

Neither clear nor transparent

Recently released figures on Canada's arms exports show the need for clear reporting standards in an ATT



RIGHT: Canadian Forces Supply Technician Corporal Nicole Johnston issues C7 firearms to arriving forces in Kandahar. Canada exports C7 automatic firearms, mostly to NATO states.
Matthew McGregor/DND

By Kenneth Epps

The recent release of six years of data on Canadian military export permits offers unique and important insight into Canada's arms export authorization process. The permit data reinforces the need for clear and common national reporting standards in an international Arms Trade Treaty.

The data compiled by the Export Controls Bureau of Foreign Affairs Canada on military goods approved for sale to other states between 2006 and 2011 were only made public earlier this year. In response

to a Question on the Order Paper from Deputy Speaker of the House Denise Savoie, the government in January provided the annual values of authorized export permits to all states for Group 2 (military) goods for that six-year period. The permit values were large, totaling \$33.5-billion—an average of more than \$5.5-billion per year. But the annual totals fluctuated significantly, tripling from less than \$4-billion in 2010 to more than \$12-billion in 2011 (see Figure 1 below).

In contrast, the government's reported values for military exports during the first

Figure 1

Annual value of Canadian military goods authorized versus military goods exported



four years of the period averaged just over \$446-million per year.¹

Although permit values do not provide an accurate picture of arms exports, they offer insight into Canadian export control policy and practice. Permits indicate Canadian approval of arms sales to each state. During the period, Canada authorized arms exports to 126 states. For four states annual permits totaled billions of dollars.

A significant majority of the permits were authorized for established arms trade partners. The 10 states for which Canada approved most arms exports are ranked in

Canada approved over \$339-million in arms export permits to Afghanistan during the three years from 2007 to 2009, but reported only \$7,800 in military shipments.

Table 1 (opposite page). Combined, the 10 states account for 81 per cent of all export permits. Six are NATO allies (U.K., U.S., Germany, Netherlands, Italy, and France). Non-NATO allies Australia and New Zealand are ranked third and fourth respectively. Only two of the largest 10 permit recipients—Saudi Arabia (#2) and South Korea (#7)—are not traditional allies of Canada.

The U.S. ranking at #5 is a puzzle because, as noted in Canada's reports on military goods exports, "permit exceptions apply to most Group 2 exports destined for final use in [the U.S.]" (DFAIT 2011). Yet permits worth almost \$2-billion were authorized for the U.S. between 2006 and 2011. These appear to be for Group 2 goods that require authorization, but

where shipments are not reported by Canada in public export data. From other sources Project Ploughshares estimates that actual military exports to the U.S. exceed \$1-billion annually, suggesting that U.S. export permit data is, at best, partial, and that Canada has not altered its general exception policy for U.S. trade.

The permit figures reveal that Canada authorized military exports to countries where, according to export control guidelines, Canada "closely controls the export of military goods and technology." These include countries "that are involved in or under imminent threat of hostilities" or "whose governments have a persistent record of serious violations of the human rights of their citizens, unless it can be demonstrated that there is no reasonable risk that the goods might be used against the civilian population" (DFAIT 2011).

Table 2 (page 10) identifies 13 "closely controlled" states for which Canada authorized more than \$10-million in arms exports during the six-year period 2006-2011. Additional states under close control were the subject of authorizations, but are not included in the table because the total value of military export permits for those states was less than \$10-million over the period. According to Project Ploughshares' *Armed Conflict Report 2011*, the first seven states of Table 2 are countries hosting hostilities or armed conflict. All Table 2 states have been cited for serious and persistent human rights violations during the period by Amnesty International and other human rights monitors.

The high permit values suggest that the authorization process does not control sales to these states as closely as government reports claim. Rather, the inability of the Canadian arms exporting industry to complete a sale provides greater restraint. For example, Canada approved over \$339-

