Superseded by AR 75-41 15 July 2002 AR 70-66 Cy 1

ARMY REGULATION
No. 70-66

HEADQUARTERS
DEPARTMENT OF THE ARMY
WASHINGTON, DC, *15 December 1979*

RESEARCH, DEVELOPMENT, AND ACQUISITION

UNITED STATES—CANADIAN DEFENSE DEVELOPMENT SHARING PROGRAM

Effective 15 January 1980

This is a complete revision and changes are made throughout. Local limited supplementation of this regulation is permitted, but is not required. If supplements are issued, HQDA agencies and major Army commands will furnish one copy of each to Cdr, DARCOM, ATTN: DRCIRD, Alexandria, VA 22333; other commands will furnish one copy of each to the next higher headquarters.

Interim changes to this regulation are not official unless they are authenticated by The Adjutant General. Users will destroy interim changes on their expiration dates unless sooner superseded or rescinded.

		Paragraph	Page
CHAPTER 1.	GENERAL		
	Purpose	1–1	1–1
	Background	1–2	1–1
	Applicability	1–3	1–1
	US responsibilities	1–4	1–1
	Canadian responsibilities	1–5	1–1
	Policy	1–6	1–1
	Description of the program	1–7	1–1
	Relationship to American-British-Canadian-Australian (ABCA) Armies Standardization Program	1–8	1–2
2.	DEVELOPMENT SHARING PROGRAM		
	Developing agencies	2–1	2–1
	Development sharing coordinators	2–2	2–1
	United States-Canadian Steering Committee	2–3	2–1
	US Army Program Review	2–4	2–1
	US Army Standardization Group, Canada	2–5	2–1
	Security	2–6	2–1
	Research	2–7	2–2
	Reports	2–8	2–2
	Travel	2–9	2–2

***This regulation supersedes AR 1–25, 29 April 1964.**

CHAPTER 3. DEVELOPMENT SHARING PROJECTS
General 3-1 3-1
Nomination criteria 3-2 3-1
Nomination procedure 3-3 3-1
Evaluating Army nominations 3-4 3-2
US Project Officer 3-5 3-2
Canadian Project Officer 3-6 3-2
Implementing procedures 3-7 3-3
Funding for development under cost-sharing program 3-8 3-3
Parallel developments 3-9 3-3
Canadian participation in totally US funded projects 3-10 3-3
United States participation in Canadian projects 3-11 3-3

APPENDIX. MEMORANDUM OF UNDERSTANDING ON COOPERATIVE DEVELOPMENT A-1

CHAPTER 1
GENERAL

1-1. Purpose. This regulation prescribes policy and procedures and assigns responsibilities for US Army implementation of the United States-Canadian Defense Development Sharing Program (DDSP).

1-2. Background. *a.* As an extension of the "Statement of Principles for Economic Cooperation with Canada," signed by the US President in 1950, DOD and the Canadian Department of National Defense (DND) have sought to coordinate materiel programs.

b. Canada's policy is to use equipment developed by the United States and other allied countries and, where possible, to share in this development. As a result, Canada's defense industry and its balance of trade with respect to military spending are largely dependent on Canada's ability to share in future development and production of equipment made for the US DOD. The coordinated use of the facilities and industrial mobilization capabilities of both nations will result in the best possible defense at the lowest cost to each.

c. The United States seeks to ensure Canada a fair chance to share in the research and development of military equipment and materiel involving programs of mutual interest through the United States-Canadian DDSP.

1-3. Applicability. This regulation does not apply to the Army National Guard or the Army Reserve.

1-4. US responsibilities. *a.* The Under Secretary of Defense for Research and Engineering is responsible for US DOD overview of the DDSP. Within this office, the Director, Office of International Programs is charged with DOD management of the program.

b. The Assistant Secretary of the Army (Research, Development, and Acquisition) is responsible for DDSP policy and US Army overview of this program together with the Deputy Chief of Staff for Research, Development, and Acquisition (DCSRDA).

c. The Commanding General (CG), US Army Materiel Development and Readiness Command (DARCOM) is responsible for the overall management of the DDSP within the US Army.

