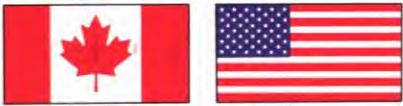


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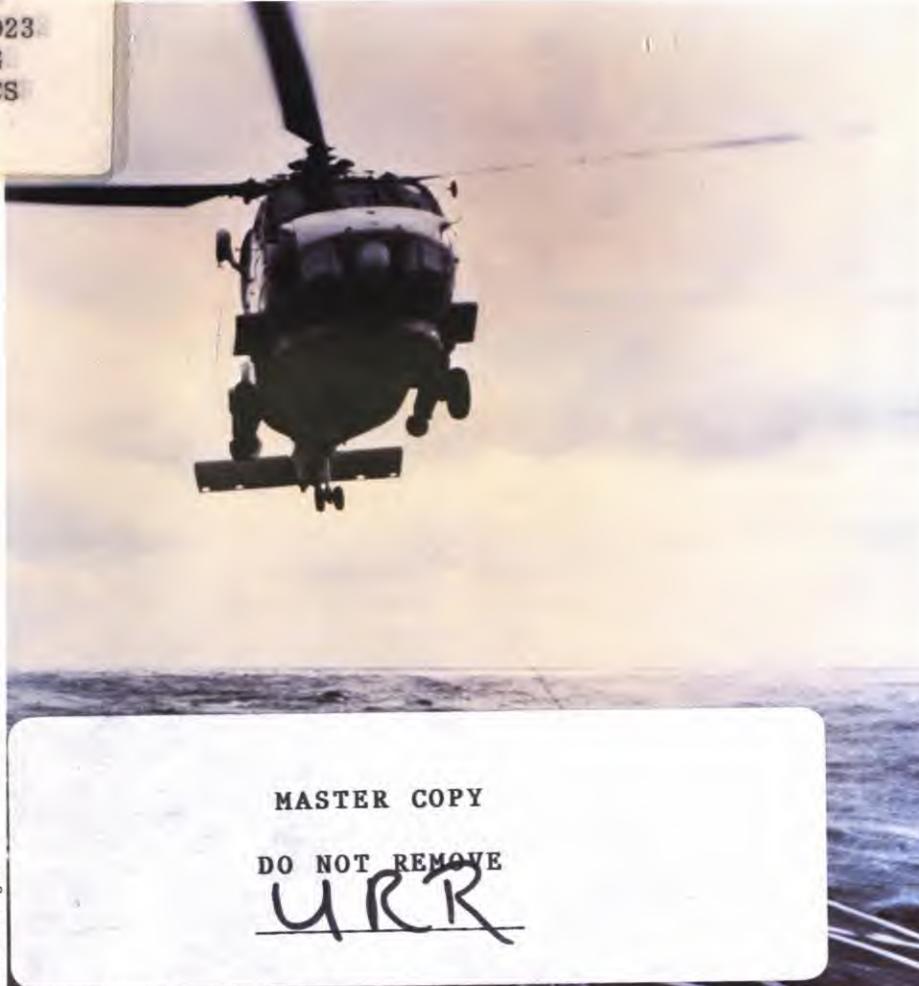


CANADA - UNITED STATES

Partners in Defence

Defence Economic Cooperation

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Indal Technologies

Indal Technologies' helicopter recovery assist, securing and traversing (RAST) system enables pilots to land and take off safely at night and in rough weather.

For almost 50 years Canada and the United States have shared responsibility for the defence of North America. Their joint defence of the continent is supported by an integrated, dispersed industrial base, which took shape during World War II.

The full integration of defence production is a logical result of the long and close cooperation between the Canadian and American armed forces and industries. It has strengthened military security and provided economic benefits to both countries.

The comprehensive network of existing arrangements on defence production and trade that exists today originated during the Second World War when the two governments decided to pool industrial resources to increase the effectiveness of the Allied war effort. In 1940 Prime Minister Mackenzie

King and President Roosevelt met at Ogdensburg, N.Y., and established the Permanent Joint Board on Defence (PJBD), the senior advisory group on North American security. A year later they issued the Hyde Park Declaration which focused specifically on defence production for the war effort. The two countries expanded cooperation in research, development and production. Two major agreements were signed, the Defence Production Sharing Arrangement on joint contracting in 1956, and the Defence Development Sharing Program on research and development in 1963.

Canada-U.S. defence economic cooperation is reinforced by frequent high-level consultations, including meetings between the prime minister and the president. The spe-

cial defence production relationship was reaffirmed at a recent summit, when leaders of the two countries made the following commitment:

"To provide for an effective use of resources and to aid both our countries in bearing our share of the Allied defence burden, we reaffirm the Canada/United States Defence Development and Production Sharing Arrangements and agree to strengthen our North American defence industrial base. Recognizing the importance of access to, and participation of Canadian firms in the U.S. defence market, we will work to reduce barriers, and to stimulate the flow in defence goods. . . . We will also undertake to establish a freer exchange between both countries of technical knowledge and skills involved in defence production, in order to facilitate defence economic and trade cooperation and joint participation in major defence programs."

The Integration Of Production

The U.S. Department of Defense treats Canada as part of the North American industrial base. It defines industrial base as "that part of the total privately-owned and government-owned, industrial production and maintenance capacity of the United States, its territories and possessions, *as well as capacity located in Canada, expected to be available during emergencies to manufacture and repair items required by the military services.*"

Canadian firms are registered as "planned producers" in DOD's Industrial Preparedness Production Program, providing a supplement to the capability of U.S. industry to produce critical items during periods of national emergency.

Competition by Canadian and U.S. firms for defence contracts on the basis of price, quality and delivery, keeps costs under control. The quality and delivery of Canadian defence products are guaranteed by the Canadian Commercial Corporation, a government agency.

The integration of defence production is cost-effective and efficient. It means that:

- Both countries have responsibilities in research and development and production.
- Military equipment used by the U.S. and Canadian armed forces is standardized, where appropriate.
- Supplemental supply sources are main-