



Department of Foreign Affairs and International Trade

1997-98
Estimates

Part III

Expenditure Plan

The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

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Department of Foreign Affairs and International Trade

1997-98
Estimates

Part III

Expenditure Plan

Approved

Minister of Foreign Affairs

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Abbreviations

APEC	Asia-Pacific Economic Cooperation	IDRC	International Development Research Centre
ARF	ASEAN Regional Forum	IFIs	international financial institutions
ASD	alternative service delivery	IFOR	Implementation Force [in Bosnia-Herzegovina]
ASEAN	Association of South East Asian Nations	ILO	International Labour Organization
CARICOM	Caribbean Community and Common Market	MOU	memorandum of understanding
CEC	Canadian Education Centre	MTCR	Missile Technology Control Regime
CEE	central and eastern Europe	NAFTA	North American Free Trade Agreement
CIBS	Canadian International Business Strategy	NATO	North Atlantic Treaty Organization
CIC	Citizenship and Immigration Canada	NORAD	North American Aerospace Defence [Command]
CICAD	Inter-American Drug Control Commission [of the OAS]	OAS	Organization of American States
CIDA	Canadian International Development Agency	OECD	Organisation for Economic Co-operation and Development
CND	[U.N.] Commission on Narcotic Drugs	OSCAR	optimized system for capturing, archiving, and retrieval
EBRD	European Bank for Reconstruction and Development	OSCE	Organization for Security and Co-operation in Europe
ECOSOC	[U.N.] Economic and Social Council	P-8	G-7 plus Russia
EMU	Economic and Monetary Union [in Europe]	PEMD	Program for Export Market Development
E.U.	European Union	POP	persistent organic pollutants
FAO	[U.N.] Food and Agriculture Organization	RSC	Revised Statutes of Canada
FIPA	Foreign Investment Promotion and Protection Agreement	SC	Statutes of Canada
FSU	former Soviet Union	SIGNET	Secure Integrated Global Network
FTAA	Free-Trade Area of the Americas	SMEs	small and medium-sized enterprises
FTE	full-time equivalent	TCS	Trade Commissioner Service
G-7	Group of Seven Leading Industrialized Nations [Canada, France, Germany, Italy, Japan, United Kingdom, United States]	U.N.	United Nations
GDP	gross domestic product	UNCTAD	U.N. Conference on Trade and Development
IBOC	International Business Opportunities Centre	UNDCP	U.N. Drug Control Program
ICAO	International Civil Aviation Organization	UNDOF	U.N. Disengagement Observer Force
		UNESCO	U.N. Educational, Scientific and Cultural Organization
		UNHCR	U.N. High Commissioner for Refugees
		WHO	World Health Organization
		WTO	World Trade Organization

Preface

This document is a report to Parliament indicating how the resources voted by Parliament have been or will be spent. As such, it is an accountability document that contains several levels of detail to respond to the various needs of its audience.

The Part III for 1997-98 is based on a revised format intended to make a clear separation between planning and performance information and to focus on the higher-level, longer-term plans and performance of departments.

The document is divided into four sections:

- the Ministers' Introduction;
- the Department's plans for 1997-98 through 1999-2000;
- a report of the Department's performance for 1995-96; and
- supplementary information.

It should be noted that, in accordance with operating budget principles, human resource consumption reported in this document is measured in terms of employee full-time equivalents (FTEs).

I MINISTERS' INTRODUCTION

The Department of Foreign Affairs and International Trade exists to serve Canada and Canadians in their relationships with the world. These relationships are becoming ever more extensive and more complex as shown by a broad range of developments: Canada's strong export performance; the wide variety of peacekeeping, human rights, and environmental activities in which it participates; the number of Canadians needing consular assistance or requesting passports – all of these point in that direction. The need to manage these relationships has also called on the Department's ability to innovate, while it continues to sustain well established and productive programs and also reduces expenditures to help meet the government's fiscal objectives. These tasks have been facilitated by the extensive consultations and dialogue that the Department conducts with Canadians with international interests.

The Government has stated that one of its highest priorities is the creation of jobs and growth for Canadians. Through its export promotion and investment activities, this Department plays a key role in attaining that objective. In 1995-96, one of the Department's most notable successes was a Team Canada trade mission led by the Prime Minister to South and Southeast Asia. This was the second such mission, and we have just completed a third. These trade missions are an excellent example of successful partnerships between government and business and between the federal government and the provinces. They show, as do many other events, the benefits to be gained for all Canadians in every province from the actions of a united Canada on the international stage. The forthcoming Summit of the Asia-Pacific Economic Cooperation nations, which Canada will host in Vancouver later in this Year of Asia Pacific, illustrates not only Canada's growing ties with this dynamic part of the world, but its stature as an important and active participant in the major trends shaping the world. Its work in peacekeeping and peace-building in the former Yugoslavia, Haiti, Africa, and the Middle East, its international initiatives to protect children's and women's rights, banish the scourge of landmines, and protect the environment for future generations all testify to past accomplishments and point to future goals.

Much of the Department's work is carried out in international organizations, whether defending Canada's trade interests in the World Trade Organization or our security and cooperation goals in the United Nations, the North Atlantic Treaty Organization, and many other institutions. However vital this part of the Department's work, as reflected in the Performance Report and the Departmental Plan found in these Estimates, it can easily seem

remote and of little concrete interest to most Canadians in their everyday lives. But much of the work done by the Department does affect Canadians directly as citizens of Canada and as clients of the Department. The Estimates show the remarkable range of services that the Department provides to Canadian business people both in Canada and abroad, and outline how we will improve these services in the future. They also show how greatly Canadians rely on Canadian missions abroad and on the Department in Ottawa to provide advice and assistance when they encounter sometimes complex and trying personal difficulties outside Canada. Again, the Department has plans to improve the quality of these services.

But it is not only business, the travelling public and other governments in Canada which receive assistance from the Department. The cultural and academic communities, as embodied in individuals and institutions, in non-governmental organizations, and in members of the media, all benefit from the programs, advice, and support the Department offers to their own international pursuits.

The progressive melding of domestic and international concerns means that foreign affairs and international trade have become central to Canada's success as a society in a changing world. How we will meet the challenges and seize the opportunities ahead for Canada's prosperity, security and the projection of its culture and values abroad is the underlying theme of these Estimates.

Arthur C. Eggleton
Minister for International Trade

Lloyd Axworthy
Minister of Foreign Affairs

II DEPARTMENTAL PLAN

A. SUMMARY OF THE DEPARTMENT'S PLANS AND PRIORITIES

This summary of the Department's plans and priorities is organized according to the three themes of *Canada in the World*, the government's foreign policy statement, published in February 1995. In addition, there are priorities that reflect the government's commitment to key regional and institutional relationships.

The Promotion of Prosperity and Employment

- The government has taken on the challenge of working with the private sector to double the number of active exporters, concentrating on small and medium-sized enterprises and first-time exporters. It will also endeavour to build market share in priority markets and in 15 fast-growing markets.
- The Department will seek to increase Canada's share of global foreign direct investment flows.
- The Department will assist Canadian-based firms in securing access for Canadian goods and services in global markets through the work of the World Trade Organization (WTO) and the Organisation for Economic Co-operation and Development (OECD).
- The Department will be vigilant and take action, including resort to trade dispute settlement procedures, against protectionist actions and illegal trade measures by the United States and other trading partners, and will continue to actively defend Canadian interests under international agreements.
- The Department will work to ensure the rapid and effective implementation of the WTO program, in particular with respect to renewed discussions in such sectors as financial services, telecommunications services, and government procurement.
- The Department will advance the government's job-creation and economic growth policy agenda through economic cooperation in the Group of Seven Industrialized Nations (G-7), the OECD, and the Asia-Pacific Economic Cooperation (APEC) group.

The Protection of Canadian Security within a Stable Global Framework

- The Department will endeavour to ensure that the reform of the North Atlantic Treaty Organization (NATO) is structured in ways that serve Canadian interests, particularly as regards NATO enlargement and relations with Russia, Ukraine, and other non-members.
- Canada will continue to play a constructive role in peacekeeping and in democratic and economic reconstruction in the former Yugoslavia and in peacebuilding, particularly in Haiti, the Middle East, and the Great Lakes region of Africa. Canada will draw lessons from the Zaire crisis and pursue the proposal for an international rapid-reaction humanitarian intervention force.
- Canada will push for the conclusion of an agreement to ban anti-personnel landmines by the end of 1997.
- Canada will work to sharpen the focus of United Nations (U.N.) activities and improve the organization's ability to carry them out. Canada will also campaign for a seat on the Security Council in 1999-2000.
- Canada will promote new regional security arrangements, especially in the context of the Association of South East Asian Nations (ASEAN) and the Organization of American States (OAS).

The Projection of Canadian Values and Culture

- The Department will convey to Canada's foreign partners that Canada will continue to fulfil its role on the international stage and that the Government of Canada will preserve the country's unity while bringing about the necessary changes to reinforce it.
- The Department will convey to Canadians and particularly to the people of Quebec a clear sense of the essential role played by a united Canada on the international stage and of the benefits accruing to Canadians in all provinces from Canada's actions and international reputation.
- To bring Canada's voice and values to the world, the Department will take the lead in developing and implementing the Canadian International Information Strategy in partnership with other government departments and the private sector.
- Canada will create a roster of Canadian experts to provide expertise and assistance in international human rights efforts and continue to promote human rights in multilateral and bilateral forums.
- Canada will pursue efforts to strengthen the protection of children's rights, in particular by acting within the International Labour Organization (ILO) to develop a new agreement on child labour and to strengthen the Convention on the Rights of Children in order to combat sexual exploitation.
- Canada will work in the United Nations and elsewhere to ensure that the rights of Aboriginal peoples are respected.
- The reopening of the Paris Cultural Centre in 1997 and of Canada House in London in 1998, along with the planned opening of the Cultural Centre in the new embassy in Berlin in 1999, will provide opportunities to promote and market Canada, its culture, its products, and its services.
- The Department will develop further ways of facilitating the internationalization of Canadian higher education.

Regional and Institutional Relationships

- Canada will use its position as chair of the APEC process in 1997, culminating in the APEC Leaders' meeting in Vancouver, to pursue global and regional trade liberalization, improve conditions for Canadian business (especially SMEs) in the APEC economies, promote sustainable development and opportunities for Canadian business in infrastructure projects, and expand the engagement of young people and women.
- The G-7 Summits in 1997 (Denver), 1998 (Britain), and 1999 (Germany) will provide opportunities to forge greater cooperation on major economic and global issues that are important priorities for Canada, including financial stability, institutional reform, the environment, nuclear safety, and employment.
- Canada will implement the Canada-European Union Action Plan by intensifying the "business dialogue," pursuing the planned trade study, and strengthening official contacts with the E.U. Commission and the member states, especially Germany, France, and Britain.
- Canada will be a major participant in the second Summit of the Americas, to be held in 1998. That gathering is expected to launch negotiations towards an agreement to establish a Free-Trade Area of the Americas (FTAA) and to help consolidate democracy and respect for human rights in the region.
- Canada will continue to be in the forefront of international efforts to resist the exercise of unacceptable extraterritorial jurisdiction as exemplified by the Helms-Burton Act.
- Canada will build new partnerships and strengthen existing ones with like-minded nations in the Francophonie (including through preparations to host the 1999 Summit) and the Commonwealth

(at the 1997 Edinburgh Summit).

- Canada will support major institutional and budgetary reforms at the OECD under the Secretary-General, a post currently held by a Canadian.

B. OVERVIEW

Mandate and Role

The Department's mandate, as set out in the *Department of Foreign Affairs and International Trade Act*, RSC 1985, c. E-22, is to:

- conduct all diplomatic and consular relations on behalf of Canada;
- conduct all official communications between the Government of Canada and the government of any other country and between the Government of Canada and any international organization;
- conduct and manage international negotiations as they pertain to Canada;
- coordinate Canada's economic relations;
- foster the expansion of Canada's international trade;
- coordinate the direction given by the Government of Canada to the heads of Canada's diplomatic and consular missions and to manage these missions;
- administer the foreign service of Canada; and
- foster the development of international law and its application in Canada's external relations.

The Minister of Foreign Affairs is also responsible for the *Export and Import Permits Act*, RSC 1985, c. E-19, which authorizes the government to control and monitor the transborder flow of specified goods, and for the *Special Economic Measures Act*, 40-41 Elizabeth II, c. 17, which authorizes the government to apply economic sanctions in response to a serious threat to international peace and security.

The Department also provides administrative support to other government departments with personnel abroad.

A list of other legislation governing Canada's international obligations appears in Section IV, "Supplementary Information."

A review of the Department's role, governance, operations, and expenditures was undertaken in 1996. The review concluded that the Department has four basic roles, which flow from its legal mandate. They are:

- the development and coordination of the government's international policy;
- the advocacy of Canadian interests and values overseas;
- the provision of services to Canadians (promoting trade and investment, securing and improving market access, providing consular assistance and passports, etc.); and
- support for other government departments and agencies abroad (including provincial governments).

Key Objectives and Business Lines

The strategic direction given to the Department's mandate and role comes from the three key objectives of Canada's foreign policy set out in the Government's statement, *Canada in the World*:

- the promotion of prosperity and employment;

- the protection of our security within a stable global framework; and
- the projection of Canadian values and culture.

To give effect to these objectives, the Department has defined its business lines with their formal objectives as shown in Figure 1. The relationships between the objectives and the business lines are shown in Figure 2. The business lines are pursued in the context of Canada's relations with foreign countries, regions, and international organizations. For planning and budgeting purposes, the Department thus uses the regional breakdown shown in Figure 3, which also shows the cities where Canada has diplomatic or consular missions. The business lines combined with the regional breakdown give a complete, high-level picture of the way the Department uses its resources around the world (Figure 4).

Figure 1. Business Lines and Objectives of Foreign Affairs and International Trade

<p><i>International Business Development</i></p> <ul style="list-style-type: none"> • Create jobs and prosperity in Canada by encouraging Canadian firms to take full advantage of international business opportunities and by facilitating investment and technology flows. <p><i>Trade and Economic Policy</i></p> <ul style="list-style-type: none"> • Create jobs and prosperity in Canada by effectively managing Canada's trading relationships with the United States and liberalizing trade and capital flows around the world, based on clear and equitable rules. <p><i>International Security and Cooperation</i></p> <ul style="list-style-type: none"> • A peaceful, law-based international system reflecting Canadian values in which Canada is secure from threats from abroad. <p><i>Assistance to Canadians Abroad</i></p> <ul style="list-style-type: none"> • Satisfaction of the needs of individual Canadians travelling or living abroad for official assistance. <p><i>Public Diplomacy</i></p> <ul style="list-style-type: none"> • Creation of interest and confidence in Canada abroad and an international public environment favourable to Canada's political and economic interests and Canadian values. <p><i>Corporate Services</i></p> <ul style="list-style-type: none"> • Enable the Department to achieve its mission and objectives through the delivery of cost-effective support services. <p><i>Services to Other Government Departments</i></p> <ul style="list-style-type: none"> • Enable other government departments to deliver their programs abroad through the delivery of cost-effective support services. <p><i>Passport Services</i></p> <ul style="list-style-type: none"> • Provision of internationally respected travel documents to Canadian citizens and other eligible residents of Canada.

Figure 2. Relationship of Business Lines to Foreign Policy Objectives

<i>Objective</i>	<i>Contributing Business Line</i>
The promotion of prosperity and employment	International Business Development Trade and Economic Policy International Security and Cooperation
The protection of our security within a stable global framework	International Security and Cooperation Trade and Economic Policy
The projection of Canadian values and culture	Public Diplomacy International Security and Cooperation International Business Development

Figure 3. Canada's 129 Missions Abroad,¹ by Region

Africa and the Middle East	Asia-Pacific	Europe	Latin America and the Caribbean	United States	Multilateral missions
28	27	35	19	12	8
Abidjan	Auckland	Almaty	Bogotá	Atlanta	E.U. Brussels
Abu Dhabi	Bandar Seri Begawan	Ankara	Brasilia	Boston	NATO Brussels
Accra	Bangkok	Athens	Bridgetown	Buffalo	OAS Washington
Addis Ababa	Beijing	Belgrade	Buenos Aires	Chicago	OECD Paris
Algiers	Canberra	Berne	Caracas	Dallas	U.N. New York
Amman	Colombo	Bonn	Georgetown	Detroit	U.N./WTO
Bamako	Dhaka	Brussels	Guatemala	Los Angeles	Geneva
Beirut	Fukuoka	Bucharest	Havana	Miami	U.N. Vienna
Cairo	Guangzhou	Budapest	Kingston	Minneapolis	UNESCO Paris
Conakry	Hanoi	Copenhagen	Lima	New York	
Dakar	Ho Chi Minh City	Dublin	Mexico	Seattle	
Damascus	Hong Kong	Düsseldorf	Montevideo	Washington	
Dar es Salaam	Islamabad	Hamburg	Panama		
Harare	Jakarta	Helsinki	Port-au-Prince		
Kuwait	Kuala Lumpur	Kyiv	Port of Spain		
Lagos	Manila	Lisbon	Quito		
Libreville	Mumbai	London	San José		
Lusaka	Nagoya	Lyon	São Paulo		
Nairobi	New Delhi	Madrid	Santiago		
Niamey	Osaka	Milan			
Ouagadougou	Phnom Penh	Moscow			
Pretoria	Seoul	Munich			
Rabat	Shanghai	Oslo			
Riyadh	Singapore	Paris			
Tehran	Sydney	Prague			
Tel Aviv	Tokyo	Riga			
Tunis	Wellington	Rome			
Yaoundé		St. Petersburg			
		Sarajevo			
		Stockholm			
		The Hague			
		Vatican			
		Vienna			
		Warsaw			
		Zagreb			

¹ Includes embassies, high commissions, consulates general, and consulates as of January 1, 1997. Not shown are missions' satellite offices and honorary consulates.

Figure 4. 1997-98 Main Estimates, by Region and Business Line (\$000)

	Africa and Middle East	Asia- Pacific	Europe	Latin America and Caribbean	United States	Multi- lateral missions	Canada	Total
International Business Development	17,839	54,668	41,345	19,725	26,183	83	62,919	222,762
Trade and Economic Policy	4,448	9,847	18,731	5,894	9,506	12,311	56,835	117,572
International Security and Cooperation	14,646	14,186	24,941	9,662	7,523	11,083	351,720	433,761
Assistance to Canadians Abroad	6,777	6,983	14,592	8,221	3,210	376	3,330	43,489
Public Diplomacy	4,659	13,268	26,288	5,644	7,875	1,171	25,277	84,182
Corporate Services	-	-	-	-	-	-	204,575	204,575
Services to Other Government Departments	33,459	60,859	48,874	25,447	13,424	3,495	-	185,558
Passport Services	-	-	-	-	-	-	7,402	7,402
Total	81,828	159,811	174,771	74,593	67,721	28,519	712,058	1,299,301

Organization

The Department has two ministers (one for Foreign Affairs and one for International Trade) and two secretaries of State (one for the Asia-Pacific region and one for Latin America and Africa). The responsibilities of the two ministers extend beyond this Department: the Minister of Foreign Affairs is also responsible for the International Development Research Centre, the International Joint Commission, and the International Centre for Human Rights and Democratic Development. The Minister for International Trade is responsible for the Export Development Corporation, the Canadian Commercial Corporation, the Northern Pipeline Agency, and the North American Free Trade Agreement (NAFTA) Secretariat. In addition, the Minister for International Cooperation is responsible for la Francophonie.

