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From *AI for All* to *AI in Action*: Implementing Canada's National AI Strategy for Shared Prosperity

ICTC's Recommendations for the Impactful Implementation of Canada's National Artificial Intelligence Strategy: *AI for All*

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Information and Communications Technology Council

Conseil des technologies de l'information et des communications

Preface:

The Information and Communications Technology Council (ICTC) is a neutral, not-for-profit national centre of expertise with the mission of strengthening Canada's digital advantage in the global economy. For over 30 years, ICTC has delivered forward-looking research, practical policy advice, and capacity-building solutions for individuals and businesses. The organization's goal is to ensure that technology is utilized to drive economic growth and innovation and that Canada's workforce remains competitive on a global scale.

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To cite:

Information and Communications Technology Council (ICTC). From AI for All to AI in Action: Implementing Canada's National AI Strategy for Shared Prosperity. June 2026. Ottawa, Canada.

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Introduction

AI for All, Canada's National Artificial Intelligence Strategy, marks a pivotal evolution in the country's approach to artificial intelligence (AI). Building on the Pan-Canadian AI Strategy of 2017, it moves beyond research excellence to focus on the priorities that will determine whether Canada can translate AI leadership into broad-based economic and social impact: adoption, productivity growth, commercialization, digital sovereignty, workforce development and education, trust and governance. **This is the right shift.**

Canada's central AI challenge is now one of implementation—turning world-class research capacity into tangible, measurable benefits for businesses, workers, communities, public institutions, and the broader economy.

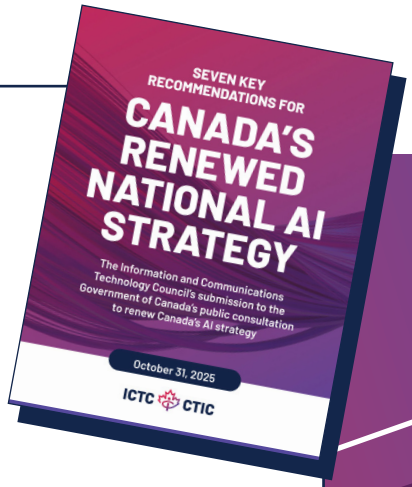
Regulatory certainty can support investment, innovation, and public trust. Coordinated infrastructure planning can strengthen Canada's sovereign AI foundations, including compute, data centres, fibre networks, electricity, cloud, semiconductors, cybersecurity, and workforce capacity. Targeted skills and adoption support can help workers and SMEs move from awareness to practical use, while productivity metrics can help governments and ecosystem partners track whether AI is delivering real economic gains. At the same time, Canada can build on the strategy's emphasis on trusted partnerships and global alliances by defining a practical role as an AI diplomat: a trusted, bilingual, democratic partner that supports responsible AI adoption, governance, standards, and capacity-building at home and abroad.

Realizing this opportunity will require coordinated action across the full AI ecosystem, both in Canada and internationally. The following sections outline implementation priorities to help position Canada for a sustained AI advantage: the physical and digital infrastructure needed for sovereign AI capacity; the governance clarity needed to support trust and investment; the workforce and training pathways needed to ensure Canadians benefit from an AI-enabled economy; the commercialization and value-retention strategies needed to grow Canadian firms; and the international partnerships that can help Canada shape, rather than respond to, the global AI economy.

Read ICTC's original submission

Seven Key Recommendations for Canada's Renewed National AI Strategy

In November 2025, ICTC submitted a series of seven recommendations to the Government of Canada's public consultation for the renewed AI strategy. ICTC is pleased to see many of these recommendations reflected in the new *AI for All* strategy.



Recommendations Summary: Implementing Canada's AI Strategy

The nine recommendations that follow are intended to build on the strong direction set by *AI for All* and help translate its pillars into practical implementation priorities. They focus on creating the enabling conditions Canada will need to move from strategic intent to measurable, collective outcomes:

1. **Build Canada's strategic AI infrastructure capacity.** Attract and coordinate investments in compute, data centres, cloud infrastructure, telecommunications networks, energy systems, semiconductors, cybersecurity, and talent development to ensure Canadian businesses, researchers, governments, and communities have reliable access to the infrastructure needed to develop, adopt, and scale AI technologies, while maintaining meaningful Canadian ownership, governance, and access to critical AI capabilities.

2. **Advance predictable, risk-based AI governance.** Develop a coordinated governance roadmap that includes risk categorization, transparency, regulatory sandboxes, interprovincial harmonization, international interoperability, and appropriate treatment of non-personal data.

3. **Strengthen democratic resilience and public trust.** Support transparency, counter-disinformation mechanisms, rapid-response capacity, civic resilience initiatives, and responsible AI standards that protect democratic institutions while enabling innovation.

