

An Analysis of Canada's Reporting on Military Exports

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Cover image: Cargo waiting to be loaded on a CC-130J Hercules on 13 October 2022, at Glasgow Prestwick Airport in Prestwick, United Kingdom. Credit: Corporal Eric Greico, Canadian Armed Forces Photo.

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Acronyms and Abbreviations

ACV	Armoured combat vehicle
ATT	Arms Trade Treaty
CAD	Canadian dollars
DND	Department of National Defence
ECL	Export Control List
EIPA	Export and Import Permits Act
EO/IR	Electro-optical / infrared
GAC	Global Affairs Canada
GBP-1	General Brokering Permit 1
GDLS-C	General Dynamics Land Systems-Canada
PoA	Programme of Action on Small Arms and Light Weapons
SALW	Small arms and light weapons
UCAV	Uncrewed combat aerial vehicle
UNROCA	United Nations Register of Conventional Arms

Introduction

The irresponsible trade in weapons has long been identified as a critical driver of human insecurity. The accumulation of arms can fuel conflict and destabilize entire regions. Weapons exported to states with poor arms control regimes can easily be [diverted](#) to criminal or non-state armed groups.

While these risks are acknowledged, activities associated with the international arms trade, as well as the scope of this trade, are poorly understood. A lack of transparency and accessible information on this segment of the market has many negative knock-on effects. For example, while international arms transfers make up only a small fraction of the global economy, an estimated [40 per cent](#) of all corrupt transactions are tied to them.

Because greater transparency can [reduce the harm](#) of the global arms trade, advancing transparency is an explicit aim of the [Arms Trade Treaty](#) (ATT), the first legally binding international treaty to establish comprehensive regulations on the trade and transfer of conventional arms. In force since December 2014, the ATT imposes obligations on States Parties to report international transfers of their weapons systems. Canada joined the ATT in September 2019.

This report assesses both Canada's military exports and the process Canada uses to report these exports. Military exports are defined as exports of conventional armaments, both full systems (i.e., tanks or rifles) and components (i.e., targeting computers used in tanks or scopes fitted to rifles).

The report begins with an overview of Canada's annual reporting practices. Next is an analysis of the contents of Canada's annual [Report on the Export of Military Goods](#). The final section examines the actual transfers reported for [2021](#).

Overview of Canadian Reporting Practices and Obligations

Canada publicly reports data on its arms transfers to the United Nations Register of Conventional Arms (UNROCA) and the ATT Secretariat, and through its national report to Parliament, the *Report on the Export of Military Goods*. All these reports are issued annually. Canada also provides information on its national arms control regime to other bodies, such as the UN Programme of Action (PoA) on Small Arms and Light Weapons (SALW).

ANNUAL REPORT TO THE UNITED NATIONS REGISTER OF CONVENTIONAL ARMS

Established in 1991, UNROCA is the first instrument to which UN member states submitted data on the import and export of conventional weapons. The [intent](#) is to “build confidence between countries” and help to determine if “excessive or destabilizing accumulations of arms” have taken place. Such transparency “may encourage restraint in the transfer or production of arms” and “contribute to preventive diplomacy.”

States are called upon to report on transfers of seven categories of [major conventional arms](#). States also have the option to report on transfers of [small arms and light weapons](#). These categories are collectively known as the “[7+1](#).” States [can opt](#) to include additional background

information on each transfer, and to report on current military holdings. Reports to UNROCA provide data on actual transfers – the physical movement of materiel – that occurred in the year under analysis, not on transfer authorizations issued by licensing authorities.

Submissions to UNROCA are voluntary, unless a state is party to a convention that requires it. Over the history of the Register, the number of states submitting annual reports has generally declined, only levelling off in recent years. In [2021](#), the most recent available year, 40 states, including Canada, submitted reports to UNROCA.

ANNUAL REPORT TO THE ATT SECRETARIAT

[Article 13\(3\)](#) of the ATT requires that States Parties report annually on their major conventional arms transfers to the ATT Secretariat. The first year in which States Parties submitted such reports was 2016. Canada acceded to the Treaty in 2019 and was first required to submit this report in 2021, on transfers that occurred during 2020.

The Treaty text only sets [baselines](#), leaving States Parties free to choose how to format their reports. Canada's first submission used a hybrid format and reported on actual transfers, similar to what was submitted to [UNROCA](#).

CANADA'S ANNUAL REPORT ON THE EXPORT OF MILITARY GOODS

Since [1990](#), Canada has published national reports to Parliament, usually annually, which detail outgoing arms transfers since the previous report. This report is now called the *Report on the Export of Military Goods* and is the most comprehensive document on arms transfers published by the government of Canada.

This national report does not employ the “7+1” categories used in reports to UNROCA and the ATT Secretariat. Instead, it includes exports as they appear in [Group 2](#) (the “Munitions List”) of Canada's Export Control List (ECL). The Munitions List controls 22 different categories of military goods, including components. Thus, Canada's national report contains details not found in reports to UNROCA or the ATT Secretariat, which do not include components.

[Bill C-47](#), passed in 2018, requires the government of Canada to table the *Report on the Export of Military Goods* in Parliament no later than May 31 each year. The bill also required Canada to amend the Export and Import Permits Act (EIPA) to control for brokering, which the [amended EIPA](#) defines as “arranging or negotiating a transaction that relates to the movement of goods or technology included in a Brokering Control List from a foreign country to another foreign country.” Canada now reports brokering authorizations that were issued during the year under analysis.

Since 2016, Canada has reported the export of goods in ECL Groups [2-1](#), [2-2](#), [2-3](#), and [2-4](#) to the United States. (Note that export permits are only required for ammunition with a military or police end-user in the United States, and do not extend to other uses, such as sport shooting.) In 2017, the *Report on the Export of Military Goods* began including the dollar values of exports to the United States for these categories.

During the process of accession to the ATT, Canadian officials amended the ECL with the addition of a [Group 9](#) category of exports. Group 9 includes the seven full-systems categories found under UNROCA, as well as small arms and light weapons. Canada has reported

the export of Group 9 goods to the United States since 2020.

All goods controlled under ECL Groups other than 2-1, 2-2, 2-3, 2-4, and 9 do not require an export permit for transfer to the United States and so are not captured in this report.

The *Report on the Export of Military Goods* also includes information on permits: the total number submitted to the Export Controls Division of Global Affairs Canada (GAC) in the year under analysis; as well as the number authorized, denied, still under review, and rendered defunct. This data is supplied not only for Group 2 military goods, but for dual-use and other goods regulated under Canada's ECL.

The bulk of the report is concerned with Canada's military exports for a given year and provides information on actual transfers. Canada's export data is reported as the total value of these transfers by ECL Group 2 category to each destination. In other words, Canada reports aggregate values of each weapon type shipped to each foreign state, but does not indicate the number of units shipped, as it does in reports to UNROCA and the ATT Secretariat. The *Report on the Export of Military Goods* has no information on the export of dual-use goods (controlled under ECL Group 1) or the import of military goods.

A Critical Assessment of Canadian Reporting

Canada's reporting on the transfer of weapons systems is more transparent than that of many other states. Some of the largest arms exporters provide little or no publicly available data on their arms transfers. In recent years, GAC has made incremental steps toward transparency, which have been welcomed by civil society as the basis for further improvements. However, as detailed below, serious and longstanding issues in Canada's reporting remain.

