

Military Export Statistics

The statistics on military exports in the following tables are obtained from quarterly reports filed by exporters on the actual shipments they have made against permits issued under the *Export and Import Permits Act* (EIPA). These reports list the country of destination and a description of the goods and their value. Further information from the original permit application, including the identities of the potential exporter and consignee and details of transactions, is commercially highly sensitive and is provided to DFAIT in confidence. This information is protected to ensure compliance with reporting requirements. With support from the exporting community, however, this year this report has been expanded to describe the uses and generic types of goods involved.

Since the integration of the North American defence industry in World War II, it has been long-standing policy, as noted above, that permits are not required for the export of Group 2 items to the United States. Statistics on military exports to that country are therefore not readily available, and cannot be included in this report. Some data on exports to the U.S. armed forces are, however, gathered, and the prospects for gathering other data for information and monitoring purposes are being evaluated.

Statistics on Canadian military exports available from other sources, such as Statistics Canada, may include non-military goods such as food rations, commercial computers, civil certified aircraft or other civilian equipment sold to military end-users. Since there is no direct correlation between the commodity codes used by Statistics Canada and the ECL item numbers, and since each source uses different methods of compilation, no meaningful comparison can be drawn between the data from these two sources.

As for statistics on worldwide military trade, the internationally recognized standard is the annual *United Nations' Register of Conventional Arms*. It is the only comprehensive data source for international military trade. According to the United Nations' Register, Canada accounts for less than one percent of the world arms market. In fact, Canadian military exports are, in most respects, dominated by parts and components and by a wide array of non-lethal systems such as radar systems, aircraft simulators and software designed for military use.

The 1996 Annual Report

Over the past year, an internal assessment of our military export policy has been under way. One of its conclusions is that there is a need for greater transparency on how the process for evaluating permit applications works. It also concluded that more information on military exports should be provided in the Annual Report. As a result, the 1996 Report has undergone a major revision. Its new format reflects improvements that DFAIT is making in how it presents information about military exports, following extensive consultations within government and among external stakeholders. The present format offers more detail than in past years, and therefore a clearer picture of