

commodity codes used by Statistics Canada and the ECL item numbers, and as each source uses different methods of compilation, no meaningful comparison can be drawn between the data from these two sources.

The internationally recognized standard for statistics on worldwide military trade is the above-mentioned UN Register of Conventional Arms. It confines itself to specific categories of weapons systems, and does not include parts and components and the wide array of non-lethal support systems such as radar equipment, simulators and software designed for military use that make up a large proportion of Canada's military exports.

In 1998, exports of military goods amounted to some \$421 million, compared with \$304 million in 1997. As in previous years, NATO and AFCCL countries accounted for the major share — two thirds — of Canada's military exports. While the one third of Canadian military exports that went to all other countries represented a somewhat larger share than in previous years, this, to a great extent, reflected one or two large sales. As in years past, more than half of Canada's military exports went to high-income countries. Exports to low-income countries were less than 0.01 percent of the total.

Canada's military export totals are modest by world standards (based on figures in the United Nations Register, Canada accounts for less than 1 percent of the world arms market), in a sector characterized by high-value transactions. Individual sales therefore may have a disproportionate effect on statistics. Major fluctuations in totals from one year to another often reflect the initiation or completion of one or two large contracts. As can be seen from Table 2, exports to Saudi Arabia dropped to only \$30 million, a significant decline from historical levels. This is largely because the current contract for light armoured vehicles is now virtually completed. Likewise, completion of major contracts with Botswana and the Netherlands was reflected in major declines in exports to those countries. By contrast, deliveries under two major contracts with Malaysia increased exports there to \$92 million, making it Canada's largest customer for military goods in 1998. Sales to Australia and the United Kingdom also rose significantly, to \$80 million and \$56 million respectively. The figures for 1998 again illustrate how important it is 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.

Those wishing to know more about export controls on military and strategic goods may refer to our publication *Answers to Questions about Canada's Export Controls on Military Goods*. Along with this document and other material related to Canada's export controls, this may be found at our Web site (<http://www.dfait-maeci.gc.ca/~eicb/>).