

Building Canada's Economic Resilience Through Talent and Innovation

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Written Submission for the Pre-Budget Consultations in Advance of the 2026 Federal Budget

Submitted by: Mitacs



Recommendations

- **Recommendation 1:** That the Government of Canada scale investment in Mitacs’s industry-academic partnerships to accelerate commercialization and strengthen Canada’s economic resilience.
- **Recommendation 2:** That the Government of Canada leverage Mitacs’s proven talent-first model to accelerate AI and technology adoption across Canadian firms, particularly SMEs.
- **Recommendation 3:** That the Government of Canada deepen investment in Mitacs’s mission-driven R&D to build sovereign industrial capacity in priority sectors.
- **Recommendation 4:** That the Government of Canada expand support for Mitacs’s talent development, attraction, and retention programs to strengthen the skilled workforce Canada’s economy needs.

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Executive Summary

Canada faces a defining moment. Global trade disruption, intensifying geopolitical competition, and persistent productivity challenges are converging at a time of rapid technological change and growing threats to Canadian sovereignty. Meeting this moment demands deliberate action to strengthen Canada’s economic resilience, build sovereign industrial capacity, and accelerate the translation of world-class research into commercial and societal outcomes.

The Government of Canada has rightly identified economic sovereignty, industrial capacity, and the imperative to Build in Canada as central to this country’s future. Realizing these ambitions requires delivery mechanisms that can move talent, research, and industry into closer alignment so that public investments generate durable economic impact. Mitacs plays this role as Canada’s national innovation connector—the only pan-Canadian organization of its kind—and a proven partner in turning ideas into innovation and potential into performance.

Our model is simple but powerful: Mitacs supports business-academic research collaboration through internships for undergraduate and graduate students and postdoctoral fellows. We work closely with post-secondary institutions to place students with partnering Canadian enterprises who co-fund the internships, including private sector businesses, not-for-profits, municipalities, and health sector organizations.

With unmatched national reach, global partnerships, and the ability to broker cross-sector collaboration, Mitacs delivers measurable results at scale:

- \$1.68 billion invested in more than 42,000 innovation projects from April 2018 to March 2026, supported by funding agreements with all provinces and the Yukon.
- Over 53,700 highly skilled interns supported through more than 118,000 internships from April 2018 to March 2026, including more than 14,800 international participants.¹
- A 2024 Statistics Canada study confirms Mitacs-supported firms saw an average 11 percent boost in productivity, 9 percent growth in revenue, a 16 percent increase in sales by their third year. Over a seven-year period, Mitacs-supported firms saw an 18 percent increase in employment, compared to a 5 percent decline among non-supported firms.²

The following recommendations outline how the Government of Canada, in partnership with Mitacs, can accelerate commercialization, deepen economic sovereignty, build domestic industrial capacity, and improve productivity in a more uncertain global environment.

Recommendation 1: Scale Industry–Academic Partnerships to Drive Commercialization and Economic Resilience

Canada has a highly educated workforce and a strong research base, but it continues to underperform in turning those strengths into commercial outcomes. Canada places 15th out of 20 peer countries on overall

¹ Mitacs. (2026). *Mitacs by the Numbers*, April 2018–March 2026.

² Statistics Canada. (2024). [Fueling Innovation: Measuring the Economic Impact of Mitacs](#).

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innovation performance, with below-average results across business R&D, patents, and multifactor productivity growth.³ In a period of global trade disruption, this commercialization gap has direct consequences for Canada’s economic resilience and sovereignty.

Mitacs serves as Canada’s essential research-commercialization bridge

Mitacs directly addresses Canada’s commercialization gap by serving as an essential research-commercialization bridge, co-investing with industry in collaborative research with universities and colleges through a talent-first model—focusing on people rather than projects as the primary enabler of research knowledge transfer and commercialization support.

By embedding researchers directly into firms, Mitacs enables Canadian companies—particularly SMEs—to act on research opportunities that would otherwise remain out of reach. A 2024 Statistics Canada study confirms that this investment compounds over time: Mitacs-supported firms increased their R&D spending by 37 percent over seven years, while non-participating firms saw their spending drop by 54 percent.⁴

Beyond de-risking R&D for existing firms, Mitacs’s model also cultivates the next generation of Canadian entrepreneurs. Sixteen percent of Mitacs interns go on to found or co-found a company, anchoring intellectual property in Canada. Through partnerships with over 160 business accelerators and incubators nationwide, Mitacs creates direct pathways from internship to venture launch.

