

# Canada Inside SAFE: What Access to Europe's €150B Defence Initiative Has Cost, and Who's Gained So Far

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## Overview

What does a European military and defence loan procurement program have to do with Canada? What does it mean for Canadians now that Canada has joined? This report will aim to analyse what access to Europe's €150B defence loans has cost, and who's gained so far across Canadian industries. On December 1, 2025, Prime Minister Mark Carney announced the conclusion of negotiations for Canada's participation in SAFE.<sup>1</sup> This opened the EU up to €150 billion to invest in defence contracts from Canadian firms. As per Mark Carney's statement, it "opens massive new opportunities for Canadian manufacturers to build and export Canadian-made technologies and capabilities."<sup>2</sup> However, nine months on, it is now time to analyse just how effective this agreement has been, and if it truly has opened massive new opportunities for Canadian manufacturers.

## The Agreement

Under the agreement between the European Union and Canada concerning participation under the SAFE Instrument,<sup>3</sup> Canadian firms are provided with preferential treatment and access to defence procurements financed by the SAFE initiative. In return, the Canadian government was required to provide financial contributions commensurate to a portion of the value Canadian firms receive from their contracts, received under the SAFE instrument.<sup>4</sup>

Key components of the agreement are as follows: Under the agreement, Canadian firms are allowed to make up 80% of the total value of any procurement made through SAFE, a significant step up from the 35% threshold third-party nations are subject to. The Canadian government was to provide a €10 million financial contribution, of which €7.5 million was to be treated as a down payment and credit towards Canada's future participation. Canada is to remit a participation fee equal to 15% of the total value of the Canadian content in any SAFE procurement where European content makes up 65% or less of the total contract. Under the agreement, Canadian firms are to be treated on the same

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<sup>1</sup> Prime Minister of Canada, "Prime Minister Carney Secures Canada's Participation in the European Union's SAFE Initiative," news release, December 1, 2025, <https://www.pm.gc.ca/en/news/news-releases/2025/12/01/prime-minister-carney-secures-canadas-participation-european-unions>.

<sup>2</sup> Prime Minister of Canada, "Prime Minister Carney Secures Canada's Participation."

<sup>3</sup> Global Affairs Canada, "Agreement between the European Union and Canada Concerning Participation under the SAFE Instrument," modified February 24, 2026, [https://www.international.gc.ca/world-monde/international\\_relations-relations\\_internationales/eu-ue/agreement-accord.aspx?lang=eng](https://www.international.gc.ca/world-monde/international_relations-relations_internationales/eu-ue/agreement-accord.aspx?lang=eng).

<sup>4</sup> Global Affairs Canada, "Agreement between the European Union and Canada."

footing as European firms, ensuring non-discriminatory access to opportunities.<sup>5</sup> In theory, if a Canadian firm completes a €100M contract with 50% Canadian content, coming in under the 65% European content rule, the Canadian government would owe 15% of €50M, equaling a €7.5 million bill, as the Canadian government is only subject to paying the fee on the 50% input that the Canadian firm provided.

Compared to the United Kingdom's non-integrated status, Canada's participation offers many potential gains.

|                                    | <b>Canada<br/>(Inside SAFE)</b>                                                                | <b>United Kingdom<br/>(Outside SAFE)</b>                                      |
|------------------------------------|------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|
| <b>The Entry Fee</b>               | €10M paid: €2.5M admin fee plus a €7.5M credit against future 15% fees                         | EU asked €4–6.75B, later cut to €2B; the UK refused both                      |
| <b>Foreign Component Cap</b>       | Canadian content can exceed 35%, up to 80% if EU/EEA/Ukraine content is at least 20%           | UK content is capped at 35% like any third country (the UK asked for 50%)     |
| <b>The 65% “Buy European” Rule</b> | Canadian content is its own category; the 15% fee applies when European content is 65% or less | UK content counts against the 35% third-country cap                           |
| <b>Bidding Rights</b>              | Full equal treatment as European firms                                                         | Restricted: mainly subcontracting unless through an EU-established subsidiary |
| <b>Financing Access</b>            | None for Canada; its firms can bid on contracts financed by EU member states' loans            | None                                                                          |

The United Kingdom's limited ability to operate within SAFE, and the EU's defence procurement initiative as laid out above, show the extent to which this Canadian agreement could benefit Canadian industry.<sup>6</sup>

