Canada-U.S. Defence Relations: Preparing for the Next Administration

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1. Introduction

What the United States wants from Canada is a reliable ally, a partner that pulls its weight in collective security, especially in continental defence through North American Aerospace Defense Command (NORAD) modernization.

The tone might be gentler under a Harris administration than a second Trump administration, however, regarding defence, the U.S. expects more from Canada: more capacity, readiness, and political willingness.

Securing protection under the American umbrella in the early years of World War II is arguably our most significant foreign policy achievement, as it removed the spectre of another U.S. invasion, the threat that had helped bring about Confederation. Instead, we achieved both protection through the U.S. security blanket and preferential access to the U.S. market, including a joint defence arrangement that included production sharing to benefit Canadian industry. This partnership encouraged the evolution of joint projects such as the Alaska Highway and the Seaway and integrated supply chains institutionalized through the Autopact, Canada-U.S. Free Trade Agreement (FTA) and North American Free Trade Agreement (NAFTA).

For Canada's relations with the U.S., security and trade have always gone hand in hand. Recent governments have forgotten the first part of this contract. Changed geopolitics requires a renewed linkage between trade access and defence spending.

To preserve our prosperity and our place as a useful nation, Canadian governments must re-invest in defence. Trade with the U.S. generates over a third of our GDP. Devoting at least 2 percent of GDP to our nation's defence with the focus on Arctic sovereignty is a no-brainer.

2. U.S. Context

We need to start by using the lens of America's most fundamental strategic problem: a new Cold War with China. There is broad agreement between Democrats and Republicans on the China threat.

The question for the U.S. and its allies is how to deter China. With its emerging axis of autocracies, including Russia, Iran, and North Korea, they openly challenge our liberal, rules-based order.

But Americans will no longer bear the burden they have carried for so long. America's debt burden is far larger now, in relation to defence spending, than it ever was during the first Cold War. By itself, it's also an open question whether the United States has the capacity to deter its principal adversary and its satellites.

The pandemic underlined the need for resiliency and Biden, like Trump, recognized that economic security is also national security. He embraced industrial policy, 'Made in America', and the home-shoring of strategic industries, in legislation (Inflation Reduction Act (IRA), Creating Helpful Incentives to Produce Semiconductors (CHIPS) and Science Act) that also aligned with climate goals. Biden doubled down on alliances: first with the North Atlantic Treaty Organization (NATO) and NORAD and then within the Indo-Pacific, including the trilateral security partnership between Australia, the United Kingdom and the United States (AUKUS), the Quadrilateral Security Dialogue (QSD), commonly known as the Quad, and bilateral agreements notably with Korea, Japan and the Philippines. For Trump, alliances are a burden on American blood and treasure, and he is chary of commitments like NATO's Article V.

For Canada and the allies, there is a fundamental question: can American political will be generated and sustained for continuing American leadership, and the generous cheque that goes with it, in a republic beset by political polarization with attendant cultural and social divisions?

American world-weariness is no surprise given the experience of frustrations and failures in Iraq and Afghanistan, quagmire in the Middle East, a preoccupation with migration, crime and drugs on its southern frontier, and the potential for another forever war in Ukraine. These crises also divert attention from the strategic threat posed by China.

The record of the past two presidents suggests we need to prepare for a more insular and less generous America.

In his acceptance speech at the GOP convention, vice presidential nominee Senator J.D. Vance spoke for many when he said, "Together, we will make sure our allies share in the burden of securing world peace. No more free rides for nations that betray the generosity of the American taxpayer." Emphasizing blood, belonging and 'America First' is a reminder that the insular instinct has very deep roots in American history. The post-war internationalism that we took for granted, is less altruistic and less inclined to give allies and adversaries the benefit of the doubt. Trust will depend on tangible commitments and visible verification.

3. Where We Are At

A recent letter to PM Trudeau from U.S. senators representing both parties was clear: "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." If Mr. Trudeau was in any doubt, he got an earful at the Washington summit when he went to Capitol Hill as well as from his fellow NATO leaders.

Mr. Trudeau's subsequent announcement at the NATO Washington summit that we would reach 2 percent by 2032 with new acquisitions including up to 12 ice-capable submarines and icebreakers was welcomed. But our allies were left with an impression of improvisation and the knowledge that Canadian declarations of intent often do not always translate into reality.

We have considerable work ahead to achieve capacity and readiness, sufficient to meet our commitments. First, we must set funding into the

fiscal framework, then allot the cash for acquiring new kit. We also have recruitment and retention challenges, requiring a profound re-think of what we must do to attract and keep our Forces.

