



SECRET

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*Approved by
Minister of Foreign
Affairs - Dec 4, 2017
f.m.*

MEMORANDUM FOR ACTION

TO:	The Minister of Foreign Affairs
CC:	The Minister of International Trade The Minister of International Development and La Francophonie
SUBJECT:	Export permit suspension: Munitions list item to Saudi Arabia

SUMMARY:

On July 26, 2017, the Department was alerted to reports that Canadian-made armoured vehicles (Terradyne "Gurkhas") operated by Saudi Ministry of Interior forces had been deployed to an internal security operation in the Eastern Province that was alleged to be involved in violence directed against the civilian population.

Given these allegations, and in accordance with Canada's export control procedures, Terradyne's open export permits for these vehicles were suspended the same day (812691-2 and 789531-6). A permit suspension allows time to conduct an assessment to determine if the exported items are being employed in a manner consistent with Canadian foreign policy, defence and security interests. A permit under suspension may not be used to export goods or technology from Canada.

As of September 29, the Department's assessment is that the security operation in the Eastern Province is over. It is likely some of the vehicles employed in that operation were Gurkhas. However, there is no credible information that Saudi Ministry of Interior forces committed serious human rights violations in the conduct of that operation, whether with the Gurkhas or otherwise. We also assess that the Saudi Ministry of Interior forces made efforts to minimize civilian casualties during the operation, and that the use of force remained proportionate and appropriate given the level of threat in the area. This assessment is based on information gathered by the Department from a wide range of diplomatic, security and other contacts, consultations with key allies, and a review of open source information including from NGOs. The Department will continue to monitor the situation in the Eastern Province, and the human rights situation in Saudi Arabia more broadly, and will bring forward any further advice as circumstances warrant.

RECOMMENDATION:

That the two Terradyne permits for the export of Gurkha armoured vehicles be reinstated. The ADM Export Control Review Committee concurs with this recommendation.

Tim Sargent

Tim Sargent
Deputy Minister for International Trade

Ian Shugart

Ian Shugart
Deputy Minister of Foreign Affairs

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☐ I wish to discuss
☐ I concur ☐ I do not concur

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☐ I wish to discuss
☒ I concur ☐ I do not concur

[Signature]
Minister

Canada

BACKGROUND:

1. Under the *Export and Import Permits Act*, the Minister of Foreign Affairs may suspend or cancel an export permit should information come to light that calls into question the assessment that informed the original export permit authorization. In such circumstances, departmental officials generally suspend the permit(s) to allow time for information gathering and further assessment. The decision to reinstate the permit, continue the suspension or cancel the permit is normally referred to the Minister of Foreign Affairs for her decision.

2. Departmental officials also may suspend permits in response to minor compliance issues (e.g. late reports), or for other administrative issues. In these instances, officials reinstate the permit when the issue has been addressed.

Reports of Canadian-exported equipment

3. The Canadian Embassy in Saudi Arabia on July 26, 2017, alerted the Export Controls Division to reports that Canadian-made Terradyne "Gurkha" armoured vehicles operated by Saudi Ministry of Interior forces were employed in an internal security operation. Some of the accounts from civil society and social media emerging from the region alleged the use of deadly force by the security forces against civilians. Social media clips appear to show Canadian-made Terradyne "Gurkha" armoured vehicles, along with images of other types of armoured vehicles which are not Canadian-made.

4. Terradyne Armoured Vehicles Inc. (Terradyne) of Newmarket, Ontario manufactures armoured cars and trucks for civilian, law enforcement, police and military purposes. Their flagship model, the Gurkha, is a modified Ford F550 chassis which has been up-armoured to withstand small arms fire. Terradyne vehicles are in service with the Toronto, Hamilton, Winnipeg and Calgary police services, among others in Canada and the United States. They have been a client of the Export Controls Division since 2014, with permits authorized to export to markets in Europe, the Middle East, Asia and Africa. Terradyne does not export firearms or other weaponry along with their vehicles (and they have never applied for a permit to do so).

