutional maturity to defence procurement officials. This is a qualitative factor that influences how applications are received at the ministerial and DIA level.

How Federal Decisions Are Actually Made

Before examining specific funding programs, it is essential to understand how federal decisions actually happen. Program guidelines describe eligibility criteria and application processes. They do not describe how decisions are made. The gap between formal process and actual decision-making is where opportunities are won or lost.

The Three Levels of Federal Decision-Making

Political Level: Ministers and Ministerial Staff. Ministers set strategic priorities for their departments. Minister McGuinty at National Defence determines which Canadian companies are essential to defence modernization. Minister Joly at Industry decides which companies represent national champions. Minister Solomon at AI and Digital Innovation shapes how AI is deployed for national security. Ministerial staff filter what reaches the Minister and shape how issues are framed. When a Minister's office understands that a particular company represents strategic value, that understanding flows through the department.

Bureaucratic Level: Deputy Ministers and ADMs. Deputy Ministers and Assistant Deputy Ministers manage departmental operations and evaluate technical merit. They assess whether applications meet criteria and make recommendations to Ministers. A technically sound application that aligns with departmental priorities receives favourable evaluation. The bureaucratic level ensures that political interest translates into defensible decisions.

Central Agency Level: The Prime Minister's Office. The PMO coordinates across departments and ensures alignment with the government's national security and economic strategy. PM Carney has made defence recapitalization and sovereign industrial capacity centrepieces of his mandate. When the PMO understands that a particular technology company is essential to coastal defence, digital sovereignty, or autonomous systems capability, that understanding shapes how multiple departments approach the file.

Why Alignment Matters

These three levels must be aligned for significant outcomes. A Minister may express interest, but if Deputy Ministers do not see technical merit, the file stalls. A Deputy Minister may recommend approval, but if the Minister's office does not see political value, the file sits unsigned. Both may be aligned, but if the PMO has different priorities, interdepartmental coordination fails.

Most companies engage only with program administrators who process applications. They submit paperwork and hope. Northern Arc ensures that when applications reach decision points, the political level has already identified the company as strategically important, the bureaucratic level has assessed the file favourably, and the PMO already understands how supporting this company advances national priorities. The application becomes confirmation of a decision that has already been shaped at every level that matters.

Part One: Federal Funding Programs

The federal government has committed billions to defence modernization, dual-use technology, and sovereign industrial capacity. The following programs represent the highest-value opportunities for Canadian defence and dual-use technology companies, with a combined target of $10–30 million over 6 to 12 months.

Program	Type	Target Amount	Timeline
IDEaS Program	Non-repayable	$1M – $3M	Q1–Q3 2026
IRAP DI Assist ($244.2M)	Non-repayable	$1M – $5M	Ongoing
BDC StrongNorth Fund	Venture Capital	$500K – $2M	Ongoing

BDC Defence Loans	Repayable Loan	$1M – $3M	Ongoing
RDII (via RDA)	Non-repayable / Repayable	$500K – $2M	From Apr 1, 2026
RAII (AI stream)	Repayable (interest-free)	$500K – $2M	Continuous to Dec 2028
SRF Priority 2	Non-repayable	$2M – $5M	Q3–Q4 2026
DIA / Defence Procurement	Contract Revenue	$2M – $10M	Ongoing
SR&ED + Provincial Credits	Tax Credit	$200K – $500K/yr	Ongoing
CanExport SMEs	Non-repayable	$30K – $50K	Before May 29, 2026
COMBINED FUNDING TARGET		**$10 – $30 MILLION**	

Innovation for Defence Excellence and Security (IDEaS)

IDEaS is DND’s flagship innovation program, supporting Canadian companies developing defence and security solutions through Competitive Projects (up to $1.5M), Sandboxes (live testing with CAF end-users), Innovation Networks, and Test Drives. The DIS has reinforced IDEaS as the primary mechanism for advancing frontier defence technology, with the BOREALIS roadmap expected by Q3 2026 establishing priority innovation areas including AI, quantum, cybersecurity, and autonomous systems.

Why Canadian Companies Qualify: IDEaS prioritizes dual-use technologies already demonstrated in operational conditions, particularly those that reduce CAF dependence on foreign platforms. Companies with existing procurement relationships, Coast Guard or CAF exercise experience, or deployed technology in federal service are the strongest profile.

