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by Mark Agnew and Nicolas Todd  
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# POLICY PERSPECTIVE

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## **RETHINKING CANADA'S SECURITY STRATEGY: HOW CANADA CAN GRADUATE FROM THE KIDS' TABLE**

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*“America has no permanent friends or enemies, only interests.” – Henry Kissinger*

Canada's influence with our closest and most important allies – the U.S., U.K. and Australia – appears to be in decline. A key factor is that Canada neither walks nor talks seriously about national security, regardless of emergent risks and threats internationally, continentally and domestically.

When AUKUS – the Australia-U.K.-U.S. Indo-Pacific Security Partnership – was announced, Prime Minister Justin Trudeau dismissed it as nothing more than an arms deal. The centrepiece of the arrangement, and the part on which the media focused almost exclusively, was Australia's decision to purchase nuclear submarine technology from the British and Americans. But it would be a mistake to reduce the significance of AUKUS to one piece of defence technology.

AUKUS could signal a fundamental change in the longstanding priority that American national security decision-makers have given to the Five Eyes relationship, a cornerstone of Canada's national security policies for seven decades.

The fact that our closest allies kept Canada [at arm's-length about AUKUS](#) says something about how they view Canada's relevance to their national security and the strategic threats they increasingly face.

It may well be that the Five Eyes family now consists of an adults' table – the U.S., U.K. and Australia – and the kids' table – Canada and New Zealand. This divide will further solidify unless Canada finds ways to reassert its relevance and influence.

Soon, Canada's commitment to the defence of North America – our own backyard – will be tested through what is being called “NORAD modernization” – NORAD being *the* bi-national continental security arrangement we have with the Americans. How we approach that test will signal to the Americans whether we are getting serious about national security. It will also provide an opportunity to help us get back to the adults' table.

## Choosing to be Irrelevant

AUKUS is only the most recent symptom of Canada's decreasing influence and role in U.S. national security considerations and future plans. Since 1945, Canada's global influence has relied on our privileged access to the U.S. national security community, a privilege that relies on our status as America's key ally in North American defence. And yet most indicators show a declining Canadian commitment to international security matters.

Canada's defence spending is on the rise but will not reach anywhere near NATO's two per cent of GDP target that has been seen across Washington as the floor, not ceiling, to alliance burden sharing. The importance of the two per cent floor is likely to rise and was certainly not solely a



phenomenon of the Trump administration. In the past, Washington excused Canada for its low levels of defence spending because it participated seriously in international security missions. Those days are gone. Today, Canada has fewer forces deployed internationally than at any time in 60 years and – make no mistake – Washington has noticed. According to the Canadian Armed Forces (CAF), the numbers are spread thin, with approximately [2,000 personnel on more than 20 different operations](#) – in other words, the opposite of strategic engagements. By contrast, 10 years ago, Canada had over 2,000 troops deployed in Afghanistan alone and was a linchpin to NATO operations in that country. Moreover, Canadian official development assistance is [declining over time](#).

Canada is also miles behind on arguably *the* national security challenge of our times – cyber-security. Ottawa has no effective cyber-security strategy for the federal government, much less for Canadians. And while the CAF is poised to make cyber-technology purchases in the coming years, there is little sense that cyber is a top priority.

As Canada articulates a strategy for its posture towards China and engagement of the broader Indo-Pacific, Gen. Mark Milley, U.S. chairman of the Joint Chiefs of Staff, told the *Financial Times* in a [November interview](#): “We’re witnessing one of the largest shifts in geostrategic power that the world has ever experienced.” This comment came after China successfully flew a hypersonic glide vehicle around the Earth’s circumference on July 27. This disruptive technology is a threat squarely at the centre of NORAD’s mission to defend North American airspace. And while the [Biden administration patiently awaits](#) Canada’s Indo-Pacific strategy, the U.S. will have more to say on China in early 2022 when it publishes a revised National Defense Strategy.

Not only does Canada not walk the walk, but we also don’t talk the talk. Canadian political leaders are absent from the big national security debates of today and don’t speak the national security language that prevails in the corridors of power in Washington, London, Paris, Canberra and elsewhere. It is little surprise then that Canada has few vocal American champions in the administration or on Capitol Hill who publicly advance our interests. Perceptions about our contributions drive Washington’s indifference.

Over the last decade, by contrast, the U.K. and Australia have made active, co-ordinated and sustained efforts at the highest political levels to reinvigorate their strategic relationships. They now have deals to back up the talk. First, Congress legislatively added them to the [U.S. National Technology and Industrial Base](#) (NTIB) in 2017, to which Canada was the only other member since 1993. Canada no longer has a uniquely privileged position recognized in U.S. law.