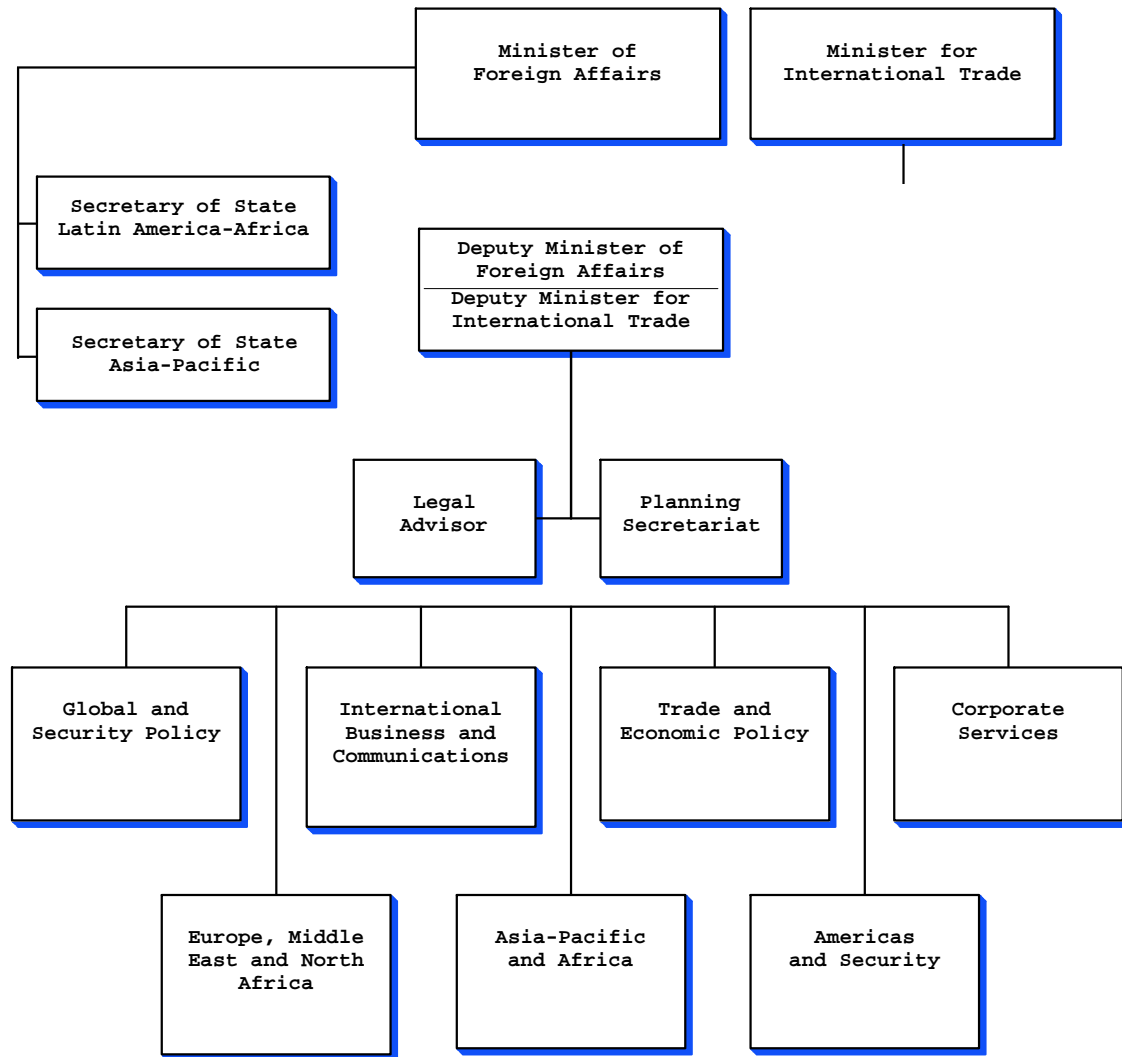
The Department has its headquarters in Ottawa but operates throughout Canada through local and regional passport offices and its network of trade commissioners in regional offices. Below the deputy minister level, the Department has a number of assistant deputy ministers whose responsibilities cover specific functional or geographic areas, as well as corporate services, and is supported by the Legal Advisor and the Planning Secretariat. The present headquarters structure came into effect in September 1996. Outside Canada, the Department operates through a network of 129 missions and 33 satellite offices in 107 countries. Overseas representation also exists through a number of honorary consuls.

The functional assistant deputy ministers (for International Business and Communications, Trade and Economic Policy, Global and Security Policy) are responsible for developing coherent, effective global policies and initiatives to achieve the objectives of each business line on a worldwide scale. The geographic assistant deputy ministers (for Asia-Pacific and Africa; the Americas; Europe, the Middle East and North Africa) are charged with the implementation of each business line within their respective regions and with ensuring that the global business line policies and initiatives are consistent with the development and maintenance of effective and coherent relationships between Canada and each country.

Bilateral missions are accredited to specific countries. They include large missions, which provide a full range of services within the business line framework, and smaller missions, which specialize in specific services, including those of other government departments such as the Canadian International Development Agency (CIDA) and Citizenship and Immigration.

Multilateral missions serve Canadian interests in specific international organizations such as the United Nations (U.N.) and the U.N. Educational, Scientific and Cultural Organization (UNESCO), the OECD, the WTO, NATO, the European Union (E.U.), and the OAS. Missions also provide support to other government departments, including financial management, accommodation and property management, materiel management, information management, personnel management of locally engaged staff, transportation, and security.

Figure 5. Organization of the Department



Financial Overview for 1997-98

Summary

Figures 6a and 6b are reproduced from Part II of the 1997-98 Estimates. They identify the financial authorities sought by the Department for 1997-98 and provide details of planned spending by business line. Figure 7 provides an overview of the net cost of the Department, by business line for 1997-98 and Figure 8, the Departmental Overview, provides the net cost over the four-year period, beginning in 1996-97. Figure 9 compares the Department's 1997-98 Main Estimates with those of the previous year and with planned spending for 1998-99 and 1999-2000, by business line.

Figure 6a. Votes: Wording and Amounts

Vote (dollars)	Main Estimates 1997-98
<p>1 Foreign Affairs and International Trade — Operating expenditures, including the payment of remuneration and other expenditures subject to the approval of the Governor in Council in connection with the assignment by the Canadian Government of Canadians to the staffs of international organizations and authority to make recoverable advances in amounts not exceeding the amounts of the shares of such organizations of such expenses; authority for the appointment and fixing of salaries by the Governor in Council of High Commissioners, Ambassadors, Ministers Plenipotentiary, Consuls, Representatives on International Commissions, the staff of such officials and other persons to represent Canada in another country; expenditures in respect to the provision of office accommodation for the International Civil Aviation Organization; recoverable expenditures for assistance to and repatriation of distressed Canadian citizens and persons of Canadian domicile abroad, including their dependants; cultural relations and academic exchange programs with other countries; and, pursuant to paragraph 29.1 (2) (a) of the <i>Financial Administration Act</i>, authority to spend monies received during the year from Canadian Business Centres and Canadian Education Centres located abroad and trade fairs and trade/investment/technology missions</p>	\$817,428,000
<p>5 Foreign Affairs and International Trade — Capital expenditures</p>	\$69,385,000
<p>10 Foreign Affairs and International Trade — The grants listed in the Estimates, contributions, authority to make commitments for the current fiscal year not exceeding \$50,000,000, in respect of contributions to persons, groups of persons, councils and associations to promote the development of Canadian export sales and authority to pay assessments in the amounts and in the currencies in which they are levied, and authority to pay other amounts specified in the currencies of the countries indicated, notwithstanding that the total of such payments may exceed the equivalent in Canadian dollars, estimated as of October 1996, which is</p>	\$338,626,000

Figure 6b. Financial Requirements, by Authority (\$000)

Vote	Main Estimates 1997-98	Main Estimates 1996-97
1 Operating expenditures	817,428	811,664
5 Capital expenditures	69,385	87,559
10 Grants and contributions	338,626	417,236
(S) Minister of Foreign Affairs – salary and motor car allowance	49	49
(S) Minister for International Trade – salary and motor car allowance	49	49
(S) Payments under the <i>Diplomatic Service (Special) Superannuation Act</i>	250	250
(S) Contributions to employee benefit plans	66,112	57,574
(S) Passport Revolving Fund	7,402	2,302
Total	1,299,301	1,376,683

Explanation of the Major Changes

The budgetary Main Estimates for the Department in 1997-98 are \$1,299.3 million, which represents a decrease of \$77.4 million from 1996-97. The major changes are as follows:

- an increase of \$17.2 million to compensate for the effects of foreign inflation and currency-exchange losses on the costs of operations abroad;
- an increase of \$10.9 million for revisions to locally engaged staff salaries at missions abroad;
- a statutory increase of \$8.5 million in contributions to employee benefit plans;
- an increase of \$5.1 million in increased requirements for the Passport Revolving Fund, due primarily to spending on the Technology Enhancement Project;
- an increase of \$3.3 million for Canada's membership in international organizations;
- an increase of \$2.7 million to cover Canada's treaty obligations for providing accommodation to the International Civil Aviation Organization (ICAO);
- an increase of \$1.1 million to provide a contribution to the Permanent Secretariat of the U.N. Convention on Biological Diversity;
- a decrease of \$77.6 million in assessed contributions to the United Nations for peacekeeping operations; and
- a decrease of \$48.6 million resulting from the implementation of government restraint measures.

Figure 7. Net Cost of the Department, by Business Line, 1997-98 (\$000)

	Operating	Capital	Grants and Contributions	Gross Expenditures	Less: revenues credited to the Vote	Total Main Estimates
<i>Business Lines</i>						
International Business Development	207,102	5,336	13,374	225,812	3,050	222,762
Trade and Economic Policy	86,601	1,952	29,019	117,572	–	117,572
International Security and Cooperation	152,782	4,321	279,319	436,422	2,661	433,761
Assistance to Canadians Abroad	42,253	1,236	–	43,489	–	43,489
Public Diplomacy	66,150	1,133	16,899	84,182	–	84,182
Corporate Services	154,947	49,363	265	204,575	–	204,575
Services to Other Government Departments	179,514	6,044	–	185,558	–	185,558
Passport Services	57,730	–	–	57,730	50,328	7,402
Total	947,079	69,385	338,876	1,355,340	56,039	1,299,301
<i>Other Revenues and Expenditures</i>						
Revenue credited to the Consolidated Revenue Fund						(145,678)
Estimated cost of services provided without charge by other government departments						41,796
Net Cost						1,195,419

Figure 8. Net Cost of the Department, Four-Year Overview (\$000)

	Main Estimates 1996-97	Main Estimates 1997-98	Planned 1998-99	Planned 1999-00
Gross estimates	1,428,255	1,355,340	1,321,706	1,325,429
Revenue credited to the vote	(51,572)	(56,039)	(55,895)	(58,343)
Total Main Estimates	1,376,683	1,299,301	1,265,811	1,267,086
Revenue credited to the Consolidated Revenue Fund	(258,280)	(145,678)	(120,481)	(98,731)
Estimated cost of services by other departments	42,481	41,796	41,491	41,590
Net Cost	1,160,884	1,195,419	1,186,821	1,209,945

Figure 9. Appropriated and Planned Spending, by Business Line (\$000)

	Main Estimates 1996-97	Main Estimates 1997-98	Planned 1998-99	Planned 1999-00
International Business Development	228,221	222,762	215,467	215,564
Trade and Economic Policy	118,218	117,572	114,755	114,825
International Security and Cooperation	504,993	433,761	429,132	429,455
Assistance to Canadians Abroad	43,108	43,489	43,640	43,661
Public Diplomacy	82,620	84,182	81,811	82,478
Corporate Services	211,941	204,575	196,347	196,408
Services to Other Government Departments	185,280	185,558	184,659	184,695
Passport Services	2,302	7,402	–	–
Total	1,376,683	1,299,301	1,265,811	1,267,086

C. DETAILS BY BUSINESS LINE

International Business Development

Objective

This business line contributes to two of the three key objectives of Canada's foreign policy – namely, the creation of jobs and prosperity by encouraging Canadian firms to take full advantage of international business opportunities and by facilitating investment and technology flows.

Operating Environment and Key Initiatives

Exports are the fastest-growing sector of the Canadian economy. Every billion dollars' worth of exports sustains approximately 11,000 jobs.

- Canada depends more on international sales for jobs and growth than any other country in the developed world.
- Canadian exports are at an all-time high, as is our positive trade balance. Exports as a percentage of gross domestic product (GDP) have soared to record levels and are the engine for new jobs and growth in Canada.
- The rapid increase in Canadian exports over the past three years has been the most significant factor in the creation of jobs for Canadians: 39% of net new jobs created between 1990 and 1995 resulted from increased exports.
- The remarkable transition of the Canadian export economy continues. In 1963, 43% of exports consisted of primary products and 57% of end products; in 1995, only 18% of exports were made up of primary products while 82% consisted of end products or semi-manufactures.
- Foreign direct investment in Canada accounts directly and indirectly for three jobs in ten, and for 50% of exports. Since 1984 it has nearly doubled, to \$168 billion.
- Goods and service exports now represent 40% of GDP (up from 26% in 1992) – the highest proportion recorded among G-7 countries.

The principal clients of the business line are ready-to-export companies who have emphasized that the services they seek include the following:

- market information and intelligence;
- advice and counsel on foreign markets;
- partnering and matchmaking;
- advocacy with foreign governments and business on clients' behalf; and
- selecting and organizing trade, investment, and tourism events.

Twenty-five federal departments and agencies, and all 10 provinces play a role, but the Trade Commissioner Service (TCS) and the Department of Foreign Affairs and International Trade are the primary source of assistance abroad to the exporting community. The TCS network in 130 locations overseas is facing a multi-faceted challenge in these times of resource restraints; on the one hand, there has been a large increase in demand on missions abroad for services to potential exporters that are not adequately prepared; and simultaneously, new telecommunications technology has made missions more directly and immediately accessible while heightening clients' expectations about the response time.

The Department is working with its domestic Team Canada partners to expand the reach of export preparation and assistance programs and is establishing service standards for missions.

Internationally, Canada faces a globalized economy in which companies must export to survive, grow, and prosper. There is increased competition from other countries to maintain and expand market share for goods, services, and inward investment flows. We will have to redouble our efforts if we are not to lose ground.

The Department will undertake a set of initiatives in response to these factors:

- First, the government has taken on the challenge of working with the private sector to double the number of active exporters, concentrating on small and medium-sized firms and first-time exporters.
- Second, the Department will endeavour to build market share in priority markets and in 15 fast-growing markets through a number of measures. These measures will include a small, mobile team of trade commissioners for short-term deployment to countries where immediate assistance is needed to follow up on market opportunities identified during Team Canada missions or arising from new bilateral initiatives such as the Free Trade Agreement with Chile. A special Advocacy Unit is also to be established to coordinate high-level government and political activities designed to raise the profile of Canadian bidders on selected overseas projects.
- Third, the Department will seek to expand Canada's share of global foreign direct investment flows by increasing the number of investment counsellors in missions abroad; by developing highly focused campaigns to capture the interest of major multinationals considering investment in North America; and by promoting a distinctive international image of Canada as an investment destination.
- These initiatives will be complemented by a new system for measuring results for the "international business development" function in the federal government, as recommended by the Auditor General.

Canadian direct investment abroad contributes significantly to the growth of the Canadian economy. Canadian companies with investment abroad had an annual growth rate of return of 4.9%, compared with 2.9% for companies with no investment abroad. In 1995, total overseas direct investment reached \$142 billion; the interest, dividends, and reinvested earnings for Canadian companies with investment abroad totalled \$7.4 billion. We are committed to facilitating outward investment and joint ventures by Canadian business as one of the ways to benefit from growing markets abroad.

Results Expected

The results expected from the International Business Development business line over coming years, in addition to an increase in the number of active exporters, are:

- a broadened and diversified Canadian export base, with particular emphasis on small and medium-sized enterprises (SMEs);
- a growing share of global foreign direct investment for Canada;
- increased market share in 15 fast-growing markets;
- diversified exports markets and a broadened sectoral mix of exports;
- targeted prospects for major inward investments and improved prospects for SMEs to forge strategic alliances with foreign partners;
- continued emphasis on support for small and medium-sized businesses, services exporters, and investment and technology flows;
- a responsive and cost-effective international business delivery mechanism that meets the recommendations of the Auditor General with respect to service standards and performance measurement.

**Figure 10. International Business Development:
Appropriated and Planned Spending (\$000)**

Main Estimates 1996-97	Main Estimates 1997-98	Planned 1998-99	Planned 1999-00
228,221	222,762	215,467	215,564

Trade and Economic Policy

Objective

The objective of the Trade and Economic Policy business line is to create jobs and prosperity in Canada by effectively managing our trading relationships with the United States and liberalizing trade and capital flows around the world, based on clear and equitable rules.

Operating Environment and Key Initiatives

Linkages between Canada's domestic and international agendas are particularly apparent in this business line. Over the next three years, Canada could be faced simultaneously with several distinct major economic and trade negotiations, each requiring significant resources for analysis, consultations with Canadians, and negotiations with our foreign partners.

United States

Canada's intense trade and economic relationship with the United States, which accounts for 80% of our exports, will remain a dominant concern for the Trade and Economic Policy business line. Domestic pressures on the U.S. government to adopt protectionist and extraterritorial measures and to act against Canadian interests in such sensitive sectors as culture and agriculture, will require vigilance and action, including, if necessary, resort to trade dispute settlement procedures.

The business line will continue to focus on the implementation of the NAFTA agreements, including recourse to the trade remedy working groups. With an increasingly integrated North American economy, consideration also will need to be given to whether and how Canadian interests might be served by broadening or deepening NAFTA.

Global Trade Policy Environment

In order to assist Canadian-based firms in securing access for Canadian goods and services in global markets, the Trade and Economic Policy business line will continue to advance Canadian interests in the effective and rapid implementation of the work plan of the WTO and associated work at the OECD. Efforts will continue to be made to advance or defend Canadian interests in trade disputes within the WTO.

Work will continue to develop new rules on trade issues of importance to Canada. These will include renewed discussions in such sectors as financial services, telecommunications services, and government procurement.

The next three years will also see the beginning of preparations for a new multilateral trade round aimed at broadening and deepening international trade disciplines.

Regional Initiatives

Regional trade initiatives will continue to be implemented. Work towards a free-trade agreement of the Americas can be expected to intensify and could result in formal negotiations. A trade study will be conducted with the European Union under the auspices of the Canada-E.U. Action Plan. Work within APEC will continue to enhance access conditions for Canadian business in the Asia-Pacific region and to support multilateral liberalization in the WTO.

Bilateral free-trade agreements will be pursued where appropriate to Canadian export interests.

Promotion of Canada's International Economic and Development Agenda

The Trade and Economic Policy business line will continue to promote Canadian economic and financial objectives in an increasingly globalized world, by developing cooperation in the G-7 and in other international forums in support of non-inflationary growth, fiscal consolidation, employment, movement to a knowledge-based economy, social reform, investment and capital flows, environmental protection, nuclear safety, and economic relations with developing and transitional economies. These objectives will be advanced by providing support to the Prime Minister at the annual G-7 Summit; by ensuring that Canadian policy priorities are well reflected at the OECD, the European Bank for Reconstruction and Development (EBRD), in APEC, and in the work of the international financial institutions (IFIs); and by deploying international assistance resources to support our foreign policy priorities. The U.N. and IFI reforms launched at the G-7 Summit in Halifax and those under way at the OECD are integral to achieving these objectives. The integration of the so-called "transition economies" (the republics of the former Soviet Union and the countries of central and eastern Europe) into the international economic and trade system, the implications of globalization, the impact of the Economic and Monetary Union (EMU) in Europe and developments in China will continue to influence the international economic agenda over the medium term.

Results Expected

The results expected for this business line include:

- outcomes and deliverables through the G-7, WTO, OECD, APEC, and FTAA agendas to support Canadian economic, financial, and trade objectives;
- greater coherence in global economic policy-making through institutional reform and enhanced cooperation between the WTO, the OECD, the U.N., regional groupings, and the international financial institutions;
- the stimulation of export performance, jobs, and growth through improved conditions of access to markets;
- the continued implementation of the WTO agreements and its built-in agenda, and the definition of Canadian objectives for a new round of multilateral trade negotiations;
- the continued pursuit of solutions that reduce the possibility of disputes, particularly with the United States, concerning the issues of subsidies, dumping, and the operation of trade remedy laws regarding such practices;
- the effective management of trade disputes with other countries;
- multilateral agreements in areas such as basic telecommunications, financial services, government procurement, investment, services, and product standards;
- international cooperation regarding the application of competition policy;
- negotiation of bilateral foreign investment protection agreements with priority countries; and

- the allocation of Canadian international assistance in such a way as to reflect foreign policy priorities, including military expenditures, the Canadian International Information Strategy, and the integration and reform of transition economies.

**Figure 11. Trade and Economic Policy:
Appropriated and Planned Spending (\$000)**

Main Estimates 1996-97	Main Estimates 1997-98	Planned 1998-99	Planned 1999-00
118,218	117,572	114,755	114,825

International Security and Cooperation

Objective

The objective of international security and cooperation is a peaceful, law-based international system hospitable to Canadian values in which Canada is secure from threats from abroad. This business line is responsible for developing and implementing policies to promote human security and to project abroad such Canadian values as respect for democracy, human rights, the rule of law, and the protection of the environment.

Operating Environment and Key Initiatives

Canada's huge landmass and long coastlines, its relatively open borders, small population, and open economy dictate an approach to defence based on collaboration with the United States and other like-minded countries and on a multilateral or regional approach to international issues. The end of the Cold War and the increase in the number and kind of international actors continue to bring about changes in the nature of international relations and security issues. The main focus is shifting away from defence matters to a broader definition of security, including conflict prevention and peace-building. Canada's borders are open to human, economic, and environmental trends and events that affect our security – e.g., illegal movements of peoples, refugees, global warming, the transport of various pollutants over long distances, etc. Against this background more specific developments will occur:

- International pressure to reform multilateral institutions such as the United Nations and various regional organizations – e.g., the OAS, the Organization for Security and Co-operation in Europe (OSCE), ASEAN, and the ASEAN Regional Forum (ARF) – will continue.
- The European security structure will undergo some changes, including the enlargement and reform of NATO and the European Union, and new roles for the Western European Union and the OSCE.
- There will be continued transition and instability in Russia, Ukraine, and their neighbours, and at the same time China will emerge as a military power.
- Ongoing humanitarian disasters and political instability in Africa (and elsewhere) will continue to demand resources and political attention.

A number of key initiatives will be undertaken during this period:

- The Peacebuilding Initiative and Fund will be implemented. The roles of the international financial institutions (e.g., the International Monetary Fund and the World Bank), of official development

assistance actors, and non-governmental organizations will be enhanced.