Analysis of the *Report on the Export of Military Goods*

DATA AGGREGATION

One such issue is the general aggregation of the reported data. This practice raises concerns that will be explored below.

As noted, arms exports are classified by their applicable [ECL Group 2](#) category. The report does not, however, provide the number of units being exported in each Group 2 category by destination, but instead aggregates exports by value to each destination. This is also the case with brokering authorizations. In other words, a listing of Group 2-1 goods worth \$5,000,000 exported to Italy could at once represent a single turboprop aircraft or many aircraft components.

This aggregation greatly lessens the utility of the data. Civil society publications on reporting obligations and best practices, including the ATT Monitor's [Annual Report](#) and the Small Arms Survey's [Small Arms Trade Transparency Barometer](#), identify the aggregation of transfer data as bad practice.

Future reports should disaggregate export data. Each export and brokering authorization should be listed with, at least, the relevant ECL Group 2 category and subcategory, a description of the technology being transferred, and the identity of the end-user. All transfers

should continue to be listed with a value attached to the number of units exported. Further pieces of information, including the reference ID of the permit and the day of permit issuance should also be included.

An interim step to total data disaggregation would be the inclusion of a separate secondary table in [Annex G](#) (Exports of Military Goods and Technology by Destination and ECL Item) that includes total exports by destination with the number of units being transferred. This table would complement existing datasets that provide only the total value of outgoing armaments.

BROAD CATEGORIZATION

A related issue is the generalized categorization of the aggregated data presented. Canada's broad categorization of military exports can be helpful in identifying high-level trends, but generally raises barriers to transparency.

In almost all cases, Canada reports only the ECL Group 2 category of an export or brokering authorization, with no further details. But details are required for an independent analysis of those transfers and the potential associated risks.

Imprecise reporting prevents third parties from understanding exactly what is being exported or brokered. This deficiency is compounded by the fact that some Group 2 categories encompass many different types of goods that are used for different purposes.

For example, exports of [Group 2-6](#), Ground vehicles and components, could include both armoured combat vehicles and anti-personnel mine clearance vehicles; [Group 2-22](#) is simply labelled "Technology."

An immediate stopgap solution is to begin reporting exports and brokering authorizations with relevant Group 2 subcategories. For example, the export of rifle scopes would no longer be grouped under the broad category of Group 2-1 and instead reported under [Group 2-1.d](#), which covers "optical weapon-sights specially designed for military use," providing a more precise description of the technology.

The simple long-term solution is to offer item descriptions for each exported good and brokering authorization, as civil society has suggested for several years. This information is already required for the export permit applications submitted by suppliers; therefore, including it in the *Report on the Export of Military Goods* should not introduce any new reporting burdens on industry. There is also precedent for this practice, as item descriptions of transfers were included in the national report to Parliament in the late 1990s.

In certain circumstances, Canada has already provided some item descriptions in its 2021 UNROCA report that can serve as examples of good practice.

Other states, such as the Netherlands, already include item descriptions of transfers, with limited exceptions. The [Dutch government](#) reports the date of application, the administrative number assigned to each application, the weight of the goods, the description of the goods, calibre size (if applicable), the country of origin of the goods, the country of destination, and the nature of the transfer. All this transfer data is published quarterly in an online portal that is accessible to the public on demand.

DOUBLE COUNTING

The aggregation of exports in the *Report on the Export of Military Goods* also leads to duplicate entries.

Many goods could be assigned to several Group 2 categories. For example, an armoured combat vehicle would normally be categorized under Group 2-6 (Ground vehicles and components), while its combat turret would likely be assigned to [Group 2-2](#) (Smooth-bore weapons with a calibre of 20mm or more...), and the fire control system for that cannon would fall under [Group 2-5](#) (Fire-control, and related alerting and warning equipment...). Instead of listing disaggregated values for each weapons system, the total value is now listed under Groups 2-6, 2-2, and 2-5. The duplicate listings can be confirmed by comparing the sum of individual Group 2 export values to that destination (Annex G) to the reported total value of exports to that destination (Table 6), with the former figure being higher than the latter. As a result, there is no clarity on the value of these individual exports categories, and the total value of exports to the recipient is artificially inflated in Annex G.

Apparent examples of duplication in the 2021 *Report on the Export of Military Goods* can be found in the figure below.

Recipient	ECL Categories	Value
Algeria	2-2	\$17,881,707
	2-5	\$17,881,707
	2-21	\$17,881,707
Chile	2-9	\$127,513
	2-14	\$127,513
China	2-1	\$1,000
	2-22	\$1,000
France	2-7	\$251,374
	2-13	\$251,374
Japan	2-5	\$746
	2-7	\$746
Nepal	2-18	\$2,452,500
	2-22	\$2,452,500
Singapore	2-9	\$122,845
	2-18	\$122,845
Thailand	2-21	\$90
	2-22	\$90
Ukraine	2-5	\$695
	2-11	\$695

Fig. 1: Examples of Double-counting among ECL Group 2 Categories in Annex G of Canada's 2021 *Report on the Export of Military Goods*

MAKING SENSE OF EXPORT PERMIT APPROVALS

With some exceptions, officials of the Export Controls Division of GAC authorize military exports from Canada in a case-by-case process that, if successful, results in the issuing of an export permit. Information on this process, including the number of permit approvals and denials in a given year, the number of permits issued for each country, and the rate at which permits are processed, can be found in the *Report on the Export of Military Goods*.

The data on permit authorizations is much less complete than the data on actual exports. The report includes data on total permit authorizations for each destination but does not include data on the type of weapon being authorized for export to those destinations, the value of those permits, or the number of units to be transferred.

The dataset in Annex G on the actual export of goods transferred is the most comprehensive in this report. Because it includes only transfers that have already been completed, it only allows for retrospective analysis. More comprehensive information on future transfers, for which permits have been issued, would boost transparency and allow third parties to create a more complete picture of the evolving trade in arms.

DUAL-USE GOODS

Dual-use goods, which have both civilian and military uses, are controlled under ECL [Group 1](#). As with Group 2 exports, Group 1 exports must be authorized by the issuing of an export permit.

[Table 5](#) in the *Report on the Export of Military Goods* provides the status of permits that relate to dual-use goods applied for in the year under review. No information is provided about the types of goods, their value, and the destinations to which they are being transferred.

The report [states](#) that it does not contain more information on the export of dual-use goods as they “are not specially designed for military use.” But the government of Canada does not publish information on the export of dual-use goods anywhere else. As more detailed information is provided by prospective exporters applying for an export permit, including this information in the *Report on the Export of Military Goods* (or elsewhere) would not introduce a greater regulatory burden on industry, but it would increase the transparency of Canada’s export control regime.

Other states, including ATT States Parties, provide open data on dual-use exports. For example, the United Kingdom provides user-generated datasets that include data on dual-use licences through the [Department of International Trade](#). Through the [Dutch Ministry of Foreign Affairs](#), the Netherlands reports the following for each authorization: the date on which a permit was issued, the licence (or permit) number, category and subcategory of the goods, the value, the country of final destination, whether the transfer is final or temporary, and the expiry date of the permit. New information is published each month.

REPORTING ON THE TRANSFER OF MILITARY AID

Canada’s Department of National Defence (DND) occasionally exports arms directly to other governments for use by their respective militaries. These government-to-government

transfers are usually of surplus equipment and can be either sold or gifted. These exports are authorized through a process that is parallel to the GAC process already discussed.