The NTIB provides some statutory preferences in defence acquisitions and seeks to better co-ordinate and integrate efforts across the NTIB. More recently, Australia used AUKUS to secure a common assessment of the strategic threat landscape in the Indo-Pacific with key allies and the means to address those threats. They are only the second country since the advent of the nuclear age to which the U.S. has agreed to transfer nuclear defence technologies (the first [being Britain in 1958](#)). Australia is using the NTIB and AUKUS to build a more reliable sovereign capability around the strategic defence capabilities that it has prioritized, such as advanced [sovereign guided](#)



[munitions](#). The Australians have made a conscious decision, given voice through AUKUS, that China is a threat to their sovereignty, which can only be met head-on through a new security partnership with the U.S. and the U.K. Australia delivering the goods has enabled them to be elevated to the status of other countries where “the United States has no closer or more reliable ally,” [according to President Joe Biden](#). Canada, by contrast, was described a few weeks later as “[one of the easiest relationships you can have as an American President](#).”

The British have their own longstanding and coveted special relationship with Washington, which has existed and persisted since the time of Churchill and Roosevelt, built chiefly upon a common view between London and Washington on core national security interests. This common view seems to persist regardless of whether Democrats or Republicans are in charge in Washington, and whether Labour or Conservative is in charge in Britain.

Canada, which has outsourced its national defence and national security to the U.S. for 70 years, operates in today's global security environment on a tactical, transactional basis, driven as much or more by domestic political calculations as anything else. Canada's defence policy of 2017 – [Strong, Secure, Engaged](#) (SSE) – has not changed this paradigm.

## Silence is Heard in Washington

A national security conversation does not exist in this country, except among some corners of academia. As a result, Ottawa's national security policy muscles are atrophying.

Canada's [National Security Strategy](#) is 17 years old, and was designed chiefly for the challenges of an early post-9/11 world where transnational terrorism was seen as the major threat. Our [National Critical Infrastructure Strategy](#) has been around for a dozen years, and is strategic in name only. Canada lacks a clear, effective cyber-security strategy despite the risk cyber-threats pose for all Canadians. Vincent Rigby, recently retired national security advisor to the PM, [pleaded in public for more resources and greater authorities](#) for his office after the pandemic exposed shortcomings in the country's ability to deal with emerging and disruptive threats.

In short, Canada needs a new integrated national security strategy, purpose-fit for today's challenges and risks. The recently released [U.K. Integrated Review of Security, Defence, Development and Foreign Policy](#) could be a model for us. Some will say Canada needs less study, review and fewer white papers, and more obvious and long overdue action and investment. There is some wisdom to this point of view. But while government strategies can be overblown in terms of delivering real-world outcomes, they can help connect objectives, clarify the measures used to achieve those ends and commit the needed resources. They can help set common priorities and processes in government, signal costs and consequences to adversaries and can lead to better co-ordination and collaboration with allies and partners. They can indicate how you intend to use the elements of national power to advance your interests and protect your values – from the more traditional diplomatic, informational, military and economic (DIME) framework to the newer elements of finance, intelligence and law enforcement. Ideally, they should make what limited



resources Canada can bring to bear more effective and efficient. It is harder to defend your national interests if you can't cogently articulate them.

We hear occasionally that there are elements of an agenda, such as the [economic-based threats to national security](#) or the [Counter-Proliferation Enhancement Initiative](#), but these tend to be flashes in the pan, with little follow-through and debate, including in the House of Commons or from responsible ministers. When debate does occur, it can have a sophomoric quality compared to that of allied capitals.

Given that context, the issue for Canadian policy-makers is whether they really believe their rhetoric that Canada remains a middle power and wants to play some role in influencing regional (or occasionally) global events. Does Canada continue to play the same old defence or try a little creative offence to reinvigorate our most important security and economic relationship?

## Resetting the Strategic Framework

Canada and the U.S. have come together to develop new, more integrated approaches to continental defence along with industrial base co-operation immediately following historical inflection points like the Second World War, Sputnik, the Soviet missile threat and 9/11.

Many factors suggest that a similar inflection point exists today:

- An increasingly aggressive and expansionist China that seems anchored for the foreseeable future;
- An intensely divided America with reinvigorated nationalist and isolationist tendencies;
- The wake-up call of global pandemics;
- The existential threat of climate change and the national security challenges global warming poses;
- Disruptive technologies that can change the paradigm and change it again almost overnight;
- A return to great-power competition; and
- Perhaps even the end of the Washington consensus.

All of this suggests the need for a fundamental rethink of Canadian national security, beginning with our bi-national collaboration with the Americans.

