

Reforming the Export Control System

Issue

Canada's export control system needs a complete overhaul. Canada's exporters are faced with growing competition from American and foreign companies.

Background

Several countries have adapted their exporting standards and procedures in order to quickly and adequately meet the challenges of a modern economy, demands of just-in-time management and complexities of logistic chains.

Companies that export strategic products subjected to export controls face particularly constraining formalities, even when they are exporting to allied countries and to Canada's long-standing trading partners. Many countries have developed fast-track and simplified procedures for exchanging these products between reputable and targeted trading partners.

Export controls on certain products and technologies aim to protect the public and ensure certain groups, organizations or countries do not use them against the interests and security of Canada, its allies and populations all over the world. But they should not adversely affect trade in strategic goods between allies or friends.

However, the Canadian system is too heavy and too restrictive with regards to the export of a wide range of controlled goods and technologies to like-minded countries. Although efforts have been undertaken recently, much work remains to be done to differentiate between like-minded countries and those who do not exercise control over these types of products.

Canada's export control system should be completely overhauled to allow Canadian companies to benefit from the emergence of non traditional high potential growth export markets and the new economy's opportunities. According to a report by I.E. Canada, this could be done by:

- implementing new revised general export permits
- increasing individual export permits to 4 years from today's 2-year duration
- adopting standards similar to those of Canada's main trading partners for export controls of encryption products and technologies
- implementing export control service standards at Foreign Affairs and International Trade Canada.

Recommendation

That the federal government:

1. Immediately launch a reform program aimed at simplifying administrative formalities and regulatory restrictions of its export control system.
2. Adopt best practices used by Canada's main trading partners where appropriate.
3. Introduce a simpler system for exports of a larger range of controlled goods and technologies to like-minded countries.