4. **Launch a national AI talent and adoption implementation plan.** Expand AI literacy, sector-specific training, micro-credentials, work-integrated learning, mid-career upskilling, and inclusive pathways for underrepresented groups.

5 **Accelerate SME AI adoption and implementation.** Provide adoption diagnostics, practical toolkits, sector-specific roadmaps, employer-led training incentives, trusted advisory services, implementation grants, peer-learning networks, and technical assistance to help firms, particularly those with lower digital maturity, move from experimentation to deployment and measurable productivity gains.

6 **Create a national AI measurement framework.** Establish a National AI Productivity Dashboard to track adoption rates, productivity impacts, workforce outcomes, SME readiness, sector-level progress, infrastructure capacity, and inclusion measures.

7 **Use procurement and missions to support commercialization.** Leverage public procurement, AI missions, and anchor-customer approaches to help Canadian firms scale, retain IP, and commercialize AI-enabled products and services.

8 **Embed inclusion in implementation.** Ensure that AI adoption, skills, entrepreneurship, and infrastructure initiatives address barriers faced by women, Indigenous Peoples, racialized communities, persons with disabilities, newcomers, rural and remote communities, and other equity-deserving groups.

9 **Position Canada as an AI diplomat.** Build on Canada's trusted international role to support responsible AI adoption, governance, capacity-building, open-source AI, and standards cooperation with peer and emerging economies.

Infrastructure, Energy, and Sovereignty

AI for All recognizes that sovereign AI capability depends on the physical and digital infrastructure that allows Canadians to build, access, and govern AI on Canadian terms. **The next phase is to treat sovereignty as an implementation challenge across the full AI infrastructure stack: compute, data centres, cloud, fibre networks, semiconductors, electricity, cybersecurity, workforce, and governance.**

Countries that control their AI infrastructure will have an outsized influence on how AI develops and who benefits from it. At its core, AI depends on three interconnected foundations: the compute power provided by data centres and cloud facilities to train and operate AI models; a robust national telecommunications and fibre network to move data at scale; and reliable, high-capacity electricity generation to power it all.

Building out Canada's sovereign AI infrastructure creates tangible local benefits—jobs, regional economic growth, and opportunities for all Canadians, including Indigenous communities, to participate meaningfully in the AI economy, while ensuring Canadian researchers and AI innovators have reliable domestic compute capacity.

Although Canada's Sovereign AI Compute Strategy aims to strengthen access to domestically located, sovereign AI compute infrastructure[1] gaps remain in hardware and cloud infrastructure, presenting an opportunity to enhance domestic control in sensitive sectors while maintaining strategic international partnerships. For example, secure access to global semiconductor supply chains is essential to support data centre operators and telecommunications companies in AI development and the operation of data, cloud, and telecommunications infrastructure. AI sovereignty indeed is about more than compute alone. It is also about trusted data governance, resilient cloud options, secure connectivity, and the ability to make independent decisions about critical digital infrastructure.

Implementation Opportunities: AI Infrastructure

To bolster AI technology development and adoption in Canada and secure national AI sovereignty, policymakers could address Canadian AI physical infrastructure needs. For instance:

- **AI data centres:** To complement the $2 billion in public investments the federal government has earmarked for expanding Canada's sovereign compute capacity, Canada could leverage private sector investment in commercial data centres to build further cloud and AI data centre capacity across the country. In *AI for All* the federal government projects that 5.5 gigawatts of AI data centre capacity will be required for domestic commercial applications in the country by 2030.[2] To meet this immense demand, Canada could position itself as a jurisdiction of choice for international data centre investment—including enterprise cloud and AI hyperscale data centre facilities. However, Canada should ensure that a meaningful amount of critical compute infrastructure remains under Canadian ownership and that foreign data centre operators investing in Canada guarantee domestic access provisions. Increasing the number of commercial data centres located throughout the country enhances Canada's digital resilience and sovereign AI compute capacity.

Balancing growing AI data centre demand with Canada's environmental goals also requires addressing energy, water, land, and community perspectives—including workforce needs—for sustainable deployment.[3] The federal government could coordinate with provincial and municipal levels of government to ensure Canada can be home to critical AI infrastructure while meeting the needs of the provinces and local communities that host it.

- **Domestic fibre and telecommunications network capacity:** Canada's telecommunications network, anchored by a mature fibre backbone in major urban regions, including Toronto, Montreal, Vancouver, and the Calgary-Edmonton urban corridor, is now a critical strategic asset for AI development. However, current infrastructure—largely designed for 100G capacity—may not support future AI workloads requiring 400G to 800G terabyte-scale speeds,[4] creating a data transfer bottleneck.