4. Alliances Matter: Membership Brings Benefits

Multilateralism in organizations and alliances is how middle powers like Canada extend influence and level a table that includes a superpower, big, medium and minor powers. Paying our dues as a good ally also expedites economic benefits.

Simon Reisman told me that taking up the lead role at the request of the Johnson administration in Cypriot peace operations eased the Autopact negotiations. Former German Chancellor Helmut Schmidt told Pierre Trudeau: 'No tanks, no trade,' meaning if we cut our NATO deployment, we could kiss goodbye any preferential trade when Trudeau launched his counterweight (to the U.S.) initiative involving the European Community and Japan.

As defensive alliances, NATO and NORAD doctrine complemented by our Five Eyes intelligence sharing is based on 'deterrents by denial': what you do to create questions in any potential adversary's mind about their ability to accomplish their objectives.

Resiliency is critical, especially cyber resiliency involving transportation networks, electrical grids, banking, etc. The CrowdStrike recently caused a breakdown in air and rail travel, demonstrating, yet again cyber-vulnerabilities, in this case that cloud services are vulnerable to attacks by hostile actors, whether nation-state, criminal, or terrorist.

Resiliency also requires some expeditionary force capacity, such as the one we deployed in Afghanistan and are now committed to doing in Latvia, leading the NATO forward presence.

Given its current global burden and its prioritization of the Indo-Pacific to meet the China threat, the U.S. wants us to focus our attention and resources on the Arctic, specifically on NORAD modernization. This aligns with NATO's interests in the region, especially now that all the Arctic Council members (Russia excepted) are also NATO members.

5. Arctic, NORAD & NATO

For the U.S., our commitment to NORAD modernization is the litmus test of our commitment to not just the north but to overall defence and security. As former NORAD Commander General VanHerck recently observed of our defence update, "the question is, are the actions going to match the words?"

Since Brian Mulroney persuaded Ronald Reagan to not make it an issue, we have managed to finesse the U.S. interpretation of rites of passage that U.S. policy considers to be international waters in our Northwest Passage. Instead, the U.S. has consistently said: 'if you declare your sovereignty then exercise it', preferably in alignment with NORAD objectives.

Canadians have long thought of themselves as people of the North although the attachment is more romantic than real; most have never traveled north of 60. PM Harper instituted Operation Nanook in 2007, promising a northern base, Radarsat and new icebreakers as well as the National Shipbuilding Strategy that has resulted in the Harry Dewolf-class Arctic offshore patrol ships and, eventually, new supply vessels and new warships. Harper personally participated in the summer military exercises since they were split into four separate components. After much delay and controversy, the Trudeau government announced in 2023 the purchase of 88 F35 fighter jets and 16 P-8A Poseidon aircraft to be delivered in the coming years, as well as plans for new surveillance including over-the-horizon radar systems.

Successive U.S. administrations have encouraged us to increase our capacity and attend to readiness. Ambassador Paul Cellucci specifically asked us to increase our 'lift capacity' – we complained about interference. Subsequently, we bought C17s, which served us well in expeditionary (Iraq

and Afghanistan) and humanitarian missions. President Obama put it this way when he addressed Parliament in 2016: "NATO needs more Canada." We responded by committing another fighter squadron and taking on the Latvian command since raised to a brigade, which will now include Leopard tanks.

6. Capacity & Readiness

Canadian capacity and readiness are particular challenges and a permanent item on the U.S. agenda. As a recent War on the Rocks article by two Canadian scholars put it, 'Don't Count on Us: Canada's Military Unreadiness'.

Capacity begins with procurement, the perennial target of auditors, and it is a headache for all involved. I looked at our procurement system in 2014. I concluded that it frustrated the service chiefs and, ADM Materiel, Public Works and Industry Canada while convincing the PMO that our Forces services' commanders and DND management were either incapable of counting or willfully subversive.

There are many problems: no central authority, inflation in military procurement runs to double digits annually, and requirement for regional benefits that now include offsets for women, minorities and indigenous groups. U.S. companies dominate our defence industry, while Canadian companies are often too small and lack the scale and efficiency for the required production and deadlines. What would speed things up is less process, fewer review panels, and more off-the-shelf purchases. Our system is built the way it is so that delays and lobbying are intended, not accidents.