Canada should begin this journey in a focused way by lobbying the U.S. to develop a strategic statement of intent, setting out the broad bi-national framework for continental defence fit for today's international security environment. The framework would address emerging continental security challenges such as the Arctic, the environment and responses to climate-created crises, as well as maintaining an advantage in emerging and disruptive technologies that bolster



continental security (e.g., cyber, space, quantum, AI or critical minerals), and industrial base co-operation more generally.

However, strategic frameworks are only meaningful when there is a tactical implementation plan.

This requires leaders to engage and task out the follow-up to defence and foreign ministers and their officials. The [Defence Production Sharing Agreement](#) (DPSA), Defence Development Sharing Agreement (DDSA) and Permanent Joint Board of Defence (PJBD) should be on the table in this context. When defence industrial integration is on the agenda, industry needs a seat at the table too, as the entities that make the kit.

Canadian decision-makers and business leaders need to communicate more consistently and assertively in Washington the value that an integrated defence industrial base confers on continental defence. This longstanding relationship is at risk today because Congress annually seeks to implement U.S. defence manufacturing content requirements that would fundamentally and unilaterally overturn the integrated defence industrial base that has benefited both countries for decades. The debate over the 2022 *National Defence Authorization Act* has been no different.

The degree to which allies should be exempt from this kind of protectionism, if at all, is a live debate across the administration, let alone within Congress. Canada will not be exempt from the new protectionism south of the border without some serious work and commitment on our part.

### **NORAD Modernization**

NORAD modernization – to which both Canada and the U.S. have committed – provides an important opportunity for Canada to demonstrate greater seriousness about the national security threats facing North America and our allies. It is an opportunity to regain some measure of influence in Washington.

Canada should approach this issue based on a clear articulation of the emerging strategic threat landscape affecting North America. SSE offers a starting point here, but more flesh needs to be put on those bones.

Given the constrained fiscal environment created by the pandemic and competing domestic, social and environmental policy priorities, it is unlikely that Ottawa will significantly increase the defence budget beyond those to which it committed in SSE. Indeed, defence analysts remain justifiably concerned that Ottawa's post-pandemic fiscal reality could put those commitments of four years ago at risk.

NORAD modernization without funding is meaningless. Some funds will have to be found in either the fiscal framework and/or through departmental re-allocations if the government is serious.



Focus and realism need to be Canada's watchwords in NORAD modernization. What can we contribute to and deliver on that really matters to the Americans and is a meaningful contribution to modern continental defence co-operation? The answer to that question is not obvious but is necessary in short order.

An [August 2021 statement on NORAD modernization](#) from then-minister of National Defence Harjit Sajjan and U.S. Defense Secretary Lloyd Austin began to put some shape to NORAD modernization, articulating four areas for investment: situational awareness, modernized command and control systems, capabilities to deter/defeat evolving aerospace threats and R&D. Canada must now engage industry to identify the priority areas and military capabilities within these broad categories in which it has an advantage.

A technology mapping exercise would allow Canadian industry to inform the government of its relevant capabilities and better match supply and demand. A meaningful consultation phase to NORAD modernization would allow Canadian industry, academics and other stakeholders to provide other innovative ways in which Canada could step up.

The Canadian government should understand that renewed continental defence co-operation also provides an opportunity to bolster Canadian defence and security industrial development. The government has many tools at its disposal to do so – including ISED's [Industrial and Technological Benefits Policy](#) and more assertive use of PSPC's procurement authorities to support Canadian SMEs and supply chains, given the broad flexibility provided under trade agreements for national security purposes.

A challenge-based R&D funding model, building on the newly announced [Canada Advanced Research Projects Agency](#) or on the [Innovation for Defence Excellence and Security](#) (IDEaS) or [Innovative Solutions Canada](#) programs, could also fill the gaps. Government and industry can help individual firms organize into teams and collaborative ventures to better position for future procurements and early [R&D projects announced in Budget 2021](#) (a modest \$252 million over five years). Canada and the U.S. could also work together to develop new procurement authorities for NORAD modernization – perhaps modelled on the U.S. Department of Defense's (DoD) [Other Transactional Authorities](#) (OTA) – that could allow for more directed and rapid procurements, involve more commercially focused firms and promote more teaming arrangements.

Proposals like these can ensure we maximize the industrial capabilities and comparative advantages of Canadian and American companies against what is needed to deliver NORAD's mission. Just as we modernize our strategic framework and NORAD to better meet the emerging threats we face, so too must we modernize our industrial co-operation arrangements and instruments that help deliver on these objectives.



## Cyber

Cyber-security threats are growing in both incidence and complexity. Canada cannot afford to be perceived as a soft underbelly in cyber-defence if we want to continue to have close integration with the United States.

The Americans are miles ahead of Canada already with their adoption of the [Cybersecurity Maturity Model Certification](#) (CMMC). CMMC is designed to provide increased assurance to the DoD that defence companies can adequately protect sensitive, unclassified information, accounting for information flow down to subcontractors in a multi-tier supply chain.

