



AIAC Issue Position

Achieving Better Leverage from Defence & National Security Procurement

ISSUE:

Canada lacks a strategic approach to defence & national security procurement. As a result, it misses out on key opportunities to achieve important technology, industrial and trade development objectives when spending taxpayers' money on defence and national security equipment and services. Canadian firms' world class, market proven and cost competitive technology and product capabilities are often overlooked in favour of foreign solutions. Canadian defence & national security procurement policies and processes are 'out of sync' with other nations', where their domestic firms are recognized as vital partners in defence & national security strategies. This poses a real risk of erosion of our advanced technology industrial base and the loss of Canadian jobs.

OBJECTIVE: A STRATEGIC APPROACH TO PROCUREMENT, WITH A PREDISPOSITION TO CANADIAN SOLUTIONS

The Federal Government should draw on the capabilities of Canadian-based firms, large and small, to the fullest extent possible in meeting its defence and national security requirements, and strategically utilize defence procurement to develop/retain in Canada technologies and industrial capabilities deemed vital to supporting national economic, security and defence objectives. The impending acquisition of new airlift assets for the Canadian Forces, for example, provides a unique 'once in a generation' opportunity to achieve significant and sustainable economic benefits for Canada without compromising the urgent requirement to cost-effectively meet the equipment needs of the Canadian Forces.

RECOMMENDED IMPLEMENTATION ACTIONS FOR THE FEDERAL GOVERNMENT:

1. Develop and promulgate, in consultation with industry, a Defence Industrial Strategy that clearly identifies those strategic technologies and industrial capabilities Canada wants to develop and/or sustain in Canada.
2. Engage and communicate with industry early (at the conceptual phase) in the development of procurement strategies for specific high value, advanced technology procurements.
3. Fully exercise Canada's negotiated rights to exempt defence and national security procurements from international trade disciplines, and to procure from Canadian sources to achieve other 'whole of government' objectives, including its technology, industrial and trade development objectives.
4. Implement a Capabilities-Based Procurement approach that focuses on defining requirements in mission performance terms instead of equipment specific technical specifications, and that better enables industry to propose a range of cost-effective solutions, and facilitates Canadian industry leadership in marshalling from domestic and foreign sources, the capability assets necessary to achieve mission objectives.
5. Implement a more strategic approach, with a focus on **quality** not quantity, to securing Canadian industrial benefits/participation when requirements are sourced from foreign primes; an approach that focuses on improving Canadian firms' (especially SMEs) access to and participation in global supply chains.

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