The Strategic Case: The BOREALIS DISH Industry Day identified autonomous systems and cybersecurity as priority mission areas for future IDEaS investment. DND is actively seeking Canadian companies providing counter-UAS, maritime ISR, AI-enabled decision support, and autonomous surveillance capabilities.

What Northern Arc Does: Engage directly with Minister McGuinty’s office and DND ADMs to ensure political awareness accompanies IDEaS applications. Position for upcoming Sandbox opportunities. Connect with Defence Research and Development Canada (DRDC) to align with maritime and digital autonomy research priorities.

Target: $1–3 million. **Timeline:** Q1–Q3 2026.

NRC IRAP Defence Industry (DI) Assist

IRAP DI ASSIST: $244.2 MILLION FOR DUAL-USE TECHNOLOGY

Budget 2025 committed $244.2 million to the IRAP Defence Industry Assist program, specifically designed to help Canadian SMEs enter the defence supply chain. The program provides non-repayable contributions to support technology development, prototyping, and commercialization of dual-use innovations that serve both commercial and military applications. Applications are accepted on a rolling basis.

IRAP DI Assist specifically targets companies transitioning from civil to expanded defence applications, with a clear pathway to CAF or allied nation adoption. This is the single most

> accessible and highest-value non-repayable program for dual-use Canadian SMEs in the current funding landscape.

Why Canadian Companies Qualify: Canadian SMEs with dual-use technology, existing defence or government procurement relationships, and a clear pathway to expanded defence adoption match the program’s stated eligibility profile exactly.

The Strategic Case: Position the company as a Canadian industrial sovereignty play. The application should emphasize that funding builds domestic capability, reduces dependence on foreign suppliers, creates Canadian technology jobs, and strengthens the Canadian defence industrial base, the four criteria the DIS explicitly prioritizes.

What Northern Arc Does: Connect with IRAP Industrial Technology Advisors specializing in defence. Coordinate with Minister McGuinty’s office to ensure the DI Assist application receives political visibility. Position within the NORAD modernization and maritime ISR narrative.

Target: $1–5 million. **Timeline:** Ongoing. Applications accepted now.

BDC Defence Platform

> **BDC DEFENCE PLATFORM: $6 BILLION AND ACTIVELY DEPLOYING**
>
> On March 12, 2026, the Business Development Bank of Canada announced the expansion of its Defence Platform to $6 billion, with $91.7 million already deployed to 16 companies since its December 2025 launch. The Platform operates through two primary vehicles relevant to dual-use technology companies:
>
> **StrongNorth Fund ($300M VC).** A new venture capital fund for early-stage Canadian startups developing deep technologies with defence-focused or dual-use applications. Managing Partner Peter Suma has committed to leading rounds, investing in 30 to 40 startups over four years. The fund is stage-agnostic and mission-driven. It succeeds BDC’s prior Deep Tech Venture Fund with an explicit defence mandate.
>
> **BDC Defence Loans ($3.5B).** Growth financing for companies scaling within the defence supply chain. Flexible terms for hardware-intensive and manufacturing-scale businesses. BDC financing also serves as a signal of federal confidence: a BDC assessment strengthens every other application in the pipeline.
>
> BDC VP Peter Dawe has noted that peak demand for the Platform is expected in 2027 and 2028, meaning the companies that engage now are ahead of the curve.

Why Canadian Companies Qualify: Canadian SMEs developing defence and dual-use technology with a clear DIS priority area alignment qualify for both StrongNorth (equity) and Defence Loans (growth capital). BDC evaluates opportunities on whether there is clear demand or interest from the CAF or allied nations, a straightforward bar for companies with existing government procurement.

What Northern Arc Does: Facilitate introduction to BDC’s Defence Platform team and coordinate positioning for StrongNorth assessment. A BDC engagement runs concurrently with federal funding applications and reinforces the overall federal narrative.

Target: $500K–2M (StrongNorth equity) + $1–3M (Defence Loans). **Timeline:** Ongoing.

RDII — Regional Defence Investment Initiative

RDII: $379.2 MILLION NATIONALLY, OPEN NOW

The Regional Defence Investment Initiative is a $379.2 million national program delivered by Canada's seven Regional Development Agencies to support Canadian SMEs integrating into domestic and international defence supply chains. It is the single most geographically comprehensive defence funding program ever launched in Canada.

PacifiCan delivers $67.5 million for B.C. businesses, with applications for commercial projects accepted from April 1, 2026, to March 31, 2028. PrairiesCan delivers its allocation for AB, SK, and MB companies on a similar timeline. For-profit SME contributions under RDII are generally repayable, covering up to 75% of eligible costs.