- Canada will continue to play a leadership role in peacekeeping and in democratic and economic reconstruction in the former Yugoslavia, and in peace-building in Haiti.
- Canada will pursue initiatives to ensure that the international community can respond rapidly when military forces are required to support a peace process or to respond to a humanitarian crisis. The implementation of the operational portions of the Rapid Reaction Study will be carried out, and measures will be adopted to improve Canada's ability to mobilize Canadian civilian experience to help war-torn countries.
- Canada will continue to support the Middle East Peace Process, especially by chairing the Refugee Working Group.
- Canada will host a conference on the lessons learned from the humanitarian crisis in Zaire and Rwanda, and will work with like-minded nations to develop and implement measures that will ensure a more rapid, coordinated response to future humanitarian crises.
- Canada will promote new regional security arrangements, especially in the context of ASEAN and the OAS, and also in the context of a peace settlement in the Middle East.
- Canada will pursue strengthened protection of children's rights, in particular by acting within the International Labour Organization to develop a new agreement on child labour and to strengthen the Convention on the Rights of Children to combat sexual exploitation.
- Canada will work for human rights by supporting the United Nations war crimes tribunals for the former Yugoslavia and Rwanda, including new measures to deal with war criminals in the Bosnian conflict, and by continuing to press for the restoration of human rights in Nigeria. The Department will continue to promote the peaceful transformation of Cuba to a society that fully respects and protects human rights.
- Canada will push for the conclusion of an agreement to ban anti-personnel landmines by the end of 1997.
- Canada will continue to promote the early implementation of, and broader participation in, arms control treaties such as the Chemical Weapons Convention and the Comprehensive Test Ban Treaty, and will seek creative means of inhibiting the proliferation of weapons of mass destruction.
- Canada will continue to support the reduction of nuclear weapons and will work with Russia and the members of the G-7 to find a safe and effective means of disposing of weapons grade plutonium originating from the dismantling of nuclear weapons.
- Sustainable development, fair labour practices, and human rights will be promoted in various multilateral and bilateral negotiations.
- Canada will continue to be in the forefront of international efforts to resist the exercise of unacceptable extraterritorial jurisdiction as exemplified by the Helms-Burton Act.
- Canada's Year of Asia Pacific in 1997 will promote increased business relations, youth involvement, and cultural exchanges to broaden understanding of the region.
- Canada will implement the Canada-E.U. Action Plan by intensifying the "business dialogue," pursuing the planned trade study, and strengthening official contacts with the E.U. Commission and the member states, especially Germany, France, and Britain.

- Canada will be a major participant in the second Summit of the Americas, to be held in 1998. That gathering is expected to launch negotiations for a free-trade agreement of the Americas and to help consolidate democracy and respect for human rights in the region.
- We will build new partnerships and strengthen existing ones with other like-minded nations, through la Francophonie (including through Canada's participation in the 1997 Summit in Hanoi and preparations for the 1999 Summit in Moncton) and the Commonwealth (at the 1997 Summit in Edinburgh, Scotland).
- Canada will participate in the enlargement of NATO by 1999 while developing constructive relations with Russia and Ukraine.
- Canada will pursue U.N. reform to sharpen the focus of the organization's activities and improve its ability to carry them out. Canada will campaign for a seat on the Security Council in 1999-2000.
- We will act to protect Canada's security, trade, and immigration interests during and after the handover of Hong Kong to China in 1997.
- Canada will promote the implementation of sustainable development and improved environmental protection by chairing the new Arctic Council and organizing a ministerial conference in 1997 on sustainable development in the Arctic regions of the world.
- Canada will promote the launch of an international convention on forests, promote realistic and achievable progress in climate change negotiations, and actively participate in international processes aimed at dealing with the problems posed by persistent organic pollutants and at improving chemical safety generally.
- Canada will promote its offer to host the permanent secretariat of the new Convention to Combat Desertification in Montreal and give consideration to offering to host other international environmental secretariats in Canada.
- Canada will seek improved international cooperation and collaboration in combating terrorism and transnational organized crime by working with its allies within the P-8 (the G-7 plus Russia) to adopt concrete practical measures and by strengthening the international and domestic legal and law enforcement framework.

Results Expected

The International Security and Cooperation business line is expected to have the following results:

- the enlargement of NATO, to be initiated in the context of an effective strategic relationship with the Russian Federation;
- the development of new tools and mechanisms for strengthening peace in countries prone to recurring cycles of violence;
- democratic and economic progress in the former Yugoslavia and successful peace-building in Haiti, leading to the withdrawal of Canadian peacekeeping forces;
- better international protection of children's rights;
- the successful conclusion of treaty negotiations to ban anti-personnel mines by the end of 1997;
- the entry into force of the Chemical Weapons Convention and the enactment of Canadian legislation to support the Comprehensive Test Ban Treaty;

- progress in the areas of sustainable development, fair labour practices, and human rights, including children’s rights;
- progress towards resolving the institutional and financial crisis of the United Nations;
- a stronger basis for multilateral action by Canada in peace and security matters through (non-permanent) membership on the United Nations Security Council;
- improved environmental protection and more sustainable levels of economic and social development in the northern regions of Canada and the world;
- the conclusion of an international legal instrument that advances Canada’s forest interests; agreement on the concerted multilateral action needed to effectively address the problems posed by global warming in the immediate post-2000 period; and the implementation of concrete actions to reduce significantly the threat that persistent organic pollutants pose to the health of Canadians, particularly in the North, and to the environment;
- support of the Conference of the Parties to the Desertification Convention at its first meeting in the fall of 1997 for locating the permanent secretariat of the Convention in Montreal; and
- the signing of an international convention on terrorist bombing.

**Figure 12. International Security and Cooperation:
Appropriated and Planned Spending (\$000)**

Main Estimates 1996-97	Main Estimates 1997-98	Planned 1998-99	Planned 1999-00
504,993	433,761	429,132	429,455

Assistance to Canadians Abroad (Consular Services)

Objective

The objective of this business line is to meet the needs of Canadians travelling or living abroad for official assistance.

Operating Environment and Key Initiatives

The business line is characterized by the fact that more Canadians are travelling abroad, thanks to such factors as a stronger dollar, the increase in the number of Canadians with relatives living in other parts of the world, and greater commercial activity abroad, resulting in more business people travelling and living in foreign countries. In addition, Canadians are travelling to a wider range of destinations (such as Vietnam, Central Asia, and Eastern Europe) and to places where health care facilities, public transportation, roads, and other services or facilities, such as prisons, are poor or deteriorating by Canadian standards. Canadians with medical problems or disabilities are also travelling more frequently. As a result of these factors, the demand for services is high, and so are expectations about the ability of consular representatives to assist and protect Canadians facing difficulties in countries with different legal, social, and business systems.

The business line will pursue four broad initiatives over the planning period:

- *Safe travel* The Department will strive to increase the knowledge of Canadians about the conditions they are likely to encounter in other countries and encourage them to be better prepared before they leave Canada. To this end, the Department will use a variety of means: additional publications, advertising, the distribution of timely information to the travel sections of newspapers, magazines, in-flight videos, appearances on radio and television talk and interview shows, and the services of intermediary organizations and companies active in the travel industry.
- *Initial emergency response* The Department will extend its “call centre” service at headquarters in Ottawa to enable it to provide initial emergency response to requests for assistance by telephone or e-mail from anywhere in the world at any time of the day or night. This service, which is already in operation for 60 missions, obviates the need for the Department to maintain mission personnel on stand-by duty to take such calls during non-business hours. If the headquarters “call centre” cannot resolve the difficulty, there are arrangements for it to contact a mission consular official. It is expected that this program will be expanded to all missions over the next year.
- *Improved telephone service* The Department will improve the quality of service by reducing the number of unanswered calls. It is expected that this can be achieved in cooperation with the private sector without increasing costs to the Department.
- *Quality of service* The Department will improve the quality of service in complex situations such as child abductions, the condition of Canadian prisoners in foreign jails, deaths abroad, and family abuse. This will be achieved through specialized training of personnel in headquarters and missions, increased interaction with other concerned agencies and organizations, and increased contact with the offices of Members of Parliament.

Results Expected

- The *safe travel* initiative is expected to result in more travellers purchasing medical and other insurance before leaving Canada; in more Canadians carrying and using their Canadian passports; in greater awareness of the implications of laws and business practices in other countries; and in family and friends being better informed of the whereabouts of travellers.
- The *initial emergency response* initiative will provide faster and more effective service for Canadians in difficulty around the world and reduce costs to the Department.
- *Improved telephone service* will reduce the number of unanswered calls as well as waiting time, and will increase the dissemination of information on services available to the public.
- The *quality of service* initiative will improve the handling of complex cases and reduce the incidence of dissatisfaction among consular clients.

**Figure 13. Assistance to Canadians Abroad:
Appropriated and Planned Spending (\$000)**

Main Estimates 1996-97	Main Estimates 1997-98	Planned 1998-99	Planned 1999-00
43,108	43,489	43,640	43,661

The Main Estimates for 1997-98 show that planned spending on consular services is \$43.5 million. According to Treasury Board policy, a “full” costing of these services must take into account the cost of corporate service support, the depreciation on capital assets, the cost of capital, and the value of

services provided without charge by other departments, less the cost of consular services that is recovered through other programs' fees. Accordingly, on a full-cost basis, consular services are estimated to total \$44.8 million, of which \$34.6 million will be recovered through fees charged for the issuance of travel documents.

Public Diplomacy

Objective

“Public diplomacy” is an expression that describes the use of communications techniques to reach foreign audiences directly as well as through traditional diplomatic channels. Its purpose as a business line of the Department is to create and strengthen international understanding of Canada, as well as interest and confidence in this country, and to influence the international public environment to be more favourable to Canada's interests, values and economic prosperity. Within Canada, Public Diplomacy contributes to an informed domestic debate on international issues; this includes demonstrating the international benefits and advantages of a strong Canada. Through Public Diplomacy, the Department responds to the information needs of Canadians with respect to Canada's foreign policy, its international trade and investment strategy, and its international cultural and sustainable development agenda, as well as with respect to the Department's role and to the services it provides to Canadians. It also supports Canada's cultural sector, including cultural and educational industries, and thus contributes to maintaining Canada's unique cultural identity and infrastructure.

Operating Environment, Key Initiatives, and Results Expected

International Cultural Relations

The Department's international cultural relations programs are divided into two groups: arts and cultural industry promotion; and international academic relations. The latter type of program must operate in a context characterized by declining fiscal resources; increasing requests within Canada for help in internationalizing Canadian higher education and fostering student mobility; pressure to assist in the marketing of Canadian education products and services; and unfilled demands from abroad to provide greater encouragement for teaching, research, and publication about Canada – i.e., “Canadian studies.”

Key initiatives during the planning period will include:

- the strengthening of ties with the International Council for Canadian Studies and with its 19 national and multi-national members; Canadian studies associations outside Canada have almost 6,000 members who reach over 150,000 students each year;
- the strengthening of government, academic, cultural, research, and private-sector partnerships and networks with like-minded countries;
- the reopening of the Paris Cultural Centre in 1997 and of Canada House in London in 1998, and the planned opening of a Cultural Centre in the new embassy in Berlin in 1999, all of which will provide opportunities for promoting and marketing Canada, its products, and its services;
- the development of new ways of facilitating the internationalization of Canadian higher education; and
- support for the export of Canadian education products and services.

These initiatives in the area of international cultural relations are expected to produce the following results:

- increased knowledge and understanding of Canada in foreign leadership groups, including a better appreciation of Canada's national and international objectives;

- continued and strengthened cooperation in higher education, research, and training between Canada, Mexico, and the United States, together with a reaffirmation, at the heads of government level, of the importance of cooperation between Canada and the E.U. in higher education matters;
- cooperation with the provinces through the Council of Ministers of Education and with the Canadian higher education community in seeking greater effectiveness in multilateral education bodies, increased institutionalized foreign linkages, and increased use abroad of Canadian expertise in areas such as distance education;
- scholarship programs better attuned to Canadian interests and the demands of fiscal restraint, as well as youth and young worker exchanges placing 10,000 Canadian youth abroad on a reciprocal basis;
- increased exports of Canadian educational products and services, and a reversal of the decline in the number of foreign students coming to Canada;
- acceptance of the value of a federal role in the internationalization of higher education by building academic networks and marketing Canadian educational goods and services; and
- acceptance of the value-added role played by the federal government in building and reinforcing Canada's cultural infrastructure and unique cultural identity; the marketing of products and services of Canada's cultural industries will contribute to closing Canada's trade gap in this sector.

Communications

Global mass communications, coupled with revolutionary advances in electronic technology, have made the strategic use of information a key element of foreign policy. This powerful tool can help to advance Canada's interests and role worldwide while providing impetus to the government's job and growth agenda.

People around the world are increasingly informed and influenced by the products of mass communication. Accordingly, promoting Canada's image, visibility, and permanent and active "presence" on the international stage through the use of information technologies is becoming an important factor in advancing our interests.

An appreciation of success in Canada's international vocation can contribute to an increased sense of shared national pride among Canadians. The challenge is, therefore, to bring a national focus to current efforts and establish an integrated and comprehensive public policy to project information about Canada on the international scene and to facilitate the identification and development of niche markets for Canadian products.

Many countries – not just the wealthy ones – use mass communications to project themselves internationally. Some invest significant proportions of their national budgets to influence key foreign audiences.

These are the key initiatives that will be undertaken in the achievement of these goals:

- To bring Canada's voice and values to the world, the Department will take the lead in developing and implementing the Canadian International Information Strategy in partnership with other government departments and the private sector.
- In support of job creation and economic growth, national unity, deficit reduction, and sustainable development, the Department will take the communications lead on a number of key bilateral and multilateral initiatives, including Team Canada missions; Canada's bid for a seat on the U.N. Security Council; Calgary's bid for the World Exposition in 2005; the APEC, Francophonie, and OAS Summits to be hosted by Canada; and Canada's Year of Asia Pacific.
- An expanded departmental outreach program is being launched to deliver key policy, international trade, cultural, unity, and corporate messages to target audiences in communities across Canada.

The results expected from these initiatives in the area of communications are as follows:

- increased public understanding by key foreign audiences, especially through increased factual and favourable media coverage abroad of Canada, its characteristics and accomplishments, as well as its objectives, policies, and priorities at key international forums and in capitals around the world;
- increased direct experience of Canada as a society by foreign political and business leaders, decision makers, and opinion formers (through exchanges and visits);
- increased exposure in foreign markets for Canadian artists and cultural and educational goods and services, leading to more successful marketing;
- in the context of the government's jobs and growth agenda, an enhanced public awareness of the importance of exports and investment to job creation and prosperity for Canadians;
- the successful implementation of a new Canadian International Information Strategy in partnership with key government departments and the private sector, including broadcasters, cultural groups, and the development assistance community; and
- improved use of the Department's outreach program to bring its major foreign policy, international trade, cultural, economic, and corporate messages to key Canadian audiences through more visits by headquarters personnel and ambassadors to communities across the country.

**Figure 14. Public Diplomacy:
Appropriated and Planned Spending (\$000)**

Main Estimates 1996-97	Main Estimates 1997-98	Planned 1998-99	Planned 1999-00
82,620	84,182	81,811	82,478

Corporate Services

Objective

The objective of the Corporate Services business line is to enable the Department to achieve its mission and objectives through the delivery of cost-effective support services. This business line also carries out corporate planning to facilitate the Department's response to its strategic management environment. Its clients are both internal and external, including other government departments and provinces with operations in Canadian missions abroad. The services of the business line must therefore be continuously adapted to the needs of clients at headquarters and in the missions, including management at all levels and individual employees. The Corporate Services business line is also responsible for ensuring the implementation in the Department of government-wide policies in the areas of administration, human resources, and sustainable development.

Operating Environment and Key Initiatives

The business line continues to support the government's far-flung network of missions abroad in local environments that in some cases are deteriorating, relative to conditions in Canada or to their own previous condition, or where costs are rising substantially with greater prosperity. The Department must provide services that in Canada could be purchased from the private sector or obtained from other

government agencies, or that would be the private responsibility of the Department's employees. Examples include real property management and maintenance, household furnishings, physical security and personnel safety, and training for locally engaged staff. Through productivity improvements, streamlining, and the adoption of service standards, the Corporate Services line will absorb a proportionately higher share of the resource reductions that will affect the Department over the planning period.

A major focus of Corporate Services efforts over the past two years has been on planning the Department's detailed response to the resource reductions imposed as part of phases I and II of the government's "program review" and on developing an affordable corporate information management and technology strategy. The implementation of these resource and technology plans will proceed during the planning period and will require attention, but the primary concentration will shift to human resource issues. In this regard, it will be necessary to evaluate major personnel processes and issues, such as promotion, recruitment, internal structure, and the impact of technology and societal factors on the career system.

The Department must also prepare in this period for the introduction of accrual accounting, which is a critical development in financial management across the public service. Because of the way this form of accounting treats capital assets, its greatest impact is likely to be on the property maintenance program and on decisions on whether to lease or to purchase properties abroad.

The Management of Change

Technology will continue to stimulate and enable change. The Department will implement two large corporate applications for financial and personnel management that will bring operational efficiencies. The implementation of planned Department-wide information management tools (such as collaborative workgroups, enhanced secure systems, integrated front-line information services, desk-top access to a broad range of information sources, and support to mobile workers) is likely to create pressures for procedural and structural changes that cannot now be clearly imagined. These new tools can only achieve their full potential if accompanied by effective training. And in turn, effective training must be supported by high-quality internal communications, which can contribute substantially to productivity and employee satisfaction. The Corporate Services business line will take the initiative in determining what improvements can be achieved in this area.

By the end of the planning period it is likely that the gains in efficiency that can be realized from the technical innovations to be implemented will have been largely achieved. We will be exploring all potential sources, in addition to technological innovation, that can increase the cost effectiveness of this business line.

A different issue arises from the projected retirement of large numbers of older rotational employees in all groups. This will not occur until after the planning period, but the Department will start making preparations for an internal *relève* for all of its employee groups, in addition to participating in the public service-wide programs to develop senior executives. We will also be considering various forms of career enrichment (e.g., secondments) to prepare officers for more senior responsibilities over the medium term.

Results Expected

The Corporate Services business line enables the Department to operate efficiently and effectively. The following outcomes are anticipated during the planning period:

- To enhance efficiency and effectiveness, service standards or agreements will be introduced for all the major functions of the Corporate Services line, including for mission administrative services.

- Economy is complementary to high quality of service. The Department will use both technology and the re-engineering of processes to reduce its costs without affecting the quality of service.
- The Department will develop policies aimed at ensuring that its human resources are well adapted to the challenge of operating diverse business lines on a worldwide scale.
- Corporate Services will also assess the extent to which the Department has achieved the objectives of the reforms resulting from the departmental review.
- The Department will implement a series of significant capital projects in real property and information management.

**Figure 15. Corporate Services:
Appropriated and Planned Spending (\$000)**

Main Estimates 1996-97	Main Estimates 1997-98	Planned 1998-99	Planned 1999-00
211,941	204,575	196,347	196,408

Services to Other Government Departments

This business line enables the Department to distinguish between the costs of the support services it supplies for itself and those which it supplies to other departments with personnel abroad. By 1998-99, the cost of providing services to other government departments will rise to approximately \$186 million or about 34% of the Department's overseas operations budget. The Department will review existing arrangements with all other federal departments and agencies, as well as with any of the provinces that have representatives abroad, and will develop a more appropriate approach for sharing the costs of supporting their operations.

**Figure 16. Services to Other Government Departments:
Appropriated and Planned Spending (\$000)**

Main Estimates 1996-97	Main Estimates 1997-98	Planned 1998-99	Planned 1999-00
185,280	185,558	184,659	184,695

Passport Services

Objective

To provide internationally respected travel documents to Canadian citizens and other eligible residents of Canada.

Operating Environment and Key Initiatives

The key challenge facing the Passport Office is to achieve a delicate balance between developing and

maintaining a secure travel document issuance process in the most cost-effective manner possible, on the one hand, and providing quality service to clients, on the other.

Key initiatives planned for the next three years centre around the following elements:

- exploiting alternative service delivery (ASD) to its full potential;
- forming alliances that build on our core competencies;
- providing managers with the necessary skills, tools, and information to strengthen decision making;
- accelerating the application of technology to our processes; and
- re-engineering the passport and travel document issuance process.

Canada is part of an international movement that is incorporating a greater use of technology to facilitate the movement of people. We must be consistent with international standards and incorporate this new technology to keep abreast of international developments. Further, as international business increases, business travellers will need support from the Department and from the Passport Office to enable them to be competitive in the global market.

As international travel increases, the demand for passports is expected to increase slightly – by approximately 2.5% annually over the next three years.

The Management of Change

The Passport Office is moving from a manual to a computerized passport-issuing system in early 1997-98. A pilot program for the “optimized system for capturing, archiving, and retrieval” (OSCAR) will be in place by April, with a full roll-out expected by the end of the fiscal year.

As is usually the case with the introduction of new technology and new systems, a slight decrease in productivity is expected for 1997-98. Subsequent years should show an overall increase in productivity.

Results Expected

- The implementation of ASD options available to the Passport Office should yield greater cost effectiveness and improved client service while maintaining the integrity and security attached to the document.
- A re-engineered application and issuance process will reduce the burden on the client and should provide cost savings.
- New alliances with other departments, agencies, and/or the private sector should enable us to exploit our core competencies and provide savings, quality service, and enhanced security.

