

subcontractors will soon be felt.

A third division is the Shipbuilding Division. As has been announced, contracts have already been allotted by this division for one icebreaker, fourteen minesweepers, fourteen escort vessels and five gate vessels, as well as a number of harbour craft. It is expected that this programme will amount to approximately \$200 million.

These are new types of minesweepers and escort vessels of which no prototypes are yet afloat. This means that certain capital assistance is necessary, and that some delays and difficulties at the shipyards may be expected from time to time. Although Canadian shipbuilding costs are somewhat higher than European costs, it has been government policy to maintain key personnel and essential equipment in all our major Canadian yards for strategic reasons. The growth of this programme is shown by the employment figures in the shipbuilding industry: October, 1950, 8,440, and April, 1951, 12,147.

In addition, I released a statement last week which referred to the conversion and refitting of thirty-four ships. This is a two-year programme and includes eighteen minesweepers and sixteen frigates. The Shipbuilding Division is also developing the production of propulsion machinery and auxiliary equipment.

Another division is the Ammunition and Gun Division. The general remarks which I have already made concerning problems in our production programme are particularly applicable to the work of this division. Nevertheless some pieces of equipment and kinds of ammunition are now planned for production in this country. For example, 60 millimetre and 81 millimetre mortars of United States design will be manufactured here. These will replace the 2-inch and 3-inch mortars used previously. In addition, the 3.5 inch rocket launcher anti-tank weapon, replacing the Piat as a standard, will be made in Canada. In artillery the American 105 millimetre and 155 millimetre howitzers will now be standard weapons replacing the old 25-pounder and the 5.5 inch howitzer. Both guns will be made at the Sorel plant, which is also engaged in the production of the 3-inch 50 calibre naval gun for the United States and Canada.

Ammunition for the types of small arms and artillery which we have adopted will be produced in Canada. At the moment the bulk of the ammunition and small arms programme is being carried out by Canadian Arsenals Limited, and the howitzers and naval guns are being made at Sorel.

Yet another division is the Mechanical Transport Division. The present programme in mechanical transport is small relative to our contribution to allied requirements during World War II. On April 27 I released a statement in which I advised that preparations were being made for the partial manufacture and complete assembly of 456 three-quarter ton military trucks and 780 two-and-a-half ton military trucks by Chrysler Corporation of Canada Limited and General Motors of Canada Limited, respectively. I pointed out at that time that full tooling and production to meet the limited requirements of the three Canadian services is out of the question at present.

The possibility of securing United States orders for our Canadian factories was carefully examined but there is excess capacity in that country for producing these types of vehicles. Nevertheless we were satisfied that some production must be undertaken in Canada in order to encourage