

Government Orders

clearly contribute to the readiness and sustainment of the Canadian forces”.

Bill C-6 seeks to reinforce defence industrial co-operation with our allies and defence partners in key defence product areas, including small arms, automatic firearms and light armoured vehicles. The automatic firearms are manufactured for the Canadian forces by Diemaco of Kitchener and the light armoured vehicles by GM Diesel Division in London. Neither production facility can survive on the basis of Canadian requirements alone. Both will fail if new flexibility with respect to exports of automatic firearms to selected countries is not introduced. In this regard, Bill C-6 is of critical importance both for the specific long-term requirements of the Canadian Armed Forces and for the Canadian defence industrial base generally.

Diemaco was established by DND in 1976 as the centre of excellence for the provision of small arms to the Canadian Armed Forces, to ensure that Canada would not be totally dependent on foreign suppliers in times of emergency. Its facility is unique in Canada and is important to DND's long-term operational readiness.

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The awarding of a contract in 1984 to produce the new family of weapons for the Canadian Armed Forces created 300 direct jobs at Diemaco's plant in Kitchener; 200 direct jobs at its 75 Canadian subcontractors who manufacture components; plus an equal number of indirect jobs. This contract is nearing completion and Diemaco must now be able to secure export contracts. The requirements of the Canadian Armed Forces alone cannot sustain Diemaco over the long term.

Of particular concern is the possibility of Canada losing Diemaco's \$40 million computer-based manufacturing capability, which includes product design, engineering, metal finishing, plastic moulding, precision casting, forging and machining, and extrusion techniques. At a time when Canada must upgrade the competitiveness of its industry, it would be extremely unfortunate and regrettable to lose Diemaco's related worker skills and technical expertise.

Diemaco, supported by its numerous subcontractors, is currently competing for a contract to supply the Dutch armed forces with automatic rifles. The Dutch government has asked for assurances that Diemaco would be able to export the weapons if it won the contract. Owing to the current provisions of the Criminal Code, it may be illegal for Diemaco to manufacture automatic firearms for the Dutch armed forces. Failure to adopt the proposed changes to permit the proposed exports to the Netherlands will jeopardize Diemaco's future and could mean that the entire small arms manufacturing capability of the Canadian defence industrial base will be gone before long, possibly by as early as June, 1992.

The only solution is for Diemaco to win selected, legitimate foreign contracts and for the government to permit the company to export its modern, high quality products to our allies and defence partners. Success in winning the Dutch contract will mean an initial 7,680 person years of direct Canadian employment with the potential of almost doubling over the life of the project. Success will also ensure the ability to continue the development work necessary for new small arms for the Canadian Armed Forces into the next century.

Since receiving its first contract from DND in 1977, General Motors Diesel Division has become a world class producer. To produce the light armoured vehicle, General Motors Diesel Division employs 600 skilled workers at its plant in London, Ontario. In addition, GMDD draws on suppliers and subcontractors from across Canada including companies and workers in Richmond and Vancouver, B.C.; Edmonton; Winnipeg; Quebec City; Saint John and Moncton and New Brunswick; Mulgrave and Bridgewater in Nova Scotia; and St. John's, Newfoundland.

Last year it won a contract to export light armoured vehicles to the Kingdom of Saudi Arabia. This capped a marketing campaign that spanned more than a decade. It was first approved by the Liberal government in 1981 and has since been supported by successive Canadian governments. However, the anomalous situation under the Criminal Code may limit GM's ability to those few, but