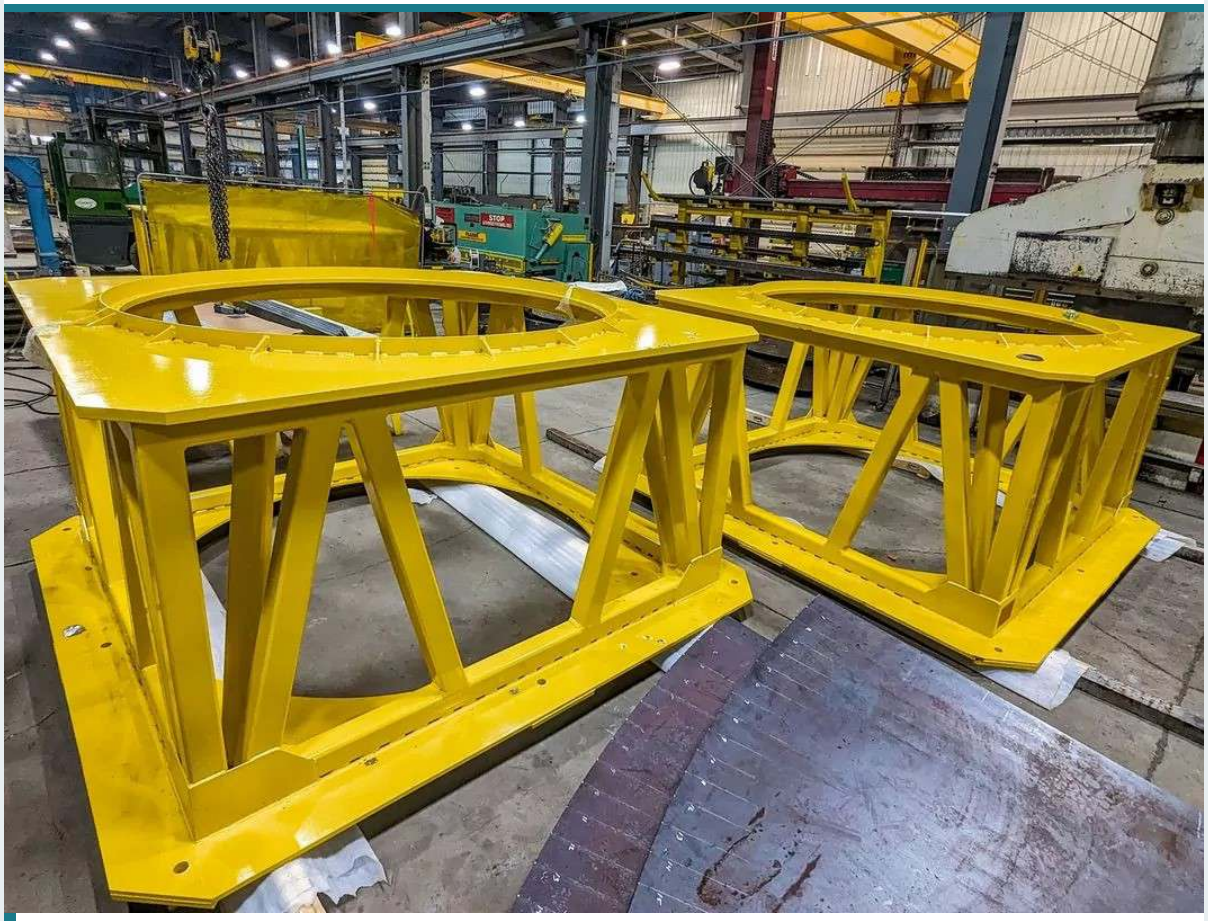
KUBES STEEL

VOLUME 1 · ISSUE 8 SUMMER 2026



CANADA'S DEFENCE INDUSTRIAL STRATEGY

The Biggest Industrial Opportunity in a Generation. Are You Positioned for It?

Canada’s new Defence Industrial Strategy commits $81.8 billion to rebuild the Canadian Armed Forces. Most of it must be spent in Canada.

Published in February 2026, Canada’s Defence Industrial Strategy is not a wish list — it is a funded, policy-backed commitment to rebuild Canada’s military and do it using Canadian industry. For manufacturers, fabricators, and industrial suppliers, the question

is not whether this creates opportunity. It does. The question is whether you understand the mechanism well enough to access it.

WHAT THE STRATEGY ACTUALLY SAYS

The strategy, released by the Ministers of National Defence, Industry, and Defence Procurement, establishes a new framework called **"Build – Partner – Buy."** The hierarchy is deliberate and significant:

BUILD Where Canada has domestic strength or sovereign capability, new procurements are directed to Canadian firms as a matter of policy. This is the default position, not the exception. Specialized manufacturing — including land vehicles, surface ships, and marine systems — is explicitly listed as a key sovereign capability area.

PARTNER Where Canada cannot build entirely domestically, it will partner with trusted allies — Europe, the UK, the Indo-Pacific — with conditions requiring joint work, technology sharing, and Canadian content. Partnerships must reinforce Canadian sovereignty, not replace it.