5. Terradyne has two current permits to export Gurkha vehicles to the Saudi Arabia Ministry of the Interior for the "transport and protection of government officials and national security personnel" (according to the end use assurances provided with the application):

- 789531-6, issued April 4, 2016, for [REDACTED] Gurkhas [REDACTED] have been exported); and
- 812691-2, issued March 24, 2017, for [REDACTED] Gurkhas [REDACTED] have been exported).

Given the allegations of potential human rights violations related to these vehicles, the Department suspended these two permits on July 26, 2017, pending further information and analysis.

6. The Department also reviewed all other open permits for military goods to Saudi Arabia to determine if other Canadian equipment might be involved in the current operation. The Saudi Ministry of Interior was identified as the end recipient for two permits related to night vision and other tactical optics and related equipment. These permits have not been suspended, as the Department is not aware of specific allegations regarding the improper use of optical equipment.

7. The Royal Saudi Land Forces and the Saudi National Guard own and operate Canadian-made light armoured vehicles and other Canadian military equipment (e.g. firearms and ammunition). To the best of the Department's knowledge, the Royal Saudi Land Forces

were not involved in the internal security operations in the Eastern Province. According to [REDACTED] sources, a Saudi National Guard unit was put on standby July 28-30 should Saudi Ministry of Interior forces require assistance, but was not deployed in this operation. The Saudi National Guard maintains a headquarters in the Eastern Province city of Dammam.

CONSIDERATIONS:

8. In reviewing the status of the two suspended permits for the export of Terradyne Gurkha armoured vehicles, the Export Controls Division sought input from the Canadian Embassy in Riyadh (which reached out to an extensive range of contacts across government, civil society and allied missions), the Department's Europe, Middle East and Maghreb Branch, the International Security Branch, and the Department of National Defence. The Department also consulted key allies. The information provided has informed the following assessment.

Situation in Saudi Arabia's Eastern Province

9. The situation in Saudi Arabia's Eastern Province has been deteriorating since at least the beginning of 2016 due to militancy in the Shia community, which feels marginalized, and to the presence of terrorist and criminal elements.

10. In January 2017, Saudi Ministry of Interior forces were deployed to the Province in response to increased security threats, and Saudi National Guard units were placed on standby. Between January and July, there were a number of deadly attacks against Saudi Ministry of Interior forces and police personnel. There have also been some civilian casualties. In late July, responsibility for the operation in Al-Awamiyah, a Shia-majority town of approximately 25,000, appears to have shifted from Ministry of Interior regular forces to the Ministry's elite Special Security Forces. The operation was primarily in the old neighbourhood of Al-Musawara, an area known for years to serve as a base for criminal elements (arms, drugs) and armed insurgents. Saudi authorities state that the criminal elements in the area are supported by Iran and have links to jihadi groups, including Daesh.

11. The local Shia population were initially supportive of the Ministry of Interior's operation. However, the recent carrying out of the death sentence against four people in connection with anti-government protests in the Eastern Province in 2011-2012, as well as the recent news that death sentences for 14 Shia men were upheld on similar charges, may have undermined local support for the operation. These executions and death penalty sentences have been condemned by international human rights groups.

12. There have long been tensions between the Government of Saudi Arabia and the Shia minority in the Eastern Province. Al-Awamiyah was home to the prominent Shia cleric Nimr al-Nimr, whose execution in 2016 sparked a wave of protests in the area and beyond. Some contacts of the Canadian Embassy in Riyadh have noted that a portion of the Shia population, which generally feels disenfranchised, believes that it is being treated unfairly by government and Saudi security forces. Some in this community consider that the Ministry of Interior forces were fighting criminal elements in Al-Awamiyah, and that labelling these elements as "terrorists" has led to the stigmatization of the Shia community. They also are believed to feel pressured by Riyadh to support its security operations in Shia areas.

13. That said, beyond these perceptions, information gathered to date by the Department does not substantiate allegations that civilians were deliberately targeted by Ministry of Interior forces in the conduct of the operation, and a number of sources confirm that most of the population of Al-Awamiyah was evacuated.