We deliver impact at a national scale. Between April 2018 and March 2026, Mitacs invested \$1.68 billion in more than 42,000 innovation projects, supporting over 53,700 highly skilled interns through more than 118,000 internships—across Ontario (\$519 million), Quebec (\$461 million), British Columbia (\$276 million), and Alberta (\$170 million), and every other province and the Yukon.

Budget 2026 presents an opportunity to scale investment in Mitacs’s industry-academic partnerships to help close Canada’s commercialization gap. Sustained support for this proven, nationally scaled model would accelerate the translation of publicly funded research into commercial outcomes, strengthen business innovation, and build the more resilient economy Canada’s sovereignty requires.

Recommendation 2: Leverage Proven Programs to Accelerate AI and Technology Adoption

According to a Q2 2025 Statistics Canada survey, only 12.2 percent of Canadian businesses use AI, and more than 41 percent still consider the technology irrelevant to their operations.⁵ Closing this gap requires a talent-first approach that reaches firms of all sizes, in every region, and at every stage of AI maturity.

³ Signal49 Research. (2024). [2024 Innovation Report Card](#)

⁴ Statistics Canada. (2024). [Fueling Innovation: Measuring the Economic Impact of Mitacs.](#)

⁵ Statistics Canada. (2025). [Adoption of artificial intelligence by Canadian businesses, second quarter of 2025.](#)

Mitacs accelerates AI and technology adoption through a talent-first model

Skills shortages and costs are the two most significant barriers limiting AI adoption in Canada.⁶ Mitacs addresses these barriers by embedding advanced talent directly in firms to deliver applied projects while strengthening long-term adoption capacity.

Mitacs has delivered significant AI results across every region and sector (April 2018–March 2026):

- \$228 million invested in AI and advanced technology.
- 4,290+ AI and advanced technology projects.
- 15,100+ AI internships, 74 percent placed with SMEs in 2025.⁷

We deliver this support in two ways. For SMEs, Mitacs talent embeds AI directly into products and services—from medical technology and agri-technology to advanced manufacturing, among others—building capability where adoption gaps are most acute. For larger enterprises, Mitacs supports AI integration for process efficiency, predictive analytics, and new product development across sectors including financial services, energy, and manufacturing.

Budget 2026 presents an opportunity to leverage Mitacs’s talent-first model to accelerate AI adoption across Canadian firms, particularly SMEs. This proven approach helps businesses access advanced talent, build internal capability, and adopt AI at scale—strengthening productivity, competitiveness, and resilience across regions and sectors.

Recommendation 3: Strengthen Mission-Driven R&D to Build Canada’s Sovereign Industrial Capacity

Canada’s economic resilience depends on building domestic industrial capacity in sectors that are critical to long-term sovereignty. Yet Canada remains dependent on foreign technologies, supply chains, and expertise in several priority areas, including defence and security, advanced manufacturing, energy, critical minerals, clean technology, and life sciences.

Mitacs deploys research talent in service of Canada’s sovereign industrial priorities

Mitacs acts as a proactive broker between research talent and Canada’s sovereign industrial objectives. The Mitacs Strategic Plan 2026–2030 formalises this commitment, designating a defined portion of delivery for national priority areas while maintaining the agility to pivot to emerging government priorities. Our national network of Business Development professionals creates collaborations between industry, academia, and government that would not otherwise exist.

⁶ OECD. (2025). [AI Skills and Capabilities in Canada](#).

⁷ Mitacs. (2026). Mitacs by the Numbers, April 2018–March 2026.

