PerceptX

Accelerating Canada's Defence Industrial Engagement in the Indo-Pacific

A market and partnership opportunity assessment

October 2026

Prepared for:

Canada

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Executive Summary

- **Canada should turn growing Indo-Pacific ties into defence industrial partnerships, led by five priority partners**
  - Reshaping of trade, alliances and industrial supply chains presents a unique opportunity for middle powers like Canada
- **The Indo-Pacific defence market is large and growing**
  - Fourteen markets account for 99% of addressable spend, or about C$455B in total defence spending in 2025
  - Japan, South Korea and Australia are contemplating defence spending targets toward 3% of GDP or more by the 2030s
- **Canada's engagements in the region have not produced matching industrial results, yet**
  - Since 2021, Canada has held dozens of ministerial and senior-official meetings and signed many agreements
  - Nevertheless, the region's share of total Canadian defence exports fell from 8.0% to 5.9% and the value of export permits has remained flat since 2020
- **Five anchor partners offer the strongest fit for direct exports and partnership (co-development and sourcing)**
  - Japan, Australia, South Korea, Singapore and New Zealand lead; all providing opportunity and posing low or modest risks
- **Seven emerging partners offer selective upside with more complexity and higher risk**
  - India, Indonesia, Malaysia, the Philippines, Thailand, Vietnam and Taiwan
  - Political challenges, localization rules, budget limits and integrity risks call for focused approaches with these emerging partners
- **Canadian firms are not starting from zero, and should build on links that already exist**
  - Canada has much to offer the region spanning sensors, subsystems, sustainment, training and simulation, space, communications, design and engineering capabilities and more
  - Major regional trade shows in 2027 and 2028 give firms direct access to buyers

Canada must act now to seize opportunity with our partners in the Indo-Pacific

Where are we today?	• **Strategic autonomy and diversification are critical to the national interest and Canada must maximize its engagement with Indo-Pacific partners to this end** • **We are underrepresented both in mind share and market share with Indo-Pacific partners; there is tremendous untapped opportunity in the region**
Why did we produce this report?	• **Accelerate Canadian engagement in the Indo-Pacific on defence industrial opportunities** • **Equip Canada with market intelligence and a framework for defence industrial engagement in the region**
What should you use this report for?	• **To obtain a foundational understanding of the market & to identify areas of opportunity and engagement** • **This report does not represent a tailored market entry strategy, or represent company specific advice; firms should test these findings against their own capabilities, goals and new information as it arises**

Canada defines the Indo-Pacific as 40 economies that will drive half of world GDP by 2040

40 countries and economies



- Australia
- Bangladesh
- Bhutan
- Brunei
- Cambodia
- DPRK (North Korea)
- India
- Indonesia
- Japan
- Laos
- Malaysia
- Maldives
- Mongolia
- Myanmar
- Nepal
- New Zealand
- Pakistan
- PRC (China)
- Philippines
- ROK (South Korea)
- Singapore
- Sri Lanka
- Taiwan
- Thailand
- Timor Leste
- Vietnam
- + 14 Pacific island states

Why is the Indo-Pacific consequential?

50% of world GDP by 2040

65% of the world's population today

1 in 5 Canadians have family ties to the region

6 of Canada's top 13 trading partners

Source: PerceptX analysis, Canada's Indo-Pacific Strategy

Canada’s defence relations in the Indo-Pacific, at a glance…











Canada has robust engagement and growing policy infrastructure in the Indo-Pacific

Canada sustains wide diplomatic and military contact across the region: recurring ministerial engagement, naval presence, exercise participation, and a growing stack of bilateral instruments. However, industrial and economic outcomes have not followed at the same scale.

PUBLIC BILATERAL ENGAGEMENTS RELATED TO DEFENCE

200+

Ministerial and senior-official engagements publicly referencing defence since 2021

EXERCISES AND OPERATIONAL CONTACTS IN REGION

~70 annually

Combined exercises, port visits, deployments, joint training and operations since 2016

TREATIES, AGREEMENTS AND BILATERAL POLICY INFRASTRUCTURE

90+

Signed instruments like: SOVFAs, GSOIA, Logistics, MOUs, formal defence cooperation forums etc.

ACTIVE INDUSTRIAL ENGAGEMENTS AND PARTNERSHIPS

200+

Active industrial partnerships, sales & public pursuits, JVs, M&A, teaming, MOUs, LOIs since 2021

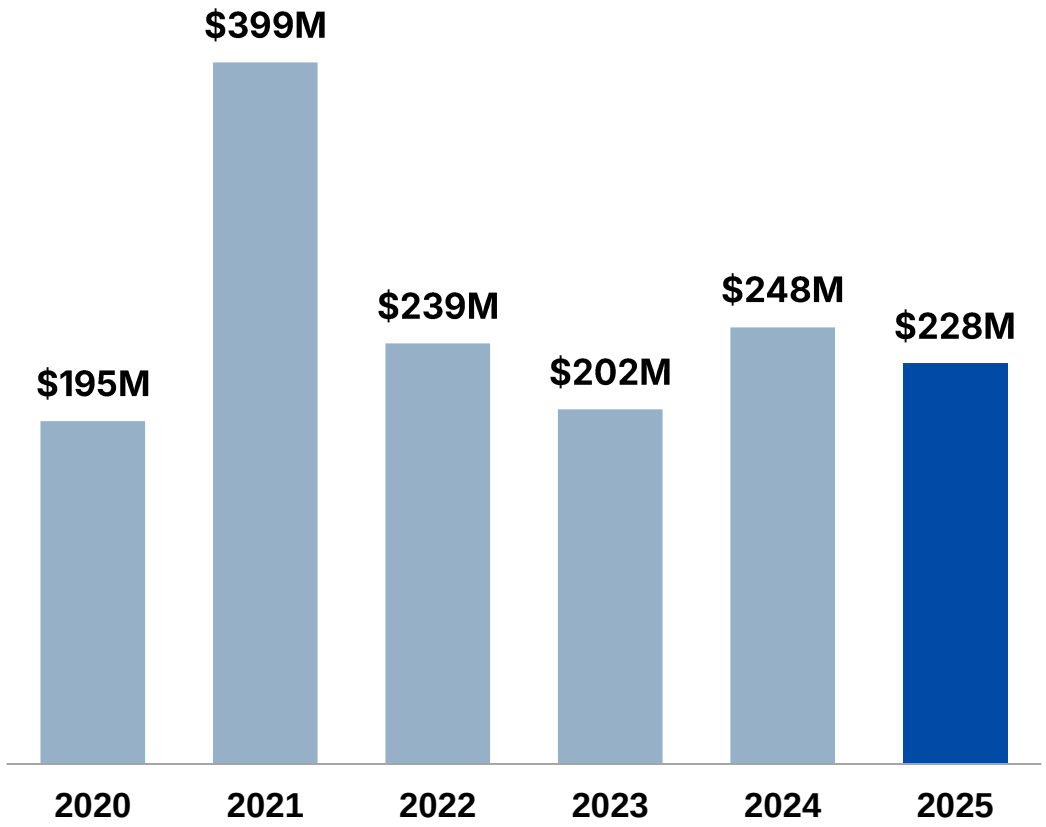
Photos (left column, top to bottom): PMO Canada; PMO Canada; DND Canadian Forces Imagery Technician. Right column: PMO Japan; PMO Japan

Canada is developing the necessary relationships and the bilateral infrastructure, now industry must seize the opportunity

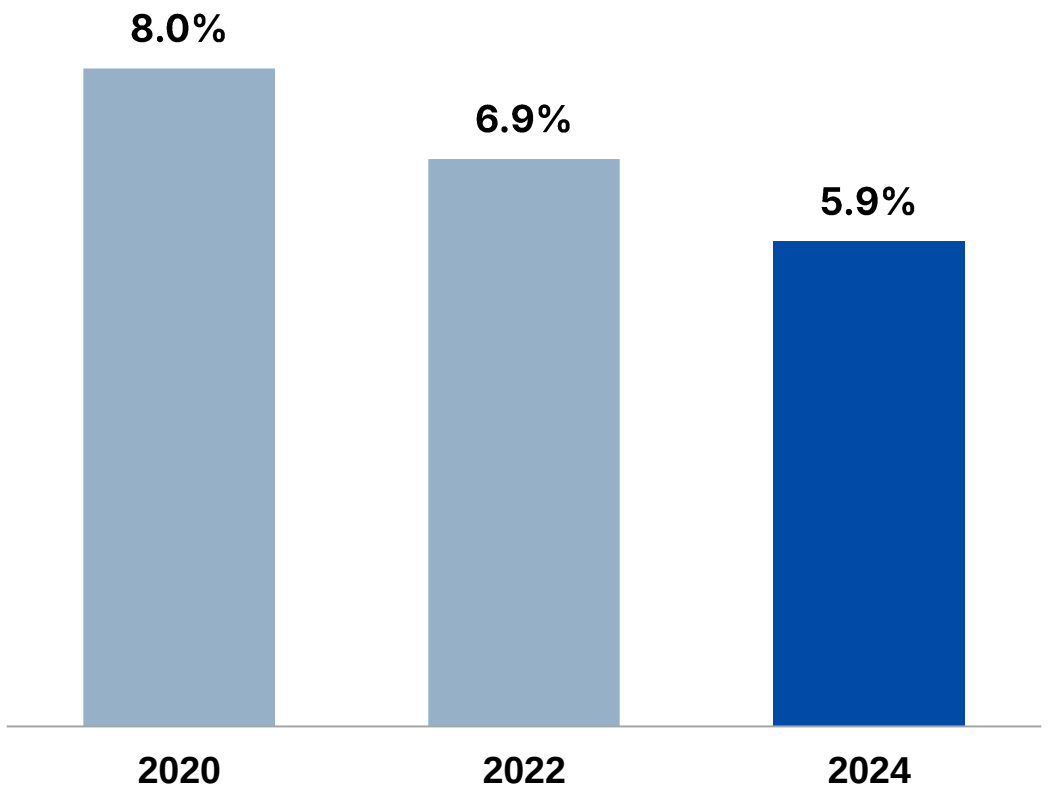
Source: PerceptX analysis, all data points based on publicly available data and does not include non-disclosed activities

Canada is underrepresented in the Indo-Pacific defence market as budgets grow and opportunities for partnership open

Canadian defence exports to the Indo-Pacific have remained flat, C$M (nominal)

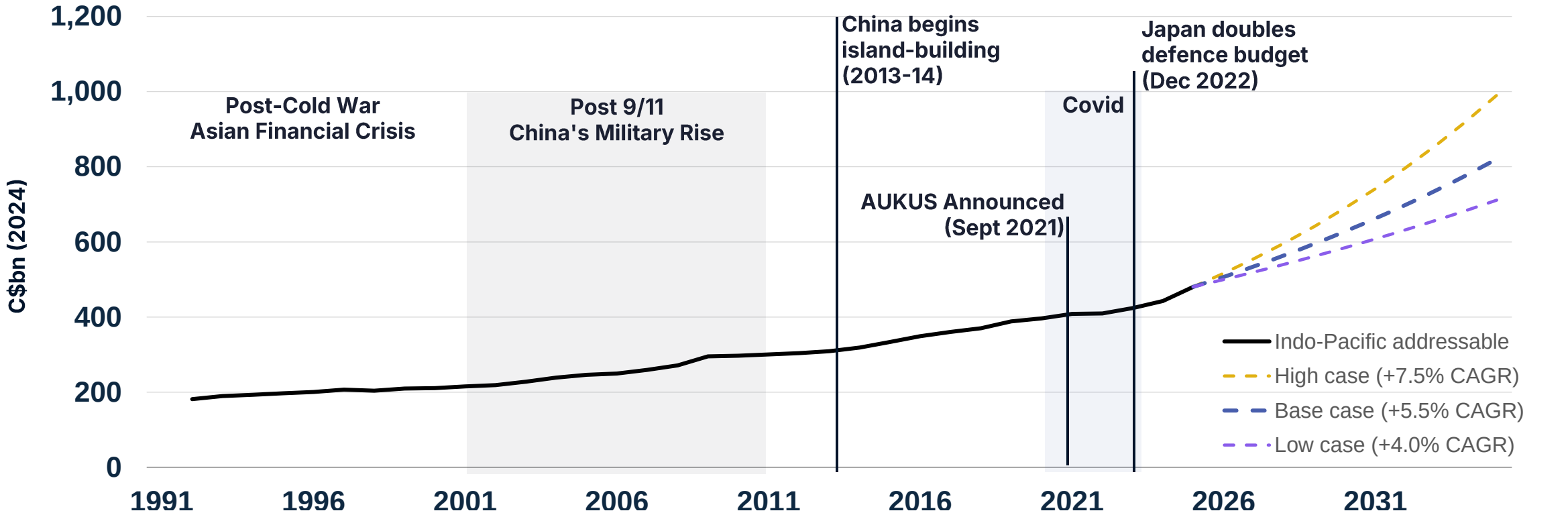


The region's share of Canada's total defence exports slid from 8.0% to 5.9%



Sources: Global Affairs Canada Annual Report on Export Controls ; ISED, State of Canada's Defence Industry, 2020, 2022 and 2024 editions, Annex 7; Indo-Pacific includes Australia and New Zealand
Note: Left chart is derived from applying Canada's definition of Indo-Pacific to Export Controls annual reporting values; right chart exports overall have grown diminishing overall % that Indo-Pacific sales represent

Defence budgets in the Indo-Pacific will grow from ~C$0.5T up to C$1.0T by 2035



Low Case	Base Case	High Case
Regional tensions ease; Japan holds at 2% of GDP; India real growth moderates to ~3%; ASEAN budgets track GDP	Japan reaches 2% of GDP by 2027; S. Korea and Australia sustain programs; India grows +5-6% real; AUKUS on schedule	Taiwan Strait or Korean Peninsula crisis; Japan pushes past 2%; ASEAN and India accelerate re-armament

Source: SIPRI Military Expenditure Database 2026 (v1.2). Canada's Indo-Pacific definition less PRC, DPRK, Myanmar, (non-addressable); Laos, Bhutan, Maldives and most Pacific Island Countries excluded (data unavailable)

Fourteen markets cover 99% of addressable Indo-Pacific spending

MARKET	2025 SPEND, C$BN	FORECAST CAGR 2026-31	MARKET DYNAMICS
India	127.7	5.5%	Large growing budget, aggressive modernization program
Japan	81.5	6.5%	Under pressure from US to increase spending, significant growth since early 2020s
South Korea	66.9	5.4%	Steady ambitious growth and investment bolstered by strong economic growth
Australia	48.3	4.4%	Robust history of spending and delivery, AUKUS delivery poses challenges
Taiwan	23.8	9.3%	Dramatic spending on advanced capabilities and asymmetric assets
Singapore	23.2	3.2%	Stable, highly predictable funding tied to GDP
Indonesia	21.0	4.7%	Ambitious growth, but volatile and unpredictable modernization plans
Pakistan	15.7	3.4%	Severe constraints, effectively closed due to sourcing from China
Vietnam	15.0	4.7%	Opaque with significant data availability issues
Philippines	8.6	4.6%	Maritime modernization ambitions tempered by fiscal constraints
Thailand	7.6	1.4%	Limited investment and growth despite ongoing conflict
Malaysia	6.2	3.0%	Persistently budget-constrained, ambitions may exceed capacity for delivery
Bangladesh	5.0	(0.6%)	Includes significant paramilitary spending, imports most arms from China
New Zealand	4.0	7.6%	Dramatic increases announced and significant modernization plans underway
Rest of Indo-Pacific	3.3	N/A	Not forecasted: Sri Lanka, Nepal, Mongolia and Pacific Island states etc.

Source: SIPRI Military Expenditure Database 2026 (v1.2), in constant 2024 prices, converted to Canadian dollars at the 2024 average USD/CAD exchange rate. Forecast CAGRs are PerceptX derived forecasts
Note: Definition of addressable excludes China, DPRK, Myanmar etc.

We scored Indo-Pacific defence markets and partners against five criteria to identify where Canada should focus

Criteria	What we assessed
Market size and growth	• What is the real defence spend today and the forecasted growth rate to 2031? • How is economic growth, population characteristics, debt burdens, planned and announced defence spending and other factors likely to influence spending in the future?
Market addressability	• How hard is it to transact? Is there political volatility? • How transparent is spending and planning? What indicators are there for corruption and other issues? • Are there barriers like offset and localization rules?
Industrial capacity	• What is the depth of the domestic defence industrial base? • Could Canada draw on capacity and technologies produced by the partner nation to fill capability gaps in our own industrial base?
Strategic alignment	• How closely do the partner's geopolitical priorities, threat perceptions, alliance posture and export-control regimes align with Canada's? • Do both governments actively sponsor cooperation and deepening ties with bilateral instruments, visits, operations and military to military connections?
Partnership potential	• When we consider all these factors together, how much potential is there for defence industrial partnership and engagement?

Applying these criteria across markets of consequence in Canada's Indo-Pacific Strategy definition provides a roadmap for prioritized engagement

Japan, Australia, S. Korea, Singapore and NZ top the field on overall market opportunity and potential for defence industrial collaboration

	Market	Market size & growth	Market Addressability	Industrial capacity	Strategic alignment	Partnership potential	Net assessment
Anchor	Japan	●	◑	●	●	●	Export orientation; new opps opening
	Australia	◕	◕	◕	●	●	Trusted partner status and strong alignment
	South Korea	◕	◑	●	◕	●	Selective government sponsored plays
	Singapore	◑	◑	◕	◑	◕	Untapped opportunity in a competitive market
	New Zealand	◔	◕	◔	●	◕	Small budget but institutional linkages strong
Emerging	Taiwan	●	◑	●	◕	◕	Growing market, capable industry, politically constrained
	Philippines	◑	◑	◔	●	◕	Aligned but budget constrained
	India	●	◔	◑	◑	◑	Scale of opp. offset by localization requirements and integrity risks
	Malaysia	◔	◑	◔	◕	◑	Targeted potential but underfunded
	Indonesia	◕	○	◑	◑	◑	Lack of transparency and unpredictable defence policy makes entry challenging
	Vietnam	◑	◔	◔	◑	◔	Lack of transparency in budgets and plans
	Thailand	◔	◔	◔	◑	◔	Ongoing conflict; growing localization demands
Challenging	Bangladesh	◔	◔	◔	◔	○	Price-led, largely closed market
	Pakistan	◑	○	◑	○	○	Largely closed to Canadian industry
	Rest of Indo-Pacific	○	◑	○	◔	○	Fragmented & sub-scale posing challenges

Legend: ○ Low ● High

Source: PerceptX analysis

Five Indo-Pacific partners should be prioritized for export opportunities and can strengthen Canada's defence industrial capacity through partnership

Anchor Partner	Australia	Japan	South Korea	Singapore	New Zealand
Why this market now?	AUKUS Pillar II, Guided Weapons and Explosive Ordnance Enterprise; Arctic Over the Horizon Radar partnership	Global Combat Air Program; new export posture; strong strategic alignment and growing bilateral infrastructure	Aggressive export market posture; bilateral defence industrial infrastructure in place	Advanced technology customer with established integration and sustainment capabilities	Major capability investment renewal; Five Eyes member with no domestic prime or national champion
What can Canada offer?	Earth observation, underwater warfare sensors and autonomous systems; military comms; training; AI	Aero propulsion and major sub-systems; structures; system design; technical and engineering capacity; training; AI; comms	Aero structures, systems & platforms; maritime sensors; strategic supply of critical raw materials and inputs	Training and simulation; comms & satcom; space partnership and launch access; modular maritime payloads; sensors, AI	Aerospace sustainment; technical and engineering expertise for govts 'thin prime' model
Where should Canada co-develop or source?	Domain awareness, Hypersonics, manned unmanned teaming; munitions	Long-range strike & precision fires; amphibious craft; armed/surv. drones	Urgent operational requirements for complete weapons systems	Naval & submarine MRO and sustainment; niche vehicles; advanced materials	Maritime patrol, ocean surveillance, space domain awareness, launch, comms
What is Canada's Positioning?	Joint capability development and reciprocal industrial partnership; critical mineral partner	Advanced technology collaboration and access to new industrial relationships	Seek integration of Canadian technology into S. Korean platforms going to global markets	Secure regional sustainment hub, provide NATO market access; learn from S'pore model for sov. system integration	Lead with national champions that have deep program management expertise; support NZ national capability development

Note: Examples here representative rather than exhaustive

Canada can win targeted exports and partnerships with seven emerging partners

Market	Challenges & Risks	Why Address this Market?	What Can Canada Offer?	Sourcing & Industrial Partnerships
Taiwan	Political sensitivity, retaliation risk from PRC, supply disruption risk	Sustained and rapidly growing budget, source of supply for advanced electronics and drones	Design and engineering; space, AI, sensors, emerging tech, joint R&D opportunities	High end semiconductors, precision electronics and drone component manufacturing
Philippines	Budget constraints, competition from financed G2G offers	Underserved partner with strong western alignment	Domain awareness, ships, sensors, training, comms, HADR, financing and G2G mechanisms	Ship, maritime and aerospace sustainment and MRO in region
India	Residual bilateral trust concerns; offset and localization rules; legacy Russian kit	Large and growing market of strategic importance	Training and simulation; Maritime design and obsolescence management, aerostructures	Deep aerospace talent pool; significant energetics & munition capacity
Malaysia	Budget constraints and integrity risks	Sustainment and upgrade contracts; underserved	Sustainment, avionics upgrades, training and capacity building	Composites, semiconductor assembly, packaging and testing; processing of rare earths
Indonesia	Demanding localization requirements; financing and G2G support necessary	Demand for maritime domain awareness and capacity building	Domain awareness, aircrew training, HADR,C2	Tropical littoral test and training environments
Thailand	Strategic alignment, border tensions and renewed conflict-risk	Selective modernization opportunities	Simulation and training, civil ISR, soldier protection	Aerospace; commodities and industrial inputs
Vietnam	Strategic alignment; transparency; legacy Russian kit	Selective diversification beyond Russian suppliers	Non-lethal ISR, sustainment, training and capacity building	Raw materials like tungsten, low-cost precision electronics and assembly

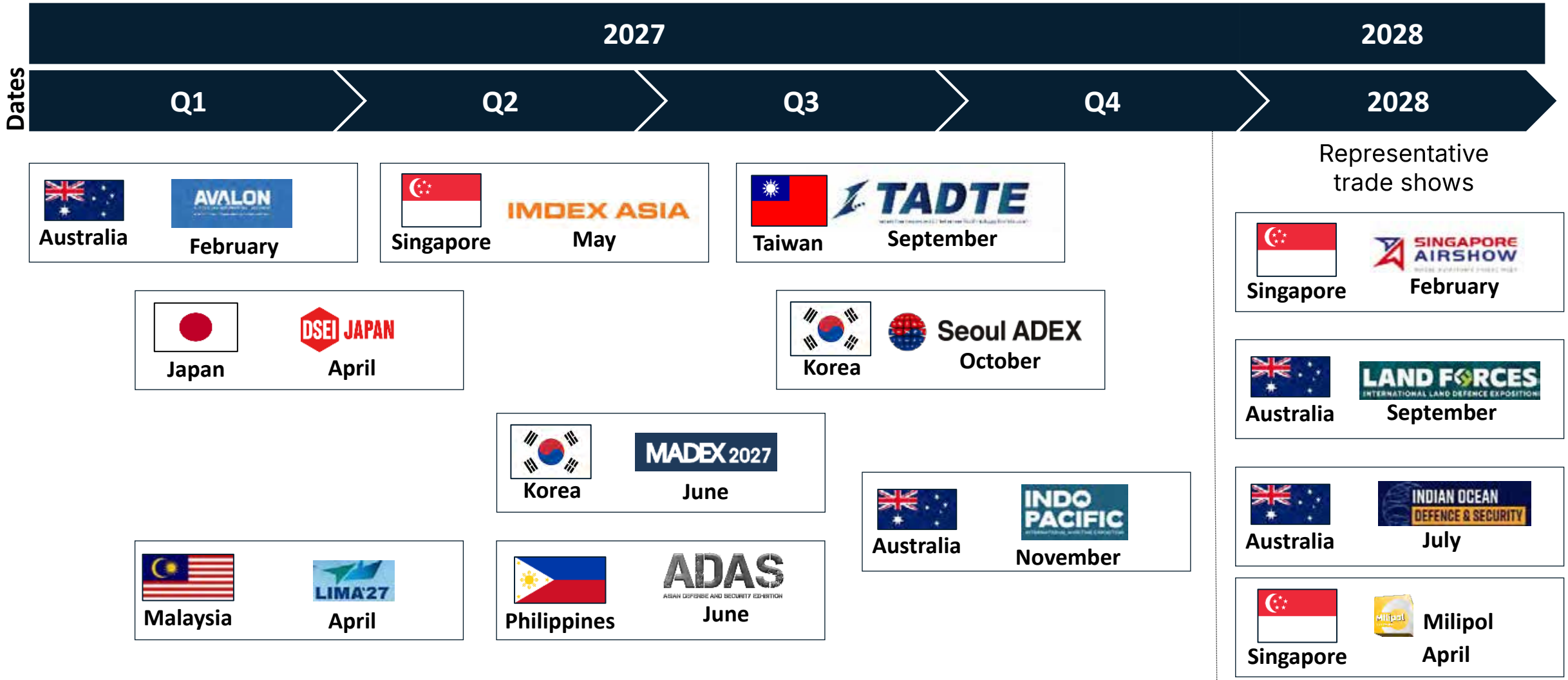
Emerging partners offer upside with potential complications, necessitating a focused approach to engagement

Canadian and Indo-Pacific firms in defence and adjacent industries already operate in each other's markets, yet neither side has fully exploited these industrial links

	Indo-Pacific firms Engaged in Canada	Canadian firms Engaged in the Indo-Pacific
Primes & system integrators	MITSUBISHI HEAVY INDUSTRIES, NEC, FUJITSU, ST Engineering, BAE SYSTEMS Australian arm, LIG Nex1, KAI, Hanwha	CAE, RHEINMETALL, Bombardier, LOCKHEED MARTIN, BELL, MDA SPACE, GD Land Systems, DH CANADA
Tier 1 & 2s	TRD SYSTEMS PTE LTD Making Life Safer, EOS DEFENCE SYSTEMS, PABLO AIR, SUMITOMO PRECISION PRODUCTS CO., LTD., DRONESHIELD, Intellian, WARPSPACE, AIM	L3 WESCAM, Bluedrop, HĒROUX DEVTEK, GeoSpectrum.ca, MAGELLAN AEROSPACE, HEPBURN, smiths interconnect, KRAKEN, CURTISS-WRIGHT
Other & Adjacent industries	INNOSPACE, BHARAT FORGE, KALYANI, GIC, PSA, TOSHIBA, CYIENT, GALLAGHER	COULSON AVIATION, AtkinsRéalis, BMT, BlackBerry, illumia labs, Immersive. Limitless. Learning., ucore, cohere, TOPACES

Note: Representative, not exhaustive. Active is defined as either ownership of a subsidiary, active pursuit of a program or procurement, B2B sales, have equipment in service in the region, have a JV, MOU or other overt commitment to the market; Canadian firms are defined in line with the Buy Canadian policy

In 2027 & 2028, Canadian firms can meet Indo-Pacific buyers at >13 shows in seven countries



Note: Trade show websites, representative view of major defence trade events and programming, subject to change and based on information available before publication, other major shows including Indo-Defence Expo and Forum not reflected; other global shows such as IDEX in Abu Dhabi often have strong Indo-Pacific representation.

