

Substantial purchases were made on behalf of the Colombo Plan for delivery to Pakistan, Ceylon, Indonesia, Viet Nam, India and Malaya. These included flour, wood pulp, newsprint, chemical fertilizer, dump trucks, steel towers, electric cables, generators, turbines, circuit breakers, transformers and insulators.

The fourteen district offices across Canada arranged contracts with regional suppliers for fresh food, stores and services needed for immediate use by military establishments in the areas concerned. Requirements for the national survival program were given precedence and the normal procurement period was greatly reduced.

**Defence Production and Development Sharing.**—The value of United States defence production and development sharing prime contracts and subcontracts received in Canada in 1961 was \$142,600,000, an increase of 25 p.c. over 1960. The steady growth of United States defence sharing business in Canada from the beginning of 1959 indicates that this program has become an important part of Canada-United States joint defence and defence production arrangements.

During 1961 a continuing effort was made to refine procedural arrangements such as those involved in United States duty regulations, in security matters, and in obtaining specifications. The Buy American Act was further liberalized in relation to Canadian supplies, and the source listing of Canadian firms with United States agencies was carefully reviewed.

Working groups designed to provide closer liaison between the Department of Defence Production and the United States Air Force were established during the year, and the United States Navy named specific officers to act as contact points on production sharing in appropriate bureaus. The United States Services issued further directives and instructions which placed Canadian industry on more equal terms with United States industry in defence contracting and subcontracting.

The provision of information on the program to prime contractors and subcontractors, as well as to government procurement officers, was emphasized by both governments. A new edition of the Canadian Commodities Index, listing over 500 Canadian companies actively interested in defence production sharing, was issued in 1961 primarily for use in the United States. A steady demand continued for the handbook, *Canada-United States Defence Production Sharing*, issued in 1960, of which over 15,000 copies had been distributed to the end of 1961. Similar publications concerned with research and development were being prepared for distribution in 1962.

In some special cases where American contractors have written off their preproduction and tooling costs under previous contracts, the Department provided assistance to Canadian firms bidding on United States contracts by absorbing part of their preproduction and tooling costs. New contractual commitments for such assistance totalled \$1,370,000 in 1961, largely for assistance in the production of counter-mortar radar, 7.62mm cartridges, an electronic counter countermeasure device and circuit boards. Assistance was also given to research and development projects by Canadian industry which were of interest to the United States Services. Contracts amounting to \$13,844,000 were made in 1961 for this type of assistance. The major new commitments were in connection with the *Caribou Mk. II* aircraft, the *PT-6* turboshaft and turboprop engines, a 600-hp. gas turbine engine, airborne doppler radar and the *CL-91* high mobility light utility carrier.

These efforts resulted in significant increases in bid solicitation and submissions for prime contracts. Solicitations rose from 2,693 in 1960 to 5,786 in 1961, and submissions from 957 to 1,799. Contracts placed by the United States Government with Canadian Commercial Corporation increased from 446 to 830, the latter valued at \$70,383,000. In the subcontract area, solicitations fell from 2,719 in 1960 to 2,524 in 1961, and responses from 2,120 to 1,986. Subcontracts received by Canadian firms, however, rose from 882 to 1,111, valued at \$69,082,000. Other prime contracts received directly from the United States Government by industry and universities in Canada totalled \$3,135,000.