Figure 17. Passport Services: Appropriated and Planned spending (\$000)

	Main Estimates 1996-97	Main Estimates 1997-98	Planned 1998-99	Planned 1999-00
Gross expenditures	52,721	57,730	50,055	52,367
Revenue credited to the Vote	50,419	50,328	50,055	52,367
Revolving Fund Deficit	2,302	7,402	–	–

Figure 18a. Passport Services: Fee Schedule and Forecast Number of Travel Documents

	Current fee (dollars)	Number of travel documents			
		Main Estimates 1996-97	Main Estimates 1997-98	Planned 1998-99	Planned 1999-00
<i>Passport</i>					
24 pages	35	1,400,852	1,354,388	1,390,537	1,425,752
48 pages	37	16,192	16,355	16,824	17,244
Official	57	7,165	6,548	6,722	6,890
<i>Other</i>					
Non-citizen refugee travel documents	35	5,159	5,316	5,455	5,591
Non-citizen certificate of identity	75	2,293	1,329	1,364	1,398
Emergency	6	1,289	1,064	1,098	1,125
Total		1,432,950	1,385,000	1,422,000	1,458,000

Figure 18b. Passport Services: Planned Performance Targets

	Main Estimates 1996-97	Main Estimates 1997-98	Planned 1998-99	Planned 1999-00
<i>Turnaround target</i>				
Applications received by mail	97% in 10 days 100% in 17 days	97% in 10 days 100% in 17 days	97% in 10 days 100% in 17 days	97% in 10 days 100% in 17 days
Applications received in person	97% in 5 days 100% in 7 days	97% in 5 days 100% in 7 days	97% in 5 days 100% in 7 days	97% in 5 days 100% in 7 days
<i>Productivity target¹</i>				
All employees	2,501	2,426	2,838	2,772
Production employees only	3,302	3,244	3,772	3,777

1. Productivity is defined as the number of travel documents issued per FTE.

III DEPARTMENTAL PERFORMANCE REPORT FOR 1995-96

A. SUMMARY

The government's foreign policy statement, *Canada in the World*, was tabled in Parliament in February 1995. Thus fiscal year 1995-96 was the first full year in which the Department of Foreign Affairs and International Trade pursued results within the framework of the statement's three key objectives: 1) the promotion of prosperity and employment; 2) the protection of Canada's security within a stable global framework; and 3) the projection of Canadian values and culture. To pursue these objectives, the Department organizes its work into a number of business lines. International business development, trade and economic policy, and international security and cooperation are the three lines that contribute to the achievement of prosperity and employment.

International business development provides assistance to Canadian businesses to enable them to take advantage of opportunities in exporting, investment, and technology transfer. Within the framework of Canada's International Business Strategy, the Department, in cooperation with its Team Canada partners, used innovative financing, partnering, training, communications, sourcing, and market intelligence to support Canadian business around the world. The most notable success was a new Team Canada mission led by the Prime Minister, this time to South and Southeast Asia, where firms announced \$8.7 billion in new deals. There were, however, many notable successes in other regions, where trade commissioners helped Canadian firms to secure deals. Typical examples are given in the detailed section on International Business Development.

Trade and economic policy seeks to provide Canadian businesses with access to foreign markets on an equitable basis and to resolve disputes over such access. During the year, Canada worked on implementing the new agreements under the World Trade Organization and helped to establish it as an effective organization. In part, this included the establishment of the Dispute Settlement Body, which has become one of the most effective elements of the new organization. Preparations actively began in 1995-96 to ensure the success of the first ministerial conference of the WTO, held in December 1996 in Singapore. A number of trade disputes over such products as softwood lumber, wheat, fish, and milk were settled.

The objectives of security and the projection of Canadian values were primarily pursued in the **international security and cooperation** and **public diplomacy** business lines. The concept of security has been broadened from its focus on military questions to encompass the reinforcement of institutions and mechanisms that support the prevention of conflicts and the peaceful resolution of disputes. This broader approach to security mirrors fundamental Canadian values, including respect for the rule of law and for human rights, and the promotion of democratic practices and sustainable development. Underlying the projection of these values is Canada's international engagement and cooperation, exemplified by its commitment to a strong international system centred on the United Nations, which celebrated its 50th anniversary in 1995.

Key accomplishments during this period include: the indefinite extension of the Nuclear Non-Proliferation Treaty; Canadian ratification of the Chemical Weapons Convention; a comprehensive Canadian moratorium on anti-personnel mines; a major study for the United Nations on a "rapid reaction capability" for U.N. peacekeeping; Canadian participation in peacekeeping forces in Bosnia and Haiti; and the renewal of the North American Aerospace Defence (NORAD) agreement. In the field of human rights, Canada saw the incorporation into the Beijing Platform for Action of an unprecedented reference

to “rape in armed conflict as a war crime.” Canada also established an officials-level bilateral dialogue with China to increase understanding of human rights in both countries and played a key role in the suspension of Nigeria’s membership in the Commonwealth because of its human rights record.

In the field of environmental protection, Montreal was chosen as the host city for the Permanent Secretariat of the Convention on Biological Diversity; negotiations began with Chile on an environmental cooperation agreement as part of the negotiations of a free-trade agreement; Canada signed a U.N. agreement on fish conservation; protected migratory birds and caribou herds critical to Aboriginal Canadians; kept open the salmon negotiations with the United States; and concluded an agreement with its partners within the G-7 and with the European Union (E.U.) to close the nuclear power plant at Chernobyl, Ukraine, by the year 2000.

Canada hosted the 1995 G-7 Summit in Halifax, which reaffirmed the importance of the United Nations and multilateral approaches, and successfully pursued more efficient management in regional and international organizations. In addition, Canada achieved advances in its relations with specific countries, including greater U.S. understanding of Canadian concerns over the Helms-Burton Act. This year was also the 50th anniversary of the end of World War II, marked by a visit by the Prime Minister and other cabinet members to Europe as a demonstration of Canada’s continued strong relations with that region.

Public diplomacy projects Canadian values through communications and cultural relations, which include support for exports by cultural industries. Over 400 cultural organizations or individual artists were funded or supported by the Department and gained favourable publicity for Canada; foreign academics who study Canada helped reinforce foreign perceptions of Canada’s sovereignty and stability; scholarships brought graduate students to Canada; and extensive reciprocal youth and young-worker exchanges exposed other young foreigners to the Canadian experience and vice versa. Other initiatives promoted the export of Canadian cultural products and education.

Heavy demand continued for assistance to Canadians abroad, with the total number of cases reaching 849,250, including 816 repatriations, 3,708 missing-persons inquiries, 1,372 prisoner cases, and 374 cases of child abduction. The Passport Office issued over 1.5 million passports, while keeping the passport fee unchanged and client satisfaction high.

B. OVERVIEW

The results in this report are organized according to the Department’s new “business lines,” which show more clearly than its previous “activity structure” the distribution of the Department’s expenditures and their relationship to results. A fuller description of the relationship between the former activity structure and the business lines is given in the section entitled Supplementary Information.

Because the Department’s business lines, their objectives, and their clients are diverse, a number of approaches have been adopted in reporting results. In the case of the two business lines that deliver services directly to individual Canadians – passports and assistance to Canadians abroad – the service itself is what is valued by the recipients, because in one way or another it facilitates the pursuit of their own international purposes. In the case of international business development, the Department has undertaken to put in place the systems required to demonstrate “value for money,” which would, among other things, permit reporting on an aggregate basis of the results of the international business development activity. In the meantime, the present report contains a list illustrating the range of results that are being achieved within this business line.

The trade and economic policy, international security and cooperation, and public diplomacy business lines do not lend themselves to aggregate or statistical reporting. Foreign relations taken as a whole constitute a continuous effort to achieve a myriad of qualitatively stated objectives in an environment in which all of the other players – foreign countries, multilateral corporations, international non-governmental organizations, etc. – are seeking their own equally diverse, often conflicting, ends.

Every country must achieve its international goals by cooperation and negotiation with others. The success of these efforts is embodied in international agreements, ranging from formal treaties to political understandings, many of which can be interim steps towards a final agreement. The implications for Canada of such agreements can be immediate and direct – e.g., the resolution of a trade dispute that hinders exports – or indirect but vital, such as the prevention of nuclear proliferation. The results reported thus concentrate on agreements reached, with brief assessments of their significance to Canada and Canadians. In the case of international security and cooperation, the results, because of their diversity, are organized under broad themes in Canadian foreign policy.

Public diplomacy supports the achievement of foreign and trade policy objectives by seeking, through long- and short-term means, to influence attitudes and beliefs among key foreign decision-makers and influencers. Evidence of success in such work can usually only be obtained indirectly or from the testimony of those whom public diplomacy is seeking to reach. Apart from the export promotion of cultural and educational goods and services, this is the basis for the results reported in this business line.

Figure 19. Comparative Spending Data, by Business Line (\$000)

	Actuals 1994-95	Main Estimates 1995-96	Actuals 1995-96
International Business Development	241,090	234,339	228,494
Trade and Economic Policy	104,518	110,472	108,817
International Security and Cooperation	601,524	433,281	455,425
Assistance to Canadians Abroad	36,294	37,275	37,397
Public Diplomacy	89,903	74,381	81,927
Corporate Services	258,246	222,686	212,383
Services to Other Government Departments	186,795	182,938	183,396
Passport Services: (Surplus)/Deficit	(3,112)	8,204	(6,591)
Total	1,515,258	1,303,576	1,301,248

The major differences in actual spending between 1994-95 and 1995-96 are as follows:

- ***International Business Development.*** The \$12.6 million decline in spending reflects expenditure reductions, announced in the February 1995 federal budget, affecting the Program for Export Market Development as well as trade fairs and missions activities.
- ***Trade and Economic Policy.*** The \$4.3 million increase in spending is primarily associated with the cost of the G-7 Summit held in Halifax.
- ***International Security and Cooperation.*** The \$146.1 million decrease in spending is mainly due to the transfer to the Canadian International Development Agency of the program of assistance to the countries of central and eastern Europe and to reductions in contributions to support U.N. peacekeeping operations.
- ***Assistance to Canadians Abroad.*** The \$1.1 million increase is attributable to the effects of foreign inflation on the costs of administering consular services at Canada's missions abroad.
- ***Public Diplomacy.*** The \$8 million decrease in spending is the result of a \$7 million reduction in the level of support provided to the Canadian Broadcasting Corporation for the operation of Radio Canada International and of a \$1 million reduction in expenditures on communications activities necessitated by the federal budget of February 1995.
- ***Corporate Services.*** The \$45.9 million decrease in spending reflects the completion in 1994-95 of the SIGNET (Secure Integrated Global Network) project as well as expenditure reductions arising from the federal budget of February 1995.
- ***Services to Other Government Departments.*** The \$3.4 million reduction in spending primarily reflects a reduction in the number of staff working at missions on behalf of the Department of Citizenship and Immigration and of CIDA.
- ***Passport Services.*** The \$3.5 million increase in the year-end surplus of the Passport Revolving Fund primarily reflects increased revenue associated with a 7.7% increase in the number of passports issued.

C. DETAILS BY BUSINESS LINE

International Business Development

Objective

To create jobs and prosperity in Canada by encouraging Canadian firms to take full advantage of international business opportunities and by facilitating inward investment and technology flows.

Results

Global

- Canada's International Business Strategy (CIBS) defines federal departments' and agencies' international business development strategies for export promotion, international investment, and science and technology development. Changes in the CIBS, focused on better collaboration across the federal government and more cooperation with the provincial governments and the private sector, resulted in significant reductions in overlap and duplication and enhanced private sector participation.

- Innovations in the government's export financing have increased the amount of funds available to exporters for use in difficult markets or in highly competitive situations by a factor of at least three. In another initiative, "Exinvest Inc.," was established as a subsidiary of the Export Development Corporation to leverage private capital to provide competitive export financing. Exinvest has already supported substantial export sales.
- During the year, 621 companies reported \$220.1 million of exports or contractual successes as a result of their export-marketing or capital project-bidding activities supported through the Program for Export Market Development (PEMD). PEMD assists smaller Canadian companies by sharing their export-marketing costs in new markets or the expense of their bidding on major international capital projects. Assistance totalled \$9 million in 1995-96. The assistance is repayable if the company is successful (\$3.9 million repaid in 1995-96).
- The Corporate Partnering Program assisted small to medium-sized enterprises in key technology sectors in concluding 34 deals, primarily in Europe, ranging from technology licensing arrangements to equity participation agreements.
- The Venture Capital Program helped 45 Canadian technology companies raise financing totalling \$245 million through working with foreign venture capital funds, investment banks, corporate investors, and institutions.
- The Investor Relations Program identified 35 investment prospects, resulting in 10 new investments with a value over \$315 million and leading to the creation of 300 jobs.
- Over 1,500 service firms received training in how to export and a self-directed "how to export" tool, *Take a World View*, was produced and purchased by 600 firms that were new to exporting.
- A total of 40 associations received tools to assist their international network-building – e.g., how to manage an export committee, marketing alliances with other associations, establishment of export award programs, etc.
- A Market Research Centre was established to assist firms – particularly SMEs – in assessing foreign markets. The target output for 1996-97 is 400 foreign market reports, whose format is being determined through consultations with the private sector.
- The International Business Opportunities Centre (IBOC) was established jointly by the Department and Industry Canada to provide accurate and timely information about international opportunities to Canadian companies, frequently SMEs. In its first year, IBOC responded to 4,000 foreign business leads. As a result, over 2,000 Canadian companies pursued opportunities in new markets.
- Agreements increasing coordination in international business development were concluded with the governments of nine provinces and two territories.

Regional

The Trade Commissioner Service assisted in the international success of numerous Canadian firms and communities, and developed future opportunities for them through various means such as local promotional events and missions, introductions to key contacts, provision of market intelligence, etc. Examples of results include the following:

- SNC-Lavalin signed a \$250 million contract with the Algerian national oil and gas company for the extension of a petroleum complex.
- In Saudi Arabia, Canadian firms such as CANAC-Microtel, SNC-Lavalin, and POLYPUS International won contracts estimated to be in excess of \$450 million.

- The Team Canada trade mission to South and Southeast Asia in January 1996 resulted in increased trade and investment between Canada and India, Pakistan, Indonesia, and Malaysia. Canadian firms announced 194 new business deals worth an estimated \$8.7 billion during these missions. These included contracts and agreements in principle, such as memoranda of understanding (MOU), as well as joint ventures. By June 1996, 47 transactions worth an additional \$273 million were reported by Team Canada members.
- The Team Canada visit to India and Pakistan generated \$5.5 billion in business deals. These deals have triggered important follow-up business.
- The Team Canada mission to Indonesia and Malaysia resulted in the signing of new trade and investment arrangements worth \$3.2 billion. Ensuing bilateral air agreements with both countries will enhance tourism potential and facilitate business. Numerous MOUs in sectors such as forestry, geomatics, fisheries, culture, and education will generate business and research opportunities for Canadians.
- Within the context of the Action Plan for Japan, several significant business deals contributed to record high bilateral trade. Examples include:
 - MAAX Inc. of Sainte-Marie-de-Beauce, Quebec, entered into a three-year contract to supply \$50 million in bathroom fixtures and accessories for housing developments in Japan. This will create several hundred jobs.
 - SRI Homes, of Kelowna, British Columbia, just entered into contract agreements with two Japanese builders to provide over \$125 million worth of prefabricated housing. This represents over 2,000 houses for export.
 - Superstyle Chesterfield Co., of Downsview, Ontario, recorded an increase of 357% over last year's exports of furniture to Japan. Superstyle, which began exporting only two years ago, is now a major player in the year-to-year doubling of Canadian exports of residential furniture to Japan.
 - Tokyo-based Suzucom System began selling Smart 2000, a multimedia presentation system designed by the Canada Smart Technology Company, and expects to sell 2,000 units by March 1997.
- During the 1995 visit of South Korean President Kim Young Sam to Canada, an Arrangement on Industrial and Technological Cooperation was signed. This has resulted in the identification of projects with the potential to generate technology/marketing partnerships between Canadian and South Korean firms.
- Canada and South Korea signed a MOU on industrial cooperation and logistics support in defence equipment procurement. It will further the Department's goal of increasing defence product exports.
- DISYS won a \$3-million contract from the International Postal Corporation, which places it in a favourable position to capture a significant share of the world market estimated at \$100 million. This initial contract will result in the creation of 12 jobs in Canada and could give rise to an additional 50 jobs.
- CAE won a flight-simulator contract worth approximately \$17 million, awarded by the Belgian army for training in military helicopters.
- Northern Telecom signed a contract worth \$54 million with the Dutch Ministry of Defence to supply transmission equipment and a network management system for the second phase of its armed forces integrated network – a wide-area network for voice and data communications.

- Netherlands' Bio-Intermediar selected Montreal as the site for its \$35 million biotechnology facility to produce bio-pharmaceuticals for clinical trials as well as to license products. It is estimated that up to 100 knowledge-intensive jobs will be created.
- PETRESA, jointly owned by Spain's CEPSA and Quebec's Société générale de financement, opened a petroleum products plant (\$160 million) in Bécancour. This venture is a prime example of the benefits of NAFTA: the raw materials are Mexican, the main client is the United States, and the plant is in Canada.
- Cable Satisfaction won a license for a Portuguese television cable network. This will result in the sale of almost \$100 million in Canadian equipment.
- STORA of Sweden announced a \$650 million investment in Nova Scotia's pulp and paper industry.
- TKK Kunststoff of Germany announced a joint venture for manufacturing (\$4.5 million) in Alberta related to telecommunications sensors.
- France's Le MOCI published a major supplement and a series of articles on investment in Canada and strategic alliances with Canadian firms.
- Bombardier-Canadair sold six CL-415 water bombers to the Italian Department of Civil Protection. The value of this sale is approximately \$160 million.
- A Brazilian business mission to Canada, an outcome of the Prime Minister's participation in "Canada Comes to Rio," yielded over \$14 million in contracts.
- An Energy Round Table in Mexico resulted in the signing of significant commercial contracts in oil and gas exploration as well as in laying the groundwork for an energy MOU between the two countries.
- Software Kinetics, a Nova Scotia firm, entered into a strategic alliance, creating five to seven jobs, to produce multi-media products for the education market with Houghton Mifflin, one of North America's largest publishers.
- Krug Furniture secured a \$2.8 million order from the U.S. government's General Services Administration.
- Casino Windsor gained an increase in American group travel visitors of over 800%, contributing an estimated \$19.5 million to the city.
- Orion Bus Industries gained four U.S. municipal transit authority customers who ordered 89 new buses, for a total sales value of over \$20 million.
- Eco Logic, of Rockwood, Ontario, an environmental technology company, entered a partnership with SAIC, of Reston, Virginia, to implement a contract, reported to be worth US\$6 million, at a military site in Morgantown, Virginia.
- Lobbying activities protected Canadian firms' access to the U.S. military aerospace/defence market, valued at \$550 million in direct sales to the U.S. government and an equal amount to U.S. subcontractors.
- Disney announced the establishment of two new facilities, in Toronto and Vancouver, that are expected to create 2,300 positions dedicated to the production of high-quality, feature-length videos for the home market.

**Figure 20. International Business Development:
Comparative Spending Data (\$000)**

	Main	
Actuals	Estimates	Actuals
1994-95	1995-96	1995-96
241,090	234,339	228,494

Trade and Economic Policy

Objective

To create jobs and prosperity in Canada by effectively managing Canada's trading relationships with the United States and liberalizing trade and capital flows around the world, based on clear and equitable rules.

Results

Global

- Canada was a full participant in negotiations to progressively liberalize trade in telecommunications transport networks (e.g., satellites and related services). This sector underpins Canadian competitiveness, and a successful result will improve access to foreign markets for Canadian service providers as well as provide Canadian users of telecommunications services with access to world-class facilities. This sector is an important source of advanced technology and high-quality jobs. This work, originally scheduled to conclude in April 1996, is expected to be finalized by February 1997.
- Canada engaged in multilateral negotiations on maritime services. During this period, participants began to table offers of commitments to eliminate restrictions on international shipping, and auxiliary services (e.g., warehousing, customs clearance, and depot services), as well as onward transit and access to, and use of, port facilities. Negotiations were suspended in June 1996, but it was agreed that they would resume as part of the next round of comprehensive service negotiations, to begin no later than the year 2000.
- With other WTO member countries, Canada started an examination of disciplines, standards, and guidelines relevant to professional services. Canada's aim in this effort is to ensure that domestic regulatory measures pertaining to professional qualifications, technical standards, and licensing do not constitute unnecessary barriers to the supply of professional services, in particular for professions of export interest (accountants, engineers, architects, and consultants in foreign law). The participating countries have agreed to give priority to the accountancy sector. The target completion date for work in this sector is the end of 1997.
- Canada took an active part in negotiations leading to an interim Agreement on Trade in Financial Services. This agreement covers issues such as monopoly rights, financial services purchased by public entities, cross-border trade in financial services, the transfer and processing of information, and the temporary entry of personnel related to this sector.
- Canada played an active role in WTO accession negotiations with important countries such as China, Chinese Taipei, the Russian Federation, and Ukraine. These countries were among some 30 nations that had applied for accession to the WTO. Canada's objective in these ongoing negotiations was to ensure that the accession of these countries would be on terms that benefit Canada.