Agenda

Executive Summary

Country Deep Dives

- **Japan**
- Australia
- South Korea
- Singapore
- New Zealand

Country Snapshots

Appendix

Canada’s defence relations with Japan at a glance…







Canada and Japan signed a Comprehensive Strategic Partnership in March 2026

ACSA, SIA and ETTA and the March 2026 Strategic Partnership puts robust policy infrastructure in place. Canada keeps a defence attaché in Tokyo and Japan reciprocates in Ottawa; military contact still runs mainly through multilateral forums.

PUBLIC BILATERAL ENGAGEMENTS RELATED TO DEFENCE

90+

Ministerial and senior-official engagements publicly referencing defence since 2021

EXERCISES AND OPERATIONAL CONTACTS IN REGION

70+

Combined exercises, port visits, deployments, joint training and operations since 2016

TREATIES, AGREEMENTS AND BILATERAL POLICY INFRASTRUCTURE

20+

Signed instruments, partnerships, MOUs and other agreements such as memorandum of cooperation

ACTIVE INDUSTRIAL ENGAGEMENTS AND PARTNERSHIPS

40+

Active industrial partnerships, sales, JVs, M&A and teaming MOUs involving Canadian and Japanese firms

Photos (left column, top to bottom): PMO of Japan; DND; Japan Ministry of Foreign Affairs. Right column: DND; DND

GCAP observer status and Japan’s modernization and export programs offer Canada incentive to enter into Japanese industrial partnerships

Source: PerceptX analysis. All data points are based on publicly available data and exclude non-disclosed activities.

Japan is increasing defence spending to deter China, North Korea and Russia

Geography



Location

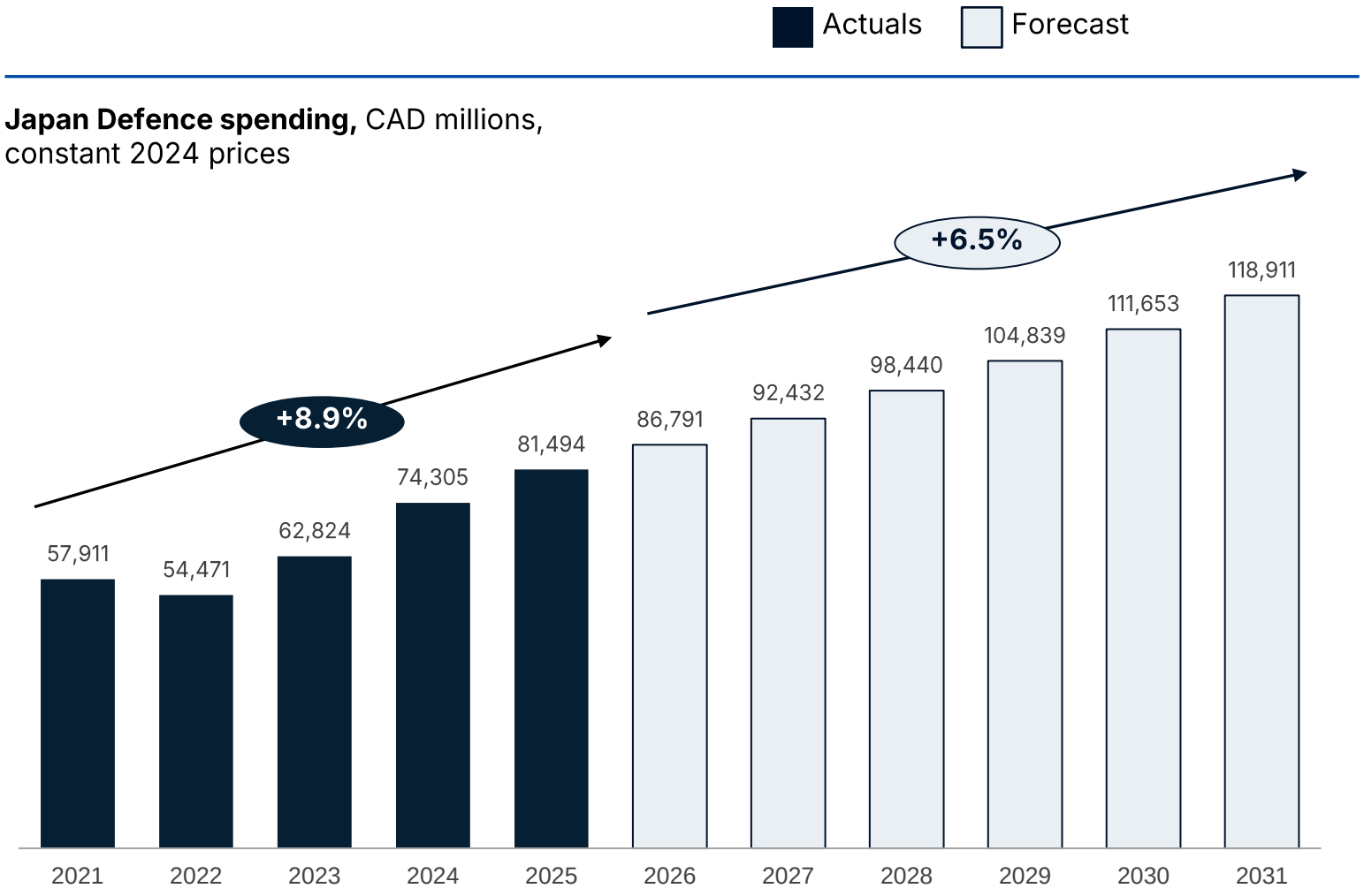
14,125 islands span 3,000 km of the first island chain, with a 4.47M km² maritime zone

Strategic Context

- **Strong, but changing relationship with Washington:** Strong connections remain, but changing US posture and growing regional threats push Tokyo toward greater self-reliance
- **Growing Chinese pressure:** PRC pressure on Taiwan & Senkaku islands and export restrictions on minerals and dual-use tech ratchets up pressure. Deepening cooperation between PRC, Russia and North Korea adds challenges
- **Counterstrike & exports:** Counterstrike capacity and new export posture mark a dramatic shift from traditional posture and policy; 2026 policy reaffirms counterstrike within defensive posture
- **Tokyo is engaging partners beyond Washington:** The Quad, NATO IP4 and the GCAP fighter widen its options, as do Mogami sales to Australia and potentially Indonesia
- **Canada as an emerging partner:** 2026 strategic partnership sets the stage for deeper cooperation

Source: Ministry of Defense of Japan, Defense of Japan; Cabinet Secretariat, National Security Strategy; Global Affairs Canada, Canada-Japan Relations; Geospatial Information Authority of Japan; PerceptX analysis

Japan's defence budget is growing, weighing a 3-3.5% of GDP defence target later years



Forward Looking Priorities

- **Personnel and readiness:** Recruitment and retention remain the main constraint, with the Self-Defense Forces below authorized strength; spending on pay, conditions and career reform likely to rise to close the gap. Target of >13% of women in forces by FY35
- **Procurement and modernization:** Prioritizing stand-off missiles and integrated air and missile defence as Japan builds a counterstrike capability
- **Sustainment:** Large share of the budget and set to grow as new fleets enter service, expanding demand for maintenance, munitions stocks and base resilience
- **R&D and technology:** Priorities include unmanned systems for layered coastal defence, long-endurance surveillance drones and GCAP, the next-generation fighter developed with the UK and Italy
- **Key takeaway:** Spending expected to rise past 2% of GDP as Japan weighs a 3 to 3.5% target in the face of US pressure; but that level of spending will be difficult to obtain

Source: SIPRI Military Expenditure Database (v1.2), constant 2024 US$; PerceptX forecast, JMOD
Note: Japan defence spending, 2021 to 2031, CAD millions, constant 2024 prices. 2021 to 2025 are SIPRI actuals; 2026 to 2031 are PerceptX forecast. Converted from constant 2024 US$ to CAD$

Increasing export posture and openness contrast Japan's historical focus on domestic requirements

Barriers	Ease of Entry	Discussion
Export Controls and Political Considerations		Comprehensive Strategic Partnership since 2026, growing defence ties and engagement, supportive bilateral relationship; strong evidence of past exports
Offsets and Industrial Participation Requirements		No formal offset or localization regime; in practice ATLA favours domestic development and production including licensed production and obligations depend on the program
Integrity Risk		Japan ranks 18 of 182 on the 2025 Corruption Perceptions Index
National Preferences & Incumbency		Japan is deeply committed to supporting domestic industry; MHI, KHI, IHI and NEC are well established; US has substantial position through FMS sales
Certification, Clearances and Standards		Security of Information (January 2026) and Equipment and Technology Transfer (June 2026) agreements; strong emphasis on interoperability & evidence of NATO-aligned equipment
Language, Culture and In-Country Presence		Procurement in Japanese, Japan-based entity or local partners helpful for access, language and execution; the culture is relationship-led with high-quality standards
Overall Assessment		National preference and incumbency mean entry requires Japanese partners and GoC sponsorship & support even for the most capable firms

Legend: ● Easier ○ Harder

Source: PerceptX analysis, Global Affairs Canada, Japan Ministry of Foreign Affairs, ATLA, Transparency International Corruption Perceptions Index

Japan's modernization is focused on bolstering counterstrike capability and substituting technology for a shrinking recruit pool

Modernization Posture

- Japan is bolstering its homeland-defence force by adding counterstrike and planning island contingencies, key planks include:
- Long-range strike, with the ISR needed to use it including upgraded Type 12, HVGP, Tomahawk and JASSM
- Dispersal and hardening across the southwest islands, with munitions and spares holdings to lift equipment availability
- Looking to leverage automation and uncrewed systems to bolster uniformed establishment of ~247,000 and a shrinking intake pool
- Growing desire for speed in procurement



Image: Japan Ministry of Defense; Ibid.

Priority Capabilities and Investments

Stand-off defence capability
Upgraded Type 12 and the Type 25 glide projectile built at home, with Tomahawk, JSM and JASSM bought from abroad

Integrated air and missile defence
ASEV destroyers with SPY-7 radar and 128 VLS cells, plus the Glide Phase Interceptor co-developed with the US

Unmanned defence capability
Investments toward SHIELD, a layered littoral defence of low-cost UAV, USV and UUV targeted for FY2027; MQ-9B from FY2028

Cross-domain operations
Space, cyber and electromagnetic spectrum fused with physical domains; a targeting satellite constellation is expected to be in service by 2027

Command, control and ISR
C2 and information functions built to operate inside hybrid and information warfare, backed by a dedicated MOD cyber workforce strategy

Mobile deployment and civil protection
Transport, evacuating and protecting civilians

Sustainability and resilience
Ammunition, fuel, spares, hardened facilities

Source: Japan Ministry of Defense FY2026 budget; National Security Strategy, National Defense Strategy and Defense Buildup Program (2022); ATLA. Areas shown are DBP capability areas

At least four Japanese defence priorities align with Canadian industry capabilities

Opportunity Areas	Uncrewed systems and coastal surveillance	Maritime and underwater sensing	Equipment support, training and components	Satellite surveillance and communications
				
Japan's priorities	• Expanding the use of aerial drones and uncrewed vessels to monitor and defend its coastline • SHIELD is a major initiative targeting FY2027	• Strengthening surveillance at sea and the ability to detect submarines and underwater threats • New drones will complement crewed aircraft and ships	• Improving equipment availability through maintenance, spare parts and training • Supporting fleet modernization	• Expanding satellite imagery and reliable communications • Supporting operations across a large maritime area
Canadian contribution	• Imaging sensors, marine robotics, underwater batteries and operator training	• Sonar, submarine-detection sensors, seabed mapping and surveillance-data analysis	• Simulation and training, maintenance technology, shipboard systems and specialized components	• Radar imagery and analytics, satellite antennas, communications equipment and ground systems

Note: opportunities here are representative, not exhaustive, and are based on matching open-source indicators to Canadian capabilities in select segments. Sources: Japan MOD FY2026 budget, Defense of Japan 2026, Global Affairs Canada, PerceptX analysis. Photos: Japan Ministry of Defense

ATLA buys Japan's defence equipment, while the Ministry of Defense and the JSDF decide what is needed

	Japan Ministry of Defense & JSDF Policy, budget & requirements	Acquisition, Technology & Logistics Agency MOD's acquisition agency, est. 2015	DISTI, Startup Support Group, MoD SBIR R&D and innovation
Organizations	防衛省・自衛隊 MINISTRY OF DEFENSE JGSDF Ground JMSDF Maritime JSO JASDF Air JJOC	10 ANNIVERSARY ATLA ATLA Acquisition,Technology & Logistics Agency	DISTI
Description	• The Ministry of Defense develops and recommends defence policy and the budget • The Ground, Maritime and Air SDF define the equipment they need • JSO does planning and advisory; Joint Operations Command set up in 2025	• The Ministry of Defense's procurement agency, set up in 2015 • Runs defence research, tenders and contracts for the JSDF • Manages equipment programmes from development through to purchase and lifecycle management	• DISTI: ATLA's institute for new defence technology, modelled on DARPA • Startup Support Group: matches startups to JSDF needs and helps with contracts • MoD SBIR: staged funding that takes startups from proof of concept to production
Discussion	• Define and shape requirements; ATLA handles centralized procurement	• Foreign firms can bid but many foreign firms work through a trading house or prime; this is the most common route for most; growing capacity at lower tiers offers opportunity for new partners	• SBIR is in principle for Japanese SMEs; foreign firms likely need a local entity and partner • More research on eligibility rules in this area required

Source: PerceptX analysis; Japan MOD; ATLA; NEDO
Note: Simplified view omits some organizations; i.e.,

Japan's diversified conglomerates hold deep defence capability, and a new export posture opens them to foreign partners

Archetype	Top Companies	Discussion	Analysis
Prime Contractor and System Integrator	Mitsubishi Heavy Industries, Kawasaki, Mitsubishi Electric, NEC, Fujitsu, IHI, JMU	• For top three primes (MHI, Kawasaki, Mitsubishi Electric), defence sits within a diversified portfolio of capabilities that may be relevant to dual use pursuits and partnerships • ATLA reports that top five suppliers took ~50% of central procurement spend in FY 2024 showing high concentration • Capabilities span aerospace, missiles, space, tanks, sensors, cyber, AI and digital defence	• **Canada can draw on Japanese capacity from diversified conglomerates w dual use relevance** • **New defence export posture means stronger appetite for foreign sales**
Mid-Tier	Toshiba, Hitachi, OKI, Subaru, Tokyo Keiki	• Defence units also bring dual-use technology down the supply chain	• **Dual-use tech in commercial divisions**
Local Small and Medium Enterprises	PRODRONE, ACSL, TerraDrone, TIER IV, Avio, Synspective	• Growing startups in drones, autonomy, space • New programmes & R&D spending draw them into defence; but early days for Japanese SMEs	• **Partner early as SMEs scale; new capacity being built in drones, autonomy and space**
Foreign Companies with Local Footprint	General Dynamics, BAE Systems, Leonardo, Airbus, Thales, Boeing, Rheinmetall, Lockheed Martin, RTX, Northrop Grumman	• US firms have strong positions • European presence is growing through mechanisms like GCAP • Japanese firms and trading houses remain key routes to market	• **Canadian firms can enter as suppliers and leverage existing relationships**

Source: Company websites, ATLA reporting, PerceptX analysis
Note: Not exhaustive

Deepening Canada-Japan defence architecture in the past two years shows promise for diversification and partnership



Government Interfaces Institutionalized frameworks and agreements between the two countries involving defence	Assessment Strong

- SIA and ETTA in force 2026, ACSA since 2019, Strategic partnership in March 2026; many new interfaces through 2024-26
- These recent developments build on supportive policy infrastructure and relations

Bilateral Engagements Public record of engagement from PM to ADM level on defence or national security since 2021	Assessment Strong

- The only G7 partner in the Indo-Pacific; leaders meet in G7, G20 and NATO IP4 formats, heavy engagement at political level i.e., Ministers and PM
- Topics span the Indo-Pacific, economic security and DPRK sanctions enforcement

Mil to Mil Connections Concurrent participation in military exercises, plus exchanges, training and other contacts, 2016 to present	Assessment Moderate

- KAEDEX is the only recurring bilateral RCN-JMSDF series noted in the public domain
- Most contacts are in multilateral forums

Industry Interfaces Evidence of direct sales, MOUs, agreements, joint ventures or cross-border ownership between the two countries' industrial bases	Assessment Strong

- Strong evidence of cooperation and supply chain plays at component and subsystem level, GCAP may enhance this
- Strong tie ups in adjacent industries including quantum, photonics, space and critical minerals

Source: MOFA, Japan MOD, Global Affairs Canada, DND, company disclosures; PerceptX analysis

Canada can sell Japan sensors and support services, partner on maritime technology, and turn new agreements into export pathways

Diversification Opportunities

Where is there opportunity and what can Canada offer?

- SHIELD, Japan's layered unmanned coastal defence, appears to be the nearest-term opening across aerial, surface and underwater drones
- Maritime surveillance and undersea sensing fit Canadian strengths, including sonobuoys, acoustics and mission systems; power systems
- Japan is prioritising spare parts and maintenance to fix equipment idled by shortages; 2022 reports cite over 100 firms leaving defence since 2003, so spares and repair are needed; a potential opportunity for Canada’s industrial middle
- Space-based surveillance and satellite communications are rising priorities
- METI reportedly funds acquisition of some drone components potentially opening opportunities for Cdn manufacturers in these areas

Partner and Buy

What can Canada partner on?
What should we buy from them?

- Prioritise anti-submarine warfare, sonar, ship automation and unmanned maritime systems, where Japanese work leads; hypersonics and long range strike also offer opportunity
- Use GCAP observer status for entry to partnership in Edgewing and JAIEC supply-chain access; Canada needs to come forward with a compelling industrial value proposition that does not crowd out suppliers from existing partners
- Critical minerals and quantum are promising areas with dual-use implications
- Japanese components for drones are becoming preferred options for non-PRC sourced components

Enable

Where else do our policies, priorities and interests intersect?

- Transfer and information-security agreements are now in place, and Japan's defence white paper gives defence production more weight; the task now is developing industrial partnerships and a project pipeline
- High potential for Arctic cooperation; offer Japanese participation in Operation NANOOK, icebreakers and the ICE Pact and other areas provide arctic test bed for harsh conditions
- Japan is revising its three security documents; Canadian input may help shape future opportunities
- Military contact is still thin outside multilateral exercises; grow KAEDEX rather than relying on US-hosted venues

Source: The Diplomat (Sep 2023); UK MOD GCAP observer announcement (Jul 2026); European Defence and Security, the Sun Sets on Japan’s Defence Industry

Japan defence information sources: industry associations, flagship events, think tanks and government publications



Industry Associations & Clusters

- Japan Association of Defense Industry (JADI): defence industry body
- Society of Japanese Aerospace Companies (SJAC): aerospace
- Keidanren Defense Industry Committee: industry policy
- Shipbuilders' Association of Japan: shipbuilding & maritime
- JEITA: electronics, IT and cyber industry body

Key Conveners, Think Tanks and Sources of Information

- Japan Institute of International Affairs (JIIA): policy research
- Sasakawa Peace Foundation: maritime security research
- Research Institute for Peace and Security: Asian Security
- Nakasone Peace Institute: security policy proposals

Flagship Events

Trade shows

- DSEI Japan (biennial; next 2027): integrated defence event
- Japan International Aerospace Exhibition (next 2028): aerospace and defence

Policy conferences

- Tokyo Defense Forum: MOD-hosted multilateral defence dialogue
- ATLA Defense Technology Symposium: ATLA-hosted

Key Government Publications, Policy Documents & Announcements

- Defense of Japan: MOD defence white paper
- National Security Strategy, National Defense Strategy and Defense Buildup Program (2022 & under revision)
- MOD budget request (August) and Diet-approved budget
- Defense Technology Guideline (2023), Basic Policy on Defense Production & Technology
- Minister of Defense and Chief of Staff, Joint Staff press conferences; ATLA news releases and procurement notices

Source: PerceptX analysis

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- South Korea
- Singapore
- New Zealand

Country Snapshots

Appendix

Canada’s defence relations in Australia at a glance…







Canada and Australia share deep defence ties as member nations of the Five Eyes (FVEYS) alliance

Bilateral ties are strong and well institutionalized. Canada maintains a defence adviser at the High Commission of Canada in Australia & Australia reciprocates. FVEYS connection and numerous operational contacts underpin the relationship.

PUBLIC BILATERAL ENGAGEMENTS RELATED TO DEFENCE

60+

Ministerial and senior-official engagements referencing defence since 2021

EXERCISES AND OPERATIONAL CONTACTS IN REGION

320+

Combined exercises, port visits, deployments, joint training and operations since 2016

TREATIES, AGREEMENTS AND BILATERAL POLICY INFRASTRUCTURE

30

Signed instruments in force between the two countries: partnership arrangements, joint declarations of intent, MOUs, and others

ACTIVE INDUSTRIAL ENGAGEMENTS AND PARTNERSHIPS

40+

Active industrial partnerships, sales, JVs and teaming MOUs between Canadian and Australian firms since 2021

Photos (l-r, top to bottom): DND; Canada in Australia Instagram; Ibid.l; GG Australia Instagram

The announcement of Canada’s acquisition of Australia’s Over the Horizon Radar provides an opportunity for reciprocal industrial engagement

Source: PerceptX analysis. All data points are based on publicly available data and exclude non-disclosed activities.
Note: After identifying more than 320 operational contacts, we terminated research due to diminishing returns.

