

the production of components in this country and to ensure the highest possible Canadian content in these vehicles. It is also important to make arrangements for some tooling up in Canadian plants and to give Canadian industry an opportunity to become familiar with these types of vehicles. Since my announcement the Ford Motor Company of Canada has been studying the possibility of Canadian production of the one-quarter ton 4 by 4 jeep. It is expected that these engineering studies will be completed very shortly.

The Machine Tools Division has been established to ensure that there is available to every production project, such as the manufacture of aircraft, radar, guns and ammunition, shipping, etc., an adequate supply of machine tools and the necessary allied equipment. This division has started on a three-year, \$40 million machine tool purchasing programme. Of this amount, it is estimated that \$12 million will be spent in Canada, \$4 million in the United Kingdom, and \$24 million in the United States. In addition, an attempt is being made to rationalize the Canadian machine tools industry in order to achieve an increase in output and efficiency by having certain plants concentrate on the production of specific sizes and types of machines. In this way we avoid duplication of effort and at the same time achieve manufacturing economies.

Defence Construction Limited, which is a Crown company set up as part of the Production Branch, is responsible for construction required by our armed forces. By the end of May, Defence Construction Limited was administering contracts with a total value of \$110 million, of which \$44 million worth were taken over from the Canadian Commercial Corporation. Defence construction requirements have increased sharply in recent months, and the present rate of contract awards exceeds \$4 million per week. It is estimated that by the end of the current fiscal year Defence Construction Limited will have under administration over \$200 million in construction contracts. Such an extensive programme is making heavy demands on critically short materials, particularly reinforcing steel.

The last division of the Production Branch is the Small Industries Division. Briefly, the functions of this division are to gather and distribute information on contracts so that subcontractors can get in touch with the prime contracting firms quickly for possible orders; second, to inform prime contractors of available industrial capacities as needed; and third, to act as a representative in Ottawa of small industry across Canada for whatever problems may arise in its dealings with the Defence Production Department. In order to ensure close liaison with small industry, it is planned that this division will have representatives in the department's offices in Toronto and Montreal. The division will have special maritime and prairie province liaison officers on its staff in Ottawa, with the understanding that these individuals will spend considerable time in their respective territories. It is also planned to work closely with industry in British Columbia and Newfoundland through the Department of Trade and Commerce offices in Vancouver and St. John's. We are anxious to see that every section of Canada, and small industry as well as large, has an opportunity to participate in our defence production programme.

Another main unit of the department is the General Purchasing Branch which is carrying on most of the work of the former Canadian Commercial Corporation. It is responsible for purchasing all the defence supplies outside the field of those for which production divisions have been created. These cover a wide range of commodities and include