BUY Only when domestic or partnership options are not feasible will Canada buy off-the-shelf from foreign suppliers — and even then, under conditions that require reinvestment into the Canadian defence industrial base.

The strategy also explicitly identifies **steel and aluminum** as critical inputs to the defence supply chain, committing to help these sectors "pivot and retool to manufacture the grades and products required by Canada's defence sector." For a company like Kubes Steel — already producing defence-adjacent fabrications — this is a direct signal.

UNDERSTANDING ITB — THE MECHANISM THAT PUTS MONEY INTO CANADIAN COMPANIES

What is the ITB Policy?

The **Industrial and Technological Benefits (ITB) Policy** is the Canadian government's primary mechanism for ensuring that foreign defence contractors reinvest into the Canadian economy when they win large federal contracts. It applies to eligible defence and Coast Guard procurements over **$25 million** (recently updated from $20 million in the new strategy).

When a foreign prime contractor wins a Canadian defence contract, they are required to make ITB commitments equal to 100% of the contract value — meaning they must invest an equivalent dollar amount back into Canadian industry. These investments can take many forms: subcontracting to Canadian firms, technology transfer, R&D partnerships, skills development, and supply chain development.

Currently the ITB Policy contributes an estimated **$5 billion to Canadian GDP** and supports **over 40,000 jobs** annually. More than 700 Canadian organizations — including 400+ SMBs — are actively benefitting from ITB projects right now.

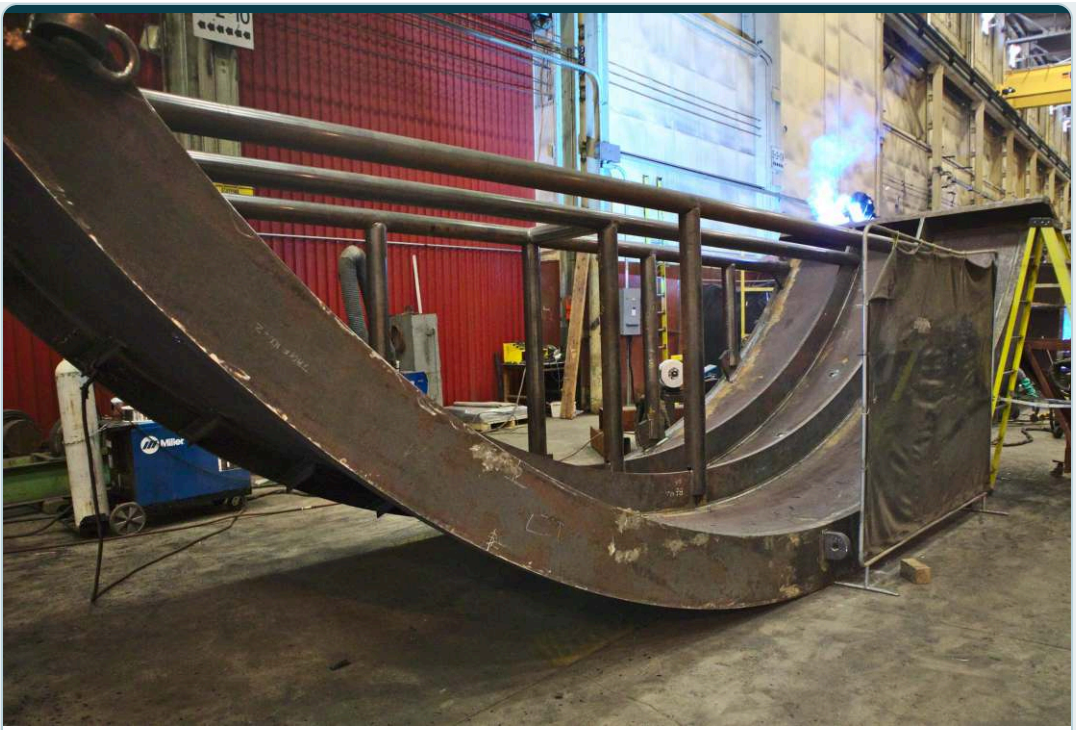
How Does ITB Actually Work for a Canadian Manufacturer?

ITB obligations flow from the prime contractor down into the supply chain. When a foreign prime (say, a major defence vehicle manufacturer) wins a contract to supply armoured vehicles to the Canadian Armed Forces, they are contractually required to place work with Canadian companies. This is where Canadian manufacturers — including steel fabricators — enter the picture.

The new strategy introduces several important reforms that make this mechanism more accessible and more valuable for Canadian SMBs:

- **Canadian Company Boost:** Prime contractors receive additional ITB credit for placing work with Canadian-controlled firms — creating a direct financial incentive to use Canadian subcontractors over foreign alternatives.
- **SMB Multiplier:** Work placed with small and medium-sized businesses earns enhanced multipliers — meaning primes have a stronger incentive to bring SMBs into the supply chain, not just large Tier 1 suppliers.
- **Strategic Investment Transaction:** A new credit category for investments that expand industrial output, strengthen sovereign capabilities, or transfer intellectual property to Canadian firms — rewarding long-term capacity building, not just one-time purchases.
- **Alignment with Sovereign Capabilities:** The existing Key Industrial Capabilities list has been replaced with 10 Sovereign Capabilities — including specialized manufacturing of land vehicles and surface ships — where domestic procurement is the default. Work in these areas earns the highest ITB credit.

