



NAFTA Secretariat – Canadian Section

2002-2003
Estimates

Part III – Report on Plans and Priorities

Canada

The Estimates Documents

Each year, the government prepares Estimates in support of its request to Parliament for authority to spend public monies. This request is formalized through the tabling of appropriation bills in Parliament. The Estimates, which are tabled in the House of Commons by the President of the Treasury Board, consist of three parts:

Part I – The Government Expenditure Plan provides an overview of federal spending and summarizes both the relationship of the key elements of the Main Estimates to the Expenditure Plan (as set out in the Budget).

Part II – The Main Estimates directly support the *Appropriation Act*. The Main Estimates identify the spending authorities (votes) and amounts to be included in subsequent appropriation bills. Parliament will be asked to approve these votes to enable the government to proceed with its spending plans. Parts I and II of the Estimates are tabled concurrently on or before 1 March.

Part III – Departmental Expenditure Plans which is divided into two components:

- (1) **Reports on Plans and Priorities (RPPs)** are individual expenditure plans for each department and agency (excluding Crown corporations). These reports provide increased levels of detail on a business line basis and contain information on objectives, initiatives and planned results, including links to related resource requirements over a three-year period. The RPPs also provide details on human resource requirements, major capital projects, grants and contributions, and net program costs. They are tabled in Parliament by the President of the Treasury Board on behalf of the ministers who preside over the departments and agencies identified in Schedules I, I.1 and II of the *Financial Administration Act*. These documents are tabled in the spring and referred to committees, which then report back to the House of Commons pursuant to Standing Order 81(4).
- (2) **Departmental Performance Reports (DPRs)** are individual department and agency accounts of accomplishments achieved against planned performance expectations as set out in respective RPPs. These Performance Reports, which cover the most recently completed fiscal year, are tabled in Parliament in the fall by the President of the Treasury Board on behalf of the ministers who preside over the departments and agencies identified in Schedules I, I.1 and II of the *Financial Administration Act*.

The Estimates, along with the Minister of Finance's Budget, reflect the government's annual budget planning and resource allocation priorities. In combination with the subsequent reporting of financial results in the Public Accounts and of accomplishments achieved in Departmental Performance Reports, this material helps Parliament hold the government to account for the allocation and management of public funds.

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NAFTA Secretariat
Secrétariat de l'**ALÉNA**
Secretariado del **TLCAN**

**2002-2003
Estimates**

Report on Plans and Priorities

Approved

**The Honourable Pierre S. Pettigrew
Minister for International Trade**

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Section I: Introduction

A.

Message of the Minister

Trade has become an increasingly important component of the Canadian economy. Exports of goods and services now represent about 46% of our Gross Domestic Product, up sharply from 30% when the North American Free Trade Agreement (NAFTA) came into effect in 1994. Roughly 80% of the more than two million new jobs created since 1993 can be attributed to our increased trade. That means one in every three jobs in Canada is now linked directly to our success in international trade.

There is little doubt that the NAFTA has contributed significantly to this success. Since its establishment on January 1, 1994, total trade and investment between Canada, Mexico and the United States have increased steadily each year.

NAFTA's most visible contribution to the growth in Canadian trade has been through the elimination of tariffs. However, another highly important aspect of the agreement is its set of dispute settlement provisions. Exporters and investors are far more likely to expose themselves to the risks of international commerce when they have the assurance that an impartial dispute settlement mechanism exists, should disagreements arise.

The NAFTA Secretariat, comprising a Canadian Section, a United States Section and a Mexican Section, is responsible for the administration of the dispute settlement provisions of the Agreement.

Fundamental to the effectiveness of the NAFTA Secretariat is its independence from the three national governments that are Parties to the Agreement. This independence allows it to offer impartial guidance, accurate information, and timely administrative support to the panels of experts who hear and decide on cases brought before them.

From April 1, 2001 to January 31, 2002, the NAFTA Secretariat administered 31 Chapter 19 panel reviews, including an Extraordinary Challenge Committee. Of these, two panels have rendered their decisions, and the cases are now closed. Another two reviews have been terminated with the consent of the participants and 27 are still active.

Recognizing that the credibility of the NAFTA dispute settlement process rests in largely on the quality of the panelists who hear and determine individual cases, in 2001, the Free Trade Commission approved an increase in the rate paid to panelists. The new rate will ensure Canadian businesses continue to have access to a roster of qualified and credible experts to settle trade disputes.

