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Canada's latest report on military exports

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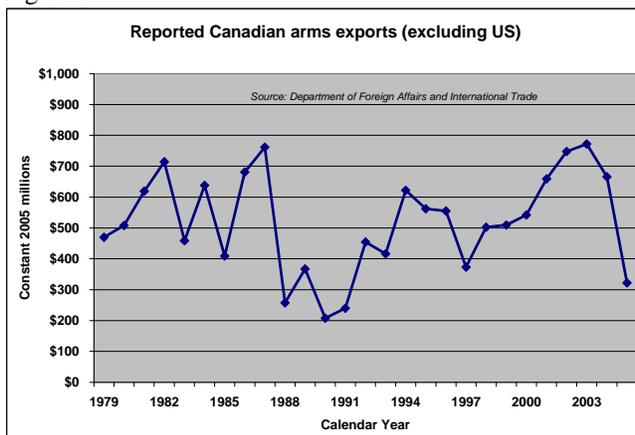
The latest government report on Canada's arms exports was released at the end of 2007—more than three years late. The report shows that recent non-US Canadian military exports have been concentrated in shipments by one company to a few recipient states and that arms shipments continued to governments at war and involved in human rights abuses. The new report also represents a reversal in government transparency.

The Canadian government belatedly released its *Report on Exports of Military Goods from Canada* (Export Controls Bureau 2007) in December 2007. Unlike all other reports since the first in 1991, this latest does not document details for a single calendar year. Instead, the report is a triple issue that contains military goods export figures for the three-year period 2003–2005.

What the report reveals

The report reveals that in 2003 Canada exported \$723.6-million in military goods to non-US recipients, the largest reported value since at least 1978. Even after adjustment for inflation, the 2003 total exceeds all previous annual totals for nearly three decades (see Figure 1). The subsequent decline in reported totals of \$643.9-million for 2004 and \$322.0-million for 2005 underlines the volatility of the global arms market and repeats earlier downturns in Canadian arms export totals.

Figure 1



Although the latest report provides fewer details than earlier editions (see below), it provides sufficient information to determine that during the three-year period the value of Canadian shipments of military goods was concentrated in the five largest recipients. Together these received three-quarters of the reported global total. Saudi Arabia was the largest recipient, importing almost one-quarter of all reported Canadian military exports during the period. At almost \$388-million, the Saudi total exceeded the value of the next largest recipient, Australia, by more than \$100-million (see Table 1).

Table 1: Largest five non-US recipients of Canadian military goods, 2003–2005

Recipient state	2003	2004	2005	Total	% global total
Saudi Arabia	\$157,917,932	\$217,824,036	\$12,069,674	\$387,811,642	23.0
Australia	183,634,560	48,238,800	39,632,809	271,506,169	16.1
United Kingdom	66,789,132	89,797,984	101,623,795	258,210,911	15.3
New Zealand	144,084,536	103,911,924	9,859,057	257,855,517	15.3
South Korea	27,182,354	37,217,633	18,148,725	82,548,712	4.9
				Five largest recipients	74.5

From the report it is clear that transfers of Group 2-6 items, described as “ground vehicles and components,” represent the largest category of transferred military goods by value. During the three-year period of the report, Canada exported a total value of over \$850-million in this one category, equal to half the total of \$1.7 billion in arms exports to all non-US states. Group 2-6 exports in turn were concentrated in shipments to three countries—Saudi Arabia, Australia, and New Zealand—all of which are supplied with armoured vehicles by General Dynamics Land Systems Canada, based in London, Ontario. With additional data from other sources, it is possible to confirm that this one Canadian company supplied nearly one-half the value of all Canadian exports in military goods during the three-year period (see Table 2).

Furthermore, the rise and fall of Canadian arms exports during the reported period is largely due to shipments of armoured vehicles to the three states. As shown in Table 2, these peaked at \$461-million in 2003, fell by more than \$100-million in 2004 and then, like the total for all arms shipments, dropped precipitously by over \$300-million in 2005. In essence, the volume of armoured vehicle shipments shaped the total volume of arms shipments during the period.

Table 2: Value of armoured vehicle shipments to three largest non-US recipients, 2003–2005

Recipient state	2003	2004	2005	Total
Saudi Arabia	155,094,966	214,205,300	981,709	370,281,975
Australia	162,854,550	33,658,470	5,241,123	201,754,143
New Zealand	143,379,049	99,978,330	28,240	243,385,619
Total	461,328,565	347,842,100	6,251,072	815,421,737
% total exports	63.8	54.0	1.9	48.3

The report also reveals that, despite the existence of clear export control guidelines that direct otherwise, during the three-year period Canada shipped military goods to countries experiencing armed conflict and to governments with a persistent record of human rights violations. In addition to minor military shipments to several states affected by armed conflict, Canada shipped military goods valued at \$100,000 or more to four states at war during the period of the report (see Table 3). In the cases of Colombia and Israel, which both have ongoing armed conflicts, the shipment values exceeded \$100,000 in all three years. India was affected by armed conflict

throughout the period, but the value of Canadian arms exports to India exceeded \$100,000 only in 2005. Thailand's current internal armed conflict began in 2005.