Table 1: Recipient state ranking by total value of arms export permits 2006-2011

Rank	Country	2006	2007	2008	2009	2010	2011	TOTAL
1	U.K.	\$2,943,613,628	\$529,127,196	\$2,742,968,296	\$518,635,196	\$852,071,156	\$3,574,454,436	\$11,160,869,908
2	Saudi Arabia	\$54,803,524	\$132,029,256	\$217,106,602	\$14,461,957	\$35,176,000	\$4,023,866,082	\$4,477,443,421
3	Australia	\$211,540,877	\$334,931,125	\$373,646,811	\$52,788,050	\$186,221,588	\$1,030,532,670	\$2,189,661,121
4	New Zealand	\$17,310,666	\$144,643,183	\$1,365,246,362	\$14,620,223	\$292,171,256	\$232,585,158	\$2,066,576,848
5	U.S.	\$433,187,095	\$120,923,451	\$373,928,193	\$321,113,223	\$332,876,926	\$416,127,523	\$1,998,156,411
6	Germany	\$299,420,994	\$165,675,370	\$136,285,414	\$150,672,916	\$300,486,723	\$400,739,034	\$1,453,280,451
7	South Korea	\$113,661,261	\$79,190,777	\$35,625,620	\$741,426,556	\$77,571,574	\$95,770,628	\$1,143,246,416
8	Netherlands	\$14,348,170	\$87,513,182	\$79,105,370	\$299,372,392	\$298,172,227	\$288,821,972	\$1,067,333,313
9	Italy	\$60,384,478	\$125,861,403	\$129,276,227	\$56,931,614	\$124,818,876	\$418,897,031	\$916,169,629
10	France	\$142,043,058	\$282,986,934	\$51,601,028	\$52,747,136	\$188,196,982	\$73,274,829	\$790,849,967
	TOTALS	\$4,290,313,751	\$2,002,881,877	\$5,504,789,923	\$2,222,769,263	\$2,687,763,308	\$10,555,069,363	\$27,263,587,485

million in arms export permits to Afghanistan during the three years from 2007 to 2009, but reported only \$7,800 in military shipments. The Canadian government approved sales that, had they been realized and had all deliveries occurred, would have made Afghanistan one of Canada's largest arms customers.

Strikingly, in 2011 Canada authorized the sale of military goods to Saudi Arabia totaling more than \$4-billion. This was a dramatic increase from permit totals averaging less than \$100-million during the previous five years. (Only authorized arms sales to the United Kingdom—totaling \$3.5-billion—approached this total.)

The Saudi government is widely acknowledged to engage in serious and systematic violations of human rights and is routinely cited by human rights monitors as a persistent violator. Reliable reports indicate that armoured vehicles produced in London, Ontario were used as recently as

March 2011 by Saudi forces to reinforce Bahraini troops engaged in repressive actions that resulted in the incarceration, injury, and deaths of civilian demonstrators. Although there is no evidence the Saudi vehicles were used directly in incidents of Bahraini repression, the risk of their use against civilian populations clearly was, and remains, substantial.

This risk, combined with the human rights record of the Saudi government, should have been sufficient cause under Canadian export controls to deny further exports of Canadian-built armoured vehicles to Saudi Arabia. Instead, it is virtually certain that new armoured vehicles were included in the Canadian arms export permits authorized for Saudi Arabia in 2011. The high total sends a strong political signal that Saudi Arabia is welcomed by the government as one of Canada's largest arms customers.

Although permits to Saudi Arabia



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Table 2: “Closely controlled” states for which authorizations of military exports exceeded \$10-million during 2006-2011

Country	2006	2007	2008	2009	2010	2011	TOTAL
<i>Armed conflict and human rights violations</i>							
Afghanistan	\$200,000	\$40,000,000	\$40,044,500	\$259,196,272	\$104,544,003	\$58,029,428	\$502,014,203
Algeria	\$9,794,852	\$2,467,743	\$2,237,172	\$535,001	0	\$9,960,000	\$24,994,768
Colombia	\$10,220,000	\$8,164,466	\$603,526	\$45,392,581	\$528,692	\$3,387,648	\$68,296,913
India	\$991,946	\$2,342,222	\$163,804,577	\$20,494,904	\$112,777,129	\$15,110,484	\$315,521,262
Israel	\$10,609,764	\$7,571,261	\$74,416,626	\$97,198,231	\$23,581,385	\$181,930,982	\$395,308,249
Thailand	\$1,254,805	\$1,219,664	\$2,781,965	\$9,722,353	\$1,907,919	\$29,806,095	\$46,692,801
Turkey	\$6,568,906	\$3,032,365	\$40,392,804	\$2,064,403	\$71,197,406	\$37,576,403	\$160,832,287
<i>Human rights violations</i>							
Brazil	\$3,552,408	\$2,340,735	\$4,804,300	\$73,044,392	\$3,182,285	\$13,858,019	\$100,782,139
China	\$4,500	\$7,520	\$6,938,466	\$353,718	\$3,571,886	\$703,846	\$11,579,936
Egypt	\$93,537,000	\$4,795,965	\$15,341,185	\$2,617,015	\$8,211,760	\$20,775,818	\$145,278,743
Indonesia	\$12,663,000	\$504,498	\$469,718	\$203,440	\$546,077	\$252,916	\$14,639,649
Saudi Arabia	\$54,803,524	\$132,029,256	\$217,106,602	\$14,461,957	\$35,175,000	\$4,023,866,082	\$4,477,442,421
South Africa	\$9,573,879	\$34,881,766	\$20,826,678	\$4,892,195	\$63,719,193	\$149,312,626	\$283,206,337