According to DND, it is not subject to the EIPA. Therefore, government-to-government exports do [not](#) require export permits and are reported differently. Published information includes the end-user and a description of the goods transferred. Not provided are relevant Munitions List categories and the value of transfers. Whereas DND is not subject to the EIPA, it is otherwise bound by the ATT, which includes the Treaty's reporting obligations

LOOKING AHEAD: CANADIAN MILITARY AID TO UKRAINE

After the February 2022 Russian invasion of Ukraine, Canada, like many other countries, began sending unprecedented amounts of military aid in record time to Kyiv. While a list of goods provided to the Ukrainian military can be found on the [DND website](#), secondary sources suggest that it is incomplete. As well, the reporting format employed by DND does not adhere to the reporting standards established in the *Report on the Export of Military Goods* or for UNROCA.

At the time of writing, Canada had pledged and delivered more than [\\$1-billion](#) in military aid to Ukraine, an amount that exceeds one-third of total reported military exports for all of 2021. A failure to report these exports adequately would be a major step backward in the process to make Canada's reporting regime more transparent.

In the 2021 *Report on the Export of Military Goods*, the government of Canada [amended its commentary](#) on DND's process of authorizing and reporting on government-to-government transfers. Text that stated that records of military aid "are kept by the Department of National Defence" and that government-to-government transfers are to be "included in Canada's reports to the ATT Secretariat" was removed. The impetus for such changes is unknown but could herald reduced transparency in DND reporting on the provision of military aid.

Future editions of Canada's *Report on the Export of Military Goods* should provide datasets that conform to existing and established reporting standards. All government-to-government transfers must be openly published and adhere to ATT obligations, including those relating to transparency and reporting.

REPORTING STANDARDS OF CANADIAN MILITARY EXPORTS TO THE UNITED STATES

The most egregious shortcoming in Canada's control regime is the failure to regulate the transfer of all military goods to the United States. Since the 1956 Defence Production Sharing Agreement, almost all weapons that Canada transfers to the United States have not required permit authorizations and, therefore, have not been publicly reported.

Canada's failure to report these transfers has resulted in an ongoing and massive undervaluing of the Canadian arms trade. In a typical year, the United States is the single largest recipient of Canadian military exports, consistently receiving more than half of Canada's annual arms transfers. And yet this major segment of the market is treated with the least transparency.

Including these exports in official reporting would significantly increase the economic value associated with the Canadian arms trade.

Canada recently began publishing data on the export of ECL Group 9 transfers to the United States in the *Report on the Export of Military Goods*. While this development is welcome, this information is already reported to UNROCA. There is no information on transfer values. Only actual transfers of full systems under Group 9 are studied, despite Canadian-made components being a major export category by value in any given year.

Canada’s Report to UNROCA

DISCREPANCIES BETWEEN NATIONAL REPORTS TO UNROCA

The data submitted annually to UNROCA by Canadian officials is later published on the UNROCA website. However, the completeness of Canada’s export data has been questioned.

Third parties can assess the precision of UNROCA reporting in several ways. One of the most straightforward is to compare the exports reported by one state with the imports reported by another. So, for example, if Country A reported the export of five assault rifles to Country B in its 2021 report, then Country B should list the import of five assault rifles from Country A in its 2021 report.

Reviewing the national reports submitted by other states reveals some discrepancies with Canada’s submission. For instance, in its 2021 report to UNROCA, the [Netherlands](#) reported imports of 2,003 C8 firearms manufactured by Colt Canada in Kitchener, Ontario. Most of these firearms were missing from Canada’s report.

Recipient	Reported Import from Canada
Czechia	10 sub-machine guns
Netherlands	1 revolvers and self-loading pistols ~2,000 C8NLD rifles and carbines
New Zealand	6 revolvers and self-loading pistols 1 shotgun 11 rifles and carbines 37 assault rifles
Poland	2 revolvers and self-loading pistols 3 rifles and carbines 4 Others
Slovakia	15 sub-machine guns

Fig. 2: Imports Claimed by Other States but Missing from Canada’s 2021 Report to UNROCA

INCONSISTENCIES AMONG CANADA'S REPORTS

Inconsistencies have been found between the data published in Canada's *Report on the Export of Military Goods* and the data published on the [UNROCA](#) website. It is unclear why this is the case. The existence of competing datasets leads to obvious questions regarding the accuracy of either or both.

In 2021, Canada's transfer data on the UNROCA site failed to include five combat aircraft and uncrewed combat aerial vehicles (UCAVs) transferred to Germany, two armoured combat vehicles (ACVs) transferred to Japan, and two ACVs and two UCAVs transferred to the United States.

Conventional Weapons					Small Arms (1)					Light Weapons	
	II	III	IV	VII						I	II
Destination	ACV	LCAs	UCAV	MML	Pistols	Rifles & Carbines	Assault Rifles	LMGs	Other	HMGs	HH/UB GLs
ECL Item (2)	9-2	9-3	9-4	9-7	9-8	9-8	9-8	9-8	9-8	9-9	9-9
Austria								10			
Denmark							95				
France							4	3			
Germany			5								
Japan	2										
Netherlands						5	86				
Spain							3				
Switzerland								21			
United Kingdom							832				
United States	2		2	42					4	1	
Total	4		7				1,020	34	4	1	

Fig. 3: Transfers Missing from Canada's Submission to UNROCA

Modified version of Table 20 in Canada's 2021 *Report on the Export of Military Goods*. Cells highlighted in yellow appear in Canada's *Report on the Export of Military Goods* for 2021, but do not appear in Canada's 2021 report to UNROCA or to the ATT Secretariat.

UPDATE TO UNROCA DATA

Canada's 2021 *Report on the Export of Military Goods* included an [updated](#) 2019 submission to UNROCA. The data was amended after GAC was alerted that the original submission did not include sniper rifles transferred to Ukraine in 2019. The updated dataset also included transfers to other countries that had been omitted from earlier reports.

The update reflects a positive level of responsiveness by Canadian officials.

Conventional Weapons			Small Arms (1)					Light Weapons	
	II	III						I	II
Destination	ACV	Missile	Pistols	Rifles & Carbines	Assault Rifles	LMGs	Other	HMGs	HH/UB GLs
ECL Items (2)	2-6	2-4	2-1	2-1	2-1	2-1	2-1	2-2	2-2
Australia				2					
France				1					
Gambia								100	
Latvia							120(3)		
Netherlands	15				1000				
Qatar	26								
Slovenia					35				
Turkey				183					
Ukraine				41					
United Arab Emirates				4					
United Kingdom					1700				
Uzbekistan	2								

Fig 4: Transfers Added to Canada's Updated 2019 Report to UNROCA. Modified version of "Revised 2019 UNROCA: Actual Exports from Canada of Conventional Arms and SALW" in Canada's 2021 *Report on the Export of Military Goods*

Goods not mentioned in the original submission include more than 3,000 units of small arms, 183 of which went to Turkey and four to the United Arab Emirates. Also missed were more than 40 armoured vehicles, including 26 to Qatar and two to Uzbekistan.

The updating of transfer data revealed many other unreported transfers, raising serious questions about the accuracy and thoroughness of Canada's reporting to UNROCA in the past.