Eligible activities include technology demonstration, adoption and adaptation of dual-use technologies, productivity and manufacturing capacity improvement, certification for defence supply chains, and market development for domestic and allied defence markets.

Why Canadian Companies Qualify: Canadian SMEs in the DIS's ten priority capability areas, or companies pivoting into defence supply chains, match RDII's eligibility profile exactly. RDII is explicitly designed for companies that do not yet have full defence supply chain integration but have the technology and capacity to achieve it.

What Northern Arc Does: Coordinate RDII application through the relevant RDA (PacifiCan for B.C., PrairiesCan for Prairies companies). Engage the RDA's regional team to ensure the application is positioned within the DIS framework. Align timing with IRAP DI Assist and BDC applications to present a consistent narrative.

Target: $500K–2 million. **Timeline:** Applications open April 1, 2026. Apply early.

Regional Artificial Intelligence Initiative (RAII)

The RAII is a $200 million federal program delivered through Regional Development Agencies for AI productization, commercialization, and adoption. It offers $250K to $5M per project with continuous intake until December 31, 2028. For-profit recipients receive repayable (interest-free) contributions. For companies with AI-powered platforms serving defence applications, including C4ISR, maritime domain awareness, autonomous navigation, or cybersecurity AI, RAII is the most accessible continuous-intake program in the current landscape.

Why Canadian Companies Qualify: AI-enabled platforms that fuse data from multiple sensors or systems, use machine learning for object recognition or behavioural inference, or provide real-time decision support for defence or civil government operators are squarely within the RAII mandate.

What Northern Arc Does: Coordinate RAII application through the relevant RDA, emphasizing the AI platform as a Canadian-developed sovereign capability. Align with Minister Solomon's national AI strategy positioning and Minister Robertson's economic development priorities where the company is B.C.-based.

Target: $500K–2 million. **Timeline:** Continuous intake to December 31, 2028.

Strategic Response Fund: Priority 2

The Strategic Response Fund's Priority 2 stream (Clean Growth and Industrial Transformation) supports large-scale projects with environmental and industrial transformation benefits. This is the active SRF stream following the cancellation of the Net-Zero Accelerator. For defence and dual-use technology companies with an environmental or industrial decarbonization angle, including autonomous systems that reduce the carbon footprint of marine monitoring, surveillance, or logistics, SRF Priority 2 offers significant funding through a consortium approach.

Why Canadian Companies Qualify: Autonomous platforms that reduce the need for crewed vessel deployments, eliminate fuel-intensive monitoring operations, or provide persistent environmental surveillance at lower emissions intensity qualify for SRF Priority 2's industrial transformation framing. A consortium approach with port authorities, First Nations environmental services, or research institutions strengthens the application significantly.

What Northern Arc Does: Explore consortium approach with relevant environmental and industrial partners. Requires 3 to 4 months of ministerial relationship-building before submission. Position the technology as green maritime or green industrial infrastructure that decarbonizes operations while delivering superior capability.

Target: \$2–5 million (as consortium lead). **Timeline:** Q3–Q4 2026.

Defence Investment Agency and Procurement Opportunities

DIA STANDALONE LEGISLATION: ENGAGE NOW TO SHAPE THE FRAMEWORK

The Defence Industrial Strategy commits to establishing the DIA as a standalone entity separate from Public Services and Procurement Canada, with enabling legislation to be introduced in Spring 2026. The DIA is also developing its Strategic Partner framework for BUILD-tier designation, expected no later than summer 2026.

Companies that engage with the DIA now, before the framework is published, have an opportunity to shape how "Canadian" is defined for procurement purposes. The BUILD-PARTNER-BUY hierarchy is being operationalized in real time. Northern Arc engages directly with the DIA and Minister McGuinty's office to ensure clients are positioned within the Strategic Partner framework as it develops, not after it is locked.

The Buy Canadian Policy threshold drops from \$25 million to \$5 million on June 15, 2026, dramatically expanding the range of contracts where Canadian suppliers receive mandatory preference.

What Northern Arc Does: Engage with the Defence Investment Agency to position on supplier lists for relevant capability areas. Coordinate with Minister McGuinty's office and the Secretary of State for Defence Procurement. Pursue BUILD-tier Strategic Partner designation through the DIA engagement process before summer 2026.

Target: \$2–10 million in contract revenue. **Timeline:** Ongoing.

