

INDUSTRY

POSSIBLE MANUFACTURE AND EXPORT OF ARMAMENTS BY
WEST GERMAN COMPANY FROM PROPOSED CANADIAN
FACTORY

Hon. Allan J. MacEachen (Leader of the Opposition): Honourable senators, I should like to ask the Leader of the Government in the Senate a question with respect to a report that a West German arms manufacturer has applied to the Canadian authorities for a five-year export licence for the sale of military equipment to the Middle East from a location in Canada.

Hon. Duff Roblin (Leader of the Government): Honourable senators, I am not personally familiar with the application. However, I have reason to believe that such an application has been made and is being considered. What the answer will be remains uncertain at the moment.

Senator MacEachen: May I ask the Leader of the Government whether the West German firm, which applied for the licence for the export of arms from a location in Canada, was indifferent as to where that plant would be located, or did that firm specify, as it is inferred, a location in Nova Scotia.

● (1440)

Senator Roblin: Honourable senators, I will have to find out about that.

Senator MacEachen: Might I also ask whether this application arose spontaneously from the West German firm itself or whether it was stimulated in some way by the Government of Canada?

Senator Roblin: Honourable senators, I cannot make myself responsible for the motives of the firm in making the application; that is their business.

Senator MacEachen: I understand that, honourable senators, but I think there is a point in terms of whether the Government of Canada peddled, in West Germany, a location for an arms plant in Canada. That is what I want to know. Did the stimulus for that application come from the Canadian government or from the West German firm?

Senator Roblin: I cannot answer that question, honourable senators, but I would be surprised if the government were not consulting with a number of firms with respect to locating in the Cape Breton area because of the special circumstances there. Whether that amounts to peddling is something which is, no doubt, a matter of opinion.

Senator MacEachen: Perhaps the word "peddling" is distasteful to the Leader of the Government, but I want to know whether it was the Government of Canada which went to the Thyssen firm asking whether it would consider coming to Cape Breton. Did Mr. Stevens or his officials ask, in effect, whether Thyssen would consider coming to Cape Breton to build an arms plant because of so-called tax incentives, in return for which we would consider giving them an export licence? I think it is important that we know where this proposal originated.

[Senator Roblin.]

Senator Roblin: I will be glad to make further inquiries, but I would like to know whether I can count on my honourable friend's support for some of these measures.

Senator MacEachen: There is no question about my support for jobs in Cape Breton, but before I throw my support behind this proposal, I would like to know more of the facts. I want to ask whether this matter has been considered by the Government of Canada. Is it before the cabinet? If so, has a decision been reached? Is there any idea when a decision can be taken on this matter?

Senator Roblin: My honourable friend has encouraged me to think that perhaps there are some projects in that area that he would be glad to support. If so, I will call upon him to demonstrate his interest.

With respect to his question about where the matter stands in the government machinery, I can only say that at the present time it is before the department concerned. It has not yet advanced beyond that point.

Senator MacEachen: I ask the question because the Deputy Prime Minister is reported to have said that the matter was considered by the cabinet. I take it from what the Leader of the Government has said that it has not been considered by the cabinet, but that it is still being dealt with in the Department of Regional Economic Expansion. Further to that, however, I understood that a decision with respect to the issuing of export licences is a decision taken, in the main, by the Secretary of State for External Affairs. I want to know whether he is considering this question and seeking advice from Mr. Stevens, the Minister of Regional Industrial Expansion.

Senator Roblin: I think the answer to that question is yes.

Senator MacEachen: Can the Leader of the Government throw any light on what is alleged to be a fact—and perhaps he could tell me it is not a fact—that is, that the West German government is seeking to do in Canada what it would be unable to do in Germany under its own law?

Senator Roblin: I, too, have read that report. I have no information on the policy of the German government in that respect. I point out, however, that, as far as I know, the company concerned is not an emanation of the German government but is a private-sector corporation. I am not aware of the relationship between that firm and the German government.

Senator MacEachen: I am not inferring that it is not a public-sector firm. What I want to clarify is whether that firm, which has plants operating in Germany, could not make such exportations under existing German law, and whether it is for the purpose of securing relief from the application of German law that the application is being made to locate in Canada. I really think that this is an important question, not only for Nova Scotia, because of the possible jobs involved, but also because of other considerations, including our foreign policy. Therefore, I want to get some information so that we can see whether we can make some helpful comments to the government at some point.