Canada's Export and Brokering of Military Goods in 2021

In 2021, Canada reported the export and brokering of military goods to 81 countries and territories. The total value of Canadian military exports to countries other than the United States was more than \$2.73-billion, the second-highest such value in Canadian history. The top five export destinations (excluding the United States) by value were Saudi Arabia (\$1.7-billion), Japan (\$280.4-million), the United Kingdom (\$115.5-million), Germany (\$67.8-million), and Ukraine (\$54.9-million).

Saudi Arabia has topped the list for the last six years. For 2021, \$1.6-billion of the total was for ECL Category 2-6, "Ground vehicles and components," in this case armoured combat vehicles known as light armoured vehicles ([LAVs](#)), manufactured by General Dynamics Land Systems-Canada (GDLS-C) in London, Ontario.

The remaining 14 categories of armaments shipped to Saudi Arabia in 2021, some of which are likely associated with ACV transfers, were valued at more than \$122-million in Annex G. This value is larger than the reported value of arms exports to any other individual non-U.S. destination, except Japan.

The largest [Group 2](#) ECL categories for the other top importers of Canadian weapons in 2021 are:

- Japan, \$261.1-million in Group 2-10
- United Kingdom, \$22.7-million in Group 2-22
- Germany, \$14.9-million in Group 2-10
- Ukraine, \$40.9-million in Group 2-15.

In the last several years, more Canadian military exports have been sent to non-NATO markets. In 2021, 13 per cent of Canada’s total military exports were transferred to fellow NATO members. This is 4 per cent lower than 2020 levels (17.06 per cent), 2.2 per cent lower than 2019 levels (15.2 per cent), and 14.4 per cent lower than 2018 levels (27.38 per cent).

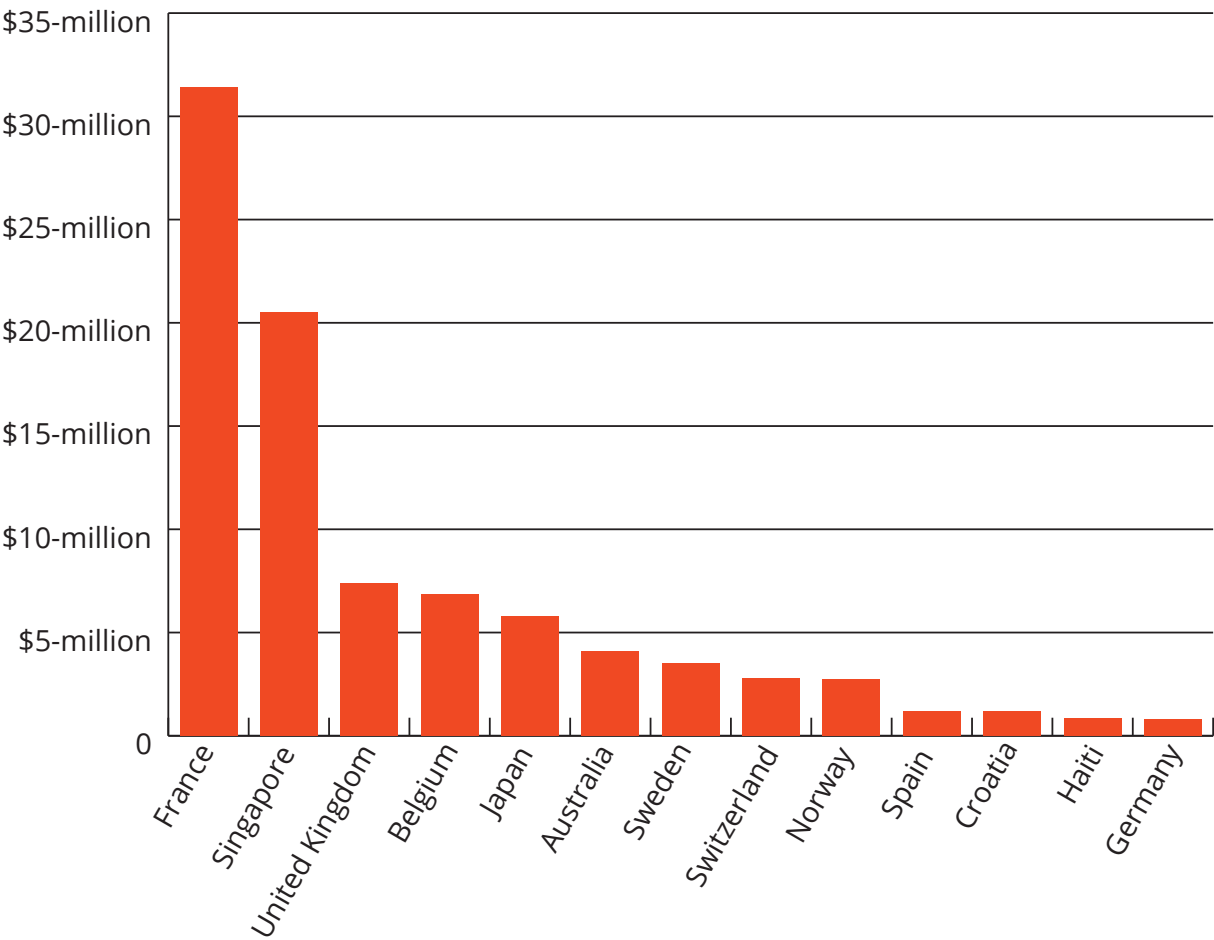


Fig. 5: Value of ECL Category 2-6 by Destination, excluding Saudi Arabia and the United States. Values in current Canadian dollars (CAD).

EXPORTS TO COUNTRIES OTHER THAN THE UNITED STATES AND SAUDI ARABIA

Plotting the recent annual values of Canadian military exports on a historical timeline gives the impression that the Canadian arms trade has grown substantially since 2017. While this is true in terms of total value, the increase is largely driven by one export good to one location: ACVs to Saudi Arabia.

However, even when transfers to Saudi Arabia are isolated and removed from the dataset, the remaining military exports from Canada in 2021 were valued at \$984.3-million – the largest such value ever reported. This increase generally mirrors [increases in global military expenditures](#) observed over the same period.