SR&ED Tax Credits and Provincial R&D Credits

As a technology company with active R&D activities, your company is likely already claiming SR&ED and provincial R&D tax credits. We include this for completeness and to ensure these claims are coordinated with the broader federal funding strategy.

The federal SR&ED program provides a 35% refundable credit on the first $6 million in qualifying expenditures (Budget 2025 doubled the threshold from $3 million), and 15% beyond that. Provincial credits stack with federal SR&ED: B.C. provides a provincial SR&ED component; Alberta provides an Innovation Employment Grant of 20% on qualifying R&D. Ontario companies can access the OTC (8% refundable on first $3M) and ORDTC (3.5% non-refundable). Combined, the federal and provincial stack can return 40 to 55% of eligible R&D expenditures annually.

Northern Arc ensures these claims are coordinated with the broader federal funding strategy so that SR&ED-eligible activities are properly categorized and maximized.

Target: $200K–$500K annually. **Timeline:** Ongoing, claims due 18 months after fiscal year-end.

CanExport SMEs

CanExport provides up to $50,000 per project at 50% cost-share to support Canadian SMEs expanding into new international markets. For dual-use technology companies pursuing allied navy procurement, coast guard agency relationships in allied nations, or international defence exhibition participation, CanExport covers eligible market development costs. Intake closes May 29, 2026.

What Northern Arc Does: Coordinate CanExport application for allied nation market development. Align with TCS defence trade commissioners in target markets.

Target: $30K–$50K. **Timeline:** Apply before May 29, 2026.

Key Dates and Deadlines

Date	Milestone
Ongoing	IRAP DI Assist: rolling applications accepted now
Ongoing	RAII: continuous intake until December 31, 2028
Ongoing	BDC Defence Platform (StrongNorth + Loans): open
April 1, 2026	RDII (PacifiCan B.C.): commercial project applications open
April 1, 2026	Federal fiscal year begins; program budgets reset
May 29, 2026	CanExport SMEs intake closes
Spring 2026	DIA standalone legislation introduced in Parliament
June 15, 2026	Buy Canadian threshold drops $25M to $5M; SMB Procurement Program launches
Summer 2026	DIA Strategic Partner framework: BUILD-tier designations begin
Q3 2026	BOREALIS roadmap published; IDEaS priority areas confirmed
Ongoing	SR&ED claims due 18 months after company fiscal year-end

Part Two: Federal Departments and Positioning

Understanding which federal ministries have mandates aligned with your company's capabilities is essential for strategic positioning. The goal is not just to apply for programs, but to ensure that when applications arrive, decision-makers already understand why your company matters.

Department of National Defence (DND)

PRIORITY: HIGH | Minister: David McGuinty | Defence recapitalization: $63.1B over 5 years, $180B total over 20 years

Why They Care: DND oversees NORAD modernization, Arctic surveillance, maritime ISR, and the ten sovereign capability areas named in the DIS. Minister McGuinty has emphasized equipping the CAF with modern capabilities while strengthening Canada's defence industrial base. The DIA, which operates under DND's oversight, is standing up its Strategic Partner framework and supplier registries now.

The Case: *"This is a Canadian company building technology in one of the DIS's named capability areas. Canadian-owned IP, Canadian headquarters, existing government procurement. This is exactly what the BUILD framework was designed to accelerate. When you need to demonstrate Canadian defence industrial capacity to allied partners, this is the company you should be pointing to."*

What Northern Arc Does: Arrange meetings with Minister McGuinty's office and DND senior officials. Position within NORAD modernization and DIS capability area planning. Ensure bureaucratic awareness accompanies political engagement across IDEaS and IRAP DI Assist applications. Pursue DIA Strategic Partner designation through direct engagement before summer 2026.

Fisheries and Oceans Canada and the Canadian Coast Guard

PRIORITY: HIGH | Minister: Joanne Thompson | Coast Guard autonomous systems modernization

Why They Care: The Canadian Coast Guard is actively adopting autonomous surface vessel technology for marine incident response, environmental monitoring, and search and rescue support. Minister Thompson's mandate includes protecting marine environments and modernizing Coast Guard capabilities.

The Case: *"Your Coast Guard has already validated this technology in operational conditions. Now let's scale that success across the entire Coast Guard fleet, from Arctic waters to the Atlantic."*

What Northern Arc Does: Engage with Minister Thompson's office to position for expanded Coast Guard procurement. Coordinate with Coast Guard autonomous systems leadership on national fleet-wide adoption. Align with DND maritime ISR procurement for a unified Canadian autonomous maritime narrative.

