International and Industry Programs at National Defence

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Outline

• Domestic Programs
  ✓ Defence Procurement
  ✓ Canada’s Defence Policy Strong, Secure, Engaged
  ✓ Support to Canadian Industry

• Canada – United States Defence Materiel Cooperation

• International Defence Materiel Cooperation

• Doing business with NATO
Procurement Roles and Authorities

Defence Procurement: A Government of Canada activity involving multiple Ministers

**CABINET**
- Ministers are collectively answerable to the House of Commons for the policy and conduct of the Cabinet as a whole.
- Ministers have "portfolios" and are responsible, answerable and accountable to the House of Commons for their particular departments.

**Public Services and Procurement Canada**
- Contracting Authority
- Procurement Process Integrity

**Department of National Defence**
- Sets Requirements
- Life Cycle Materiel Management
- Defence Program and Budget

**Global Affairs Canada**
- Enforce trade obligations
- Promote trade and investment
- Export Opportunities

**Department of Justice**
- Legal Advice

**Innovation Science and Economic Development Canada**
- Manage Industrial and Technological Benefits / Value Propositions

**Department of Finance**
- Management of Fiscal Framework

**Treasury Board Secretariat**
- Procurement Policy Expenditure Authorities

**Regional Development Agencies**
- Support regional development
- Knowledge of industrial capability
Strong, Secure, Engaged: Canada’s New Defence Policy

Reinvesting in and Modernizing Core Capability

**Joint Capabilities**
- Joint command and control systems and communications
- Joint signals intelligence
- Improved joint deployable HQ and signals regiment
- Improved crypto, info ops and cyber capabilities
- Improved Chemical, Biological, Radiological, Nuclear and Explosive detection and response capabilities

**Special Operations Forces**
- Next generation integrated soldier system, land and maritime mobility and fighting vehicle platforms
- Modernized C4
- Airborne ISR platforms
- Recapitalize commercial pattern armoured vehicles

- 15 Canadian Surface Combatants
- 2 Joint Support Ships
- 5-6 Arctic Offshore Patrol Ships
- Modernized Victoria-class submarines
- Enhanced naval intelligence, surveillance and reconnaissance systems, upgraded armaments, systems for future platforms
- Light Forces Modernization
- LAV mobility and survivability
- Modernized logistics and heavy engineering vehicles; C-IED
- Replace armoured combat support vehicles
- Ground-based air defence
- Enhanced ability to operate in remote regions
- Arctic mobility enhancements
- 88 new advanced fighter aircraft
- Next generation multi-mission aircraft (CP-140 replacement)
- Next generation air-to-air tanker-transport
- Replace utility transport aircraft
- Range of remotely piloted systems
- Space capabilities (global satellite communications, surveillance of space, ISR)
Government’s relationship with the defence industry

• As stated in *Strong, Secure, Engaged*, Canadian industry is critical to the ability of the Canadian Armed Forces to deliver on its mandate.

• National Defence is committed to working with its departmental partners to:
  – Increase transparency and timeliness of communications with defence industry associations
  – Provide Canadians with regular updates on major projects and programs to increase transparency, communicate challenges and measure performance
  – Maintain and re-enforce early engagements with defence industry on a project-by-project basis
  – Provide an annual update to the Defence Acquisition Guide
  – Publish National Defence’s Investment Plan starting in 2018

• The Defence Industry Advisory Group, established in 2015, facilitates coordinated dialogue and increased stakeholder engagement between the Government of Canada and the defence industry

• Collaborate with the Canadian Association of Defence and Security Industries (CADSI) for Government participation in CANSEC (Canada’s annual Defence and Security Trade Show)
Delivering Projects: Project Management in National Defence

- Project Identification
  - Identification of a capability deficiency

- Options Analysis
  - Articulation of a high-level Statement of Requirements
  - Procurement Strategy and socio-economic leveraging approaches

- Project Definition
  - Request for Proposals
    - Specifications, Statement of Work, Value Proposition, Evaluation Plan

- Project Implementation
  - Contract Award and delivery of capability
Doing Business with the Government of Canada

Making use of the available tools:

• The Defence Acquisition Guide (DAG)
  - The DAG is designed to help industry anticipate DND’s procurement requirements. It has a detailed list of upcoming projects and contact information for each project.

