

Two Orders From U.S. Valued at \$8,200,000 Confirmed in House

From the Ottawa Bureau
of The Globe and Mail

Ottawa, Feb. 23—The Government's first answer to the cancellation of the billion dollar Avro Arrow contract is \$8,200,000 worth of U.S. defense purchases in Canada.

Defense Production Minister O'Hurley confirmed this figure for two contracts which had been revealed earlier when he produced the long-awaited statement of defense production sharing arrangements with the United States.

The arrangements are vague and Mr. O'Hurley could point to no specific commitment for future purchase. The best he had to offer was "we expect as time goes on that further contracts will be placed in Canada."

Paul Hellyer (L. Trinity) said sarcastically that the statement "was staggering in its insignificance."

Hazen Argue, the CCF house leader, said the statement demonstrated that Canadian sovereignty is threatened by government failure to work out a satisfactory defense production sharing arrangement.

Noting the statement was exceedingly disappointing, Mr. Argue said it will constitute small comfort for the 14,000 persons thrown out on the streets last Friday almost as unceremoniously as garbage is placed on the street for collection.

The Conservative back benches had their own comment for the statement. Mr. O'Hurley obviously felt that his announcement that a Canadian company, Canadair Ltd., of Montreal, had been selected for a \$1,700,000 contract for Bomarc missile wings and ailerons was one of the high points of his speech. The Conservatives greeted it with silence.

The defense production minister made two other major points. Canadian industry, he said, has to invade vigorously the U.S. defense production

markets looking for business.

The degree of participation of Canadian industry in production of major weapons will be controlled by the degree to which Canadian scientists and engineers can be co-ordinated into development programs.

This lack of participation in U.S. development programs is one reason why Canadians have not shared to any great extent in U.S. defense production so far.

Prime Minister Diefenbaker noted Friday that the United States had to be responsible for procuring the electronic gear for SAGE (Semi-Automatic Ground Environment) and the new Pinetree radar stations because engineers there already were deeply involved in development.

The United States already has placed a contract in Canada for radar sets for the Pinetree stations worth \$6,500,000 which, along with the \$1,700,000 for Bomarc, was the new defense production business confirmed by Mr. O'Hurley today.

either as prime or sub-contractors. In assuming this responsibility, Canadian industry must bear in mind that it will have to be competitive with United States industry in terms of technical competence, delivery and price.

Setting the mood for the rest of the day, Opposition spokesmen tore into the statement. G. J. McIlraith (L. Ottawa West) underlined that while Mr. O'Hurley was emphasizing that success depends on Canadian engineering and technical skills, the Government, as a result of the abrupt end of the Arrow project, was dispersing the technical teams built up within Canadian industry.

Mr. Argue was much rougher. There was little or nothing of concrete nature in the statement, he said. The minister talked about joint committees, about working groups, about discussions.

"But where is the action?" he demanded. "Where are the concrete results? They are not to be found in his statement."

He underlined that Mr. O'Hurley had talked only about potential contracts. His warning that Canadian industry would have to compete in the United States was ice water on the possibilities of greater sharing.

"In the light of the experience we have had in the past," the CCF leader continued, "in the light of our knowledge of the pressure that is placed on the U.S. Administration by Congress, this statement is an empty one. In view of the loss to the Canadian economy occasioned by such steps as were taken last Friday, it is a hollow and meaningless one."

Mr. O'Hurley admitted that Canada subcontracts more work into the United States than U.S. prime contractors give Canadian firms. He estimated that about 20 to 25 per cent of Canadian aircraft and electronic equipment contracts are sub-contracted into the United States.

In his admonition to Canadian industry, the minister said the Government's efforts can only set up the arrangements to give Canadians equal opportunities to participate in production of technical equipment required for joint programs.

"The real success of production sharing endeavors depends, to a large degree, upon the determination of Canadian industry vigorously to seek defense business in the United States