

Mr. Clark emphasized that the wording in the first three categories follows that of the old policy, but the fourth considerably strengthens the rules respecting human rights. Previously, the denial of export permits was based on a regime being declared "wholly repugnant to Canadian values". As no regime was ever so declared, the denial of export permits was on an ad hoc basis. Through a more demonstrable statement of concern, the new policy will greatly improve the Government's ability to enforce this important consideration.

For greater certainty in the application of the policy, a register of countries falling into each category will be maintained. The register, which will be confidential, will be reviewed by Ministers regularly and changed when warranted.

In reviewing and adapting the policy for the export of military equipment, the Government recognizes the importance of the Canadian defence industry. Canada's defence industry is necessary for reasons of national security and sovereignty and has over the years made an important contribution to Canada's economic well being. It contains some 300 firms providing direct employment to some 35,000 persons. The Government also recognizes the importance of this industry to Canada's role in NATO. The continued existence of the industry depends on exports to our allies and other friendly countries. In 1985, annual sales of firms in this industry were \$4.6 billion, of which \$2 billion was exported.

The market for defence equipment in Canada is limited. Canadian defence sector companies produce for the most part defensive military equipment and strategic products such as transport aircraft and communications equipment. Canadian defence companies are primarily involved in the assembly or manufacture of components and sub-systems, rather than whole systems. It is not possible for our defence industry to recover the large costs of development of their products through Canadian sales alone. Therefore, these goods are exported principally to the United States and to our NATO allies, where they are integrated into large defence systems. In recognition of this fact, the Government will continue to maintain an open approach to the export of military goods and technology to our NATO allies and other friendly countries. In addition, companies will be authorized to export sub-assemblies and components of large systems where there is a bona fide joint venture between the Canadian and the foreign manufacturer and where Canada has a government-to-government research or production agreement.