

build-up of arms. It simply would not happen. If a country with which Canada had a defence production agreement began to develop its military arsenal to the point of threatening its neighbours and regional security, we would simply stop issuing export permits and suspend all outstanding ones.

Such action is within the discretionary authority of the Secretary of State for External Affairs provided for by the Export and Import Permits Act. It has been exercised in the past in response to changing security considerations, and would be used in the future without hesitation if necessary. For example, no Canadian military goods were approved for export to Iraq after the outbreak of the Iran-Iraq war, an indication that Canadian controls are applied and are effective.

Our intention is to control more effectively, not to prohibit, the sales of military equipment. Canada will be extremely careful in deciding which countries it should sell firearms to. We will also make known which military goods are exported and to which countries.

To conclude, the proposed amendments to the Export and Import Permits Act and the Criminal Code will create a framework for Canadian defence firms that will enable them to compete more effectively under closely controlled conditions. Canada needs a strong defence industrial base to lower per unit costs and ensure Canadian sources in times of emergency. With these amendments, Canadian firms will be better able to meet Canada's defence requirements and those of our NATO allies and defence partners.