

problem has also been accentuated by the construction in low-cost foreign yards of new commercial units, more modern and more efficient.

In Canada, I believe that the government has gone a long way towards meeting the needs of a strictly Canadian maritime industry. Let me just mention in passing the establishment of the replacement plan and of the transfer plan. The former envisaged the construction of modern ships in Canadian yards and the latter the retention of ownership and of operation by Canadian companies of vessels in competition with low cost operators. I hope that taking advantage of the government's efforts on their behalf we will soon see further commercial development in the ocean shipping industry.

This does not mean, however, that the production of the shipbuilding industry has been curtailed. Far from it, and I am happy to state that at the present time the total programme value of vessels in preparation or under construction is over two hundred millions of dollars. This represents a huge naval programme of thirty-nine additional units of which fifteen are anti-submarine escort vessels, fourteen minesweepers, and the balance various types ranging from an Arctic Patrol vessel to a Norton tug. The contracts for the construction of these naval vessels have been awarded for strategic reasons on a geographical basis to the major shipyards on the Pacific and Atlantic coast and on the St. Lawrence River. The yards on the Great Lakes are fully occupied in the construction of merchant vessels, for the main part bulk freighters and oil tankers. The twenty-one new vessels under way on the Great Lakes have been ordered by Canadian shipping companies and most of them have received assistance from the escrow fund established by the Government under the replacement plan.

The balance of new construction in our Canadian yards is made up of government vessels such as a new ice-breaker for the Department of Transport and an automobile ferry to operate between Port aux Basques, Newfoundland, and Sydney, Nova Scotia. Over and above the new construction which is under way in the major shipyards of Canada, there are some 36 bangors and frigates which are being refitted for our Navy in some eleven eastern Canadian yards all the way from Montreal to Charlottetown, Pictou, Halifax and Lunenburg. You will agree with me that the shipbuilding industry of Canada is fully occupied in a preparedness programme not only for naval purposes but also for the betterment of our existing Great Lakes fleet.

The last conflict made it only too clear that no effective defence effort can be maintained without adequate supplies of oil. The post-war oil discoveries in western Canada hold forth some promise of national self-sufficiency. Although present known reserves remain inadequate, yet authoritative sources have revealed that much larger reserves may be proved in the next few years.

The major consideration today, however, is not production but distribution. Experience of other oil-producing countries reveals that the oil pipeline is the economic answer to the distribution problem. This method of transportation permits a maximum oil flow on a year-round basis with a minimum reliance on orthodox transport services.