

that idea might have some merit.... He [Mulroney] has not asked me to endorse that proposal, and again, I would like to talk to him before I commit ourselves further on it." Later in the news conference, however, after Bush had repeated the US position that it would proceed with arms sales to the Middle East which it considered appropriate, Prime Minister Mulroney interjected:

No one can fail to be struck by the irony of the fact that most of the hardware deployed in the Middle East was sold to the various factions by the five permanent members of the UN Security Council. This doesn't make a whole lot of sense if, on the one hand, you're trying to prevent war, on the other hand there is the propagation of war through policies in the past that have led to this kind of development. That's why Canada believes very strongly in the policies that we have put forward in regard to the control and, possibly, the elimination of these instruments of mass destruction.⁷

Speaking to the UN General Assembly on 26 September 1990, Joe Clark announced that henceforth Canada would release an annual report on its exports of military goods. On 6 March 1991, the Government tabled the *First Annual Report on Exports of Military Goods from Canada* in the House of Commons, emphasizing again the importance of making arms transfers and procurement as transparent as possible. The statistics in the report are based on reports of actual exports made against permits issued under the Export and Import Permits Act (EIPA). These are then classified according to the description of munitions used in the Group Two of the Export Control List, which breaks down "munitions" into twenty-six categories ranging from small arms and machine guns to directed energy weapons systems and components. The principal limitation in this approach is that exports to the United States, which constitute approximately 75 percent of Canadian exports of military goods, are not included because export permits for Group Two (Munitions) on the Export Control List are not required for the United States.⁸

Some of the complexities involved in seeking to regulate the arms trade while supporting permitted arms exports were revealed in June 1991 when the Government introduced Bill C-6, a bill to amend the EIPA. Bill C-6 was triggered by the situation of two Canadian companies, General Motors of Canada and Diemaco Inc. of Kitchener, Ontario. Saudi Arabia had indicated that it would like to buy 1,117 light armoured vehicles from General Motors, stipulating that they be equipped with 25mm automatic cannon. Diemaco, which supplies C-7 and C-8 automatic rifles to the Canadian Armed Forces, wished to respond to an anticipated request for proposals by the Netherlands to supply the Dutch armed forces with automatic rifles, a contract valued at \$120 million. In both cases, the companies would have been prohibited from making such sales by a 1977 amendment to the Criminal

⁷United States Embassy. "U.S. Arms Sales to Israel, Saudi Arabia to Continue," (Transcript of joint news conference), *Text*, 91-19, Ottawa, 15 March 1991: 1,6.

⁸Department of External Affairs. *First Annual Report, Export of Military Goods From Canada 1990*. Ottawa: External Affairs and International Trade Canada, March 1991.