

Canada's purchase of a one-third share in three AWACS — rather than one whole AWACS — to allow for maintenance and stand-down. These three AWACS would be designated as NORAD aircraft and painted with the NORAD insignia and colours, since they would be jointly owned and would operate exclusively in the NORAD area. The cost of these three one-third shares would be the equivalent of one AWACS aircraft, or approximately \$200 million, which would constitute about 6.7 percent of the total cost of NORAD's AWACS programme.

Additional CF-18s

Whatever the outcome of the negotiations on the joint items, Canada would pay the total cost of buying additional CF-18s. Unless present commitments to the First Canadian Air Group (1CAG) in Germany or to the Canadian Air Sea Transportable (CAST) force are reduced or eliminated, thus allowing Canada's interceptors to concentrate on North American air defence, additional CF-18s will be needed to compensate for expected attrition and to round out the present force. The current contract contains an option, which expires on April 1, 1985, to acquire up to 20 aircraft of the same model, in batches of five, at the then current price. This would allow Canada to avoid the problems associated with operating different models of the same aircraft. The committee believes that this option should be exercised fully. The cost for 20 aircraft would probably amount to about \$660 million.

The Canadian Share of the Capital Costs

The Canadian share of the capital costs of the transitional arrangements might lie somewhere within the following range:

TABLE 2: Capital costs to Canada
(in millions 1984 Canadian dollars)

	Options*				
	A	B	C	D	E
a) Canadian share of joint items	0%	10%	25%	50%	100%
North Warning Systems	—	120	300	600	1,200
Coastal radars	—	15	37	75	150
Upgrading northern airfields	—	30	75	150	300
Upgrading communications, command and control, and support systems	—	30	75	150	300
Sub-total for joint items	—	195	487	975	1,950
b) Other costs to Canada					
Canadian share of AWACS	—	200	200	200	200
Additional CF-18s	—	660	660	660	660
Sub-total	—	860	860	860	860
c) Full capital costs to Canada	—	1,055	1,347	1,835	2,810

* The designation "Option" is used subsequently to describe the case where Canada would provide 0% (Option A), 10% (Option B), and so on, of joint costs.