1-5. Canadian responsibilities. *a.* The Department of Industry, Trade and Commerce (DITC) acts for the Canadian Government in the role formerly performed by the Department of Defence Production. The DITC is responsible for implementing the Canadian legal authority, the Defence Production Act, and administering the DDSP for Canada.

b. The Canadian Commercial Corporation (CCC), a crown (government owned) corporation, acts officially as the prime contractor. CCC lets subcontracts almost totally to defence industry firms except for certain services furnished by the Canadian Government.

1-6. Policy. DA will—

a. Coordinate US Army and Canadian military materiel programs to better use the industrial, scientific, and technical resources of both countries in the interests of mutual defense.

b. Give Canadian industry equal opportunity with US industry to participate in US Army development programs.

1-7. Description of the program. The DDSP consists of US Army research and development projects—

a. Performed by Canadian prime contractors.

b. Designed to meet specific US Army research and development requirements.

c. In which the US Army retains design authority.

d. Jointly funded by the US Army and DITC. (When the US Army develops a weapon system

with several components, work funded by DITC for one or more of these components is considered jointly funded.)

1–8. Relationship to American-British-Canadian-Australian (ABCA) Armies Standardization Program. *a.* The United States-Canadian DDSP complements the ABCA Armies Standardization Program but in no way alters the US Army's or Canadian Armed Forces' responsibilities to the program.

b. The Canadian Government (DND & DITC) receives US Army research and development program data through channels established by the ABCA Armies Standardization Program and the DDSP. These data allow Canada to know about US Army requirements and to plan Canadian programs accordingly. ABCA Standardization Program data is received through Canadian Forces Liaison officers. DDSP data is received through DITC Trade Commissioners and Defence Production counsellors.

CHAPTER 2
DEVELOPMENT SHARING PROGRAM

2-1. Developing agencies. The following developing agencies are participants in the DDSP:

a. US Army Materiel Development and Readiness Command.

b. Office of the Chief of Engineers.

c. US Army Intelligence and Security Command.

d. Office of The Surgeon General.

2-2. Development sharing coordinators. The CG of each developing agency and the US Army Training and Doctrine Command (TRADOC) will each appoint a development sharing coordinator. This person will be the central adviser for all matters within his or her area for participating in the DDSP. TRADOC and the developing agencies will give each coordinator's name to Cdr, DARCOM, ATTN: DRCIRD. These names will also be given to the Counsellor (Defence Production), Canadian Embassy, 2450 Massachusetts Avenue, NW, WASH DC 20008. In addition, development sharing points of contact (POCs) will be appointed by each DARCOM major subcommand and, when appropriate, by subcommands of the other developing agencies. Direct contact will be set up between the developing agency coordinators or POCs and the Trade Commissioner at the appropriate Canadian Consulate General or Consulate.

2-3. United States-Canadian Steering Committee. This committee meets at least once a year. Head of the US delegation is furnished by the Office of Under Secretary of Defense for Research and Engineering. US Army delegation members are appointed through a DCSRDA and HQ DARCOM agreement. The steering committee is responsible for program policy and guidance at the national level of the two countries.

2-4. US Army Program Review. This review is done at least twice a year together with DITC in bilateral steering group meetings. The head of the US Army delegation and its members will be appointed by HQ DARCOM. The steering group is responsible for program oversight and guidance at Department of the Army and Department of Industry, Trade and Commerce Levels.

2-5. US Army Standardization Group, Canada. This DARCOM field operating agency will represent the US Army in Canada on matters involving the United States-Canadian DDSP. When requested, they will also represent OSD. Specific responsibilities are to—

a. Maintain informal liaison with appropriate offices of the Canadian DITC.

b. Assist DITC in informing Canadian industry of US Army materiel requirements, materiel acquisition, and research and development procedures.

c. Assist DITC in matching Canadian project proposals to US Army requirements.

d. Keep DITC and Canadian industry informed of POCs in the United States.

e. Assist US Army developing agencies in CONUS and DITC in Canada to maintain coordination on DDSP projects.

f. Identify Canadian industry capabilities that are potentially supportive of US Army materiel requirements.

g. Obtain visit clearances and make visit arrangements for US personnel according to AR 1-40 and AR 34-1.