made up the bulk of arms permits to the Middle East during the period 2006-2011, approved shipments to other Middle Eastern states totaled over \$1.3-billion. To Canada’s credit, no arms were authorized for export to Syria during the period and, with the exception of 2009, there were no export permits issued for Libya. (In 2009 permits to Libya totaled \$86,682 and, uniquely, this value exactly matched the reported export shipment to Libya for the year.) But Canada did approve arms sales to other states affected by the “Arab Spring” that began in early 2011. For example, Canada approved sales to Tunisia (\$5.5-million), Yemen (\$6.5-million), Morocco (\$21.7-million), and Egypt (\$145.3-million) during the period.

Permit values will always represent an upper limit. Canadian exporters must apply for authorization to export military

goods before they undertake the exports. Following approval, companies report the value of their exports against the value of the permits received. The export values are compiled by the Export Controls Bureau of the Department of Foreign Affairs and International Trade for Canada’s reports on the export of military goods. Export values may not surpass permit values but, as demonstrated by the recent data, export values fall dramatically short of authorization values.

Due to breakdowns in export negotiations or to time lags between approvals and actual shipments of military goods, there will never be an exact match between permit values and exports in a given year. Even if all permits led to sales and subsequent shipments, amended or cancelled contracts could reduce the volumes

of exported goods. Indeed, in cases where states report data on both permits and exports, reported permit values routinely exceed reported exports.² Even so, the large value gap between Canadian export permits and actual exports is surprising. While exporting states tend to report annual values of authorized military exports as two–three times the values of actual exports, in the Canadian case permit values were almost 10 times export values during four of the six years. In many instances, Canada authorized significant military exports to states where no shipments were reported.

The nature of Canadian arms export data suggests important lessons for arms trade transparency, in particular for reporting provisions of the anticipated international Arms Trade Treaty. Most states do not publicly report arms exports and, among the 30-plus states that do, there is no standard national reporting template. Although there are common elements to many national reports, there are also important differences. Some states report export permits or licences, some states report actual exports, and some states report both. Within each of these categories, the states may or may not report numbers, values, descriptions, and destinations for conventional arms exports authorized or shipped.³ The result is that even for relatively transparent states such as Canada, it is difficult to compile and compare meaningful arms export data.

An Arms Trade Treaty can advance existing practice by establishing minimum universal arms export reporting standards. Treaty provisions should require annual reports by all states participating in arms transfers. It is as important that the treaty establish the minimum common details that each state should report, so that all states are reporting comparable data.

These requirements would fundamentally transform the picture of the international arms trade. They would offer the unprecedented prospect of providing sufficient transparency so that both states and their citizens are able to determine the nature and extent of the trade in weapons among states.

The Canadian case reveals the benefit in reporting data on both arms export permits and actual export data. The details of export permits—even if, as in Canada’s case, they appear to have a distant relationship to actual exports—offer insight into national arms authorization policy and procedures, and provide a measure of how closely states adhere to required standards. Details of actual arms exports provide the opportunity to assess the risks of particular weapons shipments, as well as the means to compile a more accurate picture of the volume and value of actual global arms transfers. Canada should collaborate with other reporting states to establish standards for an Arms Trade Treaty that include reporting the details of both the licensing and the actual export of arms. □

Notes

1. For a more detailed discussion of Canada’s arms exports reported for the period 2007–2009 see “Gaps and omissions,” *Ploughshares Monitor*, Summer 2011, pp. 6–11.
2. See Stockholm International Peace Research Institute (SIPRI), 2012, “The financial value of the global arms trade (Values by supplier country).”
3. See Henning Weber and Mark Bromley, “National Reports on Arms Exports,” SIPRI Fact Sheet, March 2011.

Reference

Foreign Affairs and International Trade Canada. 2011. *Report on Exports of Military Goods from Canada 2007–2009*.