CANADIAN ROBOTICS COUNCIL
CONSEIL CANADIEN DE LA ROBOTIQUE

Canada's Defence Industrial Strategy: What's in it for Robotics?

Issued: February 18, 2026

Abstract
This document presents the Canadian Robotics Council's (CRC) strategic response to Canada's 2026 Defence Industrial Strategy (DIS). While the CRC applauds the official designation of uncrewed systems as a **Tier 1 Sovereign Capability**—and the roadmap it provides for procuring Canadian-led innovation—we assert that national policy must act with greater urgency to address two critical vulnerabilities:

1. **Lack of Continental Regulatory Alignment:** The risk of Canadian innovators being "vetted out" of the integrated North American robotics market due to tightening U.S. security-of-provenance and governance standards.
2. **Canada's Robotics Adoption Gap:** Canada's lagging domestic adoption of robotics and AI, which undermines both industrial productivity and defensive economic resilience.

To secure Canada's technological autonomy and long-term security, the Council proposes six strategic recommendations. These focused actions aim to incentivize SME adoption, modernize industrial benefits to explicitly support ecosystem hubs, and ensure that the "Physical AI" data powering future defense and critical industries remains a permanent, Canadian-led asset.

Introduction

The release of Canada's first Defence Industrial Strategy (DIS)[1] is a pragmatic pivot toward national self-reliance. By elevating Uncrewed and Autonomous Systems as a Tier 1 Sovereign Capability, and specifically identifying Uncrewed Systems (UxS) as a primary mission area for the new BOREALIS Defence Innovation Secure Hubs (DISH)[2], the government has signaled that robotics is no longer a peripheral technology, but a foundational pillar of national industrial sovereignty.

The DIS Strategy for Robotics

The DIS provides a meaningful roadmap to build a resilient domestic robotics sector. Backed by a $6.6 billion implementation fund, the strategy mandates a

[1] See Canada's Defence Industrial Strategy, Government of Canada, February 17, 2026.
[2] See BOREALIS DISH Industry Day: Advancing defence innovation through secure collaboration, Government of Canada National Defense News, Feb 2, 2026.

"Build-Partner-Buy" hierarchy that prioritizes domestic production. With a commitment to award 70% of defense contract value to Canadian firms within a decade and an 85% boost to defense-related R&D investment, the strategy provides the "demand signal" required for Canadian-led innovators to scale and retain Intellectual Property (IP) within our borders.

The Need for Continental Alignment: Securing Canada's Role in the Integrated Defense Industrial Base (DIB)

Success for the 2026 DIS requires immediate alignment with our closest ally. The U.S. is rapidly formalizing its robotics industrial policy through both defensive investigations into supply chain "weaponization" through the **U.S. Dept. of Commerce Section 232 Investigation**[3] and offensive legislative measures to secure global competitiveness through the **National Commission on Robotics Act (H.R. 7334)**[4].

If Canada does not provide a matching "National Security Asset" designation for its robotics sector, Canadian firms risk being "vetted out" of the integrated North American Defense Industrial Base (DIB). Emerging U.S. standards now mandate strict security-of-provenance and new cybersecurity frameworks for all autonomous technologies.[5]

To remain a trusted partner within NATO/NORAD security frameworks, Canada must ensure its "dual-use" definitions protect the entire robotics stack—from sensors and actuators to autonomy software.

The Robot Adoption Gap, National Productivity and Technological Sovereignty

Despite our world-class robotics innovation, Canada ranks only 15th globally in industrial robot density, trailing our peers by significant margins. This is more than a productivity gap; it is a sovereignty leak.

When Canadian industry fails to adopt domestic robotics, our most promising innovators are forced to seek "first-customer" validation abroad. This hollowing out of domestic demand creates a dangerous dependency on foreign supply chains and ensures that the "Physical AI" data—the fuel for future autonomous defense—is harvested by international interests rather than being retained in Canada. Crucially, every time a Canadian robotics innovator is forced to sell abroad due to stagnant domestic demand, we are effectively exporting our productivity gains to foreign competitors. This cycle widens the productivity gap, weakens the

[3] **U.S. Dept. of Commerce Section 232 Investigation:** Launched Sept 2, 2025 (90 FR 46383), this probes the "ability of foreign persons to weaponize the capabilities or attributes of foreign-built robotics" and industrial machinery.
[4] **National Commission on Robotics Act (H.R. 7334):** Introduced Feb 2026; a bipartisan effort to evaluate U.S. robotics competitiveness and secure strategic supply chains.
[5] **FY2026 National Defense Authorization Act (P.L. 119-60):** Specifically Section 1513, which requires new cybersecurity and physical security frameworks for AI and autonomous technologies across the defense supply chain. Signed into law as **Pub. L. No. 119-60** on December 18, 2025.