2-6. Security. *a.* Classification and declassification of information and materials developed under this program will be determined jointly.

b. Release of information will be governed by—

(1) AR 34-1
(2) AR 70-41
(3) AR 380-5
(4) AR 380-10 (C)
(5) AR 380-11 (S)
(6) AR 380-25

c. According to the above references, CGs of the US Army developing agencies may release,

to accredited representatives of the Canadian Government, classified US military research and development data needed for development work undertaken by Canadian prime contractors or subcontractors. This release will be done through the development sharing coordinators of the agencies involved. Developing agency CGs may further delegate this authority to subordinate commanders provided the Assistant Chief of Staff for Intelligence is notified.

d. Security clearances of Canadian firms will be determined by the Canadian DITC under United States-Canadian Industrial Security Agreements. Queries of the developing agencies on clearance status and requests for security clearance will be made direct to Counsellor (Defence Production), Canadian Embassy, Washington, DC.

e. Visits by Canadian industry representatives made in connection with this program will be governed by AR 380-25.

2-7. Research. Canada may do research in fields of US Army interest either independently, under contract, or jointly. Information on research fields is provided through many media, such as ABCA Army channels, meetings, The Technical Cooperation Program, and publications listing research and development areas of opportunity.

2-8. Reports. *a.* Projects undertaken under this regulation are subject to reporting requirements set by the developing agencies.

b. The CG of each developing agency will include development sharing activities in progress reports required under the United States-Canadian DDSP. As a minimum, development sharing coordinators and POCs in each of the US Army developing agencies will keep current records showing—

(1) Project titles and status,

(2) Funding arrangements,

(3) Identification of Canadian contractors, and

(4) Estimated dates of completion.

2-9. Travel. Travel to Canada to supervise DDSP projects will be done according to AR 1-40; visit clearance will be requested through the Standardization Group; theater clearance through the US Defense Attaché is not required by AR 1-40.

CHAPTER 3
DEVELOPMENT SHARING PROJECTS

3-1. General. A Memorandum of Understanding in the Field of Cooperative Development Between the United States Department of Defense and the Canadian Department of Defence Production was signed on 21 November 1963. A copy is reproduced as the appendix.

3-2. Nomination criteria. The following criteria will be used to select proposed development sharing projects.

a. The item must represent an approved requirement of the US Army.

b. The US Army must be prepared to provide at least 25 percent of the cost of the project; the exact US share will be determined by direct negotiation with DITC.

c. The item should have a relatively high density or high dollar volume production potential.

d. Materiel objectives and requirements for the item must have been set according to AR 71-9.

e. The item must be in a field in which Canada has or can establish development capability.

f. Adequate provisions for release of applicable technology must be available.

3-3. Nomination procedure. To nominate a project for the DDSP, the following sequence of actions must occur:

a. The developing agency will—

(1) Identify the project to be proposed for nomination,

(2) Evaluate the project against the nomination criteria described in paragraph 3-2, and

(3) Hold detailed discussions with Canadian DITC representatives to determine Canadian interest and technical capability to do the required development.

b. Developing agency personnel together with Canadian project personnel will prepare a draft project agreement. This draft will be used to negotiate a final project agreement between the US Army and the Canadian Government. Project agreements will comply with the following:

(1) The project agreements will describe, in detail, the development effort that represents the project cost for measuring the percentage of the US share. They will also state when the US contribution will begin. (This does not apply to (2) below.) These agreements will be compatible with the statutes and regulations governing obligation of funds and the fact that the instrument for disbursing US funds is an Army contract.

(2) If the US Army undertakes developing a major system with several components, and a project agreement is made that DITC will completely fund the development of one or more of these components, the project may be considered to be jointly funded and within the DDSP. The US contribution to the entire project must not be less than 25 percent, and the criteria outlined in paragraphs 1-7*a*, *b*, and *c*, must apply. In such a case, the project agreement will—

(a) Define the development effort that constitutes the shares of the two governments;

(b) Provide for the procedures under which the DITC funded components will be united with the US funded effort; and

(c) Indicate the methods by which the sharing arrangements will be measured, noting that the United States will be fully funding its share under Army contracts and the Canadian share may be funded by DITC through a variety of methods.

c. Together with *b* above, the developing agency will prepare a project proposal that will include the following information if available:

(1) Description of the project.

(2) Approved requirement reference, such as—

(a) Letter of Agreement.

(b) Required Operational Capability.

(c) Letter Requirement.

(d) Product Improvement Proposal.

(e) Assigned project number, if available.