THE WORK THE STRATEGY WILL CREATE — AND WHO WILL DO IT



DEFENCE & DUAL-USE INFRASTRUCTURE

Hydro Electric Infrastructure Components

Canada’s Defence Industrial Strategy identifies energy infrastructure as critical to both national security and economic sovereignty. Reliable domestic power generation is a defence prerequisite — particularly in Canada’s North and Arctic where the strategy calls for significant investment in dual-use infrastructure. The complex curved plate assemblies shown here represent exactly the kind of precision heavy fabrication that large infrastructure projects require and that very few Canadian shops can deliver.

HEAVY FABRICATION · CURVED PLATE · ENERGY · INFRASTRUCTURE



DEFENCE INFRASTRUCTURE

Steel Grillage for Power Transmission Foundations

The strategy commits $290 billion in defence-related infrastructure investment by 2035 — including power transmission, communications networks, and northern logistics infrastructure. Every transmission tower, substation foundation, and remote operations facility rests on structural steel. Grillage weldments like these are the unglamorous but essential foundation of the infrastructure Canada is committing to build. Canadian fabricators who can deliver to specification, on schedule, at volume are exactly what prime infrastructure contractors need to meet their ITB obligations.

STRUCTURAL FABRICATION · GRILLAGE · POWER TRANSMISSION · INFRASTRUCTURE



TRANSPORTATION & LOGISTICS

Rail Car Components for Defence Logistics

Rail logistics are fundamental to moving defence equipment and materiel across a country as large as Canada. The strategy's focus on domestic supply chain resilience and northern logistics creates demand for rail infrastructure and rolling stock components. Precision-formed components like these — produced in volume to consistent tolerances — are the kind of high-value fabrication work that defence-oriented prime contractors need from their Canadian supply chain. They are also exactly the type of work that generates ITB credit for the prime under the new Canadian Company Boost provisions.

PRECISION FORMING · ROLLING & FABRICATION · RAIL · TRANSPORTATION

WHAT THIS MEANS FOR YOUR BUSINESS

Whether you are a prime contractor, a Tier 1 or Tier 2 subcontractor, an engineer, or an industrial procurement manager, Canada's Defence Industrial Strategy creates a new set of pressures and opportunities that will shape the next decade of Canadian manufacturing:

IF YOU ARE A PRIME OR TIER 1

IF YOU ARE A CANADIAN SMB

Your ITB obligations on contracts over $25M are contractually binding. The new Canadian Company Boost means your obligation score improves when you use Canadian-controlled suppliers. Building relationships with qualified Canadian fabricators now — before contracts are awarded — is the smart move.

The SMB multiplier and the new Small Mid Cap category mean there has never been a better policy environment for Canadian SMBs to win defence supply chain work. The key is being known, qualified, and ready when primes come looking for domestic partners to satisfy their ITB commitments.

IF YOU ARE AN ENGINEER OR DESIGNER

Specifying Canadian-manufactured components isn't just a procurement preference anymore — it is aligned with national policy. Understanding which Canadian fabricators have the certifications, capacity, and capability to deliver to defence-grade standards is increasingly important design knowledge.

IF YOU ARE A PROCUREMENT MANAGER

The pressure to demonstrate Canadian content in your supply chain is only going to increase. Developing relationships with qualified Canadian fabricators, and documenting Canadian content value, is becoming a procurement management priority — not an afterthought.

WHERE KUBES STEEL FITS

A Canadian-Owned, ISO-Certified, Defence-Adjacent Fabricator. Already Doing This Work.

Kubes Steel is not positioning itself as a defence company. We are a precision heavy steel fabricator with 50 years of experience producing the exact types of components that defence and defence-adjacent projects require — structural assemblies, custom rolling, heavy plate fabrication, machined components, and complex weldments. The turret testing fixtures, hydro infrastructure components, grillage weldments, and rail car components shown in this newsletter were all produced in our Stoney Creek facility.

- ✓ ISO 9001 certified quality management system
- ✓ CSA N299.3 nuclear quality certification
- ✓ CWB certified welding operations
- ✓ AISC compliant fabrication
- ✓ 65,000+ sq ft, two-shift operation, 50-ton crane capacity
- ✓ Canadian-owned and operated since 1975

If you are a prime or Tier 1 contractor looking to satisfy ITB obligations through Canadian manufacturing partnerships, or an industrial buyer looking to increase Canadian content in your supply chain, we want to have that conversation.

FURTHER READING

Read Canada's Defence Industrial Strategy in Full

The full strategy document is publicly available and worth reading if you are involved in defence procurement, industrial supply chains, or Canadian manufacturing. It is specific, funded, and policy-binding in a way that previous defence industrial commitments were not.

READ THE STRATEGY →

Let's Talk About Your Supply Chain.

Whether you're building a defence supply chain or looking for a Canadian fabrication partner for your next project, we'd like to hear from you.

GET IN TOUCH →

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