Australia, a Five Eyes partner, is building self-reliance and capabilities to deny adversaries its northern approaches

Geography



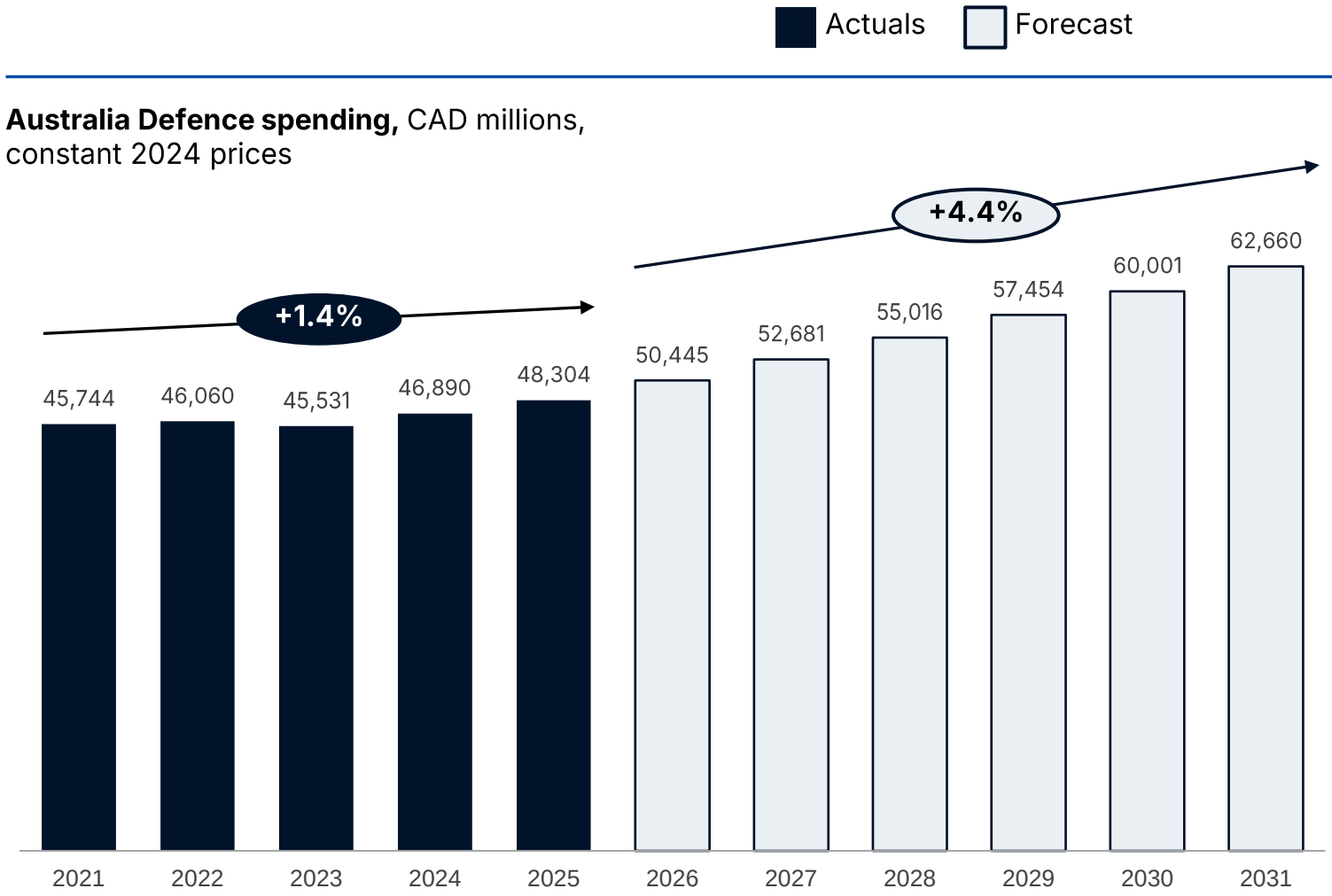
Strategic depth puts Australia's defence frontline on its northern sea and air approaches

Strategic Context

- **Close alliance, rising self-reliance:** AUKUS anchors Australia's submarine future, but puts new weight on self-reliance
- **Chinese reach into its approaches:** PLA Navy live-fire drills in the Tasman Sea and Pacific Islands dealings bring great power competition to Australia's doorstep
- **Strategy of Denial & northern posture:** Undersea warfare, long-range strike and northern bases aim to hold adversaries at a distance; deter coercion & protect trade routes
- **Widening partners & industrial reach:** A NATO IP4 partner, Australia is sourcing frigates from Japan and recently signed a mutual defence treaty with Papua New Guinea
- **Canada as a growing industrial partner:** Canada's purchase of Australia's Arctic over-the-horizon radar opens new channels

Source: Australian Department of Defence, National Defence Strategy; Australian Minister for Defence, media releases; PerceptX analysis

Australia is increasing its defence spending projecting to reach 3% of GDP by 2033-34



Forward Looking Priorities

- **Personnel and readiness:** Manpower likely to grow, supported by expanded recruitment; new capabilities increase demand for technical skills and training. Women represent ~21% of permanent ADF
- **Procurement and modernization:** Strong near- and medium-term growth, centred on a larger and more lethal surface fleet, AUKUS Subs, guided weapons, littoral capabilities, missile defence, autonomous systems, space/cyber and northern bases
- **Sustainment:** Major long-term growth area, with sovereign MRO, naval shipbuilding and sustainment, weapons repair, logistics and operational support embedded in the industrial strategy
- **R&D and technology:** Priorities include long-range fires and hypersonic weapons, autonomous systems, quantum technologies, artificial intelligence and undersea warfare
- **Key takeaway:** Spending expected to grow amidst delivery and capacity challenges

Source: SIPRI Military Expenditure Database (v1.2), constant 2024 US$; PerceptX forecast, ADF
Note: Australia defence spending, 2021 to 2031, CAD millions, constant 2024 prices. 2021 to 2025 are SIPRI actuals; 2026 to 2031 are PerceptX forecast. Converted from constant 2024 US$ to CAD$

Australia is accessible, but Canadian firms will face incumbents and localization expectations



Barriers	Ease of Entry	Discussion
Export Controls and Political Considerations		FVEYS partner with strong ties though AUKUS gives US and UK firms better access in targeted areas; strong evidence of past exports
Offsets and Industrial Participation Requirements		No formal offset regime; the published Australian Industry Capability (AIC) Program necessitates local participation, technology transfer and sovereign capability
Integrity Risk		Australia ranks 12 of 182 on the 2025 Corruption Perceptions Index; good governance and transparency
National Preferences & Incumbency		Not exclusively; the July 2026 Defence Industry Development Strategy keeps seven sovereign industrial priorities, and landed primes like Boeing, BAE and Thales Australia lead major programs
Certification, Clearances and Standards		FVEYS partner; strong bilateral infrastructure and technology and intelligence sharing infrastructure; heavy emphasis on interoperability with US and NATO
Language, Culture and In-Country Presence		Procurement runs in English; the business culture is close to Canada's
Overall Assessment		Accessible for Canadian firms; direct bids are possible

Legend: ● Easier ○ Harder

Source: PerceptX analysis; Transparency International CPI 2025; Australian Department of Defence; AFP; NACC

Australia's modernization priorities are focused on delivering the Strategy of Denial through an integrated, focused force

Modernization Posture

- Australia plans to build an integrated, focused and resilient force, with capability development shifted away from a domain-centric approach toward strategic and operational effects. Key pillars include:
- Increased range and lethality through undersea warfare, long-range strike, missile defence, a more capable surface fleet, expeditionary air operations and littoral manoeuvre
- Strengthened capacity for sustained operations through northern bases, theatre logistics and C2, fuel security, larger munitions stocks, domestic weapons production and sovereign sustainment
- Accelerated technology adoption and industrial self-reliance, while integrating trusted allied partnerships



Photo: Australian Department of Defence

Priority Capabilities and Investments

Long-Range Fires and Hypersonic Weapons
Accelerated research on long-range precision fires, hypersonic and counter-hypersonic capabilities to increase range and lethality

High-Energy Lasers
Development of directed-energy capabilities for force protection and countering emerging threats

Autonomous Systems
Development of autonomous and uncrewed capabilities across maritime, air and land domains, including Ghost Shark, Ghost Bat, long-range maritime autonomy and counter-UAS technologies

Quantum Technology
Quantum technologies for military applications, including secure navigation and timing in GPS-denied environments and other sensing applications

Artificial Intelligence
Development and integration of AI into Defence capability, alongside the technical environment and workforce expertise required for adoption

Undersea Warfare
Advanced undersea capabilities including navigation, sensing and autonomous systems to support persistent situational awareness, force projection and sea denial

Source: 2026 National Defence Strategy (NDS), 2026 Defence Innovation, Science and Technology Strategy

Canadian firms can target four opportunity areas and entry paths in Australia

Opportunity Areas	Defence MRO and Sustainment	Autonomous Systems, Sensors and Space	Critical Minerals and Defence Supply Chains	Defence Infrastructure and Engineering
				
Background	• Australia is expanding sovereign MRO and sustainment capacity • Workforce and supply-chain gaps drive demand for specialized capability	• Defence R&D priorities include autonomy, drones, sensors and space • Ghost Shark and Ghost Bat show a shift to fielded, locally built autonomy	• Mineral processing is central to cutting supply-chain dependence • Complementary resource and industrial bases favour joint partnerships	• Investment in national defence and security infrastructure, ports, marine facilities fuel resilience • Significant upcoming investments in northern bases
Discussion	• Fill gaps in specialized MRO, repair and lifecycle support • Target component repair, specialiST Engineering	• Partner with Australian firms to integrate complementary technologies; focus on payloads, sensors, software, comms	• Pursue joint processing to secure defence-relevant supply chains; explore opportunities to help partners diversify defence relevant critical mineral supply chains	• Canadian firms can target specialist design, engineering, assurance and project delivery roles through subsidiaries and local partners

Note: Australia publishes the Integrated Investment Program; however, detailed procurement timelines and requirements are not publicly available for all capabilities. Opportunities identified are based on published investment priorities, expert interviews and alignment with Canadian industrial capabilities. Photos: Australian Department of Defence; Austrade (minerals)

Australia operates a complex defence acquisition system, with reforms intended to streamline capability delivery and industry engagement

	Department of Defence & Australian Defence Force Policy, budget and requirements	Defence Delivery Group Acquisition, contracting and sustainment	DSTG & ASCA R&D, technology and innovation
Organizations	Air Force, Navy, Army, Joint Capabilities Group	Australian Government Department of Defence	Australian Government Department of Defence Science and Technology Group; ASCA Advanced Strategic Capabilities Accelerator
Description	• Sets strategic direction through the National Defence Strategy and Integrated Investment Program • ADF operational needs inform capability requirements, with capability development across all domains centralized under the Vice Chief of the Defence Force (VCDF)	• Brings together under a single structure: Capability Acquisition and Sustainment Group, Guided Weapons and Explosive Ordnance Group, and Naval Shipbuilding and Sustainment Group • The new independent Defence Delivery Agency will begin its operations on 1 July 2027 as part of the Rebuilding Defence Capability reforms	• Defence Science and Technology Group (DSTG) leads defence R&D and works with industry, academia and international partners • Advanced Strategic Capabilities Accelerator (ASCA) connects emerging technologies with priority defence capability needs and accelerates their transition into operational use
Discussion	• Critical for Canadian firms to understand Australia's defence priorities and capability gaps	• Strong preference for Australian industry participation and sovereign capability • Ongoing transition to the Defence Delivery Agency may create new engagement pathways for international partners	• FVEY interoperability and established defence ties provide a strong foundation for Canadian participation in joint R&D • Canadian capabilities align with several Australian innovation priorities

Source: PerceptX analysis, Australian Government Department of Defence and other agencies
Note: Simplified view omits some organizations

Australia's industrial base combines a small group of domestic primes, specialist suppliers and deeply embedded foreign firms

Archetype	Top Companies	Discussion	Analysis
Prime contractors and system integrators	AUSTAL, Birdon, NIOA, ASC	• Larger Australian firms with the scale, facilities and program-management capacity to deliver complex platforms or programs and capability packages • Strengths include shipbuilding, submarine sustainment, weapons and munitions, supported by domestic and international supplier networks	• **Potential customers for Canadian equipment, subsystems and specialist services that complement their capabilities and meet program requirements** • **Significant industrial capacity resides in 'landed primes', see below**
Mid-tier	VARLEY, CEA Technologies, Nova Systems, EOS	• Engineering and technology firms with depth in specific systems, products and services • Defence specialists and diversified firms in radar, weapons, integration and testing	• **Partners for integrating Canadian technology, joint bids and Australian delivery capacity**
Local small and medium enterprises	LUMINACT, PMB DEFENCE, DERWENT INDUSTRIES, ACS	• Specialist suppliers of batteries, composites, components and communications engineering • Work directly on programs and through primes	• **Partners for joint development, manufacturing and local support where capabilities fit**
Foreign companies with local footprint	BAE SYSTEMS, THALES, BOEING, CAE, Raytheon, RHEINMETALL	• Australian subsidiaries of global defence firms maintain substantial local workforces, facilities and supplier networks • Deliver major programs through local engineering, manufacturing, integration and sustainment	• **Canadian suppliers may extend global-prime relationships into Australian programs, while navigating incumbents and local sourcing priorities**

Source: AIDN, Government of Australia, Company websites, PerceptX analysis
Note: Not exhaustive

Despite deep government and military ties, significant opportunity remains to strengthen industrial cooperation



Government Interfaces Institutionalized frameworks and agreements between the two countries involving defence	Assessment Strong

- Canada and Australia share an extensive network of bilateral and multilateral agreements spanning defence cooperation, information sharing, intelligence, logistics, and S&T

Bilateral Engagements Public record of engagement from PM to ADM level on defence or national security since 2021	Assessment Strong

- Civilian and military leaders met publicly 60+ times in five years
- Engagement is reinforced through FVEY, multilateral forums and bilateral consultations, covering Indo-Pacific security, interoperability, emerging technologies etc.

Mil to Mil Connections Concurrent participation in military exercises, plus exchanges, training and other contacts, 2015 to present	Assessment Strong

- Canada and Australia maintain extensive military-to-military contact, with 320+ combined bilateral and multilateral exercises, deployments, port visits, training activities and other operational engagements identified since 2016

Industry Interfaces Evidence of direct sales, MOUs, agreements, joint ventures or cross-border ownership between the two countries' industrial bases	Assessment Moderate

- Industry players have >40 engagements
- Despite substantial activity, industrial cooperation remains less developed than the broader bilateral defence relationship, with significant scope for more targeted partnerships and structured industry engagement

Source: PerceptX analysis

Canada's Australia agenda should convert deep strategic ties into targeted industrial and capability partnerships



Diversification Opportunities

Where is there opportunity and what can Canada offer?

- Canada to proactively pitch a portfolio of solutions under Pillar 2, even if it isn't open yet
- Identify areas for cooperation on training and sustainment for common platform families, including P-8A and F-35, Type-26, A-OTHR
- Target Australian sustainment and MRO gaps with specialized Canadian capabilities, using local partnerships to support sovereign industrial requirements
- Use DSTG and ASCA as entry pathways for Canadian emerging technology firms to demonstrate capabilities against Australian Defence requirements
- Position Canadian logistics, infrastructure and remote-operations expertise to support Australia's growing northern basing and supply chain resilience needs

Partner and Buy

What can Canada partner on?
What should we buy from them?

- Pursue joint development of complementary defence technologies, particularly autonomous systems, sensors, space, and undersea capabilities
- Build on Australian A-OTHR technologies to identify additional opportunities for sourcing and co-development for upgrade path
- Explore cooperation related to Australia's Guided Weapons and Explosive Ordnance Enterprise and hypersonic initiatives
- Develop reciprocal naval sustainment arrangements, including greater use of Australian facilities to support Canadian vessels operating in the Indo-Pacific
- Build on the Canada-Australia critical-minerals framework with joint processing and investment projects that strengthen sovereign defence supply chains

Enable

Where else do our policies, priorities and interests intersect?

- Australia and Canada have robust and extensive bilateral infrastructure
- Expand joint R&D and S&T cooperation through DSTG and Canadian defence research institutions

Source: PerceptX analysis

Australia defence information sources: industry associations, flagship events, think tanks and government publications



Industry Associations & Clusters

- Australian Industry & Defence Network (AIDN): national association for small and medium defence businesses
- Australian Industry Group Defence Council: national body representing defence companies on industry-wide issues
- Australian Association for Uncrewed Systems (AAUS): covers drones and other uncrewed systems in the air, on land and at sea
- Space Industry Association of Australia (SIAA): represents Australia's space industry

Flagship Events

Trade shows

- Land Forces (every two years; next 2028): army systems
- Indo Pacific (every two years; next 2027): navy and maritime
- Avalon (every two years; next 2027): aircraft and aerospace

Policy conferences

- ASPI Defence Conference: defence and security policy
- Defence + Industry (D+I): Defence's conference with industry

Key Conveners, Think Tanks and Sources of Information

- Australian Institute of International Affairs (AIIA)
- University of Western Australia (UWA), Defence and Security Institute
- Australian National University (ANU) Defence Institute
- University of New South Wales (UNSW) Defence Research Institute
- Defence and Security Institute, Adelaide University
- The Lowy Institute
- Australian Strategic Policy Institute (ASPI)

Key Government Publications, Policy Documents & Announcements

- National Defence Strategy (NDS)
- Integrated Investment Program (IIP)
- Defence Industry Development Strategy (DIDS)
- Defence Innovation, Science and Technology Strategy (DISTS) sets Defence's research and innovation priorities

Source: PerceptX analysis

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Appendix

Canada's defence relations with South Korea at a glance...









Canada and South Korea have taken dramatic steps to deepen defence ties in the last two years

The Security and Defence Cooperation Partnership, CCC-DAPA sales agreements and a classified-information pact anchor ties; a Defence Cooperation Agreement has been under negotiation since February 2026. Half of industrial MOUs were tied to the CPSP bid.

PUBLIC BILATERAL ENGAGEMENTS RELATED TO DEFENCE

45+

Ministerial and senior-official engagements publicly referencing defence since 2021

EXERCISES AND OPERATIONAL CONTACTS IN REGION

50+

Combined exercises, port visits, deployments, joint training and operations since 2016

TREATIES, AGREEMENTS AND BILATERAL INFRASTRUCTURE

27+

Signed instruments: action plans, MOUs and formal defence cooperation forums, R&D mechanisms, GSOIA etc.

ACTIVE INDUSTRIAL ENGAGEMENTS AND PARTNERSHIPS*

140+

Active industrial partnerships, sales, JVs, M&A and teaming MOUs since 2021 involving Canadian and South Korean firms

Photos (l-r, top to bottom): Instagram MarkjCarney; Republic of Korea Ministry of Defence; United Nations Command Facebook; VAC

Team Korea's roughly ~75 CPSP MOUs are a ready-made supplier map; engaging those firms now keeps the relationships alive after the TKMS decision

Source: PerceptX analysis
Note: Industrial partnerships include CPSP related MOUs which comprise almost 50% of all partnerships identified

South Korea, a frontline democracy, is growing a globally competitive arms industry against the backdrop of persistent tensions and the DMZ

Geography



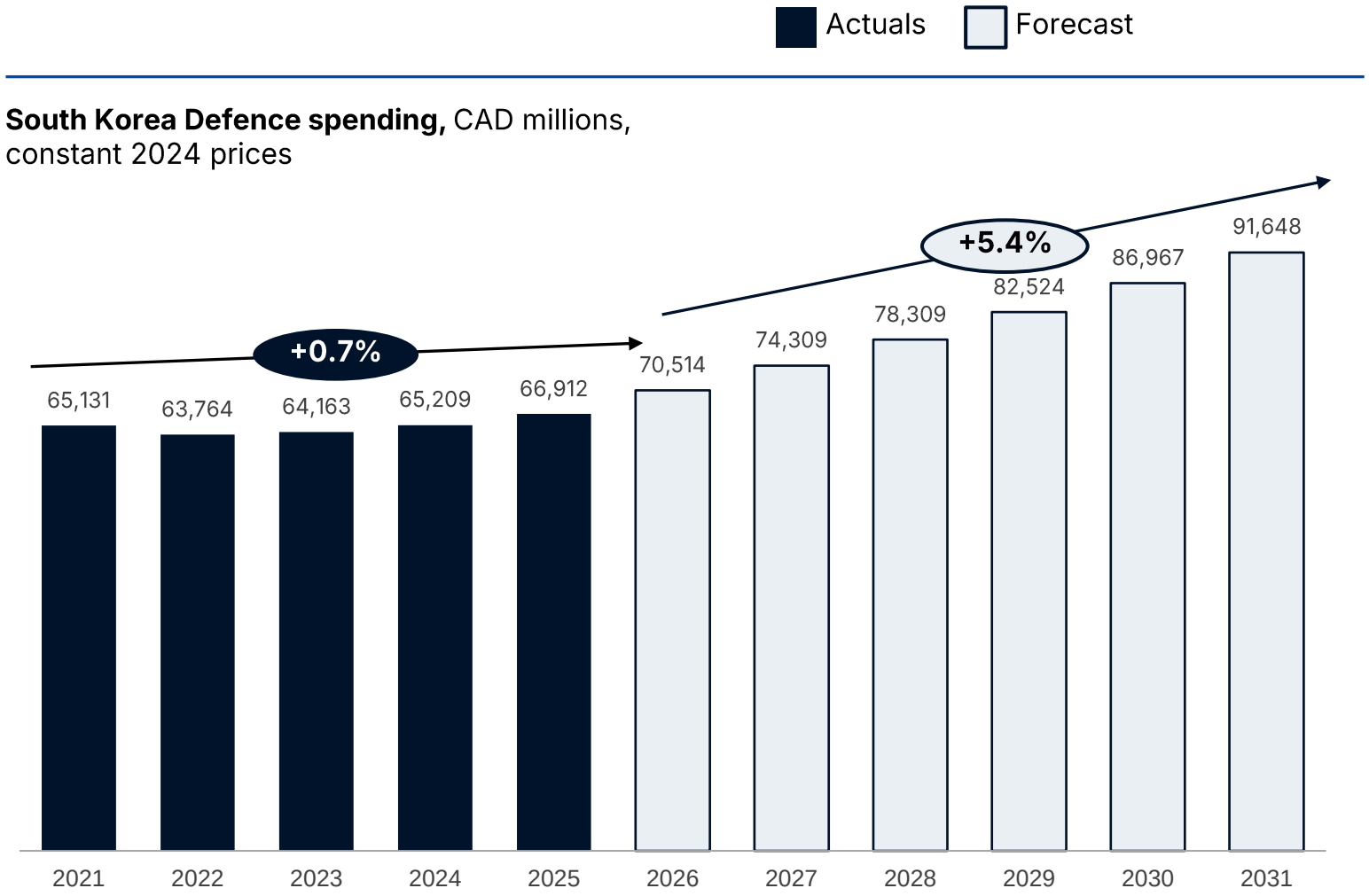
Divided peninsula and DMZ at the junction of US, Chinese and Russian strategic interests

Strategic Context

- **Alliance anchor, rising self-reliance:** The US alliance still anchors deterrence, but President Lee is pushing to retake command in war and build nuclear-powered submarines
- **Nuclear North Korea, backed by Moscow:** Pyongyang's 2024 defence treaty with Russia and troops sent to Russia's war in Ukraine sharpen the threat; China's rise adds pressure
- **Three Axis deterrence policy:** Kill Chain pre-emption, missile defence and massive retaliation aim to deter the North without nuclear weapons of its own w extended US deterrence
- **Global arms exporter & widening partners:** ambitions to become top 4 global arms exporter; NATO IP4
- **Canada as a partner after submarine choice:** Ottawa chose TKMS over Hanwha for submarines, but engagement continues