## Who has gained so far?

Across Canadian industries and available data, over the past nine months, only one Canadian firm has been awarded a contract through SAFE. The Montreal-based Canadian firm Marconi Technologies is contracted to fulfil an order worth over C\$10 million, building ORION tactical radios for the Polish Cyber Command, to be fulfilled over 2026 to 2030.<sup>7</sup> This was announced by Prime Minister Mark Carney in a news release on 17 June 2026. However, three months since the announcement in June, the government has made no further announcements surrounding new contracts through SAFE. Much of the procurement details and decision-making are confidential and

<sup>5</sup> Global Affairs Canada, “Agreement between Canada and the European Union Laying Down the Conditions for the Participation of Canadian Legal Entities and Products Originating in Canada to Procurement under the SAFE Instrument,” modified February 12, 2026, [https://www.international.gc.ca/world-monde/international\\_relations-relations\\_internationales/eu-ue/text-texte.aspx?lang=eng](https://www.international.gc.ca/world-monde/international_relations-relations_internationales/eu-ue/text-texte.aspx?lang=eng).

<sup>6</sup> Liam Nohr, *SAFE Is Not So Safe: The Limits of UK-EU Defence Cooperation* (Ottawa: Eastern Europe and Transatlantic Network, Carleton University, 2026), <https://carleton.ca/eetn/wp-content/uploads/sites/44/2026/03/SAFE-is-not-so-Safe-The-Limits-of-UK%E2%80%93EU-Defence-Cooperation.pdf>.

<sup>7</sup> Prime Minister of Canada, “Prime Minister Carney Secures New Partnerships in Defence and Critical Minerals at the 2026 G7 Leaders’ Summit,” news release, June 17, 2026, <https://www.pm.gc.ca/en/news/news-releases/2026/06/17/prime-minister-carney-secures-new-partnerships-defence-and-critical>.

yet to be made public, thwarting any attempt to understand the cost, or the 15% levy the government will need to pay for this contract.

Under the SAFE initiative, eligible purchases are sorted into two categories.<sup>8</sup> **Category 1:** Ammunition and missile, artillery, small drones and counter-drone systems, critical infrastructure protection, cyber, military mobility. **Category 2:** Air and missile defence, larger drones, strategic enablers, space asset protection, AI and electronic warfare. Any future contracts awarded to Canadian firms through SAFE will need to fall within these two categories.

## How much does Canada have to gain?

To understand how much Canada has to gain, we first look at the existing demand for Canadian military and defence goods. The tables below show Canadian military exports by region and across Europe from 2024–2025, as well as the wider defence industry’s exports from 2022–2024, per Global Affairs Canada and the Canadian government’s *State of Canada’s Defence Industry Report: Spring 2026*.<sup>9</sup>

**Table 1. Canadian military exports to non-US destinations by region, 2024–2025 (C\$ millions)**

| Region                       | 2024           | 2025           | Change      |
|------------------------------|----------------|----------------|-------------|
| Europe                       | 789.4          | 1,217.7        | +54%        |
| Middle East                  | 1,434.2        | 526.8          | -63%        |
| Asia-Pacific                 | 249.0          | 228.3          | -8%         |
| Americas (excl. US)          | 24.5           | 39.8           | +62%        |
| Africa                       | 6.7            | 32.5           | +387%       |
| <b>Total (excl. US)</b>      | <b>2,503.8</b> | <b>2,045.1</b> | <b>-18%</b> |
| <b>Europe share of total</b> | <b>31.5%</b>   | <b>59.5%</b>   |             |

Source: Global Affairs Canada, *Annual Report on Strategic Goods and Technologies*, 2024 and 2025 editions, table 2.<sup>10</sup>

**Table 2. Canadian military exports to European destinations, 2024–2025 (C\$ millions)**

| Destination        | 2024         | 2025         | Change      |
|--------------------|--------------|--------------|-------------|
| <b>EU-27 total</b> | <b>478.9</b> | <b>898.5</b> | <b>+88%</b> |
| Germany            | 186.6        | 371.7        | +99%        |
| Poland             | 51.7         | 216.8        | +319%       |
| Netherlands        | 15.7         | 100.5        | +541%       |
| Spain              | 31.3         | 42.1         | +34%        |
| Sweden             | 39.0         | 37.9         | -3%         |
| Italy              | 34.2         | 36.7         | +7%         |

<sup>8</sup> Council of the European Union, “SAFE: Council Adopts €150 Billion Boost for Joint Procurement on European Security and Defence,” press release, May 27, 2025, <https://www.consilium.europa.eu/en/press/press-releases/2025/05/27/safe-council-adopts-150-billion-boost-for-joint-procurement-on-european-security-and-defence/>.