Building upon this credibility, the time has come for the Secretariat to recognize the experience and contribution of key personnel to the dispute settlement process and to realize the value of close to one hundred decisions reached since its inauguration. As this report describes, the Canadian Section of the NAFTA Secretariat is therefore moving to institutionalize these assets and practices that have worked so well over the past several years. As examples of specific actions, the Canadian Section is:

- Introducing innovative human resources management plans and policies to enhance its ability to attract, recognize, develop and retain quality public servants;
- Upgrading its unique Motions and Orders database, a tool that allows panel members to promptly and thoroughly review case precedents;
- Moving to electronic storage and maintenance of case documents, to ensure file authenticity, integrity and reliability for years to come;
- Making its archival information on dispute settlement available to Canadians to contribute to public discussion about trade issues; and
- Developing, with its public library, a highly specialized source of information about trade dispute settlement history, mechanisms and issues

All these will allow the Canadian Section of the NAFTA Secretariat to continue offering services of increasing quality in the management of international trade dispute settlement processes.

The Canadian Section also carries responsibility for similar provisions under the Free Trade Agreements with Chile and Israel. Additionally, it is my intention to assign to the Canadian Section the responsibility for the provision of Chapter XIII of the Canada-Costa Rica Free Trade Agreement, once this Agreement, signed on April 23, 2001, enters into force.

The Honourable Pierre S. Pettigrew
Minister for International Trade

B.

Management Representation Statement

Report on Plans and Priorities 2002-2003

I submit, for tabling in Parliament, the 2002-2003 Report on Plans and Priorities (RPP) for the NAFTA Secretariat, Canadian Section.

To the best of my knowledge the information:

- Accurately portrays the agency's mandate, plans, priorities, strategies and planned results of the organisation.
- Is consistent with the disclosure principles contained in the *Guidelines for Preparing a Report on Plans and Priorities*.
- Is comprehensive and accurate.
- Is based on sound underlying agency information and management systems.

I am satisfied as to the quality assurance processes and procedures used for the RPP's production.

The Planning and Reporting Accountability Structure (PRAS) on which this document is based has been approved by Treasury Board ministers and is the basis for accountability for the results achieved with the resources and authorities provided.

Françoy Raynauld
Canadian Secretary
NAFTA Secretariat, Canadian Section

February 11, 2002

Date

Section II: Departmental Overview

2.1

Benefits to Canadians

2.1.1 Helping Canadians reap the benefits of trade

The NAFTA Secretariat is an independent agency that is responsible for the impartial administration of the dispute settlement provisions of the North American Free Trade Agreement. It has a Canadian Section, a United States Section, and a Mexican Section, each headed by a national Secretary, and with offices in each national capital. The Secretariat is accountable to the NAFTA Free Trade Commission, which comprises the ministers responsible for international trade in the three NAFTA partner countries.

As one of the world's most active trading nations, Canada benefits immensely from the existence of agreements to govern trade and the resolution of trade disputes. Canadian businesses can export their products with the knowledge that rules are in place to ensure traded products are treated fairly, and that procedures are in place to settle disputes impartially on the rare occasions when they occur. A historical review of cases demonstrates that in only one of 93 cases heard by panels, has the dispute settlement panel split along national lines.

With the confidence provided by the NAFTA, Canadian business people increased Canada's exports to the U.S. and Mexico by 138% and 146% respectively in the first seven years of the Agreement. This has meant jobs for Canadians and investment by Canadian businesses in Canadian communities across the country. In addition, during the same period, the total stock of foreign direct investment in Canada increased by 106%.

2.1.2 Facilitates the effective operation of the Agreement

The Secretariat is a key factor in the NAFTA's success. The Agreement provides a forum for the business people or governments of one partner country to seek an impartial opinion on whether another partner country is implementing its trade rules fairly. The Secretariat fulfils this role by convening international panels of trade experts to hear evidence and reach conclusions.

In support of this quasi-judicial function, the NAFTA Secretariat collaborates with qualified experts to serve as panelists; collects, disseminates and safeguards relevant case information; provides administrative, logistic and financial support to panels; advises panels on technical aspects of the NAFTA; and maintains court records from completed cases.