Source: Ministry of National Defense of Korea, media releases; Council on Foreign Relations; SIPRI; Korea Herald; PerceptX analysis

South Korea's military investment is accelerating targeting 3.5% of GDP by 2035



Forward Looking Priorities

- **Personnel and readiness:** Active strength has fallen roughly 20% in the past six years to about 450K against a planned 500K with the conscription intake pool forecasted to decline to 2040; male conscription
- **Procurement and modernization:** first production KF-21 delivered to the Air Force in September 2026, K2 tanks and frigates, nuclear powered submarine program and growing investment in space, ISR, and long-range strike
- **Sustainment and infrastructure:** Unclear how changing US posture may change infrastructure investments
- **R&D and technology:** Priorities include AI and unmanned systems, drones, uncrewed ground vehicles, stealth and growing emphasis on fostering early-stage defence companies
- **Key takeaway:** South Korea fields mature technologies and has a robust domestic industrial base to draw from; they will accelerate investment in the face of US demands for greater burden sharing

Source: SIPRI Military Expenditure Database (v1.2), constant 2024 US$; PerceptX forecast. ROK
Note: South Korea defence spending, 2021 to 2031, CAD millions, constant 2024 prices. 2021 to 2025 are SIPRI actuals; 2026 to 2031 are PerceptX forecast. Converted from constant 2024 US$ to CAD$

South Korea's drive for self-sufficiency, robust domestic industrial capacity & strict offset requirements impose significant barriers to new entrants

Barriers	Ease of Entry	Discussion
Export Controls and Political Considerations		Security and Defence Cooperation Partnership w Canada since October 2025, though Canada's July 2026 choice of TKMS over Hanwha for submarines may cool goodwill; strong evidence of past exports
Offsets and Industrial Participation Requirements		Formal and demanding: offsets apply above US$10M (with exceptions), at 50% of contract value when competed and 30% when sole source; most (71% of offset value 2021-2024) are met by foreign firms buying Korean parts for export
Integrity Risk		South Korea ranks 31 of 182 on the 2025 Corruption Perceptions Index; in 2026 prosecutors indicted a DAPA official and LIG D&A executives over bribes for weapons project bids
National Preferences & Incumbency		Law directs DAPA to buy domestic first and the Korea Defense Capability policy targets 80% local content; Hanwha, KAI, Hyundai Rotem and LIG and others lead
Certification, Clearances and Standards		Agreement on the Protection of Military and Defence Classified Information June 2026; Defence Cooperation Agreement negotiations; interoperability with NATO key to export posture
Language, Culture and In-Country Presence		Procurement runs in Korean through DAPA; local partners critical for access and offset delivery; relationships take time to build
Overall Assessment		Difficult market with selective opportunities; domestic-first rules and heavy offsets; highly differentiated technology with direct govt sponsorship stands best prospects

Legend: ● Easier ○ Harder

Source: PerceptX analysis, Global Affairs Canada, DAPA, US International Trade Administration, Transparency International CPI

South Korea’s modernization is focused on credible conventional deterrence and maintaining mass through technology

Modernization Posture

- South Korea's modernization has turned toward core sophisticated platforms and systems aligned to the three axis, and cheap(er) mass and automation in other areas, key planks include:
- Using machines and tech to maintain scale: drone headquarters announced in 2026, 2029 target for drone units in every service, roughly 60,000 training airframes and 20,000+ expendables
- Target of an AI-based smart, elite force by 2040 using manned-unmanned teaming
- Self-reliance as the baseline: seeking wartime OPCON transfer from the US by 2030 & a domestic nuclear submarine programme



Image: KF-21 and K239L Chunmoo Wikimedia Commons

Priority Capabilities and Investments

AI and Manned-Unmanned Teaming
The two anchor fields; autonomy research spans air, ground and maritime and is the technical precondition for the drone force

Sensors, Electronic Warfare and Cyber
The targeting layer feeding all three deterrence axes, South Korea requires foreign sourcing in some areas

Space and Quantum
Local reconnaissance satellites, low-earth-orbit communications, and quantum sensing, communications and computing

Propulsion and Energy
Advanced propulsion including naval nuclear and high-speed flight, plus power systems for directed energy and sustained autonomous operation

Advanced Materials and WMD Countermeasures
Materials for signature reduction, survivability and munitions, plus detection and response for chemical, biological and nuclear threats

Source: South Korean MOD, DAPA Defence Technology Planning Document, Defence Innovation 4.0, ROK MOD Drone and Counter Drone Policy

Entry paths for Canadian firms are limited and will likely require government encouragement of reciprocal market access

	Space, ISR and satellite communications	Entry into Korean prime supply chains	Undersea, ASW and maritime autonomy	Critical Minerals and Commodity Inputs
Opportunity Areas				
Background	• One of South Korea's ten designated defence strategic technology fields • Korea-Canada Space Security Dialogue set up in February 2026 • Korean officials cite Canadian space capability as complementary	• South Korea aims to be the fourth-largest defence exporter; it has growing NATO market share • Canadian suppliers could enter global supply chains	• Hanwha Ocean built a Canadian alliance during CPSP: sonar, power and computing partners • ROK Navy uncrewed plans continue: ASW UUV, USVs, Busan mine trial	• Canada holds upstream supply & SDCP names critical minerals
Discussion	• Fit: SAR and EO, LEO comms, space domain awareness	• Route in is prime supply chains, not offsets alone • Requires strong differentiation and Canadian government support	• Submarine route is tenuous; nuclear boat challenging • Acoustics, sonobuoys, ASW payloads and other specialized areas	



Training and Simulation

- Planned academy merger (under review) may open integrated training work, where Canada leads

Source: PerceptX analysis Photos: Wikimedia Commons; Government of Canada (critical minerals)

South Korea has a complex set of stakeholders in the defence ecosystem

	Ministry of National Defense Policy, force planning and the defence budget	Defense Acquisition Program Administration Acquisition, exports and industry regulation	Science, Technology and Innovation Separate channel: ADD, KRIT and DTaQ
Organizations	대한민국 국방부 Ministry of National Defense	Defense Acquisition Program Administration	국방과학연구소 KRIT Korea Research Institute for defense Technology planning and advancement
Description	• The civilian-led ministry that sets defence policy, plans the armed forces and manages the budget • Main channel for policy dialogue with Canada, including ministerial meetings and regular policy talks • Guides modernization, with a growing focus on drones and new technology	• Manages most defence purchasing for the army, navy and air force, from approval through to delivery • Leads export promotion and offset policy, and works with Canada's CCC on government to government sales • Sets many of the rules foreign suppliers must meet, such as local content	• Agency for Defense Development (ADD): the government's main defence research agency, behind many Korean-built systems • KRIT helps plan defence research in priority technology areas • DTaQ handles testing and quality certification
Discussion	• A good starting point for government-level relationships	• Likely the most important govt organization for Canadian firms looking to sell in South Korea • Offset rules tend to favour Korean exports	• Research partnerships may open doors to longer-term programs • Technology protection rules can limit foreign involvement

Source: MND, DAPA, ADD, KRIT, DTaQ, PerceptX analysis

South Korea has a deep bench of domestic industrial capacity but has an underdeveloped ecosystem of Small and Medium Enterprises

Archetype	Top Companies	Discussion	Analysis
Prime Contractor and System Integrators	HYUNDA HEAVY INDUSTRIES CO.,LT; HYUNDAI Rotem; Hanwha Ocean; Hanwha Systems; Hanwha Aerospace; KAI; LIG Defense& Aerospace	• National champions spanning every domain, with strong positions in C4ISR, land vehicles, artillery, long range strike, naval platforms and aviation; Hanwha, HD Hyundai, KAI and LIG Defence and Aerospace anchor both domestic programmes and the export push	• **Canada can draw on Korean industrial capacity for urgent operational requirements** • **Most foreign entrants need to partner with or supply through Korean primes**
Mid-Tier	Samyang Comtech; SATREC INITIATIVE; POONGSAN; SNT Motiv; SNT Dynamic	• Deep export capable supply chain across ammunition, propulsion, electronics, armour and ship systems; firms supply the primes and export directly	• **Capable partners, but strong industrial depth in-country and existing relationships may impose constraints to partnering**
Local Small and Medium Enterprises	PABLO AIR; INNOSPACE; NARMA Fly for People; UCONSYSTEM CO., LTD.	• Concentrated in specialized areas and drones, CUAS, cyber and AI; government to back 100 start ups by 2030	• **Promising, but early; South Korea has long relied on conglomerates**
Foreign Companies with Local Footprint	THALES; AIRBUS; babcock	• Platform-driven presence with a modest footprint, or focused ISS delivery	• **Foreign OEMs maintain platform linked sales and support ops some evidence of R&D and engineering activities**

Source: DAPA, KDIA ADEX, US ITA, Company websites, Defense Start Up Development Plan, KARI, Defense Post, PerceptX analysis
Note: Not exhaustive

Canada and South Korea have built strong, newly formalized government ties, while industry links are still developing



Government Interfaces Institutionalized frameworks and agreements between the two countries involving defence	Assessment
	Strong

- A growing set of agreements, led by the Security and Defence Cooperation Partnership
- Agreements in place on defence sales (CCC and DAPA) and on sharing classified information
- In February 2026, both sides agreed to begin negotiating a Defence Cooperation Agreement

Bilateral Engagements Public record of engagement from PM to ADM level on defence or national security	Assessment
	Strong

- Frequent senior-level engagement, with more contact likely taking place out of public view
- Topics include the Indo-Pacific, supply chains, critical minerals, defence industry and shipbuilding
- Meetings follow a regular rhythm, such as 2+2 dialogues, policy talks and an annual industry forum

Mil to Mil Connections Concurrent participation in military exercises, plus exchanges, training and other contacts	Assessment
	Strong

- Regular joint exercises and visits to ADEX and CANSEC
- Canadian generals have served as UN Command deputies
- Canada has helped monitor UN sanctions since at least 2019

Industry Interfaces Evidence of direct sales, MOUs, agreements, joint ventures or cross-border ownership	Assessment
	Strong

- Many engagements exist, though a large share were linked to the submarine competition (CPSP) and may have lapsed after the TKMS decision
- Examples include Heroux-Devtek on the KF-21 fighter, MDA Space and Telesat with Hanwha on satellites, and CAE

Source: PerceptX analysis

Canada's South Korea agenda should place Canadian content in South Korean programs for global export



Diversification Opportunities

Where is there opportunity and what can Canada offer?

- Pursue roles in autonomy, maritime sensing and space-enabled C2, where Canada has core strengths
- Treat Team Korea's roughly 75 MOUs as a supplier map rather than a lost bid, and find ways to continue these relationships; engage the mapped firms now, as these relationships may fade without a follow-on program
- Aim for Canadian content inside Korean programs; choose 1-2 co-development or joint R&D priorities such as ASW

Partner and Buy

What can Canada partner on?
What should we buy from them?

- Look to source urgent operational requirements from South Korean sources, and negotiate export roles for Canadian firms on major South Korean international programs as part of ITB obligations
- Court investment in Canadian energetics and ammunition production from leading providers such as Poongsan and LIG Defence and Aerospace
- Prioritize fires and munitions, where Korean systems such as the K9, K10 and K77 could map onto Canadian requirements

Enable

Where else do our policies, priorities and interests intersect?

- Sustain the momentum of bilateral agreements built over the past 24 months, and limit any damage from the CPSP decision
- Engage carefully on South Korea's Arctic interests, where polar research and ice-capable shipbuilding offer useful openings
- Build on Canada’s northern testing environments, such as previous tests in Canada for South Korea's Light Armed Helicopter
- Expand cyber cooperation, using the 2025 joint exercises as a precedent
- Track South Korea's critical minerals stockpiling plan, due by the end of 2026

Source: Asia Pacific Foundation of Canada, CGAI, PerceptX analysis

South Korea defence information sources: industry associations, flagship events, think tanks and government publications



Industry Associations & Clusters

- Korea Defense Industry Association (KDIA): main industry body, working closely with government; over 700 members
- Korea Aerospace Industries Association (KAIA): aerospace and space industry body
- Changwon: land systems, artillery, engines and munitions
- Sacheon-Jinju: aerospace, space, R&D
- Gumi cluster: defence electronics, sensors and communications, guided weapons, MRO

Flagship Events

Trade shows

- K-DEX (biennial; first edition 2026): army and land systems
- Seoul ADEX (biennial; next 2027): aerospace and defence
- MADEX (biennial; next 2027): naval and maritime defence
- Drone Show Korea (annual): drone and counter-drone systems

Policy conferences

- Seoul Defense Dialogue: MND-hosted annual security forum

Key Conveners, Think Tanks and Sources of Information

- Korea Institute for Defense Analyses (KIDA): government-funded research on strategy and acquisition
- Agency for Defense Development (ADD) and KRIT: defence R&D and technology planning
- Asan Institute and Sejong Institute: independent analysis of the alliance and regional security
- Defense and Technology: KDIA monthly magazine

Key Government Publications, Policy Documents & Announcements

- 2022 Defense White Paper (published 2023): background on defence policy, force structure and the security environment
- MND work reports and policy announcements: current priorities, including AI, drones and force restructuring; public Korean-language releases
- Defence budget releases and ministerial speeches
- KIDA Briefs and policy newsletters
- DAPA website

Source: PerceptX analysis
Note: Original source documents can be difficult to obtain in English, in some cases electronic translation was used

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- **Singapore**
- New Zealand

Country Snapshots

Appendix

Canada’s defence relations in Singapore at a glance…











Canada and Singapore are deepening ties in the face of the new emerging variable geometry of global alliances and trade

Canada keeps attachés and Trade Commissioners in Singapore; Singapore has no mission or resident defence presence in Canada. A 2022 defence MOU and cyber cooperation exist, but no security of information, logistics or defence S&T agreement is confirmed.

PUBLIC BILATERAL ENGAGEMENTS RELATED TO DEFENCE

30+

Ministerial and senior-official engagements publicly referencing defence since 2021

EXERCISES AND OPERATIONAL CONTACTS IN REGION

~95

Combined exercises, port visits, deployments, joint training and operations since 2016

TREATIES, AGREEMENTS AND BILATERAL POLICY INFRASTRUCTURE

4+

Signed instruments like MOUs and formal defence cooperation forums

ACTIVE INDUSTRIAL ENGAGEMENTS AND PARTNERSHIPS

34+

Active industrial partnerships, sales, JVs, M&A and teaming MOUs since 2021 involving Canadian and Singaporean firms

Photos (l-r, top to bottom): · Instagram Singapore DIS ; Canada In Singapore Facebook; Ibid.; APFC

A GSOIA and joint R&D through Cap Vista, DSO, HTX, DRDC and NRC would open structured pathways for industry from both countries

Source: PerceptX analysis. All data points are based on publicly available data and exclude non-disclosed activities.

Singapore uses technology and partnerships to offset its lack of geographic depth and is likely one of the most densely defended countries in the world

Geography



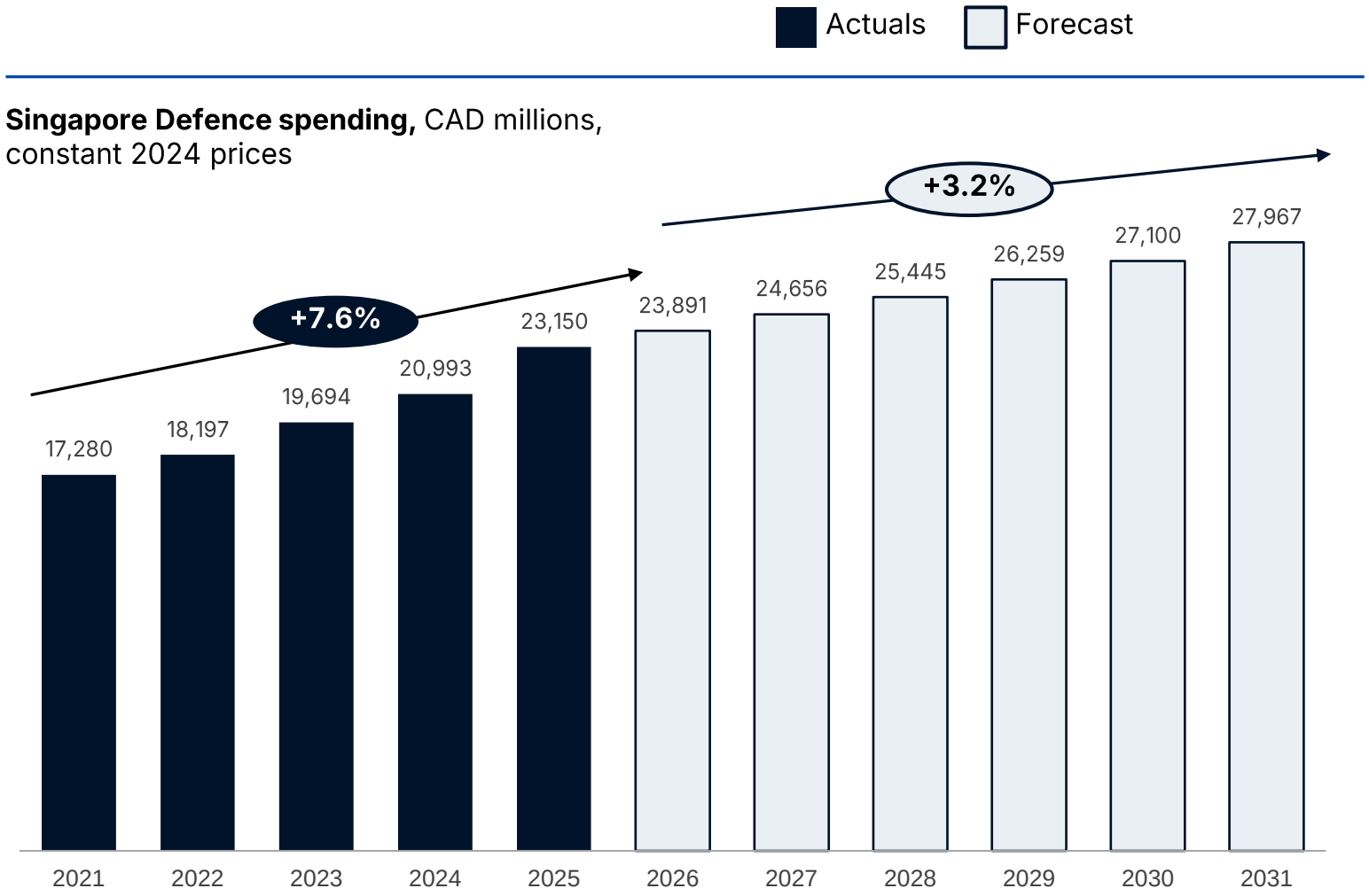
At the Malacca Strait, the chokepoint for about a quarter of global seaborne trade

Strategic Context

- **Close to Washington, open to Beijing:** US forces do maintenance and resupply in Singapore, SAF does some training with PLA & China is a top trading partner; Singapore maintains an independent foreign policy
- **Small, and potentially exposed:** No geographic depth and lots of imported food, water and energy make sea-lane disruption and cyber attacks potential existential threats
- **Technology edge & Total Defence:** acquisition of F-35Bs, a Digital and Intelligence Service and drones keep its technology lead, National Service (conscription)+ whole of society defence
- **Regional convenor & arms producer:** A Five Power Defence Arrangements member and Shangri-La Dialogue host; ST Engineering builds and exports defence technology
- **Canada, a modest but growing partner:** A 2022 defence MOU and renewed engagement anchor modest ties; Economic framework (2026) & Singapore's 2027 ASEAN chair year offers an opening

Source: Ministry of Defence of Singapore, Committee of Supply speeches; Asia Pacific Foundation of Canada; CSIS; The Straits Times; PerceptX analysis

Singapore has a history of consistent and steady defence spending, anchored at around 3% of GDP



Forward Looking Priorities

- **Personnel and readiness:** Manpower remains constrained due to population challenges; higher pay and training costs partly offset by automation and technology. Women exceeded 10% of SAF regulars, however male only conscription
- **Procurement and modernization:** Growth driven by F-35s, MRCVs, maritime surveillance aircraft, munitions and unmanned systems entering service
- **Sustainment:** Accelerates as F-35, and MRCV fleet enter service, expanding demand for MRO, spares, upgrades and training
- **R&D and technology:** Fastest growth concentrated in AI, autonomy, cyber, sensors and systems integration to offset manpower constraints
- **Key takeaway:** Industry-addressable spending is likely to grow faster than the overall defence budget, led by procurement and R&D initially, then sustainment as new fleets mature

Source: SIPRI Military Expenditure Database (v1.2), constant 2024 US$; PerceptX forecast. RSAF, Straits Times
Note: Singapore defence spending, 2021 to 2031, CAD millions, constant 2024 prices. 2021 to 2025 are SIPRI actuals; 2026 to 2031 are PerceptX forecast. Converted from constant 2024 US$ to CAD$

Singapore is an addressable market but highly competitive market



Barriers	Ease of Entry	Discussion
Export Controls and Political Considerations		60 years of ties, commonwealth country, a 2022 defence cooperation MOU and stable politics, new economic partnership announced under Carney government; evidence of past exports
Offsets and Industrial Participation Requirements		No formal offset regime; DSTA prefers local partners for support and can insist on intellectual property terms that favour the Singapore government and industry
Integrity Risk		Singapore ranks 3 of 182 on the 2025 Corruption Perceptions Index; robust rule of law and enforcement of standards
National Preferences & Incumbency		Open competition is the default, but ST Engineering dominates land systems, C4I and integration; large buys tend to go to domestic firms and established US, European and Israeli suppliers
Certification, Clearances and Standards		No security of information agreement with Canada yet but listed on PSPC page for bilateral instruments, talks have run since 2023; procurement plans somewhat opaque; US and European equipment with an emphasis on sovereign control
Language, Culture and In-Country Presence		Procurement in English and foreign firms can bid without a Singapore entity; a local partner helps with responsiveness and in-service support
Overall Assessment		Accessible on governance and language and advanced requirements, but highly competitive

Legend: ● Easier ○ Harder

Source: PerceptX analysis, Global Affairs Canada, DSTA, MINDEF, CPIB, Asia Pacific Foundation of Canada, Transparency International CPI

Singapore's modernization policies and priorities are focused on maintaining and developing a modern, technology-enabled force

Modernization Posture

- Singapore is building and sustaining a high-end core force, then wrapping it in drones, cyber, data fusion, AI and other advanced technology so the SAF can absorb shocks and respond below and above the threshold of war. Key pillars include:
- Retain or upgrade elite conventional capabilities (F-35, P-8A, advanced air defence)
- Build scalable, cheaper adaptive layers around them (drones, USVs, AI-enabled command systems)
- Harden the national defence ecosystem: cyber and industrial resilience, talent pipeline, critical infrastructure and diversified partnerships; dual-use capabilities prized



Photo: RSAF Spyder, Government of Singapore

Priority Capabilities and Investments

AI, data analytics, decision support

Sovereign AI for command decisions: DSO-Mistral generative AI, DSTA-Thales co-lab, Oracle sovereign cloud

Autonomous and unmanned systems

Fielding uncrewed mass: MARSEC USVs live since January 2025, a Counter-UAS Development Group, Shield AI-style partnerships

All-domain awareness and sensing

Sensor fusion from seabed to space: satellite EO/IR, radar and sonar in one operating picture

Cyber and digital resilience

Cyber as a fighting service: DIS since 2022, Defence Cyber Command from 2025, subsea-cable protection

Quantum and resilient navigation

Assured position in GPS-denied conditions through quantum sensing (Atomionics among cited partners)

Source: Singapore Ministry of Defence Committee of Supply speeches 2026; Singapore MINDEF; RSIS

Canadian firms can target four near-term acquisitions and other entry paths in Singapore

Opportunity Areas	Government and Defence AI	Simulation and Training	Multi-Role Combat Vessel	Demos in Emerging Tech
				
