

A significant indication of the progress of defence procurement is the changed position of Canada-United States mutual procurement. During 1951, the value of Canadian Government defence orders placed in the United States was nearly two and one half times as large as corresponding United States orders placed in Canada. In 1952, on the other hand, the situation altered so radically that the total for the two years should be approximately in balance. This development has taken place for several reasons. The United States has become increasingly aware of Canadian facilities, while Canada has been able to depend more fully upon its own sources of supply and, in some cases, to reduce or cancel orders already placed in the United States. During the first year, in particular, the United States was the only available source for U.S.-type equipment. An illustration of Canada's increasing capacity to supply its own needs is the decision to use the "Orenda" engine produced by A.V. Roe (Canada) Ltd. to replace the U.S. J-47 in the F-86 "Sabre" fighters.

Canada's defence programme is one of preparedness, and the international situation suggests that the need for such a programme may continue for a considerable time. The creation of basic capacity for rapid increase of output in the event of an emergency is therefore an essential objective. Government measures used for ensuring that the necessary capacity should be put in place include capital assistance, special capital-cost allowances or accelerated depreciation, and priorities on essential materials.

Much of the key plant and equipment is now operating. An outstanding example is the plant making "Orenda" jet engines, which was opened in September 1952. Rapid progress is likewise being made in setting up capacity for producing such "Orenda" components as fuel systems, combustion chambers, light metal castings, and turbine blading. In shipbuilding, Canada is now able to produce the propulsion machinery for its own escort vessels. Under the weapons programme, new facilities have been created for the manufacture of various U.S.-type products. In the electronics field, also, Canada is keeping abreast of the rapidly changing situation, and now possesses capacity to turn out such things as "walkie-talkies," gunfire-control equipment, and subminiature tubes.

Aircraft constitute the largest single programme. The output of F-86 fighters is progressing very favourably. In the case of the CF-100, there have been various technical problems connected with the development of a new plane and with the creation of the necessary plant and tooling. Deliveries are now going forward on the main contract, and satisfactory progress is shown in other phases of the aircraft programme. Other hard-goods programmes are not so large, but here too production is going ahead or is in advanced stages of preparation.

From now on it is likely that the miscellaneous programmes and defence construction projects will tend to play a lesser role, but it is expected that the output of hard-goods such as aircraft, ships, guns, ammunition and electronics will continue to be very significant even after March, 1954. As long as the international situation remains uneasy, it will be necessary to keep up to date in all the fields where technological changes make for rapid obsolescence.