



The Sovereignty Score

Defence Industrial Strategy

Sovereignty by Design

On February 17, 2026, the federal government published the Defence Industrial Strategy (DIS) — the policy roadmap for bolstering Canada’s defence and economic resilience in response to a shifting geopolitical landscape. The framework is jointly owned by the Department of National Defence and the Department of Innovation, Science and Economic Development, indicating that this is both a national security and economic development strategy.

The strategy lays out five key pillars:

1. Renewing the government’s relationship with industry;
2. Procuring strategically through a new “build-partner-buy” framework;
3. Investing purposefully to strengthen an innovative Canadian defence sector;
4. Securing supply chains for key inputs and goods;
5. Working with domestic partners, including in Canada’s North and Arctic.

The strategy works to elevate Canadian companies and invest in strategic research. Further, asserting control of IP and capabilities is mentioned as a priority but is currently lacking detail regarding the acquisition and defence of these rights. The anchor of the strategy is the recently-announced Defence Investment Agency (DIA); designed to accelerate procurement timelines, leverage defence procurements to strengthen Canada’s defence industrial base, and attract investment into Canada’s defence industry.

The DIS also commits to long-term research and investment in technologies like AI, quantum, autonomous systems, robotic and advanced cyber and space capabilities.

You can read the strategy in full [here](#). While more details are still forthcoming, we applied the Sovereignty Score, for an early assessment of the approach’s alignment with our sovereignty by design principles.

The Shield Sovereignty Score

The Defence Industrial Strategy receives a Sovereignty Score of 8/10. Fundamentally, the document lays out a strategy which is intended to both strengthen Canada’s national security and stimulate its economy. These goals track closely to the questions in the Sovereignty Score framework.

However, success of this strategy will hinge on key elements — in particular, how strictly the government defines Canadian companies for the purposes of procurement, and precision around how IP and other intangible assets will be retained by Canadian companies.

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

1. Does it use or incentivize the development of Canadian innovation?

Yes - The DIS creates new avenues for Canadian defence innovation and R&D. The strategy contemplates strong linkages on defence technology development with private sector vendors and researchers at Canadian post-secondary institutions. The strategy will also empower new bodies like the DIA and BOREALIS to streamline these efforts.

2. Does it enhance national economic security and defence and/or promote interoperability or open standards?

Yes - The strategy’s entire purpose is to enhance Canadian defence. The government’s view extends beyond merely military capability, and includes plans to create a more resilient and self-sufficient Canadian industrial base to support our defence capacity. The government’s stated aim is to buy from Canadian suppliers and build Canadian capacity.

3. Does it reduce dependency on foreign firms or supply chains?

Yes - The policy prioritizes investment and partnership with Canadian firms, building capacity in strategic areas. However, the strategy leaves significant openings to continue to purchase from foreign firms when necessary, and the definition of when this might happen needs more clarity.

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

No - The strategy may not expressly lead to monopolies, but the DIS prioritizes creating Canadian champion companies, and continued procurement from foreign multinational primes, which leaves the door open for continued monopolies and potentially new ones in emerging areas.

5. 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?

Yes - The strategy mentions several times that IP retention will be a priority at the research, commercialization, and procurement stages. Promoting Canadian ownership, and control of IP and capabilities are also key priorities. However, the government has not yet gone into any detail about how they will make sure that Canada retains sovereign critical IP. This is a complex area that requires a high level of sophistication, and execution will be vitally important for the success or failure of this strategy.

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

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

Yes - By investing in Canadian companies, more IP will likely be retained in Canada. However, until the government releases clear plans for long-term retention of commercialized IP, there will be significant risk of IP leakage over time. The government is also anticipating more academic R&D will flow to the Canadian defence industrial base, but execution on this intention will be important to monitor.

2. Does it create, sustain or improve jobs in Canada?

Yes - There are extensive provisions for job creation in the strategy. The government says that as many as 125,000 new skilled jobs will be created through the DIS. Defence spending is expected to drive technical and skilled jobs for all kinds of communities across the country, including a particular focus on the Arctic and Northern communities.

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

Yes - There are programs for skills development, especially in Arctic and Northern Communities and with a particular focus on First Nations, Inuit and Métis communities. The DIS includes the creation of a Canada Defence Skills Agenda to outline and drive key skills and training.

4. Does it promote systems that share economic benefits broadly?

Yes - The stated aim of the strategy is to create more economic activity from defence spending in communities across Canada and bring more small- and medium-sized businesses into the defence procurement pipeline.

5. Does it enhance affordability, quality, and innovation for consumers; not just returns for incumbents?

No - There is nothing specific in the strategy that targets affordability or quality for consumers specifically. Canada-made defence systems are valuable because they build resilience and sovereignty, but these do not necessarily benefit consumers, and at times, the trade-off for sovereignty and security may require sacrifice in other areas like cost.

About The Canadian Shield Institute for Public Policy

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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