<sup>9</sup> Innovation, Science and Economic Development Canada, Statistics Canada, and Canadian Association of Defence and Security Industries, *State of Canada’s Defence Industry Report – Spring 2026* (Ottawa: Innovation, Science and Economic Development Canada, 2026), [https://ised-isde.canada.ca/site/ised/sites/default/files/documents/State\\_of\\_Defence\\_2026\\_eng.pdf](https://ised-isde.canada.ca/site/ised/sites/default/files/documents/State_of_Defence_2026_eng.pdf).

<sup>10</sup> Global Affairs Canada, *Annual Report on Strategic Goods and Technologies Pursuant to Section 27 of the Export and Import Permits Act – 2025* (Ottawa: Global Affairs Canada, 2026), table 2, <https://international.canada.ca/en/global-affairs/corporate/reports/export-import-controls/strategic-goods-2025>; Global Affairs Canada, *Annual Report on Strategic Goods and Technologies Pursuant to Section 27 of the Export and Import Permits Act – 2024* (Ottawa: Global Affairs Canada, 2025), table 2, <https://international.canada.ca/en/global-affairs/corporate/reports/export-import-controls/strategic-goods-2024>.

| Destination                            | 2024         | 2025         | Change |
|----------------------------------------|--------------|--------------|--------|
| Czechia                                | 24.0         | 29.1         | +21%   |
| France                                 | 29.8         | 28.0         | -6%    |
| Portugal                               | 1.0          | 8.0          | +680%  |
| Denmark                                | 9.4          | 6.3          | -33%   |
| Romania                                | 33.8         | 3.0          | -91%   |
| <b>Non-EU Europe</b>                   |              |              |        |
| Ukraine                                | 172.7        | 129.9        | -25%   |
| United Kingdom                         | 105.0        | 113.3        | +8%    |
| Türkiye                                | 107.9        | 60.8         | -44%   |
| Norway                                 | 14.6         | 12.3         | -16%   |
| <b>EU-27 share of total (excl. US)</b> | <b>19.1%</b> | <b>43.9%</b> |        |

Source: Global Affairs Canada, *Annual Report on Strategic Goods and Technologies*, 2024 and 2025 editions, table 6. We added up the member-state rows to get the EU-27 total, and Czechia is listed as “Czech Republic” in 2024.<sup>11</sup>

**Table 3. Canadian defence industry exports by destination, 2022–2024 (C\$ millions, includes the US)**

| Destination                              | 2022           | 2024           | Change      |
|------------------------------------------|----------------|----------------|-------------|
| United States                            | 4,431.7        | 5,006.0        | +13%        |
| Europe (excl. UK)                        | 750.3          | 1,334.4        | +78%        |
| Middle East and Africa                   | 864.6          | 691.1          | -20%        |
| Asia and Oceania (excl. AU & NZ)         | 436.8          | 385.7          | -12%        |
| United Kingdom                           | 341.5          | 321.5          | -6%         |
| Central/South America, Caribbean, Mexico | 163.1          | 167.0          | +2%         |
| Australia                                | 48.8           | 58.7           | +20%        |
| New Zealand                              | 2.4            | 27.6           | +1,055%     |
| <b>Total</b>                             | <b>7,039.1</b> | <b>7,992.1</b> | <b>+14%</b> |

Source: ISED, Statistics Canada and CADSI, *State of Canada's Defence Industry Report – Spring 2026*, annex 13, p. 26.<sup>12</sup>

These tables demonstrate the existing state of the European and Global demand for Canadian military and defence goods. The Canadian government has yet to post the 2026 export numbers; however, if we extrapolate on the already present data it would be reasonable to assume that the demand for Canadian military goods has increased due to recent political pressures from a shrinking American presence and reliability in the EU, and may be further spurred by the SAFE agreement. To put this into perspective, around €140 billion of SAFE funding is yet to be spent through 2030, while Canadian military exports to the EU-27 totalled C\$898.5 million in 2025. Even 1% of the remaining SAFE funds would be worth more than double Canada's 2025 military exports to the EU.

## What this report cannot show

While this report try's to give a clear image of Canada's role in SAFE so far, there are limits to what the available data can show. Neither the European Commission or the Canadian government has

<sup>11</sup> Global Affairs Canada, *Strategic Goods and Technologies – 2025*, table 6; Global Affairs Canada, *Strategic Goods and Technologies – 2024*, table 6. We added up the member-state rows to get the EU-27 total.