Analysis

14. The reports alleging misuse of the Canadian-made vehicles relate to their employment in the security operation outlined above, with allegations that Saudi Ministry of the Interior forces may have targetted civilians and/or employed excessive use of deadly force.

15. Based on our consultations with close allies and like-minded partners in Saudi Arabia and in capitals, information from local contacts including from the Eastern Province, as well as meetings with Saudi government officials, all of which provides an important supplement to information available via open sources, the Department assesses that there is no verified credible information at this time substantiating allegations that Saudi Ministry of Interior Special Security Forces (SSF) have committed serious human rights violations in their conduct of the security operation in Al-Awamiyah. All indications are that the operation ended in early August (see Annex A).

16. Open source and other reporting confirm that the SSF made a concerted effort to minimize civilian casualties in the conduct of the operation. Our understanding based on a variety of sources is that the SSF evacuated the vast majority of Al-Awamiyah's population. Saudi authorities provided some of them with accommodation and, in some cases, compensation, in surrounding towns and villages. The SSF conducted the operation in a small, cordoned area, and focused on detention and strike operations. The overall number of casualties in the operation, civilian and otherwise, remains unclear. So far, the Ministry of Interior has officially acknowledged that eight officers were killed and 20 injured between May and August. There have been no official reports on casualties among non-government forces but Reuters reported five fighters and 23 civilians killed.

17. The SSF have been trained by international partners (including the United States) for years and have a proven track record against terrorist groups, including Al-Qaeda in the Arabian Peninsula. One credible [REDACTED] military source advised that the operation is considered to have been "proportionate, necessary and timely" given the long standing security challenges faced by the Saudi government in this particular region. The Saudi Ambassador in Ottawa on July 27, and the Saudi Ministry of Foreign Affairs on August 2, speaking while the operation was still underway, both emphasized that the operation was conducted in response to a real security threat and that measures were being taken to minimize civilian casualties. They undertook to provide further clarification on specific measures [REDACTED]

18. Saudi Ministry of Interior forces typically operate in multi-vehicle elements with vehicles of different types filling different roles. While some of the videos appear to show firing from vehicle-mounted weapons, it is not clear whether any of the firing is coming from the Canadian-made Gurkhas, and where firing was observed, it is not possible to confirm either the target or the tactical situation, including whether the vehicle crews were returning fire after having been fired upon. Some of the Gurkhas visible in video and still imagery appear to have been modified to carry additional armour shielding to protect exposed crew members. As the vehicles were exported without these features, this shielding would have been added after the vehicles were exported to Saudi Arabia. Some of the images also appear to show that some of the Gurkhas may have been modified to carry dismountable light weapons (e.g. machine guns, likely of .50 calibre or equivalent). In one of the videos, other vehicles – not of Canadian origin – appear to be equipped with heavier integral weapons (e.g. light automatic cannon, probably 20mm or equivalent, and recoilless anti-tank weapons). The type and capabilities of the equipment that appears to have been in use in the videos by the Saudi Ministry of Interior forces is consistent with the assessed level of the threat and nature of the operation.

19. On August 13, 2017, Human Rights Watch (HRW) issued a press release stating that Saudi security forces had sealed off Al-Awamiyah. The press release quoted five local residents and three activists alleging that security forces had fired into populated areas, killing residents; occupied a public school; closed clinics and pharmacies; and prevented essential services from reaching the area. At the same time, the press release noted that security forces "engaged in shoot-outs with an unknown number of armed men inside al-Musawara." HRW called on Saudi authorities to "immediately investigate the circumstances of all casualties related to the use of force (...) and hold security forces accountable if it is shown that they fired at residents unlawfully." So far, no other major international organization has made a statement on the situation in Al-Awamiyah, though similar allegations have been made by a Berlin-based organization called the European-Saudi Organization for Human Rights. The Embassy in Riyadh met August 3, 2017, with the quasi-independent Saudi National Society for Human Rights (NSHR) to discuss the current operation. The NSHR did not express concerns about the conduct of the current operation, but indicated that they were monitoring the treatment of all those arrested or detained by the security forces.