Furthermore, since English is the most common language used during proceedings, the NAFTA Secretariat co-operates with translators specialized in trade law and economics to further define French and Spanish legal expressions in order to standardize the international trade law lexicon. This leads to improved relationships with translators and supports the Official Languages Program of the Canadian Government.

The Secretariat also provides support to the NAFTA Free Trade Commission. At its request, it supports various non-dispute settlement provisions of the Agreement, and informs the citizens of the three NAFTA countries about the work of the Secretariat, particularly through its tri-national NAFTA Secretariat web site.

The Secretariat's formal mandate is set out in Article 2002.3 of the NAFTA, and reads:

The Secretariat shall:

- (a) *provide assistance to the Commission;*
- (b) *provide administrative assistance to:*
 - (i) *panels and committees established under Chapter Nineteen (Review and Dispute Settlement in Antidumping and Countervailing Duty Matters), in accordance with the procedures established pursuant to Article 1908, and*
 - (ii) *panels established under this Chapter, in accordance with procedures established pursuant to Article 2012; and*
- (c) *as the Commission may direct:*
 - (i) *support the work of other committees and groups established under this Agreement, and*
 - (ii) *otherwise facilitate the operation of this Agreement.*

2.1.3 Assisting with other key Agreements

The Canadian Section has been assigned further responsibilities by the Government of Canada. In 1997 the Section's mandate was expanded to include the administration of the dispute settlement processes under the Canada - Israël and Canada - Chile Free Trade Agreements.

During 2000-2001, the Canadian Section was also mandated to administer the dispute settlement process of the 1996 Softwood Lumber Agreement between the Government of Canada and the Government of the United States of America.

The Canadian Section has played a leadership role in several areas of the Secretariat's activities. It did most of the development work for the Secretariat's Internet web site <http://www.nafta-sec-alena.org>. It has taken the lead of the project to create a tri-national roster of panel assistants. It also developed and implemented a web-enabled registry system that could be adopted by the U.S. and Mexican sections.

2.2

Plans and Priorities

2.2.1 Raison d'être

The Canadian Section of the NAFTA Secretariat has one primary objective: to maintain a high level of impartial and independent service in the administration of the dispute settlement provision of the North American Free Trade Agreement.

North American national governments and businesses have come to depend on reliable, professional dispute settlement support. At a time when economic and social pressures are giving trade issues a higher profile than in the past, it is essential that the infrastructure underlying one of Canada's most successful trade agreements, continues to foster confidence in the agreements themselves, in order to help preserve for Canadians the benefits of free trade.

The NAFTA Secretariat, Canadian Section will take full advantage of modern management techniques and new technologies to ensure its services continue to meet the high expectations of those who rely on the processes established in the NAFTA to resolve trade disputes.

2.2.2 Strategic Outcome

As government institutions go, the Canadian Section of the NAFTA Secretariat has had a relatively short life. It was founded as the Canada – United States Free Trade Agreement Secretariat in 1989, and became the NAFTA Secretariat with the signing of the NAFTA in 1994. Over the years, it has developed systems and procedures for administering disputes, secured the collaboration of several rosters of panelists willing and able to help settle disputes, and worked out relationships with the personnel of other national sections and with the NAFTA Free Trade Commission.

Now that the organization is maturing, the Secretariat's overarching priority for the past year and for at least the next two, is to review, consolidate, and improve its management processes and systems. The aim is to take the Secretariat from a "birth and growth" phase to a steady "institutionalization" phase. By this we mean the recognition of the experience and contribution of key personnel while protecting and building the value of close to one hundred decisions reached since its inauguration.

2.2.3 Challenges

In working to achieve its current strategic outcome, the Canadian Section faces several challenges:

- It operates in a tri-national, trilingual, multicultural environment. New initiatives often require extensive consultation and negotiation before they can be implemented.
- As a specialized small agency, the Secretariat faces significant human resource challenges, such as few lateral career opportunities for employees, a range of tasks to be performed by a small number of people, and heavy reliance on all employees as key employees. Retention is a major consideration.
- The workload – measured in active dispute settlement cases – is entirely unpredictable. The number of panels established by the Parties to the Agreement and administered by the Canadian Section has ranged from a high of 13 in 1993 to a low of 1 in 1996. The only discernible trend is that the caseload appears to increase in the year or two following an economic downturn. This is probably because companies are more likely to challenge perceived transgressions of trade rules when times are tough than when times are good.

