

There is an increasing tendency for the U.S. government to demand that its prospective defence contractors meet high standards of management practice as well as technical and production capability. This is reflected in the demands of large U.S. defence contractors that their prospective suppliers satisfy, in advance of orders, the same criteria. Therefore a Canadian company discussing defence orders with U.S. firms may well find itself being asked by the U.S. firms to permit surveys of its management control and quality control systems, its engineering and manufacturing capabilities, and an assessment of its financial competence. The U.S. Defense Acquisition Regulation generally requires, on any negotiated contract, that the contractor submit cost or pricing data in support of his proposal. (DAR3-807.3). Bids submitted through CCC are exempt from this requirement but stipulate that CCC certify that the bid is "fair and reasonable". Subcontracts from U.S. prime contractors are not exempt. The U.S. Department of Defense has agreed:

- a) that such data may be submitted to the Department of Defense contracting agency rather than to the prime contractor; and
- b) that the appropriate Canadian DSS form may be used rather than the U.S. DOD Form 633.7.

This agreement does not affect prime-subcontractor relationships, and a prime contractor may require, although there is no U.S. government requirement therefor, that cost and pricing data be submitted to and through him, the prime contractor.

2.2.2 Sources of Subcontract Opportunities

2.2.2.1 Sales Representatives

Because defence contractors in the U.S. are very widely dispersed throughout the country many of those companies may choose to ignore lists of approved suppliers issued by the U.S. and Canadian governments and rely upon personal contact instead. The necessity of sales representatives to maintain persistent contact with the U.S. companies cannot be over-emphasized. Such contact is essential in order that these companies become aware of Canadian suppliers and develop a willingness to consider them as suppliers in defence programs.

2.2.2.2 Trade Commissioner Service Officers

Trade Commissioners are located at a number of places throughout the United States (see Appendix for list of offices). These officers are familiar with the defence industries located within their territory, and are prepared to assist Canadian industry in seeking out business opportunities. They can provide guidance as to the major areas of activity within each company in the territory. Additionally, they can arrange appointments with buyers interested in specific capabilities. Canadian companies are urged to use the services of these officers.

2.2.2.3 Trade Fairs, Exhibitions and Other Contacts

Business Opportunity Exhibitions, sponsored by trade and industrial groups and the U.S. Department of Defense, together with local Chambers of Commerce, are held periodically across the United States. These provide a favourable atmosphere for contacts with U.S. defence contractors since their purpose is to generate business. Frequently Canadian companies are welcome to participate as well as attend.

The Department of External Affairs sponsors exhibitions of Canadian industrial products in a number of trade fairs in the U.S., which attract U.S. and Canadian defence contractors. Canadian companies should discuss possible participation with this Department. Enquiries should be addressed to:

Director, Trade Fairs and Missions Branch
Department of External Affairs
235 Queen Street
Ottawa, Ontario, K1A 0H5

Officials of Defence Programs Bureau may, where appropriate, attend these fairs in order to discuss the Production Sharing Program with U.S. buyers visiting the exhibitions.

2.2.2.4 Lists and Trade Directories

The U.S. DOD often publishes lists of defence contractors for various weapons systems. Trade directories in the U.S. provide names and addresses of U.S. contractors by product category, and Canadian trade commissioners in the United States can be helpful in obtaining this information.

2.2.2.5 Incoming and Outgoing Missions

Federal and Provincial agencies also sponsor (a) incoming missions and (b) outgoing missions of Canadian industrialists to other countries including the United States.