

# Defence Supply Chain Resources

## Supply Chain Process in Canada

Canada's defence supply chain is a multi-tiered, regulated ecosystem anchored by federal procurement and large prime contractors.

### Core Government Buyers:

[Department of National Defence](#) (DND) defines operational needs, develops technical specs, and manages integration of equipment and services into the Canadian Armed Forces. This includes support for Navy, Army, Air Force and Special Forces.

[Public Services and Procurement Canada](#) (PSPC) leads most defence contracting, including developing procurement strategies, issuing and evaluating bids, and awarding/administering contracts under the Defence Production Act.

Defence investment and procurement priorities are detailed in the [Department of National Defence and Canadian Armed Forces 2026–27 Departmental Plan](#), which outlines planned spending, capability priorities, and the role of domestic industry in strengthening supply chains.

### Primes and Tiers:

- **Tier 1:** “Prime” contractors deliver major platforms (vehicles, aerospace, naval, C4ISR systems) and often manage large sub-supply networks.
- **Tier 2:** Suppliers provide subsystems, components, engineering and integration services.
- **Tier 3:** Suppliers provide materials, machining/fabrication, specialized services and indirect support.

### Key Characteristics:

Highly compliance-driven (export controls, security, cyber, quality) and security-sensitive, operating under the [Defence Production Act](#) and related regulations.

Long procurement and sustainment cycles, but contracts are often multi-year with steady demand and strong focus on performance and reliability.

Growing use of nearshoring and reshoring, as Canadian firms relocate or expand production closer to home to improve resilience and manage trade and geopolitical risk, including cross-border tariff uncertainty.

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## Why This Matters:

Canada's new Defence Industrial Strategy explicitly highlights strengthening domestic supply chains and launching the [Canadian Defence Industry Resilience Program](#) (CDIR) to expand Canadian production capacity.

This creates opportunities for regions with advanced manufacturing, automotive/mobility, and digital expertise; capabilities already concentrated in Southwestern Ontario.

## Entry Pathways to Becoming a Defence Supplier

Entry is a process that combines registration, compliance, capability building, and relationships.

### Procurement Channels

Understanding procurement channels and registering on the appropriate platforms is the first step to the supplier process.

- [CanadaBuys](#) is the Government of Canada's electronic tendering system where companies register, create a supplier profile, and find/monitor Requests for Proposals (RFPs), standing offers, and supply arrangements, including defence opportunities.
- [Procurement Assistance Canada](#) (PAC) provides outreach, seminars, and one on one support to help SMEs understand federal procurement and how to respond to tenders.
- It is worth noting that new entrants rarely win large DND contracts immediately and most begin as subcontractors to primes or Tier 1/Tier 2 suppliers already active on major programs.
- Realistic progression for local firms is to start with Tier 2-3 roles aligned to current capabilities (ie: automotive or industrial components adapted to defence platforms). Invest in ISO-aligned quality systems, cybersecurity readiness, and controlled goods/security as needed. Engage with national programs (PAC, CDRP, CCC, ITB related opportunities) to understand specific pathways. Build relationships with primes and key Tier 1/Tier 2 suppliers active in Canada and allied markets, using industry associations and trade events as platforms.
- [bdc](#) (Business Development Bank of Canada) can be a useful channel for companies entering defence procurement by providing advisory support in this regulated sector. They can help firms scale or modernize production, invest in dual-use and defence related technologies, and manage cash flow over long contract cycles. Guidance on

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strategy, certifications, and cybersecurity is also possible so that companies know how they can qualify and compete effectively in the defence supply chain.

- [Breakdown of current obligations by contractor](#) : Under Canada's Industrial and Technological Benefits (ITB) policy, defence contractors such as Airbus, General Dynamics, and Boeing are required to invest in Canada an amount equal to the value of their defence contracts, through activities such as R&D, skills development, and supplier partnerships.

## Compliance & Regulations

- Baseline compliance requirements include mandatory registration for organizations that examine, possess, or transfer specified defence-related goods in Canada (ie: certain munitions, aerospace and military technologies) under the Defence Production Act and [Controlled Goods Regulations](#).
- Organizational and personnel security screening and clearance (often via the [Contract Security Program](#)) is required where contracts involve protected or classified information, facilities, or systems.
- Cybersecurity certification (CPCSC) is the [Canadian Program for Cyber Security Certification](#) and is being phased in for defence and other sensitive federal contracts. The Level 1 self-assessment requirements begin in April 2026 for National Defence contracts via CanadaBuys.
- Quality management standards – [ISO 9001](#) is widely expected as a baseline; sector specific standards such as [AS9100](#) are common in aerospace and defence aviation.

## Programs & Supports

- [Canada Defence Procurement Readiness Program](#) (CDPRP): Delivered by the Council of Canadian Innovators, this program equips Canadian dual use and defence interested firms with training, tools, and connections to navigate federal defence procurement.
- [Industrial and Technological Benefits \(ITB\) Policy](#): Requires winning defence and security contractors to undertake business activity in Canada, often equal to 100% of the contract value, with specific expectations around SMEs and regional benefits, creating indirect opportunities for local suppliers.
- FedDev's [Regional Defence Investment](#) Initiative (RDII) is a federal program that helps small and medium-sized organizations grow into domestic and international defence supply chains. It funds projects that directly meet Canadian military needs, such as scaling up production and productivity, adopting or adapting dual-use technologies,

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meeting defence certifications, and strengthening strategic regional assets tied to defence.

- [Defence Industrial Strategy / Canadian Defence Industry Resilience](#) (CDIR): DND's 2026 Defence Industrial Strategy commits to deepening domestic supply chains and launching CDIR to provide targeted support to Canadian businesses to expand defence related production capacity.
- Export supports – the [Canadian Commercial Corporation](#) (CCC) helps Canadian firms sell into U.S. Department of Defense and other allied markets under the Defence Production Sharing Agreement, acting as prime contractor for U.S. DoD contracts above a threshold.

## Consulting Groups

- [Deloitte Canada](#) publishes defence supply chain and logistics insights (on risk, resilience, and data-driven supply chain monitoring) and provides advisory services on supply chain visibility, cyber, and industrial strategy.
- [CFN Consultants](#) is Canada's leading consultancy in aerospace, space, defence, maritime and public safety related government procurement. They provide strategic analysis of government programs, policies, and procurement priorities in the defence space, identifies emerging trends, and helps clients align their offerings with government needs and opportunities.
- Specialist supply chain consultancies such as [Supply Chain Alliance](#) offers services around procurement optimization, compliance, and logistics visibility for complex supply chains, including defence-related work.
- Deborah Ratushniak is a government relations consultant specializing in defence procurement, government policy, enterprise strategy, and reputational risk with over 20 years in a Tier-1 defence serving Canadian and NATO customers.
  - Email: [dratushniak@hotmail.com](mailto:dratushniak@hotmail.com) ,
  - LinkedIn: <https://www.linkedin.com/in/deborah-ratushniak/>

## Associations

- [Canadian Association of Defence and Security Industries](#) (CADSI) and other national defence industry associations organize trade shows and networking events, publish market intelligence, and maintain member directories that primes and suppliers use to find partners.

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- [Ontario Defence Association](#) (ODA) coordinates industry and government to strengthen Ontario's defence industrial base. It provides a coordinated, provincial platform that aligns industry capabilities with government priorities and national defence objectives.