- Records management is increasingly challenging. The Secretariat is required by the Agreement to preserve records from past cases in perpetuity. It has to make records readily accessible to employees, to the panelists hearing active cases, and to lawyers, historians and students researching past cases.

The Canadian Section has an obligation to remain independent of the Government of Canada and yet to contribute to the achievement of key government management priorities such as Government On-Line (GoL), effective communications with the public, Public Service recruitment and retention policies, employment equity, and Modern Comptrollership. Applying each initiative requires constant concern for preserving the impartiality of the Canadian Section of the Secretariat.

2.2.4 Priorities

Management has approved a series of related initiatives affecting all Secretariat functions, including panelist support, human resources management, information management, finance, external communications, and information technology. These initiatives are described below.

1. Preserving Panel Files

The number of documents the Secretariat is responsible for preserving is mounting rapidly, and improvements are needed in how they are stored and made available for reference. The Secretariat will follow-up on last year's work, by evaluating options in front of us. These options address the various methods of preserving the archived documents. Additionally, management is discussing ways to provide added value to its archives. One goal will be to increase the potential for delivery of panel files to clients and others via the Internet, after consultation with the other two National Sections.

2. New Registry System

This past year, the Secretariat finalized the development of a web-enabled Integrated Registry System. The new system allows all dispute settlement information within the control of the Secretariat to be managed through a single system. It was implemented in Canada early in 2002, and is expected to be adopted by the Mexican and U.S. sections in 2002-2003. Future improvements will facilitate timely access by Secretariat employees to registry information, and provide accurate data to both panelists and staff. It will also allow for the dissemination of information through the Secretariat's web site.

3. Electronic Service Delivery

The two initiatives described above are elements of the Canadian Section's electronic service delivery model, which is consistent with and supportive of the government's Government On-Line (GoL) initiative. An additional element will see improvements in the Section's connectivity with its clients. Furthermore, the Canadian Section will work with its U.S. and Mexican counterparts to enhance the Secretariat web site, beginning with changes to the Canadian Section. The intention is to provide Canadians with more information about the Secretariat and dispute settlement in a user-friendly fashion.

To improve communications, the Secretariat will be installing an intranet/internet system on all employees desks, whereby each individual will have instant connectivity to all federal government software systems (required to support the FIS, HR functions, etc) and to a new government-wide press review system recently sponsored by the Solicitor General of Canada.

4. Outreach Activities

In addition to engaging Canadians on trade issues through its web site, the NAFTA Secretariat, Canadian Section is beginning to use other channels to communicate about its mandate. These include visits to high schools and universities, participation in seminars and conferences, and production and distribution of printed materials.

These activities form part of a communications strategy announced last year to provide Canadians with more information on international trade and dispute resolution mechanisms. The strategy will be developed gradually over the next three or four years. An early step has been to trademark the Secretariat's tri-national flag symbol and its operating symbol so they be protected for use in the Secretariat's communications materials.

5. Library Enhancements

The NAFTA Secretariat is a unique centre of knowledge about trade dispute settlement in Canada. To strengthen this knowledge base, the Canadian Section is upgrading and expanding its office library. The responsible manager is implementing an acquisition strategy designed to enhance the specialization of our references on books not likely to be bought by other libraries, due to the high cost of publications on dispute settlement and international trade.

Improvements will include the development of new documentary resources. For instance, a precise compilation has been made of all press clippings related to the Softwood Lumber issue, since the 1st of April 2001. These holdings will be made available for use by students and academics for research purposes. As for cataloguing, we are preparing the library to join the interlibrary loan system so its materials will be available to Canadians throughout the country.

6. Increased Compensation for Panelists

The credibility of the NAFTA dispute settlement process rests in large measure on the quality of the panelists who hear and determine individual cases. In 2001, on advice from the Secretariat, the NAFTA Commission approved an increase in per diem rate paid to NAFTA panelists, from C\$400 to C\$800 per day. This was the first increase since the rate was established in 1988 for the Canada – U.S. Free Trade Agreement.

