

to the question of arms shipment. Under the act of 1954 it is illegal to export or attempt to export to any destination affected any item included in an export control list except under an export permit issued by or under the authority of the Minister of Trade and Commerce.

The exporter must present this permit at the time he clears his shipment through Canadian customs at the port. The Minister of Trade and Commerce has the power to amend, suspend or to cancel permits if changing circumstances should render this necessary after issuance of a permit and before a shipment is made. The act provides severe penalties for those convicted of offences. The powers for enforcing the controls imposing severe penalties, and revoking permits if circumstances so require are provided in that act. Shipments are, of course, checked by the customs authorities at the ports and action can be taken then as well as at the permit stage if required. Procedures are also laid down to prevent diversion and there is co-operation with many governments in the free world to ensure that so far as possible such procedures are effective.

There was published in the Canada Gazette on May 27, 1954, the export control list established in accordance with the provisions of the act. Group 8 within the list is headed, "Arms, Ammunition, Implements or Munitions of War; Military, Naval or Air Stores". The list of arms, aircraft, etc., specifically includes parts of these various items. So much for the legislative basis of our policy.

The following principles govern the policy of the Government in carrying out this act.

(1) In the case of certain allied and associated states, for example, NATO and most Commonwealth countries there are no restrictions on the export of military equipment except-and the exceptions are important-those of supply of domestic requirement and of security.

(2) No shipment of any kind to the Sino-Soviet bloc is permitted.

(3) Shipments of any significance are made to other areas only after consideration and approval at cabinet level, according to a procedure which I will later describe. Special attention is given-and special care shown-in respect of areas of tension or strife or what we call sensitive areas. A list, of such areas, they are now 34 in number, is kept and, naturally, is modified from time to time as conditions change.

(4) Arms shipments are made only to the defence department or regular military establishment of the