

PHOTOCOPY
PRESERVATION

SENT BY:

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

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**United States Department of State****Bureau of Political-Military Affairs
Office of Defense Trade Controls****Washington, D.C. 20520-0602****February 17, 2000**

AMS -
CANADA
GUNS

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

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 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

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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	193	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*	\$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 (deactivated)	\$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

¹ quantities not reportable on spare part licenses

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CANADA + GUNS

U.S. Orders Suspension Of Gun Sales Into Canada

By RAYMOND BONNER

WASHINGTON, Feb. 24 — The Clinton administration is suspending the export of handguns, rifles and ammunition to Canada after discovering a large volume of sales in the past nine months, American and Canadian officials said today.

Since last April, when the United States began requiring licenses to export weapons to Canada, licenses have been issued for 115,000 handguns, 25,000 rifles and 200 million rounds of ammunition, according to United States government data.

American officials said they do not know where the firearms are going — and that is what caused them to act. One official said that it was “extremely possible” that the handguns were being smuggled back into the United States along the long, relatively porous border.

In recent years, Canada has become a transshipment point for weapons from the United States, including sophisticated missile technology. The weapons have ended up in countries like China, Iran and Libya, according to United States Customs Service records.

The number of handguns licensed to be sold to Canada in the past nine months is more than to any other single country, and 10 times greater than the combined total of handgun sales to Britain, France and Italy in 1998, according to government statistics. A similar suspension of firearms sales to Britain two years ago has been lifted.

Although about 4.5 million new firearms are sold every year in the United States, the number of the licenses for sales to Canada are viewed as unsettling by Clinton administration officials, because Canada has one of the strictest handgun control laws in the world — far stricter than the United States. In Canada, with a population of 31 million people, possession of handguns is limited to collectors, target shooters, and people who can demonstrate that they need guns to protect their lives, Canadian officials said.

A senior law enforcement official in Canada, who spoke on the condition that he not be named, called the import figures “astonishing,” given his country’s strict firearms laws. “I don’t know where these handguns could be going,” he said.

As the trade works now, a firearms importer generally gets a license that covers a far greater number of firearms than the importer intends to bring into Canada immediately, and then brings them in over a period of months or years. These open-ended licenses make it harder to monitor the trade in firearms, experts say.

After several weeks of intense negotiations over the handgun issue, the Canadian government sent a letter to the State Department on Wednesday asking the United States to suspend the issuance of further licenses, pending an investigation, Canadian and American officials said.

One question the Clinton administration wants the investigation to answer is why the Canadian import authority issued licenses for so many firearms, given the country’s gun control laws.

The Clinton administration was prepared to act without the Canadian request, officials said. The suspension of further licensing takes place immediately, Canadian and American officials said.

The president of the National Association of Federally Licensed Firearms Dealers, Andrew Molchan, was critical of the action, but not surprised. “Basically, President Clinton has declared open warfare on the gun industry in America,” he said, in a telephone interview from Fort Lauderdale, Fla.

The suspension of firearms sales is another round in the battle between the two neighbors over export controls on weapons sales to Canada. Over strong and continuing objections by Canada, the Clinton administration has slowly been tightening export regulations. The figures on firearms imports are also likely to embarrass the Canadian government, which has taken a highly vocal lead in the international campaign to curb the flow of small arms and light weapons.

The action against Canada is one of the rare times that the United States has suspended arms sales to an ally. Last April, the Clinton administration suspended the sale of handguns to Venezuela, concerned that many of the weapons were ending up in the hands of narcotics gangs and guerrilla groups in neighboring Colombia. The suspension remains in effect, with the Clinton administration waiting for assurances from the Venezuelan government that it will control the re-export of firearms from the United States.

In April 1998, Washington revoked all outstanding licenses for firearms to Britain because it was not satisfied with Britain’s control over re-exports of the weapons. When the new applications started coming in, the number of firearms licensed for export declined dramatically, to fewer than 400 from 14,000 pending at the time the licenses were revoked.

Radio Chief Presses U.S. to Do More About Missing Reporter

By JANE PERLEZ

WASHINGTON, Feb. 24 — The American employer of a Russian reporter missing after covering the conflict in Chechnya accused the Clinton administration today of not pressing Moscow hard enough on his behalf.

"I hope more will be done — and more can be done," said Thomas A. Dine, the president of Radio Free Europe/Radio Liberty, which relies on financing from the United States government.

He asked the administration to lobby Moscow to free the correspond-

ent, Andrei Babitsky, or to disclose what has happened to him since he disappeared more than a month ago after reporting on the heavy Russian bombing of Grozny, the Chechen capital.

Mr. Dine, a former State Department official and veteran Washington lobbyist, said he was dismayed that President Clinton had described the acting president of Russia, Vladimir V. Putin, as a man he could "do business with."

Mr. Dine said the Russian media had read that phrase as an endorsement of Mr. Putin, who is running for

president in voting next month.