Readiness begins with sufficient recruitment and retention. As of 2024, the current size of the Canadian Armed Forces (CAF) is approximately 68,000 Regular Force members and 27,000 Reserve Force members, totaling around 100,000 personnel. The Army makes up around 45,000, RCAF almost 14,000, and RCN 11,000.

Currently, the CAF is about 16-17,000 short of desired strength. Recruitment is broken. Of the 70,080 applications in 2023-24 — a five-year high — only 4,301 were actually recruited. The numbers for 2022-23 were similar: 3,930 enrolled from 43,934 applicants.

The CAF face increasing demands in NATO, NORAD, and now the Indo-Pacific, in addition to calls on their support for civil disaster relief — fires, ice storms, and hurricanes attributed to climate change.

Successive ministers and senior CAF command acknowledged recruitment and retention problems, failure to meet current obligations, and inability to take on new duties. This obliged us, for example, to turn down the U.S. request to lead peace operations in Haiti. The Forces air to ramp up recruitment while increasing diversity and implementing culture change. It's a tall order.

7. Political Will

There is no champion for more defence spending.

There is some ministerial support from Anand, Blair, Champagne, and Joly, but defence does not rank high for Mr. Trudeau, his cabinet, caucus, or the opposition parties. Opposition Leader Pierre Poilievre has avoided substantive comment on defence or foreign policy. When pressed, he said he'd have to look at the fiscal picture because "I'm inheriting a dumpster fire when it comes to the budget."

The new Team Canada effort to sensitize Americans to the mutual benefits of our trading relationship now recognizes that our pitch must also talk about defence and security. Canadian premiers, who are closer to the realities of daily trade, understand the relationship between trade access and defence spending. Speaking after the recent premiers conference, both Premier Wab Kinew of Manitoba and Ontario's Premier Doug Ford urged the federal government to "hit that target in the next four years with a credible plan" because, as Kinew put it, "if we don't hit that two percent target within

the next four years....It is going to become a trade issue; it is going to become a trade irritant."

The public is conscious of changing geopolitics but, when asked to rank priorities for public spending, defence ranks well below issues like housing, healthcare, education and affordability. But if there was political leadership, the potential for public backing is there.

By a two-to-one margin, Abacus says Canadians want their government "working with allies to promote and defend democracy." Angus Reid says the percentage of Canadians prioritizing military preparedness has more than doubled over the past decade, while EKOS says 66 percent say more dollars should go to defence. Canadians, see the world as becoming increasingly dangerous, and the perceived importance of Canada's defence industry has risen. However, when asked to rank priorities for public spending, defence ranks well below housing, healthcare, education, and affordability.

8. Recommendations

8.1 Plan & Prioritize

We need to develop a global strategy. The defence update promises a national security strategy, to be updated every four years. It should contain the following key elements:

- Define the threats and opportunities and sets priorities. Funding and follow-through are critical and notably absent from Mr. Trudeau's Washington 2 percent announcement. The Parliamentary Budget Office has estimated what would be required to reach 2 or the 2.5 percent that is increasingly the allies' standard. A serious fiscal assessment and rebalancing exercise, comparable to that undertaken when the Chretien government took office, is required.
- Prioritize defence commitments. Without the kind of extraordinary financial and political commitment that we only see in wartime, Canada cannot simultaneously achieve NORAD modernization and assist with NATO and be a partner in the Indo-Pacific.

- Address current weaknesses in capability and the problems of how to grow the capability to support force generation, sustainability and resilience.
- Define governance and oversight capability to expedite and sustain increased investment in personnel, technology and conventional arms.
- Provide a cohesive and coordinated cross-departmental diplomacy offensive to ensure that other governments understand and appreciate our commitment and effort.
- Communicate immediate timelines so our allies and the public can see progress in Arctic sovereignty, NORAD renewal, border security, infrastructure security, and the importance of the North American economic zone.

It should draw from and update the Trudeau government policies contained in Strong, Secure, Engaged; Our North: Strong and Free; the Feminist International Assistance Policy; Arctic Framework and Indo-Pacific strategy. If the renegotiation of the NAFTA into the CUSMA/USMCA was the major accomplishment of the Trump years, under Biden we agreed on the Canada-U.S. Roadmap and its update.

Defence priorities that flow from these government policies can be summarized as follows:

- First, the capacity and readiness to defend our sovereign territory;
- Second, the capacity and readiness to contribute to our binational alliance — NORAD — and the defence and deterrence of our shared continental space;
- Third, the capacity and readiness to contribute to collective security through NATO and to help secure freedom of navigation on the high seas; and
- Fourth, contributing to global security through U.N. or regional peace operations.

