

On 18 March 1985, Canada signed a Memorandum of Understanding with the United States establishing a framework for the upgrading of NORAD's surveillance assets. Most importantly, the Memorandum set out the terms for the construction of the North Warning System (NWS) which is slated to replace the DEW line system.

The modernized system outlined in the Agreement consists of:

- a system of Over-the-Horizon Backscatter (OTH-B) radars to be deployed in the United States to monitor the eastern, western and southern approaches to the continent;
- the North Warning System (NWS), which will replace the obsolescent Distant Early Warning System in Alaska and the Canadian North;
- USAF Airborne Warning and Control Systems (AWACS) to supplement the NWS at times of alert;
- forward operating locations and dispersed operating bases to be developed at existing Canadian airfields in order to accommodate AWACS and fighter aircraft;
- communications equipment to facilitate the command and control of interceptors.

Canada has agreed to meet all the communications needs of the system. In particular this involves designing and implementing a system of communication between the radar stations, and integrating the radars with the Regional Operational Control Centres (ROCCs) in North Bay. Any new facilities required by the NWS in Canada will be designed and built by Canadians. After 1989 Canada will become the programme manager and will oversee the final development and construction stages. Once the NWS has been completed (1992) Canada will assume complete operational control of that portion of the NWS that is within Canada. Canadians will also be involved in the manning of the OTH-B radars in the United States and (to an as yet undetermined extent) in the Airborne Warning and Control System (AWACS).