

4.3 Facilities Clearances for Canadian Firms

To enable a U.S. contractor or U.S. government procurement agency to determine the security status of a potential Canadian contractor, the following action is taken:

- a) The U.S. DOD transmits a written request for facility clearance to the DSS/Security Branch through the channels indicated above. If the Canadian company is already established as a cleared facility, immediate advice can be returned to the U.S. DOD. If no previous facility clearance has been recorded with the DSS/Security Branch, it will be necessary to institute inspection and clearance procedures before the U.S. DOD can be advised of the company's status.
- b) Industrial Security Division (ISD) advises the cognizant U.S. DOD in writing of the facility clearance of the Canadian company.
- c) Should a classified contract or subcontract subsequently be awarded to the Canadian company, the DSS/Security Branch assumes responsibility for security of the information or work on behalf of the U.S. DOD. Security requirements must be adhered to for the duration of such contract or subcontract.

4.4 Transmission of Documents and Materials

It should be noted that a visit clearance to a U.S. establishment permits access to classified information and/or material on an oral and visual basis only. If an exchange of classified documents (for example, plans, specifications, etc.) or material (hardware, etc.) is envisaged, the Canadian company should so notify the DSS/Security Branch as soon as possible, preferably during the negotiation phase when a contract is being established. It is stressed that exchange of classified documents and/or material can be effected on a government-to-government basis only.

When negotiations with Canadian firms for defence work are conducted through the Canadian Commercial Corporation, classified Bid Sets and similar material are supplied to Canadian firms through that office after the facility security clearance and other industrial security requirements have been confirmed by the DSS Security Branch.

4.5 U.S. Representation

Canadian firms must often decide whether their own domestic sales force or locally appointed sales representatives can best penetrate the U.S. defence market. Where products or services are totally unclassified and there is no requirement to enter U.S. government or industrial facilities where classified equipment is located, a Canadian firm should encounter few problems in employing U.S. citizens to promote their products.

On the other hand, should U.S. classified information, equipment or areas within facilities require security clearances, problems can be expected. These include determining how the U.S. citizens can establish themselves as cleared representatives of a Canadian firm under U.S. industrial security regulations. Even when U.S. citizens have been previously cleared on their own requirements, such a clearance may be affected when representing non-U.S. firms.

Before finalizing such relationships, the U.S. representatives should be advised to consult with the local office of the Defense Contract Administration Services (Region, District or Office) nearest to his geographical location. Canadian firms should consult with the DSS/Security Branch for further information. Where possible, DSS will co-ordinate the matter with the DCAS.

4.6 Summary

The information in this Section does not cover all aspects of security, and it is suggested, therefore, that specific guidance in this regard be obtained from the Security Branch of DSS in the initial phases of participation in the Canada-United States Production Sharing Program which might involve classified projects. There are three general rules to be adhered to when applying for clearances in connection with this Program:

- a) It is essential that complete and explicit reasons for visits be given to DSS/Security Branch outlining the exact subject matter to be discussed. The major source of delay in securing approvals is lack of adequate explanation of the "need-to-know".
- b) The request should be made as far in advance as possible to allow for the required processing.
- c) The focal point for all contract and follow-up on visit clearance and initial documentary exchange procedures is:

Chief,
Industrial and Protective Programs Division
Security Branch
Department of Supply and Services
3rd Floor, Tower "C"
Place du Portage, Phase 3
11 Laurier Street
Hull, Quebec, K1A 0S5