

Canadian industry the technological and industrial benefits that are associated with defence production, and deny Canadian workers the jobs that would be created.

Defence acquisition takes place in a highly controlled environment to ensure the best possible value for the operational requirement of the Armed Forces and the best possible return on investment for the taxpayers. In recent years, all major DND acquisitions have included an industrial benefits component that includes technology transfer, new investment, job creation all across Canada, from Newfoundland to British Columbia. The Defence White Paper clearly sets out the development of a defence industrial base as one of the foundations of an effective defence.

We now have some 540 companies involved in the industry and close to 40,000 Canadians employed in these companies manufacturing defence and civilian products. Many of these industries that have evolved in Canada have developed technologies that are relevant to civil applications; particularly electronics and avionics. Relatively few defence products manufactured in this country can be classified as offensive military equipment.

The increasing complexity and high cost of modern military systems are such that it is not possible for Canada to undertake most major development projects on its own. Thus the nature of Canada's industry has become one of supplying subsystems and components, co-operating with other allies in the development of co-operative programs other than supplying weapon systems as such. Over the years, Canadian companies have developed an expertise that is recognized the world over. They are sought out by our treaty partners for systems developed by them. I do not need to tell the House that the lion's share of our trade in defence goods takes places with our NATO allies and other friendly nations. Approximately 97 per cent of our exports of military goods went to OECD countries in 1988.

These countries have, like Canada, a legitimate defence requirement as our partners in a defence alliance and to exercise their right to legitimate self defence. Our exports to these countries not only reduces the cost burden on Canadian taxpayers and the Government by extending production lines and reducing costs, but they

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satisfy our defence objectives by contributing to standardization and inter-operability. It also ensures that NATO defence forces have equipment that we know to be reliable and state-of-the-art. It follows that if we produce this equipment, and we want to keep costs down and the industry viable, we will also want to encourage other countries to purchase the equipment.

Canadian exhibitors at ARMX have every right to demonstrate their capability to potential customers. We encourage them to do so, and support them in their marketing activity. However, we also control them and to whom they sell. I will return to this a little later.

A close examination of Canada's defence industry will reveal that we produce very little bellicose equipment. Those defence goods that we do produce have earned us an enviable reputation around the world for civil applications. One need only cite simulator technology, short take-off and landing aircraft, navigation systems and communication technology.

Press reports and the rhetoric surrounding the show which I mentioned earlier, have alleged that Canadian firms sell vomit gas. That was one of the claims that was being made; something else to abuse the rights of civilians. The Hon. Member from Spadina (Mr. Heap) is probably one of the greatest abusers of misinformation. He likes to talk about things of which he knows very little, and does not always have the facts at his fingertips. I am sure we will hear from him later today. But nothing is further from the truth. A responsible student of the issue will know that Canada does not produce these gases or any other crowd control gases. We have stringent controls on the export of all military and paramilitary goods.

All Members of the House should be familiar with Canada's export control policies which were announced by the Secretary of State for External Affairs in 1986. These controls are amongst the most stringent in the world, and they work. In his meeting with the Standing Committee on External Affairs and International Trade just last week, the Secretary of State for External Affairs invited that committee to look into our arms export policy. Perhaps a review by the committee could also review some of the rhetoric that surrounds this issue and help people understand that Canada not only has a