

**U** **15**  
Canada



## **From Capacity to Capability**

U15 Canada's submission to the House of  
Commons Standing Committee on Finance

May 2026

## Recommendations:

To harness Canada's world-leading research enterprise for long-term prosperity and sovereign capability, U15 Canada recommends:

1. **Build a modern science and technology architecture to strengthen Canadian research.** Advance the proposed mission-driven research organization and Science and Innovation Advisory Council while upholding principles that protect investigator-led scientific excellence, maintain the independence of the merit-review process and provide clear strategic direction for Canada's research ecosystem.
2. **Establish mechanisms to connect Canada's research strengths with sovereign capability objectives.** Through the Defence Industrial Strategy, establish scalable mechanisms for engagement that position research universities as national assets in the development of sovereign capabilities that will underpin Canada's economic and national security and our collective prosperity.
3. **Deepen Canada's research partnerships with like-minded European partners by committing to association with Framework Program 10.** Building on the success of Canada's association to Horizon Europe, maintaining participation in the new European Union research and innovation program will help strengthen European partnerships and ensure Canada has access to the latest ideas and innovations.

## Introduction

Canada is navigating a moment of strategic consequence. Geopolitical realignment and technological competition are reshaping the conditions for prosperity and security. In a changing world, the capacity to generate, apply, and retain knowledge is the foundation of Canada's resilience.

Canada's leading research universities are helping to meet this moment. Together, U15 universities account for the vast majority of Canada's federally funded research, developing talent, driving innovation and delivering impact from coast to coast to coast. Our universities anchor research partnerships with industry, government, and international allies that Canada will need to remain strong and secure. As world-leading hubs of research excellence, U15 universities are national assets to secure Canada's sovereign capabilities in critical fields for the future.

To build the framework that will help unlock more from the research capacity Canada has already built, U15 Canada recommends action in Budget 2026 on three fronts:

- Governance changes that enable mission-driven coordination without compromising research excellence.
- Scalable mechanisms that connect industrial and defence priorities to university research and innovation capacity.
- Firm commitment to international partnerships that will define Canada's research relationships for the next decade.

Canada's research capacity is world-class. The partnerships with industry are ready to scale. The international networks are within reach. What is needed now is the architecture to harness this capability. Budget 2026 is an opportunity to move from recognizing Canada's research strengths to deliberately mobilizing them.

## The Role and Impact of a Robust Innovation System

Research and innovation are a foundational component of a productive, prosperous and sovereign country. Federal support for research plays a crucial role in building that capacity, providing Canada with the science and talent base that enables firms to generate new patents, technologies, and high-value products.

The federal government's decision to limit the impact of the Comprehensive Expenditure Review on research granting agencies reflects the important role research plays for the Canadian economy and society. Budget 2026 is an opportunity to build on that signal and maximize the impact to benefit all Canadians.

However, delivering impact is not only about investment. Canada lacks a clearly defined innovation and industrial strategy to guide investments. Sectoral initiatives exist across areas such as AI, quantum, clean technology and biomanufacturing, but they operate independently and do not add up to a coherent innovation strategy for Canada. This makes it hard to translate research strength into economic and sovereign advantage.

Canada's leading research universities are national assets that can be mobilized through a deliberate and strategic effort. Higher education accounts for [\\$19 billion in annual research](#) and approximately 84,000 researchers. This is the backbone of the country's knowledge capacity.

Canada has established early leads in critical areas that can be national assets of the future. But assets require coordination and connectivity to generate long-term returns.

### Creating a Mission-Driven Research Organization

For nearly a decade, federal reviews of the existing research landscape, from the [Naylor Review](#) in 2017 to the [Advisory Panel](#) on the Federal Research Support System in 2023, have reached the same conclusion. Canada excels at producing knowledge but lacks the institutional architecture to purposefully connect it to national objectives. The Bouchard Advisory Panel was clear that the federal granting agencies—NSERC, SSHRC, and CIHR—have excelled at their core mission of knowledge creation and talent development, and that their foundational role must be retained and strengthened. The problem is the absence of a complementary structure that purposefully links Tri-Agency excellence to mission-driven national objectives.