Innovation, Science and Economic Development Canada (ISED)

PRIORITY: HIGH | Minister: Mélanie Joly | Industry mandate; SRF, NGen, SIF oversight

Why They Care: ISED oversees Canada's innovation funding, industrial strategy, and the Strategic Response Fund. Minister Joly's mandate includes fostering Canadian technology champions and ensuring AI and advanced technology benefits translate into economic outcomes.

What Northern Arc Does: Arrange meetings with Minister Joly's office and ISED senior officials. Position within the DIS industrial strategy as a Canadian technology champion. Coordinate SRF Priority 2 and RAII applications through ISED.

Ministry of Artificial Intelligence and Digital Innovation

PRIORITY: HIGH | Minister: Evan Solomon | National AI strategy; sovereign AI infrastructure

Why They Care: Minister Solomon is developing Canada's updated national AI strategy. The strategy needs success stories beyond chatbots and language models. Companies with AI platforms applied to real-world defence, maritime intelligence, or national security missions demonstrate that AI protects Canadian sovereignty, not just generates text.

What Northern Arc Does: Establish early relationship with Minister Solomon's office before the AI strategy is finalized. Position for potential inclusion in strategy announcements. Pursue a Ministerial Roundtable on applied AI in defence and national security.

Pacific Economic Development Canada (PacifiCan)

PRIORITY: HIGH (for B.C. companies) | Minister: Gregor Robertson | B.C. defence investment: $63.1M via PacifiCan DIS

Why They Care: The DIS specifically committed $63.1 million through PacifiCan to build the B.C. defence industrial base. Minister Robertson's mandate includes B.C. economic development and the $13 billion Build Canada Homes portfolio.

What Northern Arc Does: Deepen PacifiCan relationships through the Victoria regional office. Engage Minister Robertson's office to ensure political awareness. Position for RDII (open April 1, 2026), RAII, and BSP funding.

Environment and Climate Change Canada (ECCC)

PRIORITY: MEDIUM | Minister: Julie Dabrusin | Marine conservation and MPA monitoring

Why They Care: ECCC is responsible for Canada's marine conservation commitments, including expanding Marine Protected Areas and monitoring marine ecosystems. Autonomous surface vessels with environmental sensor suites provide cost-effective, persistent monitoring capability for MPAs and coastal ecosystems.

What Northern Arc Does: Position within marine conservation technology discussions. Connect with ECCC's marine monitoring programs to explore how autonomous platforms support MPA enforcement and environmental data collection.

Major Projects Office

PRIORITY: MEDIUM | CEO: Dawn Farrell | Headquarters: Calgary | Fast-tracking nation-building infrastructure

The Major Projects Office fast-tracks nation-building projects including ports, energy corridors, and critical infrastructure. Port expansion and marine infrastructure projects on the MPO fast-track require environmental monitoring as a condition of regulatory approval.

What Northern Arc Does: Engage with the MPO to discuss how autonomous environmental monitoring can be integrated into port and marine infrastructure project approvals. Position as essential monitoring infrastructure for MPO-tracked coastal projects.

Federal Engagement Summary

Department	Priority	Minister	Key Opportunity
National Defence	**HIGH**	David McGuinty	IDEaS, IRAP DI Assist, DIA, USV procurement
Fisheries / Coast Guard	**HIGH**	Joanne Thompson	Coast Guard fleet expansion, autonomous systems
ISED	**HIGH**	Mélanie Joly	SRF Priority 2, RAII, innovation funding
AI & Digital Innovation	**HIGH**	Evan Solomon	National AI strategy, sovereign AI
PacifiCan	**HIGH**	Gregor Robertson	RDII, RAII, BSP, $63.1M DIS allocation
Environment & Climate	**MEDIUM**	Julie Dabrusin	MPA monitoring, conservation tech

Major Projects Office	**MEDIUM**	Dawn Farrell	Port/marine project regulatory enablement

Part Three: Provincial and International Markets

British Columbia Provincial Programs

British Columbia offers complementary programs that stack with federal funding and strengthen positioning across multiple streams.

Innovate BC. Innovate BC provides programs supporting technology company growth in British Columbia, including venture acceleration, market development, and technology adoption support.

BC Manufacturing Jobs Fund. Capital investment support for B.C. manufacturing expansion. For defence and dual-use technology companies with physical manufacturing operations in B.C., the Fund stacks with federal RDII and IRAP DI Assist.