20. The Department has paid and continues to pay careful attention to the overall human rights situation in Saudi Arabia. There is no question that Canada, like others in the international community, remains concerned about many human rights issues in the Kingdom, including the high number of executions, repression against political opposition, arbitrary arrest, suppression of freedom of expression, discrimination against women and the mistreatment of migrant workers. Canada maintains and values an on-going candid and respectful dialogue with Saudi Arabia on these and other issues and speaks out on its concerns, as we did in the Department's statement of July 27, 2017. In meetings with Saudi officials, including recent exchanges relating to the operation in Al-Awamiyah, Canadian officials have emphasized the importance of respecting international norms and standards, particularly in situations involving the use of force by security forces, and will continue to do so.

21. Despite its human rights record, Saudi Arabia remains an important partner for Canada in the region. Saudi Arabia is a regional leader and bulwark against terrorism, including Daesh, and faces serious threats to its own security in an increasingly volatile region. Canada also has an important and growing commercial relationship with Saudi Arabia.

22. Canada's G7 partners, the European Union and other key allies are also following the situation in the Eastern Province very closely. However, none of them have so far commented publicly on the situation and, as of September 29, 2017, they appear to have no intention of doing so though they continue to monitor developments. Most, and in particular the United States, remain focused on the resolution of the Qatar crisis and developments in Yemen. That said, the European Union is coordinating possible action on the application of the death penalty in the Eastern Province, in particular with regard to individuals who were minors when the alleged offences were committed.

Options: Export permits

23. At this juncture, there are three potential courses of action with respect to the suspended Terradyne export permits: continue the suspension; reinstate; or cancel the export permits.

24. Given the information available to the Department, and in light of the analysis above, there is no verified, credible information that Saudi security forces have committed serious human rights violations in the conduct of the current operation in Al-Awamiyah, whether related to the use of the Canadian-made armoured vehicles or otherwise. This view is further supported by information pointing to the efforts by Saudi Ministry of Interior forces and Saudi authorities to minimize civilian casualties. As the security operation appears to have ended, the risk of further

casualties is minimal. It is reasonable to expect that the Kingdom of Saudi Arabia would continue to use Ghurkas to mitigate risk to security forces during the conduct of legitimate internal security operations.

25. The relevant export permit end-user statements provided by the Saudi Interior Ministry for the Gurkha vehicles states that these vehicles would be used for "transport and protection of government officials and national security personnel." This would seem to be consistent with their deployment to the operation in the Eastern Province. Some of the vehicles, which were exported with observation cupolas but without weapon mountings of any kind, appear to have been modified post-export to add an armoured turret designed to provide protection to an exposed crewman. One still image appears to show a Gurkha with such a turret mounted with what is likely a machine gun. While turrets and light weaponry were not part of the original specification for the vehicles, their addition is consistent with the specified end-use for the vehicles.

26. Terradyne has reported that they have received [REDACTED] more vehicles, which are currently in various states of completion in their factory in Newmarket, Ontario. While the export permits remain under suspension, Terradyne [REDACTED]

[REDACTED] and stand to lose approximately [REDACTED] including both [REDACTED] that must be returned to their client, and materials purchased for which they will have no use. They have completed the [REDACTED] vehicles less final finishing because work on the chassis had already begun; but because these vehicles are built to client specifications, [REDACTED] advises that he will be unlikely to be able to sell them.

27. [REDACTED]

28. In light of the information above, it is recommended that you authorize officials to reinstate the two Terradyne export permits. The ADM Export Control Review Committee concurs with this recommendation.

RESOURCE IMPLICATIONS:

29. Nil.

COMMUNICATIONS IMPLICATIONS/ACTIONS:

29. Media scrutiny around defence and security related exports to Saudi Arabia is expected to continue. While the Department does not comment on individual permit applications due to commercial confidentiality, media lines will be prepared further to your statement of July 27, 2017.

