

- the vast majority of its military production is components or dual-use goods with both civilian and military applications (such as aircraft landing gear, aircraft simulators, electronics, navigation and communications equipment). Few complete weapons systems are produced.
- the twenty largest defence firms in Canada account for more than 80 percent of defence production.
- the aerospace industry accounts for more than two-thirds of Canada's defence production, although 70 percent of its manufacturing is civilian, not military.
- defence production represents less than 0.7 percent of Canada's GNP, and employs about one percent of the workforce (between 60,000 and 80,000 persons).

Defence Exports

- more than one-third of Canada's defence production (about \$1 billion a year) is exported.
- the defence industry is integrated with, and heavily dependent upon exports to, the United States - up to two-thirds of exports go to the U.S.
- the next most important destination for Canadian defence exports has been Europe, although exports to the Middle East and East Asia have increased in recent years.
- unlike most other major exporters, less than thirty percent of Canada's defence exports go to the Third World (the global average is seventy percent).
- most of the exports are dual-use goods or components, not complete weapons systems.

Canada's Interests and Participation in Constraint Efforts

Canada participates in virtually the entire range of global and (where appropriate) regional measures to constrain conventional proliferation. These include the Missile Technology Control Regime, the OSCE Principles Governing Conventional Arms Transfers, the UN Register of Conventional Arms, UN embargoes and various UN disarmament forums, the "New Forum" to control technology transfers, non-proliferation discussions in the ASEAN regional forum, the G-7 and the OAS, the "Core Group on Non-Proliferation," and the CFE Treaty. Canada also reports annually its military goods exports, and submits information on military holdings and procurement to the UN, in a belief that greater transparency and information-sharing is a crucial element of non-proliferation efforts.

This participation is driven by a range of political, military, economic, humanitarian and technological interests (summarized in Figure 4.1 of the report). These include a commitment:

- to building a stable international order, and to multilateral preventive, peacekeeping and peace-building operations, all of which can be made more difficult by easy weapons availability;
- to maintaining elements of a defence industrial base, the close control of military exports, and defence cooperation (including military exports and imports) with friends and allies;
- to promoting Canadian values, such as respect for human rights, democratic governance and the rule of law, which can be threatened by unconstrained conventional proliferation;
- to resolving the often-conflicting security and economic implications of civilian and military technology transfers.

Canada also brings certain strengths to efforts to constrain conventional proliferation. Its instinctive commitment to multilateralism, its membership in a range of multilateral organizations that span several