Background	• MINDEF drives AI through DSTA and the SAF AI Centre • DSTA and DSO have partnered with Mistral AI on language models; the RSAF fields Shield AI autonomy on drones and works with Thales on CUAS applications	• Half of air force flying training happens overseas, due to space scarcity • New instrumented urban and live-fire complexes, built around simulation and data capture • Policy is to simulate where possible	• Six vessels to be delivered from 2028 as motherships, with eight modules each • Uncrewed vehicles and module fits not announced • No anti-submarine payload announced; torpedoes not confirmed; sonar hull mounted	• Several routes: defence procurement and homeland security, maritime (i.e., open ocean robotics • Both fund early-stage dual-use AI, autonomy, sensing and cyber and other niches for trials and to de-risk technologies with a marquee customer • Consistent release of challenge statements and demonstrator opportunities on a rolling basis in advanced tech
Discussion	• Singapore buys AI capability through foreign partners	• A Canadian firm won mixed-reality aircrew trainers and long-term support in 2026	• Canadian payloads could fit an open requirement; Canadian content already on naval platforms in S'pore	

Note: Singapore does not publish a forward-looking capability acquisition strategy, cases here are representative, not exhaustive, and are based on matching open-source indicators to Canadian capabilities in select segments. Photos: Government of Singapore

Singapore operates a highly centralized acquisition process for major systems but offers several entry points for smaller innovative companies

	Ministry of Defence & Armed Services Policy, budget & requirements	Defence Science & Technology Agency Separate acquisition arm	DSO National Laboratories, CapVista, HTX, A*STAR R&D and Innovation
Organizations	Air Force; MINDEF; Navy; Army; Digital and Intelligence Service	DSTA Defence Science & Technology Agency	DSO National Laboratories; CAPVISTA; HTX; A*STAR
Description	• Sets national defence policy and the annual budget envelope; the SAF services (Army, Navy, Air Force, DIS) turn strategy into operational requirements • Sets requirements; hands requirements to DSTA for execution	• Central contracting and acquisition authority for the SAF • Runs tenders, evaluates bids and manages programmes end to end • Runs the process for almost all acquisitions • Long cycles, low volume, similar to traditional acquisition cycles	• A*STAR lead public sector R&D entity • DSO National Laboratories: Singapore's primary defence R&D house; R&D organization • HTX: science and technology for the Home Team and homeland security, under MHA • CapVista: strategic venture arm investing in defence-relevant startups, under DSTA
Discussion	• Critical to understand these stakeholders, operational stakeholders matter for requirement validation; DSTA will be principal formal procurement interface	• Domestic preference for sovereign capability requirements • Leverages traditional processes and tools including RFIs. • GeBIZ registration required before bidding	• Open to international competitors • Cap Vista Dual Use focus; HTX Homeland Security Focus. Both offer accelerators and challenges throughout the year open internationally

Source: PerceptX analysis, Singapore MOD and other agencies
Note: Simplified view omits some organizations such as Defence Technology Community linked organizations

Domestic supply depth is narrow, concentrated in ST Engineering, and supplemented by foreign primes and emerging deep tech firms

Archetype	Top Companies	Discussion	Analysis
Prime Contractor and System Integrator	ST Engineering; PENGUIN	• ST Eng. Largest defence prime in SE Asia; ~C$13.2b revenue; strongest in aerospace; niches: C5ISR, aerospace MRO, smart land systems • Subsidiaries in Asia, Europe, Middle East and US, and Canada • Penguin Shipyard recently awarded naval defence contract to integrate RSN landing craft	• Owns a Canadian subsidiary focused on drivetrains but is otherwise underrepresented in Canada, despite a broad and relevant portfolio of capabilities
Mid-Tier	SAESL	• Missing the mid-tier supply base seen elsewhere • Few mid-tier pureplay defence firms; TRD Systems is a counter-UAS exception • Includes local agents	• TRD contributes C-UAS to Op Reassurance
Local Small and Medium Enterprises	BEEX; ATOMIONICS; miltrade	• CapVista-funded dual-use university spinouts in autonomy, AI, cyber, quantum and space • Agents with engineering capacity that do re-sales • Also includes build to print subcontractor base	• Limited engagement; collaborative R&D potential, local partnerships
Foreign Companies with Local Footprint	illumia labs; AIRBUS; Bombardier; CAE; TKMS; THALES; ORACLE	• Platform-driven presence; joint work with MINDEF/SAF and local industry • Hub despite a small defence industry • Footprints include JVs, MOUs, Centres of Excellence, MRO, labs and training	• Limited opportunities; these are largely front offices for US and European primes with little local manufacturing

Source: AAIS, DEFINA, Company websites, PerceptX analysis
Note: Not exhaustive

Despite deep bilateral engagement, there remains significant opportunity to enhance the relationship



Government Interfaces Institutionalized frameworks and agreements between the two countries involving defence	Assessment Moderate

- Both governments are institutionalizing interfaces, including cybersecurity, 2022 defence MOU, but three gaps persist: listed on PSPC instrument page but no GSOIA logistics support agreements, or defence S&T cooperation agreement

Bilateral Engagements Public record of engagement from PM to ADM level on defence or national security since 2021	Assessment Strong

- Public sources indicate that civilian and military leaders met 42 times in five years
- Topics spanned the free and open Indo-Pacific, diversification, defence and national security
- The Shangri-La Dialogue sustains these interfaces

Mil to Mil Connections Concurrent participation in military exercises, plus exchanges, training and other contacts, 2015 to present	Assessment Weak

- Militaries connect mainly through multilateral exercises
- Singaporeans train with the Canadian Armed Forces and a Canadian is embedded at the Information Fusion Centre in Singapore

Industry Interfaces Evidence of direct sales, MOUs, agreements, joint ventures or cross-border ownership between the two countries' industrial bases	Assessment Weak

- ~34 publicly available sales, JVs, MOUs and other engagements
- ST Engineering, owns a Canadian subsidiary; CAE is long established; several small Canadian firms had success with CapVista, overall relationship remains underdeveloped

Source: PerceptX analysis

Canada and Singapore have substantial opportunity to broaden engagement and diversification



Diversification Opportunities

Where is there opportunity and what can Canada offer?

- Governments should pursue joint R&D with R&D and Innovation organizations (DSO, HTX, DRDC, NRC etc.), opening a structured SME pathway from upstream research through to full-scale production
- Explore opportunities in domain awareness, sensing, AI, maritime and naval capabilities, particularly the MRCVs and future fleet requirements
- For Canadian SMEs, monitor DSO, HTX and CapVista challenges as potential entry points into the market; ST Engineering as the National Champion plays a central role

Partner and Buy

What can Canada partner on? What should we buy from them?

- Governments should review common platforms (CH-47, P-8, F-35, MRTT) and work to identify co-development opportunities for future upgrades for sub-systems and training
- Singaporean SMEs offer world-beating capabilities in focused niche areas including quantum sensing; space based optical communication and others
- TKMS is contemplating a submarine support hub in Singapore & has an MOU with ST Eng.; begin engagement now on operational support for deployed assets
- Open IDEaS or selected challenges to selected partners including Singapore
- Singapore has extensive experience in adapting and maintaining foreign sourced platforms and systems and sovereign integration

Enable

Where else do our policies, priorities and interests intersect?

- Formalize a GSOIA to unlock classified supply-chain access and diversify away from the ~70% of defence capex that flows to the US
- Sign a government-backed industry association MOU to sustain the partnership
- Build on Singapore's 2027 ASEAN chairmanship in digital integration, trusted data flows and cybersecurity
- Engage Singapore, along with selected Indo-Pacific partners, on the Defence, Security and Resilience Bank
- Formalize participation in CANSEC trade show & encourage delegations from Singapore
- Guiding Principles for Underwater Infrastructure Defence Exchanges (GUIDE), explore whether Canada should join

Source: PerceptX analysis

Singapore defence information sources: industry associations, flagship events, think tanks and government publications



Industry Associations & Clusters

- Singapore Manufacturing Federation (SMF): manufacturing including defence-relevant precision engineering and electronics
- Association of Aerospace Industries (Singapore) (AAIS): aerospace and defence aerospace
- SGTech: tech industry body covering cyber, AI, deep tech
- Singapore Maritime Institute (SMI): maritime R&D coordination
- The Defence Industries Association (DEFINA) of Singapore

Key Conveners, Think Tanks and Sources of Information

- S. Rajaratnam School of International Studies (RSIS): Working Papers, Commentaries, analyses
- ISEAS-Yusof Ishak Institute: Trends in Southeast Asia, ASEAN Focus, Fulcrum
- Lee Kuan Yew School of Public Policy: policy briefs and commentary
- IISS Asia-Pacific Regional Security Assessment
- Pointer: Singapore Armed Forces journal

Flagship Events

Trade shows

- Singapore Airshow (biennial; next 2028): aerospace and defence
- IMDEX Asia (biennial; next 2027): naval and maritime defence
- GovWare / Singapore International Cyber Week: cyber and digital defence

Policy conferences

- IISS Shangri-La Dialogue: flagship Asia-Pacific security summit
- Singapore Defence Technology Summit (DTS): DSTA-hosted

Key Government Publications, Policy Documents & Announcements

- Committee of Supply (COS) Speech: annual MINDEF budget statement to Parliament
- Revenue and expenditure estimates, MINDEF focus
- DSTA Horizons: DSTA flagship technology magazine
- Total Defence comms
- PMO and Defence Minister speeches (SAF Day, National Day Parade, anniversary addresses)
- MINDEF news releases and CDF / Service Chief addresses

Source: PerceptX analysis

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Appendix

Canada’s defence relations with New Zealand at a glance…







Canada and New Zealand have deep defence ties as members of the FVEYS

FVEYS intelligence sharing, TTCP and frameworks on logistics, exchanges and interoperability make this one of Canada’s most mature partners. Canada keeps attachés and Trade Commissioners in Wellington and New Zealand reciprocates in Ottawa.

PUBLIC BILATERAL ENGAGEMENTS RELATED TO DEFENCE

50+

Ministerial and senior-official engagements publicly referencing defence since 2021

EXERCISES AND OPERATIONAL CONTACTS IN REGION

120+

Combined exercises, port visits, deployments, joint training and operations since 2016

TREATIES, AGREEMENTS AND BILATERAL POLICY INFRASTRUCTURE

25+

Signed instruments: like logistics agreements, formal defence cooperation forums, adjacent agreements

ACTIVE INDUSTRIAL ENGAGEMENTS AND PARTNERSHIPS

30+

Active industrial partnerships, sales, JVs, M&A and teaming MOUs since 2021 involving Canadian and New Zealand firms

Photos (left column, top to bottom): NZDF; NZDF Instagram; Canada in New Zealand Twitter (x). Right column: NZDF; NZDF

Canada could support New Zealand’s modernization and industrial capability development with engineering and program management capacity

Source: PerceptX analysis.

New Zealand is rearming as strategic competition reaches deeper into the South Pacific

Geography



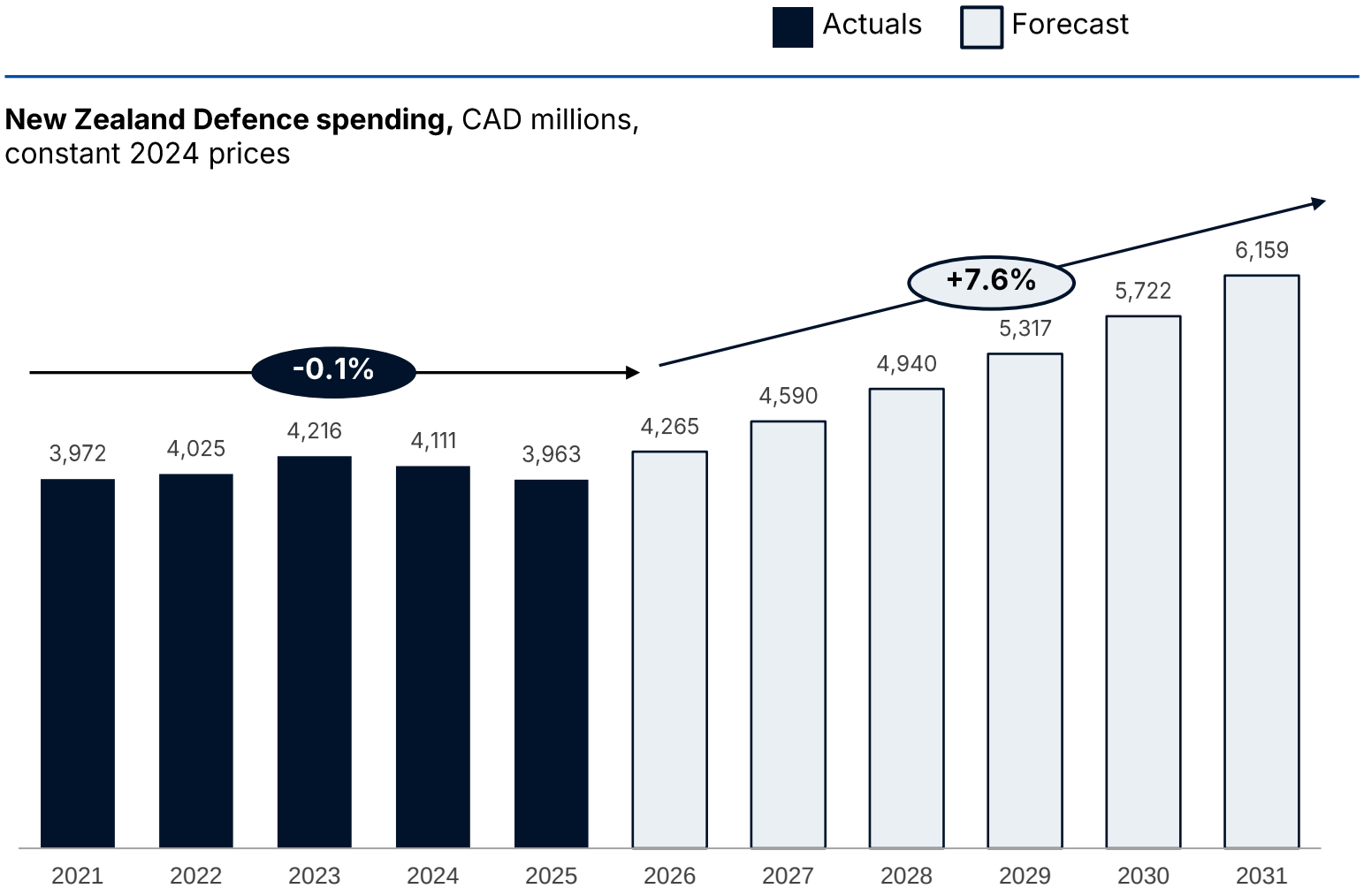
About 2,000 km from Australia, a gateway to Antarctica with a vast maritime zone

Strategic Context

- **Australia as anchor, constitutional island responsibilities:** ANZAC 2035 vision aims for close integration of the two defence forces; responsible for defence of several remote islands and pacific communities
- **China's reach into the Pacific:** The Cook Islands' 2025 agreement with Beijing and Chinese naval drills in the Tasman Sea highlight limits to geographic isolation
- **Reconstitution & rearmament:** The 2025 Defence Capability Plan names strategic competition as a main concern and aims to double defence spending
- **Edging toward AUKUS & wider partners:** A NATO IP4 partner, exploring future participation in AUKUS Pillar II, it also signed a visiting forces deal with the Philippines
- **Canada as a like-minded peer:** FVEYS partner, both run North Korea sanctions patrols (Op NEON, Op WHIO) and have visiting forces deals with Manila

Source: New Zealand Ministry of Defence, Defence Capability Plan; Australian Minister for Defence, media releases; Chatham House; MFAT; PerceptX analysis

New Zealand plans to double its spending to 2% of GDP by 2033



Forward Looking Priorities

- **Personnel and readiness:** Focus on rebuilding New Zealand capabilities and growing forces by 2500 pers. by 2040 (unclear on balance of uniformed personnel vs civilians), women represent 20% of regular force
- **Procurement and modernization:** New strike, uncrewed, digital, marine and land capabilities with 28 planned equipment capex investments
- **Sustainment and infrastructure:** Significant spending on frigate sustainment and life extension, logistics resilience, ammunition, spares; estate renewal underway with infrastructure investment in 7 areas between 2025-28
- **R&D and technology:** Creation of Technology Accelerator with NZ 100-300M budget, and emphasis on uncrewed systems, space, and cyber capabilities
- **Key takeaway:** With stated ambition to hit 2% of GDP in 8 years, NZ starts from a modest baseline, but with recent government commitments, defence spending should grow rapidly in the near term

Source: SIPRI Military Expenditure Database (v1.2), constant 2024 US$; PerceptX forecast, NZDF
Note: New Zealand defence spending, 2021 to 2031, CAD millions, constant 2024 prices. 2021 to 2025 are SIPRI actuals; 2026 to 2031 are PerceptX forecast. Converted from constant 2024 US$ to CAD$

New Zealand presents low barriers to entry although it is a small market overall



Barriers	Ease of Entry	Discussion
Export Controls and Political Considerations		Five Eyes partner with low political barriers and strong bilateral relations; the October 2025 Defence Industry Strategy prioritises integration with Australia, which could favour Australian suppliers; evidence of past Canadian exports
Offsets and Industrial Participation Requirements		No formal offset regime, new policy introduces New Zealand Industry Capability Plans showing how local firms will help deliver and sustain capability; case-by-case minimum 10% weighting for NZ economic benefits
Integrity Risk		New Zealand ranks 4 of 182 on the 2025 Corruption Perceptions Index
National Preferences & Incumbency		About 800 suppliers, international primes lead major programmes and local firms act as subcontractors; emerging desire for NZ firms to act as ‘thin primes’
Certification, Clearances and Standards		Five Eyes intelligence partner; listed on PSPC's directory of bilateral security instruments and clear interoperability is a priority
Language, Culture and In-Country Presence		Procurement in English and foreign firms can bid directly; a local partner helps with sustainment and capability plans; business culture is similar to Canada's
Overall Assessment		Accessible for Canadian firms; direct bids are realistic, though the market is small and a New Zealand or Australian partner strengthens sustainment offers

Legend: ● Easier ○ Harder

Source: PerceptX analysis, PSPC, New Zealand Ministry of Defence, Transparency International CPI

New Zealand's modernization policy will close the gap to 2% of GDP and is reshaping its forces and increasing lethality

Modernization Posture

- New Zealand's defence modernization posture has taken a definitive turn to creating a more modern and capable force, key planks include:
- Explicit focus on increasing lethality, and projecting a deterrent effect with maritime and land strike, enhanced protection and mobility
- Interoperability with Australia becomes the reference baseline, with an explicit commitment to procure the same equipment as Australia 'where it makes sense to do so'
- Renewed emphasis on core combat capability enablers including logistics, munitions, maintenance, infrastructure and digital



Image: Page 9 of the NZDF Defence Capability Plan "Strategic Environment"

Priority Capabilities and Investments

Defence science and technology

Specialist R&D so the NZDF can operate in contested and congested environments, and manage risk from emerging technologies. Highlights include drones, maritime surveillance, cyber and space capabilities

Technology accelerator

Domestic high-tech sector taken from prototype to service-ready systems built around NZDF problems, at limited scale but at speed. Initial outlays in budget 2026 for operating funding and capital

Digital modernisation

Consolidated data and digital technologies across services and platforms, giving combat forces a resilient, Five Eyes interoperable base

Information management and data sharing

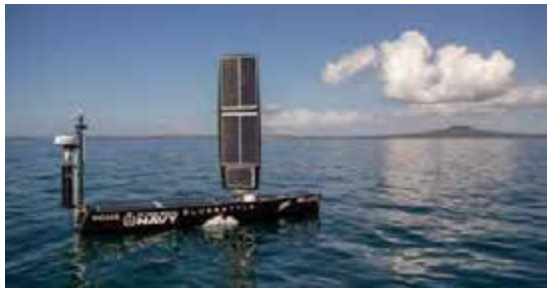
Storage, retrieval and sharing of information with Australia, partners and other agencies, plus growth in data and analytics capability

Logistics resilience

Supply chain vulnerability addressed through munitions and spare-parts holdings; centralised storage under Equip the Force

Source: NZ MOD, 2025 Defence Capability Plan

New Zealand's concrete investments will pose opportunities for Canadian firms willing to go the distance

Opportunity Areas	 **Deployable Infrastructure and Logistics**	 **Maritime Combat Systems & Platform Management**	 **Maritime UAS**	 **Comms and Network Enablement**
Background	• Large proportion of spend is on real estate and infrastructure • Logistics lines fund munitions, spares and a Burnham hub • Deployability spend will open opportunities	• Frigate Sustainment holds Te Kaha and Te Mana into the early 2030s • Replacement narrowed May 2026 to Mogami or Type 31; Cabinet advice by end 2027 • Maritime helicopters are the largest line at $2bn-plus, MH-60R preferred	• Growing interest in USVS and capabilities for undersea domain awareness • Aug 2026 RFI: unarmed UAS, 1,400nm, six hours on station • Exploring new service delivery models	• Network Enabled Army anchors: $104m for digital comms • Space, cyber, classified IT: largest non-platform pool • Five Eyes connection and technical forums could aid adoption
Discussion	• Fixed build likely goes to NZ firms; some design and engineering work; deployable kit may offer an opening	• Opportunities for Canadian suppliers that capabilities relevant to base CMS and shipboard systems	• COCO shifts entry from sale to service • Canadian fit: program mgmt.; sonar, sonobuoys, AUVs, radar; power	• Protected Satcom; tactical comms and operational networks

Sources: NZDF, NZ MOD, Capability Plan 2024. Photos: New Zealand Defence Force

Defence and the armed forces share accountability but hold different lifecycle phases

	Ministry of Defence **Policy, capability planning and major acquisition**	New Zealand Defence Force **Requirements, in-service ownership and lower-risk procurement**	Science, Technology and Innovation **Separate channel: one arm mature, one in pilot**
Organizations	MANATŪ KAUPAPA WAONGA NEW ZEALAND MINISTRY OF DEFENCE		TE OPE KĀTUA O AOTEAROA DEFENCE FORCE | Defence Science + Technology
Description	• Civilian ministry, Capability Delivery owns major acquisitions from sourcing to Operational Release, around NZ$6bn in delivery underway • Leads medium to very high risk projects; quite similar to Canadian structure and process with slight differences	• The armed force, led by the Chief of Defence Force, reporting to the same Minister • Co-writes requirements, then owns introduction into service: operating, sustaining, disposal • Buys lower-risk work itself: Capability Branch, Logistics Command (MRO), Defence Commercial Services	• Defence Science and Technology (DST): NZDF research arm, about 80 staff, space and cyber focus, Five Eyes and TTCP links • Defence Technology Accelerator: pilot from 1 July 2026, indicative NZ$100m to NZ$300m, operating model to be confirmed • Potential priorities: space, uncrewed and counter-uncrewed systems, sustainment
Discussion	• Complex overlap of authorities and accountabilities • Recent policy shifts propose to use NZ firms through thin Prime models	• Responsible for sustainment • GCSB plays a role for national sigint • Generally responsible for lower complexity acquisition files	• NZ firms likely first but to be seen • Entry via NZ SME partner, further information required on role of The Technical Cooperation Program, if any

Source: NZ MOD, NZ Defence Force, Major Projects Report 2024, PerceptX Analysis
Note: Simplified view omits some organizations

Foreign OEMs supply most New Zealand capability, leaving a shallow domestic base of SMEs and niche mid-tier firms



Archetype	Top Companies	Discussion	Analysis
Prime Contractor and System Integrators	babcock	• New Zealand has no national champion; but has some design and engineering capacity; foreign systems integrators deliver capability (MH-60R, A321 XLR, P-8A)	• **Some design and engineering capacity in focused areas**
Established & Mid-Tier Suppliers	tait communications, Beca, NZ AERO, DATACOM	• Capabilities in design, engineering and niche segments such as specialized marine manufacturing, cyber, and maintenance and sustainment, with commercial overlap	• **Specialist capability depth; broad workforce**
Local Small and Medium Enterprises	AERONAVICS, SYOS, DAWN AEROSPACE, Starboard Maritime Intelligence, ZENNO ASTRONAUTICS, ASTRIX, Kea Aerospace, SMS	• Small and medium enterprises make up the vast majority of the NZ defence industrial base • Most relevant come from aerospace or marine roots, with defence exposure in those domains • A growing cadre of firms is emerging in space, communications and emerging tech	• **Firms and capabilities are growing but remain nascent; government increasingly looks to small and mid-tier firms in contracting; for larger programs thin prime model**
Foreign Companies with Local Footprint	ROCKETLAB, AIRBUS, THALES, babcock	• Platform-driven presence • Limited local presence and commitments, with little to no resident IP	• **Some opportunity to use foreign-linked Canadian firms as sales channels**

Source: NZDIA, company websites, PerceptX analysis
Note: Not exhaustive

Despite deep bilateral engagement, there remains significant opportunity to enhance the relationship



Government Interfaces Institutionalized frameworks and agreements between the two countries involving defence	Assessment Strong

- FVEYS intelligence sharing agreement and well established avenues of communication and institutionalized interfaces (TTCP etc)
- Many other frameworks on logistics, personnel exchanges, secondments, interoperability

Bilateral Engagements Public record of engagement PM to ADM level on defence or nat sec since (2021)	Assessment Strong

- Civilian and military leaders met at least 50 times publicly on defence issues in the last five years
- Topics spanned the free and open Indo-Pacific, diversification, defence and national security

Mil to Mil Connections Participation in military exercises concurrently, military exchanges, training and other from 2015 to present	Assessment Strong

- Militaries connect mainly through multilateral exercises (Talisman Sabre, Kakadu, Ardent Defender but do have a variety of secondments and training including NZDF personnel at JCSP, other regular exchanges and training exercises

Industry Interfaces Evidence of direct sales, MOUs, agreements, joint ventures or cross-border ownership between the two countries industrial bases	Assessment Weak

- Industry players have some interfaces and engagements
- Most industry interfaces run Canada to New Zealand and through multinational subsidiaries

Source: PerceptX analysis

Canada's New Zealand opportunity is mostly Canadian capability and existing machinery; launch licensing is the one line running the other way



Diversification Opportunities

Where is there opportunity and what can Canada offer?

