Canada's innovation performance continues to decline at a time of unprecedented change

NEWS RELEASE

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Canada continues to fall further behind peers in key measures of science, technology, and innovation performance. A new report from the Council of Canadian Academies (CCA) details the daunting challenges facing Canada that could ultimately threaten the country's economic prosperity and standard of living.

A high-performing science, technology, and innovation ecosystem is essential to the well-being of all people in Canada and the country's ability to compete on a global stage. In the context of a worsening productivity crisis, a fraught relationship with its largest trading partner, stubbornly low private sector R&D spending, and lagging technology adoption across the economy—reversing Canada's weak innovation performance is more urgent than ever.

"We face a serious and widening gap between our potential and performance at a critical juncture in the nation's history," said Dr. Ilse Treurnicht, chair of the expert panel. "Without ambitious and coordinated action, our standard of living and vaunted social solidarity could both erode rapidly."

Canada lacks effective approaches to support the development and commercialization of the most promising technologies that could bolster national competitiveness and provide greater overall economic and societal benefits. Without an enhanced emphasis on technology adoption, access to domestic risk capital, and tailored interventions to grow areas of strength, Canada's innovation ecosystem will likely continue to underperform. As a result, the nation's ability to deliver quality public healthcare and education, job opportunities, and affordable housing will be jeopardized.

Commissioned by Innovation, Science and Economic Development Canada (ISED), *The State of Science, Technology, and Innovation in Canada 2025* provides a comprehensive, data-driven analysis of Canada's strengths and weaknesses in science, technology, and innovation and how we compare internationally.

Key Findings:

- **R&D spending is lagging**. Canada's R&D intensity has declined since 2000, while peer countries have increased their investments. Business and government R&D spending are both far below the OECD average.
- **Canada's higher education sector is a rare bright spot**. Canadian universities continue to produce world-class talent and research, with high levels of international collaboration and impact. However, this competitive edge is at risk and Canadian post-

secondary institutions often struggle to support the transfer of technologies to new companies.

- **Aggressive AI adoption could transform Canada's science, technology, and innovation ecosystem**. Canada has played a leading role in the development of AI but is losing ground in adoption and commercialization.
- **Despite strengths in research, Canada struggles to translate discoveries into commercial success.** The country lacks large, innovative firms and faces persistent barriers in scaling startups and retaining intellectual property.
- **Decision-makers in Canada must navigate complex and fast-moving circumstances despite incomplete and dated frameworks and metrics for critical performance indicators**. The innovation ecosystem is dynamic and can shift rapidly, requiring more agile and ever-evolving interventions; up-to-date insights are essential to calibrate these interventions.

"The series of reports the CCA has published on this topic over the last two decades paint a picture of a country that excels in research but falls short when it comes to retaining the value of its innovations," said Tijs Creutzberg, President and CEO of the CCA. "Given the enormity of the challenges we face today, timely insights into the performance of Canada's research and innovation ecosystems are critical to informing sound decisions that can help ensure the country's continued prosperity."

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