B.C. Provincial SR&ED. Provincial R&D tax credits stack with federal SR&ED, increasing the return on ongoing technology development expenditures.

Prairie Provincial Programs

Alberta Innovation Employment Grant (IEG). 20% of qualifying R&D expenditures, stacking with federal SR&ED for a combined recovery of up to 55% for Alberta-based companies.

Alberta Innovates. Named streams including Digital Innovation, Clean Resources, and Industry Engagement provide provincial R&D support for Alberta-based technology companies that stack with federal programs.

Saskatchewan Technology Start-Up Incentive (STSI). 45% non-refundable tax credit for angel investors in Saskatchewan technology companies, relevant for early-stage dual-use technology companies raising private capital alongside federal support.

International Market Opportunities

ALLIED NATION OPPORTUNITIES: FVEY AND NATO MARKETS

Canada's Five Eyes and NATO allies are actively procuring dual-use maritime, AI, and autonomous systems technology. The U.S., U.K., Australia, and New Zealand all face similar challenges: vast coastlines or operational theatres requiring persistent surveillance, with limited crewed capacity. Canadian companies with demonstrated procurement success with the CAF or Coast Guard provide the procurement reference that allied defence organizations require.

The January 2026 Canada-Japan Equipment and Technology Transfer Agreement, signed by Minister McGuinty, creates new pathways for defence technology exports to Indo-Pacific allies. For companies with maritime ISR, cybersecurity, or autonomous systems capabilities, Japan, South Korea, and Australia represent significant near-term procurement opportunities.

Northern Arc coordinates with the Trade Commissioner Service and defence attaché offices to position Canadian companies for allied procurement discussions and international defence exhibitions including CANSEC, RIMPAC, and DSEI.

CanExport SMEs. Up to $50,000 per project at 50% cost-share for Canadian SMEs expanding into new international markets. Apply before May 29, 2026.

Export Development Canada (EDC). Export credit insurance, working capital guarantees, and the $5 billion Trade Impact Program support Canadian exporters pursuing international defence contracts.

Trade Commissioner Service (TCS). Trade Commissioners in allied nations facilitate introductions to naval procurement authorities, coast guard agencies, and port security organizations.

EU SAFE Initiative. Canada joined the European Union's Security Action for Europe initiative at the Munich Security Conference in February 2026. SAFE is a key pillar of the EU's Readiness 2030 plan, creating new pathways for Canadian defence technology exports to European allies.

Why Canadian Defence Companies Are Positioned to Succeed

Government Validation Eliminates Procurement Risk. Federal programs seek to accelerate proven success, not fund speculative development. Companies with existing procurement relationships with the CAF, Coast Guard, or allied defence organizations carry the strongest application profile.

The DIS Naming Effect Creates Unprecedented Clarity. For the first time, the federal government has explicitly named ten sovereign capability areas where Canadian companies will receive preferred procurement.

Dual-Use Architecture Maximizes Government Return. Every federal dollar invested in a dual-use technology company serves both defence and civil mandates simultaneously.

Indigenous Partnership Adds Political Resonance. Federal decision-makers evaluating applications increasingly weight Indigenous partnership as a meaningful positive indicator.

The Funding Ecosystem Has Never Been Better Aligned. IDEaS, IRAP DI Assist, BDC StrongNorth, BDC Defence Loans, RDII, RAII, SRF Priority 2, and the DIA procurement pathway all opened or expanded within the last twelve months. The $379.2 million RDII, $244.2 million DI Assist, and $6 billion BDC Defence Platform represent a coordinated federal investment in the defence industrial base that has no modern precedent.

POLITICAL VALUE: WHY SUPPORTING CANADIAN DEFENCE COMPANIES IS A WIN FOR GOVERNMENT

PM Carney has committed to defending Canadian sovereignty and building Canadian defence industrial capacity. The DIS, BDC Defence Platform, RDII, and Buy Canadian Policy were all announced or expanded in the first twelve months of his mandate. Supporting Canadian dual-use technology companies checks every political box simultaneously.

Regional jobs in communities outside Ottawa and Toronto: good optics for seats across the country. Indigenous economic partnership: alignment with reconciliation commitments. Defence industrial sovereignty: alignment with NORAD modernization narrative. Marine environmental protection and decarbonization: alignment with climate commitments.

When Minister McGuinty needs a Canadian maritime autonomy success story for defence committee, when Minister Thompson needs a Coast Guard modernization example, when

Minister Robertson needs a B.C. technology win, the companies Northern Arc positions are the ones all three Ministers should be pointing to.