"When you do business with someone, you can hold someone responsible for his deeds," Mr. Dine said. "The Putin government has to know the consequences for violations of human rights."

Mr. Dine, who met with officials at the White House and the State Department on Mr. Babitsky's plight today, said that a personal inquiry by Secretary of State Madeleine K. Albright to the Russians about Mr. Babitsky last month had not resulted in any meaningful information. Nor had a request by Clinton officials last

week when they met with Sergei B. Ivanov, the head of Mr. Putin's national security office.

The radio stations operated by Radio Free Europe/Radio Liberty received \$70 million from the United States government last year for news broadcasts in local languages to countries that were part of the Soviet empire. The headquarters for the stations are in Prague.

Mr. Babitsky, 36, one of three reporters who covered Chechnya for the Russian service of Radio Liberty, angered the Russian government with his descriptions of military at-

tacks against Chechen civilians and with his accounts of casualties among Russian soldiers.

Mr. Babitsky has been a Radio Liberty correspondent since 1989 and covered the first Chechen war, from 1994 to 1996, as well as military operations in Dagestan last year.

Since his arrest by Russian authorities in Chechnya in January, different officials in Moscow, ranging from Mr. Putin himself to a human rights commissioner, have given confusing accounts of what happened to him and where he might be.

Soon after Mr. Babitsky's arrest, Moscow said he had consented to being handed over to Chechens in exchange for two Russian prisoners of war. But Mr. Dine said an alleged

tape of the hand-over appeared to be doctored and was not credible.

A request for information by the British foreign secretary, Robin Cook, to Mr. Putin in Moscow on Wednesday yielded little definitive.

Mr. Putin told Mr. Cook that the journalist was alive and in the hands of Chechen civilians. The foreign secretary countered that while this was "welcome news," he would "also welcome direct contact."

Mr. Dine questions how Mr. Putin can assert that Mr. Babitsky is alive but cannot produce him or tell more about his whereabouts. Today, Mr. Dine said he was beginning to fear the worst. "I fear what all this means as day after day marches on," he said.

Labor Leaders Leave Panel On China Trade

By JOSEPH KAHN

WASHINGTON, Feb. 24 — Dealing another blow to the Clinton administration's hopes of building broad support for a China trade measure, three labor leaders today quit a presidential panel set up to advise the White House on global trade policy.

Union officials said the three leaders — John J. Sweeney of the A.F.L.-C.I.O.; Jay Mazur of United, the big textile workers' union; and Lenore Miller, head of the Retail, Wholesale and Department Store Union, a leading retail workers' union — resigned to protest the panel's narrow focus on persuading Congress to grant China permanent normal trade relations. American unions strongly oppose the plan.

The officials said the resignations were also intended to signal their frustration with the administration, which they said has failed to ensure that labor voices are heard when developing trade policy. The union leaders said that Mr. Clinton talks about protecting workers' rights internationally, but that in practice the trade deals that he negotiates do little to advance that agenda.

The setback for the administration occurred as Congressional leaders continued to warn that Congress might defeat the China trade proposal. Several senior pro-trade lawmakers have warned in recent days that Vice President Al Gore's apparent coolness toward the agreement and China's threat to use force against Taiwan had made the measure a tough sell in an election year.

The administration is lobbying hard to persuade Congress to give up its annual review of China's trade status. Congress has to agree to do that if United States companies are to take full advantage of a market-opening accord it negotiated as part of China's bid to join the World Trade Organization.

The Senate minority leader, Tom Daschle of South Dakota, said today that prospects for passage were declining daily. "I think everybody has to recognize this is going to be a tough sell, especially given current circumstances involving China," Mr. Daschle said.

He said he thought that the vote should be held as soon as possible, implying that members are less likely to vote for the measure as Election Day approaches.

"The sooner we do that, in my view, the better the prospects, as bad as they are," he said.

Also today, Mr. Clinton called the accord a "once in a generation" opportunity that should not be rejected because of Beijing's human rights problems or threats against Taiwan. "Failure to pass the measure would be a devastating setback," he said.

The vote is made tougher for Democrats by the unions' increasingly hostile relationship with the administration. Although the presidential panel has no power over trade policy, Mr. Clinton had used it to forge a dialogue between business and moderate labor leaders on trade. But other labor leaders, including those who represent steel and transportation workers, have attacked the idea of cooperating with the administration on trade.

Karen Tucker

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**Firearms and Ammunition Exports to Canada
Question and Answer
February 25, 2000**

Q: Today's *New York Times* reports that the Administration has ordered the suspension of gun and ammunition sales to Canada and an investigation. Can you confirm this? And do you have any reason to believe that guns are getting into the illegal market in Canada?