- The G-7 Summit, hosted by the Prime Minister in Halifax, considered international cooperation to ensure that international institutions are ready for the challenges of the next century.
- Canada took part in negotiations within the OECD on a multilateral investment instrument, which are scheduled to conclude in May 1997. Once completed, the agreement will provide enhanced levels of protection for Canadian foreign investment by addressing issues such as privatization, investment incentives, corporate practices, and dispute resolution. The Canadian objective is to extend NAFTA investment rules to OECD countries, including the right for Canada to protect cultural industries.
- Agreements were signed with Trinidad and Tobago, the Philippines, and South Africa under the Foreign Investment Promotion and Protection Agreement program. The agreements contain legally binding obligations for the treatment of foreign investments so that investors can carry out their business with confidence in a stable environment. Agreements with a total of 10 countries have now been signed, and negotiations are proceeding with most of the 20 “priority” countries.
- Canada contributed to a major review of priorities and decision making within the OECD. Negotiations on accession to the OECD were completed with the Czech Republic and continued with Slovakia, Poland, Hungary, and South Korea. (South Korea and Poland joined the OECD in 1996.)
- Canada took part in the 11th replenishment of the World Bank’s International Development Association Fund and the 7th replenishment of the African Development Fund. The reduced levels of both replenishments, which concluded in the spring of 1996, and of Canada’s contributions (by 27% and 48%, respectively) reflect current donor funding constraints, as well as Canadian priorities and burden-sharing. Canada is also participating in the 6th replenishment of the Asian Development Bank and expects to contribute at a lower level than previously.
- Canada contributed to the recapitalization of the European Bank for Reconstruction and Development (EBRD) in 1996. The EBRD was founded in 1990 as a regional development bank to support economic reform and democratization in central and eastern Europe (CEE) and in the republics of the former Soviet Union (FSU). Canada, an EBRD founding member, owns 3.4% of the bank and benefits economically both as a shareholder and through greater opportunities for Canadian companies in CEE and FSU in the context of EBRD projects.
- Canada actively participated in the FTAA initiative and was present at a meeting of trade ministers held in Cartagena, Colombia, in March 1996. Canada views this initiative as complementary to other regional initiatives such as NAFTA and Mercosur. Canada was active in all 11 FTAA working groups (on standards and technical barriers to trade, customs procedures, government procurement, services, etc.), which seek to develop proposals for a formal agreement, to be concluded by 2005.

Figure 21. Import and Export Permits Issued by the Department

	<i>Import permits</i>	<i>Export permits</i>
1990	458,704	7,096
1991	439,643	5,338
1992	450,310	4,804
1993	491,759	4,329
1994	521,278	4,175
1995	570,062	3,407
1996	608,892	3,165

Regional

United States

Canada's overriding trade policy priority remains the effective management of its trade relationship with the United States.

- The Department negotiated a Canada-U.S. Softwood Lumber Agreement, effective April 1, 1996, that includes U.S. guarantees against any trade actions on Canadian exports for five years. The agreement was negotiated at the request of British Columbia, Quebec, and Alberta – which, together, represent 90 per cent of softwood lumber exports to the United States – and with the support of the vast majority of the Canadian lumber industry.
- The Department defended Canadian interests in a NAFTA dispute undertaken at the request of the United States to consider Canada's application of its WTO tariff obligations for imports of U.S.-origin dairy, poultry, egg, barley, and margarine products.
- Canada and the United States reached agreement to reopen the Puerto Rico market to Canadian exports of ultra-high temperature (UHT) milk, which resumed in December 1995.
- At Canada's initiative, NAFTA working groups were created to seek to reduce the possibility of disputes concerning the operation of trade-remedy laws within North America. Trade-remedy laws govern the application of anti-dumping and countervailing duties. The working groups completed their work by the deadline of December 31, 1995. The discussions focused on regulatory and administrative procedures that, when implemented, will help to reduce disputes concerning these issues.
- Canada reached agreement with the United States and Mexico to simplify the NAFTA "rules of origin" for chemical products. The changes relieve chemical companies in NAFTA countries of the burdensome bookkeeping requirements associated with value-content tests, thus facilitating trade and also reducing costs for the three countries' customs administrations.
- Canada negotiated with the United States to terminate restrictions on imports of Canadian wheat. The removal of the U.S. restrictions became effective in September 1995, thus restoring open Canadian access to the U.S. grains market.
- The Department defended Canadian cultural policy interests in the United States in the areas of television broadcasting, magazine publishing, and copyright.

Europe

- The European Union agreed to postpone for one year a ban on the import of Canadian fur products, following a wide range of trade policy actions by Canadian officials.
- Canada signed agreements with Russia in early October on double taxation and cultural cooperation.
- Canada and the European Union (including Spain) reached an agreement that established conservation measures in the fisheries sector. This agreement was later accepted by a wide range of other countries at the annual meeting of the North Atlantic Fisheries Organization, held in late 1995.
- In December 1995, the European Union agreed to adjust its import rules in Canada's favour for high-quality wheat. As a result, the export of durum wheat increased from 160,000 to 336,000 metric tonnes, an increase valued at \$35 million.

- During 1995-96, agreements on investment, taxation, economic cooperation, and trade were signed with Ukraine; agreements were also signed on taxation with Uzbekistan and Kazakhstan, and on trade and investment with Armenia. These activities were part of the process of building a framework for trade and investment with the newly independent countries of the former Soviet Union.
- Canada signed nuclear cooperation agreements with Lithuania, Slovenia, Ukraine, and Brazil, facilitating nuclear trade with these important emerging markets. Canada also intervened with relevant agencies of several foreign governments to resolve problems blocking transactions by Canadian exporters and importers of nuclear items. Such interventions directly contributed to increased nuclear trade by Canadian companies.
- Negotiations were completed with the European Union to resolve trade irritants on a package of agricultural issues. In addition, Canada negotiated with the E.U. to restore tariffs to the level that existed for imports into countries before they joined the Union.
- Canada concluded an agreement on science and technology with the European Union in June 1995. This agreement gives Canadian companies, universities, and research institutes, in conjunction with European partners, access to billions of dollars of E.U. research and development funds.
- Bilateral agreements with the European Union were negotiated in the areas of mutual recognition of testing and certification of product standards, veterinary standards, customs cooperation, and competition policies. This will reduce problems faced by Canadian exporters to the E.U., thus facilitating trade with the region.
- Canada successfully countered an intensive public relations campaign aimed at impeding the export of Canadian fish products to Europe. Animal rights groups failed to organize a secondary boycott of Canadian fish in order to compel Canada to halt the annual Atlantic seal hunt. A successful boycott could have resulted in the loss of a valuable \$50 million export market for canned British Columbia salmon in the United Kingdom.

Other Bilateral and Regional Agreements

- Ministers Goodale, Martin, MacLaren, and Eggleton played key roles in building Japanese confidence in Canada's economy by leading Canadian participation in key trade events and promoting Japanese investment in Canada. A new Agri-Food promotional campaign was launched concurrently.
- Canada devoted considerable effort to bringing about the deregulation of the Japanese housing sector. As a result, the Japanese Government Housing Loan Corporation approved the use of Canadian plywood, which will facilitate its export to Japan; and Japan's Ministry of Construction agreed to allow the Underwriters Laboratories of Canada to conduct fire tests on construction materials to determine conformance with Japanese standards, which will lower the cost to Canadian exporters seeking a Japanese fire rating by allowing them to get their products tested in Canada instead of Japan.
- Major agreements were concluded with the Japanese Ministry for Foreign Affairs and the Japan International Cooperation Agency, paving the way for the participation of Canadian companies in joint projects in Kenya, Vietnam, Indonesia, and the Philippines.
- Canada and India signed a double-taxation agreement that will complement efforts to enhance investment flows and other business ties.

- Canada and India signed a bilateral air services agreement that will expand air links and, therefore, tourism.
- Canadian and Israeli negotiators concluded an agreement in principle for free trade between the two countries. This will enable Canadians to compete on a level playing field with suppliers in the United States and the European Union, regions that already have free-trade agreements with Israel.
- Canada and South Africa signed agreements on foreign-investment protection and double taxation. These two agreements offer Canadian investors and business partners safeguards and legal recourse similar to those found in other established markets. It is expected that the implementation of these agreements will lead directly to further investment.
- The Canada-Australia Trade and Economic Cooperation Arrangement was signed in November 1995. As a result, there will be increased consultation and cooperation on multilateral, regional, and bilateral trade policy issues and on business development, with an emphasis on small and medium-sized enterprises.
- Canada and the other members of the Asia-Pacific Economic Cooperation (APEC) group agreed on an “action agenda” for implementing free and open trade and investment in the region by 2020 (2010 in the case of developed countries). The Secretary of State (Asia-Pacific) announced that Vancouver had been chosen as the venue for the 1997 APEC Summit. In addition, Canada will be the site of five APEC ministerial meetings dealing with sustainable development, transportation, trade, energy, and small and medium-sized enterprises.
- The establishment of a Bank for Economic Cooperation and Development in the Middle East and North Africa was announced at the Amman Economic Summit in November 1995. Canada helped to ensure the inclusion of references to environmental protection and human rights in the articles of the Bank and expects to become a founding member.

**Figure 22. Trade and Economic Policy:
Comparative Spending Data (\$000)**

	Main	
Actuals 1994-95	Estimates 1995-96	Actuals 1995-96
104,518	110,472	108,817

International Security and Cooperation

Objective

To promote a peaceful, law-based international system that reflects Canadian values and in which Canada is free from threats from abroad.

Results

Global and Regional Security

- Canada co-sponsored the 1995 OAS General Assembly resolution transforming the temporary “special committee on hemispheric security” into a permanent committee, legitimizing security as a permanent OAS area of concern. The committee’s work program includes priority issues for Canada, such as conventional arms transfers, confidence building measures, landmines, and nuclear non-

proliferation.

- Canada played a key role in the adoption of the November 1995 Santiago declaration on confidence and security-building measures, which recommends a range of measures to reduce tensions in the region and encourages further steps to implement such measures.
- At the Defence Ministers of the Americas meeting in Williamsburg (July 1995), Canada's presentation on the Canadian Defence White Paper provided a useful model for increasing military transparency in the region and contributed to the growing consolidation of civilian authority over military forces.
- The NORAD agreement was renewed for five years. This will reinforce the traditionally close links between Canada and the United States with regard to continental defence and security.
- As a mentor on the issue of maritime confidence-building within the Arms Control and Regional Security Working Group of the Middle East Peace Process, Canada played a key role in negotiating regional framework agreements for the prevention of incidents at sea and for cooperation on search and rescue. These are significant because they are the first confidence-building measures to be adopted by the regional participants.
- In May 1995, Canada hosted a special meeting of foreign ministers of ASEAN members in Vancouver, which enabled Canada to build regional support for the language concerning security, human rights, and trade policy that had previously been incorporated into the Halifax G-7 Summit communiqué.
- At the second ASEAN Regional Forum (ARF) meeting, held in August 1995, Canada worked to ensure adoption of a forward-looking work program, which focused on confidence-building and on cooperative activities, such as peacekeeping and search and rescue, where Canada has unique expertise. An active presence in ARF reinforces Canada's profile in the region and strengthens a cooperative multinational dialogue on security issues. Canada has also helped to promote stronger relations between civilian and military actors, among and within states, by encouraging military participation in the ARF inter-sessional activities.
- Canada continued its strong support for the Workshop Series on Managing Potential Conflicts in the South China Sea, which are hosted by Indonesia and draw together experts from all states involved in territorial disputes in that area. These workshops help identify working arrangements pending solutions to the territorial claims, thereby reducing regional tensions.
- The deployment of naval task groups to various regions (e.g., Southeast Asia, the South Pacific, South America, and Europe) reinforced Canada's role as a security partner and provided an opportunity to promote Canadian technology in selected countries. Canada's role in naval exercises in the Mediterranean and the Persian Gulf contributed to international peace operations.
- Effective export controls are an essential tool for Canadian security policy, as well as other policy areas (e.g., human rights, bilateral relations, etc.). During the period under review, 1,497 export permits were issued for military goods, 350 for nuclear materials and related items, 33 for missile-related items, and five for items associated with biological and chemical weapons.

Control of Conventional Weapons and Weapons of Mass Destruction

- An indefinite extension of the Nuclear Non-Proliferation Treaty was achieved in May 1995, with Canada playing a key role in this success. The treaty is the cornerstone of global efforts to stop the spread of nuclear weapons.
- Under the leadership of Canada's ambassador, the Geneva-based Conference on Disarmament

achieved agreement on a negotiating mandate concerning a treaty to cease the production of fissile materials for nuclear weapons and other explosive purposes. Although negotiations have yet to begin, such a treaty would be an important step towards constraining nuclear weapons programs.

- Under Canada's chairmanship, the G-7 Non-Proliferation Experts Group drafted and concluded a program on preventing and combatting illicit trafficking in nuclear materials, which was forwarded to the Moscow Nuclear Summit.
- Canada signed nuclear cooperation agreements with Lithuania, Slovenia, and Ukraine in 1995. All of these promote Canada's nuclear non-proliferation objectives by ensuring that Canadian nuclear exports are used only for peaceful, non-explosive uses, and by supporting an effective and comprehensive international nuclear non-proliferation regime.
- Canada joined with 27 other countries to announce the formation of the Wassenaar "arrangement on export controls for conventional arms and dual-use goods and technologies," which will promote transparency and greater responsibility in the transfer of these items. Canada played a central role in developing the consensus text, particularly regarding dual-use items, and in accelerating the establishment of a secretariat.
- Canada succeeded in obtaining agreement among its partners to strengthen the cooperation and coordination process in the Missile Technology Control Regime (MTCR), which will enhance the ability of MTCR partners to address the proliferation of missile technology, particularly in regional contexts. Canada chaired the working group that performed the first update of technical lists in several years, thus preventing a decline in the relevance of the MTCR.
- Canada ratified the Chemical Weapons Convention in September 1995. This convention, which will come into force in April 1997, is central to global efforts to eliminate chemical weapons.
- The Department created an industry advisory group on the Chemical Weapons Convention to ensure that the convention's approach to regulation, data declarations, and inspections, especially with respect to the need to protect confidential business information, has a minimal impact on normal private-sector activities.
- Canada was instrumental in achieving an extension of the January 1996 review conference for the Convention on Certain Weapons, which deals with the use of anti-personnel mines, thus preventing the failure of that conference.
- Canada declared a comprehensive unilateral moratorium on the production, export, and operational use of anti-personnel mines. This was a significant new policy direction and a contribution to international efforts to curb the devastating consequences of the use of these weapons.
- A Canadian-initiated and -chaired U.N. Group of Experts on the subject of arms control verification completed its work and tabled its report in the General Assembly in September 1995. This innovative study expanded international understanding of the concept of verification and made a number of practical recommendations regarding the role of the United Nations in this field.
- The Department completed a major study entitled "Constraining Conventional Proliferation: A Role for Canada," which drew upon experts from academia, non-governmental organizations, and the defence industry. This study was widely distributed and provided an essential background paper for the departmental outreach conference on military expenditures in developing countries and arms control.
- The Department's Verification Research Program, drawing upon more than 40 academic and private sector experts, completed over 35 research projects on non-proliferation, arms control, and

disarmament issues and produced approximately 30 reports. This program provides background support to Canada's international efforts in the field and fosters an active Canadian expert community upon which Canadian diplomatic efforts can draw as required.

- The departments of National Defence and Foreign Affairs and International Trade completed a training course and field exercise for South Korean officials on the subject of conventional arms control verification. This was a concrete contribution to efforts to promote a South Korean capability to undertake regional arms control measures.

Conflict Prevention, Peacekeeping, and Peacebuilding

- The Department of Foreign Affairs and International Trade and the Department of National Defence completed a major practical study on a "rapid reaction capability" for U.N. peacekeeping, which was presented to the General Assembly in September 1995. Canada assisted the United Nations in implementing 19 of the 26 recommendations of the report and continues to provide support for the establishment of the rapidly deployable mission headquarters.
- NATO successfully deployed the 50,000 personnel Implementation Force (IFOR) to carry out the military aspects of the "general framework agreement on peace in Bosnia Herzegovina" (i.e., the Dayton Accords), demonstrating that NATO could be an effective body for peacebuilding. IFOR, which successfully drew together over 35 NATO and non-NATO nations, had a crucial stabilizing effect in the Balkan region and, by incorporating as equal partners non-NATO members such as Russia, was a confidence-building force for global security. Canada committed over 1,000 troops to IFOR.
- Canada provided funding and key personnel to the Office of the High Representative, the organization that is responsible for coordinating civilian implementation of the Dayton Accords and which played a key role in the formation of new, democratic central-governmental institutions. Canada also contributed to the process that identified priorities, found funding, and implemented projects for the reconstruction of Bosnia's shattered economy and society. The first successful postwar democratic elections in Bosnia Herzegovina represented a major step towards democratization in the region. Preparing and implementing this effort was the major initiative of the Organization for Security and Co-operation in Europe (OSCE) during this period – and its largest single operation to date, in which Canada was a significant contributor. Canada also contributed to the OSCE by heading or playing key roles in OSCE missions in central and eastern Europe, including Ukraine and Moldova.
- Although Canada has participated in the U.N. Assistance Mission to Rwanda since its inception in 1993, Canada left shortly before the termination of the mission in early 1996, to make the point that U.N. peacekeeping operations must be provided with the necessary resources to accomplish their mandate. Canadian participation was buttressed with substantial support to the U.N. agencies working in Rwanda, as well as through bilateral aid programs.
- Haiti is a priority for Canada, as demonstrated by the substantial and largely cost-free contribution to the U.N. mission in that country (750 troops and 100 police officers). Important progress has been achieved in establishing a climate of public security in the country.
- Canada has established an umbrella fund of \$2.5 million to strengthen the Organization of African Unity's "mechanism for conflict prevention, management and resolution." It has also offered humanitarian aid and electoral assistance aimed at resolving conflicts in Liberia and Sierra Leone.
- Canada provided personnel to the Cambodian Mine Action Centre to train Cambodians in demining techniques, safety standards, and demining management skills. Canadian expertise in demining is

renowned and is sought for other parts of the world such as Central America and Africa.

- Canada convinced Japan to deploy peacekeepers within a Canadian contingent of the U.N. Disengagement Observer Force (UNDOF) in the Golan Heights – the first such joint operation with any country in which Japan has participated.

Democracy, Human Rights, and Good Governance

- The Department of Foreign Affairs and International Trade created the Peacebuilding and Democratic Development Division to spearhead efforts to create democratic institutions worldwide. Round tables and seminars with non-governmental organizations, academics, and other government departments on conflict prevention, post-conflict reconstruction, and environmental security furthered Canadian capability in these areas.
- Canada assisted in the development of the electoral process by providing technical experts and observers to elections in Europe, Latin America, the Middle East, and Africa.
- Canada was successful in establishing, at the U.N. Commission for Human Rights, an intergovernmental working group to prepare a draft declaration on indigenous rights. In March 1996, Canada also hosted in Whitehorse a U.N. experts' workshop on indigenous land claims as part of its effort to promote indigenous rights internationally.
- At the Beijing World Conference on Women in September 1995, several Canadian proposals were incorporated into the "platform for action," including an unprecedented reference to "rape in armed conflict as a war crime which can, under certain circumstances, constitute genocide." Canada also led the effort to include sexual violence and gender-related persecution as grounds for refugee claims.
- As part of Canada's longstanding support of the U.N. human rights machinery, Minister Axworthy was the first Canadian foreign minister to address the 52nd session of the Commission on Human Rights, held in March and April 1996.
- Canada was able to establish an officials-level bilateral dialogue with China to increase understanding of human rights in both countries. The first meeting was held in China in January 1996.
- Canada played a key role in the decision by the Commonwealth heads of government to suspend Nigeria's membership on human rights grounds and its failure to uphold the principles of the Harare Declaration. Canada led the way for the creation of a Commonwealth ministerial action group in order to pursue the Canadian goal of encouraging human rights in Nigeria.

Terrorism, Transnational Crime, and Drug Trafficking

- To foster an international consensus on fighting terrorism, in December 1995 Canada hosted the first meeting on terrorism to be attended by ministers from the G-7 countries and Russia. The resulting Ottawa "declaration on countering terrorism" included a program of action setting out basic principles and encouraging the development of concrete measures to prevent, deter, and prosecute terrorism.
- The Philippines hosted a similar conference in February 1996. Canada assisted in the organization of this and other meetings and helped to develop the resulting action plans.
- At the Halifax Summit in July 1995, the issue of transnational crime was placed on the agenda and an experts group was formed. Under Canadian chairmanship, the group identified best practices and examined comparative law and procedures to enable countries to better share experience in effective crime fighting.

- Canada is creating a network of treaties on mutual legal assistance in criminal matters to provide for cooperation between Canadian and foreign law enforcement agencies in criminal investigations and prosecutions. Canada brought into force such treaties with China, India, Italy, and Switzerland, bringing the total number in force to 14. Canada also signed mutual legal-assistance treaties with Austria, Belgium, and Hungary, and brought into force a new extradition treaty with Switzerland. Negotiations were initiated with Ukraine, the Czech Republic, Argentina, and the Turks and Caicos Islands.
- To ensure more effective international cooperation in the fight against the production, trafficking, and abuse of drugs, Canada has taken an active stand in the U.N. Drug Control Program (UNDCP), the U.N. Commission on Narcotic Drugs (CND), and the OAS Inter-American Drug Control Commission (CICAD).
 - In the CND, Canada has championed a “declaration on demand reduction principles.” This is an important step towards ensuring that there is international recognition of the importance of reducing the demand in consuming countries as part of the battle against drugs, including enforcement and control.
 - Within the UNDCP, work on a Caribbean “plan of action” was begun. It will serve as a platform for improved cooperation and coordination among donors to the UNDCP and the countries in the Caribbean through national drug councils, maritime and law-enforcement cooperation, demand reduction strategies, and drug awareness training.
 - In CICAD, work was begun on the adoption of an “anti-drug strategy for the hemisphere,” pursuant to decisions taken at the Summit of the Americas in 1994. Canada is working to ensure that the strategy takes account of demand *and* supply reduction requirements.