Canadian dollar, and ultimately erodes the standard of living for all Canadians. Sovereignty and security are an illusion if we remain a nation of innovators forced to export our best solutions.

Strategic Recommendations

The following recommendations address critical gaps in the current DIS policy, ensuring the robotics sector becomes a resilient pillar of Canadian sovereign industry.

1. **Designate Robotics as a National Strategic Priority -** Formally designate Robotics and Autonomous Systems as a National Strategic Priority, mirroring the status of the Pan-Canadian AI Strategy and the National Quantum Strategy. This should be reflected in the Ministerial Mandate Letters for ISED, DND, and the Ministry of AI to ensure a whole-of-government approach to the sector. **Rationale:** Robotics is a general-purpose technology, not a specific "product." While the DIS correctly identifies uncrewed systems as a defense priority, a national-level mandate is required to align procurement, regulatory frameworks, R&D, talent development and commercialization.

2. **Designate Commercial Robotics as a National Security Asset -** Develop reciprocal "Sovereign Capability" protections to the entire industrial robotics supply chain—including sensors, actuators, and autonomy software—under dual-use definitions. **Rationale**: While the DIS protects "defense-specific" robotics, the U.S. is moving via the Section 232 Investigation and the proposed National Commission on Robotics Act to protect its industrial base from supply chain weaponization. Without a reciprocal designation, Canadian firms risk being vetted out of the integrated North American Defense Industrial Base (DIB) as U.S. auditors enforce the strict FY2026 NDAA security-of-provenance standards.
.
3. **Form a Partnership to Map Canada's Robotics Capabilities -** Establish a partnership between the Defence Investment Agency (DIA), ISED, and the CRC—working in conjunction with the new BOREALIS innovation network—to lead a comprehensive capability mapping of the robotics sector. **Rationale**: The DIS targets 70% domestic contract value, but the government lacks granular data on domestic hardware capacity. This partnership ensures R&D spending is aligned with the specific hardware gaps identified by the Canadian Armed Forces. Integrating the CRC's sector expertise ensures that upcoming IDEaS Calls for Proposals are aligned with the actual hardware and autonomous capabilities of Canadian innovators.

4. **Establish a Cross-Departmental Office for Robotics Adoption (CORA) -** Create a centralized **Cross-Departmental Office (CORA)** within the

ISED/DND portfolio to serve as the lead coordinating body for "Physical AI" strategy across the federal government. **Rationale:** Physical AI (robotics) requires unique expertise in supply chains, and dual-use research and training policy that is currently scattered across 168 federal units. **CORA** would unify these threads, leading the **Capability Mapping Partnership (CRC-DIA-BOREALIS)** required to ensure defense spending targets the specific hardware gaps of the Canadian Armed Forces while ensuring broader benefits to the Canadian economy.

5. **Ringfence a portion of the 85% R&D Boost toward "Physical AI" and Hardware Integration**- Mandate that a dedicated portion of the 85% boost in defense-related R&D be directed toward the integration of hardware and software ("Physical AI"), rather than purely digital AI applications. **Rationale**: Canada has a surplus of software-only AI funding but a deficit in hardware integration. Without this mandate, we risk developing world-class AI "brains" that must be exported to be housed in foreign-made robotic "bodies."

6. **Secure Sovereign Capital for Hardware Scaling and Domestic Adoption -** Explicitly leverage the new $4 billion BDC Defence Platform to provide non-dilutive or sovereign equity capital specifically tailored to the high-capital, long-cycle requirements of robotics-based hardware scaling and domestic adoption. **Rationale**: Early-stage robotics innovators often rely on high-risk foreign venture capital that later disqualifies them from NATO/NORAD contracts. The BDC platform must act as a financial firewall to prevent the forced sale of Canadian IP to foreign interests. However, capital alone is insufficient if there is no domestic market. Canada's robotics adoption gap creates a "hollowed-out" industrial base that lacks the automation required for the surge capacity mandated by the DIS.

   Sovereignty is not just what we build; it is what we use. By using the BDC platform to de-risk the commercialization and adoption of domestic robotics technologies by Canadian SMEs, we ensure that the productivity gains, AI data, and economic value generated by the DIS remain in Canada. This creates a true "Dual-Use" industrial base where a technologically advanced domestic supply chain is ready to pivot to defense needs at a moment's notice.

Conclusion

As a non-profit driven by Canadian innovators, the Canadian Robotics Council views the DIS as a solid foundation. Our goal is to ensure it has the industrial

breadth to keep Canadian robotics and critical Canadian industries secure, sovereign, and competitive.

Technological sovereignty requires more than just innovation; it requires adoption. By closing the robotics adoption gap and securing our domestic supply chain, Canada can turn the DIS from a vision into a global competitive advantage.

We look forward to working with the Department of National Defence and the Defence Investment Agency to turn this strategy into a domestic success story.