What Northern Arc Public Affairs Brings

Northern Arc exists to align political will with bureaucratic process. We ensure that when federal decisions are made, our clients are the answer that Ministers, Deputy Ministers, and the PMO have already agreed upon.

Hon. Kent Hehr, P.C., LL.B., Principal. Kent served as a Cabinet Minister in the Government of Canada. He sat at the Cabinet table where funding decisions are approved. He understands how Ministers think, what they respond to, and how to frame issues for political support.

Abed Harb, Managing Partner. Abed served in the Prime Minister's Calgary Regional Office and as Senior Advisor to multiple Ministers. He understands how the PMO coordinates national economic strategy, how ministerial offices evaluate requests, and how to ensure alignment across departments.

What We Do

Ministerial Engagement. We work directly with the Ministers responsible for files that matter to our clients: McGuinty (National Defence), Thompson (Fisheries/Coast Guard), Joly (Industry), Solomon (AI and Digital Innovation), and Robertson (PacifiCan). We ensure ministerial offices understand why each client represents strategic Canadian capability.

Deputy Minister and ADM Engagement. We work with senior bureaucrats who evaluate technical merit and make recommendations.

PMO Engagement. We maintain dialogue with the Prime Minister's Office to frame our clients' growth as essential to national priorities: defence sovereignty, AI infrastructure, Arctic surveillance, Indigenous economic partnership.

DIA Strategic Partner Positioning. We engage with the Defence Investment Agency to position clients for BUILD-tier Strategic Partner designation before the framework is finalized in summer 2026.

Application Coordination. We coordinate timing and narrative across multiple applications to present each client consistently to federal decision-makers.

THE ASK: DIA STRATEGIC PARTNER DESIGNATION

Northern Arc pursues a specific, high-value engagement for every defence and dual-use technology client: direct engagement with the Defence Investment Agency and Minister McGuinty's office to position for BUILD-tier Strategic Partner designation before the framework is published in summer 2026.

The Strategic Partner framework will define which companies receive preferred access to the $180 billion defence procurement pipeline over the next twenty years. Companies that engage the DIA now, before the designation criteria are set, help shape what Canadian means. This is the most consequential government relations engagement available to Canadian defence companies in 2026.

Northern Arc also pursues cross-ministerial roundtables where appropriate, bringing together National Defence, ISED, and AI and Digital Innovation to discuss how a company's capability bridges multiple federal mandates.

THE NARRATIVE WE WILL ADVANCE

"This is a Canadian company building technology that the Defence Industrial Strategy was written to support. Canadian-owned IP. Canadian headquarters. Technology serving both the Coast Guard and the Navy. Built in Canada, operated by Canadians, protecting Canadian sovereignty. When Prime Minister Carney says Canada will defend its interests and build its industrial capacity, this company is building the systems and software that make that possible."

The Sovereignty Multiplier: Canadian-designed, Canadian-built technology that reduces dependence on foreign platforms while creating Canadian technology jobs and, where applicable, Indigenous economic opportunity. This is Canadian industrial sovereignty in action.

Engagement Timeline and Deliverables

Northern Arc's engagement follows a structured six-month timeline designed to capture immediate funding opportunities while building the ministerial relationships required for long-term positioning.

Months 1–2: Foundation and Immediate Priorities

IRAP DI Assist Application. Develop and position IRAP DI Assist application for the company's dual-use technology. Engage with Industrial Technology Advisors specializing in defence. Coordinate with Minister McGuinty's office to ensure political awareness accompanies the application. Target: $1–5 million.

BDC Defence Platform Engagement. Facilitate introduction to BDC's Defence Platform team. Initiate StrongNorth Fund assessment for eligible venture-stage companies. Coordinate Defence Loans discussion for scaling-stage companies.

IDEaS Engagement. Identify upcoming IDEaS challenge opportunities and Sandbox calls related to the company's capability area. Position for Competitive Project applications and Test Drive participation.

RDII Application (B.C. companies). Develop RDII application through PacifiCan for B.C.-based clients. Applications open April 1, 2026.

Initial Ministerial Contact. Initiate engagement with ministerial offices across priority portfolios: National Defence, Fisheries/Coast Guard, Industry, AI and Digital Innovation, PacifiCan. Begin DIA Strategic Partner positioning.

