

The ITAR Canadian Exemption

Canada is subject to special treatment under the Arms Export Control Act. An aspect of this unique treatment is reflected in § 126.5 of the International Traffic in Arms Regulations (ITAR), which provides license exemptions for certain transfers involving Canada. This section of the ITAR, known as “The Canadian Exemption,” facilitates trade between U.S. companies registered with the State Department’s Directorate of Defense Trade Controls (DDTC), the Canadian government and certain Canadian firms. This exemption reduces the time, effort, and cost required for U.S. ITAR-registered companies to do business with entities in Canada.

The Canadian Exemption allows license-free permanent and temporary exports, retransfers and reexports of unclassified defense articles and defense services to the Canadian government and Canadian recipients registered in Canada’s Controlled Goods Program (CGP), when such items are for end-use in Canada or return to the United States. The CGP requires individuals and businesses to register if they intend to examine, possess, or transfer controlled goods or technology within Canada, which includes ITAR-controlled defense articles. The exemption also allows for the license-free temporary import of any unclassified defense article that originates in Canada when the defense article will be temporarily used in the United States and returned to Canada. In addition, the exemption allows for the conditional license-free retransfer of certain unclassified ITAR-controlled defense articles among CGP registrants within Canada.

Other exports to Canada, including classified ITAR-controlled articles or services require an authorization from DDTC. Retransfers in Canada to another end-user or for another end-use or reexports from Canada to a destination other than the United States also require authorization from DDTC.

*Please see Supplement No. 1 to Part 126 for exclusions of use under the Canadian Exemption.

*Please note that a defense article is an item or technical data designated in ITAR § 121.1 (see ITAR § 120.31).

*For additional assistance in using the Canadian exemption, please review DDTC’s ITAR 126.5 user guide [here](#).

For more information on “Key Canadian Partners,” please see below.

- The [**Controlled Goods Program**](#) is a Canadian industrial security program administered by the Government of Canada's [**Public Services and Procurement Canada \(PSPC\)**](#). The CGP registers individuals and organizations that intend to examine, possess, or transfer controlled goods within Canada and is responsible for ensuring that controlled goods, including ITAR controlled defense articles and defense services are safeguarded while in the custody of the Canadian private sector. Please contact Canada's CGP directly should you have any inquiries regarding the program (see PSPC website).
- [**Global Affairs Canada \(GAC\)**](#) is the Department in Canada responsible for the administration of export, import and brokering controls for strategic and military goods and technology listed in Canada's [*Export Control List*](#) under the authority of the [*Export and Import Permits Act*](#). Exporters do not need a license for many goods and technologies controlled for export in Canada if the items are destined for the United States. These exceptions and guidance material about Canada's export controls can be found in Canada's [*Export and brokering controls handbook*](#). Please contact GAC directly should you have any inquiries regarding Canada's export control system (see GAC website).
- The [**Canadian Commercial Corporation \(CCC\)**](#) is the Crown corporation (government-owned enterprise) of the Government of Canada that undertakes government-to-government sales of products and services from Canada. Under the terms of the Canada-U.S. *Defence Production Sharing Agreement (DPSA)*, CCC is the prime contractor for most contracts between the U.S. Department of Defense and Canadian suppliers. Please contact the CCC directly should you have any questions (see CCC website).