Meanwhile, Canada is still way behind on our cyber-security standards. Some in Ottawa want a made-in-Canada standard, implying Canada will somehow approach industrial cyber-security fundamentally differently or more seriously than the U.S. A Canadian standard could take years to develop and implement. It is an unnecessary exercise in perceived sovereignty protection that disregards our economic realities. Ottawa should instead adopt the CMMC standard now and remove a trade barrier that prevents Canadian defence firms from accessing the services of U.S.-based CMMC auditors. This would immediately help Canadian companies to remain part of the supply chains of U.S. defence industrial companies and facilitate their participation in NORAD modernization.

Traditionally, Canada has tried to be a completely interoperable part of the Five Eyes signal intelligence arrangements. Trying to distance ourselves from the new American standards will set back our longstanding co-operation and, given the integration of our telecommunications networks and industrial security, could mean hurting our own cyber-security and market access.

## Critical Minerals

In the [100-day supply chain reviews released this past June](#), the DoD identified over 20 critical mineral products for which Canada can play a role meeting American defence needs. We should take this opportunity in continental security co-operation seriously and step forward. Canada and the U.S. could explore how their defence procurement policies can shift to require critical mineral inputs, when possible, to be sourced from North America. This would bolster demand for North American-sourced critical minerals, which in turn will enhance the resiliency of critical mineral supply chains on the continent. It is one clear area where Canada has inputs that the U.S. needs for national security which could be an important potential contribution to a renewed North American security partnership. However, succeeding here will take a coherent approach via a critical minerals strategy, which is lacking. CGAI and its fellows have further explored these ideas, including [here](#) and [here](#).



## Getting Back to the Adult Table

These prescriptions are not about kicking away our Australian and British counterparts. It would be self-defeating to balkanize defence co-operation with such capable and aligned allies. Instead, we should encourage quadrilateral co-operation by reinvigorating the NTIB, which can be pursued in parallel to strengthening bi-national co-operation that meets the unique aspects of the bi-national relationship.

[Bill Greenwalt](#), a respected expert in U.S. defence acquisition, discussed the NTIB in a 2019 [Atlantic Council paper](#) in which he laid out possibilities for bringing greater formality to co-operation. His recommendations – such as greater collaboration on export permits and cyber-security – take on a new significance given AUKUS and a roadmap for renewing the NTIB. Greenwalt understands how the NTIB, as an existing though underused instrument, could facilitate a more strategic and aligned approach to military capability collaboration, development and acquisition, particularly as it comes to emerging and disruptive technologies anchored in the commercial world, such as artificial intelligence, quantum computing, cyber-security and space, among others.

Within a reinvigorated NTIB, Canada should work with the United States, United Kingdom and Australia to create three dedicated work streams looking at cyber-security, export controls and R&D collaboration on key emerging and disruptive technologies with military and national security applications. Each work stream should be co-chaired by the United States and one of the three NTIB member countries and involve industrial representation, with a mandate to report annually to ministers of Defence, Public Safety/Homeland Security, and Foreign Affairs/State. This track would provide a vital parallel forum for issues where there is more of a global perspective than a purely bi-national view.

Canada also needs to get on board with AUKUS, lest we become permanently relegated to the Five Eyes kids' table. [New Zealand has already expressed](#) openness to participating in AUKUS, despite its staunch anti-nuclear posture. Canada should do so as well. These countries are our closest security allies. What are we afraid of here?

## Conclusion

The end of the Trump administration, the rise of cyber-security concerns, an appreciation for trusted and resilient supply chains and the sharpening of America's strategic assessment of China require a more ambitious rethink of Canada's strategic posture. Yet, Canada remains mired in non-existent, or at most superficial, conversations about our own national security, continental security and global peace and security. By contrast, more recently, Australia – with two-thirds of Canada's population and a smaller economy – has stepped up on the security front and broken through in Washington with an entirely new relationship.



Meanwhile, Canada continues to be seen in Washington as the condominium owner – to borrow Condoleezza Rice's famous if less than flattering image of Canada – focusing on what the Americans see as minor irritants in the Canada-U.S. relationship – like the [condo owner's obsession](#) with the fees, the parking and weeds in the lawn – rather than the big picture.

NORAD modernization provides an important opportunity to reset both our own national security conversation on a more mature footing, and to reinvigorate our relationship with our closest ally beyond the condominium conversations. This matters, because whether we like it or not, Canada is dependent on the U.S. for both our national security and economic prosperity. Renewing the North American security partnership can be about regaining some influence in that dependency relationship.

Let's not miss the opportunity to do so.

## ► **About the Authors**

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