- Canadian firms can contribute design and integration experience that the NZ thin primes model will require for domestic industry to take more substantial domestic roles
- Canadian firms can likely contribute shipboard systems and sub-systems regardless of what design is chosen for the future surface vessel (Type 31 or Mogami)
- Polar, maritime and sub-surface domain awareness; New Zealand is particularly attuned to growing great power competition and has a massive EEZ; Canada has leading capabilities in autonomous sub-surface platforms, sensors and acoustic processing; ASW capabilities also relevant to critical infrastructure will resonate

Partner and Buy

What can Canada partner on?
What should we buy from them?

- Polar SAR, Canada and NZ share similar challenges vast distances, logistics and comms challenges etc.
- New Zealand has a well-established launch licensing regime proven with dozens of launches; this could directly contribute to the development of Canada’s own approach
- Advanced PNT capabilities

Enable

Where else do our policies, priorities and interests intersect?

- Canada and NZ share some of the most advanced and mature bilateral machinery in the world; it is unlikely that more ‘institutionalization’ is required
- Explore opportunities to link BOREALIS or similar mechanisms and NZ’s Defence Technology Accelerator outside AUKUS Pillar II focused areas

Source: New Zealand Army, ASPI, CGAI Triple Helix, PerceptX analysis

New Zealand defence information sources: industry associations, flagship events, think tanks and government publications



Industry Associations & Clusters

- NZDIA: peak defence industry body, principal conduit to MoD and NZDF
- Aerospace New Zealand: aerospace, space and advanced air mobility
- ChristchurchNZ aerospace cluster: defence-adjacent concentration
- NZTE: defence and security export support, overseas delegations
- Tech New Zealand: cyber, AI and digital sector body
- Taranaki alliance; Cluster with significant manufacturing capacity

Flagship Events

- NZ Aerospace Summit: fall 2027, Christchurch
- National Cyber Security Summit: Tech NZ and Brightstar, Wellington, annual
- Minister of Defence Awards of Excellence to Industry: annual supplier recognition
- Australian shows as the regional venue: Avalon, Land Forces, Indo Pacific

Key Conveners, Think Tanks and Sources of Information

- Centre for Strategic Studies, Victoria University: publications and emerging thinking
- Centre for Defence and Security Studies, Massey: specialist centre, publishes National Security Journal
- NZ Institute of International Affairs: branch events, NZ International Review
- Line of Defence (Defsec Media): the sector's trade publication

Key Government Publications, Policy Documents & Announcements

- Defence Capability Plan (2025)
- NZ Defence Industry Strategy: Delivering Capability Faster (2025)
- Defence Policy and Strategy Statement 2023, Future Force Design Principles
- Secure Together: National Security Strategy 2023 to 2028 (DPMC)
- GETS for RFIs and RFPs

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Appendix & Methodologies

Canada can win targeted exports and partnerships with seven emerging partners

Market	Challenges & Risks	Why Address this Market?	What Can Canada Offer?	Sourcing & Industrial Partnerships
Taiwan	Political sensitivity, retaliation risk from PRC, supply disruption risk	Sustained and rapidly growing budget, source of supply for advanced electronics and drones	Design and engineering; space, AI, sensors, emerging tech, joint R&D opportunities	High end semiconductors, precision electronics and drone component manufacturing
Philippines	Budget constraints, competition from financed G2G offers	Underserved partner with strong western alignment	Domain awareness, ships, sensors, training, comms, HADR, financing and G2G mechanisms	Ship, maritime and aerospace sustainment and MRO in region
India	Residual bilateral trust concerns; offset and localization rules; legacy Russian kit	Large and growing market of strategic importance	Training and simulation; Maritime design and obsolescence management, aerostructures	Deep aerospace talent pool; significant energetics & munition capacity
Malaysia	Budget constraints and integrity risks	Sustainment and upgrade contracts; underserved	Sustainment, avionics upgrades, training and capacity building	Composites, semiconductor assembly, packaging and testing; processing of rare earths
Indonesia	Demanding localization requirements; financing and G2G support necessary	Demand for maritime domain awareness and capacity building	Domain awareness, aircrew training, HADR,C2	Tropical littoral test and training environments
Vietnam	Strategic alignment uncertainty; legacy Russian kit	Selective diversification beyond Russian suppliers	Non-lethal ISR, sustainment, training and capacity building	Raw materials like tungsten, low-cost precision electronics and assembly
Thailand	Border tensions and renewed conflict-risk	Selective modernization opportunities	Simulation and training, civil ISR, soldier protection	Aerospace; commodities and industrial inputs

Emerging partners offer upside with potential complexity, necessitating a focused approach to engagement

We assessed emerging Indo-Pacific partners against selected criteria to provide baseline knowledge on the market

Criteria	What we assessed
Market size and growth	• What is the real defence spend today and the forecast growth rate to 2031? • How is economic growth, population characteristics, debt burdens, planned and announced defence spending and other factors likely to influence spending in the future?
Market addressability	• How hard is it to transact? Is there political volatility? • How transparent is spending and planning? What indicators are there for corruption and other issues? • Are there barriers like offset and localization rules?
Industrial capacity	• What is the depth of the domestic defence industrial base? • Could Canada draw on capacity and technologies produced by the partner nation to fill capability gaps in our own industrial base?
Strategic alignment	• How closely do the partner's geopolitical priorities, threat perceptions, alliance posture and export-control regimes align with Canada's? • Do both governments actively sponsor cooperation and deepening ties with bilateral instruments, visits, operations and military to military connections?
Partnership potential	• When we consider all these factors together, how much potential is there for defence industrial partnership and engagement?

Selected Criteria Used for Analysis of Emerging Partners

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Taiwan, a frontline democracy, is hardening its defences as China rehearses blockade and invasion



Geography

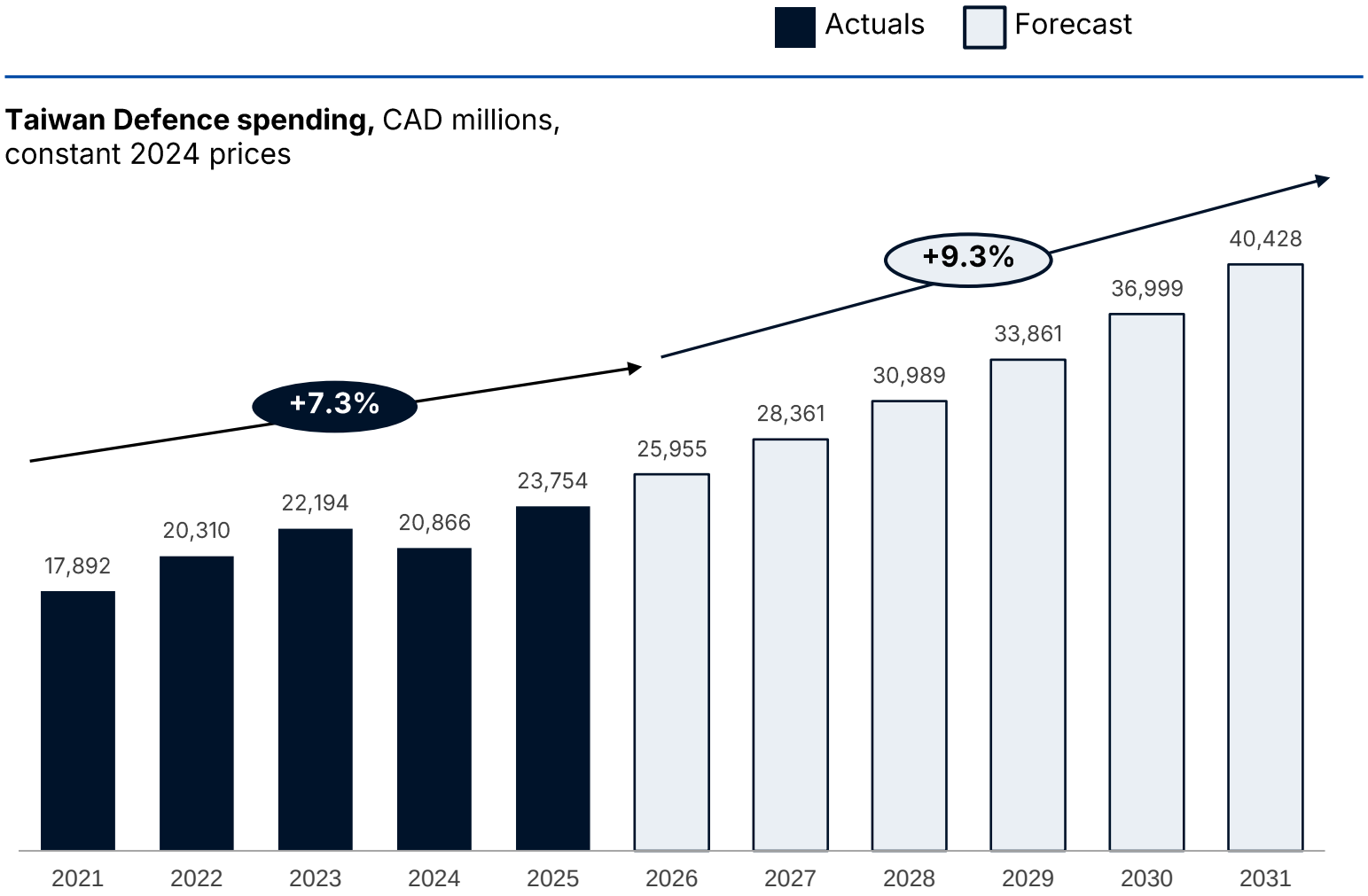


Strategic Context

- **Strategic ambiguity & US arms sales and support:** No formal alliance; the Taiwan Relations Act and large US arms sales underpin deterrence, while Washington keeps its commitment vague
- **China rehearsing blockade:** Near-daily PLA air and naval incursions, grey-zone coercion and large-scale drills around the island rehearse blockade and invasion; commercial & civil fleets enlisted by PRC for maneuvers
- **Asymmetric defence, divided politics:** Planned spending for drones, missiles and T-Dome air defence was cut by the opposition-led legislature; one-year conscription brought back into force
- **Silicon shield & informal partners:** Taiwan's lead in advanced chips makes its security a supply chain issue for allied industry; Japan and the Philippines now tie their security to the Strait
- **Canada: presence within One China limits:** Canadian frigates transit the Strait; the One China policy poses limitations

Source: Ministry of National Defense of Taiwan, media releases; Department of National Defence of Canada; Global Taiwan Institute; PerceptX analysis

Taiwan lifts defence spending toward 4% of GDP by 2030, aiming for 5% in recent announcements



Forward Looking Priorities

- **Personnel and readiness:** Forces remain below authorised strength, with combat units shortest; the return of one-year conscription adds training and readiness demand. Male only conscription
- **Procurement and modernization:** Growth centred on US packages for HIMARS, precision artillery, anti-armour missiles and drones; large packages are routinely contested in parliament
- **Sustainment and infrastructure:** Growing pressure from ageing airframes, high operating tempo and reliance on American spares and repair contracts
- **R&D and technology:** Drones lead, backed by a multi-year domestic programme; the first local submarine marks a step up in sovereign shipbuilding and engineering capacity
- **Key takeaway:** Spending keeps rising, but opposition politics shapes and trims major proposals; if tensions continue to increase expect spending to follow

Source: SIPRI Military Expenditure Database (v1.2), constant 2024 US$; PerceptX forecast, ROC
Note: Taiwan defence spending, 2021 to 2031, CAD millions, constant 2024 prices. 2021 to 2025 are SIPRI actuals; 2026 to 2031 are PerceptX forecast. Converted from constant 2024 US$ to CAD$

The most cumbersome barriers are absence of overt direct relations and potential pressure from the PRC



Barriers	Ease of Entry	Discussion
Export Controls and Political Considerations		No formal diplomatic relations or defence agreement; evidence of past exports and engagement; PRC pressure is the main political risk
Offsets and Industrial Participation Requirements		Formal: contracts above US$30M carry industrial cooperation obligations, obligations negotiated; move to more flexible mechanisms
Integrity Risk		Taiwan ranks 24 of 182 on the 2025 Corruption Perceptions Index; service members bribed to leak secrets to PRC a recurring issue
National Preferences & Incumbency		Yes in practice; the defence self-reliance programme favours NCSIST, AIDC and CSBC for design and build, while US suppliers hold the import market through FMS
Certification, Clearances and Standards		Not listed on PSPC's directory and no security of information agreement with Canada; US-aligned standards ease technical integration, unclear what instruments are in place
Language, Culture and In-Country Presence		Procurement in Mandarin; a local partner and sustained presence are expected and relationships drive access; PRC pressure deters some suppliers
Overall Assessment		Local preference, US incumbency and no formal relations means some hurdles despite massive spending and advanced requirements; strong potential and upside for collaboration despite challenges

Legend: ● Easier ○ Harder

Source: PerceptX analysis, PSPC, Global Affairs Canada, AmCham Taiwan, Taiwan Agency Against Corruption, Transparency International CPI

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The Philippines, a US treaty ally, is pivoting to archipelagic defence

Geography

Location



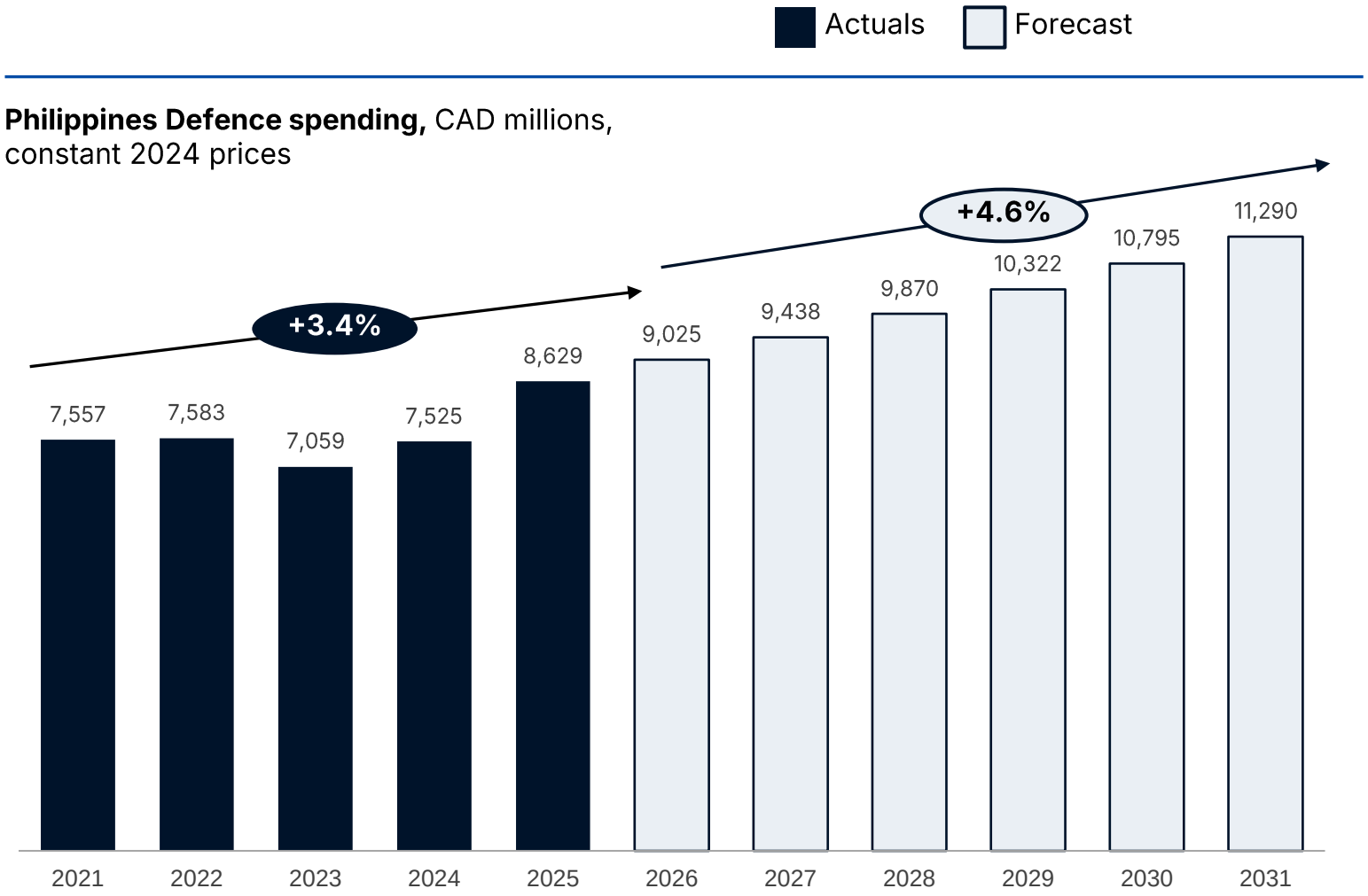
Its 7,641 islands face Taiwan across the Luzon Strait and front the South China Sea

Strategic Context

- **Deepening alliance, now building for combat:** US has deployed Typhon missile system on Philippine soil, and Ex. Balikatan has moved from counterterrorism to rehearsing the defence of the Philippines
- **China's gray-zone pressure is intensifying:** Coast guard and militia ships ram, water-cannon and block Philippine vessels at the shoals, and a Taiwan war would spill into the Luzon Strait
- **From internal security to archipelagic defence:** The Comprehensive Archipelagic Defence Concept turns the military outward to hold the whole EEZ, with anti-ship missiles at its core
- **Widening partners & industrial reach:** Access pacts with Japan, Australia and New Zealand widen options beyond Washington; Manila buys warships from South Korea and missiles from India
- **Canada as a fast-rising defence partner:** Canada's first Indo-Pacific visiting forces pact won Philippine Senate approval in 2026; Canada's first Indo-Pacific defence rep. a LGen, recently established in Manila

Source: NAMRIA; Philippine Department of National Defense media releases; National Defence Canada, The Maple Leaf; USNI News; Naval News; PerceptX analysis

The Philippines lifts defence spending but falls well short of 2% of GDP



Forward Looking Priorities

- **Personnel and readiness:** Plans would expand the force over the next decade; rising pension costs constrain modernization spending
- **Procurement and modernization:** Acquisition funding sits well below recommended levels; Korean patrol vessels, new frigates and Japanese destroyer escorts lead, while the F-16 buy stays paused and submarines remain an ambition
- **Sustainment and infrastructure:** The fleet grows quickly, and Korean, Japanese and Indian systems each need their own spares and training; infrastructure capacity remains in question
- **R&D and technology:** Little domestic R&D; most equipment is bought and financed from foreign sources
- **Key takeaway:** Ambition exceeds funding; 2 to 4% of GDP is unlikely given today's much lower level, a rising pension bill and limited fiscal flexibility

Source: SIPRI Military Expenditure Database (v1.2), constant 2024 US$; PerceptX forecast
Note: Philippines defence spending, 2021 to 2031, CAD millions, constant 2024 prices. 2021 to 2025 are SIPRI actuals; 2026 to 2031 are PerceptX forecast. Converted from constant 2024 US$ to CAD$

Philippine budget constraints and politically driven procurement processes pose more of an issue than other structural barriers



Barriers to Entry	Assessment	Discussion
Export Controls and Political Considerations		Canada signed a visiting forces agreement in 2025 and a defence cooperation MOU in 2024; US treaty-ally status may ease permits and end-use assurance, evidence of some export permits but most for components for ground vehicles and aircraft
Offsets and Industrial Participation Requirements		No blanket offset rule; the Self-Reliant Defense Posture Revitalization Act offers incentives for local production and technology transfer rather than mandates
Integrity Risk		CPI 2025 score of 32 ranks 120th of 182; bribery remains prevalent according to Global Corruption Barometer
National Preferences & Incumbency		US legacy holdings and Korean yards dominate, with India supplying BrahMos; local industry is thin, so foreign primes compete on financing and delivery requiring G2G support
Certification, Clearances and Standards		US-aligned standards ease Western equipment entry; the Canada visiting forces agreement is now in force, ratified March 2026 and concurred by the Senate in August 2026, though no bilateral security of information agreement is in place
Language, Culture and In-Country Presence		English is an official language and the legal system is familiar, lowering entry cost, though relationships and local representation still decide outcomes
Overall Assessment		Modest barriers in the markets reviewed. Alliance ties, language and light offset rules favour entry; integrity risk and a thin industrial base are the main constraints

Legend: Easier Harder

Source: PerceptX analysis, Global Corruption Barometer, Transparency International Corruption Perceptions Index, Counter Trade and Offset

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India is hardening deterrence as China and Pakistan converge on its borders

