

Contracts placed for all sources other than the Department of National Defence and Defence Production totalled \$251,586,000 in 1962, of which \$202,887,000 was for the United States Government and \$1,147,166 for the British Government.

### 1.—Canadian Government Defence Contracts and Expenditures, by Defence Program, 1962 and First Half of 1963

NOTE.—The contract values include all contracts placed by the Department of Defence Production and Defence Construction (1951) Limited on behalf of the Department of National Defence, and the expenditure values include all payments made by the Department of National Defence against such contracts. The net value includes the value of all new contracts issued together with the value of amendments which increased or decreased the commitments of existing contracts.

Program	Net Value of Total Contracts		Expenditures on Contracts	
	1962	1963 (First Half)	1962	1963 (First Half)
	\$'000	\$'000	\$'000	\$'000
Aircraft.....	205,252	138,655	190,900	89,250
Armament.....	25,466	6,778	15,948	12,948
Electronics and communication equipment.....	82,785	48,880	113,537	53,725
Ships.....	27,841	33,199	53,503	28,441
Tank-automotive.....	8,924	6,570	9,818	6,656
Fuels and lubricants.....	38,605	40,388	37,711	15,151
Clothing and equipage.....	12,814	5,517	10,763	6,396
Construction.....	39,443	17,643	80,802	14,125
Other.....	95,536	46,560	93,393	43,922
<b>Totals.....</b>	<b>536,666</b>	<b>344,190</b>	<b>606,374</b>	<b>270,614</b>

**Defence Production and Development Sharing.**—In 1962, \$254,300,000 worth of United States defence production-sharing business was placed with Canadian industry. This was a 78-p.c. increase over 1961, due largely to contracts for *Caribou* aircraft and a contribution by the United States to the Canada-United States *F-104G* aircraft program. The total United States defence production-sharing business in this country during the four years of the program was \$605,900,000.

During 1962, continuing attention was given to simplifying procedural arrangements, such as those involved in the United States duty regulations, security matters, obtaining specifications and interpreting new instructions issued by the United States Department of Defense and military authorities. The provision of information on the program to prime contractors and subcontractors, as well as to government procurement officers, was emphasized by both governments. Publications issued during the year included: a new edition of the *Production Sharing Handbook*; a handbook entitled *Canadian Commodity Index*; a *Guide to Research and Development Capabilities in Canadian Defence Industry*, designed to assist government research and development agencies and the defence industry in the United States to locate potential sources within Canadian industry; and a *Defence Development Sharing* handbook, designed to assist Canadian companies in participating in United States defence research and development requirements.

Assistance was given to Canadian industry for research and development projects of interest to the United States Services. Contracts amounting to \$8,500,000 were issued in 1962 for this type of assistance, with expenditures totalling almost \$6,800,000. Among the major new projects were surveillance and guidance systems, short take-off and landing (STOL) aircraft, communications and navigation equipment, and surface vehicles.

These efforts resulted in significant increases in bid solicitation and submissions in the prime contract area. United States inquiries to Canadian industry increased from 5,786 in 1961 to 8,290 in 1962, and responses by Canadian companies from 1,799 to 2,384. Prime contracts placed by the United States Government with Canadian Commercial Corporation increased from 830 to 1,088, having a total value of \$176,500,000. In the subcontract area, solicitations increased from 2,524 in 1961 to 3,108 in 1962, and responses