

# Buy Canadian Policy 6/10

## Sovereignty Score

Feb. 26, 2026

The Government of Canada’s Buy Canadian Policy is intended to “protect and prioritize Canadian workers and industries, and strengthen Canada’s domestic economy.”

Overall, the policy is moving in a very good direction, but there are some blind spots in the program that could be strengthened. Many industry stakeholders had been calling for a policy of this kind for decades but our trade agreements prevented the government from privileging Canadian companies over companies from other countries including the US and Mexico. As geopolitical arrangements shift, it is clearly in Canada’s national interest to explore policies like this.



## SOVEREIGNTY BY DESIGN

### Buy Canadian Policy gets a 6/10 on the Canadian Shield Institute's Sovereignty Score.

On December 16, 2025, the Government of Canada published its long-awaited Buy Canadian Policy designed to “protect and prioritize Canadian workers and industries, and strengthen Canada’s domestic economy.”<sup>1</sup>

The Buy Canadian Policy is a suite of three separate policies that together prioritize Canadian companies, Canadian suppliers and Canadian materials in all federal procurement.<sup>2</sup>

The Policy on Prioritizing Canadian Suppliers and Canadian Content in Strategic Federal Procurement gives priority to Canadian businesses and Canadian-made content for large federal purchases in strategic economic sectors including defence, security, infrastructure, health and information and communications technology.<sup>3</sup> It applies to contracts worth \$25 million or more, and that threshold will drop to \$5 million by spring 2026.<sup>4</sup> The policy gives priority points in bid evaluations to Canadian suppliers.<sup>5</sup> A Canadian supplier is defined as a company that maintains an address with employees in Canada, is registered in Canada, pays taxes in Canada and will not sub-contract work to non-Canadian suppliers.<sup>6</sup>

The Policy on Prioritizing Canadian Materials in Federal Procurement requires that materials for Canadian construction and defence procurements must be made in Canada, not simply sold by Canadian companies and that suppliers must confirm their use of Canadian materials before and during the contract.<sup>7</sup>

The Policy on Reciprocal Procurement requires that federal purchases for non-defence goods and services must be produced in Canada or in our trading partner countries who give us reciprocal access through trade agreements.<sup>8</sup>

Together these policies show a creative and nuanced approach that favours value add in Canada and will maximize Canadian supply chain activity in government procurement. The changes to the Canadian International Trade Tribunal (CITT) regulations build further protection for companies with Canadian addresses to benefit from government procurement. But there are clear weaknesses as well.

The government said that the goal of this policy is for Canada to “become its own best customer”.<sup>9</sup> The Buy Canadian Policy receives a 6/10 on the SHIELD Sovereignty Score. Overall, the policy is moving in a very good direction, but there are some blind spots in the program that could be strengthened. Many industry stakeholders had been calling for a policy of this kind for decades but our trade agreements prevented the government from privileging Canadian companies over companies from other countries including the US and Mexico. As geopolitical arrangements shift, it is clearly in Canada’s national interest to explore policies like this.

## Sovereignty Score

**Sovereignty: This section measures if and how the policy choice increases Canada’s sovereignty and strategic autonomy.**

### **Does it use or incentivize the development of Canadian innovation?**

**YES** – By giving an advantage to Canadian firms in procurement, with fairly clear requirements for what constitutes a Canadian firm, the policy directly promotes the use of Canadian innovation for government needs. The opportunity to win government contracts may act as an incentive for Canadian firms to produce new and innovative products. Research and development is clearly laid out as a value-add component in the Buy Canadian scoring, but it is not clear how R&D will be scored. This is an element Shield will be watching closely as the Buy Canadian policy rolls out.

### **Does it enhance national economic security and defence and/or promote interoperability or open standards?**

**YES** – Prioritizing Canadian firms in procurement supports economic resilience and homegrown capacity. Buying from Canadian companies for defence and digital infrastructure services will directly enhance national security by reducing foreign reliance.

### **Does it reduce dependency on foreign firms or supply chains?**

**YES** – By prioritizing Canadian materials in procurement, the policy will increase the concentration of supply chains within Canada and alleviate some dependency on foreign firms. However, the policy will only privilege Canadian materials in certain sectors. The

extent of the policy's net impact on foreign dependencies and supply chains will depend on how strictly the definition of a "Canadian firm" is applied, and what or when exceptions are granted.

**Does it avoid entrenching monopolies and/or systems that concentrate power in private hands?**

**NO** – Canadian small-and medium-sized businesses are unlikely to see much benefit from this policy, because it will initially only apply to contracts valued at more than \$25 million, and even when the threshold is lowered to \$5 million later this year, that is likely still too high for the types of contracts smaller firms might be bidding on. While Canadian companies will get preference if their bid is within 10% of the total value of a non-Canadian competitor, the reality is that may not be enough to allow smaller challengers to succeed when large foreign firms benefit from economies of scale.