(3) Proposed US Army financial contribution, time-phased by fiscal year over the estimated life of the project. This includes the estimated cost, if any, of each obligation proposed to be assumed by DOD in the project agreement and either—

(a) The source of funds to be obligated for the project or

(b) A statement that additional funds for the project will be requested for a certain fiscal year(s).

(4) Statement of known development, either funded or contractors' unsolicited proposals, that meet the same requirement.

(5) Established technical characteristics.

(6) Name of developing agency POC for project coordination with Canadian representatives.

(7) An estimate of potential production quantities.

d. The developing agency will provide copies of the project proposal and draft project agreement to the DARCOM DDSP coordinator. He or she will coordinate, staff, and obtain approvals from responsible agencies of DA and DOD.

e. The DARCOM DDSP coordinator will submit the approved project proposal and draft project agreement to the Counsellor (Defence Production), Canadian Embassy as a formal project nomination for Development Sharing. The nomination will specify 45 days (restricted period) in which to receive a response from Canada.

f. Together with *e* above, the developing agency will place a presolicitation notice of the proposed research and development in the Commerce Business Daily. This notice gives American industry the chance to compete for research and development work initially proposed under the United States/Canadian Memorandum of Understanding on Cooperative Development, as required by Defense Acquisition Regulation (DAR) 6-307 (formerly ASPR 6-307).

g. During the restricted period, the developing agency is prohibited, without approval from DARCOM, from soliciting quotations for information, planning, or other purposes or negotiating for a contract award under the project nominated to Canada. Within the restricted period, DITC will either accept or reject the nomination by letter to DARCOM stating, if accepted, that funds have been approved and will continue to be approved to carry the project to completion. The ban on solicitation and negotiation will end if Canada rejects the nomination.

h. When notified by DARCOM that Canada has accepted the project, the developing agency will issue requests for proposals and will proceed with source selection and contract award under DAR 6-307. If a Canadian firm is selected, the contract will be placed either with the CCC or directly with the private Canadian firm, when authorized by DITC.

3-4. Evaluting Army nominations. In evaluating US Army nominations, Canadian Government officals may require additional information from TRADOC or from the developing agencies. TRADOC and these agencies will make this information available as requested, when feasible, through authorized release channels and will expedite responses to Canadian inquiries.

3-5. US project officer. When an accepted project is assigned to a developing agency, that agency will assign a US project officer and notify the Counsellor (Defense Production), Canadian Embassy, of the appointment through the Office of International Research and Development (DRCIRD), HQ DARCOM. In addition to normal duties as a project officer, he or she will be the technical liaison for the project between the developing agency and appointed Canadian project officials.

3-6. Canadian project officer. The Canadian Government may also appoint a Canadian project officer for a project. This officer may assist the US project officer in the technical aspects of the project including, but not limited to, collection and review of technical information, tests, evaluation reports, and other development data on the project. However, the US project officer may not delegate any of his or her responsibilities to the Canadian project officer. When both governments agree, a Canadian project officer may be collocated with the US Army project officer. The counsellor (Defence Production), Canadian Embassy, has agreed to provide cur-

rent Canadian project officer assignment information to the DDSP coordinators, when requested.

3-7. Implementing procedures. DARCOM will publish detailed DDSP implementing procedures. These procedures will apply within DARCOM but may be used by other developing agencies, if appropriate. The procedures will provide for—

a. Organized reviews of development efforts to identify potential development sharing projects;

b. Periodic coordination and review meetings with DITC;

c. A system to monitor DDSP progress in the US Army;

d. Highlighting of potential and existing development sharing projects with user agencies during budget and program review processes; and

e. Detailed steps to follow to enter a development project in the DDSP.

3-8. Funding for development under cost-sharing program. *a.* The US Army's share for projects being performed under the DDSP may be in dollars, US furnished equipment, or services. However, the US share, in whatever form, will be expressed in terms of dollars in the project agreement.

b. The CG of the responsible US Army developing agency will ensure that his or her RDTE program has enough funds to meet the anticipated US requirements for a cost-shared project under the terms of the project agreement.

3-9. Parallel developments. The US Army will not engage in contracting actions in the United States that duplicate efforts done under a development sharing project unless approved in advance by DARCOM.

