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Madam Chair, members of the Committee,

Thank you for the invitation to appear today.

Canada has now reached NATO's two per cent defence spending target. That milestone is a signal of seriousness in a more dangerous world, and of Canada's credibility as a more reliable partner.

The question now is what we do with it.

The answer must centre on strengthening Canadian industrial capacity and securing the innovation strengths and sovereign capabilities on which our future resilience will depend.

Canada's economic challenge is well understood. For decades, we have faced a persistent productivity gap relative to our peers. Sustained growth depends not only on generating new ideas, but on translating them into firms, industries, and market power that capture value over time.

Canada produces ideas and talent at an impressive level. Our leading research universities are national assets to drive innovation in dual-use technologies.

But we have been far less effective at turning those strengths into firms that scale, intellectual property that anchors value, and industries that generate sustained economic returns.

The issue is not the quality of our inputs. It is our ability to translate them into outcomes.

The new Defence Industrial Strategy creates an opportunity to address this gap.

By identifying critical technologies linked to sovereign capabilities, it establishes a clear and sustained demand signal. That signal can anchor our research and talent capacity—built through decades of public investment—within a national effort to develop new technological capabilities.

But to do so, we must move beyond episodic collaboration and toward structured, long-term partnerships—particularly with Canada's leading research universities.

When talent, research, and industry are aligned—and connected to real demand—we can build and sustain technological leadership.

This is ultimately what the Defence Industrial Strategy makes possible.

That matters because productivity is not simply about inputs. It is about whether an economy can consistently convert knowledge into value—at scale.

Canadian universities perform approximately \$19 billion in research annually and account for most the country's research personnel. Yet Canada invests less than five per cent of federal research spending on defence, compared with roughly 20 per cent across the OECD and more than 50 per cent in the United States.

Of that limited funding, only a very small share flows through higher education. In the United States, 15% of federal university research is defence-funded.

In short, Canada has world-class research capacity, including across the dual-use technologies identified in the Defence Industrial Strategy, but lacks the institutional interfaces required to mobilize it toward sovereign capabilities.

Closing that gap is now essential.

Countries that have addressed this challenge have done so by building integrated innovation ecosystems—linking industry, academia, and government through structured and sustained partnerships.

In the United States, for example, MIT's Lincoln Labs supports advanced defence systems development for the Department of Defense, while the Jet Propulsion Laboratory at Cal-Tech operates as a university-managed lab delivering complex, mission-driven systems for NASA.

These models create continuity from discovery to deployment and embed research capacity directly within national missions.

Canada has not built comparable interfaces at scale.

If the implementation of the Defence Industrial Strategy treats industry and academia as separate silos it will miss the opportunity to build something far more consequential:

A set of predictable, repeatable pathways that connect talent, research, and industry into an innovation system capable of producing and scaling technological capability.

The opportunity before us is not simply to spend more.

It is to build a system.

A system in which universities, firms, and government labs operate not as disconnected actors, but as an integrated engine of innovation.

Creating structured research mechanisms will allow us to meet this moment and develop the capabilities that will underpin Canada's sovereignty.



If we get this right, it will not only strengthen our security in a more uncertain world—it will help resolve one of Canada’s most persistent economic challenges.

Thank you. I look forward to your questions.