  Canada must expand fibre capacity, improve network resilience, and enable scalable, low-latency connections between data centres and users. Achieving nationwide connectivity by 2030—especially in rural, remote, and Indigenous communities—remains essential to ensure businesses and citizens can fully and equitably access and benefit from AI applications and services.[5]

- **Power generation and expanded grid capacity:** AI data centres demand significant electricity for computing, networking, and cooling. Canada's low-cost clean energy sources—especially hydro in Québec and British Columbia and flexible in Alberta—make it an attractive option for development.[6]

  Currently, rising data centre energy demand is straining provincial grids, causing restrictions and trade-offs with residential and industrial users.[7] To stay competitive and grow AI compute capacity, Canada must accelerate regional grid expansion to provide sufficient, reliable, and sustainable power. This requires coordination between the provincial and federal governments, and utility operators. While still in its early stages, the National Electricity Strategy aims to double the country's electricity supply by 2050,[8] and its implementation should explicitly align with Canada's digital infrastructure ambitions.

- **Research compute infrastructure:** In addition to commercial data centres, Canada could develop data centres earmarked specifically for basic and applied research activities. This could include brokering industry-academic partnerships for AI compute access, as well creating subsidized compute access for Canadian entrepreneurs and start-ups[9] in critical sectors like healthcare, energy, and agriculture. Given that advanced computing capacity remains scarce and costly, continued support for the federal AI Sovereign Compute Infrastructure Program is essential to strengthen domestic research capabilities.[10] Such initiatives will complement the federal government's commitment in the *AI for All* strategy for the development of a "world-leading super-computer" to enhance Canadian scientists' and innovators' access to high-performance computing.[11]

- **Semiconductor supply chains:** AI compute requires specialized, high-performance chips to train AI models and perform inference tasks. While Canada has strengths in AI chip R&D and design,[12] Canada is vulnerable to global supply disruptions and export controls. To mitigate this, Canada could align its industrial, national security, and foreign policies to build resilient semiconductor supply chains, including diversifying with trusted partners and securing supply agreements. Canada can also leverage its expertise in areas such as photonics, compound semiconductors, and advanced packaging, along with its access to critical minerals to strengthen domestic capabilities in specialized semiconductor hardware for AI, telecommunications, and high-performance computing.[13]

Regulatory Clarity, Governance and Trust

Regulatory clarity is essential to translating *AI for All*'s trust agenda into broad-based adoption. **The next phase is to develop a clear, predictable, and risk-based governance roadmap that gives businesses, investors, researchers, workers, and consumers the confidence that AI will be developed and deployed safely and responsibly.**

Regulatory clarity is essential to AI innovation, enabling businesses, investors, and researchers to make confident decisions. Conversely, regulatory ambiguity creates hesitation, drives investment elsewhere, and leaves consumers and workers without the protections they deserve. Beyond economic impacts, poorly governed AI poses risks to democratic institutions through disinformation, deepfakes, and manipulation of public discourse. Without clear frameworks, these threats could erode public trust in both technology and governance, especially amid broader economic uncertainty.

Regulatory Clarity and Governance for AI Technology

***AI for All* recognizes that responsible AI regulation and governance must support both public trust and economic opportunity. Canada's governance approach should be practical for firms, public institutions, researchers, and regulators by clarifying obligations and reducing uncertainty.**

Well-designed regulations provide businesses, investors, and researchers with the confidence to invest, develop, and deploy AI technologies without fear of policy volatility or compliance uncertainty. Aligning domestic regulations with like-minded jurisdictions—particularly North America, Europe, and the Asia-Pacific—can also reduce uncertainty, facilitate international trade, and enhance Canada's attractiveness as a destination for AI investment.

By combining the EU's emphasis on transparency, accountability, and trust with strong innovation and investment linkages to the US, Canada could position itself as a strategic bridge between these two governance models. At the same time, Canada could play a proactive role in shaping global AI governance. As AI technologies evolve rapidly, regulatory approaches must remain flexible and forward-looking to ensure responsible development and deployment. Active participation in international standard-setting bodies, adoption of global best practices, and the development of domestic standards grounded in Canadian values could help reinforce Canada's credibility. This approach has the potential to not only support domestic innovation, but also enable Canada to influence emerging global norms, strengthening both its economic competitiveness and its role as a trusted leader in responsible AI governance.[14]

Implementation Opportunities: Regulatory Clarity and Governance

Key elements of clear, consistent, and timely AI regulation in Canada include:

- **Risk categorization:** Canada could adopt a risk-based AI regulatory framework, partly inspired by the EU AI Act. AI systems could be categorized by potential impact and risk of harm, with regulatory obligations proportionate to an AI system's risk profile.[15]

