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Thank you, Madam Chair and members of the committee, for the invitation to appear today.

Canada's challenge is not that we lack ideas or scientific excellence. It's that we haven't yet built the mechanisms to translate our research strength into sustained private-sector innovation and industrial growth. The question before this committee — how to promote and grow private-sector investment in R&D — goes to the heart of Canada's long-standing productivity problem.

Our leading research universities are among the best in the world. They produce world-class discoveries and train the next generation of scientists, engineers, and entrepreneurs. But too often, those discoveries are commercialized elsewhere because we lack a coherent national strategy linking discovery to deployment.

Let me offer a few facts to frame the discussion.

Canada invests just 1.81% of GDP in R&D, well below the OECD average of 2.7%. Business R&D intensity sits at 1.1% of GDP — second lowest in the G7. Meanwhile, higher education accounts for over a third of all R&D performed in this country — twice the OECD average — and most of it is financed by universities themselves. In other words, our innovation economy rests disproportionately on our research universities, without a parallel industrial base to absorb and scale their outputs.

This imbalance shows up in firm behaviour. Between 2014 and 2022, the number of firms conducting in-house R&D fell by 4%, with deep declines in key sectors like manufacturing, agriculture, and energy. Today, it is just 0.4% of Canadian firms — those with 500 or more employees — that conduct half of all business R&D, while small firms, which make up 86% of our economy, perform only 10%.

At the same time, foreign-controlled companies now perform 37% of all business R&D in Canada, investing nearly nine times more per firm than Canadian-owned companies. That growing reliance on foreign innovation investment underscores the urgency of building our own domestic innovation capacity.

Between 2020 and 2022, nearly one in five Canadian businesses collaborated with post-secondary institutions on research. U15 universities conduct three-quarters of all industry-sponsored research in Canada — \$880 million annually, involving thousands of industry partners.

Science policy is industrial policy. In the 21st century, economic power will depend on a country's capacity to innovate, adopt, and scale new technologies at speed. That requires a single, coherent architecture — one that connects discovery, innovation, and deployment.

So, what should we do?

First, Canada needs a Sovereign Technologies Fund — a focused, mission-driven instrument to deploy public R&D in areas that underpin both our economic and national security. Other countries — the U.S., Germany, Japan, and Korea — have shown that aligning research investment with industrial missions yields transformative results.

Second, we must stay focused on talent. Innovation begins with people. Canada ranks 25th among OECD countries in the share of adults with graduate degrees. We cannot lead in science and technology if we cannot attract and retain the best researchers. Exempting graduate students from the study-permit cap and accelerating visa processing would send a powerful signal that Canada remains open to top global talent.

Third, it is time to put in place a modern science and technology architecture that connects research excellence to national objectives. Defence innovation is a prime example. As Canada rebuilds its defence industrial base, we have a generational opportunity to anchor a new model of mission-oriented research — linking universities, industry, and government in areas such as cyber, AI, and advanced materials. Initiatives like BOREALIS, which could mobilize university research capacity to strengthen Canada's defence and security ecosystem, illustrate how this can work in practice. With the right architecture, we can turn scientific excellence into strategic advantage.

In short, we need to move from a fragmented patchwork of 172 federal innovation programs toward a more coherent, purposeful strategy that rewards collaboration, scale, and results.

In closing, let me be clear: our universities are ready partners in this effort. We are the foundation — not the end point — of innovation. We work with thousands of firms every year, launch hundreds of startups, and train the highly qualified people who drive innovation across every sector. But to close the gap between discovery and deployment, Canada must now match its research strength with industrial ambition and a modern innovation ecosystem.

Thank you.