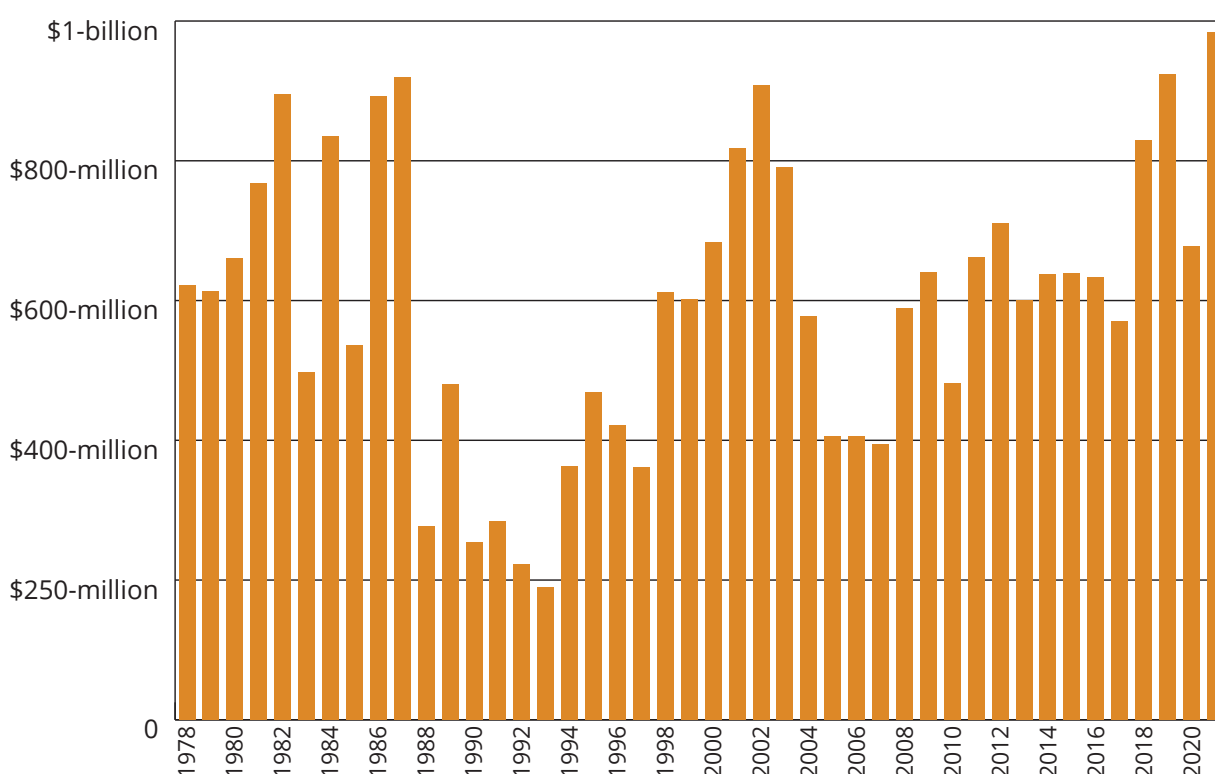


Fig. 6: Total Value of Exports to Countries other than the United States and Saudi Arabia (1978-2021). Constant CAD. Project Ploughshares.

TOP ECL EXPORT CATEGORIES

The export category with the highest value for 2021 was ECL [Group 2-6](#), at \$1.7-billion, or 64 per cent of all military exports for the year. Ninety-five per cent of this value was for LAVs exported to Saudi Arabia.

The next four largest importers of ACVs and associated parts from Canada were France (\$31.3-million), Singapore (\$20.5-million), the United Kingdom (\$7.4-million), and Belgium (\$6.8-million).

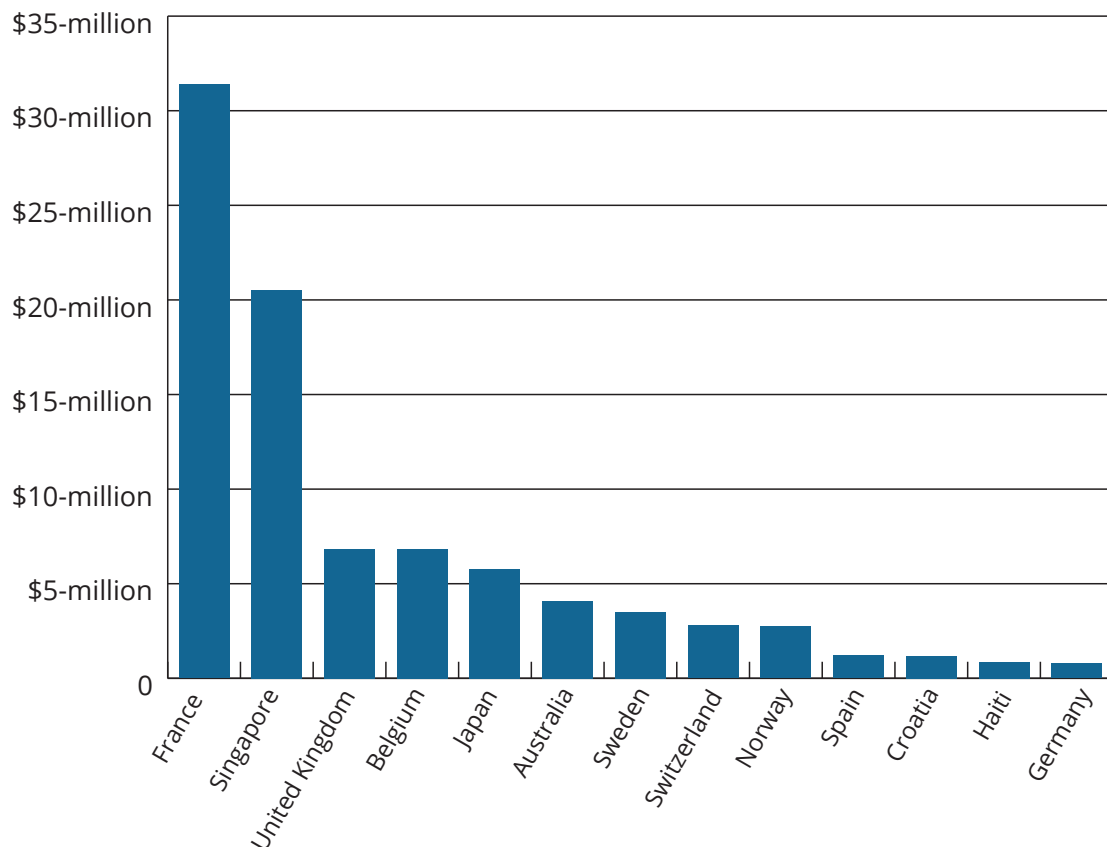


Fig. 7: Export of ECL Category 2-6 to Countries other than Saudi Arabia and the United States exceeding \$750,000 (2021). Current CAD.

The second highest category in value was [Group 2-10](#). The production and export of aerospace goods and associated parts and components have long been a pillar of the Canadian arms trade. The largest importer of these goods in 2021 was Japan (\$261.1-million), followed by the United Kingdom (\$12.5-million), Germany (\$14.9-million), Australia (\$10.2-million), and Norway (\$9.6-million).

The third largest export category in 2021 was [Group 2-15](#). The largest recipient of this category was Ukraine at \$40.9-million. Most if not all of these exports were electro-optical/infrared (EO/IR) surveillance and targeting [sensors](#) manufactured by L3Harris WESCAM in Burlington, Ontario for use on the Bayraktar TB2 UAV. The next largest importers of Group 2-15 were Kuwait (\$19.4-million), Morocco (\$16.6-million), Norway (\$14-million), and the United Kingdom (\$11.4-million). It seems likely that many of these exports were also related to EO/IR sensors for surveillance and targeting applications.

REPORTED EXPORTS TO THE UNITED STATES

The *Report on the Export of Military Goods* only reports the financial value of ECL Groups [2-1 through 2-4](#) to the United States. In 2021, the highest value was attached to Group 2-4 at \$123,842,115 – a figure more than double that of any other recorded year since this data was made publicly available.