Proactive disclosure and right to be informed: Promote accountability through standardized reporting requiring AI system operators to disclose their use of AI systems when processing sensitive or personal information, including functionality, risk, and risk mitigation measures. Proactive disclosure could include periodic audits and regulatory spot-checks by accredited auditing firms or other oversight institutions or committees. Individual users could have a right to be informed whenever they interact with an AI system and how their data will be stored and used.[16]

- **Regulatory sandboxes:** Support arrangements where regulators provide temporary relief from certain rules and regulations, within predefined parameters, to allow companies to test new AI products and solutions. In addition to encouraging innovation, regulatory sandboxes provide regulators with early access to information to create data-informed regulations that respond to rapidly evolving technological developments.[17]
- **Interprovincial harmonization:** The federal and provincial governments could consider co-developing common language and regulatory templates pertaining to AI systems regulations and make efforts to ensure market access across provincial jurisdictions.[18]
- **Strategic, sovereign interoperability with key trade partners:** Canada could seek to develop interoperable AI regulations with key trade partners, such as the US, UK, and EU, while also developing sovereign AI capabilities and infrastructure. Through such an approach, Canada can act as a "transatlantic bridge" intermediary between EU and US AI regulatory regimes.[19]
- **Non-personal data provisions:** Non-personal data, though typically unregulated and weakly protected, is highly valuable for AI training. Canada could recognize this by incorporating provisions on non-personal data use and cross-border flows into its trade agreements, following emerging frameworks such as the EU Data Governance Act, Data Act, and EU Health Data Space.[20]

Trust, Democratic Integrity, and Civic Resilience

***AI for All* connects AI safety and trust to the health of Canada's democratic institutions. Operationalizing democratic resilience through practical measures that protect public confidence while preserving an open information environment can help preserve these values.**

AI technology poses risks to Canada's democratic institutions. AI-generated disinformation and media manipulation, including deepfakes and social media bots, degrade the information environment vital to democracy, eroding public trust, weakening civil discourse, and reducing societal resilience; the risks are especially great amid the economic uncertainty linked to AI adoption. A recent policy paper identifies four key areas where AI intersects with democratic institutions:

1. Political campaigns and elections;
2. Citizen input and civic deliberation;
3. Government institutions and public services;
4. Social and economic cohesion.[21]

Implementation Opportunities: Reinforcing Democratic Resilience

These democratic elements, vital yet vulnerable to AI-driven pressures, require thoughtful policy protection. Establishing clear, transparent, and predictable AI regulations is essential not only to foster innovation and investment but also to safeguard democratic resilience and public trust. Canada could take steps to:

- **Protect democratic elements through policy measures:** These measures could include developing federal rapid response teams to counter disinformation, support for information transparency initiatives, and a standing government committee on digital technology and democratic institutions to assess threats and guide policy.
- **Leverage a robust domestic civil society ecosystem:** This ecosystem could include non-profits, think tanks, sector councils, and tech incubators—to protect democratic integrity, promote economic participation in AI advances, and strengthen societal resilience.

AI Literacy, Skills Development, and Workforce Transition

AI for All identifies AI literacy and workforce development as essential to Canada's adoption agenda. **The next phase is to ensure that AI training reaches the workers, firms, sectors, and communities most likely to experience disruption or be left out of early adoption.**

The evolving role of AI in the workplace presents an opportunity to enhance capabilities and support workers in moving into higher value-added roles. However, it also risks widening inequities,[22] particularly between those who can access and benefit from AI technologies and those who cannot. Addressing this gap requires an inclusive approach, as emphasized in Canada's *AI for All* vision,[23] alongside targeted policies such as digital skills training and safeguards against algorithmic bias.[24] Without intentional intervention, AI could exacerbate existing inequities and bolster digital divides.

Ensuring that all Canadians are involved in and benefit from AI development—including those most at risk of AI-induced harms and displacement—is crucial for minimizing disparities and advancing shared prosperity. Effectively preparing Canada's workforce will depend on strong collaboration between governments, industry, training and education providers to build agile systems that support continuous learning and adaptability. By fostering broad participation and equitable access to AI-driven opportunities, Canada can reduce digital divides, strengthen productivity, and ensure shared economic benefits in the digital economy.

