

\$523,551,000, an amount 13.7 p.c. lower than in 1962. Expenditures against aircraft programs declined by \$17,356,000 or 9.1 p.c., those for electronics and communication equipment by \$9,973,000 or 8.8 p.c., and those for ships by \$750,000 or 1.4 p.c.

Of the \$448,352,000 in contracts issued during the first half of 1964, \$362,476,000 or 81 p.c. was for the Department of National Defence and expenditures against prime contracts placed for that Department stood at \$307,495,000. The Department of Defence Production placed \$11,330,000 in contracts in 1963 and \$20,407,000 in the first half of 1964 against certain appropriations to assist Canadian defence industries; the major area of assistance in 1963, which involved contracts totalling \$8,800,000, was to sustain research and development capability in Canadian industry. Revolving Fund contracts amounted to \$33,401,000 in 1963, primarily to make funds available in connection with the Canada-United States *F-104G* mutual aid program (MAP); Revolving Fund contracts amounted to \$36,773,000 in the first half of 1964.

Contracts placed for all sources other than the Departments of National Defence and Defence Production totalled \$148,361,000 in 1963, of which \$96,868,000 was for the United States Government and \$1,372,000 for the British Government.

1.—Canadian Government Defence Contracts and Expenditures, by Defence Program, 1963 and First Half of 1964

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 that increased or decreased the commitments of existing contracts.

Program	Net Value of Total Contracts		Expenditures on Contracts	
	1963	1964 (First Half)	1963	1964 (First Half)
	\$'000	\$'000	\$'000	\$'000
Aircraft.....	167,545	141,601	173,544	111,289
Armament.....	14,119	13,410	24,139	12,581
Electronics and communication equipment.....	107,843	60,962	103,564	61,235
Ships.....	41,209	18,795	52,753	19,116
Tank-automotive.....	17,674	21,646	10,802	21,589
Fuels and lubricants.....	46,658	33,559	29,151	14,742
Clothing and equipage.....	10,754	5,435	12,056	6,094
Construction.....	33,229	18,369	32,510	14,872
Other.....	83,246	48,699	85,033	45,977
Totals.....	522,277	362,476	523,551	307,495

Defence Production and Development Sharing.—In 1963, \$142,000,000 worth of United States defence production-sharing business was placed with Canadian industry, a decrease of 44.1 p.c. from 1962. The lower level in 1963 was largely accounted for by the fact that 1962 figures included \$121,800,000 for *Caribou* and *F-104* MAP aircraft orders as compared to \$25,200,000 for the same aircraft in 1963. The total United States defence production-sharing business in this country during the five years of the program was \$747,900,000.

Assistance was given to Canadian industry for research and development projects (RDP) of interest to the United States services. Contracts amounting to \$8,800,000 were issued in 1963 for this type of assistance, with expenditures totalling almost \$13,700,000. These efforts resulted in significant increases in bid solicitation and submissions in the prime contract area. United States inquiries to Canadian industry increased from 8,290 in 1962 to 12,858 in 1963, and responses by Canadian companies from 2,384 to 2,853. Prime contracts placed by the United States Government with Canadian Commercial Corporation increased from 1,088 to 1,130, having a total value of \$84,600,000. In the sub-contract