BRIEF

Bill C-31, Part 4, Division 16
Defence Investment Agency Act, section 12 (clause 290)

To: Standing Senate Committee on National Finance
From: Danilo Dzyuban, Ottawa. I am an individual, acting alone.
Date: 30 September 2026

SUMMARY

1. Section 12 of the Defence Investment Agency Act lists five considerations that bind the Minister. The location of production is absent from the list.
2. Of 7,723 industrial facilities of Canada, those within 100 km of the United States hold 54.5 per cent of the jobs. None of the 28 bases and wings of the Canadian Armed Forces stands north of 60 degrees.
3. One amendment places the location of production in section 12 as paragraph (f).

1. THE TEXT BEFORE THE COMMITTEE

Clause 290 of Bill C-31 enacts the Defence Investment Agency Act. Section 12 reads:

"12 In exercising or performing the powers, duties and functions relating to production, procurement and investment in respect of national defence or national security, the Minister must consider
(a) the efficiency of national defence or national security procurement;
(b) the stimulation of investment in the national defence sector or national security sector;
(c) the stimulation and promotion of research, development and innovation in the national defence sector or national security sector;
(d) the possibility of joint procurement and other forms of cooperation with associated governments, as defined in section 2 of the Defence and National Security Production and Procurement Act; and
(e) the protection and acquisition of intellectual property rights."

Division 16 runs from clause 290 to clause 338. The words "region", "location", "border" and "Arctic" appear nowhere in it.

2. THE WORDS OF THE GOVERNMENT

The Defence Industrial Strategy of 17 February 2026 opens "$180 billion in defence procurement opportunities and $290 billion in defence-related capital investment opportunities in Canada over the next 10 years."

The same Strategy requires industrial growth that is "geographically balanced" and investments that are "strategically located".

On 23 September 2026 the Prime Minister told The New York Times: "I think you have a responsibility in these roles to look at extreme tail risk." The risk named in the interview is military action by the United States against Canada.

The Strategy names the place of production as a requirement. Section 12 carries no such requirement into law.

3. WHERE PRODUCTION STANDS

7,723 industrial facilities in mining, oil and gas, power generation and manufacturing filed a report with the National Pollutant Release Inventory for 2023 or 2024. They report 637,192 jobs.

Distance to the land of the United States	Facilities	Jobs	Share of jobs
10 km	191	30,710	4.8 per cent
100 km	2,168	347,361	54.5 per cent
150 km	2,752	450,172	70.6 per cent

Algoma Steel at Sault Ste. Marie stands 1 km from the United States. The refineries of Sarnia stand 1 km from the United States. Windsor Assembly Plant stands 6 km from the United States.

The M777A2 howitzer fires to 24 km and beyond 40 km with the Excalibur projectile. GMLRS rockets reach beyond 70 km. Extended-Range GMLRS reaches 150 km. ATACMS reaches 300 km. The Precision Strike Missile reaches 400 km.

85 of the 7,723 facilities stand north of 60 degrees. The twelve largest are mines. One manufacturing site north of 60 degrees reports to the inventory: an asphalt plant with 3 jobs.

The Canadian Armed Forces hold 28 bases and wings. None stands north of 60 degrees.

The three territories cover 39.3 per cent of the area of Canada and produce $93 million of $852 billion of manufacturing sales in 2025.

4. PARLIAMENT WRITES PLACE INTO STATUTE

Constitution Act, 1982, section 36(1)(b): Parliament and the government of Canada are committed to "furthering economic development to reduce disparity in opportunities".

Western Economic Diversification Act, section 5(2)(a): the Minister shall "guide, promote and coordinate the policies and programs, including those related to industrial benefits, of the Government of Canada in relation to the development and diversification of the economy of Western Canada".

Income Tax Act, section 127(9): the investment tax credit pays 10 per cent on qualified property in the Atlantic provinces and the Gaspe Peninsula.

5. THE AMENDMENT

Clause 290, Defence Investment Agency Act, section 12. Strike "and" at the end of paragraph (d). Add after paragraph (e):

"(f) the location of production capacity in Canada, including its distance from the international boundary and its placement in Yukon, the Northwest Territories and Nunavut."

Clause 337, review after three years. Add:

"The review reports the location of every facility that received a contract, a loan or an investment under this Act, and its distance from the international boundary."

6. WHAT THE COMMITTEE DOES

Recommend both amendments in the report on the subject matter of Bill C-31.

Put one question to the Minister and to the Defence Investment Agency: which facilities funded under the Defence Industrial Strategy stand beyond 150 km from the international boundary.

SOURCES

Bill C-31, first reading, 6 May 2026: https://www.parl.ca/DocumentViewer/en/45-1/bill/C-31/first-reading
Defence Industrial Strategy: https://www.canada.ca/en/department-national-defence/corporate/reports-publications/industrial-strategy/security-sovereignty-prosperity.html
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Global News on the interview of 23 September 2026: https://globalnews.ca/news/12071175/carney-u-s-attack-military-nyt/
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Constitution Act, 1982: https://laws-lois.justice.gc.ca/eng/const/page-13.html
Western Economic Diversification Act: https://laws-lois.justice.gc.ca/eng/acts/W-6.8/FullText.html
Income Tax Act, section 127: https://laws-lois.justice.gc.ca/eng/acts/I-3.3/section-127.html