A: Let me start by saying there is no "action against Canada," nor has an investigation been opened into this matter. A recent State Department review of export license applications revealed Canadian requests for a very large number of firearms and rounds of ammunition. This prompted both countries to agree that the cases needed to be reviewed. The Canadians have put on hold the issuance of further orders for large amounts of guns and ammunition until they have had an opportunity to conduct their review. But again, no formal restrictions or embargo have been put in place, nor has the State Department reached a conclusion that there is a problem.

Of course, as a general matter we are certainly always concerned about the possibility of any diversion of firearms into the illegal market or problems of illegal gun trafficking – abroad and in the U.S. – and we will keep a close watch on any potential criminal action.

Firearms and Ammunition Exports to Canada

Background:

The New York Times reports that the U.S. has ordered a suspension of firearms and ammunition exports to Canada. This is incorrect. A recent review of export license applications revealed Canadian requests for a very large number of firearms (rifles, pistols, and revolvers) and rounds of ammunition. Even though most of the export requests were ostensibly for Canadian government use and law enforcement (mostly the Royal Canadian Mounted Police), the exorbitant volume of weapons being sought raised questions. When State Department licensing authorities brought this to visiting Canadian authorities that handle export control issues, it was agreed that the cases needed to be reviewed. The Canadians provided a letter to State to hold issuance of further orders for large amounts of guns and ammunition, until they had the opportunity to clarify the requirements of such. Final action on such cases is being held in abeyance, but no formal restrictions or embargo has been put in place.

Question:

Is it true that the U.S. Government has taken an action against Canada that prohibits further exports of firearms and ammunition? Is this related to the April 12, 1999 amendment of the International Traffic in Arms Regulations (ITAR) that restricted U.S. defense equipment and technology that can be exported to Canada without a munitions license?

Answer:

- There is no "action against Canada" regarding U.S. exports of firearms and ammunition;
- As a part of normal consultations between the two countries, we are jointly looking into some inconsistencies that have been identified regarding firearms and ammunition imported into Canada from the U.S.
- The U.S. has not come to any conclusions, including whether there is a problem of any kind.

- We are continuing to process a number of export licenses that have been requested by the Government of Canada and deferring others until we and Canadian authorities are satisfied with the details under review.
- While the April 1999 amendment to the ITAR required licensing of firearms and ammunition to Canada (in adherence to the OAS "model regulations" on controlling firearms and ammunition that all Western Hemispheric states have agreed to support), the issues under discussion are unrelated to that ITAR amendment.



Anna Richter

02/25/2000 03:59:15 PM

Record Type: Record

To: Anna Richter/OPD/EOP@EOP

cc:

Subject: What's on your mind?

Q Joe, the Canadian gun sale issue -- the United States announced it would cut off all gun sales, future gun sales, to Canada. What's behind all that?

MR. LOCKHART: Well, let me start with some facts, which were few and far between in that story. The United States has not cut off all gun sales to Canada. There is no action that has been taken against Canada.

Let me take a minute to explain what the process is. The United States has a system, through the State Department, of getting export licenses on munitions and also firearms. In the recent course of activity, the group that monitors this at the State Department noticed that there was a very large increase, surge in the requests for licenses for things like handguns and rifles and ammunition. Because this is what they do, they got in touch with Canadian authorities and queried them on the reason for the increase.

The Canadians were unaware, as only about a quarter of the request was for Canadian government and law enforcement, mostly Royal Mounted Police. At the request of the Canadian government, they asked that they continue to process the government requests, but they put a hold on the private commercial resellers of guns in Canada, while they got some answers on what was behind the surge of requests.

So the important thing here is that we have a system of export licenses that works. There was an increase; there was no apparent explanation on the face of it for those who process the licenses at the State Department. They, as they should, queried the Canadian government, who are now looking into it from their end. But these are licenses; these are not firearms that have already been shipped. They're just the right to ship firearms.

Q But as I understand it, the Canadian government did this because the United States was going to go ahead and cancel if they did not.

MR. LOCKHART: No -- well, I talked -- I just got off the phone with the person who runs this operation, and who assured me that this was a step taken at the request of the

Canadian government. We process the licenses, and we have the authority to move them forward or stop them. But it's my understanding that the Canadian government very much wanted time to look at what was behind this large request. And it won't move forward while they look at those issues.

Q What's the big concern?

MR. LOCKHART: Well, the concern I think is on the part of the Canadian authorities. I think they want to know why there's such a large increase in requests for export licenses from commercial resellers. And they have the right to look at that and see if there's any underlying concern.

I think from our point of view, this is an example, though, of a system that works -- that we're able to, before a product is shipped through an export licensing system, look at trends, look at something like this where there is actually a surge, and work with the government on whether it is -- we believe it's appropriate and in our interest and in the Canadian interest to move forward.

Q Just one more. Is there a concern that these guns are going into Canada and then back into the United States?

MR. LOCKHART: I talked to the State Department export control people who said they have never had that concern raised to them. I think as many of you know, the gun control restrictions are more restrictive in Canada, so I don't know the logic behind that concern, and it has not been raised at the State Department.