

SENT BY:

2-25-0 : 3:15PM : CHIEF COUNSEL (HDQ)-

9 202 622 2882;# 2/ 4



United States Department of State

*Bureau of Political-Military Affairs
Office of Defense Trade Controls*

Washington, D.C. 20520-0602

February 17, 2000

TO : FM/DTC/CUS - Sara Scott
FROM : PM/DTC - Jim McShane
SUBJECT: Meeting with Canadian authorities

GUNS - EXPORTS

On February 17, 2000 the Director and I met with Mr. Tom Jones of DFAIT and Mr. M.B. LeMay, RCMP Liaison, Canadian Embassy. The purpose of the meeting was to discuss firearms and ammunition exports to Canada. As you will remember, on April 12, 1999 the ITAR exemption §126.5 (known as the Canadian Exemption) was modified. Effective April 12, 1999 an export license was required for the export of firearms and ammunition to Canada (previously no license was required).

In January 2000, this office began an audit of licenses received and issued for firearms and ammunition to be permanently exported to Canada. The audit revealed that applications received by this office represented requests for the export to Canada in excess of:

115,000 handguns
33,000 non-military rifles
67 military rifles
210,000,000 rounds of ammunition
\$22,000,000 in spare parts

An examination of the licenses revealed that every application for export license was accompanied by an import certificate (as required by the OAS Model Regulations), but the quantities and types of weapons was far above what should or would be considered normal usage in Canada. In fact the requests that this office had received, when compared with combined approved exports from the US to the countries of the United Kingdom, France, Germany, and Italy; exceeded these combined countries by 99,033 handguns, 4,646 rifles, and 28,717,262 rounds of ammunition.

Tom Jones professed confusion and concern over the requests from Canadian firearms businesses that had been received by this office. He stated that he was under the impression that the majority of the requests for exports were being sent directly by Canadian police and/or military organizations. He was informed that these represented only about 10% of what had been received.

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Tom Jones was advised to provide this office with a letter of which pending applications were necessary for the government and that the rest of the pending applications be held. He was also advised to audit the import certificates issued in Canada and advise this office of the bona fides of those transactions. It was agreed that at Canada's request. No new licenses would be issued (except for those requested by the GOC) until this situation was resolved.

RCMP Officer Lemay was equally distressed over the situation. His concerns were the quantities of weapons ordered and the types of weapons ordered. He advised that 9mm pistols should not be for commercial resale (under Canadian firearm regulations), yet acknowledged that the majority of handguns requested for export were for 9mm pistols.

Tom Jones was also advised that this office wanted a review of exports from Canada. Tom Jones admitted that Canada does not manufacture firearms, yet had to concede that over the past 4 years, Canada had exported over \$92 million (Canadian dollars) of firearms had been exported and approximately \$53 million (Canadian dollars) of ammunition had been exported. The obvious question that could not be answered was where did these exported firearms and ammunition come from?

Effectively, all future (except for GOC agencies) exports of firearms and ammunition to Canada will be suspended when the letter/request is received from the Government. The audit of export licenses will continue, while an audit of import certificates is conducted. This could well result in a number of licenses being revoked. Any apparent intention violations will be referred to US Customs and to the RCMP.

I have attached a chart of approvals and pending cases that was used in the meeting for your information.

Attachment A/S

SENT BY:

2-25-00 3:16PM : CHIEF COUNSEL (HDQ)-

9 202 622 2882:# 4/ 4

no 09:58 FAX

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APPLICATIONS APPROVED (between 04/12/99 & 01/31/00):

| <u>COMMODITY</u> | <u># LIC</u> | <u>QUANTITY</u> | <u>VALUE</u> |
|-----------------------------|--------------|------------------|--------------|
| Handguns | 108 | 115,084 | \$45,554,796 |
| Spare parts handgun | 92 | N/A ¹ | \$5,867,112 |
| Rifles (non-military) | 113 | 25,239 | \$10,200,601 |
| Armalite M-15 | 1 | 30 | \$21,000 |
| M-16 | 1 | 1 | \$1,395 |
| AR-15 | 2 | 96 | \$58,966 |
| M-16 spare parts | 1 | N/A ¹ | \$151,701 |
| Spare parts rifles/carbines | 68 | N/A ¹ | \$1,487,493 |
| Ammunition | 133 | 100,412,930 | \$9,384,898 |
| Ammunition raw materials | 137 | N/A ¹ | \$14,613,110 |

APPLICATIONS PENDING (as of 01/31/00):

| <u>COMMODITY</u> | <u># LIC</u> | <u>QUANTITY</u> | <u>VALUE</u> |
|-----------------------------|--------------|--------------------|--------------|
| Handguns | 7 | 236 ⁰ | \$4,157,356 |
| Spare parts handgun | 20 | N/A ¹ | \$221,639 |
| Rifles (non-military) | 32 | 8,633 | \$4,877,003 |
| M-16 | 1 | 4 (desc. required) | \$200 |
| AR-15 | 3 | 24 | \$15,972 |
| Spare parts rifles/carbines | 5 | N/A ¹ | \$105,273 |
| Ammunition | 64 | 110,703,851 | \$6,823,653 |
| Ammunition raw materials | 10 | N/A ¹ | \$325,546 |

*check lic.#784786

quantities not reportable on spare part licenses