

prominence. The leaders pledged to work toward reducing barriers that existed in the North American defence market, improve the North American Defence Industrial Base (NADIB), and focus on industrial preparedness planning.

In May 1985 the Defence Industrial Preparedness Task Force was created to examine the issue and provide recommendations on the state of the defence industry in Canada and North America. The Task Force completed its study in November 1987. It recommended, among other things, that Canada include industrial preparedness planning in DND's equipment acquisition and life-cycle management processes; that defence dollars be put into industrial preparedness measures, as opposed to stockpiling of materiel which is more expensive; and that defence preparedness be viewed on a continental basis.

As a direct result of these initiatives, in March 1987 Canada and the United States signed a Letter of Guidance for the Charter of a North American Defence Industrial Base Organization (NADIBO). The purpose of NADIBO is to define ways to more effectively ensure complementary industrial support for North American security requirements. Much of its focus is to carry out peacetime industrial planning to ensure an adequate supply of equipment for the armed forces and sustenance of supply in times of crisis or war.

CURRENT CANADIAN POSITION

In the Defence White Paper the defence industrial base was given considerable attention. The White Paper declared the importance of maintaining and enhancing the defence industry in Canada as essential to support of both the Canadian Forces and those of our allies. It cited the need for Canada to cooperate with its allies, particularly the United States, in acquiring defence equipment and pursuing military research and development. It stated that the Government would pay greater attention to the long-term industrial implications of equipment purchases. The White Paper also noted the Government's intention to continue emphasizing industrial preparedness measures "to enhance the responsiveness of the defence industrial base."¹

Following the White Paper, a Defence Industrial Preparedness Advisory Committee was formed, consisting of representatives from the business community, banking, and universities. The Committee has consulted with the Minister of National Defence to generate proposals for strengthening industrial preparedness.

Canada has also signed nine Research, Development and Production Agreements with European nations, beginning with the Federal Republic of Germany in 1964 and now including Denmark, France, the Netherlands, Italy, Norway, Sweden, Britain, and Belgium. Other defence industrial arrangements involving Canada also exist through the NATO Alliance.

By most measurements, the Canadian defence industry is relatively modest. Defence production accounts for less than one percent of Canada's gross national product and defence industries employ only 80,000 or 90,000 persons, or less than one percent of the workforce. The defence-industrial base is highly specialized with aerospace, electronics,

¹ Department of National Defence, *Challenge and Commitment: A Defence Policy for Canada*. Ottawa: Canadian Government Publishing Centre, June 1987, p. 75.