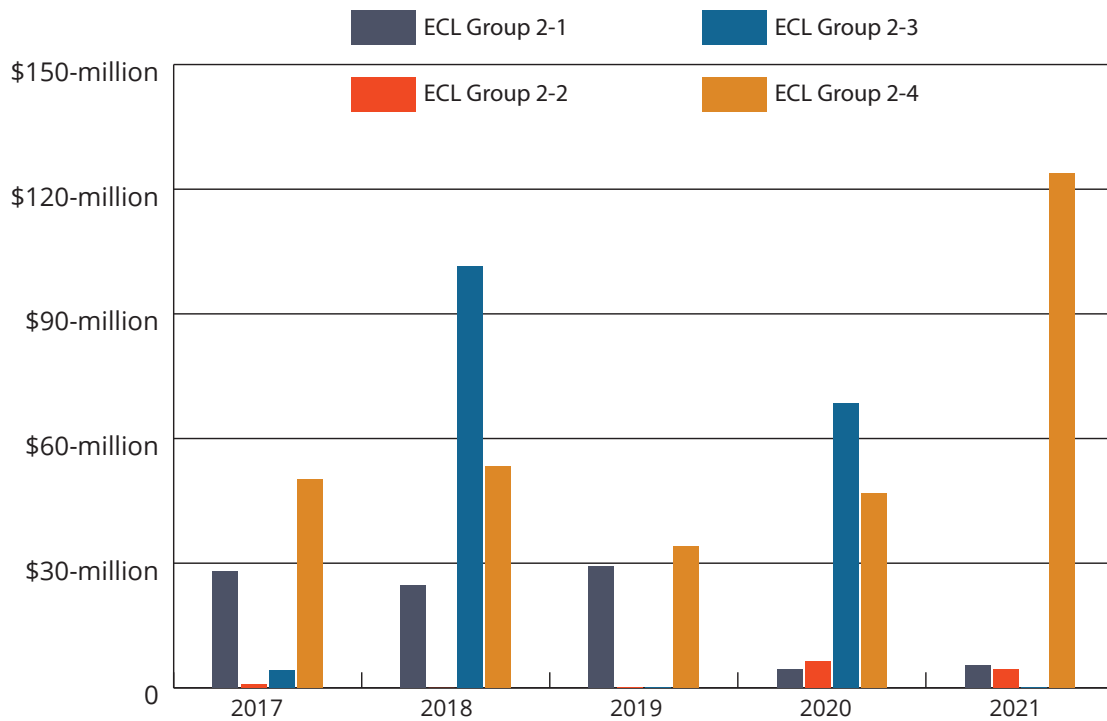


Fig. 8: Exports of Reported Military Goods to the United States (2017-2021). Current CAD.

In 2021, the total value of all reported exports to the United States was \$133.8-million, the second highest reported total after the total for 2018. Data on exports to the United States has only been made public since 2017.

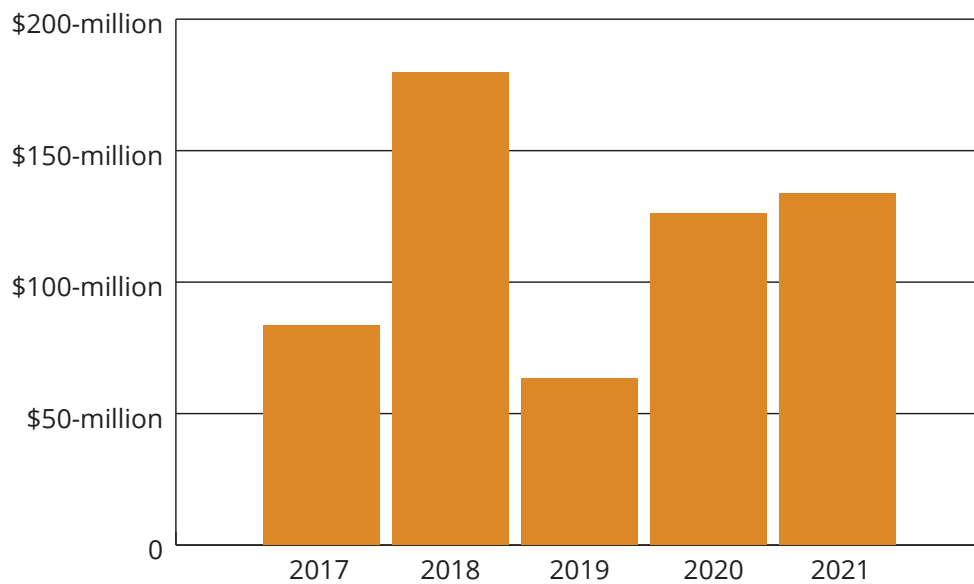


Fig. 9: Total Reported Export Values of Certain Military Goods to the United States (2017-2021). Current CAD.

The partial total places the value of Canadian military exports to the United States in third spot, between totals for Japan (\$280,455,954) and the United Kingdom (\$115,517,972). Complete data on transfers to the United States would certainly reveal the significance of Canadian military trade with its closest military ally.

EXPORTS TO STATES IN CONFLICT

In 2021, Canada authorized arms transfers to 20 countries whose governments directly contributed to hostilities that resulted in at least 25 battle-related deaths in the year under analysis, as determined by the [Uppsala Conflict Data Program](#).

Recipient	Value of Exports	Highest value ECL Group 2 Export Category	Value of Largest Export Category
Saudi Arabia	\$1,746,347,878	2-6	\$1,664,926,212
Ukraine	\$54,922,825	2-15	\$40,907,556
Algeria	\$34,778,746	2-1	\$31,811,675
Israel	\$26,092,288	2-5	\$6,785,954
Morocco	\$22,227,411	2-15	\$16,659,051
Tunisia	\$12,072,273	2-15	\$6,653,540
Indonesia	\$10,708,499	2-18	\$6,945,000
Thailand	\$8,521,765	2-10	\$6,297,781
India	\$6,248,229	2-9	\$4,364,803
United Arab Emirates	\$3,070,851	2-15	\$3,038,701
Nigeria	\$1,896,504	2-10	\$1,896,504
Turkey	\$928,441	2-22	\$886,062
Jordan	\$702,511	2-22	\$702,511
Kyrgyzstan	\$172,072	2-1	\$172,072
Colombia	\$88,403	2-6	\$86,343
Egypt	\$55,608	2-15	\$55,608
Niger	\$32,956	2-15	\$32,956
Armenia	\$8,120	2-1	\$8,120
Peru	\$2,700	2-22	\$2,700
Philippines	\$399	2-1	\$399

Fig. 10: Conflict-involved States that Received Canadian Military Goods in 2021

Under the ATT and [EIPA](#), Canada is not explicitly barred from exporting arms to countries involved in conflict. However, the principle that the irresponsible provision of arms to fragile or conflict-affected states increases the likelihood of armed conflicts, while also lengthening and intensifying violence, is well [established](#).

The [ATT](#), which makes a clear connection between the flow of arms and violent conflict, obligates States Parties to assess the risk that exports would undermine peace and security. If such a risk is evident and cannot be mitigated, the proposed arms exports is not to be authorized.

EXPORT RECIPIENTS THAT VIOLATE CIVIL AND POLITICAL RIGHTS

According to the Freedom House report, [Freedom in the World 2021](#), a significant number of Canada’s export destinations in 2021 were states in which civil and political rights are under threat or are nonexistent.

Freedom House ranks individual states as “Free,” “Partly Free,” or “Not Free.” Seventy-five of the states and territories to which Canada exported arms in 2021 were rated by Freedom House. The results can be seen in Figure 11.