<sup>12</sup> Innovation, Science and Economic Development Canada, Statistics Canada, and Canadian Association of Defence and Security Industries, *State of Canada's Defence Industry*, 26, annex 13.

published a full list of contracts awarded under SAFE, so Canadian contracts may exist that are yet to be made public. The 15% participation fee is not calculated until March 2027, meaning we cannot yet say what Canada will pay beyond the initial €10 million. Furthermore, the export data in Tables 1 to 3 comes from before the first SAFE loans were paid out in May 2026, so it shows demand for Canadian exports rather than the effect of SAFE itself. The search of the EU's TED portal has its own short comings, as it only picks up notices that mention SAFE directly, and many contracts are never publicly advertised.

## Conclusion

By all accounts, the results of this research all point towards one conclusion. It is far too soon to form a conclusive view of the effectiveness of Canada's participation in the European Union's SAFE initiative, as neither governing body, Canadian nor European, has published sufficient data. Furthermore, of the 30 SAFE-linked contract awards published on the EU's TED portal as of September 2026, none lists a Canadian winner. Canada's one confirmed award, Marconi's Polish contract, was announced by the Prime Minister and does not appear in the EU's TED portal, which suggests most SAFE contracts are not publicly advertised.<sup>13</sup> The table below sets out this evidence:

**Table 4. SAFE-linked procurement notices published on TED, 27 May 2025 to 24 September 2026**

| Buying country | Calls for tender and prior notices | Contract award notices | Winners' countries listed      | Canadian winners |
|----------------|------------------------------------|------------------------|--------------------------------|------------------|
| Poland         | 6                                  | 14                     | Not listed                     | 0                |
| Romania        | 6                                  | 14                     | Romania, Ukraine, Italy        | 0                |
| Italy          | 8                                  | 0                      | n/a                            | 0                |
| Latvia         | 0                                  | 1                      | Not listed                     | 0                |
| Belgium        | 0                                  | 1                      | Not listed                     | 0                |
| <b>Total</b>   | <b>20</b>                          | <b>30</b>              | <b>12 of 30 list a country</b> | <b>0</b>         |

*Source: Our search of Tenders Electronic Daily (TED) for notices citing Regulation (EU) 2025/1106 or "Security Action for Europe," accessed September 24, 2026. The search returned 62 notices, and we excluded 12 that had nothing to do with defence, such as hospital, catering and consultancy services. Republished or corrected notices are counted separately. Polish, Latvian and Belgian award notices do not list the winner's country. Canada's one confirmed award, Marconi's contract with Poland, does not appear on TED, as many SAFE contracts are awarded without being publicly advertised.*

The table below provides a full summary of all findings from this report in relation to Canada in SAFE:

**Table 5. Canada in SAFE: what is known nine months on (as of September 2026)**

| Measure                           | Figure                                                                                                                | Status               |
|-----------------------------------|-----------------------------------------------------------------------------------------------------------------------|----------------------|
| Canada's cost paid                | €10 million (about C\$16.2 million), made up of a €2.5M administrative fee and a €7.5M credit toward future fees      | Known                |
| Further participation fees owed   | None billed yet. The first annual bill is due in March 2027                                                           | Not known until 2027 |
| Confirmed Canadian SAFE contracts | Marconi Technologies, supplying tactical radios to Poland worth over C\$10 million, with deliveries from 2026 to 2030 | One contract so far  |

<sup>13</sup> Our search of Publications Office of the European Union, *Tenders Electronic Daily (TED)*, for notices citing Regulation (EU) 2025/1106 or "Security Action for Europe," published May 27, 2025, to September 24, 2026, accessed September 24, 2026, <https://ted.europa.eu>.

| Measure                                | Figure                                                                                                          | Status               |
|----------------------------------------|-----------------------------------------------------------------------------------------------------------------|----------------------|
| SAFE contract awards published on TED  | 30 award notices, of which only 12 name the winner's country. None names Canada                                 | Record is incomplete |
| SAFE loans used                        | At least €8.2 billion in pre-financing, about 5% of the €150 billion                                            | Only 5% paid out     |
| SAFE money still to be spent           | About €140 billion through 2030, only in joint procurement. The second request round closes on 31 December 2026 | Still available      |
| Canadian military exports to the EU-27 | C\$898.5 million in 2025, up 88% from 2024, before any SAFE money was paid out                                  | Pre-SAFE baseline    |

Sources: Agreement between Canada and the European Union on participation under the SAFE Instrument, art. 6 and annex; Euronews (February 20, 2026); Prime Minister of Canada (June 17, 2026); TED search (Table 4); European Commission, DG DEFIS SAFE disbursement announcements (May–August 2026); European Parliament Legislative Train, “Security Action for Europe (SAFE)”; Global Affairs Canada (2025; 2026), table 6. Euro-to-Canadian dollar conversion at the Bank of Canada rate of 1.6188 on April 13, 2026.

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