



EXCHANGE OF NOTES (September 27, 1961) BETWEEN CANADA AND THE UNITED STATES OF AMERICA CONCERNING COST-SHARING AND RELATED ARRANGEMENTS WITH RESPECT TO PLANNED IMPROVEMENTS IN THE CONTINENTAL AIR DEFENCE SYSTEM (WITH ANNEX)

*The Secretary of State for External Affairs to the Charge d'Affaires ad interim of the Embassy of the United States of America.*

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DEPARTMENT OF EXTERNAL AFFAIRS  
CANADA

No. 160

SIR,

I have the honour to refer to discussions in the Canada-United States Ministerial Committee on Joint Defence and to the recommendations of the Commander-in-Chief, North America Air Defence Command, concerning the extension and strengthening of the continental air defence system, including the establishment of long range surface-to-air missile sites in Canada.

The Canadian Government, in statements of September 28, 1958, and February 20, 1959, indicated that BOMARC missile bases would be established in Canada, that the PINETREE radar system would be strengthened by the addition of a number of main radar stations and gap filler radars; and that semi-automatic ground environment (SAGE) electronic control and computing equipment would be installed in Canada.

In the discussions between representatives of our two Governments, the importance of satisfactory cost-sharing arrangements for these new programmes was recognized. Understandings concerning the distribution of financial responsibility between the two Governments were reached. Discussions of cost-sharing arrangements were conducted against the background of past understandings between our two Governments, particularly, the "Statement of Principles for Economic Co-operation" of October 1950\*, and the continuing discussions between our two Governments designed to give effect to their joint determination to assure the most economical and effective use of the defence production capabilities of both countries. Primary consideration was given to the fact that these new and costly undertakings are designed to enhance the joint security of Canada and the United States.

It was recognized as well that further consideration would have to be given to the operational procedures and costs involved in the use of certain of the new facilities when established, in the light of the joint responsibility exercised by the two Governments for the operations of the North American Air Defence Command. Arrangements in this respect will be dealt with in a separate agreement between the appropriate agencies of our two Governments.

My Government now proposes that the conditions set out in the attached Annex, which accord with the understandings reached between representatives of our two Governments, should govern the financing, installation and operation

\* Canada Treaty Series 1950 No. 15.