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Canada's Defence Exports

Opportunities for Growth and Partnership with the EU

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Friday, April 10, 2026



Canada-EU Security and Defence Partnership

High-level political framework for cooperation and dialogue between Canada and the EU; agreed June 2025

Areas for cooperation include, inter alia:

- Support to Ukraine
- International peace and crisis management operations
- Military mobility and interoperability; marine security
- Cyber, hybrid threats, counter-terrorism
- **Defence industrial related matters**



Canada's Defence Industrial Strategy

Major policy document; outlines how Canada will develop, sustain, and leverage its domestic defence industrial base to re-build, re-arm, and re-invest in Canada's national defence, security, and resilience



Sovereignty



Economic Strength



Partnerships

- ✓ Focus on partnerships
- ✓ Combines defence and economic objectives
- ✓ Includes export promotion as a key element of industrial development strategy

Canada's Defence Exports Division

Mandate

- Funded through the Defence Industrial Strategy
- Situated within the International Trade Branch of Global Affairs Canada



Centralize and coordinate export support from across government



Support Ministerial engagement including trade shows & trade missions



Enhance trade promotion efforts & increase trade commissioners abroad



Negotiate and advocate for better market access

Canada's Defence Export Division Objectives



Increase overall Canadian exports in the defence and security sector (target of 50% increase in defence exports by 2035)



Diversify these exports among Allies and like-minded security partners to support their defence requirements



Support the growth and resiliency of the Canadian defence sector

Canada's Defence Export Division

EU related Actions



Enhancing export supports in Europe

Four new **Trade Commissioner positions** created at Canadian Missions dedicated to supporting exports and investment attraction in the defence sector:

- Berlin, Brussels, Warsaw, London

Three new offices to be established representing **Export Development Canada** in Europe:

- Warsaw, Paris, and Stockholm

Twelve new defence advisor positions to be established as part of Canada's commitment to transatlantic security; defence industrial collaboration goals

- Initial positions: UK, Ukraine and Mission to the EU in Brussels

Canada's Defence Export Division

EU related Actions



Canada EU Agreement on SAFE

- Negotiations carried out by the Defence Exports Division in Fall 2025
- Builds on the EU-Canada Security and Defence Partnership; in line with objectives of the Defence Industrial Strategy
- Canada's Minister of Defence, David McGuinty, and European Commissioner for Defence and Space, Andrius Kubilius, officially signed Feb 15
- Agreement provisionally in force as of April 10
- Canada becomes the first non-European country to negotiate an agreement to participate under the EU SAFE instrument

Canada's Agreement to Participate under SAFE

Key Conditions

- Canadian content eligible **up to 80% of SAFE contract value**
- Initial Canadian contribution: €10M
- Annual contribution of 15% of Canadian content in contracts exceeding 35% Canadian content
- Content thresholds:
 - Third-country content capped at 35%
 - EU content must be no less than third-country content and at least 20% of contract value
 - opportunity to access EU's procurement market
- Canadian firms are treated equally to European firms under SAFE



Canada's Agreement to Participate under SAFE

Implications for EU Industry

EU Defence Spending is Surging

- EU Member States spent €88B on defence procurement in 2024, rising to over €100B in 2025.

SAFE Will Accelerate Demand

- SAFE provides up to €150B in loans for defence procurement — all contracts delivered by 2030.

Industrial Capacity Under Strain

- Germany illustrates: defence orders doubled (2025–26) while industrial output rose marginally.

Canada Can Help Meet the Capacity Gap

- Canada's SAFE agreement allows European primes to contract with Canadian firms without triggering third-country content limits.



Canadian Capabilities

Key Examples



Aerospace: Canada has industry-leading companies manufacturing engines, helicopters, simulators, landing gear, aerostructures and components.



Space: Canada is a prime manufacturer of satellite systems with defence applications.



Land: Canada is a leader in ground fighting vehicles, arms and ammunition, personal protection and communications systems, among others.



Advanced systems: C4ISR systems, unmanned multi-domain systems, medical countermeasures, cyber, etc.





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Questions?

