

## APPENDIX I

### SOREL INDUSTRIES LIMITED

#### 3"/50 Twin Mount Gun Contracts

#### Comparison of Production Costs Between U.S. and Canadian Contracts Based on Costs as at February 29, 1956.

	UNIT PRICE		Difference Canadian over U.S.	EXPLANATION
	U.S.	CAN.		
Basic Gun less loaders, including spare barrels.	\$ 163,240	\$ 163,240	—	Total manufacturing costs of basic Guns shared pro rata between United States and Canada.
Loaders.....	65,400	68,137	\$ 2,737	Lower average cost of U.S. loaders due to lower cost of 50 loaders bought in United States, which were attached to the U.S. Guns only.
Duty Rebate.....	4,554 Cr.	—	4,554	Rebate on duty paid on parts and materials originally imported from United States and incorporated in Guns shipped to United States.
Basic Gun.....	224,086	231,377	7,291	
Spares.....	7,689	22,447	14,758	The Canadian Navy must build up depot spares as well as shipboard spares. U.S. Navy only ordered bare minimum of shipboard spares as their depot spares were acquired from U.S. Manufacturers. Also, there is a higher percentage of shipboard spares to guns for Canadian Navy as U.S. Navy have more guns per ship with same amount of shipboard spares.
Basic Gun plus Spares.....	\$ 231,775	\$ 253,824	\$ 22,049	
Extras—U.S. Navy.....	1,428	—	—	Engineering changes and long term preservation.
—Canadian Navy:				
Gunar Mounts.....	—	5,998	—	Gunar control on Canadian Guns only.
Miscellaneous.....	—	1,030	5,590	Engineering changes and special requirements of Canadian Navy.
Total Production cost of Guns.....	\$ 233,203	\$ 260,842	\$ 27,639	