The number of recipient states affected by armed conflict is fewer than in earlier years. This may be due to a recent downward trend in the number of states at war,¹ or to greater government adherence to an export control guideline that calls for close control of military transfers to states "involved in hostilities or under imminent threat of hostilities." In either case, the export figures illustrate that Canada continues to export military equipment to countries engaged in armed conflict.

Table 3: Canadian military shipments exceeding \$100,000 to countries experiencing armed conflict, 2003–2005

Country of armed conflict*	Year of armed conflict	Value of military shipments
Colombia	2003	\$629,400
	2004	\$1,144,373
	2005	\$706,333
India	2005	\$957,773
Israel	2003	\$321,646
	2004	\$389,889
	2005	\$3,968,144
Thailand	2005	\$1,382,480

*Source: Project Ploughshares annual *Armed Conflict Report*

Canada's export control guidelines also call for the close control of military exports to governments with persistent records of serious human rights violations unless it can be shown that "there is no reasonable risk that the goods might be used against the civilian population" (Export Controls Bureau 2007, p. 2). Several of the recipient states identified by the report, including the four states at war, were led by governments with persistent records of serious human rights violations. Saudi Arabia—the largest recent non-US recipient of Canadian military goods—for years has been cited for grave human rights violations by monitoring agencies such as Amnesty International (AI-USA 2007). Moreover, there is a significant risk that the armoured vehicles transferred by Canada to Saudi Arabia will be used by the National Guard, which is responsible for internal protection of the autocratic Saudi royal family, against civilian populations. The report data adds to the case for a close review of Canada's military export relationship with Saudi Arabia and other recipient states with poor human rights records.

What the report does not reveal

The 2003–2005 report fills in none of the gaps of earlier government reports. Like earlier reports, the latest document contains no information on shipments to the United States, the largest recipient of Canadian military goods. The report repeats what has become the standard explanation of, and contradiction in, government reporting of Canadian arms exports. On the one hand, "as part of Canada's effort to encourage greater transparency on military exports, DFAIT [the Department of Foreign Affairs and International Trade] has published periodic reports on annual exports of military goods and technology since 1990." On the other hand, "due to close and long-standing military cooperation with the United States ... permit exceptions apply [and]

exports of military goods and technology to the United States are therefore not reported here.” Canada’s effort to promote greater transparency in global arms exports is contradicted by the government’s reporting less than half of Canada’s foreign arms shipments.

There is also no data on “dual-use” goods and technology—equipment that has both civilian and military markets—that Canada exports to military end-users. This class of goods includes Canadian equipment for which the government must provide authorization as well as equipment for which no authorization is required. In the first case, the dual-use goods involved are identified as the Group 1 category of Canada’s “Export Control List,” and because such goods require export permits and shipment verification, it would be possible (and logical) to include the details of their shipment in the report. In the second case, because authorization is not required, the Export Controls Bureau keeps no record of transfers. Consequently, the Bureau is unable to report any information on these shipments.

The lack of data on authorized dual-use shipments makes it more difficult to determine the full extent of non-authorized dual-use transfers. Nevertheless, frequent cases can be identified from a combination of media and government sources outside DFAIT. As one example, it is possible to confirm that in 2004 and 2005—years in which the government reported no military shipments to Pakistan—Bell Helicopter Textron in Quebec shipped Bell 412 helicopters worth \$240.3-million to the Pakistan armed forces. The aircraft were not included in the report because the government classes the helicopters as civilian and so considers their use and destination to be immaterial. Meanwhile, the Pakistan Army is clear on the helicopters’ role. The South Asia News Agency reported in October 2007 that, in a handover ceremony, the Pakistan Director General of Army Aviation spoke of the delivered Bell 412s as going “a long way in fortifying the country’s capability to effectively combat the menace of terrorism.”²

Not only does the latest report make no advance over earlier editions, it, in fact, takes a step backward in data transparency to return to the lower standard of the annual reports prior to 1995. The comprehensiveness of the reports improved between 1995 and 2002, when they included brief descriptions of the military goods shipped to each overseas country, even though these descriptions were insufficient to allow effective monitoring of the risks of the shipments. The 2003–2005 report lists only the relevant Export Control List number for the subgroup of exported goods. The subgroup number represents a generic class that does not specify the nature of the exported item.

The transparency of the report is also degraded, and its ambiguity increased, by a new “double-counting” procedure that repeats shipment values. The main table of the report provides subgroup values by year and destination, but in an odd demonstration of data breakout that manages to reduce transparency, double-counts shipments that may be interpreted as falling into more than one subgroup. For example, \$949,200 appears as the value of shipments to Botswana in each of three subgroups during 2004, even though a check of the figures against total military exports to Botswana for that year shows that \$949,200 must be the sum of the values for the three subgroups. As a result, it is not possible to determine the actual value of shipments in the double- or triple-counted subgroups, rendering these reported figures useless.

If Canada plans to maintain a credible voice for stricter controls on the global arms trade it must improve its own export control and reporting standards. Not only should the government commit to regular, reliable, and transparent reports on military exports, it should implement arms export controls that meet the standards it advocates internationally.

Notes

1. See <http://www.ploughshares.ca/libraries/ACRText/Summary2006.pdf>.
2. For more information on the Canadian helicopter sale to Pakistan see Epps, Ken. 2007. Canadian helicopters for Pakistan armed forces. *Ploughshares Monitor*. Summer 2004. <http://www.ploughshares.ca/libraries/monitor/monj04f.htm>.

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