

*Government Orders*

automatic firearms to countries not on the list will be denied. A country's inclusion on the new control list does not in itself constitute authority to export automatic firearms to that country. It merely establishes the necessary ground to be considered on a case-by-case basis.

The controls will be applied in two stages:

1. A defence research, development and production agreement will have to exist between Canada and the country of final destination, and that country will have to be included on the automatic firearms country control list maintained under the Export and Import Permits Act. If an arrangement does not already exist, one would have to be negotiated and the proposal to add the country to the automatic firearms country control list would have to be approved by cabinet through an Order in Council.

2. Applications to export automatic firearms will be reviewed on a case-by-case basis and will be subject to the same strict guidelines and licensing procedures applied to all exports of military goods from Canada.

The effect of the changes will make Canadian controls on exports of automatic firearms among the most stringent in the world.

The changes to the Criminal Code complement those being made to the Export and Import Permits Act. Adoption of Bill C-6 will end the anomalous situation created by the 1977 amendments to the code. As a result, it will no longer be a criminal offence for Canadian firms to import or possess automatic firearms for the purposes of repairing or manufacturing automatic weapons for our NATO allies and close defence partners.

Adoption of Bill C-6 will also demonstrate Canada's commitment to meeting its own defence requirements by helping to ensure the survival of production facilities established in Canada as part of the North American defence industrial base.

Canadian defence requirements include the need to ensure that we have the capability to repair, overhaul and upgrade military equipment for the Canadian Armed Forces. With the exception of the 1950s and part of the 1960s, the post-war evolution of the Canadian defence industrial base has been characterized by a general decline and an increasing inability to meet the operational requirements of the Canadian Armed Forces. Despite successive efforts to re-establish domestic capabilities in such key defence industrial sectors as small arms and ammunition, the Canadian forces remain highly dependent on non-domestic sources of supply for

critical end items and specialized equipment and components.

In the 1970s, the number of non-domestic sources relied upon by Canada to meet peacetime operational requirements increased dramatically. As a result, Canada became vulnerable to a broad range of supply disruptions, both in peacetime and in wartime. This reliance, combined with insufficient quantities of operational military equipment and war reserve stockpiles, seriously eroded Canada's capability to deal effectively with a protracted conflict. The importance of the domestic defence industrial base to the implementation of any defence industrial preparedness policy cannot be overstated.

The 1987 DEFENCE Industrial Preparedness Task Force identified the following strengths in the Canadian defence industry:

The ability to convert civilian production to defence production in several areas;

A developing capability to repair and overhaul major capital equipment;

A small arms and ammunition production capability;

An abundance of raw materials essential for wartime production;

Benefits, via joint production, from proximity to the United States.

On the other hand, the task force noted numerous serious weaknesses, including most notably:

A lack of skilled labour;

Dependency on non-domestic sources of critical items;

Long lead time for military production;

Insufficient defence related capital investment in new technology, facilities and machinery.

The task force concluded that the Canadian Defence Industrial Base was "fragmented, highly specialized, and not geared to meet the operational requirements of the Canadian forces".

The task force noted that Canada had purchased a diverse range of military equipment from an equally diverse range of non-North American suppliers, including Germany, the United Kingdom, Italy, Switzerland and Sweden. It recommended that Canada recognize that joint allied industrial preparations strengthen overall security, and that Canada work with its allies to enhance national and NATO preparedness. It recommended in particular that Canada "continue to pursue co-operative arrangements in the interests of rationalization, standardization and interoperability when they