The new rate, to be fully implemented in the 2002-2003 fiscal year, although adequate to attract qualified panelists, is still low compared to what international trade experts can earn in the private sector, or even from comparable dispute settlement bodies. The Canadian Section will pay for these increased costs, estimated at \$732,000 per year, through administrative measures and efficiency gains that will produce annual savings of \$112,000, and an increase to its base budget of \$620,000. The increase in compensation will ensure Canadian businesses continue to have access to a roster of qualified experts to settle trade disputes.

7. Roster of Assistants

Another initiative intended to support panelists is the establishment of a roster of individuals who could serve as assistants to panelists. This project, launched in 2001-2002, first identified what panelists expect in the way of education and experience from their assistants. The next step will be to identify individuals who meet those expectations and could potentially serve as assistants.

8. Strengthened Management Practices

The NAFTA Secretariat, Canadian Section is reorienting its management practices and procedures to reflect the principles inherent in the government's Modern Comptrollership initiative. Financial authorities have been devolved to five responsibility centre managers, and an assessment of their training needs will be complete by the end of 2001-

2002 fiscal year. The new year will see the development and implementation of an action plan to ensure the Section's management practices reflect the state of the art.

As part of improving its practice of providing the highest level of service, the Secretariat continues to maintain and update its unique Motions and Orders Database, which allows panelists and their assistants to research how previous panels dealt with specific types of motions and orders in past cases.

In 2001-2002, the Canadian Section implemented new financial and material management systems following earlier implementation of the government's Financial Information Strategy. Further work is required to ensure these new systems are operating effectively.

9. Recruitment, Retention and Learning Policy

The NAFTA Secretariat, Canadian Section, is developing and applying measures that will provide every employee the opportunity to set and achieve career goals and obtain recognition for extraordinary performance. These measures will be fully in place by the end of the 2002-2003 fiscal year.

Canadian Section managers will work with each employee to develop personal training and development plans. Plans designed so far are informal agreements, signed by the employee and the Canadian Secretary, that identify career goals and a series of training steps to assist the employee to move towards those goals during a predetermined period of time to be spent at this agency.

The Secretariat will also establish promotion plans for functions for which either promotion opportunities within or outside of the Secretariat would otherwise be extremely limited, or turnover could otherwise be expected to be excessive. All employees will be recognized for effective performance.

These measures will operate in ways that stabilize human resources management, improve management practices, and benefit the employee, the Secretariat, and the Government of Canada. The government's employment equity objectives will be reflected in these initiatives.

Additionally, the Canadian Section will continue to be involved in promoting the Federal Government of Canada's, «Employer of Choice» initiative which is design to recruit individuals into the public service. The Canadian Section has engaged Co-Op students in the Information Technology (IT) sector as well; it will also continue to participate with the

Public Service Commission of Canada (PSC) in providing opportunities for individuals from government sponsored employment equity programs.

10. Articling students

A new agreement with the Department of Justice will make it possible for articling law students to spend a three-month term working at the Canadian Section, beginning in 2002-2003. This arrangement will give the students an insight into the NAFTA's dispute settlement provisions. The Canadian Section will benefit from the knowledge these students bring to the Secretariat; they in turn will get a first glance at what is involved in a trade law career.

11. Canada – Costa Rica Free Trade Agreement

The Canada – Costa Rica Free Trade Agreement was signed on April 23, 2001, and is expected to enter into force in 2002. The Canadian Section anticipates that the Minister for International Trade will assign the responsibility for the dispute settlement provisions of this Agreement to it and is prepared to take on this added challenge within its existing financial resource base as disputes are expected to be very few in numbers.

2.3.1 Introduction

The NAFTA Secretariat, comprised of the Canadian, U.S. and Mexican sections, is a unique organization established by the Free Trade Commission, pursuant to Article 2002, Chapter 20 of the NAFTA. It is responsible for the administration of the dispute settlement provisions of the Agreement. The mandate of the NAFTA Secretariat also includes the provision of assistance to the Commission and support for various non-dispute related committees and working groups. More specifically, the NAFTA Secretariat administers the NAFTA dispute resolution processes under Chapters 14, 19 and 20 of the NAFTA and has certain responsibilities related to Chapter 11 provisions. Each national section maintains a court-like registry relating to panel, committee and tribunal proceedings.

