

sharing has amounted to C\$13,489 million. During the same period, Canadian production sharing procurement in the US has amounted to C\$16,422 million.

At the Quebec Summit in March 1985, the Prime Minister and President publicly reaffirmed the Canada-United States Defence Development and Production Sharing Program arrangements and agreed inter alia to reduce trade barriers and to stimulate the flow in defence goods.

Initial progress in restoring the balance in defence products trade was made in 1985 when US procurement in Canada increased by 20 per cent for a total of C\$1.64 billion. Canadian purchases in the US amounted to C\$1.99 billion. However, the last two years our defence purchases from the US continued to exceed our defence exports by substantial margins. The 1959-87 balance is C\$2,933 million in favour of the US.

Canada is a secure source of strategic raw materials and a reliable supplier of sophisticated defence-related equipment to the United States. The two countries maintain an integrated and dispersed North American defence industrial base. It is in both countries' national security and economic interest to guard against regulatory or legislative action that would reduce the efficiencies and defence industrial preparedness that present arrangements were established to promote.