BUDGET: More intelligence funding and European defence commitments

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Ottawa is expanding CSIS funding while committing billions to European defence operations and new military technology.

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Paid

Source: Canadian Armed Forces Imagery Gallery (Eric Chaput, Combat Camera)

Canada's 2026 budget proposes billions of dollars for intelligence operations and military capabilities while deepening defence ties with Europe.

The spending plan also outlines expanded biometric screening and information sharing at home. Some commitments use existing funding, while others leave Canada's eventual costs or the scope of new capabilities unspecified.

Here are some of the key measures:

CSIS gets $6 billion

The Canadian Security Intelligence Service would receive $6 billion over 10 years, starting in 2027-28, followed by $579.5 million in ongoing annual funding.

The government says the money would expand the agency's capabilities and presence, including engagement with Canadians in their communities. It would also strengthen international security relationships and reduce dependence on foreign partners.

The budget does not specify the surveillance technologies or collection methods the expansion would support.

Closer defence ties with Europe

The budget highlights Canada's participation in Security Action for Europe, an EU defence procurement initiative backed by a 150-billion (CAD $236-billion) loan facility.

It outlines the new Canada-EU "Alliance for the Future," which includes closer cooperation on collective defence, and plans to discuss Canadian associate membership in the European Union.

The scope of that membership remains under discussion. The 150-billion figure represents the European loan facility, rather than a Canadian spending commitment.

New international defence bank

Canada is working with partners, including Türkiye and Ukraine, to establish the Defence, Security and Resilience Bank.

The institution would finance defence production and government procurement, with headquarters in Canada and a European hub in Luxembourg, using both public and private capital.

The budget's description does not specify Canada's total capital contribution or potential financial exposure.

Money for access to Ukraine procurement

Ottawa proposes up to $61.9 million over four years, starting in 2027-28, and another $109.2 million in future years to support Canadian participation in procurement opportunities under the EU's Ukraine Support Loan.

The government says participation could allow Canadian companies to compete for approximately 60 billion (CAD $94.4 billion) in Ukrainian defence purchases.

That figure represents potential procurement opportunities with no details on how much Canadian companies would receive.

Latvia mission extended

Canada is extending Operation REASSURANCE until 2031, maintaining up to 2,600 personnel on a persistent deployment.

The budget allocates $7.6 billion over five years to extend and expand the operation, which supports NATO's presence in Europe.

The money would come from existing Defence resources, making the mission's impact on other military priorities a question for the government.

Accounting for NATO targets

The budget projects more than $700 billion in defence- and security-related cash spending over five years, starting in 2026-27.

The total includes spending beyond the armed forces. Infrastructure and public safety measures qualify under NATO's security category, which is funded by eligible provincial and territorial expenditures.

Canada has committed to spending 5% of GDP by 2035, divided between core defence and broader security investments. The five-year total does not represent $700 billion in new military funding.

Drones and airborne surveillance

The Defence Drone Initiative would receive $2.3 billion over five years, starting in 2027-28, with some funding drawn from existing resources.

The budget also describes negotiations to acquire six Saab GlobalEye airborne early warning and control aircraft, alongside Arctic radar procurement.

The projects are presented as military capabilities, and there's no mention of any potential use to monitor lawful civilian activity.

Expanded biometric screening

Outside military spending, the budget provides $90 million to expand immigration biometric screening.

Visa-exempt travellers applying for electronic travel authorization would be required to submit a facial image remotely. That requirement applies to foreign travellers, rather than Canadian citizens generally.

A separate $4.3-million Traveller Biometrics Strategy would explore digital credentials across travel services. The government says that work would include privacy protections and individual choice.

More information sharing at home

Proposed anti-fraud measures would allow the Canadian Radio-television and Telecommunications Commission to proactively disclose information to law enforcement.

Other changes would expand FINTRAC's access to supervisory information and allow more authorities to access non-public beneficial ownership records.

The proposals raise questions about the information agencies could exchange and the safeguards governing its use. The budget does not provide all the operational details.

Saudi technology partnership

The budget identifies an artificial intelligence agreement with Saudi Arabia, alongside partnerships with European and Asian countries.

It points to tax treaty negotiations with Saudi Arabia and Qatar. These measures concern technology and investment without announcing any new military alliance or intelligence-sharing agreements.

Türkiye's participation in the proposed defence bank provides a more direct connection.