These are traditional Canadian priorities rooted in the policy of previous governments, including Prime Minister Harper's Canada First Defence Strategy. While they align with the current Biden defence approach, a Trump administration would focus on homeland and continental security, not international operations. This would oblige us and our European allies to do much more to sustain collective

security. Regardless, we must focus on the homeland, especially Arctic defence.

8.2 Defend our Arctic

This starts with developing an Arctic Strategy – the blueprint of what, why, when, how and how much — as initially promised in the 2019 Arctic Framework. The Defence Policy Update starts this with a specific discussion of the over-the-horizon radars and other measures, but we require is a comprehensive statement on northern development including its defence and security.

Our NATO Arctic allies and adversaries are already implementing their Arctic and northern strategies. We will only convince ourselves and our allies by prioritizing it in the fiscal framework and then aggressively following through. This means a costed plan with timelines and benchmarks for infrastructure – ports, roads, airfields, bases—and surveillance – satellites for connectivity, sensors in the water, and mapping our shores.

NORAD modernization includes Arctic and Polar over-the-horizon radar, strategic transport tanker capability, infrastructure modernization, enhanced surveillance and satellite communication from space. As these will become the benchmark for Canadian performance, we should appoint a 'champion' to report progress to ministers and the Clerk of the Privy Council.

The PM must make it a priority to persuade the Leader of the Opposition that this is a shared responsibility, and encourage the premiers to join in because follow-through will require sustained commitment through successive governments.

8.3 Partner with allies

Increase assignments with U.S. Forces — personal relationships are as meaningful as new fighter jets and warships. The Finns came to us with the idea of the icebreaker consortium, while the Germans and Norwegians approached us about developing a new submarine. We should also take the initiative — the new British government is looking

for projects, and we should come up with some. Our new surface combatant would be a good example, as the Royal Navy is involved in a similar project.

8.4 Increase the CAF from 100,000 to 150,000

We need capacity and readiness for deterrence and to deal with civil and humanitarian needs. Doing more with less doesn't work. One lesson of Ukraine is that the depth and mass of forces matter. Make recruitment and retention a government priority and recognize that diversity in the future CAF must include geeks as well as warriors to meet the challenges of future warfare. This will mean different terms and conditions, an approach CAF has started by allowing longer hair, when a more substantial change would be better housing, family considerations and longer deployments in one location.

We should also look at some form of civil defence force. The U.S. has the National Guard that state governors can call on. Germany has the Federal Agency for Technical Relief (THW), a largely volunteer civilian emergency relief organization that is a bit like a super-charged Red Cross. To achieve the numbers we require, we should study the experiences of our Baltic and Nordic allies with national service.

8.5 A new relationship with industry as promised in the Defence Policy Update

How, for example, do we achieve better synergies between CCC, EDC, and BDC in building our defence industry? CCC, which maintains an office at our Washington Embassy, estimates defence export sales to the U.S. from Canada were approximately $3 billion in 2020.

Our preferred position with the U.S. dates back to wartime shared defence production agreements. It gives Canadian companies almost complete access to U.S. military procurement opportunities. Australia and the U.K. have gained advantages through AUKUS. We need ongoing outreach from civilian, military and political leaders to remind Americans that this arrangement benefits U.S. national security interests.

Our defence industries must have capacity and resilience. The PM must make this a mandate letter priority for relevant ministers. Make Innovation, Science and Industry the department responsible for the health and resilience of the Canadian defence industrial base. Start by revising, modernizing and adding new instruments to the Defence Production Act. The just-in-time, lowest-cost delivery approach is no longer enough in an era where resilience and domestic capacity are now vital. Look at best practices from our allies, including prioritizing inputs from Canadian industry, especially in space, where they have both commercial or military use. One of the most strategic missions of NORAD is warning, threat warning and attack assessment.

8.6 Fix procurement

Governments recognize the need for change, promising reform but with little apparent effect. Military procurement is challenging for our allies as well. The House of Commons National Defence committee recent report offers useful recommendations. Vice Admiral (ret) Ian Mack identifies problems of culture, governance, external advice, process reengineering, strategic relationships, communications with the public, and skills upgrading. Given the diversity of actors, a start would be creating a central point of oversight and coordination through the National Security Advisor.

Former U.S. Defense Secretary Bill Perry told us to ‘buy off the shelf’ as much as possible. Given our deep and beneficial interoperability with U.S. Forces, buying what they buy makes a lot of sense especially given our long-standing defence production sharing agreements and our deep defence industries integration.