• Buy and Sell
  - Hosted by Public Services and Procurement Canada; Requests for information, Requests for Proposals, etc. are posted on this site; public and searchable; includes notifications for Industry Engagement events.
    http://buyandsell.gc.ca

• Office of Small and Medium Sized Enterprises
  - Assists small and medium sized enterprises in better understanding how the government buys goods and services as well as encourages their participation in federal government procurement.
    National InfoLine: 1-800-811-1148

• Understand Value Proposition and Industrial and Technological Benefits; leverage Regional Development Agencies
  - Procurement of major capital equipment often results in a contract award to a large prime contractor. To be successful, Canadian suppliers should be prepared to work with prime contractors.
    https://www.ic.gc.ca/eic/site/086.nsf/eng/h_00005.html
Support to Industry - Exports

• There is a ‘whole of government’ effort to support Canadian defence export market development

• Supporting exports can benefit the Department of National Defence
  - Facilitated by Global Affairs Canada and the Trade Commissioner service along with DND and the Canadian Defence Attachés. Close collaboration with the Canadian Commercial Corporation (CCC)

• Examples of how the International and Industry programs Division and the Defence Attachés can be of assistance:
  - Track upcoming defence acquisitions in other countries and research and understand foreign procurement processes
  - Track opportunities for cooperation and collaboration
  - Assist with points of contact in foreign ministries and departments of defence
  - Raise awareness of Canadian defence industrial capabilities
  - Help facilitate Canadian industry’s participation in trade shows abroad
Support to Industry – Exports (continued)

• Global Affairs Canada is responsible for the establishment/implementation of the export control process in Canada and issues export permits to Canadian industry.

• DND provides expert advice to Global Affairs Canada on export control cases involving controlled defence and security-related goods and services.

• DND generally not consulted on exports to NATO allies, Japan, South Korea, New Zealand, Australia, and Sweden.

• The Department’s internal export permit consultation process follows a rigorous methodology that relies on expert advice from a number of internal stakeholders.

• National security, defence policy, and Canadian defence industrial base are considerations when assessing applications.

• National Defence reviews approximately 600-700 export control applications per year.
Other Support to Industry from National Defence

• **Letters of Support to Foreign Government**
  - Can speak to facts about contractual relationships (caution: must avoid opinion and a perception of endorsement)

• **Loans of Materiel and Provision of Service Agreements under certain conditions:**
  - No disruption to defence readiness
  - No adverse affect to public confidence in Defence (e.g. the potential client is not controversial from a foreign policy perspective)
  - Should not be used if there is a reasonable alternate source and should not create a dependence on Defence (e.g. commercially available)
  - Direct benefit to National Defence, and/or supports export opportunities
  - Full cost recovery for Provision of Service, rental fee or equivalent return to the department for Loans
General

• Responsible for managing specific Canada-US bilateral agreements and providing policy advice on US developments impacting National Defence /Canadian Armed Forces materiel interests and/or Canadian industry

• Assists Canadian defence industry in addressing market access issues in the US

Foreign Comparative Testing (FCT)

• Allows the US DoD to identify, test and procure foreign developed defence technologies of interest to DoD

• Canada has participated in the program since 1980 with 108 FCT projects with Canadian companies to date:
  – Investments of USD$155.7M to evaluate Canadian technology so far

• 35 projects have resulted in procurements of approximately USD$400M

• Visits to Canadian industry are supported by National Defence and Innovation, Science and Economic Development Canada (ISED), as well as its regional economic development agencies
National Technology and Industrial Base (NTIB)

• As per the United States National Defense Authorizations Act FY 1993, the National Technology and Industrial Base (NTIB) of the United States was expanded to include Canada.

• The National Defense Authorizations Act FY 2017 saw the NTIB further expanded to include Australia and the United Kingdom.

• Canadian industry was consulted on NTIB enlargement through the Defence Industry Advisory Group (DIAG).