**Does it increase the ability for Canada to govern technology; for example, through IP ownership and data control by Canadian companies or the government itself?**

**NO** – This policy is focused on procurement. Notably, the Buy Canadian Policy does not include any stipulation that intellectual property or data related to contracts remain in Canada. The government could have incorporated IP residency requirements, as many other jurisdictions have done, which would have meaningfully enhanced sovereignty and improved our scoring. Granted, the government will be able to exert greater influence over suppliers that are Canadian rather than foreign, but that is by virtue of other legal and regulatory frameworks, not this policy.

**Economic Transformation: This section measures if and how the policy delivers value-add to people in Canada, short-term and long-term.**

**Is the intellectual property, data and profit generated by this decision retained by Canadian firms?**

**YES** – Directionally, the policy does direct IP, data and profit to Canadian companies. The definition of a Canadian supplier requires that the firm must file taxes in Canada, have a domestic address *with employees* and “not subcontract work to non-Canadian suppliers or individuals.” There are a number of exceptions to the policy that could override the rule and these should be addressed, but generally, the policy delivers on this element and is built to be improved. Current trade agreements disallow preferencing of Canadian companies in government procurement. It may be the case that this is the best government could do under the rules that exist. But as we saw with the changes to the Canadian International Trade Tribunal, rules can be changed.

**Does it create, sustain or improve jobs in Canada?**

**YES** – The policy is focused on the final contract deliverable as well as upstream suppliers — requiring certain materials including lumber, steel and aluminum be sourced from Canadian locations. This increases the impact of the policy by ensuring jobs all along the supply chain. The definition of a Canadian supplier includes a requirement to have employees in Canada.

**Does it increase skill utilization or broaden the skill base of Canadian workers?**

**YES** – The policy will increase skills utilization and broaden the skills base of Canadian workers because the procurement policy covers goods from complex industries such as technology, defence, construction and advanced manufacturing.

**Does it promote systems that share economic benefits broadly?**

**NO** – The policy does not implement any additional requirements such as regional considerations or requirements to prioritize small businesses. There are no conditions to pay prevailing wages, ensure the jobs are stable or unionized instead of precarious or ensure that there are no tax breaks provided by other levels of government.

**Does it enhance affordability, quality, and innovation for consumers, not just returns for incumbents?**

**NO** – The policy is not designed to enhance the quality or capabilities of the products the government is procuring. There are many exceptions to the rules that allow public servants to purchase from foreign incumbents, for example, when there is no “off-the-shelf” available from a Canadian company. Government could engage in demand-pull procurement systems that design products to fill uniquely Canadian needs and give advanced notice to Canadian companies in order to deliver higher quality and more innovative goods to the public service, military and Canadian infrastructure.

## Notes

1. Public Services and Procurement Canada. “Buy Canadian” *Government of Canada*, accessed January 22nd, 2026. <https://www.canada.ca/en/public-services-procurement/services/acquisitions/selling-federal-government/buy-canadian.html>
2. Public Services and Procurement Canada. “Buy Canadian Policy” *Government of Canada*, accessed January 22nd, 2026. <https://canadabuys.canada.ca/en/buy-canadian-policy>
3. Public Services and Procurement Canada. “Policy on Prioritizing Canadian Suppliers and Canadian Content in Strategic Federal Procurements” *Government of Canada*, accessed January 22nd, 2026. <https://canadabuys.canada.ca/en/how-procurement-works/policies-and-guidelines/policies-directives-and-regulations/policy-prioritizing-canadian-suppliers-and-canadian-content-strategic-federal-procurements>
4. Ibid
5. Ibid
6. Ibid
7. Public Services and Procurement Canada. “Policy on Prioritizing Canadian Materials in Federal Procurement” *Government of Canada*, accessed January 22nd, 2026. <https://canadabuys.canada.ca/en/how-procurement-works/policies-and-guidelines/policies-directives-and-regulations/policy-prioritizing-canadian-materials-federal-procurement>
8. Public Services and Procurement Canada. “Interim Policy on Reciprocal Procurement” *Government of Canada*, accessed January 22nd, 2026. <https://canadabuys.canada.ca/en/how-procurement-works/policies-and-guidelines/policies-directives-and-regulations/interim-policy-reciprocal-procurement>
9. Public Services and Procurement Canada. “Government of Canada implements Buy Canadian Policy to strengthen Canada’s economy and support homegrown industries” *Government of Canada*, December 16th, 2025. <https://www.canada.ca/en/public-services-procurement/news/2025/12/government-of-canada-implements-buy-canadian-policy-to-strengthen-canadas-economy-and-support-homegrown-industries.html>

## About Shield

Shield is a next-generation policy studio focused on developing Canada’s sovereignty and driving economic transformation. We work across infrastructures, industry, and innovation to confront systemic risks, retain economic value, and build the domestic capacity Canada needs to thrive. Our goal is a more prosperous, resilient, and independent future for all Canadians.

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