A similar administrative body, the Binational Secretariat, existed under the Canada - United States Free Trade Agreement. In 1994, pursuant to the Parties' obligation under the NAFTA to establish permanent national section offices in each country, the Binational Secretariat, Canadian and United States national sections became the NAFTA Canadian and United States national sections, and with the addition of the Mexican Section, make up the NAFTA Secretariat. The national sections, which are "mirror-images" of each other, are located in Ottawa, Washington and Mexico City and are headed by the Canadian Secretary, the United States Secretary and the Mexican Secretary.

Additionally, the national sections have been given responsibilities relating to the administration of non-NAFTA dispute settlement processes.

For example, in 1997 the Canadian Section's mandate was expanded to include the administration of the dispute settlement processes under the following trade agreements:

- the Canada-Israel Free Trade Agreement (CIFTA); and
- the Canada-Chile Free Trade Agreement (CCFTA).

The legislation governing the work of the NAFTA Secretariat, Canadian Section is as follows:

- the *North American Free Trade Agreement Implementation Act*;
- the *Special Imports Measures Act*;
- the *Canada-Israel Free Trade Agreement Implementation Act*; and
- the *Canada-Chile Free Trade Agreement Implementation Act*.

In addition, the Canadian Section was asked to administer the dispute settlement process of the 1996 Softwood Lumber Agreement between the Government of Canada and the Government of the United States of America. Three proceedings were referred to and administered by the Secretariat.

Figure 1 Summary of Mandated Responsibilities

North American Free Trade Agreement		
Article 2002.3	Secretariat support	provide assistance and administrative support to the Commission, panels, committees and working groups facilitate the operation of the Agreement
Chapter 11	investor – state disputes regarding investment matters failure to abide by or comply with a tribunal’s final award	may act as a depository for notices of arbitration may be referred to Chapter 20 dispute settlement procedures
Chapter 14	disputes relating to financial services provisions	may be referred to Chapter 20 dispute settlement procedures
Chapter 19	industry - to - industry disputes relating to anti-dumping, countervailing duty or injury final determinations	may be referred to a binding binational review process as an alternative to judicial review
Chapter 20	government - to - government disputes concerning the interpretation or application of the Agreement	may be referred to arbitral panels
Canada-Israel Free Trade Agreement		
Chapter 8	disputes concerning the interpretation or application of the Agreement	may be referred to panels of experts
Canada-Chile Free Trade Agreement		
Chapter N	disputes concerning the interpretation or application of the Agreement	may be referred to arbitral panels

2.3.2 Roles

In the administration of the dispute settlement provisions of the relevant Agreements, the NAFTA Secretariat, Canadian Section provides professional and advisory support to panels and committees and co-ordinates all panel and financial aspects of the process.

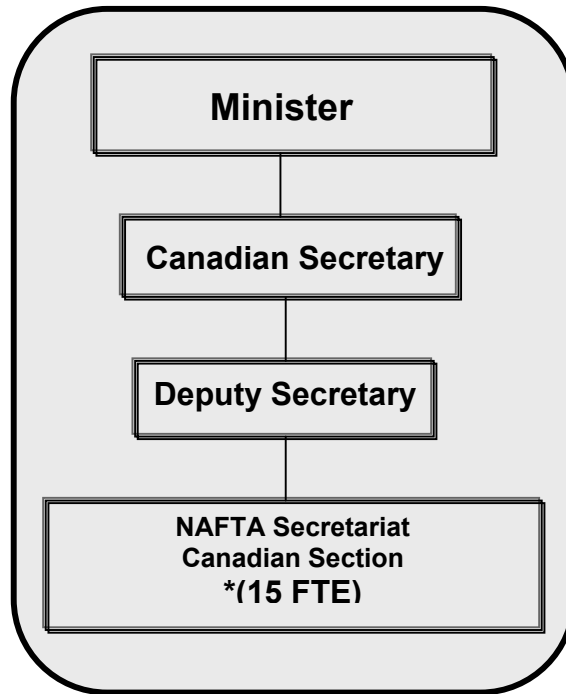
In addition to the assistance provided in support of the dispute resolution process, the Canadian Section is also involved in facilitating the operation of these agreements through the provision of information and professional services. This is achieved

through initiatives such as the establishment of an Internet Web site, the maintenance of a library and reference centre, the training of practitioners involved in trade dispute matters, research and analysis of trade related issues and, through collaboration with other national sections, establishment of management, policy, and procedural frameworks.