The AI Transition

***AI for All* frames AI as an opportunity to improve work, increase productivity, and access new higher-value roles. Building transition supports can help workers and employers navigate task-level change before displacement pressures intensify.**

In both the ICT sector and broader economy, demand is rising for workers with technical expertise, AI literacy, and strong interpersonal capabilities.[25] However, fewer than one in four Canadians have received AI training,[26] with significant gaps persisting—particularly among workers with lower digital proficiency. While progress is being made, Canada lags international peers and many workers still require support to build foundational and advanced digital skills needed to benefit from broad-based AI adoption.[27]

AI is expected to significantly reshape around 60% of occupations in Canada, with roughly half expected to see their jobs complemented by new technologies rather than displaced.[28] Access to AI-related education remains uneven, with 36% of those with tertiary education receiving AI training, compared to 18% among those with upper secondary education.[29]

Preliminary indicators show that employment growth has been strongest among individuals with a bachelor's degree or higher,[30] suggesting that those with higher educational attainment are experiencing greater complementary gains from AI adoption. Despite 77% of workers being permitted to use AI tools, only 37% have received formal training.[31] Targeted and inclusive upskilling will hence be critical to maximizing AI's benefits and meeting evolving labour market needs.

Implementation Opportunities: Transitioning the Canadian Workforce

Addressing these gaps requires expanding accessible, sector-specific training to ensure workers develop relevant, practical skills.[32] To meet these challenges, Canada could work towards the development of a skills framework for the digital economy. The framework would provide support for a national AI and adjacent skills framework to facilitate skills mapping and transition. By adopting a balanced mix of supply- and demand-side policies, the framework would broaden AI education, provide targeted training, and develop digital talent. For instance:

- **Drive AI adoption and awareness:** By launching a national campaign that highlights AI's benefits, the federal government could outline clear implementation pathways and offer advisory support to businesses.
- **Enhance transparency and data-driven intelligence:** By leveraging the TechStat program to provide open access to timely data on AI adoption and impacts, with industry input on priority areas, supporting evidence-based policy and innovation.
- **Expand AI education and training:** By supporting modular learning opportunities, including micro-credentials, that are directly linked to contemporary labour force needs and developed by learning providers in partnership with industry.
- **Develop a skills-first framework:** Focusing on AI skillsets to map competencies, support workforce transitions, and align training with in-demand skills across Canada's digital economy.
- **Advance sector-specific upskilling:** By developing targeted training programs with industry partners that address AI's unique impact in different fields and at all skill levels.

Preparing the Next Generation of Canadians

***AI for All* places students, educators, and early-career workers at the centre of Canada's long-term AI readiness. Connecting K-12 AI literacy, postsecondary learning, work-integrated learning, applied research, and early-career pathways into AI-enabled roles can ensure a coherent talent pipeline across the Canadian economy.**

Canada's AI industry is projected to grow at 33.9% annually through 2028.[33] With the *AI for All* strategy aiming to create 250,000 new AI-relevant jobs across the economy by 2031,[34] building the pipeline of workers requires early intervention to meet this projected growth.

Building an inclusive AI talent pipeline also means rethinking where literacy development begins. Research shows that successful K-12 digital skills development relies on technology access, educator training, and equity, with recent efforts to equip educators with curriculum-aligned digital literacy and AI resources underscoring that classroom readiness is essential to long-term workforce preparedness.[35]

Implementation Opportunities: Developing Early Career Talent

To foster early-career AI talent, Canada could:

- **Develop a future-ready workforce:** A clear, visionary AI Talent Strategy could help Canadians of all ages and educational backgrounds—from K-12 students to early and mid-career workers to business leaders—learn how to use and work with AI. The strategy should be agile, flexible, and industry-engaged, and informed by real-time labour market data to prepare Canadians for the jobs and skills of tomorrow.
- **Integration of AI concepts:** Integrate AI concepts into K-12 education, encompassing essential topics such as digital citizenship, career education, and responsible technology use.
- **Build bridges between academia and industry through work-integrated learning:** Increase this integrated type of learning by funding more AI-focused internships, co-op placements, and applied projects that build real-world skills across all sectors and firm sizes.

Targeted Focus on Talent for Underserved Groups

***AI for All* recognizes that Canada's AI future must be inclusive, multilingual, accessible, and grounded in the participation of diverse communities. Embedding inclusion into implementation, rather than treating it as a parallel objective, is important in reflecting these principles.**

Canada's diverse workforce is a key strength that must be nurtured through inclusive AI talent development, which has proven effective in driving innovation, improving organizational performance, and enabling broader participation in the digital economy.[36] International examples have also demonstrated the value of structured pathways, mentorship, and accountability mechanisms for underserved groups that link skills development to measurable outcomes.

Gender gaps remain significant: Women are less likely to use AI tools and report lower confidence, despite disproportionately holding roles most exposed to AI-driven change. Currently, women are 22% less likely than men to use generative AI tools in the workplace, and only 36% of women in Canada report feeling confident doing so, compared to 52% of men.[37] Without targeted reskilling and transitional support, AI risks amplifying existing labour market inequalities.