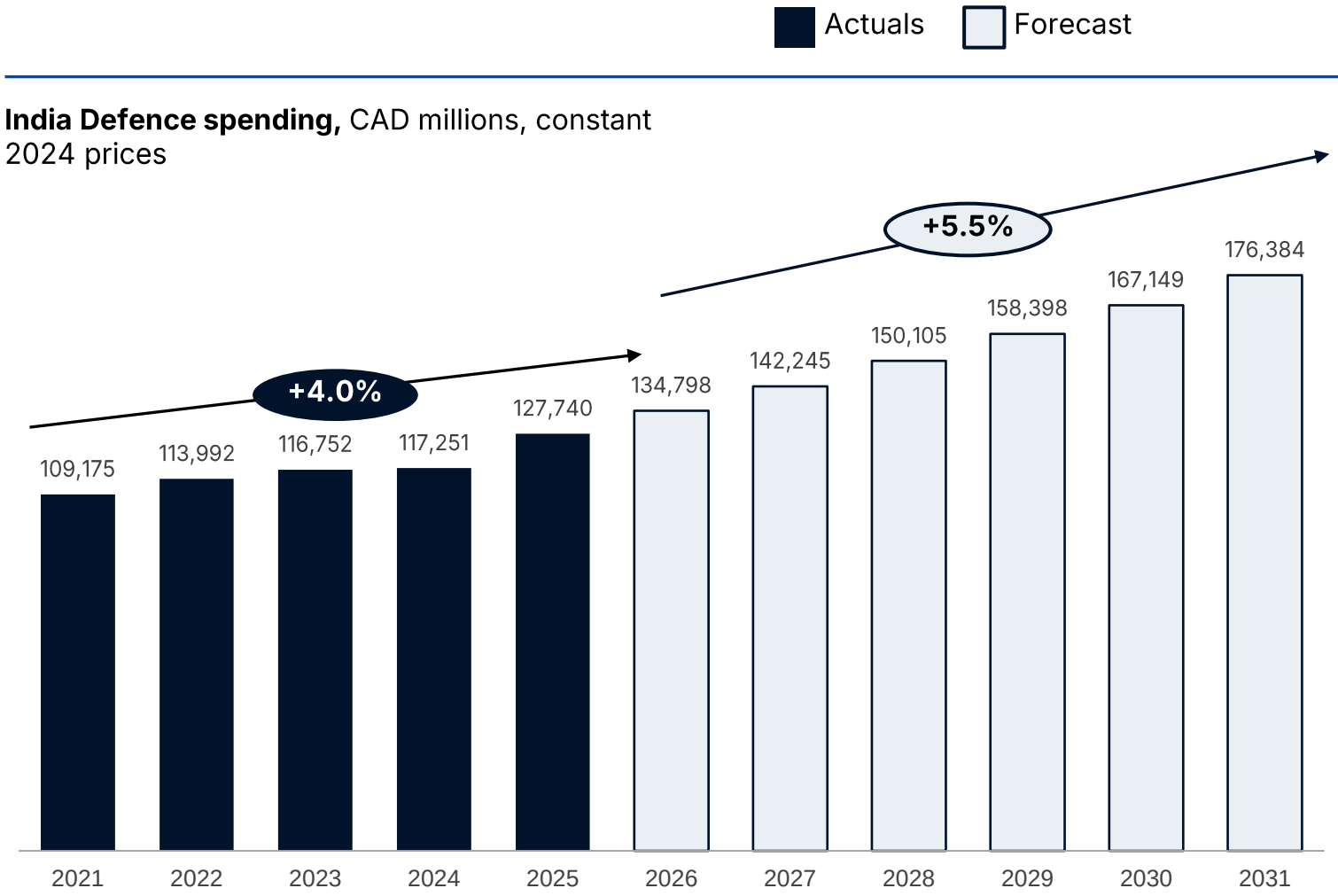


Strategic Context

- **Strategic autonomy, tilting toward Washington:** A ten-year US-India defence framework signed in 2025 continues despite tariff fight with US and irritants around Russian oil, while Moscow remains a legacy arms supplier
- **China and Pakistan now coordinate the fight:** India claims China provided Pakistan live intelligence during the May 2025 conflict, and the Line of Actual Control stays militarized despite the 2024 disengagement deal
- **From restraint to punitive deterrence:** Since Operation Sindoor, New Delhi says it will treat major terror attacks as acts of war and answer with precision strikes deep into Pakistan
- **Diversifying suppliers & building exports:** A Quad member, India cleared plans in 2026 for 114 more French Rafales, most to be built locally, and has sold BrahMos missiles to the Philippines, Indonesia and Vietnam
- **Canada, from rupture to reset:** Prime Minister Carney's 2026 visit launched a Canada-India Defence Dialogue and a maritime security partnership; military ties are rebuilding but have a long way to go

Source: Government of India, Ministry of Defence media releases; US Department of War media releases; Prime Minister of Canada media releases; PerceptX analysis

India's defence budget jumps on a record 2026-27 outlay and will grow steadily



Forward Looking Priorities

- **Personnel and readiness:** Forces remain well below authorised strength, with officer shortfalls most acute; pay and pensions absorb a large share of the spend
- **Procurement and modernization:** Strong near-term growth, centred on Rafale fighters to rebuild air force squadrons, light tanks, artillery, loitering munitions and a larger navy (~200 ships); most orders reserved for Indian suppliers
- **Sustainment and infrastructure:** Growing as new fleets enter service; deep engine and avionics repair still done abroad creating demand for domestic MRO
- **R&D and technology:** Priorities include hypersonics, drones and counter-drone, AI targeting and layered air defence; a local fighter engine remains a gap
- **Key takeaway:** Spending is rising steadily, but personnel costs limit funds for new capabilities; expect continued growth against robust modernization drive and intense threat environment

Source: SIPRI Military Expenditure Database (v1.2), constant 2024 US$; PerceptX forecast
Note: India defence spending, 2021 to 2031, CAD millions, constant 2024 prices. 2021 to 2025 are SIPRI actuals; 2026 to 2031 are PerceptX forecast. Converted from constant 2024 US$ to CAD$

India’s drive for self-sufficiency, local content requirements and complex processes are significant impediments



Barriers	Ease of Entry	Discussion
Export Controls and Political Considerations	◔	Ties reset after the 2023 rupture: Carney's March 2026 visit launched a Defence Dialogue and Maritime Security Partnership, but trust is rebuilding
Offsets and Industrial Participation Requirements	○	Formal and complex; acquisitions carry offsets, draft 2026 Defence Acquisition Procedure moves to 60% Indian content written into contracts; movement from Made in India to Owned by India
Integrity Risk	◔	India ranks 91 of 182 on the 2025 Corruption Perceptions Index; in December 2025 the CBI arrested a Department of Defence Production officer over bribes from defence firms
National Preferences & Incumbency	○	Yes; the Atmanirbharta self-reliance policy favours Indian-designed equipment and state primes such as HAL and BEL, and import embargo lists close whole categories of goods or necessitate licensed production by Indian partner
Certification, Clearances and Standards	○	Not listed on PSPC's directory and no security agreement with Canada; a mixed Russian, western and Indian inventory
Language, Culture and In-Country Presence	◔	Procurement documents are in English, but an Indian partner is effectively required to meet offset and content rules, and relationships drive access
Overall Assessment	◔	Hard for a Canadian firm to enter but significant upside if done correctly; content rules, offsets and state incumbents means effective partner selection is critical; long timelines and schedule delays add to challenges

Legend: ● Easier ○ Harder

Source: PerceptX analysis, PSPC, Office of the Prime Minister of Canada, India Ministry of Defence, CBI, Transparency International CPI

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Malaysia, a non-aligned democracy, balances the great powers while defending its South China Sea claims

Geography



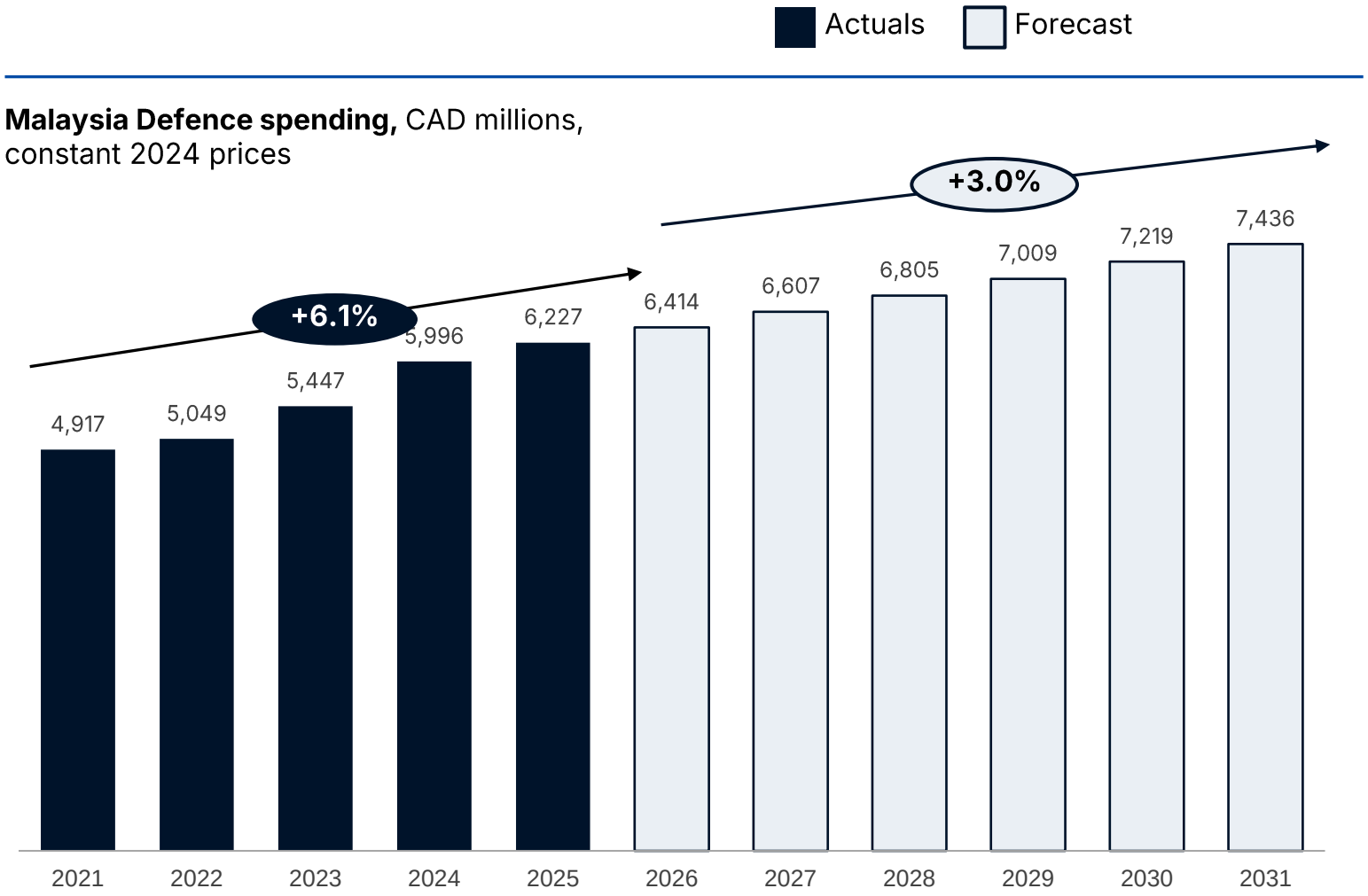
Two land masses split by 640 km of the South China Sea

Strategic Context

- **Balancing the great powers:** China leads trade, the West is engaged as a counterbalance; US-Philippine activity near Sabah has drawn attention from Malaysia and risks of great power competition
- **Chinese pressure off Sarawak:** China Coast Guard ships, including the giant CCG 5901 this summer, patrol Luconia Shoals almost constantly
- **Sharper South China Sea focus:** Its defence review blames an unnamed claimant's aggressive stance; PM Anwar now wants more spending to defend Sabah
- **Diversified partners & suppliers:** The Five Power Defence Arrangements anchor its ties; Turkey builds its new corvettes, Korea its air defence missiles
- **Opening ties with Canada:** Exercise MANTIS is in its twelfth year and a defence cooperation agreement is expected in near future

Source: Britannica; MINDEF, Defence White Paper Mid-Term Review; ISEAS; SCMP; National Defence Canada; New Straits Times; PerceptX analysis

Anticipate Malaysia to increase spending, but fall short of their target of 1.5% of GDP by 2030



Forward Looking Priorities

- **Personnel and readiness:** Training, technical skills and welfare take priority; the workforce roadmap emphasises STEM talent and stronger defence workforce planning
- **Procurement and modernization:** Further increases are promised, with tighter procurement controls and local industrial participation; FA-50 fighters, littoral combat ships, drones and layered air defence lead upgrades, particularly for East Malaysia
- **Sustainment and infrastructure:** Ageing Hornet and Sukhoi fleets need support into the 2030s; local maintenance capacity is expanding, including for A400M transports
- **R&D and technology:** Defence industry policy targets UAS and loitering munitions, passive radar and laser air defence, with technology transfer supporting local development
- **Key takeaway:** Expect sustained maritime and air demand but budget pressures to constrain dramatic growth

Source: SIPRI Military Expenditure Database (v1.2), constant 2024 US$; PerceptX forecast
Note: Malaysia defence spending, 2021 to 2031, CAD millions, constant 2024 prices. 2021 to 2025 are SIPRI actuals; 2026 to 2031 are PerceptX forecast. Converted from constant 2024 US$ to CAD$

Malaysia's limited budget poses more of a limitation than other structural barriers



Barriers	Ease of Entry	Discussion
Export Controls and Political Considerations	◑	No defence cooperation agreement with Canada but developing relationship; close China ties, recent Norwegian Naval Strike Missile cancellation decision over 'security concerns'
Offsets and Industrial Participation Requirements	◑	Industrial Collaboration Programme, run by the Technology Depository Agency is mandatory for foreign contracts above RM50M (about US$11M), 30% local content and MRO done by locals
Integrity Risk	◔	Malaysia ranks 54 of 182 on the 2025 Corruption Perceptions Index; in January 2026 a former army chief was charged over army tender bribes and procurement was frozen
National Preferences & Incumbency	◑	Local primes such as LUNAS, Deftech and Weststar and Bumiputera participation rules shape awards, while Korea, Turkiye and China hold recent wins for foreign imports
Certification, Clearances and Standards	◔	Not listed on PSPC's directory and no security agreement with Canada; Five Power Defence Arrangements membership brings some familiarity with western standards
Language, Culture and In-Country Presence	◔	English is widely used in government and industry, but a local partner is needed in almost all bids and sustained in-country presence is expected
Overall Assessment	◑	A Canadian firm can engage but alignment considerations, offsets, local partner rules and a tight budget mean entry is challenging

Legend: ● Easier ○ Harder

Source: PerceptX analysis, PSPC, Global Affairs Canada, Technology Depository Agency, US International Trade Administration, Transparency International CPI

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Indonesia, a non-aligned democracy, is diversifying its partners to secure a vast archipelago astride key sea lanes



Geography



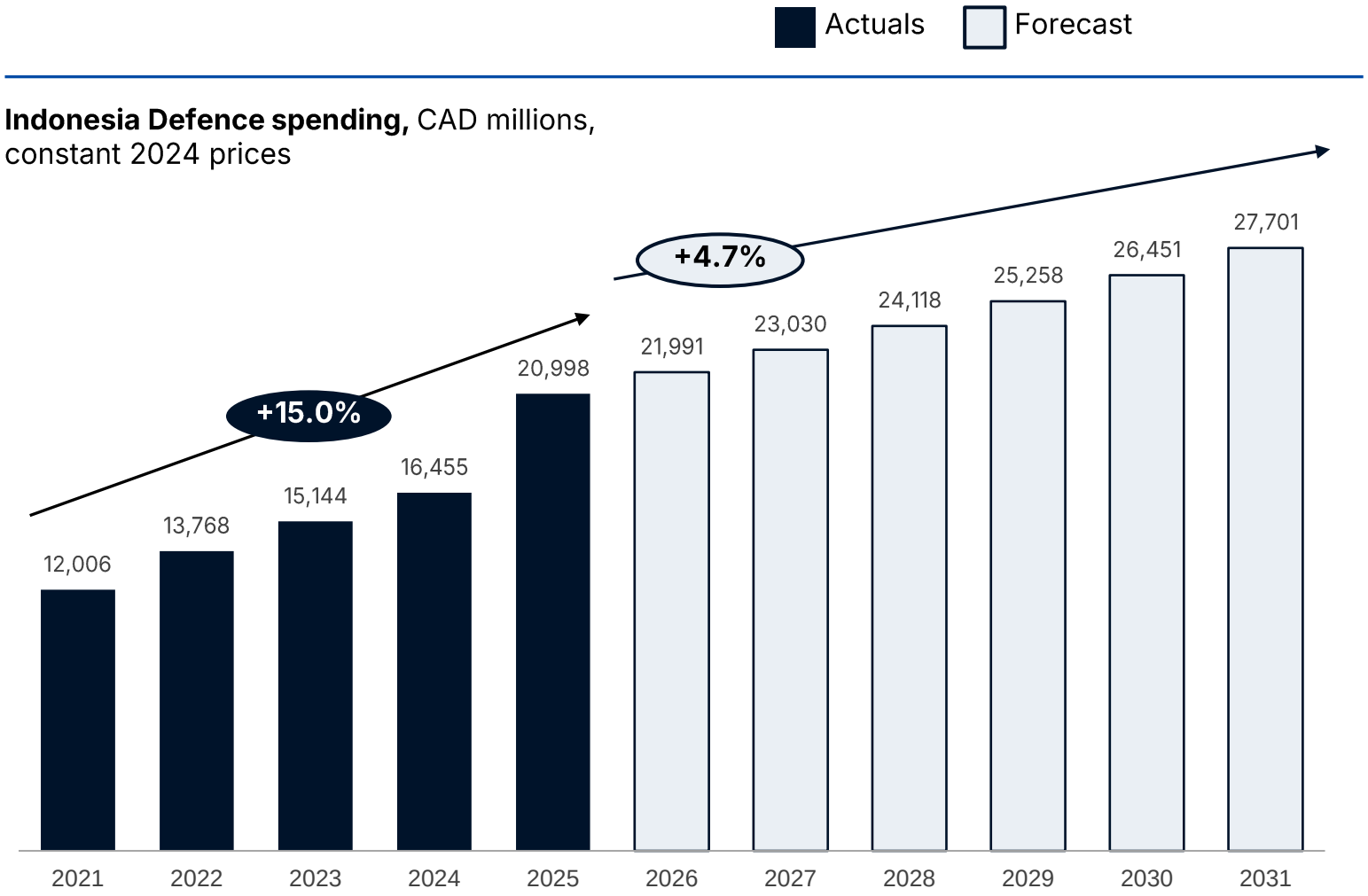
Over 17,000 islands astride the Malacca, Sunda and Lombok straits

Strategic Context

- **Non-aligned and hedging both ways:** Jakarta joined BRICS in 2025 and agreed to a Major Defence Cooperation Partnership with Washington in 2026
- **Pressure at sea, insurgency in Papua:** China Coast Guard ships have disrupted energy surveys off Natuna, and separatists and insurgents pose challenges
- **A bigger army with civilian roles:** New regional commands and development battalions, launched in 2025, spread troops into civilian work; this includes expansion of army's territorial units and commands
- **Diverse partners & suppliers:** The Jakarta Treaty draws in Australia, ended codev. of KF-21 fighter w S. Korea and recently purchased Indian Brahmos missile
- **Canada as an early-stage partner:** The 2025 Defence Cooperation MOU deepens training and maritime security work

Source: Australian, Canadian, US and Indonesian governments, media releases; PerceptX analysis

Indonesia’s defence spending has accelerated to around 1% of GDP



Forward Looking Priorities

- **Personnel and readiness:** Manpower growing as new territorial battalions and regional commands stand up; pay, housing and training costs rise with the expansion
- **Procurement and modernization:** Strongest near-term growth, driven by Rafale, KAAN and J-10C fighters and Scorpène submarines; much of modernization is supported by foreign loans and export credit financing; major capex initiatives increasingly rely on government approved foreign financing arrangements
- **Sustainment and infrastructure:** Accelerates as fighter fleets from several suppliers enter service, each needing its own spares, MRO and training pipeline
- **R&D and technology:** Limited domestic base; growth comes through offset technology transfer under Defend ID and licensed submarine build at PT PAL
- **Key takeaway:** Despite high levels of ambition, spending is likely to stay near 1% of GDP; procurement leads near term, with sustainment demand rising as a multi-supplier fleet matures

Source: SIPRI Military Expenditure Database (v1.2), constant 2024 US$; PerceptX forecast
Note: Indonesia defence spending, 2021 to 2031, CAD millions, constant 2024 prices. 2021 to 2025 are SIPRI actuals; 2026 to 2031 are PerceptX forecast. Converted from constant 2024 US$ to CAD$

Indonesia’s mercurial approach to defence acquisition poses challenges to new entrants



Barriers	Ease of Entry	Discussion
Export Controls and Political Considerations	◑	A September 2025 Defence Cooperation Agreement covers training, maritime security and industry ties but engagement still being shaped and depth is unclear
Offsets and Industrial Participation Requirements	○	Formal: Law 16/2012 requires local content, technology transfer and offsets, appears that technology transfer is a separate requirement in addition to offsets
Integrity Risk	○	Indonesia ranks 109 of 182 on the 2025 Corruption Perceptions Index; in May 2025 prosecutors named former defence ministry official over irregularities in satellite terminal contract
National Preferences & Incumbency	○	Yes; state holding Defend ID (PT PAL, Pindad, PT Dirgantara Indonesia) is favoured for build and sustainment, while France, Turkiye, India, and Korea hold recent wins
Certification, Clearances and Standards	○	Not listed on PSPC's directory and no security agreement with Canada; a mixed western, Turkish, Chinese, European, Russian inventory means significant complexity
Language, Culture and In-Country Presence	◔	Procurement runs in Bahasa Indonesia and decisions are relationship-led; brokers are barred, so entry runs government to government or direct with a local partner
Overall Assessment	○	Hard for a Canadian firm to enter; offsets, local content and state primes mean entry runs through a joint venture or technology transfer with a Defend ID company; reports of decisions on acquisitions increasingly centralized in President’s inner circle mean acquisitions and spending becomes less predictable and transparent

Legend: ● Easier ○ Harder

Source: PerceptX analysis, PSPC, Office of the Prime Minister of Canada, National Defence, Indonesia Attorney General's Office, Transparency International CPI

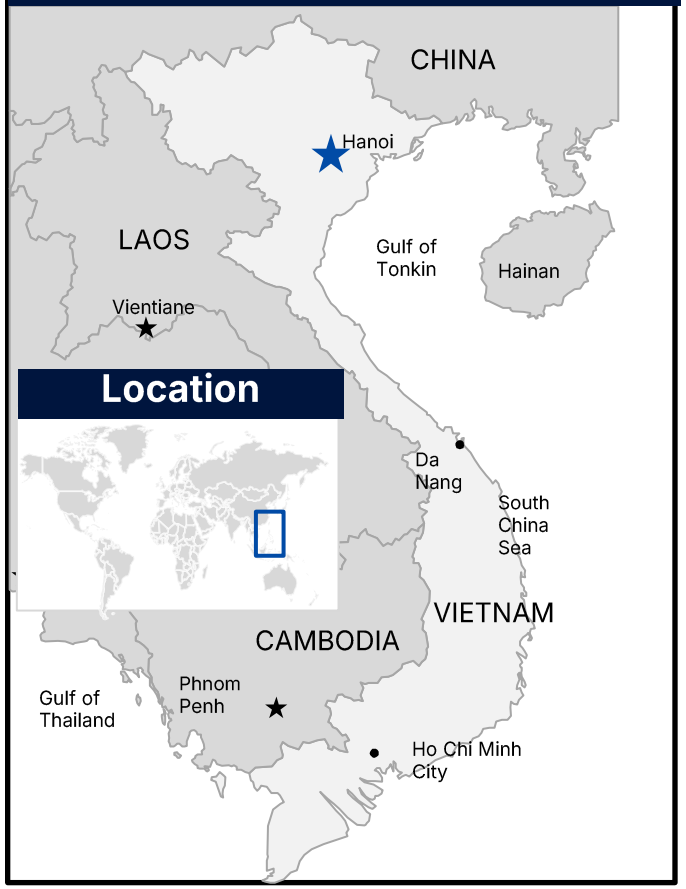
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Vietnam, a one-party state, balances the great powers while fortifying its South China Sea claims