3-10. Canadian participation in totally US funded projects.

a. Opportunities. Canadian defence industry will be given a chance to submit proposals that will be evaluated on a par with offers received from US defense industry. US firms will likewise be encouraged to consider Canadian sources for subcontracts.

b. Briefings. Briefings may be held to give qualifying Canadian industry background information equal to that given US industry. These briefings, scheduled through DITC, will be given according to applicable US security provisions.

c. Unsolicited proposals. Unsolicited proposals from Canadian firms will be handled in the same way and given the same consideration as such proposals from US firms.

3-11. United States participation in Canadian projects. Through the ABCA Armies Standardization Program or from information received from Canadian DITC, the US Army may learn of a Canadian research or development project that will meet a US Army requirement; it may want to expedite or participate in the project as a contributing agency. In such cases, the following procedures will apply:

a. For Canadian Armed Forces projects that the US Army wants to support, a formal proposal to participate and further action will be governed by AR 34-1.

b. For other Canadian development projects, either government or privately sponsored, DARCOM will decide which projects meet US Army requirements and justify spending RDTE funds. After DARCOM approval, the CG of the involved developing agency is responsible for procurement on behalf of the United States. Army participation may be either through the CCC or directly with the private company, when authorized by DITC. Such a project, in which both US Army and Canadian funds are involved, may be considered a development sharing project if it meets the criteria defined in paragraph 1-7.

APPENDIX
MEMORANDUM OF UNDERSTANDING ON COOPERATIVE DEVELOPMENT

MEMORANDUM OF UNDERSTANDING IN THE FIELD OF COOPERATIVE DEVELOPMENT BETWEEN THE UNITED STATES DEPARTMENT OF DEFENSE AND THE CANADIAN DEPARTMENT OF DEFENCE PRODUCTION

This Memorandum of Understanding complements the US–Canadian Defense Production Sharing Program by establishing a cooperative program in defense research and development between the United States Department of Defense (DOD) and the Canadian Department of Defence Production (CDDP), called the Defense Development Sharing Program.

1. Objectives. The principal objectives of the Defense Development Sharing Program are:

a. To assist in maintaining the Defense Production Sharing Program at a high level by making it possible for Canadian firms to perform research and development work undertaken to meet the requirements of US armed forces.

b. To utilize better the industrial scientific and technical resources of the United States and Canada in the interests of mutual defense.

c. To make possible the standardization and interchangeability of a larger amount of the equipment necessary for the defense of the United States and Canada.

2. Description of the Program.

a. The Defense Development Sharing Program will consist of research and development projects (such program projects being hereinafter referred to as "projects"):

(1) which are performed by Canadian prime contractors;

(2) which are designed to meet specific DOD research and development requirements;

(3) in which the Military Department of DOD which is the United States party to the project agreement acts as the design authority; and

(4) which are jointly funded by DOD and CDDP (where DOD undertakes the research and development of a weapons system composed of several components, work funded by CDDP on one or more of such components will be considered to be jointly funded).

b. The Defense Development Sharing Program will not include efforts referred to in paragraph 13.

3. Funding. The financial contribution of DOD in each project will not be less than 25 percent of the costs incurred subsequent to the date of the project

agreement provided that in the case of work referred to in the parenthetical sentence of paragraph 2*a*(4), the financial arrangements shall be as agreed to by DOD and CDDP in the project agreement.

4. Selection of Projects. A proposal to initiate a project may be made by CDDP to any of the Military Departments of DOD or by any of the Military Departments of DOD to CDDP. Each proposal will contain a complete and detailed description of the scope of the project and work to be performed and of the suggested cost sharing arrangement. Projects will be selected by mutual agreement of CDDP and the Military Department of DOD concerned.

5. Project Agreements. The specific terms and conditions of each project will be governed by a project agreement between a Military Department of DOD and CDDP. The project agreement will set forth the scope of the projects, the work to be performed, types of reports to be submitted, the time and funding schedules, and the cost sharing arrangements.

6. Selection of Prime Contractors. The selection of prime contractors for work to be performed under a project shall be subject to mutual agreement.

7. Contract Clauses for Projects. The Canadian Government agencies responsible for placing and administering research and development contracts with Canadian firms will insert suitable provisions in such contracts obtaining for DOD the same production rights, data, and information that DOD would obtain for itself if DOD were solely funding and placing the contract under its Armed Services Procurement Regulation.

