NATO. Canada was one of the founding members of the North Atlantic Treaty Organization (NATO) in 1949. Successive Canadian governments reaffirmed the conviction that Canada's security remained linked to that of Europe — probably still the most sensitive point in the East-West balance of power.

Following an extensive defence structure review by the government the Minister of National Defence in November 1975 announced the government's intention to purchase major new items of equipment for the Canadian Armed Forces. Counter to the general NATO trend the minister announced a considerable increase in the Canadian defence budget over the next five years, with emphasis on capital acquisitions. Following these decisions it was announced that Canada would purchase 18 Aurora long-range patrol aircraft to replace the obsolete Argus and would equip the Canadian Forces in Europe with Leopard 1 main battle tanks, subject to a satisfactory contract being concluded with the manufacturer.

At the Conference on Security and Cooperation in Europe (CSCE) in Helsinki, August 1975, members of NATO agreed to notify each other of major military manoeuvres in Central Europe in which they are participating. In the autumn of 1975 Canada issued notification of two manoeuvres in the Federal Republic of Germany in which Canadian troops took part. Since then other countries have also issued announcements. Provision was also made for the voluntary invitation of observers to manoeuvres. NATO supports this provision fully, and observers were invited to one of the autumn manoeuvres. Observers came from all the CSCE countries except those of the Warsaw Pact.

Canada also participates in the Mutual and Balanced Force Reductions (MBFR) negotiations in Vienna. Negotiations are generally recognized as being difficult because they touch on vital security interests of both NATO and the Warsaw Pact. It was hoped that a new NATO proposal to include the consideration of some of its nuclear weapons in the negotiations would break a two-year deadlock. Similarly, it was hoped that a way would be found around the deadlock in the Strategic Arms Limitations Talks (SALT) between the US and the USSR.

A number of unresolved problems remain a source of continuing concern to the NATO Alliance. All NATO members continued to experience, in varying degrees, the impact of inflation, energy disruption and the after effects of a severe recession. Many of the Allies shared the problem of maintaining an adequate level of defence capability in the face of serious strains on their economies. One positive factor was a growing readiness of NATO Alliance members, including Canada, to seek economies by increasing specialization in the development, production and acquisition of military equipment to avoid costly duplication.

In the pursuit of Canadian foreign policy objectives, such as the diversification of international economic relations, including the negotiation of a Framework Agreement for Commercial and Economic Cooperation with the European Communities, Canadian membership in NATO plays an important role. NATO is a unique forum for the exchange of views among its members through its regular organs and through such related bodies as the North Atlantic Assembly and the Atlantic Council of Canada. Membership in NATO motivates Canada to participate actively in European affairs, and thus contributes to the development of Canada's political, economic and scientific-technological relations with Europe. NORAD. In continuing its cooperation with the United States in North American defence, Canada seeks to make an effective contribution to the maintenance of a stable strategic balance between the super-powers. This contributes to Canada's overriding defence objective of preventing nuclear war. In the context of North American defence, the government advocates participating in surveillance and warning systems, in anti-submarine defence and in measures designed to protect the retaliatory capacity of the US.

In air defence, this cooperation was reaffirmed in May 1975 when Canada agreed to renew the North American Air Defence Command (NORAD)