



Canadian Sporting Arms and Ammunition Association
L'association Canadienne des armes et munitions de sports

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July 12, 2007

ALERT – If you are in the Firearms Industry, READ THIS.

Bill C-10A Firearms Marking Implementation

The scheduled date for the implementation of the UN inspired firearms marking regulation is **December 2, 2007**. Despite regulation being postponed several times in the past, our sources have informed us that **IT WILL BE IMPLEMENTED** this time.

The effects on Canada's firearms industry will be at very least, extremely expensive. **At worst, this law could cause the catastrophic collapse of Canada's firearms importing industry. This is not overstating the issue.**

Please read the attached documents thoroughly. If you have any questions regarding this legislation, do not hesitate to contact us at the numbers listed below. Your complete understanding of this issue and its potential implications is critical to our fight to defeat it.

Your business and livelihood is at stake. The politicians have a limited understanding of this issue and we, collectively, must take steps to ensure their knowledge of this attack against legitimate business is brought up to speed sufficiently to allow them to take positive action against this regulation.

As well, time is of the essence. The wheels of government can move very slowly so any action you may undertake must be done as soon as possible. **We are aware you have businesses to run but if you wish to be doing so next year, DO NOT PROCRASTINATE.**

Please contact the following with your concerns:

The Hon. Rob Nicholson
HOUSE OF COMMONS
Minister of Justice / Attorney
General of Canada
Wellington Street
Ottawa, Ontario
K1A 0A6
Telephone: (613) 995-1547
Fax: (613) 992-7910

The Hon. Stockwell Day
HOUSE OF COMMONS
PUBLIC SAFETY
Wellington Street
Ottawa, Ontario
K1A 0A6
Telephone: (613) 995-1702
Fax: (613) 995-1154

The Hon. Peter MacKay
HOUSE OF COMMONS
FOREIGN AFFAIRS
Wellington Street
Ottawa, Ontario
K1A 0A6
Telephone: (613) 992-6022
Fax: (613) 992-2337

As well, contact your M.P and any other political connections you may have. Send your concerns in writing and retain copies for your future reference, **DO NOT SEND E-MAIL**, fax or snail mail only please. Please keep all correspondences civil.

For more information contact:

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The United Nations Firearms Marking System and its Canadian implementation through Bill C-10A

July 12, 2007

On December 23rd, 2004, the Government of Canada introduced the new regulations on Firearms Marking. By their own admission, they were intended to comply with the *Protocol against the Illicit Manufacturing of and Trafficking in Firearms, Their Parts and Components and Ammunition, supplementing the United Nations Convention against Transnational Organized Crime and the Inter-American Convention Against the Illicit Manufacturing of and Trafficking in Firearms, Ammunition, Explosives, and Other Related Materials*.

This law will come into effect **December 2, 2007** and its effect on the Canadian firearms industry could be disastrous. This program will require ALL imported guns to be marked with the country and year of import. Canada's marking regulations (not yet in force) are the following:

MARKING OF IMPORTED FIREARMS (Bill C-10A Regulations)

3.

(1) Every individual, business or public service agency that imports a firearm shall ensure that the **firearm is marked in accordance with section 4 before the 60th day after its release as defined in subsection 2(1) of the Customs Act or before transferring the firearm, whichever occurs first.**

(2) Subsection (1) does not apply to

- (a) a firearm imported by an individual under section 35 or 35.1 of the Act;
- (b) a specially imported firearm;
- (c) a protected firearm;
- (d) a firearm that was initially exported from Canada by an individual or business if the individual or business retained ownership of the firearm while the firearm was outside Canada; or
- (e) a firearm that was initially exported from Canada by a public service agency and that was retained by that agency as an agency firearm while the firearm was outside Canada.

MANNER OF MARKING

4.

(1) The firearm shall be marked by permanently stamping or engraving on the **firearm's frame or receiver** the word "Canada" or the letters "CA" and

- (a) in the case of a manufactured firearm, the name of the manufacturer and the firearm's serial number;

and

(b) in the case of an imported firearm, the last two digits of the year of the importation.

(2) The markings shall

(a) be legible;

(b) have a depth of at least 0.076 mm and a height of at least 1.58 mm; and

(c) subject to subsection (3), be visible without the need to disassemble the firearm.

(3) In the case of an imported firearm, the Registrar, on application by the individual, business or public service agency that is importing it, shall grant the applicant an exemption from the requirement set out in paragraph (2)(c) if

(a) marking the firearm in a place that is visible only by disassembling the firearm is consistent with the current practices of the manufacturer of that model of firearm;

(b) the firearm does not provide a visible space suitable to stamp or engrave the markings;

(c) the firearm is rare;

(d) the firearm is of a value that is unusually high for that type of firearm and that value would be significantly reduced if the markings were visible without disassembly; or

(e) the firearm is imported by a business that holds a licence for the purpose of using the firearm in respect of motion picture, television, video or theatrical productions or in publishing activities.

The above appears in the Marking Regulations per Bill C10A. The intention of the Canadian Regulations is to put "CA-07" on the frame or receiver of all newly imported guns. It doesn't sound like much, but in truth, its impact on Canadian industry is somewhat different and considerably darker than what appears by a simple reading of the above text. It may spell the end for much of Canada's gun industry.

The first issue is that the marking of firearms imported into the United States has been addressed for a long time in one form or another; imports represent a small portion of their domestic consumption, and several foreign manufacturers such as Beretta, SIG & Glock have built production facilities in the U.S. to obtain a stronger market base. In Canada, this situation does not exist and we have a very small production industry for domestic consumption and precious few imports due to our restrictive legislation. This significantly differs from the practices of the world's largest producer / consumer of firearms.

