Professor Naceur Essaddam, Royal Military College of Canada, Optimizing Defence Resources: The Importance of Currency Hedging and Its Associated Challenges.

In an increasingly globalized economy, the Department of National Defense (DND) faces significant financial risks due to currency fluctuations that can impact defense procurement, operational budgets, and international partnerships. To maintain budget stability and ensure efficient resource allocation, it is essential for the DND to hedge against currency exposure. This paper highlights the critical role of currency hedging strategies in mitigating risks related to volatile exchange rates. By implementing effective hedging techniques, the DND can protect its financial interests and strengthen strategic partnerships with international defense suppliers. We also examine traditional methods such as forward contracts, options, and futures. Additionally, the paper discusses the practical challenges of implementing these techniques within the DND, including regulatory constraints, resource allocation, and the need for specialized financial expertise.