Sustainable Development and Environmental Protection

- In November 1995, Montreal was chosen over three other cities as the host city for the Permanent Secretariat of the Convention on Biological Diversity. Canada also facilitated the rapid transfer of the secretariat from Geneva and the setting-up of offices in Montreal, leading to the creation of 30 new direct jobs and substantial hotel, convention, and travel business.
- In 1995, negotiations began on the creation of the Arctic Council (which was officially inaugurated on September 19, 1996), the primary purpose of which is to promote sustainable development in the Arctic.
- Negotiations began in January 1996 on a Canada-Chile “environmental cooperation agreement” as part of the negotiations on a bilateral free-trade agreement. (This Agreement was initialled in Ottawa on November 18, 1996.)
- Canada successfully promoted the establishment of an intergovernmental panel on forests by the Commission on Sustainable Development in April 1995 in order to focus international dialogue on the sustainable management of forests and to advance the prospects for the launch of negotiations on an international convention on forests.
- Canada took a leading role in negotiations on an agreement to implement “prior informed consent procedures for trade in certain banned or severely restricted chemicals.” It also played a major role in discussions on the problems posed by persistent organic pollutants (POPs), including meetings under the Convention on Long Range Transboundary Air Pollution and the Intergovernmental Forum on Chemical Safety. Action on POPs is a high priority for Canada because of the hazards they pose to the health of Canadians, in particular indigenous Canadians living in the Arctic.

- Canada played a leading role in the adoption by over 100 countries of a “global programme of action” for the protection of the marine environment from land-based activities (Washington, October 1995). Given the fact that Canada borders on three oceans and that many provinces depend on marine resources, international efforts to reduce marine pollution (most of which comes from land-based sources) remain a Canadian priority. In early 1996, Canada initiated, along with the United States, a pilot project on regional implementation of the global programme of action, focusing on the Gulf of Maine. This is being pursued through the North American Commission on Environmental Cooperation.
- Canadian leadership resulted in a declaration on lead risk reduction by OECD environment ministers at their meeting in Paris in February, 1996.
- Canada opposed the implementation of a discriminatory trade ban on recyclable materials proposed under the Basel Convention on Transboundary Movement of Hazardous Wastes and their Disposal, and took part in discussions aimed at clarifying the definition of hazardous wastes under the convention and at establishing a liability protocol.
- Following the first meeting of the “conference of the parties” to the Climate Change Convention, held in Berlin in April 1995, Canada continued efforts to stabilize Canadian greenhouse gas emissions at 1990 levels by the year 2000 and to consider what commitments might be achievable in the post-2000 period.
- To help the International Model Forest Program gain international stature and attract donor support from non-Canadian sources, the program was transferred from the Department to the International Development Research Centre (IDRC). The program promotes Canadian sustainable forestry objectives by spreading innovative approaches to sustainable management of forests to other countries. “Model forests” have been established in Canada (10), Mexico (2), and Russia (1); two U.S. forests have affiliated status, and there is growing interest in the program from a number of other countries.
- Canada signed the U.N. Agreement on Straddling Fish Stocks and Highly Migratory Fish Stocks in December 1995. This agreement closes a gap in the Law of the Sea Convention related to the conservation of fish stocks on the high seas. This has been a priority for Canada, given its extensive conservation efforts in Canadian fishing zones and its interest in promoting sustainable management of fisheries on a worldwide scale.
- Canada achieved the protection of migratory birds while accommodating Aboriginal hunting practices in northern Canada, thanks to a U.S. agreement to amend the Canada-U.S. Migratory Birds Convention.
- Canada succeeded in protecting the Arctic National Wildlife Refuge from oil and gas drilling that would have affected the calving grounds of the Porcupine caribou, vital to Canadian Aborigines.
- The Department kept open the Pacific salmon negotiations and increased attention in the United States to the necessity of resolving the dispute.
- Canada avoided boycotts by American companies using Canadian pulp and paper products through successful advocacy and effective communications about Canada’s provincial forestry codes, forestry management, and state-of-the-art forestry engineering.
- The Canada-U.S. Energy Consultative Mechanism was strengthened to include greater focus on multilateral activities such as the APEC ministerial meeting on energy and climate change initiatives.
- Canada signed an Agreement Amending the 1989 Canada-US Agreement for Water Supply and

Flood Control in the Souris River Basin, allowing Saskatchewan to retain 60% of the water under certain circumstances.

- As chair of the G-7 Nuclear Safety Working Group, Canada signed a memorandum of understanding on behalf of G-7 countries and the European Commission with Ukraine supporting that country's commitment to close the Chernobyl nuclear power plant by 2000. The G-7 and the Commission agreed to provide grants for safety upgrades and facilities for decommissioning and to work with international financial institutions to prepare investment loans for completion of two nuclear plants and conventional energy projects.
- The Nuclear Safety Account, which has been managed by the European Bank for Reconstruction and Development on behalf of the G-7 and five other donors since April 1993, continued to play a key role in providing short-term safety improvements to less safe nuclear plants in Bulgaria, Lithuania, and Russia. A safety project for the Chernobyl nuclear plant in Ukraine was approved and funded in November 1996. Canada continued to make valuable contributions through the integrated efforts of the Department, CIDA, and the Canadian nuclear industry, to safety assessments and improvements at Soviet-designed plants still in operation.

A Strong and More Efficient Multilateral System and an Effective United Nations

- The participants in the G-7 Summit together with Russia (the "P-8") reaffirmed their support for the United Nations and for multilateral approaches to solving problems such as arms control and disarmament.
- The United Nations Security Council now consults more closely with troop-contributing countries, especially Canada, to plan more effective peacekeeping operations; a stronger role for the U.N. Department of Humanitarian Affairs has resulted in more-rapid and better-coordinated responses from emergency mechanisms; and, led by a partly Canadian-financed consultancy, the U.N. Centre for Human Rights became a more effective promoter and protector of human rights.
- Canada persuaded its G-7/P-8 Summit partners to press for a review of the United Nations' economic and social institutions and of its relations with international financial institutions; to eliminate duplication and overlap; and for an increase in the effectiveness of U.N. development activities. This facilitated improvements in the mandates and functioning of the Economic and Social Council (ECOSOC) and the U.N. Conference on Trade and Development (UNCTAD). As well, functional and regional economic commissions have initiated reviews.
- Canada pressed the U.N. General Assembly to adopt a zero nominal-growth budgetary policy and saw the achievement of this goal in the U.N. regular budget.
- In the ILO and the World Health Organization (WHO), Canada campaigned for budgetary reform so that the organizations set objectives and account for results against those objectives.
- Canada pressed the U.N. Efficiency Board for results. Efficiency gains of \$120 million were achieved in 1996 and cost control is being implemented in the U.N. specialized agencies while maintaining priority programs.
- The United Nations High Commissioner for Refugees and the International Organization for Migration are implementing major reforms to improve efficiency and reduce costs.
- Canada encouraged member countries of UNESCO and the UNESCO Secretariat to pursue reforms that will give member countries greater control over the organization, so that project designs must now take greater account of their views and remain within available budgets.

- In the OAS, Canada urged members to adopt a zero-nominal-growth policy, achieved the merger of two technical assistance councils into one, and saw Canadians fill key posts to deliver better administration.
- Canada worked to bring about the overhaul of structure of the Francophonie, including the creation of the post of secretary general, with a clear political mandate. The Francophonie is thus expected to agree on a structure enhancing its role as political forum for francophone countries.

Constructive Relationships with Specific Countries and Regions

- Canada promoted settlement of the Arab/Israeli dispute by active participation in the Multilateral Peace Process, in particular as chair of the Refugee Working Group. At its plenary meeting in December 1995, the Group helped to channel over \$75 million in international assistance to Palestinian refugees and initiated an Israeli-Palestinian dialogue on aspects of a comprehensive solution to the Palestinian refugee problem.
- Canada increased its trade and diplomatic representation in Asia by opening resident missions in Brunei and Vietnam.
- The Prime Minister and other cabinet members took part in ceremonies in Europe marking the 50th anniversary of the end of the Second World War.
- In April 1996, the Canada-Mexico Joint Ministerial Commission, attended by Canada's ministers for Foreign Affairs and International Trade, was given responsibility for developing long-term objectives for the bilateral relationship and for drafting a joint statement that was made public during President Zedillo's visit to Canada.
- The visit by the Prime Minister to Grenada to meet with leaders of the Caribbean Community and Common Market (CARICOM) resulted in the consolidation of support for Canadian positions in regional, multilateral, and international forums.
- Canada achieved more effective diplomatic and trade coverage in Latin America by opening embassies in Uruguay and Panama, upgrading its representation in Ecuador, and opening offices in Mexico (Guadalajara), Brazil (Rio de Janeiro), El Salvador (San Salvador), and Nicaragua (Managua).
- The Department achieved increased cooperation on Canada-U.S. border facilitation, which includes easier border crossings, transportation and trucking, trade, tourism, and customs preclearance; successful advocacy also resulted in a joint resolution being drafted by Canadian consulates general and U.S. western governors to waive the border fee proposed by the U.S. government.
- The Department created greater understanding in the United States of Canadian concerns regarding the very controversial extraterritorial measures enacted by the U.S. Congress through the Helms-Burton Act. Title III of this Act, which gives Americans the right to sue those they deem to be "trafficking" in expropriated property, was subsequently suspended by the U.S. president.
- Canada began negotiations with the United States to secure a U.S. contribution to the environmental clean-up of four former U.S. military installations in Canada.

The Development of International Law

- Canada took a leading role in the development, at the United Nations, of a permanent international criminal court. Canadian efforts led to the establishment of a preparatory commission, which in turn is paving the way for a full diplomatic conference on the proposed court in 1998.

**Figure 23. International Security and Cooperation:
Comparative Spending Data (\$000)**

	Main	
Actuals 1994-95	Estimates 1995-96	Actuals 1995-96
601,524	433,281	455,425

Assistance to Canadians Abroad (Consular Services)

Objective

To meet the needs of individual Canadians for official assistance while travelling or living abroad.

Results

- In 1995-96, consular services were provided to approximately 1.5 million Canadians through 250 points of service in 160 countries and through the Department's Consular Affairs Bureau in Ottawa. Significant developments during the year were the increasing numbers of emergency evacuations and of requests for assistance in cases of international parental abductions of children and child custody disputes. In November 1995, the consular program was placed on a full cost-recovery basis through the imposition of the consular service fee. Detailed standards of service were issued at the same time.
- *Emergency evacuations.* Five hundred Canadians resident in or visiting Liberia, Martinique, Mexico, Rwanda, and Burundi were evacuated to points of safety in order to avoid political unrest or natural disasters. During the year, the registration of Canadians abroad was computerized and now provides for a much more efficient means of locating, informing, and perhaps evacuating Canadians in the event of such disasters. The associated contingency planning process was computerized as well.
- *Protection services* were provided to tens of thousands of Canadians in all countries of the world as a result of illnesses (mental and physical), accidents, crime victimization, and deaths by all causes.
- During the year, services were provided to 1,372 Canadians in foreign prisons. The Consular Service also dealt with 374 reported parental child abductions to foreign countries; with hundreds of child custody cases where one or more of the principals were Canadian; with thousands of cases of destitution and the need to arrange for financial assistance from family and friends or for loans from public funds. Approximately \$400,000 was loaned from public funds.
- Canada brought into force a Transfer of Offenders Treaty with Venezuela to give the nationals of one country incarcerated in the prisons of the other the possibility of serving their sentences in their home country. Canada started discussions with Egypt on a possible consular agreement that would create a framework for dealing with, inter alia, child custody cases.
- In 1995-96, 65,000 passports were issued by Canadian missions; passport and citizenship services were provided in more than 434,000 cases.
- *Awareness program.* The provision of information to Canadians on conditions in foreign countries has been expanded through improved contact with the Canadian travel industry and participation in travel shows in Vancouver, Toronto, Montreal, and Halifax. As well, the Travel Information Program, which provides security/safety, health, and visa information on 150 countries, was included on the Department's Web site, while fax-back and personal services were expanded. Approximately

50,000 inquiries were responded to. The *Bon Voyage...But* leaflet was distributed to 1.5 million Canadians. Cost-sharing arrangements with organizations and companies in the travel industry were made to offset the costs of the printing of this booklet.

- *Additional points of service.* In view of increasing and widespread demands for services, eight new honorary consul missions were opened, bringing the total to 83. While the primary function of honorary consuls is to provide consular services, they are also involved in trade promotion, economic relations, public affairs, representational work, and other activities related to Canadian interests abroad. Arrangements were made with the Government of Australia to provide services to Canadians in the South Pacific.

Figure 24. Consular Cases, by Category and by Region

	Africa and Middle East	Asia- Pacific	Europe	Latin America and Caribbean	United States	Total
Passport	28,676	68,049	120,569	27,203	87,490	331,987
Citizenship	8,227	14,228	38,771	10,942	30,270	102,438
Legal	15,120	7,081	18,113	9,200	3,908	53,422
Financial	408	198	1,222	1,025	368	3,221
Repatriation	68	127	185	193	243	816
Medical	300	309	713	656	312	2,290
Missing Persons	442	601	1,386	906	373	3,708
Prisoners	163	125	206	298	580	1,372
Deaths	84	119	561	350	250	1,364
Abductions	55	33	167	54	65	374
Information	53,009	36,625	162,364	48,634	47,626	348,258
Total	106,552	127,495	344,257	99,461	171,485	849,250

**Figure 25. Assistance to Canadians Abroad:
Comparative Spending Data (\$000)**

Actuals 1994-95	Main Estimates 1995-96	Actuals 1995-96
36,294	37,275	37,397

Public Diplomacy

Objective

Creation of interest and confidence in Canada abroad and an international public environment favourable to Canada's political and economic interests and Canadian values.

Results

Communications

- The Department ensured that Canadian representatives abroad were fully informed of the national unity debate, so they could contribute to an accurate and balanced assessment of the national unity issue by foreign leaders and opinion formers.
- Supported by Canadian financing, the French-language international television network, TV5, was extended to every continent. Canada's role in the network promotes Canada's image as a major international francophone state, and daily Canadian programming on the network promotes Canadian values, interests, and exports around the world.
- The Department, in collaboration with Natural Resources Canada, helped to maintain access to international markets of Canadian forest products by raising awareness in Europe of Canada's sustainable forest management practices and policies.
- Market intelligence provided by the publication *CanadExport* influenced Canadian companies in making export and investment decisions in foreign markets. *CanadExport's* "Success Stories Chronicle," which highlighted Canadian companies, their products and services, attracted the attention of foreign importers and Canadian companies with an interest in forming partnerships or strategic alliances to generate sales in foreign markets. *CanadExport's* online and e-mail editions also enabled the business community to have direct, immediate, and timely access to the trade information provided by Canada's trade commissioners around the world.
- Communications were aimed at increased public awareness and understanding of the government's key international trade priorities, such as its efforts to widen membership in NAFTA through the proposed accession of Chile, to pursue FTAA negotiations, to support the work of the WTO, to strengthen the promotion of Canadian exports through Canada's International Business Strategy, and to dissuade the European Union from imposing a ban on fur imports from Canada.
- Outreach programs were designed so that speakers addressed Canadians in a number of communities, large and small. A number of events were designed for Canadian youth, with a view to exposing Canada's future opinion makers to foreign policy and international trade issues.
- All of the Department's news releases and media backgrounders, along with many of its periodicals and other communications products, were made more accessible in Canada and to international audiences by publication on the Internet; other electronic delivery mechanisms were employed to disseminate information more effectively.

International Cultural Relations

- Positive publicity for Canada in the international media resulted from the Department's funding of more than 400 cultural organizations and individual artists to undertake international activities, such as concerts, theatrical performances, and museum exhibitions.
- The Department helped fund the creation of CultureNet, which will help Canadian artists and cultural organizations market themselves internationally through the medium of the Internet.

- The Department helped to fund and organize the Canadian exhibition at the Venice Biennale of Visual Arts. The Canadian pavilion attracted positive attention in the international media.
- A study commissioned by the Department from Statistics Canada provided a much more accurate view of the importance of the cultural industries to the Canadian economy. Based on an analysis of these industries' exports, the study pointed to the value of the cultural sector to the Canadian balance of payments and highlighted a growth rate of over 80% during the period 1990-95.
- The Department obtained a better understanding of the cultural industries' concerns and fostered increased awareness of export promotion programs as a result of extensive consultations with the private sector. The Department also set up a unit to act as a focal point for the cultural industries.
- Support was provided to the Canadian Music Week to enable U.S. and Mexican radio station buyers and music programmers to attend the Toronto event and to allow foreign conference speakers to provide valuable market information to Canadian firms.
- Through juried programs in 29 countries, over 340 foreign university faculty members came to Canada for up to five weeks to do research for publication or to prepare courses on Canada. These programs foster a more informed and positive perception of Canada among foreign decision and opinion makers in the academic, governmental, business, and media communities abroad. Foreign academics involved in Canadian studies helped reinforce foreign perceptions of Canada's sovereignty and stability through media presentations, published research, teaching, and advice to their public officials.
- The Commonwealth and Government of Canada scholarship programs helped about 350 graduate students to work on a degree in Canada or at a university in their home country during the academic year and so broaden and deepen their knowledge and perceptions of Canada.
- Through reciprocal arrangements, similar scholarships offered by other countries enabled Canadian graduate students to study abroad and contribute to the internationalization of Canadian higher education.
- Policy guidance and program management for international youth and young-worker exchanges enabled over 10,000 Canadians to go abroad and about 12,000 foreigners to come to Canada.
- The trilateral (Canada/Mexico/U.S.) higher education, research, and training program has led to increased collaboration and mobility. Since 1993, the number of academic agreements and projects between Canada and Mexico has increased from 33 to 83 (152%), and between Canada and the United States from 68 to 97 (43%).
- The Canada-E.U. agreement on higher education and training is increasing student mobility and transatlantic education cooperation, with the involvement of 19 Canadian and 22 European institutions.
- Support for the export of educational products and services was increased through workshops for suppliers, market studies, and field-testing new education marketing vehicles.
- The Canadian Education Centres in Asia substantially increased the ability of Canadian educational institutions to recruit foreign students; preparations were started to extend the concept to other countries.

**Figure 26. Public Diplomacy:
Comparative Spending Data (\$000)**

	Main	
Actuals 1994-95	Estimates 1995-96	Actuals 1995-96
89,903	74,381	81,927

Corporate Services

Objective

Enable the Department to achieve its mission and objectives through the delivery of cost-effective support services.

Results

- The Department implemented its Environmental Management Plan by:
 - conducting environmental assessments of policies, programs, and projects;
 - providing an environmental stewardship program for operations in Canada and at missions abroad;
 - providing an energy conservation program for missions and a headquarters waste reduction program at the Lester B. Pearson Building;
 - adopting environmental management plans at the three Canadian missions in Paris (as a pilot for all Canadian missions and in support of the Canadian “greening of national governments” initiative in the OECD and G-7);
 - providing sound environmental management practices and services for the Halifax G-7 Summit, the first “green” G-7 meeting;
 - initiating preparation of the Department’s first “sustainable development strategy.”
- A new system was introduced for the relocation of staff overseas, based on a competitive tendering process and a set of standards to ensure a reasonable level of service.
- The Department developed a program in Mandarin and a pilot program in Japanese, to provide, in Canada, the second year of intensive training in those languages, previously given abroad, thus reducing costs.
- The Department established a World Wide Web site as its primary presence on the Internet. It also established dial-in access to its library’s catalogue.
- The Department developed a three-year information management plan, which established the strategic framework for its management of information and technology.

**Figure 27. Corporate Services:
Comparative Spending Data (\$000)**

	Main	
Actuals 1994-95	Estimates 1995-96	Actuals 1995-96
258,246	222,686	212,383

Services to Other Government Departments

Objective

To enable other government departments to deliver their programs abroad by providing them with cost-effective support services.

Results

- In 1995-96, the Department supported over 600 Canada-based staff and 1,150 locally engaged staff working on behalf of other departments at missions abroad. The services provided include financial administration, personnel administration, and payroll services for locally engaged staff, as well as office and staff accommodation and maintenance services, security, transportation, and utilities.
- The Department assisted Citizenship and Immigration Canada in restructuring and consolidating its operations abroad.
- The Department worked closely with CIDA to ensure the smooth transfer of responsibility for mission staff units that provide technical and humanitarian assistance to the countries of central and eastern Europe.

**Figure 28. Services to Other Government Departments:
Comparative Spending Data (\$000)**

Actuals 1994-95	Main Estimates 1995-96	Actuals 1995-96
186,795	182,938	183,396

Passport Services

Objective

To provide internationally respected travel documents to Canadian citizens and other eligible residents of Canada.

Results

- The Passport Office issued 1,505,417 travel documents to Canadians in 1995-96, which represents an increase of 7.4% over the forecasted volume for that period. Twenty-three percent of Canadians are now passport holders. The large increase in passport demand is mainly due to the Open Skies agreement with the United States and to the increase in the number of travellers to other international destinations. The Quebec referendum and the rumoured introduction of the new consular fee also contributed to this significant increase.
- The 1-800 telephone service processed over 1.3 million requests for information from Canadians.
- Canadians have access to passport services at any of the 29 passport offices in Canada or through the mail-in service. Canadians residing in the United States can receive passports through the mail-in service. Refugees, landed immigrants, and official travellers are served through specialized units located in Hull. Government officials, citizens, and journalists on official Canadian missions, such

as Team Canada trade missions, as well as members of the Canadian Forces on peacekeeping missions, have benefited from these services.

