

and software designed for military use that make up a large proportion of Canada's military exports. According to the United Nations' Register of Conventional Arms, Canada accounts for less than 1 percent of the world arms market.

The 1997 Annual Report

As noted above, the 1996 Annual Report introduced a new format for Table 3, whereby each ECL category was subdivided into three subcategories: complete weapons systems, firearms and ammunition; support systems; and parts and components. The weapons systems category includes such items as light armoured vehicles (LAVs) or artillery ammunition, as well as firearms; the support systems category embraces a wide variety of non-lethal support equipment such as simulators, sonobuoys, radar sets and radios; and the last category comprises all replacement parts and components for the other two categories. An additional column gives a short summary description of the goods.

Table 1 illustrates the export of military goods by destination, according to the destination country's membership in specific security arrangements. Table 2 illustrates the export of military goods by destination country, with comparative figures for 1996. Table 3 shows the kinds of military goods exported to each country. Table 4 displays the global value exported for each ECL category. NATO and AFCCL countries are listed in Annex 1. Annex 2 lists the present members of the Wassenaar Arrangement. Descriptions of the ECL categories referred to in this report are provided in Annex 3.

The 1997 Annual Report includes the following noteworthy elements. Exports of military goods amounted to some \$304 million in 1997, down significantly from the adjusted figure (due to late reporting) of \$465 million exported in 1996. As in previous years, NATO and AFCCL countries accounted for the major share — this year 71.6 percent — of Canada's exports of military goods. Exports to all other countries comprised 28.4 percent. This is significantly higher than in 1996, but to a great extent reflects one or two large sales.

Canada's total military exports are modest by world standards. But in a sector where individual contracts may be very large, individual transactions may have a disproportionate effect on statistics. Major fluctuations in totals from one year to another frequently reflect the initiation or completion of one or two large contracts. As can be seen from Table 2, sales to Saudi Arabia dropped by \$113 million, sales to Malaysia dropped by \$15 million, and sales to Australia fell by \$11 million. On the other hand, exports to Botswana rose by \$13 million, and exports to Thailand increased by almost \$10 million. Individual sales account for the bulk of these increases and declines. It is therefore important to consider the pattern of trade over a period of years rather than draw conclusions based on a jump or drop from any one year to the next.

Similar fluctuations can be seen over the years with regard to firearms exports. Exports rose sharply in 1995, but have since been declining, falling by one third between 1996