The federal government has outlined a clear response to these findings. Budget 2024 proposed the creation of a mission-driven research organization, and Budget 2025 reiterated that commitment. Budget 2026 must deliver on that commitment—advancing mission-driven capacity without compromising the excellence of the current system.

As such, U15 Canada recommends three design principles:

**Protect the integrity of investigator-led research.** The new organization should add strategic capacity for mission-driven research alongside the granting agencies, without redirecting discipline-specific research or subordinating their important role in supporting fundamental, discovery-oriented research. Mission-driven research does not displace fundamental inquiry, it depends on it to respond to national challenges. When a security threat emerges, a pandemic strikes, or a critical technology window opens, governments can only mobilize research capacity that already exists. Canada must continue to sustain well-funded discovery-oriented research that can be leveraged toward specific goals.

**Build a nimble operational model.** Canada needs a lean, purpose-built organization that works alongside and in partnership with the federal granting agencies, mobilizing government and researchers towards mission-driven activities, with flexible program authorities, streamlined contracting tools, and the agility to move at the pace of technological change. Missions by their nature require speed and adaptability, and the organizational model must reflect that. The mission-driven organization should not be thought of as an efficiency exercise and must avoid adding more bureaucracy.

**Establish a purposeful Science and Innovation Advisory Council.** The advisory council should be a small body of leaders with diverse representation from research universities, industry, and government, with the Chief Science Advisor as a standing member. To support this work, the Chief Science Advisor's office should be elevated as the government's central science office, with whole-of-government coordination authority.

The council's most important function, however, goes beyond its convening role. Its primary purpose should be to develop and steward a clearly articulated national strategy on science and innovation. Anchored in the Chief Science Advisor's office, this strategy would provide the direction and vision needed to ensure missions are grounded in national priorities rather than defined ad hoc.

Properly designed, the mission-driven research organization and advisory council can become the architecture Canada needs—not only to align its research activities and harness world-leading

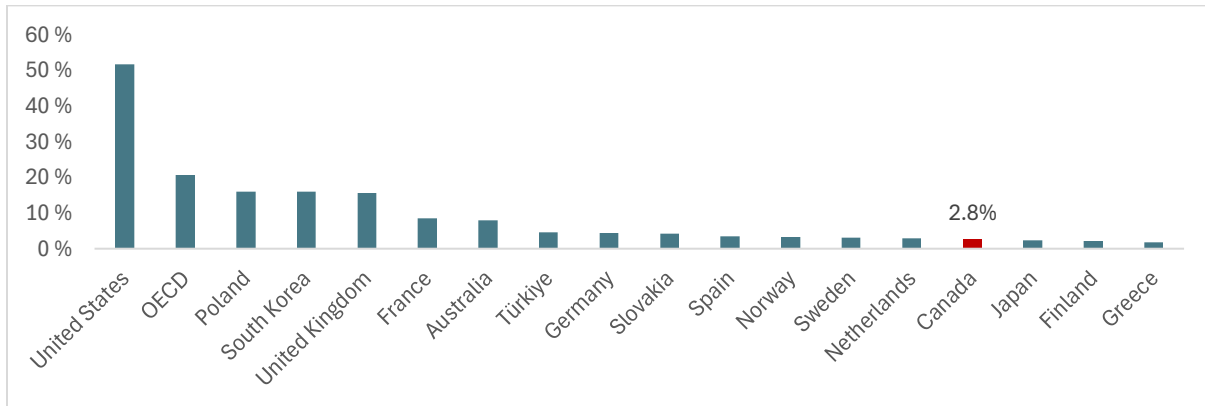
capacity, but to build the sovereign capabilities that will define Canada's security, prosperity, and sovereignty in the decades ahead.

### Scalable Mechanisms for Dual-Use Engagement

The Defence Industrial Strategy represents an ambitious national vision. But ambition requires implementation architecture. Delivering on the Strategy's goals will require the federal government to mobilize the full breadth of Canada's research and innovation ecosystem, from social sciences and humanities that deepen understanding of security, governance, and human systems, through advanced engineering and digital technology, to biotechnology. The question is whether the mechanisms exist to make that contribution reliable, scalable, and sustained.

