

\$6,035,000 in Britain and \$14,900,000 in other countries. Expenditures on contracts in 1966 amounted to \$483,657,000, an advance of 4.5 p.c. over 1965. Expenditures against tank-automotive programs increased by \$16,647,000 or 110.5 p.c., and against aircraft programs by \$3,162,000 or 2.0 p.c., those against electronics and communications equipment programs decreased by \$1,078,000 or 1.1 p.c.

Of the \$530,729,000 in contracts issued during the first half of 1967, \$343,405,000 or 64.7 p.c. was for the Department of National Defence. Expenditures against prime contracts placed for that Department stood at \$253,483,000. The Department of Defence Production placed \$8,156,000 in contracts in 1966 and \$6,906,000 in the first half of 1967 against certain appropriations to assist Canadian defence industry. Revolving Fund contracts amounted to \$42,050,000 in 1966 and \$30,600,000 in the first half of 1967.

Contracts placed for all sources other than the Departments of National Defence and Defence Production votes totalled \$311,854,000 in 1966, of which \$186,068,000 was for foreign governments, \$90,365,000 was for civilian departments and agencies of the Canadian Government, and \$35,421,000 was for External Aid programs. For the first six months of 1967 contracts placed for foreign governments amounted to \$108,550,000, for Canadian non-defence Government departments and agencies \$57,068,000, and for External Aid programs \$14,800,000.

Defence Production and Development Sharing.—In 1966, United States defence production-sharing contracts placed with Canadian industry totalled \$317,009,803, an increase of 22 p.c. over 1965. A major factor in the increased procurement was the substantial success achieved by Canadian companies in competition with United States sources in supplying components and assemblies for major aircraft programs such as the C5A transport and F-111 fighter/bomber and for airborne electronic navigation and computer equipment. The total United States defence production-sharing procurement in Canada during the eight years of the program was \$1,491,300,000.

Prime contracts placed by the United States Government with the Canadian Commercial Corporation totalled \$128,900,000 in 1966 and subcontracts received directly by Canadian firms were valued at \$184,677,885. Other prime contracts received directly from the United States Government by Canadian industry and other institutions had a value of \$3,500,000.

In 1966, continued assistance was given to Canadian industry under the development-sharing program for research and development projects of interest to the United States Services; 70 such contracts were in effect, with expenditure totalling \$22,400,000.

Co-operation in NATO and RDP (Research, Development and Production) and Defence Exports Overseas.—Canadian industry is encouraged to participate in supplying the defence needs of friendly European and other countries in such areas as aircraft, aircraft engine spares, training and navigational aids and armament and ammunition components. During 1966, nearly 80 Canadian firms reported the receipt of \$78,322,000 in defence prime contracts and subcontracts from some 40 NATO and other countries (excluding the United States), although over 95 p.c. of this business came from some 13 countries. Of this total, which was an increase of 15.6 p.c. over 1965, prime contracts accounted for \$62,059,000 and subcontracts placed in Canada by overseas defence contractors accounted for \$16,263,000. The major purchases in this group were for *Caribou*, *Twin Otter*, CL-41G and CL-215 aircraft, F-104G simulator spares, navigational equipment for the F-104G and other aircraft, radio relay equipment, spares for vehicles, aircraft engine spares, projectiles and a further contribution to the shared development of the AN/USD-501 surveillance drone.

During 1966, Canadian defence contracts placed in overseas countries on behalf of the Canadian Armed Forces amounted to \$30,071,000, consisting of \$19,918,000 in prime contracts and \$10,153,000 in subcontracts, making a balance in defence contracting of \$48,251,000 in Canada's favour.