

The Jenkins Report



As an American defense analyst, I recently read through the Jenkins report, the much-anticipated analysis of the defence industry that was recently delivered to then Minister of Public Works and Government Services, Rona Ambrose. While there are many aspects of interest, I noticed it ignored a key question: **Should defence decisions be based on industrial capability – or national interests?**

To determine its defense and security force needs, a nation must make an effort to strategize based on the following concerns: What will 21st century forces look like? What demands will they be required to fulfill? What innovations will be available to increase efficiencies? And what key players will be most important to the big picture?

This is complex, but I would argue that the Jenkins Report looks at weapons of the past two decades and assumes continuity. That would mean a “modernization plus strategy” would work, and an appropriate industrial strategy should follow.

But the reality is that defense change will be driven in the Pacific and the Middle East. Innovation continues, and the next 20 years will see some impressive core global fleet products marketed worldwide. Allied Forces will become networked, and protected by a variety of systems, some transformational and some simply upgraded from extant systems.

Clearly, Canada needs a way to be in the 21st century fleets. Can it be a leader? Or is a partner role more realistic?

The authors of the Jenkins Report have determined that the U.S. will define the 21st century trajectory, and goes on to list (on page 8) what they think the U.S. is going to do. As an American defense analyst, I suggest it is not accurate, but the point is, the U.S. is hardly the only driver shaping 21st century systems.

A key issue, according to many, is the role of India and Brazil in shaping evolving military systems. Is Canada making efforts to work with these countries and to find niches for Canadian firms in these markets?

The Report does discuss what I call the “Arctic opening”. This is an opportunity that needs to be met for the strategic protection of Canada itself, not just to drive business opportunities. Having said that, the business opportunities will be a function of several key allied states working in the region, and staking a good industrial space for Canada to work with and sell capabilities in this domain are crucial.

The report cites a couple of vignettes which are suggestive as well. The first is about the CAE success story. The company has been successful, but not in any way connected to a *Canada First* defense investment policy. CAE has worked effectively with global companies to deliver a core service at good value and with integrated capabilities to work with advanced firms. To argue that the firm entered the market in 1952 because of an RCAF contract is to really miss the point. Its success has been driven quite differently.

The second example is a good case study on the C-17 (page 16). Here we learn that Boeing invested in a joint university project to “evaluate and improve visual analytical processes for interpreting complex data.” This is suggestive of a way ahead, but it is clearly designed by Boeing with the hope that this consortium will become a partner in future global endeavors. And that really is the point. Rather than the 1952 example of CAE, the current example of a global prime working with a Canadian team to drive a value proposition into the global market is probably more relevant as an example for the future.

The report does raise a core problem, which it never really addresses in trying to identify core capabilities, namely intellectual property. On page 12, in discussing In Service Support contracts, the authors highlight that Canadian firms on the high end of the scale can perform “very sophisticated, high-value work dependent on Intellectual Property (IP) owned by the prime contractor.”

This is the nub of the problem. A key trend for advanced defense systems – and that matter aerospace systems – is based on software development, and integration on an ongoing basis. In many respects, this now defines a Prime Contractor in these fields. How will Canada, across the board, deal with this 21st century reality?

One can build parts for major platform, but to be part of the evolution of 21st century systems, one needs to be included on the global team of modern systems.

Canada could remain at a basic defense level and partner with the growing third world markets, which would probably yield greater market share for Canadian firms, but with a suboptimal outcome for Canadian defense and security. **FL**

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