PARLIAMENTARY IMPLICATIONS/ACTIONS:

30. Parliamentary interest in Canadian defence and security exports to Saudi Arabia remains high. In light of the Bill C-47 and Canada's intended accession to the Arms Trade Treaty, this interest will continue through the fall session. Question period notes have been prepared.

GLOBE AND MAIL ALLEGATIONS – KINGDOM OF SAUDI ARABIA

ALLEGATIONS	EVIDENCE	COMMENTS
Apparent use of Canadian-made light-armoured vehicles (LAV) by Saudi security forces in operations in Al-Awamiya	<ul style="list-style-type: none"> • Youtube and other on-line videos; The Globe and Mail does not cite the specific videos but the Globe on-line includes a screen grab photo. • Globe article of July 29 cites representatives of Jane's Defence Weekly and Human Rights Watch, as well as an unnamed retired Canadian General, as providing identification of the vehicles as Gurkha LAVs produced by Terradyne. 	<ul style="list-style-type: none"> • While the authenticity and location of the videos cannot be 100 percent verified, there is no particular reason to doubt that they are genuine. • Experts have confirmed that they depict Terradyne Gurkha vehicles. • In one of the videos, a vehicle appears to be firing. The video does not, however, provide any insight as to the context or nature of the activity, e.g. the target, the events related to the firing, whether it was responsive to incoming fire.
There have been civilian deaths as a result of the Saudi operation in Al-Awamiya	<ul style="list-style-type: none"> • The Globe and Mail cites reports of "five killed over two days" (August 8; no source) • Human Rights Watch report of a dozen deaths plus "five armed militants who clashed with Saudi authorities" (August 17). The Globe and Mail also acknowledges reports of deaths among Saudi security forces. (August 1 article). 	<ul style="list-style-type: none"> • Reports from various sources confirm civilian deaths and injuries, although there is no clarity on numbers. • All reports cite deaths among police and security forces, as well as among armed insurgents and civilians. • There are no official Saudi statistics on casualties, but Ministry of Interior sources have been quoted as indicating up to a dozen deaths among Saudi security and police forces. • Reports from [REDACTED] suggest that this figure may relate to deaths among security and police forces in the Eastern Province since the beginning of 2017, whereas deaths in the most recent Al-Awamiya operation itself may be only three or four. We have no clarity on circumstances of civilian death being accidentally or deliberately targeted. • The Human Rights Watch number cited by The Globe and Mail is actually attributed by the Human Rights Watch to Saudi authorities – about a dozen deaths, "both Saudis and foreigners" in addition to at least five armed "civilians."

