

Some weeks after the department was in operation it was decided to establish a Pulp and Paper Division. The main reason for this move was the likelihood of some international allocations being recommended by the International Materials Conference.

The pulp and paper committee of this conference has now recommended one allocation of newsprint to France and it is possible that there will be others during the next few months. I think that no one will quarrel with the desirability of North America assuring that our allies have at least minimum amounts of newsprint available in order to combat the claims of communism. It seems that in the free countries where communism is the greatest threat, the communist papers in one way or another get newsprint. It is important that we ensure that the free press of these countries also secure supplies.

As I mentioned, the International Materials Conference has recommended an emergency allocation of 3,000 tons of newsprint to France, 2,500 tons of which is to be supplied by Canada. I have, under the powers granted me by the Defence Production Act, instructed the director of the Pulp and Paper Division to make an equitable levy on all Canadian newsprint producers for the purpose of providing the aforesaid 2,500 tons of newsprint. This purchase will be made by the Canadian Commercial Corporation on behalf of France, at prices not inconsistent with contract prices prevailing in North America, but having regard to any additional costs involved in this transaction.

I do not believe that it will be necessary to divert a large tonnage of newsprint from North America in order to satisfy these emergency requirements, but with our mills already over-committed it is obvious that North American users, who are by far the heaviest consumers of newsprint, must expect some cutback in order to provide this tonnage. Every precaution will be taken to requisition in such a way as to minimize the impact on producers and consumers in this country.

I have left the Priorities Division to the last because so much of its work cuts across that of other divisions in the department. One of the major tasks of the Priorities Division has been to see that Canadian requirements on the United States economy are fully recognized when it comes to the allocating of materials, components, and productive capacity by the United States authorities. So far, the single band "defence order" priority rating system has been used in that country, and its use has been extended to include defence-supporting and essential civilian requirements in addition to defence contracts. This has placed undue pressure on the defence order system, and plans are being made in the United States to introduce a controlled materials plan to regulate material requirements in a more equitable manner. There has been a good deal of delay and uncertainty about the controlled materials plan in the last few weeks, but I would like to say at this time that Canadian officials have done everything possible to try to minimize the effect of this on Canadian industry.

Some of the difficulties have arisen from the fact that decisions on policy implementation and operations have not been forthcoming from the United States national production authority in sufficient time to meet the original plans, and a great deal of confusion at the industry level has ensued. Canadian firms have been supplying firms south of the border. A number of stop-gap methods have been