- As a “special operating agency” operating under the authority of a revolving fund, the Passport Office finances its operations entirely from revenues generated by fees received for travel documents. The Passport Office must break even over a four-year cycle. In 1995-96, a \$6.6 million cash surplus was reported, resulting in a \$9 million profit on an accrual basis. This higher-than-expected cash surplus was as a direct result of a higher-than-expected demand and of delays in expenditures for the “technology enhancement plan.”
- Productivity at the Passport Office is measured by the number of passports issued per full-time equivalent (FTE). The high and unanticipated demand for passports and the tight management of resources explain this year’s productivity figure of 2,921, which is 16.5% above the forecasted level.
- Passport fees have again remained unchanged for 1995-96. Through conscientious financial management, the Passport Office has continued to finance its operations and to invest in new technologies that will lead to a simplified renewal process for passport holders.
- Travellers to the United States from the Vancouver airport are now invited to obtain a CANPASS card, which is the product of a joint project between Revenue Canada, Citizenship and Immigration, and the Passport Office. The encoded card, produced in our Vancouver offices, enables frequent travellers to clear Customs quickly.
- A survey indicating that 51% of our clients wish to use electronic payments has led us to implement pilot credit or debit card systems in five locations. The project will be assessed for further implementation.
- A national client satisfaction survey indicated that in-person clients rated highly the quality of services provided by the Passport Office staff with respect to courteousness, promptness, and knowledge of service, as well as their understanding of the client’s specific needs. The majority of clients consider that the locations of offices and hours of operation are convenient. There is a very low awareness that the \$60 passport fee includes a \$25 consular fee and that the Passport Office is totally funded by the \$35 processing fee. However, once told that the processing fee is \$35, an overwhelming majority say this is a fair price. The average client’s first concern is that the fee be kept as low a possible.
- Outstanding commendations have been received by the Passport Office for the fast service in special situations, such as an illness or death in the family, or last-minute business travel. Services are offered 24 hours a day, year round. In addition, a temporary office was set up to handle the 130% increase in demand for passports in Quebec during the weeks preceding the referendum.

**Figure 29. Passport Services:
Comparative (Surplus)/Deficit Data (\$000)**

Actuals 1994-95	Main Estimates 1995-96	Actuals 1995-96
(3,112)	8,204	(6,591)

Figure 30. Passport Services: Fee Schedule and Number of Travel Documents Issued

	Current fee (dollars)	Number of travel documents		
		Actuals 1994-95	Main Estimates 1995-96	Actuals 1995-96
<i>Passport</i>				
24 pages	35	1,365,979	1,366,146	1,472,096
48 pages	37	15,833	15,980	17,770
Official	57	6,944	6,728	7,060
<i>Other</i>				
Non-citizen refugee travel documents	35	5,017	8,270	5,843
Non-citizen certificate of identity	75	2,160	3,364	1,487
Emergency	6	1,290	1,262	1,161
Total		1,397,223	1,401,750	1,505,417

Figure 31. Passport Services: Performance Targets

	Actuals 1994-95	Main Estimates 1995-96	Actuals 1995-96
<i>Turnaround target</i>			
Applications received by mail	97% in 10 days 100% in 17 days	97% in 10 days 100% in 17 days	63% in 10 days 100% in 17 days
Applications received in person	96% in 5 days 100% in 7 days	97% in 5 days 100% in 7 days	97% in 5 days 100% in 7 days
<i>Productivity targets¹</i>			
All employees	2,681	2,511	2,921
Production employees only	3,614	3,592	3,573

1. Productivity is defined as the number of travel documents issued per FTE.

The Passport Office achieved its five-day service standard – five working days to process an application submitted in person – in 96.6% of cases. The 10-day standard for mail submissions was reached 63% of the time. These results were achieved despite delays caused by two events – namely, the Quebec referendum and the implementation of the new consular fee. In the days leading up to the referendum in Quebec, Ottawa-area employees of the Passport Office were sent to the Montreal-area offices to help them deal with a 130% increase in the demand for passports. After the implementation of the new consular fee, the Passport Office was required to contact all passport applicants who submitted their application by mail after November 8, 1995 to inform them of the change. Because of these events, the 97% target for applications submitted by mail could not be achieved within the 10-day standard.

D. DEPARTMENTAL AUDIT, EVALUATION, AND REVIEW

The Department's Office of the Inspector General performs an independent monitoring function of all aspects of the Department's performance. Within the Office, there are evaluation, review, and internal audit units as well as an inspection function directed principally at assessing managerial capabilities of personnel at missions abroad. The highlights of the Office's work in 1995-96 are as follows:

- The mission audit program was expanded beyond the administrative and consular programs to include trade, security, and environmental concerns.
- Twenty-two inspections and 32 internal audits of missions abroad were completed during the fiscal year.
- Headquarters audits were completed for the "materiel management function," the Protocol Bureau, and the Export and Import Controls Bureau. In addition, a systems audit of the Canadian Foreign Service Institute (CSFI) was performed in support of the evaluation of the "learning function," and a preliminary review was conducted of the Consular Program.
- The program evaluation activities undertaken include a case study of the Political/Economic Relations and Human Rights Issues Management Programs, and full evaluations of the Investment Development Program and the Department's "learning function." As well, our evaluators participated in interdepartmental reviews of Canada's Anti-Drug Strategy and of the International Forestry Partnership Program.

IV SUPPLEMENTARY INFORMATION

APPENDIX 1. RELATIONSHIP OF BUSINESS LINES TO ACTIVITY STRUCTURE

In previous Part III Expenditure Plans, the Department organized the presentation of its plans and expenditures according to an “activity structure,” adopted after the responsibility for international trade was transferred to the Department in 1982. A review of the Department’s operations and governance carried out in 1996 confirmed that this activity structure should be revised so as to permit a clearer picture of the cost of the services provided by the Department and of their distribution around the world.

The new “business line” structure thus contains two dimensions – one showing the nature of the Department’s services; and the other, the part of the world where they are performed. The main difference between the old and the new structure is that the old structure included in the activity called “Bilateral Relations and Operations” all the costs at headquarters and missions of any activity related to a given country or region. In the new structure, these costs are included in the appropriate business line and are broken down by region and Canada. The table below shows the relationships between the new business lines and the former activity structure.

Figure 32. Relationship Between the Business Line and Activity Structures

<i>Business Line</i>	<i>Activity</i>
International Business Development	International Trade Development plus elements of Bilateral Relations and Operations
Trade and Economic Policy	International Economic, Trade and Aid Policy plus elements of Bilateral Relations and Operations
International Security and Cooperation	Political and International Security Affairs plus Legal Affairs and elements of Bilateral Relations and Operations and Foreign Policy, Priorities and Coordination
Assistance to Canadians Abroad	Consular Affairs and elements of Bilateral Relations and Operations
Public Diplomacy	Communications and Culture and elements of Bilateral Relations and Operations
Corporate Services	Operational Support, Human Resource Planning and Administration
Services to Other Government Departments	Elements of Operational Support, Human Resource Planning and Administration
Passport Services	Passports

APPENDIX 2. PERSONNEL REQUIREMENTS

Figure 33. Details of Canada-based Personnel Requirements, by Business Line (FTEs)¹

	Actuals 1994-95	Actuals 1995-96	Main Estimates 1996-97	Main Estimates 1997-98	Planned 1998-99	Planned 1999-00
International Business Development	470	431	488	480	471	471
Trade and Economic Policy	436	400	453	446	437	437
International Security and Cooperation	595	550	617	611	602	602
Assistance to Canadians Abroad	83	80	90	90	90	90
Public Diplomacy	228	209	237	235	235	235
Corporate Services	1,708	1,736	1,439	1,421	1,382	1,382
Passport Services	521	574	573	571	501	526
Total	4,041	3,980	3,897	3,854	3,718	3,743

1. Human resource consumption is measured by employee full-time equivalents (FTE). One FTE is a measure of any combination of periods of employment in a fiscal year that equals employment of one person on a full-time basis throughout the year.

Figure 34. Details of Canada-based Personnel Requirements, by Professional Category (FTEs)¹

	Actuals 1994-95	Actuals 1995-96	Main Estimates 1996-97	Main Estimates 1997-98	Planned 1998-99	Planned 1999-00
Order-in-council appointments	20	21	20	18	18	18
Executive	389	381	386	376	369	369
Scientific and professional	86	86	105	106	106	106
Administrative and foreign service	1,915	1,860	1,895	1,927	1,900	1,900
Technical	213	201	189	190	182	182
Administrative support	1,390	1,400	1,269	1,212	1,119	1,144
Operational	28	31	33	25	24	24
Total	4,041	3,980	3,897	3,854	3,718	3,743

1. Human resource consumption is measured by employee full-time equivalents (FTE). One FTE is a measure of any combination of periods of employment in a fiscal year that equals employment of one person on a full-time basis throughout the year.

APPENDIX 3. CAPITAL PROJECTS

Figure 35. Capital Expenditures, by Business Line (\$000)

	Actuals 1994-95	Actuals 1995-96	Main Estimates 1996-97	Main Estimates 1997-98	Planned 1998-99	Planned 1999-00
International Business Development	6,375	5,939	5,424	5,336	5,316	5,316
Trade and Economic Policy	2,001	1,835	1,993	1,952	1,943	1,943
International Security and Cooperation	4,232	6,813	4,429	4,321	4,284	4,284
Assistance to Canadians Abroad	1,657	1,517	1,261	1,236	1,236	1,236
Public Diplomacy	1,018	1,124	1,156	1,133	1,133	1,133
Corporate Services	105,415	64,567	67,016	49,363	45,371	45,371
Services to Other Govern- ment Departments	5,444	6,960	6,280	6,044	6,102	6,102
Passport Services	885	–	–		–	–
Total	127,027	88,755	87,559	69,385	65,385	65,385

Figure 36. Capital Projects over \$1 Million, by Business Line (\$000)

	Current Estimated Total Cost	Forecast Expenditures 1996-97	Planned Expenditure s 1997-98	Future Years' Requirements
Corporate Services				
Algiers: construction of diplomatic complex (S-EPA)	31,670	19,714	11,956	–
Boston: purchase of official residence (S-EPA)	1,973	1,405	568	–
Budapest: staff quarters project (S-EPA)	1,498	391	1,107	–
Cairo: chancery project (S-EPA)	24,299	4,036	5,627	14,636
Geneva: chancery project (S-EPA)	21,268	9,808	7,486	3,974
New Delhi: chancery addition (S-EPA)	25,863	25,201	662	–
Kingston: chancery project (I-PPA)	7,618	1,585	3,025	3,008
Kuala Lumpur: official residence and staff quarters development (I-PPA)	5,136	126	650	4,360
London: Canada House renovation (I-PPA)	15,168	1,198	6,970	7,000
Moscow: construction of staff quarters (S-EPA)	10,890	2,002	4,000	4,888
Nairobi: chancery relocation project (I-PPA)	8,501	1,283	1,120	6,098
New Delhi: staff quarters project (I-PPA)	7,500	224	2,985	4,291
Seoul: staff quarters project (I-PPA)	35,847	15,239	2,514	18,094
Bangkok: chancery relocation project (I-PPA)	1,200	–	1,200	–
New York: relocation of consulate general (S-EPA)	1,163	800	363	–
Total	199,594	83,012	50,233	66,349
Passport Services				
Passport Office, Technology Enhancement Project (I-EPA)	19,500	14,180	5,320	–
Wallet-sized passport card (I-PPA)	4,576	576	–	4,000
Total	24,076	14,756	5,320	4,000
Total Capital Expenditures	223,670	97,768	55,553	70,349

Classes of Estimates

Substantive Estimate (S): This estimate is one of sufficiently high quality and reliability as to warrant Treasury Board approval as a cost objective for the project phase under consideration. It is based on detailed system and component design and takes into account all project objectives and deliverables.

Indicative Estimates (I): This is a low-quality order of magnitude estimate that is not sufficiently accurate to warrant Treasury Board approval as a cost objective.

Approval Status

Preliminary Project Approval (PPA): Treasury Board's authority to initiate a project in terms of its intended operational requirements, including approval of the objectives of the project definition phase and any associated expenditures. Sponsoring departments submit for PPA when the project's complete scope has been examined and costed, normally to the indicative level, and when the cost of the project definition phase has been estimated to the substantive level.

Effective Project Approval (EPA): Treasury Board approval of the objectives (project baseline), including cost objective of the project implementation phase and provides the necessary authority to proceed with implementation. Sponsoring departments submit an EPA when the scope of the overall project has been defined and when the estimates have been refined to the substantive level.

APPENDIX 4. ADDITIONAL FINANCIAL INFORMATION

Figure 37. Gross and Net Expenditures, by Business Line (\$000)

	Main Estimates 1996-97	Main Estimates 1997-98	Planned 1998-99	Planned 1999-00
<i>Gross expenditures</i>				
International Business Development	228,571	225,812	218,517	218,614
Trade and Economic Policy	118,218	117,572	114,755	114,825
International Security and Cooperation	505,796	436,422	431,922	432,381
Assistance to Canadians Abroad	43,108	43,489	43,640	43,661
Public Diplomacy	82,620	84,182	81,811	82,478
Corporate Services	211,941	204,575	196,347	196,408
Services to Other Government Departments	185,280	185,558	184,659	184,695
Passport Services	52,721	57,730	50,055	52,367
Total Gross Expenditures	1,428,255	1,355,340	1,321,706	1,325,429
<i>Less:</i>				
<i>Revenue credited to the Vote or to the Consolidated Revenue Fund</i>				
International Business Development	2,850	5,550	5,450	5,350
Trade and Economic Policy	10,046	13,830	14,015	14,200
International Security and Cooperation	803	2,661	2,790	2,926
Assistance to Canadians Abroad	36,377	35,335	36,189	37,073
Public Diplomacy	15	15	15	15
Corporate Services	62,342	92,705	66,569	43,850
Services to Other Government Departments ¹	147,000	1,293	1,293	1,293
Passport Services	50,419	50,328	50,055	52,367
Total Revenue Credited to the Vote or to the Consolidated Revenue Fund	309,852	201,717	176,376	157,074

Figure 37 (cont.)

	Main Estimates 1996-97	Main Estimates 1997-98	Planned 1998-99	Planned 1999-00
<i>Net expenditures</i>				
International Business Development	225,721	220,262	213,067	213,264
Trade and Economic Policy	108,172	103,742	100,740	100,625
International Security and Cooperation	504,993	433,761	429,132	429,455
Assistance to Canadians Abroad	6,731	8,154	7,451	6,588
Public Diplomacy	82,605	84,167	81,796	82,463
Corporate Services	149,599	111,870	129,778	152,558
Services to Other Government Departments	38,280	184,265	183,366	183,402
Passport Services	2,302	7,402	–	–
Total Net Expenditures	1,118,403	1,153,623	1,145,330	1,168,355

1 The 1996-97 Main Estimates include \$146.1 million for the immigration and visa cost recoveries to be collected by the Department on behalf of Citizenship and Immigration Canada. Beginning in 1997-98, these revenues will be included in that department's Main Estimates.

Figure 38. Revenue Summary (\$000)

	Actuals 1994-95	Actuals 1995-96	Main Estimates 1996-97	Main Estimates 1997-98	Planned 1998-99	Planned 1999-00
Revenue credited to the Vote	49,605	54,981	51,572	56,039	55,895	58,343
Revenue credited to the Consolidated Revenue Fund	171,650	329,201	258,280	145,678	120,481	98,731
Total Revenues	221,255	384,182	309,852	201,717	176,376	157,074

Figure 39. Details of Revenues, by Business Line (\$000)

Revenue credited to the Vote or to the Consolidated Revenue Fund	Actuals 1994-95	Actuals 1995-96	Main Estimates 1996-97	Main Estimates 1997-98	Planned 1998-99	Planned 1999-00
<i>International Business Development</i>						
Canadian Business Centres ¹	72	396	350	50	50	50
Trade fairs and missions ^{1,2}	–	–	–	3,000	3,000	3,000
Program for Export Market Development	4,250	3,854	2,500	2,500	2,400	2,300
Refunds of previous years' expenditures	4,010	81	–	–	–	–
<i>Subtotal</i>	8,332	4,331	2,850	5,550	5,450	5,350
<i>Trade and Economic Policy</i>						
Import/export permit fees	6,543	9,254	10,046	13,830	14,015	14,200
Refunds of previous years' expenditures	–	3,282	–	–	–	–
<i>Subtotal</i>	6,543	12,536	10,046	13,830	14,015	14,200
<i>International Security and Cooperation</i>						
Canadian Education Centres ¹	–	1,219	803	2,661	2,790	2,926
Refunds of previous years' expenditures	–	2,264	–	–	–	–
<i>Subtotal</i>	–	3,483	803	2,661	2,790	2,926
<i>Assistance to Canadians Abroad</i>						
Consular fees						
– on travel documents	–	15,013	35,824	34,625	35,425	36,250
– for specialized services	523	612	553	710	764	823
<i>Subtotal</i>	523	15,625	36,377	35,335	36,189	37,073
<i>Public Diplomacy</i>						
Refunds of previous years' expenditures	12	24	15	15	15	15
<i>Corporate Services</i>						
Return on investment (loans, investments, and advances)	647	730	500	655	655	655
Privileges, licences, and permits	1,162	1,373	1,300	1,058	1,443	1,443
Employee rental shares	16,843	16,609	16,100	16,150	16,100	16,100
Sale of real property and surplus Crown assets	23,106	18,113	32,500	63,640	37,169	14,450
Services to Passport Office	4,447	4,448	4,447	4,447	4,447	4,447
Refunds of previous years' expenditures	5,288	6,897	6,500	6,000	6,000	6,000
Adjustments to previous years' accrued payables at year's end	6,292	1,594	500	500	500	500
Miscellaneous	425	1,257	495	255	255	255
<i>Subtotal</i>	58,210	51,021	62,342	92,705	66,569	43,850

Figure 39 (cont.)

	Actuals 1994-95	Actuals 1995-96	Main Estimates 1996-97	Main Estimates 1997-98	Planned 1998-99	Planned 1999-00
Services to Other Government Departments						
Rentals	474	384	–	393	393	393
Recoveries from provincial representation abroad	613	863	900	900	900	900
Immigration and visitor visa fees ³	96,876	242,529	146,100	–	–	–
Adjustments to previous years' accrued payables at year's end	139	20	–	–	–	–
<i>Subtotal</i>	98,102	243,796	147,000	1,293	1,293	1,293
Passport Services						
Passport Office Revolving Fund	49,533	53,366	50,419	50,328	50,055	52,367
Total Program Revenues	221,255	384,182	309,852	201,717	176,376	157,074

1. Denotes items as revenue credited to the vote.

2. The \$3 million in vote-netted revenue will offset certain costs of Canada's participation in trade fairs and missions, which are estimated at \$4 million for 1997-98.

3. Beginning in 1997-98, these revenues will be included in Citizenship and Immigration Canada's Main Estimates.

Figure 40. Transfer Payments, by Business Line (\$000)

	Actuals 1994-95	Actuals 1995-96	Main Estimates 1996-97	Main Estimates 1997-98	Planned 1998-99	Planned 1999-00
Grants						
International Business Development	1,963	1,472	2,274	2,212	2,212	2,212
International Security and Cooperation	7,062	7,476	5,916	5,856	5,513	5,513
Public Diplomacy	20,713	18,723	18,310	16,899	16,598	16,598
Corporate Services	294	270	265	265	265	265
Total Grants	30,032	27,941	26,765	25,232	24,588	24,588
Contributions						
International Business Development	15,605	14,785	11,222	11,162	10,222	10,222
Trade and Economic Policy	28,644	30,022	30,658	29,019	29,019	29,019
International Security and Cooperation	451,263	293,834	348,841	273,463	272,464	272,275
Public Diplomacy	15,210	8,351	–	–	–	–
Total Contributions	510,722	346,992	390,721	313,644	311,705	311,516
Total Grants and Contributions	540,754	374,933	417,486	338,876	336,293	336,104

Figure 41. Details of Transfer Payments, by Business Line (\$000)

	Actuals 1994-95	Actuals 1995-96	Main Estimates 1996-97	Main Estimates 1997-98
Grants				
<i>International Business Development</i>				
Grants for Asia Pacific International Business Development	470	372	274	212
Grants under the Program for Export Market Development	1,493	1,100	2,000	2,000
<i>International Security and Cooperation</i>				
U.N. Voluntary Fund for Victims of Torture	24	24	25	25
Grants for Asia Pacific Initiatives	1,215	1,215	1,033	673
Canadian Group of the Trilateral Commission	14	–	–	–
Grants for the Chemical Weapons Convention Action Fund	65	27	–	–
U.N. Association in Canada	526	–	–	–
International Fund for Ireland	–	600	–	–
Canadian Centre for Global Security	100	–	–	–
Canadian Council on International Law	11	–	–	–
Grants in lieu of taxes on diplomatic, consular and international organizations' property in Canada in accordance with terms and conditions approved by the Governor in Council	4,776	5,610	4,842	5,142
Grants for payment of real estate taxes and local improvement costs on secondary diplomatic properties in Canada	–	–	16	16
Centre for Legislative Exchange	80	–	–	–
Grants for assistance to countries of Central and Eastern Europe and the former Soviet Union	250	–	–	–
<i>Public Diplomacy</i>				
Grants in aid of academic relations	15,645	14,037	13,612	12,201
Grants in aid of cultural relations	4,818	4,682	4,694	4,694
International Baccalaureat Office	5	4	4	4
Atlantic Council of Canada	8	–	–	–
Canadian Institute of International Affairs	39	–	–	–
Centre québécois de relations internationales de l'Université Laval	28	–	–	–
Grants for Cooperative Security Scholarship Program	171	–	–	–
<i>Corporate Services</i>				
Foreign Service Community Association	17	15	15	15
(S) Payments under the Diplomatic Service (Special) Superannuation Act	277	255	250	250
Total Grants	30,032	27,941	26,765	25,232

Figure 41 (cont.)

