

7.0 Subcontracting

7.1 Company-to-company basis

Contracting between Canadian and U.S. manufacturers for defence goods is strictly on a company-to-company/commercial basis. The Canadian company offered a defence subcontract should operate in a normally prudent manner, just as in a non-defence commercial venture. The terms and conditions under which payment will be received, and under which special tooling technical data and other assistance may be furnished by the customer, should be clearly understood at the outset. These may be partially dependent on the terms and conditions of the prime contract between the U.S. government and the U.S. prime. The Canadian subcontractor has no claim on either the Canadian or the U.S. government.

7.2 Standards of Management

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.

7.3 Conditions

The U.S. Federal Acquisition Regulations may require that CCC certifies that the bid is "fair and reasonable" if the U.S. agency makes such a request. The U.S. Department of Defense has agreed:

- a) that such data may be submitted to the Department of Defense contracting agency through DCASMA Ottawa, rather than to the prime contractor; and
- b) that the appropriate Canadian DSS form may be used rather than the U.S. DoD Form and the U.S. will accept the findings of the Canadian government (CCC).

7.4 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 company personnel or representatives to maintain persistent contact with 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.

8.0 Contractual Requirements

8.1 General

There are several requirements in a typical U.S. defence contract; the details are provided in the solicitations. Section 52 of the DFARS is the section which defines most of these requirements.

There are specific requirements which will be reviewed in this chapter:

- 1) Specifications and Standards
- 2) Quality Assurance
- 3) Production Qualification
- 4) Auditing and Cost Analysis
- 5) Priorities and Allocations.

8.2 Specifications and Standards

The need for some defence material to withstand severe handling and operational environments dictates the need for components and materials to meet strict standards of quality. Military specifications (MILSPECS) have been developed for most materials and components and the supplier must meet these specifications. The specific requirements to be met on any particular solicitation are listed, or "called up" in the bid set.

Military specifications, standards and drawings are available by mail from:

The Commanding Officer
Naval Publications and Forms Center
5801 Tabor Ave
Philadelphia, PA 19120

When a company, urgently requires specifications in order to respond to a U.S. bid set, a telegraphic request, stating the solicitation number and the need for the document in order to bid, will receive a quicker response. There are also Canadian companies which offer a more rapid service. (MICROMEDIA of Toronto and Hull plus CALIAN Technology in Ottawa.)

One available aid to identification is the *DoD Index of Specifications and Standards (DoD ISS)* which lists approximately 25,000 current specifications and 10,000 standards. It is available on an annual subscription basis from:

Superintendent of Documents
Government Printing Office
Washington, D.C. 20402

The U.S. National Bureau of Standards has a research service available to the public and publishes an index of *U.S. Voluntary Engineering Standards* which contains a listing of some 20,000 documents and the source from which they may be ordered. This publication can also be ordered from the Superintendent of Documents.

8.2.1 Specifications by Subscriptions

Military and Federal Specifications and Standards including *Qualified Products Lists* can be obtained on a subscription basis with automatic mailing.