Months 3–4: Building Momentum

Ministerial Roundtable Pursuit. Pursue cross-ministerial roundtable bringing together National Defence, ISED or AI and Digital Innovation, and the relevant RDA to position the company as bridging multiple federal mandates.

RAII Application. Develop RAII application through the relevant RDA for AI-enabled platform components. Align with Minister Solomon's national AI strategy positioning. Target: $500K–2 million.

DIA Strategic Partner Designation. Advance direct engagement with the DIA before the Strategic Partner framework is finalized in summer 2026.

Deepening Ministerial Relationships. Advance from introduction to substantive engagement with ministerial offices.

Months 5–6: Consolidation and Major Applications

SRF Priority 2 Consortium Development. Develop consortium application with environmental, industrial, or research partners for SRF Priority 2. Target $2–5 million.

Defence Procurement Advancement. Leverage ministerial relationships, BDC engagement, and IDEaS applications to build PMO-level awareness of strategic importance.

International Market Development. Coordinate CanExport, TCS, and EDC opportunities for allied nation markets. Submit CanExport application before May 29, 2026.

PMO Awareness. Frame the company's trajectory within the PMO's national priorities: defence industrial sovereignty, AI infrastructure, Arctic surveillance, Indigenous economic partnership.

Investment and Expected Return

Northern Arc Public Affairs works on a monthly retainer of $10,000 plus applicable taxes. The initial engagement period is six months, providing sufficient time to submit priority funding applications, establish ministerial relationships across all relevant portfolios, position for DIA Strategic Partner designation, initiate RDII, RAII, and IDEaS applications, and begin PMO awareness building.

The agreement includes a 30-day termination clause, meaning either party may cancel at any time with 30 days notice. After six months, the agreement continues month-to-month. New programs and projects are announced continuously. Defence procurement cycles are long-lead. RDII runs to March 2028. RAII runs to December 2028. IDEaS Sandbox and Challenge calls continue. Ongoing engagement ensures clients capture emerging opportunities as they arise.

ONGOING ENGAGEMENT

Federal engagement is not a one-time event. It is an ongoing relationship. Telling the company's story regularly and consistently in Ottawa, maintaining ministerial awareness as staff turn over, reinforcing DIA positioning as the Strategic Partner framework develops, and adapting to policy changes all require sustained presence.

The foundational work of the first six months creates relationships. Ongoing engagement maintains and leverages them as procurement opportunities crystallize, BOREALIS roadmap priorities are confirmed, and Budget 2027 commitments are shaped in early 2027.

Engagements like these typically extend to 6 to 18 months as opportunities develop and relationships deepen.

Expected Return

A six-month initial engagement totaling $60,000 targets $10–30 million in federal support across non-repayable contributions, BDC financing, defence procurement, and tax credits. Even at the conservative end of this range, the return on engagement exceeds 150:1.

Beyond direct financial return, federal recognition provides strategic advantages: enhanced credibility with defence primes and international partners, easier private capital attraction (BDC engagement signals federal confidence), DIA Strategic Partner designation opening multi-year contract opportunities worth far more than any single grant, and reputational validation that strengthens allied nation market entry. Companies that Ottawa knows and trusts receive consideration for opportunities that never reach formal application processes.

Conclusion

Canada's Defence Industrial Strategy represents the most consequential federal policy shift for Canadian dual-use technology companies in a generation. The BUILD-PARTNER-BUY framework prioritizes Canadian-owned companies. The $180 billion total procurement pipeline over twenty years is backed by a $6 billion BDC Defence Platform already deploying capital. The $379.2 million RDII is open for applications through every Regional Development Agency. IDEaS has $244.2 million committed to dual-use technology development. And on March 26, 2026, Canada achieved the NATO 2% GDP defence benchmark, validating the scale and permanence of this investment.

The DIA Strategic Partner framework is being written now. BUILD-tier designations begin in summer 2026. The Buy Canadian Policy threshold drops to $5 million on June 15, 2026. The companies that establish ministerial relationships, position their technology within the DIS capability framework, and engage the DIA before the Strategic Partner criteria are set will capture this window. Those that wait will find relationships made and allocations committed.

Northern Arc provides the political positioning that transforms a technically strong application into a funded one. The six-month engagement delivers comprehensive positioning across ministerial offices, the DIA, BDC, and the PMO. The target is $10–30 million in federal support over 6 to 12 months. The opportunity is now.

Northern Arc Public Affairs looks forward to partnering with your company to capture the federal opportunities that your technology and Canadian validation deserve.

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