Our investments advance key federal strategic priorities:

- In defence and security, Mitacs has collaborated with 90 percent of Canada’s Top 20 defence companies, with defence-sector interns increasing more than fourfold—from 802 in 2018–19 to over 3,500 in 2025–26—across aerospace, cybersecurity, and quantum initiatives.
- In advanced manufacturing, Mitacs has invested \$220 million across more than 3,300 projects (April 2018–March 2026), embedding research talent in firms to strengthen Canada’s industrial capacity, accelerate technology adoption, and support the development of more competitive domestic manufacturing capabilities.
- In energy, mining, and minerals, Mitacs has invested \$169 million across more than 2,300 projects (April 2018–March 2026), embedding research talent to support mineral exploration and processing, strengthen grid modernization efforts, and advance the development of cleaner and more secure domestic energy systems.
- In life sciences, Mitacs has invested \$520 million across more than 9,600 projects (April 2018–March 2026), embedding research talent to support the development and clinical validation of Canadian-made medical technologies and strengthen Canada’s domestic biomanufacturing capacity.⁸

Budget 2026 presents an opportunity to deepen investment in Mitacs’s mission-driven R&D to advance priority sectors critical to Canada’s long-term sovereignty. Expanding this national platform would help direct research talent and applied innovation toward areas of strategic need and build domestic industrial capability.

Recommendation 4: Support Talent Development, Attraction and Retention

Canada’s long-term economic resilience depends on a strong and sustainable skilled talent base. Research capacity, technology adoption, and sovereign industrial capability all depend on Canada’s ability to develop, retain, and deploy top talent effectively. When this pipeline falls short, the economic consequences are stark: in 2024 alone, talent shortages cost Canada an estimated \$2.6 billion in lost GDP.⁹

Mitacs develops, retains, and attracts the world-class talent Canada’s economy needs

Mitacs provides a key mechanism for converting Canada’s investment in post-secondary education into durable economic value, building the workforce of tomorrow alongside the innovation capacity the economy needs today. Mitacs interns go on to achieve strong career outcomes:

- 98 percent of interns recommend the Mitacs program.

⁸ Mitacs. (2026). *Mitacs by the Numbers*, April 2018–March 2026.

⁹ Signal49 Research. (2025). [From Shortages to Solutions: Tackling Canada’s Critical Gaps in Healthcare, Trades, and Tech.](#)

- 97 percent report improved professional and technical skills.
- 70 percent remain in R&D roles in Canada.
- 68 percent go on to earn over \$75,000 annually.
- 87 percent remain employed in Canada three years after completing their fellowship.
- 16 percent go on to found or co-found a company, translating research training directly into entrepreneurial outcomes.¹⁰

Beyond the internship itself, Mitacs builds capacity across the talent pipeline through skills development in workplace readiness, IP literacy, and AI and quantum, delivered through Lab to Market, Invention to Innovation, and Indigenous Pathways partnerships with qualified accelerators and incubators nationwide.

Leveraging our network of 40+ international partners across 70 countries, Mitacs has launched several initiatives to attract and retain world-class talent:

- A domestic Industrial Postdoctoral Fellowship (250 awards) ensures Canada develops as well as attracts top-tier talent in priority sectors.
- The Mitacs Global Excellence Award (GEA), launched in December 2025, is an industrial postdoctoral fellowship bringing outstanding researchers—including Canadians with PhDs from abroad—to Canada for applied research with Canadian firms, offering 60 awards including 10 with CIFAR, and directly complementing the Government of Canada’s Impact+ Research Talent Initiative.
- Horizon Europe International Mobility Awards support Canadian researcher collaboration with EU partners through two calls for proposals (fall 2025 and spring 2026).
- A renewed India Engagement delivers two-way exchange through Globalink, building long-term talent pipelines and deepening bilateral research partnerships, with a full cohort in 2027.

Budget 2026 presents an opportunity to expand support for Mitacs’s talent development, retention, and attraction programs. Increased investment would help Canada develop more talent at home, retain highly qualified researchers, and attract top international talent in priority sectors—supporting commercialization, technology adoption, and sovereign industrial capacity.

Conclusion

With sustained support from the Government of Canada, Mitacs can:

- scale its partnerships to drive commercialization,
- leverage its proven model to accelerate AI adoption,
- deepen its capacity to drive mission-driven R&D in support of sovereign industrial priorities, and
- expand its talent platform to build the workforce of the future.

¹⁰ Mitacs. (2025). [Strategic Plan 2026–2030 Mitacs: Talent and Research Powering Innovation](#).

For more than 25 years, Mitacs has delivered results that matter, mobilizing talent, accelerating innovation, and strengthening Canada's economy. Today, as global competition intensifies, Mitacs stands as a proven national platform ready to help the Government of Canada deliver on its most ambitious economic, innovation, and sovereignty objectives.

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