

Canadian orders in the United States have been accorded the same type of priority which the American manufacturers have been able to use. Our most frequently used symbols have been the DO-C5 for direct defence requirements and DO-G6 or DO-G7 for defence supporting projects. With the developing shortages for certain critical materials, particularly steel, copper and aluminum, which occurred in the early part of 1951, the United States Government introduced the Controlled Materials Plan or CMP for the allocation of these materials. Many of our requirements of these substances must be filled from U.S. production, and Canada was granted the same rights as the United States agencies to apply for and receive quarterly allocations of steel, copper and aluminum. The United States Government also instituted a long series of orders, the M series, dealing with the permitted uses of the materials to which they referred.

Although obviously the U.S. rules, ratings and orders were not directly applicable in Canada, in fairness to the U.S. we have tried to administer our control machinery, informal though it may have been, to maintain a reasonable consistency with their operations. We have always found our Washington friends prepared to make full allowances for our special circumstances in Canada. However, we have tried to avoid taking advantage of their generosity to us by making sure that Canadian companies did not use materials of U.S. origin in a way which American companies could not do.

Although we have been most closely associated with the United States, Canada has been co-operating with the other countries of the free world in the allocation of a number of materials which have been in short supply. The International Materials Conference, set up initially by the United Kingdom, United States and France, has been broadened to include representation from a number of other countries including Canada, to consider the distribution of some dozen basic materials which were urgently required in the overall defence plans. The Committees of this Conference dealing with specific materials make recommendations to the several governments concerned, and Canada has taken its part in apportioning the materials to the different countries, including Canada, on the basis of their established needs. For example, although Canada is the world's largest supplier of nickel, we have restricted our own use of this metal in order that supplies might be available to the other countries on a comparable basis of need.

With this background we should now look at the present Canadian control machinery other than the financial controls which are the responsibility of the Department of Finance. The first of these, the Order Approval System, has been in effect for a number of the non-ferrous metals and for sulphur. Under this system, orders from Canadian Companies must be approved by our Department before they may be accepted by the supplier. This system has the great merit of flexibility in balancing supply against demand. Orders coming in to our Department are checked for the essentiality of the requirement and for the inventory position of the ordering company. As the available supplies increase, it is possible to give more generous treatment to those companies where the defence implications are less direct. When the supply of material is in approximate balance with the demand, as has happened recently in cadmium, lead and zinc, the Department has cancelled the requirement for order approval.