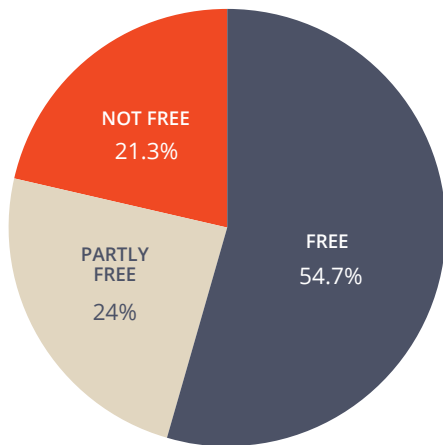


Fig. 11: Recipients of Canadian Military Exports in 2021 by “Freedom in the World” Score

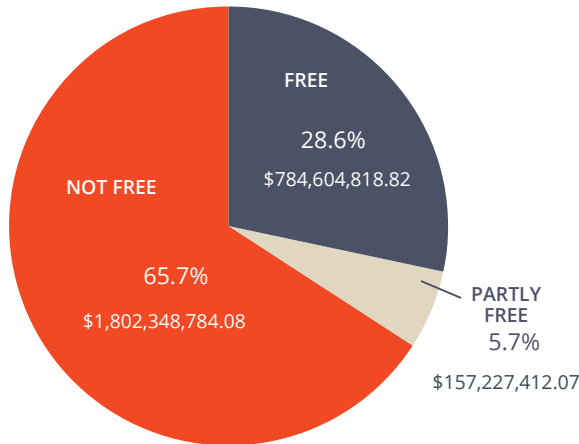


Fig. 12: Value of Canada’s 2021 Military Exports by Recipients’ “Freedom in the World” Score

Select Export Destinations

Saudi Arabia

Saudi Arabia has been a major customer of Canadian military goods since the early 1990s.

In 2014, the Canadian government announced a \$14-billion [deal](#), known as the “Armoured Brigade Program” (ABP), to supply Saudi Arabia with hundreds of LAVs. With this deal, Saudi Arabia became the first recipient of GDLS-C’s newest LAV variant, the LAV-700.

The following year, Saudi Arabia led a coalition that launched an intervention in the war in Yemen, a conflict that has so far killed nearly 400,000 people. There have been many credible allegations that this coalition has breached international humanitarian law, committing acts that are possibly commensurate with war crimes. Canadian-supplied LAVs have been employed in the conflict by Saudi Arabia, which has also diverted them to coalition partners in the conflict.

In the years since the deal was signed, Canada’s provision of LAVs to Saudi Arabia has drawn significant scrutiny from Canadian civil society groups and media. In 2021, Project Ploughshares and Amnesty International released [a major report](#) that found Canada’s export of LAVs and other military equipment to Saudi Arabia to be in violation of Canada’s obligations under the ATT. The Canadian government has not made an official public response to these findings, and exports of weapons to Saudi Arabia continue.

North Africa: Algeria and Morocco

Rising geopolitical tensions have led to an arms race between [Algeria and Morocco](#), which are [rated](#) first and second in the region for military expenditures. A breakdown in diplomatic communication in 2021 has raised fears that open conflict could break out between the two countries. During the same year, the value of Canadian military exports to both parties rose sharply.

For 2021, Canada reported exports to Algeria valued at \$34.7-million, mostly small arms and associated parts. When exports reported in Annex G are also considered, the true total is likely closer to \$52.6-million. Whatever the final total, in 2021, Canada exported more arms by value to Algeria than it has in any year since 1987.

During the same period, Canada exported to Morocco military technology worth \$22.2-million, the highest value on record to that country. Most exports were L3Harris WESCAM EO/IR surveillance and targeting sensors for use on Morocco’s newly acquired Bayraktar [TB2 UCAVs](#).

Thailand

In 2021, the Thai government severely restricted the fundamental rights of its citizens. Security forces violently [suppressed](#) youth-led pro-democracy protests, employing live ammunition. The [government](#) also initiated civil and criminal proceedings against activists who were openly critical of the military government.

In 2021, Canada exported arms worth \$8.52-million to Thailand. Of this total, \$6.29-million were for ECL [Group 2-10](#) goods. Thailand also received ECL [Group 2-1](#) goods valued at \$141,883.

These exports occurred even though Canadian authorities had denied the export authorization of ECL [Group 2-3](#) goods to Thailand in 2019. The reason provided was “Canadian foreign and defence policy.”

Israel

In 2021, Canada exported to Israel military goods worth \$26-million, the largest value on public record since 1987. The largest category of goods by value was ECL [Group 2-5](#) (\$6.7-million), followed by Group 2-4 (\$6.1-million) and Group 2-11 (\$5.6-million).

Israel’s 11-day bombardment of Gaza in May 2021 resulted in as many as [192](#) civilian deaths and scores of injuries. Israel’s ongoing occupation of the West Bank and other territories has led to calls from established civil society [organizations](#) and credible [human rights monitors](#) for a comprehensive arms embargo against Israel.

A 2022 report by [Amnesty International](#) concluded that Israel’s treatment of Palestinians amounts to the crime of apartheid. [Article 6\(3\) of the ATT](#) prohibits the transfer of any armaments if the exporter has knowledge that those transfers would be used in the commission of a crime against humanity, which includes apartheid.

Brokering of Military Goods

Canada regulates and reports the brokering of military goods in two ways.

The brokering of military goods can involve the use of General Brokering Permit 1 (GBP-1). This permit is used when the destination is one of 31 countries that GAC has determined to be low risk. It is not clear how these countries were selected. It is also unclear if a mechanism exists to remove a state from this list if it exhibits behaviour that would be consistent with “higher risk” export destinations.

Canada also regulates the brokering of military goods by issuing a Brokering Permit, used for all other brokering destinations.

Canada reports on brokering authorizations, rather than actual transfers. Therefore, the data published in the *Report on the Export of Military Goods* may pertain to goods that have not yet been shipped and could be transferred as much as five years after the permit is issued.

Brokering was first regulated in September 2019 and the first data on brokering authorizations was published in the 2020 *Report on the Export of Military Goods*.

BROKERING DATA

In 2021, GAC authorized the brokering of arms with a total value of \$1.144-billion to 26 countries. GBP-1s were used to authorize goods with a total value of \$388.7-million (33.9 per cent of the total).

The remainder were authorized with a Brokering Permit. Most military goods so authorized were for Saudi Arabia (\$596.9-million, or 79.9 per cent) and originated from the United States (\$395.1-million). Most brokered goods to Saudi Arabia were in ECL [Group 2-3](#) (value: \$415.3-million).

