

CANADIAN PUBLIC WORKS AND GOVERNMENT SERVICES CANADA  
AND UNITED STATES DEPARTMENT OF COMMERCE

**Memorandum of Understanding  
on Priorities and Allocations Support  
Between the U.S. Department of Commerce and the  
Canadian Public Works and Government Services Canada**

A. Purpose.

Since 1950, the United States and Canada have assisted each other on priorities and allocations for programs important to the defense of both nations. Details on the implementation of that assistance are found in section 700.55(b) of the U.S. Defense Priorities and Allocations System (DPAS) regulation (15 CFR Part 700). While the DPAS addresses the procedures for obtaining priorities and allocations support from the U.S., it does not fully detail the working relationship between the two countries. Accordingly, this Memorandum of Understanding (MOU) is set forth between the U.S. Department of Commerce (DOC) and the Canadian Public Works and Government Services Canada (PWGSC).

B. Agency Points of Contact.

1. The Office of Strategic Industries and Economic Security, DOC, is the U.S. point of contact for the Canadian Government with respect to priorities and allocations.

2. The Supply Program Management Sector of the Supply Operations Services Branch, PWGSC, is the Canadian point of contact for the U.S. Government with respect to priorities and allocations.

C. Priority Rating Authority.

1. DOC will authorize the PWGSC to use priority ratings in the U.S. in support of the following programs approved by the U.S. Secretaries of Defense and/or Energy:

- D1 - Canadian Military Programs
- D2 - Canadian Production and Construction
- D3 - Canadian Atomic Energy Program

2. DOC must receive requests for priority rating authority, by program, at least ninety (90) days in advance of the calendar quarter in which the authorization is required.

D. DX Authority.

PWGSC may authorize the use of "DX" priority rated contracts and orders for procurements in the U.S. which are in support of approved U.S. "DX" rated programs.

E. Items Which Will Not Receive Priority Rating Authority.

Priority ratings may not be used to support procurement in the U.S. of: (1) civilian items for resale in Military Exchanges or the packaging for such items; (2) any items which (a) are commonly available in commercial markets for general consumption; (b) do not require major modification when purchased for approved program use; and (c) are readily available in sufficient quantity so as to cause no delay in meeting approved program requirements; or (3) items to be used primarily for administrative purposes, such as for personnel or financial management.

F. Special Priorities Assistance.

1. DOC will provide special priorities assistance as needed to Canadian procurements in the U.S. which are in support of the Canadian D1, D2, and D3 programs when requests for such assistance are sponsored by PWGSC.

2. PWGSC will provide assistance as needed to U.S. procurements in Canada which are in support of U.S. approved programs, as set forth in Schedule 1 to the DPAS, when requests for such assistance are sponsored by DOC.

G. Forms and Reports.

1. Canadian requests for special priorities assistance from the U.S. will be submitted to DOC on Form BXA-999, "Request for Special Priorities Assistance", or on other forms as may be established by DOC.

2. Canadian requests for priority rating authority will be submitted to DOC on Form PWGSC-1451-1, "Application for U.S. Priority Rating Covering Importation of Quarterly Requirements of Materials from the United States", or on other forms as may be established by PWGSC.

3. PWGSC will report quarterly on the number of rating authorizations issued and their U.S. dollar value against DOC rating authorizations during the previous quarter.

H. Compliance.

PWGSC will ensure that Canadian Government personnel and defense contractors are in compliance with the provisions of the DPAS when placing rated orders in the U.S. and will inform DOC of any alleged violations of the DPAS of which it may become aware.

I. Training.

1. PWGSC and DOC will each develop and implement training programs on the DPAS for their respective and appropriate Government procurement, contract administration, and contractor personnel.

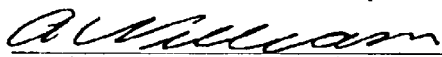
2. PWGSC and DOC training programs shall be coordinated to ensure the conduct of a comprehensive program and minimize duplication.

J. Effective Date and Revocation of Previous Memorandum.

This MOU supersedes the Memorandum of Understanding on Priorities and Allocations Support Between the U.S. Department of Commerce and the Canadian Department of Supply and Services, signed by the Assistant Deputy Minister, Operations, DSS, and the Deputy Assistant Secretary for Export Administration, DOC, on June 26 and June 21, 1984, respectively (49 FR 30444, July 30,

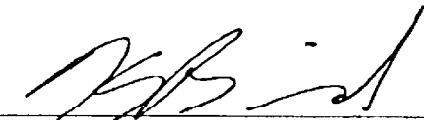
1984). It shall take effect immediately as of the date of it is signed by both agency representatives.

CANADIAN PUBLIC WORKS AND GOVERNMENT SERVICES CANADA

  
Assistant Deputy Minister  
Supply Operations Service Branch

Date: AUG 25 1998

U.S. DEPARTMENT OF COMMERCE

  
Deputy Assistant Secretary  
for Export Administration

Date: 7/1/98