

THE CURRENT REALITY

Russia's invasion of Ukraine changed the game for allied defence investment. NATO countries have recognized that collective security and deterrence depend on sustaining a higher level of defence spending and production across the Alliance. As of now, more than two-thirds of NATO members are spending 2% of their GDP on defence. Canada is not among them. By failing to meet our commitments or to strategically leverage our defence industrial base, Canada is also leaving crucial economic growth potential on the table. The recent trade war with the United States and threats of annexation from U.S. President Donald Trump have reinforced the need for strategic and sustained investment in homegrown capabilities. Meanwhile, public calls for Canada to reach 2% and strive beyond it have grown louder, spreading beyond the traditional defence establishment.

WHAT STAKEHOLDERS ARE SAYING



"If we, as a country, fail to make this benchmark level of investment in defence, as successive Canadian governments have promised, we will put lives and livelihoods at risk."

- The Business Council of Canada, June 2024



"Meaningfully addressing the new and evolving threats in the global security environment will require a credible plan that is serious about shoring up and modernizing our defence industrial base."

- The Canadian Chamber of Commerce, July 2024



"Canada will fail to meet its obligations to the Alliance, to the detriment of all NATO Allies and the free world, without immediate and meaningful action to increase defense spending."

- Bipartisan group of 32 U.S. Senators, May 2024

WHAT NEXT?

Working toward spending 2% of GDP on defence will mean:

1. **CANCEL THE CUTS** to DND's budget, which amount to \$810 million in 2024-25 and \$908 million in 2026-27 and beyond.
2. **START LAYING OUT** - as soon as possible - a transparent, year-over-year fiscal track to get Canada to spending 2% of its annual GDP on defence.
3. **SIGN** firm, multi-year contracts for battle-decisive munitions and other key capabilities with resident expertise in Canada.
4. **DESIGN AND IMPLEMENT** a new forum for government and industrial leadership to engage in sustained, strategic dialogue founded on transparency and trust.