2.3.3 Responsibility Chart

The NAFTA Secretariat, Canadian Section, has one program and one business line. The reporting structure through the Minister for International Trade follows in Figure 2.

Figure 2 The NAFTA Secretariat, Canadian Section's Organizational Structure



* Full Time Equivalent

2.4

Program Objectives

The NAFTA Secretariat, Canadian Section's program objective is to implement the dispute settlement provisions of the North American Free Trade Agreement (NAFTA), the Canada-Israel Free Trade Agreement (CIFTA), and the Canada-Chile Free Trade Agreement (CCFTA), by providing support to panels established under the relevant agreements and by maintaining a court-like registry system relating to panel, committee and tribunal proceedings of the relevant agreements.

2.5

Planning Context

2.5.1 Government commitments

The allocation of the operating expenses and total salaries of the NAFTA Secretariat, Canadian Section, is already affected, and will continue to be affected, by the implementation of the Government On-line (GoL) initiative, insofar as new services are provided to our immediate clientele, the organization's suppliers and the general public.

Under this initiative, it is proposed that a large volume of information be assembled and made more accessible via computer media. With this in mind, an internal adjustment to our current procedures has already been completed with the goal of promoting the specialized reference material (library) and the archives (registry) of the Canadian Section. As highlighted in the Priorities Section of this report, the NAFTA Secretariat's library will be designed to become a reference center concerning trade dispute processes. As regards to the archives, the Secretariat's strategy for this responsibility center for the 2002-2003 fiscal year was also previously outlined.

In addition, the Canadian Section will use external professional services to implement, throughout the agency, government policy on recruitment, retention and learning. The anticipated result will complement the terms and conditions of a staff recognition program, which is already in place, in order to provide positive reinforcement for the accountability criteria introduced in 2000-2001 at the Secretariat.

The Secretary is an active member of the Small Agencies Steering Committee on Modern Comptrollership, working with other deputy heads to facilitate the implementation of this important initiative within the government.

2.5.2 Key linkages to other departments

As indicated earlier, the mandate of the NAFTA Secretariat, Canadian Section, is to administer the dispute settlement proceedings filed. Inquiries beyond the scope of this mandate, particularly those received on our Web site, must be forwarded to the organizations concerned, including the Canada Customs and Revenue Agency and the Canadian International Trade Tribunal, as well as appropriate departments, especially the Department of Foreign Affairs and International Trade, which coordinates government trade policy. Additionally, the Canadian Section has established contacts with the U.S. and Mexican Embassies in Ottawa and has, when appropriate, solicited responses to public concerns posted on the NAFTA web site.

2.5.3 International trends and Canadian concerns

Growing public interest in international trade agreements and their impacts on the economy and society suggests that Government On-line (GoL) will have national and international repercussions on the volume of inquiries. It is anticipated that a high volume of inquiries will originate from foreign observers and trade practitioners. The information requested relates to the progress and content of the proceedings administered by the NAFTA Secretariat national sections and other topics related to international trade. The changes to be introduced to our Web page, in co-operation with the other national sections, are specifically designed to respond appropriately to these requests. The Secretary has assigned the responsibility of coordinating replies to a new member of the Secretariat and will determine in the near future the most appropriate method to maintain this necessary activity.

2.5.4 Key strategic partnerships with other levels of government

The working relationship with the United States and Mexican national sections is becoming closer in connection with the requirement to modernize computer systems, particularly to coincide with implementation in Canada of the Government On-line (GoL) initiative. No changes can be made to the content of the Secretariat Web site without our partners' agreement, while any additions to the Canadian Section's part of the site must not cause controversy; it will therefore be necessary to earmark resources to be used on conclusion of co-operation agreements among the sections.

It is also planned to extend to the United States and Mexico the benefits anticipated from the Canadian project to establish an official roster of panel members' assistants. Members would continue to hire assistants as they wished, or could use the services of an assistant who had satisfied the eligibility criteria established by the Secretariat national sections.

2.6

Departmental Planned Spending

The NAFTA Secretariat, Canadian Section's operating budget for the 2001-2002 fiscal year is \$2,256,000. Based on current patterns of expenditures it is estimated that the total planned spending to March 31, 2002 will be \$2,197,000.

