



UNITED STATES - CANADA

Partners in Prosperity

Defence Production

Canada and the United States have a common commitment to the defence of North America, and they share in the production of the necessary equipment and matériel.

Since 1959, the two-way defence trade has totalled some (C) \$26.9 billion.

The U.S.-Canada Defence Production Sharing Arrangement, negotiated in 1959 and since expanded to include defence development sharing projects, is designed to encourage weapons development in both countries and to give each a fair share of the market.

It works well. The U.S. has always had a favourable balance in the trade (totalling (C) \$2.4 billion in seventeen years) but Canada has been able to maintain its own high-tech production. Canada is a world-leading producer of small gas turbine aircraft engines, field radios, flight simulators, inertial navigation systems, light armoured vehicles and reconnaissance drones. It is among the best customers of the United States' defence industries.

In recent years, for example, Canada has bought from the United States eighteen Lockheed Long Range Aurora Patrol aircraft for (U.S.) \$1 billion and 138 F-18 fighter aircraft from McDonnell Douglas for \$3.2 billion. In 1985 it sold light armoured vehicles (LAV-25) from General Motors Canada to the U.S. Marine Corps for (U.S.) \$700 million and AN/GRC radio systems from Canadian Marconi to the U.S. Army for \$500 million. Canada's new \$1-billion low-level air defence system (ADATS) was developed by Martin Marietta Aerospace.

Canada's six new anti-submarine patrol frigates will be built in Canadian shipyards at a total cost of (C) \$3.85 billion. Canadian and American subcontractors and suppliers, as well as Canadian branches of international companies headquartered

U.S.-CANADA DEFENCE TRADE

1959-1986, Billions of Canadian Dollars

