

## Good news about defence industry growth lost in controversy

There seems to be no limits that some won't go to wrap in controversy the news that Canada's military exports have tripled over the past seven years.

A recent CBC investigation – which reported that Canada exported \$3.6 billion in military goods during that period – actually linked Canada and Iran in terms of arms control transparency. It did that by reporting that the Department of Foreign Affairs and International Trade has failed to provide Parliament with annual reports on military exports for the past four years.

Then it quoted Ken Epps, of Project Plowshares, who cited an unnamed report by a Geneva-based monitoring group – the Small Arms Survey – which found Canada's transparency rating, whatever that is, at 11 on a scale of 20, only slight above Iran's 10.5.

"What does that say to you?" he asked.

What it says is that the CBC's investigation can lead one to think that Canada's burgeoning defence industry is being hidden like Iran's nuclear program.

The truth is anything but that.

It is very likely true, explains Tim Page, president of the Canadian Association of Defence and Security Industries (CADSI), that Canada has become the sixth biggest supplier of military goods to the world, according to the U.S. Congressional Research Service.

There are three reasons for that, he says.

The first is that Canada's biggest customers are in America, which has been at war in Iraq since 2003.

The second is that Canada's military presence in Afghanistan is its most-involved overseas mission since the Korean War.

The third is that the world has grown increasingly unstable, which has resulted in Canadian companies like General Dynamics Land Systems finding new markets for its Light Armoured Vehicles in countries like New Zealand and Romania, while other companies are part of the supply chain.

But, CADSI can't say what that means for its 580 members in dollar terms for a number of reasons.

The first is that many of its members are engaged in both the civilian and military sectors.

Secondly, about 80 to 85 per cent are private firms which don't report revenues to shareholders.

Thirdly, reports on companies' export sales one might expect to find in trade magazines don't exist.

Page explains that is because the Canadian defence industry is circumspect about being seen by those members of the public who think the military and the businesses, which support it, are inherently evil.

One doesn't have to go far back in history to find the example of the October 1982 protest bombing of Litton Systems of Canada's Toronto plant which was manufacturing cruise missile guidance systems for the U.S.

Five Litton employees, three police officers and three motorists driving on a highway 100 metres away were injured, damage was estimated at \$3.9 million and Litton lost the U.S. contract.

Fourthly, CADSI doesn't require its members to report revenues because there are strict regulations that require reporting to the Department of Foreign Affairs and International Trade which collects the information and reports to Parliament.

The problem is DFAIT hasn't reported those figures to Parliament since 2002.

At that time, it was revealed that Canada's military exports had jumped from \$304 million in 1997 to \$678 million in five years.

The transparency issue is not a defence industry problem – it is a government problem, as New Democratic Party defence critic Dawn Black pointed out in question period this week.

She noted that reporting exports to Parliament is a matter of law.

As could be expected, Black is not one of those Canadians who think that Canada now being sixth on the list of arms exporters in the world is a good thing.

She thinks many of them will end up in the wrong hands.

The CBC, meanwhile, quoted an unnamed spokesman for DFAIT placing the blame for the four-year silence on "technical glitches" in a new online export reporting system.

But, Foreign Affairs Minister Maxime Bernier told House of Commons this week that the government was studying a report on export controls for the years 2003 to 2005, which occurred under the previous Liberal government.

He said once its deliberations are finished, it will be released.

Whatever the reason, in absence of that report being released, the way was paved for the CBC's recent investigation.

It based its analysis of customs reports on exports for military use such as tanks, rocket launchers and munitions.

That gave the CBC the opportunity to report that Project Ploughshares' Epps thought that Ottawa's prolonged silence was an international embarrassment.

What is lost in all of this is that Canada's defence industry is finding its feet again.

The Aerospace Industries Association of Canada's 400-plus firms have grown to directly employ some 80,000 Canadians, while CADSI estimates its members employ about 70,000.

That is nothing but good news.

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