

CANADIAN GLOBAL AFFAIRS INSTITUTE
INSTITUT CANADIEN DES AFFAIRES MONDIALES

Sovereign AI Roundtable

By Nicole Butler

July 2026

ROUNDTABLE REPORT

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Overview

The Sovereign AI Roundtable convened senior leaders from provincial and federal governments, industry, the Department of National Defence (DND), Canadian Armed Forces (CAF), and academia to examine Canada's readiness to develop and deploy sovereign artificial intelligence (AI) capabilities, particularly in defence and national security contexts.

Discussions focused on structural barriers, strategic opportunities, and the urgency of aligning policy, procurement, talent, and infrastructure to ensure that Canada remains competitive with its allies, especially the United States.

Participants emphasized that, while Canada possesses strong foundational assets—including talent, access to capital, and international credibility—systemic challenges related to procurement timelines, infrastructure readiness, and strategic coordination are limiting progress.

General Observations

There is a current lack of clarity and speed in Canada's approach to AI development and adoption. There is a need for a clearer line of sight on government priorities, requirements, and long-term road maps to enable industry investment and innovation.

Procurement timelines were identified as a critical bottleneck. Lengthy processes discourage industry participation, with companies often opting to pursue faster-moving opportunities in the United States rather than waiting for Canadian government contracts. This dynamic creates a cycle in which domestic capacity is never fully realized.

Engagement with government—particularly for small and medium-sized enterprises (SMEs)—is difficult and inefficient. There needs to be accessible, streamlined pathways for collaboration, as well as more meaningful financial commitments to support innovation and deployment.

There was strong consensus that Canada must act decisively to establish sovereign AI capabilities. The cost of inaction, both economically and strategically is potentially greater than the investment required to compete.

Key Themes

Speed and Time-to-Deployment

Speed is a defining competitive factor in AI development. While a six-month development cycle may be acceptable for well-defined requirements, however, even this timeline is likely too slow in a rapidly evolving technological landscape.

The United States was repeatedly cited as a benchmark, with examples of contracting processes being completed within days. In contrast, Canada's slower timelines risk leaving its military and industry dependent on outdated technologies by the time they are deployed.

There is a need to dramatically shorten development and procurement cycles to enable rapid iteration and deployment, particularly in response to emerging operational needs.

Strategic Collaboration and Governance

There is a need for structured, ongoing collaboration among industry, government, academia, and education systems (from K–12 through post-secondary institutions). This collaboration must move beyond ad hoc engagement toward a formalized, repeatable governance model.

A key tension exists between industry and government in terms of risk tolerance. Bridging this gap will require new frameworks for shared decision-making, transparency, and long-term engagement. There is also a need to strengthen communication pathways between the military and industry, enabling DND to more clearly articulate its requirements so that industry can effectively develop and deliver appropriate solutions.

Importantly, there must be a shift toward an opportunity-driven model, in which industry brings forward capabilities and use cases to government, rather than relying solely on government-defined requirements.

Infrastructure as a Foundational Priority

Infrastructure—particularly data centres and compute capacity—is the central enabler of sovereign AI. Infrastructure must be built proactively, even before all future use cases are fully defined.

The analogy of "pre-ordering" critical resources was frequently invoked: without early commitment, Canada risks being locked out of global supply chains due to overwhelming demand.

While capital is available, the primary barrier is securing long-term contracts and commitments that provide certainty for investors. Without this certainty, infrastructure development will lag behind that of global competitors.

Talent Pipeline and Retention

Canada's ability to develop and retain AI talent remains a significant challenge. While the country produces highly skilled graduates, many are drawn to opportunities in the United States because of higher compensation, more advanced ecosystems, and fewer administrative barriers.

Security clearance processes are a major impediment to hiring, particularly with respect to international talent. Reforms are required to streamline talent onboarding while maintaining national security standards.

Long-term investments in AI literacy, beginning at the K–12 level, are also essential to sustaining a domestic talent pipeline.

Capital, Capacity, and Industrial Readiness

Although access to capital is not a primary constraint, Canada faces limitations in industrial capacity. Building and maintaining this capacity requires predictable demand signals from government, including long-term procurement commitments.

Participants noted that industry is willing to invest in infrastructure and capability development but requires confidence that there will be sustained demand for these investments.

There is also growing interest among NATO allies in partnering with Canada as a leader in AI, presenting an opportunity to leverage international demand to scale domestic capabilities.

Supply Chain and Sovereignty

Supply chain vulnerabilities—particularly reliance on foreign suppliers for critical components—pose risks to Canada's AI ambitions. There is a need to balance domestic production with strategic pre-ordering from global suppliers.

Sovereignty considerations extend beyond supply chains to include control over AI systems, data, and infrastructure. Ensuring that Canada retains operational control over its AI capabilities, including the ability to restrict or shut down systems, is a key priority.

Defence Applications and Use Cases

There is currently a lack of clarity regarding priority AI use cases within the DND and the CAF. It is very important to clearly define operational problems and conduct robust gap analyses to guide development.

At the same time, industry is encouraged to proactively demonstrate how existing technologies can address defence needs rather than waiting for formal requirements.

Specific areas of interest include generative AI, mission-specific AI applications, and autonomous systems such as drone swarms. However, concerns regarding reliability, bias, and operational risk—particularly in high-stakes environments—remain significant barriers to adoption.

Procurement Reform and Funding Models

Current funding mechanisms, including programs such as IDEaS, were widely viewed as insufficient to drive meaningful innovation. This is particularly notable in comparison to U.S. models, where significantly larger investments enable companies to scale and deliver impactful solutions.

There is a need for procurement reform, including faster contracting processes, larger funding envelopes, and more flexible engagement models that support rapid experimentation and deployment.

Simulation environments were also proposed as a tool to de-risk innovation and enable more effective collaboration between industry and government.

Considerations and Takeaways

- **Act with urgency:** Canada must accelerate decision-making, procurement, and deployment timelines to remain competitive with allies.
- **Provide strategic clarity:** Clear government roadmaps and demand signals are essential to unlock industry investment and innovation.
- **Invest in infrastructure now:** Data centers and compute capacity must be developed proactively to avoid future shortages.

- **Strengthen collaboration:** Establish formal, ongoing mechanisms for engagement across government, industry, and academia.
- **Reform procurement and funding:** Introduce faster, more flexible processes and significantly increase funding levels to support meaningful innovation.
- **Retain and attract talent:** Address compensation gaps, streamline security clearances, and invest in long-term talent development.
- **Leverage industry capabilities:** Encourage industry-led solutions and focus on integrating existing technologies into defence applications.
- **Prioritize sovereignty:** Ensure control over AI systems, infrastructure, and supply chains to support national security objectives.
- **Define use cases:** Identify clear operational priorities and conduct gap analyses to guide AI development efforts.
- **Adopt a whole-of-nation approach:** Canada has the potential to become a global leader in this field. Success will require shared responsibility and coordinated action across all stakeholders.

About the Author

Nicole Butler is the Western Canada Defence Lead at the Canadian Global Affairs Institute. Nicole's work has spanned four countries and tapped into a broad range of issues including transnational organized crime, United Nations humanitarian crisis response, international diplomacy, and Arctic security and defence. Prior to joining CGAI, Nicole worked at the Wilson Center's Polar Institute in Washington, DC and she is a current research fellow at the North American and Arctic Defence and Security Network (NAADSN) as a resident Arctic expert. She holds a Master of Arts in Security Studies from Georgetown University's Walsh School of Foreign Service and a Bachelor of Arts in International Relations from Western University.

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