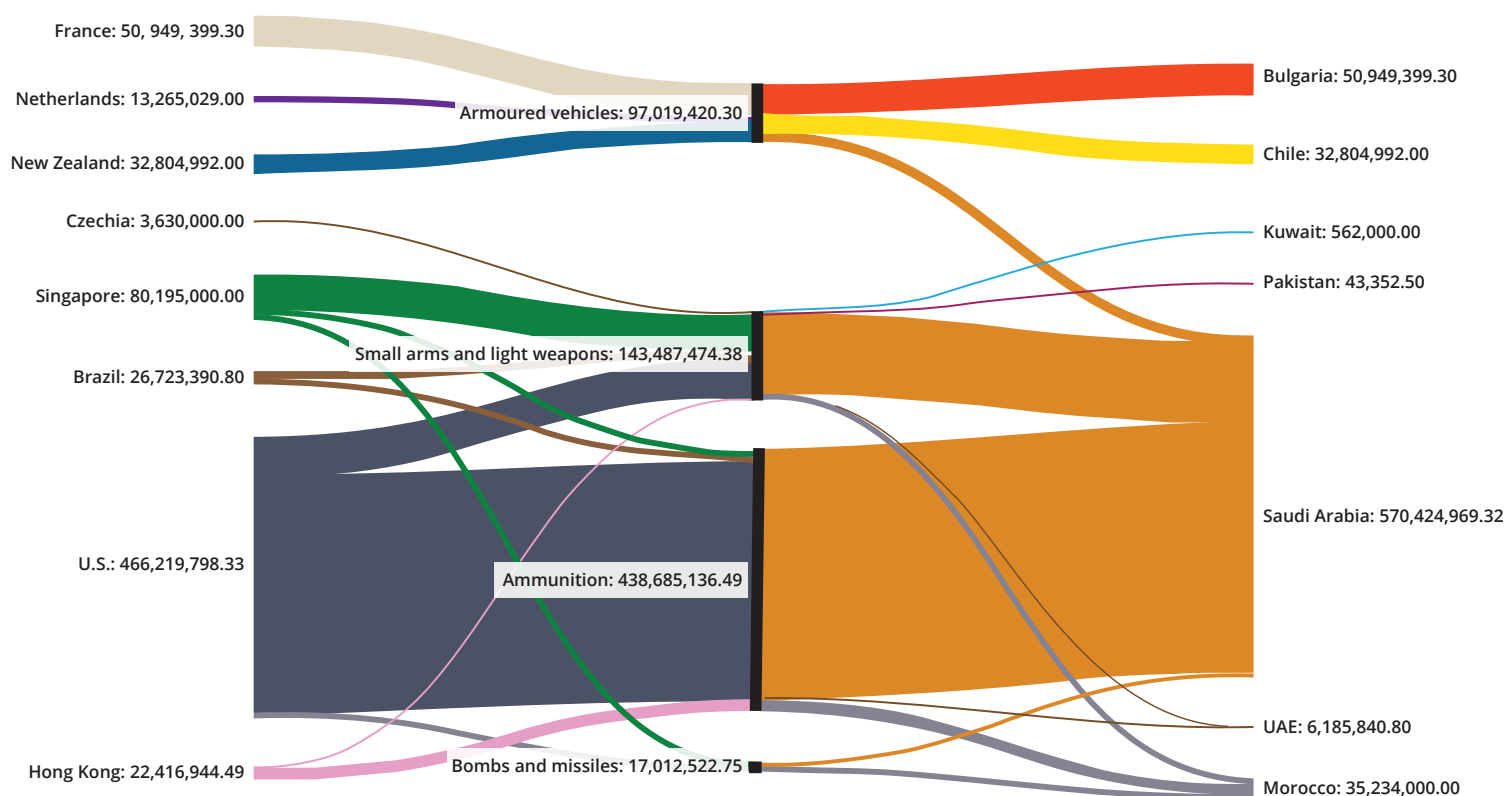


Fig. 13: Value of Select Brokering Authorizations by ECL Group in 2021. Size of flows reflects value of goods being brokered. Categories include 2-1 and 2-2 ("Small arms & light weapons"), 2-3 ("Ammunition"), 2-4 ("Bombs and missiles"), and 2-6 ("Armoured vehicles"). Origin of the goods is on the left and the destination is on the right.

Pakistan

Canada authorized the brokering of \$43,352 worth of ECL [Group 2-1](#) goods from the United States to Pakistan in 2021. However, in 1998, the Government of Canada implemented a prohibition on the export of military goods from Canada to Pakistan, after Pakistan engaged in nuclear weapons tests. The [position of the Canadian government](#) is that “application[s] to export to Pakistan goods or technology controlled in Group 2 of the Export Control List will be denied.”

The [EIPA](#) states that authorizations for the brokering of military goods by Canadian officials are subject to the same authorization process required for export. At the same time, the brokering of military goods to Pakistan, authorized by Canadian officials, suggests that brokering controls may face a lower regulatory threshold than initially reported.

Permit Authorizations and Denials

Export permit applications may be denied by Canadian officials for several reasons. Exports could be deemed to pose a substantial risk of facilitating one or more of the negative consequences listed under the ATT. The permit could be for the transfer of prohibited firearms to a destination that is not listed on Canada’s Automatic Firearms Country Control List and so the export is not permissible. The proposed export could run the risk of being diverted to unauthorized end-uses/users. Canadian officials can also determine that the proposed export simply contravenes Canada’s foreign policy interests.

Canadian industry frequently criticizes what it characterizes as an export control regime that is hostile to arms manufacturers. Yet, GAC consistently denies only a very few export permits each year, even though a large proportion of Canada’s outgoing military goods are destined for serial human-rights abusers.

As revealed in the 2021 *Report on the Export of Military Goods*, such practices held true last year. GAC received a total of 2,484 permit applications to export ECL Group 2 goods. Of these, 80.9 per cent were approved; 10.3 per cent were still under review at the time of publication; and 8.2 per cent were either cancelled, suspended, or otherwise withdrawn by the exporter or were returned without action by GAC. Only four permits (0.16 per cent) were denied in 2021 for the perceived risks they posed. This data suggests that Canada’s position is anything but hostile to the sale of arms abroad.

Recommendations

Progress toward transparency in Canada’s annual *Report on Military Exports* has been mixed. The report has added welcome new data, but has also failed to correct longstanding gaps and problems. While in recent years, many governments have opted to report less in their arms exports, Canada can and should stand as a positive example for other states by improving on the transparency and detail of its reporting of arms exports. To reach this goal, GAC should adopt the following recommendations:

- Include additional datasets that list the value of exports by ECL Category to each destination, along with the number of units being transferred, where applicable.
- Begin reporting exports and brokering authorizations by ECL subcategory (e.g., “Group 2-1.d”) instead of the general category (e.g., “Group 2.1”).
- More generally, exports and brokering authorizations should be disaggregated. Instead of reporting total exports and authorizations for Group 2 goods by ECL category, report individual exports and brokering authorizations.
- Transfer and authorization data would benefit from more detailed descriptions, when possible. Additional pieces of information, such as the reference ID of the permit, and the day of permit issuance, would be useful.
- End the practice of double counting. If there are instances in which this is not possible, include further information.
- Begin comprehensive reporting on export authorizations so that third parties can scrutinize transfers that have been permitted by the government of Canada but have not yet taken place.
- Begin publishing data on the authorization and transfer of dual-use goods. If this initiative is seen as outside the scope of the *Report on the Export of Military Goods*, begin reporting in a separate annual report or on a publicly accessible database.
- Begin reporting government-to-government transfers, including military aid, in the established format used for all other transfers of military goods reported by the Government of Canada.
- Explore alternative reporting formats, particularly open and accessible online portals that allow viewers to request and retrieve information. Consider publishing export and brokering authorization data quarterly.
- Begin a full reporting of the transfer of military goods, including parts and components, to the United States. Article 5 of the ATT calls on all States Parties to implement the Treaty “in a consistent, objective and non-discriminatory manner.” Failure to regulate and report military exports to the United States is a clear breach of this obligation.



Project Ploughshares is a Canadian peace research institute with a focus on disarmament efforts and international security, specifically related to the arms trade, emerging military and security technologies, nuclear weapons, and outer space.

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