North American Technology and Industrial Base Organization (NATIBO)

• In support of North American national security, the NATIBO was created in 1987 to coordinate the technology and industrial base activities of defence organizations supporting the North American technology and industrial base.
Working with our Allies

• Canada has Defence Materiel MOU with Allies and close Partners to:
  – Promote defence materiel related interactions
  – Provide framework for specific projects / activities
  – Facilitate reciprocal access to specialized capabilities (quality assurance, test and evaluation, mutual logistics support, etc)
  – Confirm parameters of exchange of information, use / management of intellectual property
  – Encourage cooperation related to the research, development, and production of military equipment

• Opportunities to leverage materiel relationships to support Canadian industry market development opportunities (or vice versa- leverage Canadian industry market penetration to open doors for defence relationships)
Opportunities for Canadian Defence Industry to bid on NATO requirements

- In general, Canadian defence industry wins approximately 26 million EUR each year at NATO and almost exclusively through the NATO Support and Procurement Agency:
  - Procurement at NATO Communications & Information Agency: 528 million EUR (2016)
  - Procurement at NATO Support & Procurement Agency: 2.96 billion EUR (2016)

- Canada is taking steps to improve the Canadian defence industry’s awareness of upcoming NATO opportunities:
  - Appointment in 2016 of a Canadian Liaison Officer (Lieutenant-colonel rank) to the NATO Support and Procurement Agency
  - Annual NATO Industry Conference & TechNet International (NITEC) event held in Ottawa in April 2017. First time held outside Europe
  - Leverage domestic Defence and Security tradeshows and conferences to share NATO related information

- National Defence serves as the national authority to confirm the eligibility of Canadian companies to participate in NATO Support and Procurement Agency procurements.
Opportunities with NATO

- The Joint Delegation of Canada to NATO, with the Canadian Trade Commissioner Service in Belgium and Luxembourg, keep Canadian industry informed of business opportunities with NATO.

- All NATO procurement opportunities that are notified to the Canadian Delegation are published on the Buy and Sell website:
  - [https://buyandsell.gc.ca/](https://buyandsell.gc.ca/)

- For more information on business opportunities with NATO contact the Joint Delegation at:
  - BNATO@international.gc.ca
  - Jane Li, First Secretary Investment, Jane.Li@international.gc.ca
  - Lieutenant-colonel Martin Bédard, Canadian Liaison Officer – NPSA, calo@nspa.nato.int
Senior Level Engagement with NATO

NATO Conference of National Armaments Directors (CNAD)

- Plenary held twice annually (spring and fall) at NATO HQ, Brussels
- Includes all 29 NATO Allies, plus counterparts from NATO partner countries. Assistant Deputy Minister (Materiel) attends for Canada
- Provides oversight to capability delivery and assesses sub-structure of working groups

NATO Support and Procurement Agency (NSPA)

- Executive body of the NATO Support and Procurement Organisation (NSPO), of which all NATO nations are members.
- Jennifer C. Hubbard, currently Director General International and Industry Programs at National Defence, is the chairperson of the NSPO (2 year-term)
- Single NATO organisation providing support to operations and exercises; systems procurement (including armaments procurement) and life-cycle management; fuel management; strategic transport and storage; logistics services and project management to NATO, Allies, and partner nations;
- Customer-funded agency that operates on a "no profit, no loss" basis;

NATO Communications and Information Agency (NCIA)

- NATO’s principal Command, Control & Communication (C3) capability deliverer and Computer Information System (CIS) service provider.
- Executive body of the NATO Information and Communication Organisation (NCIO).
- Mr. Guy Charron, currently Director General Information Management Technology and Strategic Planning at National Defence, is the chairperson of the NCIO (2 year-term)
Transatlantic defence technological and industrial cooperation

“A stronger defence industry across the Alliance, which includes small- and medium-sized enterprises, greater defence industrial and technological cooperation across the Atlantic and within Europe, and a robust industrial base in the whole of Europe and North America, remain essential for acquiring needed Alliance capabilities.”

- Warsaw Summit Communiqué, 8 July 2016