<p>That Saudi security forces deliberately targeted civilians and/or caused civilian casualties by firing indiscriminately during the Al-Awamiya operation</p>	<ul style="list-style-type: none"> • The Globe and Mail articles do not actually make these allegations directly or provide any independent evidence or analysis, but they do cite other sources with respect to this allegation. • The main substantiation cited is a Human Rights Watch statement that "residents in Al-Awamiya told them that Saudi security forces fired into populated areas killing residents, occupying a public school, closing clinics and pharmacies and preventing essential services such as ambulances from reaching the area." (August 17 article). • The Director of the Berlin-based European-Saudi Social Organization for Human Rights (a Saudi Shia activist living in exile) is cited in the same article as saying that "many civilians were targeted and killed in Al-Awamiya" and that the idea of the Saudis "portraying themselves as the protectors of civilians in Al-Awamiya is a mockery." 	<ul style="list-style-type: none"> • The Human Rights Watch press release cited by the Globe and Mail notes that it is repeating allegations made in interviews that it undertook with five Al-Awamiya residents and three "activists close to the situation". Human Rights Watch does not vouch for the veracity of these allegations but does call on the Saudi authorities to undertake an investigation as to whether excessive force had been used. • There is no available information to assess the accuracy of these allegations and no additional context provided in the accounts. <ul style="list-style-type: none"> ○ For instance, it is not clear whether any occupying of a public school, closing of clinics, or cut-off of services occurred after the Al-Musara area (the specific part of Al-Awamiya that was identified to be razed and rebuilt) was already to have been evacuated. • There are reports from [REDACTED] and others that do make clear that the Saudis made efforts to remove civilians from the area prior to undertaking the intended clearing operation. • There are also reports (including from [REDACTED] that the Saudi security forces faced the use of IEDs, rocket-propelled grenades, and automatic weapons in the course of the operation. • In these circumstances, the use of LAVs for safe transport of security personnel was an appropriate measure and the use of responsive force in the face of attack was to be expected. • One report from our Embassy also cites a Saudi source saying that armoured vehicles were used by authorities to take civilians to safety, but this has not been verified.
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IMPLICIT ALLEGATIONS	EVIDENCES	COMMENTS
<p>Saudi security operations are not genuinely aimed at security objectives but are merely part of a systematic violent suppression of the Shia minority.</p>	<ul style="list-style-type: none"> • This theme runs throughout The Globe and Mail coverage of events in Al-Awamiya . • Various sources are cited to dismiss the Saudi claim that this is a security operation. The language used in the articles (e.g. "Saudi crackdown", attack on the Shia minority") is also clearly intended to imply this. • The actual Globe and Mail "evidence" on this issue is limited to quotes from various NGOs – e.g. "the Saudi government's depiction of military operations in civilian areas as being part of its war on terrorism has become routine and increasingly suspect" (Project Ploughshares). 	<ul style="list-style-type: none"> • While the situation of the minority Shia in Saudi Arabia remains an issue of concern, the frequency of violent acts by extremists within the Shia community is also a genuine security issue. • Our Embassy security reports document numerous incidents in the Qatif area in recent years, including attacks against Saudi security personnel and police. • The village of Al-Awamiya has been the center of this violence. Reports from [REDACTED] confirm that this area has been a haven for criminality as well as the epicenter of Shia militancy • Since June 21, 2017, Canada's travel advisory for Saudi Arabia warns against any travel to the Qatif area in light of the violence there (as do the United States and United Kingdom). • Three German diplomats who travelled there in 2015 had their armoured car torched by local extremists and barely escaped with their lives. • While one can question the wisdom of the Saudi plan to evacuate and raze the old section of Al-Awamiya and the manner in which the operation was conducted, one cannot dismiss the security-related motivations at play in the exercise.

<p>That the Canadian government is acting contrary to its export control guidelines unless it ceases the export of military equipment to Saudi Arabia</p>	<ul style="list-style-type: none"> • The articles also repeatedly state that the export control guidelines call for denial of permits where countries "have a persistent record of serious violations of the human rights of their citizens" unless there is no "reasonable risk" of the goods being used against the country's own people. • This allegation is implicit throughout The Globe and Mail coverage. The articles repeatedly contain the following sentence or variants of it: <ul style="list-style-type: none"> ◦ "The House of Saud's use of combat machines against its Shia population goes to the very heart of whether the Trudeau government is violating Canada's weapons export control rules". • The Globe and Mail considers that videos showing Canadian-made LAVs in action within Saudi Arabia's Eastern Province, in an operation which involved civilian deaths, is sufficient evidence that such a "reasonable risk" exists. • Much of the text in the articles is devoted to citing critics of military exports to Saudi Arabia: NGOs, former Liberal Cabinet Ministers Colter and Axworthy, Opposition critics, Daniel Turp (the university professor who has challenged the LAV sales in court), etc. 	<ul style="list-style-type: none"> • The export control guidelines do not fetter the discretion of the Minister, nor are they intended to preclude the prospect that Canadian military goods could be used for legitimate internal security-related operations. • Although videos seem to confirm that Canadian LAVs were used in the operation, this does not constitute evidence of their being involved in human rights abuse. • The key questions are whether or not these Saudi operations can be considered legitimate security operations, whether efforts were made to avoid civilian casualties, and where the use of force was appropriate and proportionate to the security threat being faced. • No hard evidence has been presented by the Globe and Mail or other sources that confirms serious human rights violations by Saudi authorities during the Al-Awamiya operation.
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