The UK’s Lord Levene, who conducted a review of UK defence procurement, told us when it comes to ships we should buy hulls from the Spanish, Koreans or Japanese and then fit the electronics, saying ‘if a car is a computer on wheels, a ship or submarine is a computer in the water’. Levene told me that defence procurement reform involves changing the behaviour of all actors involved in the process, arguing that defence procurement will not ever truly function smoothly unless

it is run as a business, with military officials and civil servants largely removed from the process. Governments need to be more transparent with both the public and the military about future plans for investing in procurement. For light relief, he directed me to read Augustine's laws.

8.7 'Buy CANUSA'

The U.S. is our preponderant ally, its Forces are the best financed and most technologically advanced. Our interoperability with U.S. Forces is one of our most important attributes. Using the same kit means we can draw on the vast stockpiles held by U.S. Forces. For the most part, our defence purchasing is from U.S.-based companies, almost all of which have operations in Canada. Defence production sharing agreements dating back to the Second World War give us preferential treatment that integrate us into supply chains that are as integrated as NORAD. We can also pay forward on purchases, something we should be doing more given the billions of dollars lapsed annually by the Defence Department.

8.8 Focus on technology as the future of warfare in an age of cyber, electronic and information warfare

It's all about technology. A global surveillance and communications competition is underway, and Canada needs to find its niche.

Warfare has always been characterized by technological innovation. Today, this includes cheaply produced drones deployed in Ukraine, the bots used in disinformation campaigns to shape perceptions at home and abroad, and directed-energy weapons supported by overhead imagery used to fry electronics and intercept overhead threats. Militaries are increasingly deploying uncrewed technologies. Data accumulation and then application using A.I. is the new currency. This requires new thinking about how we use data, including its accessibility and classification as argued by Vice-Admiral (ret) Ron Lloyd, but also on workforce recruitment — geeks, not classic warriors — and how to manage them as the conventional chain of command will not work.

8.9 Get border security right

There is still a sense that Canada doesn't take perimeter security seriously when screening newcomers or inspecting for counterfeits and drugs. As the Future Borders Coalition told the recent Trudeau cabinet retreat in Halifax, "No matter who wins the U.S. presidency on November 5, Canada will have to work harder to maintain existing benefits of integrated trade and travel with the United States."

A rapid rise in illegal border crossings from Canada to the U.S. in the last few years, from under 100 a month in 2021 to almost 2,000 in 2024 is raising alarms. A recent letter from U.S. senators to the Homeland Security Secretary warned Canada's acceptance of Palestinian refugees from Gaza could lead to an increased risk for the U.S. The U.S. wants more information sharing, but we cite privacy concerns until threatened with a closed border on everything from Quebec parish baptismal certificates (a favourite for spies), airline passenger manifests and now lists of convicted child molesters. One of the lessons of the 'Smart Border' negotiations was John Manley's instruction to get ahead of the U.S. So we did. This meant, for example, harmonizing our visa policy on who gets in and inspections for WMD for all incoming containers long before the U.S. It also gave us the 'Safe Third' agreement on refugees, which we had long sought from the U.S. to prevent refugee shopping. The U.S. now complains we have the laws but don't have the enforcement capacity to screen people or goods. We need to do better and a good starting is the recommendations of the Future Border Coalition on supply chains, travel and aviation. Otherwise, we risk having the U.S. treat their two borders the same. Differentiation in border treatment is fundamental to our economic well-being.

9. Conclusion

Our allies see us as comfortably complacent on defence and security, oblivious to the changed geopolitics. They perceive indecision,

contradiction, and no sense of urgency or recognition that we, too, have a border with Russia.

“While Canada sleeps” as one NATO ambassador put it, our allies prepare for the contingencies of future warfare while dealing with gray-zone conflict. Tired of our promises and performative preaching, they our recent 2 percent announcement for what it is: improvised damage control with no real commitment.

None of this serves our interests, especially as we seek to diversify and increase our trade while securing our preferential U.S. access in a campaign that fails to put front and center the U.S. concern with security and defense.

If we continue to drift and coast then it is no wonder that we are not invited to top-table discussions by our allies.

Someday a shock will come. It will be rude and costly. Solutions may well be imposed on us. We will ask how we got into this fix. We have only ourselves to blame.

Changed geopolitics require a renewed linkage between trade access and defence spending, especially with the CUSMA review looming. This is how relationships work and have always worked. Thinking and acting otherwise is naïve and leaves us vulnerable.