Canada represents between 1% and 4% of the world market for firearms. U.S. Firearms sales approximate \$1.3 billion for some 4 million firearms manufactured and imported, while Canada imported some 135,000 firearms (2005) at a cost of some \$33 million to the importers. It seems ludicrous for us to expect that large American and European manufacturers would shift a small Canadian firearms order to another assembly line for specific marking and finishing, using expensive single purpose tools, and then sell these firearms to us without a commensurate price increase.

Canada imports most of its firearms as newly manufactured, while the U.S. market is about 75% domestic manufacture and 25% imports. The U.S. also has a sub-industry of manufacturing firearms from imported surplus parts as well as manufacturing facilities built by foreign manufacturers in the U.S. for domestic consumption, all of which greatly reduce regulatory compliance costs.

This means that the vast majority of our firearms imports are new firearms which the manufacturers refuse to mark especially for us, a very small percentage of their world market.

Indeed, many of the world's manufacturers have already told us that we will have to put the U.N. Mark on ourselves.

The next issue is, How do we apply the Mark?

Canada does not have a true firearms manufacturing industry for domestic consumption, and Canadian importers do not have an existing setup that could be modified for this purpose, since they do no manufacturing. The time and cost to do this would be borne by the importers who would then have to pass these costs on to the Canadian consumer.

The only practical method of adding markings is by Computer Numerically Controlled (CNC) Laser Engraving. Firearms are made out of many different materials with different finishes(case hardened, camouflage film, plating etc.) and only the computerized laser has the versatility to engrave different grades of steel, aluminum, titanium, alloys, brass, case hardening, plated metals and polymer frames/receivers. High grade engraved receivers are another issue entirely. However, laser engraving units are expensive, costing into the tens of thousands of dollars. Also, the jigs, fixtures and retainers for each make and model of manufactured firearm will be different from each other (refer to the F.R.T. for the number of new firearm models available each year), and **can cost as much as \$24,000 each.**

This costly process is also time consuming if attempted in Canada. Each importer would have to prepare a proper "factory area", something they do not have in terms of sufficient space in existing facilities, or the profit margins to move to larger single purpose premises. In addition, specifically trained CNC employees would be needed solely for the purpose of marking imports with "CA 07".

The actual marking process, if the necessary fixtures and laser equipment were available, entails that each firearm be removed from inventory, removed from its packaging, cleaned, disassembled if necessary, placed into a specific type fixture, engraved as required, refinished as needed and re-greased, repackaged and returned to inventory. All of this must also, of course, be scrupulously paper worked. A time/cost analysis conducted with a major Canadian importer of firearms showed a best time of 20 minutes per firearms to do these tasks, or some 24 guns per eight hour shift, equaling about 45,000 total hours. Divide this into the thousands of firearms imported into Canada every year and the problem is obvious. Major importers will need several skilled full time employees (specifically trained CNC operators) doing nothing but applying the Mark to the guns, with expensive CNC machines, expensive fixtures for each model of gun in unnecessary premises.

It must be noted that the US importers report the destruction of many thousands of imported firearms due to improperly trained employees using incorrect procedures on stamping machines when marking imports. Damage during manufacturing and public liability for such damage is one of the main reasons that firearms are in general proofed twice, once in the manufacturing stage, and again after marking and finishing. The U.S. market, being as large as it is for imports, can absorb these costs much better than we can since their market is some 40 times larger than ours. Also, foreign producers of firearms have a very large market in the U.S. for their products, and can afford to mark exports to the U.S. at the time of production with the required markings, a luxury not accorded to Canada.

To stay in business, this cost can only be absorbed by being passed on to the consumer, and **the cost of a new firearm in Canada will skyrocket, perhaps as much as \$200 per firearm in the first five years,** per our estimates.

This is the average cost applicable to any firearm regardless of retail price. It also makes the assumption that the importer can withstand the astronomical set up costs and is still in business.

This means a new firearm retailing at \$150 will rise to about \$350, while one retailing at \$1,000 will rise to about \$1,200. Based upon the 2005 imports, this could result in a net cost to Canada's firearms industry of approximately \$27 million.

As if that isn't enough, how will sellers of these firearms deal with the chronic corrosion problems (the laser burns through the firearm's finish, of course). **Marking the guns this way will certainly invalidate the factory warranty, and repair costs will therefore fall upon the Canadian industry.** There may even be serious metallurgical issues caused by the application of intense heat to certain materials. Also, Canada does not have any in-house metallurgists who would be able to state exactly what metallurgical effects the laser engraving has on the receiver's tensile strength after final proofing. Certainly any collector's value will be destroyed and the resale value will be correspondingly reduced.

This is not a very business-like approach to an industry whose imports are some 50% below the levels of the Bill C-17 period, and about 70% below the preceding period, while costing over 200% more than in the C-17 period.

The sales of new firearms in Canada will drastically drop and our importers, distributors and retailers (who are currently hanging on by their thumbs) will go out of business for the last time. It must be noted that since the introduction of C-17 the number of full service retailers has dropped some 75%, with a drop of about half of that since C-68 was implemented.

It is the considered opinion of this organization that the Canadian firearms industry cannot survive such a debilitating situation. Recovery would be highly doubtful at best.

The C-10A Marking System cannot be allowed to proceed forward in 2007 in Canada. The livelihoods of thousands of Canadians and the economic health of a once thriving industry depend upon its repeal.

Respectfully submitted

John Mock, Director