Barriers are also pronounced for Indigenous Peoples and other equity-deserving groups, including racialized communities and persons with disabilities. Indigenous workers are systemically underrepresented in technology roles and often lack reliable broadband access, limiting their overall participation in the digital economy; ICTC research found that 80% of Indigenous communities lack reliable broadband connectivity.[38] For equity-deserving groups broadly, generic upskilling frameworks have consistently proven insufficient to overcome the multiple barriers that impede their full participation in the digital economy.

Implementation Opportunities: Promoting Inclusive and Accessible AI

To be effective, talent strategies must be inclusive-by-design, combining targeted investments, community-informed program design, wraparound supports, and improved access to enabling infrastructure. International examples have demonstrated the value of structured pathways, mentorship, and accountability mechanisms that link skills development to measurable outcomes.[39] For instance:

- **Targeted inclusive-by-design training:** Invest in targeted AI literacy and skills development for underrepresented groups to close the AI adoption gap and strengthen Canada's productivity capacity. Skills training should be developed in consultation with community members and incorporate accessibility needs.
- **Stakeholder participation:** Develop the National AI Talent Strategy in consultation with diverse stakeholder groups, training institutions, and workforce development practitioners who have expertise serving the full spectrum of Canadian society.
- **Indigenous-led training:** Embed support for Indigenous-led training institutions and models by integrating culturally grounded perspectives into curriculum design and advancing Indigenous community-driven programs that include comprehensive support services.
- **Barrier reduction:** Address systemic and infrastructural barriers to equitable AI education and training, including universal broadband access to ensure everyone has access to AI training and education.

By ensuring inclusive and accessible participation in AI education and employment, Canada could strengthen innovation, reduce inequalities, and unlock broader economic potential.

Boosting Domestic AI Competitiveness and Productivity

AI for All identifies productivity, adoption, and commercialization as central to Canada's AI opportunity. **The next phase is to make these objectives measurable and actionable across sectors, firm sizes, and regions.**

Canada's challenge is no longer whether we can produce AI research. It is whether we can successfully translate that research into widespread adoption, productivity growth, commercialization, and long-term economic prosperity. Projections suggest that with slow AI adoption, Canada's productivity growth could fall to just 0.35% annually, compared to 1.13% with rapid and broad uptake.[40] That gap, compounded over a decade, represents a significant divergence in economic opportunity, living standards, and global competitiveness.

Furthermore, the challenge is not evenly distributed. Many sectors, particularly those with lower digital maturity and smaller average firm sizes, face persistent barriers to AI adoption that require support to resolve.[41] Small and medium-sized enterprises, which together represent nearly half of Canada's private sector GDP, currently lag international peers in advanced technology use.[42] Without targeted intervention, these firms risk being left behind not just domestically, but in global markets where AI-enabled competitors are already pulling ahead.

Expanding AI Use Across the Economy

***AI for All* moves Canada's AI conversation beyond research and toward productive use across the economy. Helping firms and public institutions move from awareness and experimentation to implementation, integration, and measurable impact can help mobilize this shift.**

The digital economy is foundational to every sector in Canada. This ecosystem includes not only the ICT sector, but also digital roles and technologies embedded across all industries. With 2.56 million Canadians employed in the digital economy,[43] representing over 10% of the country's total GDP,[44] digitalization is now nearly ubiquitous and is a primary driver of national growth.

AI's rapid advancement presents both opportunities and challenges. Strategic decisions made today will shape the technology and infrastructure that underpin Canada's future prosperity. Widespread AI adoption can boost competition, reduce costs, improve quality, and drive productivity while enabling new products and lowering barriers to entry.[45] However, access to data, compute, and infrastructure is increasingly concentrated among large firms, limiting competition.[46]

Implementation Opportunities: Embedding AI Across the Economy

To remain competitive, Canada must build capacity in critical areas such as compute resources, model development, and skilled talent. Early investment is critical: as AI leadership compounds over time, delays in developing Canada's capacity increase its reliance on foreign-owned technologies.[47] Maximizing benefits also requires integrated investments in digital skills, infrastructure, data, and innovation.[48] Among the actions necessary to achieve these goals:

- **Embedding AI for economic transformation:** Embed AI into core processes driving productivity and innovation across the economy through coordinated investments in digital infrastructure, domestic compute capacity, and secure, interoperable data systems to enable confident, large-scale integration.
- **Developing integrated standards:** Prioritize national policies that develop integrated standards to enhance system communication and reduce fragmentation risks.[49]
- **Strengthening intangible foundations:** Invest in complementary intangible assets such as process

innovation, verification protocols, and updated governance to sustain productivity gains.[50]