However, Canada's current investment does not match that ambition. Canada invests significantly less in [defence-related research and development](#) than our peers. Of that total, only [\\$40 million annually](#) flows through higher education institutions. That amounts to less than 1% of the total federal investment in higher education research. This leaves much of Canada's research expertise outside the defence innovation system entirely.

**Figure 1: OECD Defence R&D as a Share of Total Government R&D (2023)**



Canada's leading research universities hold world-class capacity across the sovereign capability areas identified in the Defence Industrial Strategy, but without standing interfaces to the needs of the defence sector, that capacity remains underutilized. Promising research stalls after early-stage success, never progressing to experimentation, validation, or adoption. Canada must now build the systems to turn that innovation potential into sovereign capability at scale.

The establishment of the Defence Investment Agency, BOREALIS, Defence Innovation Secure Hubs, and the Science and Research Defence Advisory Council, alongside the government's commitment to significantly increase investment in defence research, signals a recognition that innovation capacity, not procurement alone, will secure sovereign capabilities for Canada. U15 Canada is committed to being a partner in that effort.

U15 Canada recommends that the federal government prioritize three design features as the Defence Industrial Strategy architecture takes shape:

- Clear, standardized points of entry.** Universities need a predictable front door to the defence needs of government—named capability sponsors, standardized security and IP templates, and consistent onboarding processes that make engagement routine. Without this, scale is impossible regardless of funding levels.

- **Mechanisms that span the innovation continuum.** Effective dual-use and defence innovation requires instruments that support the full range from discovery through to mission-aligned applied research, all the way to experimentation and validation of high technology readiness levels. There should be built-in transition pathways so promising work moves into testing and adoption rather than stalling at handoffs.
- **A sustained talent pipeline.** Securing sovereign capabilities is ultimately a human capital challenge. Structured graduate scholarships, fellowships, and secondment programs, designed with clear pathways between universities, DRDC, DND, and trusted Canadian firms, are among the highest-leverage investments available.

Canada needs mechanisms to turn its research advantage into lasting sovereign capability in dual-use technologies.

### Securing Canada's Place in Framework Program 10 (FP10)

Research and innovation are global. Canada is a world-class research country, yet we represent just [1.1% of global R&D](#)—making access to international knowledge, talent, and partnerships a strategic necessity.

Canada's association to Horizon Europe, finalized in July 2024, is already helping to deepen partnerships with researchers across Europe. As the federal government responds to mounting trade uncertainty and the impact of disruptions in other science programs, the opportunities to work with like-minded partners through Horizon Europe has only grown more strategically relevant.

The new European Union research and innovation program for 2028 and beyond, FP10, has a [proposed budget of €175 billion](#) and would further deepen cooperation and the sharing of important new insights. FP10 will include a focus on emerging priorities in digital transformation, health and biotechnology, clean transition, and defence and space that closely align with Canada's own priorities. Securing Canada's place in FP10 is a direct opportunity to diversify partnerships and align with like-minded partners at a moment when that has never mattered more.

Delay risks ceding influence over FP10's design terms, disrupting research pipelines, and weakening partnerships built through Horizon Europe. U15 Canada therefore recommends that the federal government:

- **Commit early and publicly to FP10 association**, signalling Canada's intent to carry its Horizon Europe partnership into the next program cycle without interruption. An early signal strengthens Canada's hand in shaping association terms.
- **Position Canada as a partner in priority technology domains**, using FP10 engagement to collaborate in dual-use and security-relevant research areas where Canadian and European interests converge—AI, quantum, advanced materials, and dual-use technologies—in a manner consistent with Canada's research security framework.
- **Expand the Horizon Europe program secretariat and national contact points**, including a permanent Canadian presence in Brussels, to match the ambition of Canada's FP10 association.

Canada's leading research universities are ready partners as negotiations advance over the coming year.



## About U15 Canada

U15 Canada is an association of fifteen leading research universities across Canada. U15 Canada works to optimize research and innovation policies and programs that advance knowledge, develop highly qualified leaders for all sectors, and mobilize knowledge for the benefit of all Canadians.