8. Competitive Research and Developments. DOD will not engage in research and development which duplicates the work being carried out under any project unless DOD considers such research and development to be in the United States national interest. The appropriate DOD agency will notify CDDP before undertaking such duplicative research and development and will, if requested by CDDP, enter into consultations with CDDP.

9. DOD Procurement of Project Developed Items. Procurement by DOD from Canadian firms of items developed in a project will be made under the Defense Production Sharing Program and in accordance with the DOD Armed Services Procurement Regulation. Pursuant to that Regulation, procurement of items developed by Canadian firms under the Defense Development Sharing Program will not be "set aside" for small business or for labor surplus areas.

10. Security.

a. Information and materials developed within projects will be considered to be jointly developed, and classification and declassification thereof will be determined jointly.

b. Classified information and materials exchanged in connection with or developed within projects will be safeguarded in accordance with the United States-Canadian Security Agreement of January 30, 1962, and the United States-Canadian Industrial Security Agreement effected by an exchange of letters dated February 6 and March 31, 1952, as amended.

11. Disclosure of Classified Information.

a. Classified information and materials received by either Government under the Defense Development Sharing Program but not developed within a project will not be disclosed or transferred to third countries, or nationals of third countries, without the consent of the originating Government.

b. Jointly developed classified information and materials will not be transferred or disclosed to any third party by either Government or nations thereof without the consent of the other Government.

12. Sales.

a. Sales or transfers to any third party of items developed in a project containing classified information or materials will be subject to the provisions of paragraph 11.

b. Sales or transfers to NATO, Commonwealth, and SEATO countries, or nationals thereof, of jointly developed unclassified items may be made in accordance with any applicable arrangements between Canada and the United States regarding munitions control. Sales or transfers to any other third party of jointly developed unclassified items will not be made without the consent of both parties to this agreement.

c. Sales or transfers to any third party of jointly developed unclassified rights, information, or data necessary for the production of an item developed in a project will not be made without the consent of both parties to this agreement.

13. Other Research and Development Efforts Not in Defense Development Sharing.

a. Consistent with normal DOD source selection procedures, Canadian firms may bid for DOD research and development contracts which are to be funded solely by the United States. DOD will evaluate proposals from qualified Canadian firms on a parity with proposals received from United States firms. CDDP undertakes to ensure that Canadian firms comply with DOD procurement procedures.

b. CDDP may award and solely fund research and development contracts to Canadian firms for the purpose of satisfying existing or anticipated DOD requirements. DOD and its Military Departments will not act as Design Authority for such contracts. In the event that the results of any such contract become of sufficient interest to DOD to warrant joint funding, the contract work may, upon mutual agreement, be made the subject of a Defense Development Sharing Program project.

14. Canadian Access to United States Information. Subject to United States legislation and national policy, the Government of Canada will have access to information on the future requirements of DOD research and development programs and Canadian firms will have the same access to DOD research and development program information as United States firms.

15. Supersession of Prior Arrangements. This Memorandum of Understanding supersedes the memoranda between CDDP and the United States

Departments of the Army, and Air Force, respectively, dated July 26, 1960 and December 22, 1961, except with respect to projects already entered into thereunder.

16. Effect and Duration. This Memorandum of Understanding will remain in force indefinitely, subject to modification or termination at any time by mutual agreement or to termination six months after receipt by either party of written notice of the intention of the other party to terminate it.

Signed/Charles M. Drury	Signed/Robert S. McNamara
Charles M. Drury Minister of Defence Production Date 21 November 1963	Robert S. McNamara Secretary of Defense Date 16 November 1963

The proponent agency of this regulation is the US Army Materiel Development and Readiness Command. Users are invited to send comments and suggested improvements on DA Form 2028 (Recommended Changes to Publications and Blank Forms) direct to Cdr, DARCOM, ATTN: DRCIRD, Alexandria, VA 22333

By Order of the Secretary of the Army:

E. C. MEYER
General, United States Army
Chief of Staff

Official:
J. C. PENNINGTON
Major General, United States Army
The Adjutant General

DISTRIBUTION:

To be distributed in accordance with DA Form 12-9A requirements for AR, Research and Development.

Active Army: D

ARNG: None

USAR: None

☆U.S.GOVERNMENT PRINTING OFFICE : 1989 O - 261-872 (06386)