	Actuals 1994-95	Actuals 1995-96	Main Estimates 1996-97	Main Estimates 1997-98
Contributions				
<i>International Business Development</i>				
Technology development with Europe	187	176	90	90
Contributions to business to promote trade in the Asia-Pacific Region	246	40	–	
Contributions under the Program for Export Market Development	12,147	13,144	9,520	10,020
Contributions for Asia-Pacific International Business Development	2,488	1,425	1,612	1,052
Contributions to promote trade and investment between Canada and the Asia-Pacific region	168	–	–	
Canada-China Trade Council	225	–	–	
Contributions for the promotion of Canadian fish and seafood products abroad	144	–	–	
<i>Trade and Economic Policy</i>				
International Commodity Organizations (613,449 Netherland Guilders)	441	457	442	505
World Customs Organization (9,987,750 Belgian Francs)	467	487	475	450
International Atomic Energy Agency (US\$1,110,293 & 72,533,410 Austrian Schillings)	10,786	11,180	11,397	11,097
International Energy Agency (3,998,190 French Francs)	1,171	1,166	1,218	1,081
World Trade Organization (4,566,885 Swiss Francs)	4,486	5,129	5,519	5,231
Organisation for Economic Co-operation and Development (32,953,681 French Francs)	9,567	9,577	9,766	8,911
OECD Centre for Education and Research (668,103 French Francs)	202	205	210	181
Nuclear Energy Agency of the OECD (1,860,914 French Francs)	557	551	584	503
World Intellectual Property Organization (563,115 Swiss Francs)	618	668	632	645
Asia-Pacific Economic Cooperation Secretariat	347	417	415	415
European Energy Charter Treaty	–	184	–	

Figure 41 (cont.)

	Actuals 1994-95	Actuals 1995-96	Main Estimates 1996-97	Main Estimates 1997-98
Contributions (cont.)				
<i>International Security and Cooperation</i>				
Agency for Cultural and Technical Cooperation in Francophone Countries (45,973,778 French Francs)	10,499	11,465	12,316	12,432
Commonwealth Foundation (£531,075)	1,067	1,059	1,047	1,130
Commonwealth Science Council (£128,160)	308	295	307	273
Commonwealth Secretariat (£1,945,140)	3,777	3,824	3,931	4,140
Commonwealth Youth Program (£612,720)	1,242	1,278	1,307	1,304
Food and Agriculture Organization (US\$12,012,000)	15,370	14,745	16,266	16,458
International Civil Aviation Organization (US\$1,400,800)	1,911	1,865	1,945	1,919
International Labour Organization (10,934,000 Swiss Francs)	10,627	12,094	11,606	12,523
International Maritime Organization (£179,400)	353	304	367	382
NATO – civil administration (288,091,008 Belgian Francs)	9,779	10,798	12,182	12,971
NATO – science programs (61,210,940 Belgian Francs)	2,357	2,694	2,859	2,756
Contributions for participation in activities of the international French-speaking community	620	541	542	542
Contributions for reimbursement to international organizations for compensation paid to Canadian employees for their liability	9	–	–	
Secrétariat technique permanent des conférences ministérielles de l'éducation, de la jeunesse et des sports des pays d'expression française (22,575,870 CFA)	70	56	50	61
U.N. Fund for Indigenous Populations	–	15	30	30
U.N. Educational, Scientific and Cultural Organization (41,325,000 French Francs & US\$4,611,000)	15,585	16,792	16,500	17,492
U.N. Organization (US\$39,497,000)	47,420	47,600	50,976	54,115
World Health Organization (US\$13,770,000)	16,922	17,113	17,836	18,866
U.N. peacekeeping operations (US\$41,471,850) ¹	135,389	94,906	134,452	56,822
Projects and development activities resulting from Francophone summits	7,400	6,649	7,500	7,500
Preparatory Commission for the Organization for the Prohibition of Chemical Weapons (US\$5,850,000)	1,516	564	8,092	8,015

1. For further details on contributions to U.N. peacekeeping operations, see Figure 42.

Figure 41 (cont.)

	Actuals 1994-95	Actuals 1995-96	Main Estimates 1996-97	Main Estimates 1997-98
Contributions (cont.)				
Organization for Security and Co-operation in Europe (35,610,000 Austrian Schillings)	4,626	3,834	4,658	4,701
Non-proliferation, arms control, and disarmament (US\$408,474)	482	338	565	560
Canadian International Peacekeeping Training Centre	3,000	500	500	500
FAO Place/Lester B. Pearson Monument	150	–	–	
Cooperative Security Competition Program	1,209	145	–	
Permanent Secretariat of the U.N. Convention on Biological Diversity	–	474	–	1,100
U.N. Drug Control Program	750	1,370	–	
U.N. Voluntary Trust Fund for assistance in mine clearance	–	200	–	
Korean Peninsula Energy Development Organization	1,500	1,000	–	
Harbourfront Centre	250	–	–	
Metropolitan Halifax Chamber of Commerce	150	–	–	
Contributions to the Government of Israel and the Palestinian Authority	–	1,000	–	
Inter-American Drug Abuse Control Commission	86	290	–	
Support to Canadian Interests Abroad	488	487	200	200
Support to foreign policy consultation, research and outreach	–	1,045	1,853	1,553
U.N. Voluntary Fund for the Environment	1,100	925	925	925
Contributions to further Canadian environmental interests on oceans and forests and other priorities	2,451	2,734	1,302	
Contributions in support of multilateral environmental initiatives and research	1,813	1,646	1,178	
Contributions to promote Bilateral and Technology Transfer Environmental Group	1,425	90	400	

Figure 41 (cont.)

	Actuals 1994-95	Actuals 1995-96	Main Estimates 1996-97	Main Estimates 1997-98
Contributions (cont.)				
North American Commission for Environmental Cooperation	904	–	–	
Inter-American Institute for Cooperation on Agriculture (US\$3,402,824)	4,782	4,690	4,648	4,662
Roosevelt Campobello International Park Commission (US\$650,000)	841	889	899	891
Organization of American States (US\$9,227,086)	11,839	12,333	14,526	12,642
Pan American Health Organization (US\$9,703,421)	12,953	13,095	13,720	13,295
Peace Implementation Council (468,680 ECU)	110	445	516	816
Permanent Court of Arbitration (37,464 Netherland Guilders)	24	32	30	31
International Fact Finding Commission (10,179 Swiss Francs)	–	37	–	12
Contributions for Asia-Pacific Initiatives	2,856	1,516	2,810	1,844
Canadian Foundation for the Americas	180	–	–	
Contributions for assistance to countries of central and eastern Europe and the former Soviet Union	114,171	–	–	
Contributions for humanitarian assistance	654	–	–	
Asia-Pacific Foundation for Pacific Economic Cooperation	250	63	–	
Public Diplomacy				
CBC – Radio Canada International	15,210	8,351	–	
Total Contributions	510,722	346,992	390,721	313,644
Total Grants and Contributions	540,754	374,933	417,486	338,876

Figure 42. Details of Contributions to United Nations Peacekeeping Operations (\$000)

	Actuals 1994-95	Actuals 1995-96	Main Estimates 1996-97	Main Estimates 1997-98
U.N. Interim Force in Lebanon	7,664	4,065	6,023	5,965
U.N. Disengagement Observer Force in the Middle East	1,602	1,288	1,377	1,406
U.N. Angola Verification Mission	2,992	14,673	16,347	15,340
U.N. Iraq-Kuwait Observer Mission	693	876	990	980
U.N. Observer Mission in El Salvador	503	594	–	
U.N. Transitional Authority in Cambodia	1,218	–	–	
U.N. Mission for Referendum in the Western Sahara	–	3,561	430	2,344
U.N. Protection Force (Yugoslavia)	74,787	51,136	86,035	2,131
U.N. Operations in Somalia	20,456	–	–	
U.N. Operations in Mozambique	8,486	–	–	
U.N. Operations in Rwanda	7,677	9,058	9,679	
U.N. Force in Cyprus	1,341	913	968	1,001
U.N. Mission in Haiti	7,024	6,432	10,754	2,770
U.N. Observer Mission in Liberia	254	1,377	731	1,449
U.N. Observer Mission in Georgia	691	543	688	767
U.N. Mission of Observers in Tajikistan	–	391	430	426
U.N. Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium	–	–	–	12,783
U.N. Mission in Bosnia and Herzegovina	–	–	–	7,244
U.N. Preventive Deployment Force	–	–	–	2,216
Total	135,388	94,907	134,452	56,822

Figure 43. Passport Office: Statement of Operations (\$000)¹

	Actuals 1994-95	Actuals 1995-96	Main Estimates 1996-97	Main Estimates 1997-98	Planned 1998-99	Planned 1999-00
Revenue						
Fees earned	49,353	53,084	50,419	48,736	50,055	52,367
Miscellaneous revenue	257	72	–	–	–	–
Total Revenues	49,610	53,156	50,419	48,736	50,055	52,367
Operating expenses						
Salaries and employee benefits	20,636	20,961	23,207	24,484	21,886	23,539
Provision for employee termination benefits	488	447	483	483	524	564
Passport materials and application forms	5,417	6,020	7,161	4,936	4,991	5,216
Passport operations at missions abroad	4,448	4,448	4,448	4,448	4,448	4,448
Accommodation	3,418	3,375	3,605	3,617	3,727	3,773
Professional and special services	2,697	2,458	2,707	3,356	3,670	3,734
Freight, express and cartage	1,612	1,833	2,064	1,608	1,685	2,137
Amortization	1,287	1,344	1,468	1,383	6,201	6,782
Telecommunications	1,155	942	1,289	1,215	1,251	1,275
Printing, stationary and supplies	724	779	768	989	1,008	1,028
Travel and removal	323	408	541	664	682	696
Miscellaneous expenses	116	376	61	1,621	1,096	1,152
Repair and maintenance	274	330	500	472	481	491
Information	53	183	51	206	212	216
Rentals	101	123	154	232	235	240
Postal services and postage	80	72	92	90	93	95
Loss on disposal of capital assets	22	61	–	–	–	–
Total Expenses	42,851	44,160	48,599	49,804	52,190	55,386
Surplus (Deficit)	6,759	8,996	1,820	(1,068)	(2,135)	(3,019)

1. The Passport Office is funded through a revolving fund. This table refers to the fund's operating profit and loss, not to cash requirements for the fiscal year. The operating profit or loss that the fund will realize is calculated through accrual accounting. Therefore, some cash expenditures in the estimates do not affect the operating balance, and other items that must be considered when calculating the profit or loss do not require a direct cash outlay. The two can be reconciled as follows (figures in thousands of dollars):

Expected operating loss	1,068
Plus:	
Non-cash items included in the calculation of the operating loss	1,866
Less:	
Cash expenditures not included in the calculation of the operating loss:	
New capital acquisitions	7,997
Change in working capital	<u>203</u>
Total estimates (net cash requirement)	7,402

Figure 44. Passport Office: Statement of Changes in Financial Position (\$000)

	Actuals 1994-95	Actuals 1995-96	Main Estimate s 1996-97	Main Estimates 1997-98	Planned 1998-99	Planned 1999-00
<i>Operating activities</i>						
Net profit/(loss) for the year	6,759	8,996	1,820	(1,068)	(2,135)	(3,019)
Add:						
Provision for termination benefits	489	447	483	483	524	564
Amortization	1,287	1,344	1,468	1,383	6,201	6,782
Loss on disposal of capital	22	61	–		–	–
	8,557	10,848	3,771	798	4,590	4,327
Changes in current assets and liabilities	916	(2,300)	(37)	(203)	(17)	(20)
Changes in other assets and liabilities:						
Payments on and change in provision for employee termination benefits	(235)	(378)	(248)	(253)	(258)	(263)
Net financial resources provided by operating activities	9,238	8,170	3,486	342	4,315	4,044
<i>Investing activities</i>						
Capital purchased	(5,542)	(3,516)	(6,036)	(7,997)	(4,573)	(4,307)
Net financial resources used by investing activities	(5,542)	(3,516)	(6,036)	(7,997)	(4,573)	(4,307)
<i>Financing activities</i>						
Transfer of part of accumulated surplus to the accumulated net charge against the Fund's authority account		(5,750)				
Net financial resources used by financing activities		(5,750)				
Net financial resources provided and change in the accumulated net charge against the Fund's authority account, during the year	3,696	(1,096)	(2,550)	(7,655)	(258)	(263)
Accumulated net charge against the Fund's authority account, beginning of year	22,991	26,687	25,591	23,041	15,386	15,128
Accumulated net charge against the Fund's authority account, end of year	26,687	25,591	23,041	15,386	15,128	14,865

Figure 45. Details of Financial Requirements, by Object (\$000)

	Actuals 1994-95	Actuals 1995-96	Main Estimates 1996-97	Main Estimates 1997-98	Planned 1998-99	Planned 1999-00
Personnel						
Salaries and wages	336,426	340,521	349,400	345,260	342,690	344,707
Contributions to employee benefit plans	52,854	55,192	61,324	70,558	65,502	65,564
Other personnel costs	70,840	68,084	67,570	65,363	64,602	64,602
<i>Subtotal</i>	460,120	463,797	478,294	481,181	472,794	474,873
Goods and services						
Transportation and communications	118,201	113,217	103,402	112,389	104,205	104,632
Information	9,623	8,189	8,415	8,016	8,497	8,532
Professional and special services	127,330	113,271	111,126	117,254	112,256	112,716
Rentals	118,582	111,790	124,597	111,020	125,673	126,188
Purchased repair and upkeep	50,963	47,093	45,399	45,581	45,618	45,805
Utilities, materials and supplies	43,298	47,086	46,996	51,150	47,407	47,601
Other subsidies and payments	4,297	11,700	3,679	12,908	3,578	3,593
<i>Subtotal</i>	472,294	452,346	443,614	458,318	447,234	449,067
Capital						
Machinery and equipment	61,346	38,846	60,861	25,830	19,135	19,135
Land and buildings	30,276	26,308	28,000	51,135	46,250	46,250
<i>Subtotal</i>	91,622	65,154	88,861	76,965	65,385	65,385
Transfer payments						
Grants	32,268	27,941	26,764	25,232	24,588	24,588
Contributions	508,486	346,992	390,722	313,644	311,705	311,516
<i>Subtotal</i>	540,754	374,933	417,486	338,876	336,293	336,104
Total Expenditures	1,564,790	1,356,230	1,428,255	1,355,340	1,321,706	1,325,429
Less:						
Revenue credited to the Vote	72	1,616	1,153	5,711	5,840	5,976
Revenue credited to the Passport Revolving Fund	49,533	53,366	50,419	50,328	50,055	52,367
Net Expenditures	1,515,185	1,301,248	1,376,683	1,299,301	1,265,811	1,267,086

APPENDIX 5. CONTINGENT LIABILITIES

As at 31 March 1995, contingent liabilities estimated at \$49.0 million were outstanding against the Department of Foreign Affairs and International Trade:

- \$37.5 million relate to Parliamentary approved loan guarantees made by Canadian financial institutions in accordance with terms and conditions approved by the Minister of Finance to the governments of Hungary (\$13.5 million) and Romania (\$24.0 million).
- \$11.5 million relate to ten individual cases of pending or threatened litigation. Most of these claims are for employment-related actions and/or contractual damage claims.

While these cases are in various stages of litigation, it is not the policy of the Department to comment on their expected outcomes. They must, however, be recognized as potential liabilities against the Crown and are therefore presented for information purposes.

APPENDIX 6. STATUTES ADMINISTERED BY THE PORTFOLIO

The following acts and treaties are the responsibility of the Minister of Foreign Affairs:

- *Chemical Weapons Convention Implementation Act*, SC 1995, c.25
- *Department of Foreign Affairs and International Trade Act*, RSC 1985, c. E-22
- *Export and Import Permits Act*, RSC 1985, c. E-19
- *Food and Agriculture Organization of the United Nations Act*, RSC 1985, c. F-26
- *Foreign Missions and International Organizations Act*, SC 1991, c. 41
- *International Boundary Waters Treaty Act*, RSC 1985, c. I-17
- *International Development (Financial Institutions) Assistance Act*, SC 1981-82-83, c. 73
- *International Development (Financial Institutions) Assistance Act*, RSC 1985, c. 1-18
- *Privileges and Immunities (NATO) Act*, RSC 1985, c. P-24
- *Prohibition of International Air Services Act*, RSC 1985, c. P-25
- *Special Economic Measures Act*, SC 1992, c. 17
- *Territorial Sea and Fishing Zones Act*, RSC 1985, c. T-8, with the exception of section 6
- *Treaties of Peace with:* Austria, Germany, SC 1919 (second session), c. 30; Bulgaria, SC 1920, c. 4; Hungary, SC 1922, c. 49, SC 1948, c. 71 and SC 1950, c. 50, s. 10; Italy, Romania, Finland, SC 1948, c. 71 and SC 1950, c. 50, s. 10; Japan, SC 1952, c. 50; Turkey, SC 1922, c. 49
- *United Nations Act*, RSC 1985, c. U-2

The following acts are administered outside the Department:

- *Asia-Pacific Foundation of Canada Act*, RCS 1985, c. A-13
- *Canadian Commercial Corporation Act*, RSC 1985, c. C-14
- *Export Development Act*, RSC 1985, c. E-20
- *Fort-Falls Bridge Authority Act*, SC 1970-71-72, c. 51
- *International Centre for Human Rights and Democratic Development Act*, RSC 1985, c. I-17.3, (RSC 1985 (fourth supplement) c. 54)
- *International Development Research Centre Act*, RSC 1985, c. I-19
- *Northern Pipeline Act*, RSC 1985, c. N-26
- *Rainy Lake Watershed Emergency Control Act*, SC 1939, c. 33
- *Roosevelt Campobello International Park Commission Act*, SC 1964-65, c. 19
- *Skagit River Valley Treaty Implementation Act*, SC 1984, c. 11

Certain provisions of the following acts involve the Minister of Foreign Affairs:

- *Canadian Environmental Assessment Act*, SC 1992, c. 37, s. 40, s. 47, s. 58
- *Canadian Laws Offshore Applications Act*, SC 1990, c. 44, s. 10
- *Canadian Security Intelligence Service Act*, RSC 1985, c. C-23, s. 13, s. 14, s. 16, s. 17, s. 19
- *Citizenship Act*, RSC 1985, c. C-29, s. 3, s. 23
- *Coasting Trade Act*, SC 1992, c. 31, s. 3, s. 17
- *Criminal Code*, RSC 1985, c. C-46, s. 7, s. 57, s. 477.4
- *Cultural Property Export and Import Act*, RSC 1985, c. C-51, s. 4, s. 17, s. 39
- *Customs Tariff*, RSC 1985, c. C-54.01, s. 59
- *Excise Tax Act*, RSC 1985, c. E-15, s. 68.3
- *Foreign Enlistment Act*, RSC 1985, c. F-28, s. 7
- *Foreign Extraterritorial Measures Act*, RSC 1985, c. F-29, s. 5
- *The Geneva Conventions Act*, RSC 1985, c. G-3, s. 6, s. 9

- *Immigration Act*, RSC 1985, c. I-2, s. 116
- *Motor Vehicle Transport Act, 1987*, RSC 1985, c. M-12.01, s. 17
- *Mutual Legal Assistance in Criminal Matters Act*, RSC 1985, c. M-13.6, s. 6
- *National Transportation Act, 1987*, RSC 1985, c. N-20.01, s. 86, s. 156
- *Revolving Funds Act*, RSC 1985, c. R-8, s. 4
- *Canada Shipping Act*, RSC 1985, c. S-9, s. 632.4
- *State Immunity Act*, RSC 1985, c. S-18, s. 9, s. 14, s. 15
- *Teleglobe Canada Reorganization and Divestiture Act*, SC 1987, c. 12, s. 8

The Minister for International Trade is responsible for the *Canada-Israel Free Trade Agreement Implementation Act*, SC 1996, c. 33. Certain provisions of the following acts also involve the Minister for International Trade:

- *Canada-United States Free Trade Agreement Implementation Act*, RSC 1988, c. 65, s. 1 to 7 and Parts I and V
- *North American Free Trade Agreement Implementation Act*, SC 1993, c. 44, s. 1 to 9 and Parts I and III
- *Special Import Measures Act*, RSC 1985, c. S-15, Parts I.1, and II
- *World Trade Organization Agreement Implementation Act*, SC 1994, c. 47, s. 1 to 7 and Parts I and III

In addition to regulations under the previously mentioned acts, the following have provisions that involve the Minister of Foreign Affairs:

- The Canadian Passport Order, C.R.C., c. 641
- Customs diplomatic privileges regulations
- Government contracts regulations.