Geography

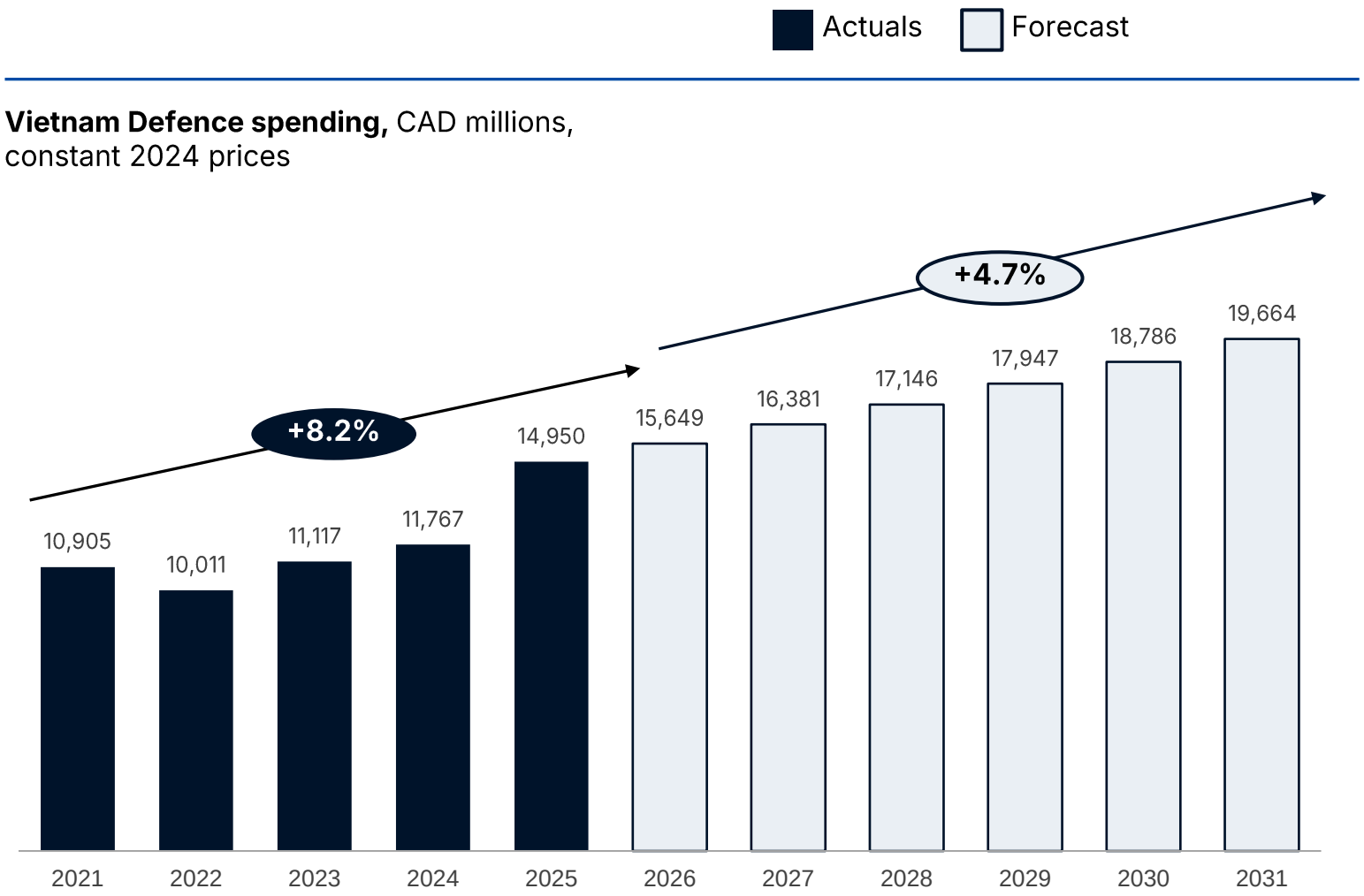


Strategic Context

- **Balancing the great powers:** Comprehensive strategic partnerships span China, Russia, the US, Japan, India, Australia and South Korea; the Four No's bar alliances and foreign bases
- **China, neighbour and rival:** A shared land border, the 1979 war and recurring survey standoffs make China its main security challenge, even as Beijing remains its top trading partner
- **Fortifying islands in South China Sea:** All 21 Vietnamese-held features now hold artificial land, with new harbours and a 4,000-metre runway under construction at Barque Canada Reef
- **Diversifying away from Russian arms:** Long reliant on Russian equipment, Hanoi is widening its supplier base and building a domestic defence industry; US arms embargo was lifted in 2016
- **Canada, newly a strategic partner:** The September 2026 Strategic Partnership builds on a 2019 defence MOU, training scholarships and a jointly taught UN staff officer course

Source: Ministry of National Defence of Viet Nam; CSIS AMTI; Prime Minister of Canada media releases; Reuters; PerceptX analysis

Vietnam’s defence spending grows



Forward Looking Priorities

- **Personnel and readiness:** A large conscript force is being restructured; the militia remains central to national defence
- **Procurement and modernization:** Spending is undisclosed but appears to be rising, with no published pipeline or open tendering; maritime leads, with BrahMos coastal missiles and Japanese-built coast guard cutters
- **Sustainment and infrastructure:** The core fleet is Russian, including Kilo submarines and Gepard frigates
- **R&D and technology:** Emerging domestic defence industry, led by Viettel in drones, radar and electronic warfare, with export ambition
- **Key takeaway:** Vietnam is moving slowly off Russian dependence while building its own industry; opacity makes demand hard to map, forecast and plan against

Source: SIPRI Military Expenditure Database (v1.2), constant 2024 US$; PerceptX forecast
Note: Vietnam defence spending, 2021 to 2031, CAD millions, constant 2024 prices. 2021 to 2025 are SIPRI actuals; 2026 to 2031 are PerceptX forecast. Converted from constant 2024 US$ to CAD$

Vietnam's Russian incumbency and military-owned industry pose challenges



Barriers	Ease of Entry	Discussion
Export Controls and Political Considerations		Ties are warming: a September 2026 Strategic Partnership includes a defence, security and maritime pillar; MOU on defence cooperation in 2019; heavy Russian legacy holdings and opaque end use but some evidence of Canadian sales in the past
Offsets and Industrial Participation Requirements		The 2024 defence industry law (in force July 2025) favours local production, technology transfer and military-run partners; no standard percentage identified
Integrity Risk		Vietnam ranks 81 of 182 on the 2025 Corruption Perceptions Index; little public information on defence procurement
National Preferences & Incumbency		Russian systems dominate the inventory and military-owned enterprises such as Viettel win domestic work; diversification so far favours US, Korea, Israel and India
Certification, Clearances and Standards		Not listed on PSPC's directory and no publicly listed instrument; Soviet-era standards dominate the inventory, so interoperability and information sharing are hurdles
Language, Culture and In-Country Presence		Procurement runs in Vietnamese; partnership with Vietnamese industry required
Overall Assessment		Russian incumbency, military-owned industry, but new partnership creates opening; Hard for a Canadian firm to engage but opportunity in niche areas

Legend: ● Easier ○ Harder

Source: PerceptX analysis, PSPC, Office of the Prime Minister of Canada, National Defence, Transparency International CPI

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Thailand, a US treaty ally, is hardening its land borders while hedging between Washington and Beijing

Geography

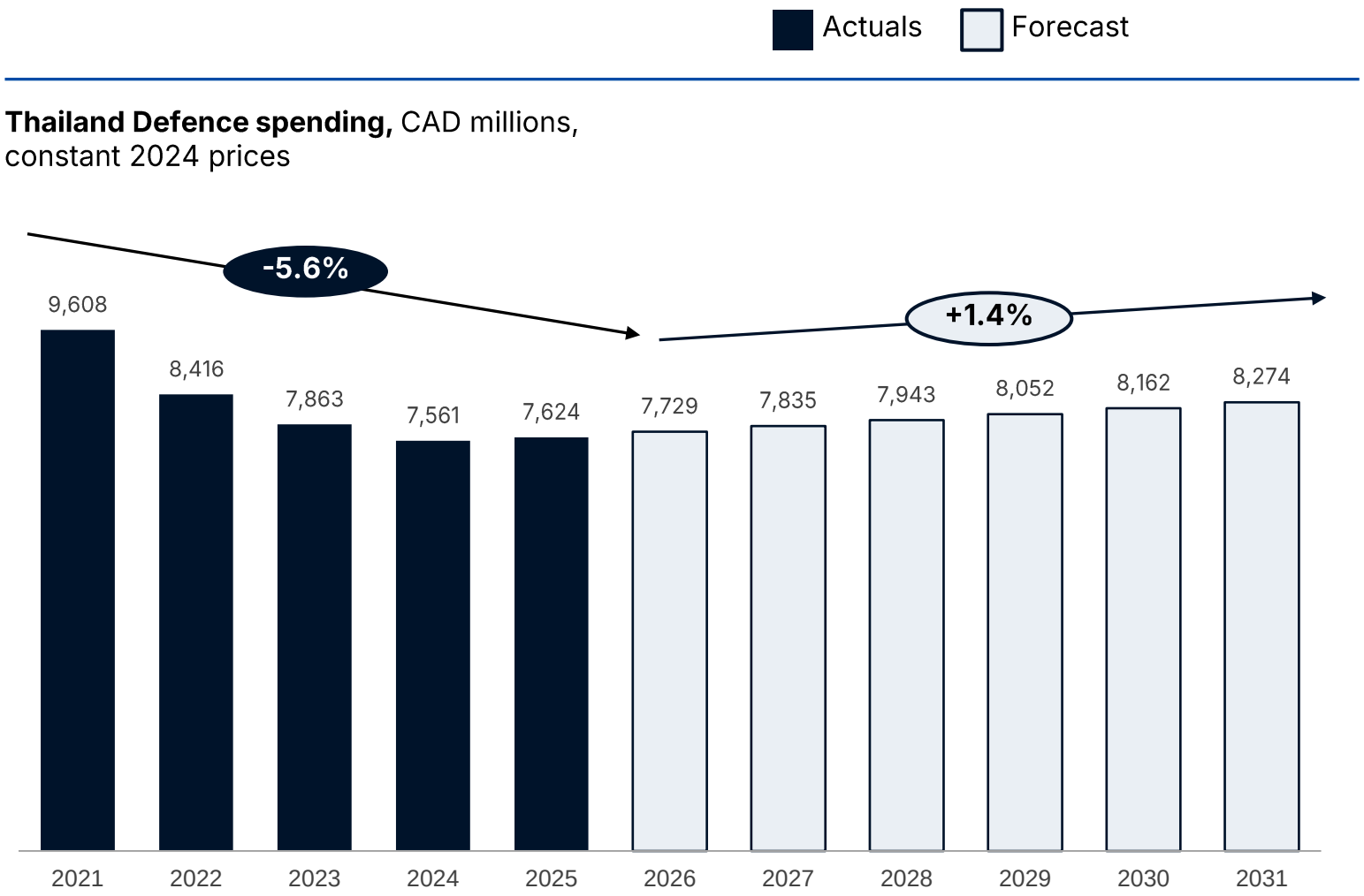


Strategic Context

- **Close to both the US and China:** A treaty ally and major non-NATO ally to US, Thailand co-hosts Cobra Gold with the US but also holds regular drills with the PLA
- **Land borders drive the threat:** Clashes with Cambodia in July and December 2025, including Thai air strikes, left a fragile truce; Myanmar's civil war spills over as scam centres, drug trafficking and refugees; insurgency active in the south
- **From regime security to border warfighting:** Combat against Cambodia and a new security-first focus push the armed forces toward conventional deterrence and promotes the development of a more self-reliant defence industry
- **More suppliers & tech transfer:** Thailand ordered its first Gripen E fighters over a rival F-16 bid, which included technology transfer; they have also revived and scoped a Chinese submarine deal from 3 to 1 boat, boat now due by 2028
- **Active exercises, less industrial footprint:** A Royal Canadian Navy boarding team joined US-Thai naval drills in July 2026, and free trade talks launched in 2025 (which occurred after the border clashes) did not strongly feature defence industrial topics based on public read outs

Source: Reuters, Cambodia ceasefire; Janes, Thai submarine; The Diplomat, Thai polls; Saab, US Navy, Prime Minister of Canada, media releases; PerceptX analysis

Thailand reverses a decade of falling defence spending



Thailand Defence spending, CAD millions, constant 2024 prices

Forward Looking Priorities

- **Personnel and readiness:** Voluntary recruitment is expanding, with gradual reform aimed at reducing reliance on conscription
- **Procurement and modernization:** Budgets stay broadly flat; Gripen fighters, a Hanwha frigate and drone and counter-drone capabilities lead, with technology transfer and offsets central to new deals
- **Sustainment and infrastructure:** Domestic maintenance capacity is expanding; Thai Aviation Industries and GE are exploring local engine repair to improve fleet readiness; still early stages
- **R&D and technology:** Domestic radar, surveillance and equipment upgrades target self-reliance and less dependence on foreign technology
- **Key takeaway:** Expect selective modernization with demanding localization requirements within tight budgets

Source: SIPRI Military Expenditure Database (v1.2), constant 2024 US$; PerceptX forecast
Note: Thailand defence spending, 2021 to 2031, CAD millions, constant 2024 prices. 2021 to 2025 are SIPRI actuals; 2026 to 2031 are PerceptX forecast. Converted from constant 2024 US$ to CAD$

Thailand's integrity risk and localization demands are the main barriers



Barriers	Ease of Entry	Discussion
Export Controls and Political Considerations		Ties are somewhat limited; defence industrial issues did not feature prominently in recent PM visit; the 2025 Cambodia border war and parallel Chinese procurement raise challenges
Offsets and Industrial Participation Requirements		Offsets and technology transfer are expected on major buys, with pressure to localise through the Defence Technology Institute and the Eastern Economic Corridor
Integrity Risk		Thailand ranks 116 of 182 on the 2025 Corruption Perceptions Index, its score falling steadily since 2012; data availability issues with defence budgets and procurement
National Preferences & Incumbency		Service-led procurement favours incumbents, from US legacy platforms to Chinese armour and the S26T submarine, and well-connected local agents are entrenched
Certification, Clearances and Standards		Not listed on PSPC's directory and no public security agreement with Canada; US treaty ties and Cobra Gold bring some familiarity with western standards
Language, Culture and In-Country Presence		Procurement runs in Thai, decisions are hierarchical and timelines long; a well-connected local partner and in-country presence are effectively required
Overall Assessment		Hard for a Canadian firm to engage; integrity risk, China-facing procurement and the border conflict pose challenges

Legend: ● Easier ○ Harder

Source: PerceptX analysis, PSPC, Transparency International CPI, ISEAS, Fulcrum

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Appendix

PerceptX advises governments, companies and investors on defence markets

- Canadian veteran owned advisory firm focused exclusively on defence
- Our team provides specialized research to help Canada and its like-minded partners create sustainable and competitive defence industries
- We equip clients with insights to build capabilities, partner effectively with allied industrial partners, and compete and win globally

What we bring	What it means
 **Exceptional Teams & Experienced Advisors**	• Senior advisors with deep experience across Western defence industry, government, and armed forces • Trusted network of in-country partners and specialists across North America, Europe, and the Indo-Pacific
 **Proprietary Analytical Tools & Resources**	• Proprietary Defence Industrial Base databases profiling the capabilities, footprint, and performance of leading Canadian and Western suppliers • Export & Partnership Radar tracks international opportunities and programs across priority markets
 **Unparalleled Experience & Rigor**	• Our team has experience in strategy, market entry, industrial participation, partnerships, and more for defence and dual-use clients • Our analysts are rigorous in their methods and approaches

The team that produced this report



Mike Petric

Managing Director

- 20 years' experience in defence and security, 10 years in management consulting
- Led over 150 defence engagements serving governments, industry and investors on defence markets
- Served as Senior Policy Advisor to two Canadian Ministers of Defence and as an infantry officer in the Canadian Armed Forces
- Service included deployment to Afghanistan where he was awarded CEFCOM Command Commendation
- Holds MA Int'l Affairs, MBA and PMP, and is a graduate of the Council of Canadian Innovators Innovation Governance Program (iGP)



Isabella Aung-Camilleri

Consultant Research Analyst

- Research Fellow, MyPACK Hub, Munk School, University of Toronto
- Regional expertise in Canada and Southeast Asia
- Researches Women, Peace and Security (WPS), digital authoritarianism and women's political activism
- Shangri-La Dialogue Young Leader; UBC Myanmar Initiative Fellow; RAS-NSA Network Expert
- Won a DND MINDS grant; founded Spring University Myanmar's Comparative Politics Diploma
- JD Candidate, uOttawa; PhD coursework, Queen's; MA Political Science, Simon Fraser; BA Int'l Relations, Linfield



Aoi Saginuma

Consultant Research Analyst

- Consultant Research Analyst with PerceptX during summer 2026 and based in the National Capital Region
- MA candidate in public policy and international affairs, Norman Paterson School of International Affairs, Carleton University
- Fluent in Japanese, with extensive knowledge of the Japanese defence market

Acknowledgements & attributions

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Dr. Jeff F. Collins
Director, Palmer Institute for Canadian Leadership - Confederation Centre of the Arts, Charlottetown, PEI

Lieutenant General (Ret.) Raymond H.J. Huang
Senior Research Fellow, Institute for National Defense and Security Research (INDSR), Taiwan

Ms. Izzah Ibrahim
Analyst, Institute of Strategic & International Studies (ISIS) Malaysia

Dr. Julie Kim
Korea Postdoctoral Fellow, Canadian Global Affairs Institute (CGAI)

Fauzan Malufti
Indonesian defence analyst

Dr. Nguyen The Phuong
Lecturer at the Faculty of International Relations, University of Economics and Finance, Ho Chi Minh City

Mr. Andrew Pickford
Adjunct Research Fellow, Defence and Security Institute, University of Western Australia

Dr. Gatra Priyandita
Senior Analyst, Australian Strategic Policy Institute

Dr. Gaurav Saini
Co-Founder, Council for Strategic and Defense Research (CSDR)

Dr. Jyh-Shyang Sheu
Assistant Research Fellow, Institute for National Defense and Security Research (INDSR), Taiwan

We would also like to thank the dozens of experts who participated in interviews and consultations but are not attributed here.

PerceptX engaged 88 defence experts across 12 Indo-Pacific countries and 12 themes

88

Defence experts engaged

Across academia, government, industry, military, and think tank sectors



64 men **24 women**

14

Expert primary interviews

Across 12 Indo-Pacific countries
One-on-one, in-depth, semi-structured interviews



12 men **2 women**

46

Regional experts consulted

Consultation on the final research report
Experts based in 12 Indo-Pacific countries and Canada



34 men **12 women**

12 themes covered

- Defence Policy and Strategic Context
- Defence Budget and Spending Trends
- Procurement System and Acquisition Framework
- Industrial Base and National Champions
- Technology and Innovation Ecosystem
- Offset, Co-Production, and Partnership Frameworks
- Existing Canada Bilateral Defence Relationships
- Market Entry and Regulatory Considerations
- Opportunities for Canadian Industry
- Gender and Diversity Considerations GBA+
- Risks, Constraints, and Considerations
- Recommendations and Next Steps

Source: PerceptX expert interviews and regional consultations, 2026

PerceptX narrowed the Indo-Pacific to fourteen markets where scale, industrial capacity and strategic alignment support defence collaboration

South Asia / North Asia / Southeast Asia	Pacific Island Countries
Bangladesh	Cook Islands
Bhutan	Fiji
Brunei	Kiribati
Cambodia	Marshall Islands
China	Micronesia
Laos	Nauru
Maldives	Niue
Mongolia	Palau
Myanmar	Papua New Guinea
Nepal	Samoa
North Korea	Solomon Islands
Pakistan	Tonga
Sri Lanka	Tuvalu
Timor-Leste	Vanuatu

- The countries covered in this briefing align with Canada's Indo-Pacific Strategy
- Jurisdictions were triaged based on market scale, and then alignment.
- The jurisdictions above were either not addressable, were of insufficient scale as a market, or lacked strategic alignment to cover in detail

Source: PerceptX analysis; Government of Canada, Canada's Indo-Pacific Strategy

Methodology and research methods: country profiles

Research areas	Description of approach and methodology
Geography & Context	• Assessed from national defence and foreign policy documents, official strategy releases and allied assessments, country's own policies and position papers on threat perception
Market Size and Growth	• Built from SIPRI data, published budgets and multi year fiscal plans, converted to Canadian dollars and forecast to 2031 against announced GDP targets and procurement pipelines
Demand & Customers	• Secondary sources consulted included acquisition authorities, published requirements and tender notices, plus offset or industrial participation rules and R&D and dual use entry routes
Industrial Capacity	• Mapped from company primary sources, prime and mid-tier disclosures and SME directories, cross checked against award notices and in service support footprints
Strategic Alignment	• Compiled from primary interviews, treaty registries and defence releases from both countries, analyzed and coded every engagement, agreement, exercise and industry link by status
Partner Potential Assessment	• Assessed opportunities for Canadian defence trade diversification, and applied the 'Build-Partner-Buy' framework to provide recommendations on opportunities to deepen ties; focused on areas of mutual benefit
Recommended Resources	• Analyzed association, event, think tank and government sources, each checked for currency and relevance to Canadian exporters

Methodology and research methods: assessing the bilateral relationship

Archetype	Scope	Approach
Bilateral engagement	Senior-level bilateral meetings and calls with a defence, security or economic security dimension, counted over a multi-year window	Drawn from official readouts on both sides and cross-checked for consistency
Government interfaces	The formal architecture of the relationship: treaties, MOUs, dialogues, declarations and representation	Built from government treaty records and departmental publications, then classified by type, status and domain
Exercises and military to military	Military activity only: exercises, operations, visits, education and exchange postings, each instance counted	Assembled from defence releases and exercise records, with allied reporting used to confirm dates
Industry interfaces	Active commercial links: contracts, subsystem supply, co-development, joint ventures, etc.	Company primary materials cross-checked against trade mission and procurement records

Glossary and Acronyms

A-OTHR: Arctic Over-the-Horizon Radar, Canada's programme built on Australia's JORN radar technology

ACSA: Acquisition and Cross-Servicing Agreement for reciprocal military logistics support

ADEX: Seoul International Aerospace and Defense Exhibition (South Korea)

ASEV: Aegis System Equipped Vessel, Japan's planned missile-defence ships

ATLA: Acquisition, Technology and Logistics Agency, Japan's defence procurement body

AUKUS: Australia, UK and US security partnership; Pillar II covers advanced capabilities

BOREALIS: Canada's defence research and innovation agency, announced in 2025

C2 / C4ISR / C5ISR: Command and control; with communications, computers, (cyber,) intelligence, surveillance and reconnaissance

CANSEC: Canada's annual defence and security trade show, run by CADSI

CPI: Corruption Perceptions Index, Transparency International

CSIS: Center for Strategic and International Studies, Washington think tank (not the Canadian agency)

CUAS / C-UAS: Counter-uncrewed aircraft systems

DAPA: Defense Acquisition Program Administration, South Korea's procurement agency

DBP: Defense Buildup Program, Japan's 2022 five-year investment plan

DIS: Digital and Intelligence Service, the Singapore Armed Forces' fourth service

DISTI: Defense Innovation Science and Technology Institute, ATLA's DARPA-style body

DSEI: Defence and Security Equipment International, London trade show

DSO: DSO National Laboratories, Singapore's national defence R&D organisation

DSTA: Defence Science and Technology Agency (Singapore)

DTaQ: Defense Agency for Technology and Quality (South Korea)

FVEY / FVEYS: Five Eyes intelligence partnership: Australia, Canada, New Zealand, UK, US

GCAP: Global Combat Air Programme, the Japan, UK and Italy sixth-generation fighter

GCSB: Government Communications Security Bureau (New Zealand)

GETS: Government Electronic Tenders Service, New Zealand's procurement portal

GSOIA: General Security of Information Agreement

HADR: Humanitarian assistance and disaster relief

Glossary and Acronyms (continued)

HTX: Home Team Science and Technology Agency, Singapore's homeland-security R&D body

HVGP: Hyper Velocity Gliding Projectile, Japan's stand-off strike weapon

IMDEX: International Maritime Defence Exhibition (Singapore)

IP4: NATO's four Indo-Pacific partners: Australia, Japan, New Zealand, South Korea

ISR: Intelligence, surveillance and reconnaissance

JASSM / JSM: Joint Air-to-Surface Standoff Missile / Joint Strike Missile

JJOC: Japan Joint Operations Command, stood up in 2025

JSDF / JMSDF: Japan Self-Defense Forces / Japan Maritime Self-Defense Force

KAEDEX: Kaedex, the recurring Royal Canadian Navy and JMSDF bilateral naval exercise

KAI: Korea Aerospace Industries

KARI: Korea Aerospace Research Institute

KRIT: Korea Research Institute for Defense Technology Planning and advancement

MADEX: International Maritime Defense Industry Exhibition (Busan, South Korea)

MINDEF: Ministry of Defence (Singapore)

MRCV: Multi-Role Combat Vessel, Republic of Singapore Navy warship designed to act as a mothership for uncrewed systems

NEDO: New Energy and Industrial Technology Development Organization (Japan)

NZDF / NZDIA: New Zealand Defence Force / New Zealand Defence Industry Association

OPCON: Operational control; refers to the planned transfer of wartime command in South Korea

RSAF / RSN: Republic of Singapore Air Force / Republic of Singapore Navy

SAF: Singapore Armed Forces

SBIR: Small Business Innovation Research programme

SHIELD: Japan's planned layered littoral defence network of low-cost uncrewed systems

SOVFA: Status of Visiting Forces Agreement

TKMS: German submarine and naval shipbuilder, formerly thyssenkrupp Marine Systems

TTCP: The Technical Cooperation Program, Five Eyes defence science collaboration

UAS / UAV / USV / UUV: Uncrewed aerial system / aerial vehicle / surface vessel / underwater vehicle

PerceptX

info@perceptx.ca

perceptx.ca