- **Enabling adoption through strategic support:** Provide coordinated support including grants, tax credits, technical assistance, and targeted national campaigns to convey urgency, lower adoption costs, build capacity, and raise awareness.[51]

SME AI Readiness

***AI for All* recognizes that SMEs are central to Canada's adoption challenge and productivity opportunity. Meeting SMEs where they are will be critical to these targets.**

Prior to the rapid diffusion of AI, adoption of advanced technologies in Canada was already uneven, closely tied to firm size and innovation outcomes.[52] Larger firms were more likely to implement new technologies and business practices, with two-thirds of firms using at least one advanced technology also identified as innovative.[53] However, Canada's productivity growth has remained modest, influenced by multiple factors including uneven technology adoption, low business investment, declining R&D, and limited growth in intangible assets.[54]

AI has the potential to reverse these trends, but uptake remains modest: only about 12% of Canadian businesses used AI in 2024–2025, with modest growth expected by mid-2026.[55] Adoption patterns mirror earlier technologies, with persistent gaps between leading and lagging firms. For SMEs, the primary barrier is not cost but an awareness gap, with most SMEs reporting the absence of a clear need for AI.[56] Structural barriers also continue to limit adoption among underrepresented groups.[57]

Implementation Opportunities: Advancing SME Use of AI

Expanding AI adoption—particularly among SMEs—will be critical to improving productivity, narrowing innovation gaps, and strengthening Canada's competitiveness in the global AI economy. Key initiatives could include:

- **Building collaborative AI ecosystems:** Foster collaborative AI ecosystems by establishing networks and pilot projects that connect SMEs, educators, researchers, and policymakers to share best practices, proven use cases, and accelerate adoption.
- **Leveraging government procurement as a strategic tool:** To advance AI adoption and scaling among SMEs by prioritizing Canadian-hosted, compliant AI solutions and creating opportunities for SMEs to participate in public-sector projects.
- **Advancing employer-led AI skills development:** Promote employer-supported AI literacy by incentivizing employers, especially SMEs, to invest in workforce AI training and provide practical toolkits for upskilling.
- **Enhancing investment through targeted tax incentives:** Offer tax credits and grants with clear return-on-investment benchmarks to increase business and investor confidence, while ensuring SMEs have consistent long-term funding that focuses on AI accessibility and scaling of operations.

Retaining Value and Growing Domestic Firms

***AI for All* emphasizes commercialization, Canadian champions, and the need to ensure that Canada captures more value from its AI strengths. Capturing this value will require aligning the tools that help firms scale and remain anchored in Canada, including procurement, access to compute, growth capital, IP protection, technology transfer, data governance, and export supports.**

Retaining economic value in Canada and enabling domestic firms to scale is critical to Canada's long-term competitiveness. Despite strengths in AI research and talent, early-stage acquisitions often result in intellectual property and economic

gains moving abroad.[58] Canada also faces a critical challenge as much of its digital infrastructure is controlled by foreign entities, raising concerns about data sovereignty and regulatory compliance. Together, coordinated investments in infrastructure, firm growth, and international partnerships could position Canada to capture more value from AI and compete globally. It should also measure its progress.

Implementation Opportunities: Advancing Domestic Value Capture of AI

With digital infrastructure increasingly tied to capital investment decisions and long-term national growth,[59] policy alignment is imperative. Governments can support domestic scaling by leveraging procurement to prioritize Canadian-hosted, compliant technologies—especially in regulated sectors—while advancing data sovereignty. At the same time, Canada must balance sovereignty with openness: fully domestic infrastructure may limit innovation, while reliance on foreign providers raises risks. To retain more economic value and to position itself at the forefront of AI innovation, Canada could:

- **Scaling domestic infrastructure through federal leadership:** Leverage federal procurement and policy leadership to scale secure domestic digital infrastructure while aligning with long-term economic priorities.
- **Strengthening innovation commercialization:** Reform R&D incentives, strengthen IP protections, and improve technology transfer to retain and commercialize Canadian innovation.
- **Expanding global competitiveness:** Deepen international partnerships, diversify supply chains, and advance adaptive, interest-protecting trade policies.
- **Measuring performance:** Canada should define targets, track adoption and sector performance, and scale best practices through a national AI Productivity Dashboard—making measurable economic impact central to the next phase of implementation.

AI and Canada's Defence Industrial Base

***AI for All*'s emphasis on sovereignty, infrastructure, and Canadian champions intersects directly with Canada's defence industrial priorities. Building practical dual-use pathways can connect AI adoption, workforce development, procurement, commercialization, and secure industrial capacity.**

Canada's 2026 defence industrial strategy lists AI technology as a crucial digital system and a key sovereign capability, along with quantum computing and quantum communications, secure cloud and high-assurance communications, and integrated command and control systems.[60] Taken together, these emerging technologies could add significant capabilities to Canada's military, as well as have major export potential. AI technology can also accelerate R&D and defence innovation throughout Canada's defence sector.

