

## CANADA-U.S. DEFENCE PRODUCTION AGREEMENT

The following statement was made in the House of Commons on June 12 by Prime Minister Diefenbaker:

"For some time representatives of the Canadian and United States Governments have been working on an agreement relating to the defence of Canada, more particularly to air defence and to Canada-United States production-sharing programme. The objective of such an agreement was to reflect the desire of both governments to ensure more effective use of the productive capacities, skills and resources of each country and at the same time to demonstrate our mutual determination to improve the defensive strength of NATO and particularly of NORAD under it.

### TERMS OF AGREEMENT

"An agreement has now been concluded which contains three major terms, all of which are closely interrelated.

"(1) By the terms of the Pinetree Line agreement of 1951, and a further agreement of 1955, responsibility for the Pinetree Line was divided between the two governments. Canada will assume responsibilities hitherto resting on the United States under these agreements for manning, operating, maintaining and financing 16 stations of this Line. The take-over of these stations will begin immediately and will be carried out as fast as possible having regard to the RCAF's capacity to assume these additional responsibilities, and will be so phased as to maintain the efficiency and effectiveness of the Line.

"(2) In consideration to the financial and other benefits which will accrue to the United States as a result of Canada's assumption of additional responsibilities under the Pinetree agreements, Canada will be furnished with 66 F-101B interceptor aircraft and appropriate support equipment. These aircraft, title to which will be vested in Canada, will be armed with conventional weapons and will serve to re-equip RCAF squadrons allocated to NORAD and will be operated in accordance with NORAD plans. As aircraft are already in existence, being the latest of that series off the production line, deliveries will commence immediately and will be phased in accordance with the RCAF's ability to absorb them.

"The cost of spare parts, flight simulators and related equipment for these aircraft will be shared on the basis of the United States paying two-thirds and Canada paying one-third. The cost of the armament to be obtained for the aircraft will be shared on the same basis.

"(3) The United States agrees to the procurement in Canada of a number of F-104G aircraft, associated support equipment and initial spares to the total value of \$200 million, of which the United States share will be \$150 million and the Canadian share \$50 million.

### CONTRIBUTION TO COLLECTIVE STRENGTH

"The aircraft procured will enable Canada and the United States to make a significant contribution to the collective strength of NATO under their respective mutual-aid and defence-assistance programmes. The deliveries of these aircraft are to begin in mid-1963, following the completion of production of the aircraft of this type ordered for the First Canadian Air Division in Europe. It is anticipated that deliveries will be made at the approximate rate of 48 aircraft a year and will continue until the \$200 million has been expended.

"This agreement, representing as it does an important and constructive development in Canada's defence relations with the United States is further evidence of the determination of both countries to maintain the operational effectiveness of the North American air defence system. It will make a significant contribution to the security of North America and of the European area of NATO as well.

"I would stress that the approach of both governments has not been based on narrow self-interest, but reflects a genuine effort to find a way for each to co-operate with the other to the benefit not only of both but of mutual allies as well.

"The agreement is therefore more than just a bilateral agreement. It expresses the desire to make common use to those resources which each possesses and which can be made available for the benefit of each other and our partners in NATO in the pursuit of peace and makes possible a more substantial contribution toward the security of the West than could be made by either government acting alone.

### CONTINUING IMPORTANCE OF BOMBERS

"Despite past indications and the widely accepted views of military staffs in the Western world and the statements of Russian leaders to the same effect that the U.S.S.R. was completely replacing bomber aircraft with missiles, it has not done so and is continuing to maintain a large and effective fleet of bombers. Indeed, the experience of all the nations in the Western world has been that widespread changes have had to be made in plans and various armaments have had to be discarded as events have altered decisions previously made and as the U.S.S.R. has changed or departed from an anticipated course of action.

"The Canadian Government has done much to further disarmament but recent world events re-emphasize that the U.S.S.R. is not of that mind. There is no survival in adopting the attitude that if Canada does not maintain her most effective defences her people will thereby escape from havoc and destruction should war come.

"Canada (in common with the other nations of the free world) must therefore continue to maintain its defences."