From the perspective of strengthening Canada's defence industrial base, AI has significant applications in the defence and aerospace sectors. This includes developing AI applications for autonomous vehicles, cybersecurity, sensors and maritime surveillance, communications and intelligence platforms, electronic warfare, and logistics systems.

Implementation Opportunities: AI and Canada's Defence Industrial Base

- **Build an AI-enabled defence workforce:** Foster industry-academic partnerships and work-integrated learning programs like co-ops and internships tailored to the Canadian defence sector, alongside AI career accelerators for existing talent.
- **Accelerate AI adoption in defence manufacturing:** Align procurement policies with AI requirements, promoting ecosystem-building, knowledge sharing, and supporting pilot projects and technology demonstrations.
- **Support AI-focused defence technology accelerators and startup incubators:** Create new programs or partner with existing organizations to develop defence-specific initiatives.

Canada's Role in International AI Governance

AI for All identifies trusted partnerships and global alliances as central to Canada's AI future. **The next phase is to operationalize Canada's international role by positioning the country as an AI diplomat: a trusted, neutral, bilingual, and democratic partner that helps peer and emerging economies adopt, govern, and benefit from AI responsibly.**

Canada is well positioned to shape global AI governance due to its unique strengths. It pairs world-class research capacity—hosting about 10% of leading AI researchers and producing top-tier academic output—with internationally recognized institutions such as Mila, Amii, and the Vector Institute. At the same time, Canada's reputation as a trusted, collaborative middle power enhances its ability to influence global norms through soft power rather than coercion.

This credibility is reinforced by Canada's active participation in key international forums, including the UN, G7, G20, OECD, and security alliances such as NATO and Five Eyes, where Canada contributes to emerging AI standards and capabilities. Its growing network of international AI partnerships further strengthens its global role.

Domestically, Canada's inclusive, consultation-driven approach to AI governance—reflected in its *AI for All* strategy—supports legitimacy and social acceptance. Combined with its multicultural and bilingual society, Canada is uniquely positioned to develop AI frameworks that are globally relevant, inclusive, and adaptable, enabling it to act as a bridge across diverse governance models and international partners.

Implementation Opportunities: Canada's Role in International AI Governance

To further convert these advantages into lasting leadership on AI, Canada can take several strategic actions:

- **Driving domestic AI adoption:** Accelerate AI uptake among businesses—especially SMEs—to ground Canadian governance frameworks in real-world implementation.
- **Strengthening research and commercialization:** Sustain investment in research institutes and expand public–private partnerships to translate innovation into economic value.
- **Deepen international collaborations:** Expand international partnerships to improve market access, diversify supply chains, and include underrepresented voices in AI governance.
- **Leveraging middle-power diplomacy:** Use Canada's trusted position to bridge major AI governance blocs through active engagement and leadership in international forums, including the UN, G7, G20, OECD, and security alliances such as NATO and Five Eyes.
- **Championing ethical and inclusive AI development:** Promote transparency, fairness, and accountability globally by leveraging Canada's multicultural strengths.

By addressing these areas, Canada could solidify its role as a leader in shaping global AI norms and ensure its influence is both sustainable and impactful. While the opportunity is real, it is not guaranteed. Canada's influence in global AI governance will ultimately be proportional to how well it demonstrates, at home, the values it seeks to project abroad.

Conclusion

AI for All provides Canada with a strong foundation for the next phase of AI development. **The task now is to move from strategy to implementation in a way that is measurable, inclusive, productivity-enhancing, and globally relevant.**

The *AI for All* Strategy provides Canada with a strong and timely foundation for navigating the AI era. It rightly recognizes that long-term success will depend not only on research excellence, but also on widespread adoption, productivity gains, workforce development, trust, commercialization, infrastructure, and digital sovereignty. This broader and more integrated vision marks an important and necessary shift in Canada's approach.

The priority now is implementation. To fully realize this vision, Canada has an opportunity to complement the strategy with clearer productivity metrics, stronger support for SME adoption, greater regulatory clarity, a more defined international engagement strategy, and a coordinated approach to building sovereign digital infrastructure.

If effectively executed, Canada can achieve more than participation in the global AI economy—it can help shape its direction. In an era increasingly defined by artificial intelligence, Canada's greatest contribution may be ensuring that technological progress is aligned with its values: fostering inclusive economic opportunity, supporting democratic values, and contributing to shared prosperity.

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