(\$ thousands)	Forecast Spending 2001-2002	Planned Spending 2002-2003	Planned Spending 2003-2004	Planned Spending 2004-2005
Budgetary Main Estimates	2,256	2,304	2,304	2,304
Total Main Estimates	2,256	2,304	2,304	2,304
*Adjustments – Special Allotment for Panelist's fees	0	620	620	620
Net Planned Spending	**2,256	2,924	2,924	2,924
Less: Non-responsible Revenues	(250)	(300)	(350)	(300)
Plus: Cost of Services Received Without Charge	191	186	186	186
Net Cost of Program	2,197	2,810	2,760	2,810

Full Time Equivalent	13	15	16	16
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* The Treasury Board has authorized the NAFTA Secretariat to include an item in the 2002-2003 Supplementary Estimates and to increase future year reference levels, to address the issue of per diem increases for dispute resolution panelists.

** Reflects the best forecast of total net planned spending to the end of the fiscal year.

Section III: Departmental Plans, Results, Activities and Resources

3.1

Business Line Details

Disputes relating to anti-dumping, countervailing duty and injury final determinations may be resolved under the NAFTA through the panel review process (Chapter 19) as an alternative to judicial review. Disputes concerning the interpretation or application of the NAFTA (Chapter 20) may be referred to a five-member panel. Disputes relating to the investment provisions of Chapter 11 and the financial services provisions of Chapter 14 of the NAFTA may be referred to dispute settlement under the Agreement.

Disputes arising under the dispute settlement provisions of Chapter 8 of the Canada – Israel Free Trade Agreement and Chapter N of the Canada – Chile Free Trade Agreement will be administered by the Canadian Section.

In the administration of the dispute settlement provisions of the relevant agreements, the NAFTA Secretariat, Canadian Section provides professional and advisory support to panels and committees, operates a court-like registry and coordinates all panel and financial aspects of the process.

Non-dispute related responsibilities include providing assistance to the Commissions, as directed, and support for various non-dispute related committees and working groups.

3.2

Key Results Commitment, Planned Results, Related Activities and Resources

The following outlines the Canadian Section's Key Results Commitments and Planned Results. These Key Results Commitments are based upon the Guiding Principles approved by management of the Canadian Section (see annex A) and are its application of the Canadian Government's commitment to clearly stated values and ethics.

When read in conjunction with Section 2.2, these Key Results Commitments provide an overview of the Canadian Section's planned activities and operations.

Figure 3

The following table summarizes the NAFTA Secretariat, Canadian Section’s key results commitment.

Key Results Commitment	Planned Results	Related Activities
<p>Appropriate administration of the dispute settlement provisions of the North American Free Trade Agreement, the Canada-Israel Free Trade Agreement, and the Canada-Chile Free Trade Agreement in a manner which ensures unbiased administrative processes, equity, security and fairness while providing quality services</p>	<p>Unbiased and Equitable Administrative Process</p>	<ul style="list-style-type: none"> • applying fair and equitable procedural and administrative policies • ensuring compliance to the rules of procedures and to the agreements • administering a court-like registry for the panel review process
	<p>Highest Quality Service</p>	<ul style="list-style-type: none"> • developing a plan for the Government On Line initiative to ensure connectivity with the NAFTA Secretariat Web site infrastructure • updating the information technology used in service delivery including the Registry information system, the Motions and Orders Database and the NAFTA Secretariat Internet Web site • maintaining the performance of current and new information technology settings • conducting research and analysis in areas of trade dispute resolution mechanisms • monitoring client level of satisfaction by conducting surveys upon completion of panel review • promoting on-going employee professional development

Key Results Commitment	Planned Results	Related Activities
	Support to Stakeholders	<ul style="list-style-type: none"> • providing: <ul style="list-style-type: none"> - timely and accurate information - research support - procedural advice - administrative support - assistance to the relevant free trade commissions, the related committees and the working groups • responding to queries • administering a court-like registry for the panel review process • planning and coordinating activities to provide logistical support to all panels established under the relevant agreements
	Openness and Accountability	<ul style="list-style-type: none"> • providing access to documents, decisions, reports and statistical information • promoting the full understanding of Canada's free trade goals and achievements to all levels of government, the private and voluntary sectors, individuals and the media through the provision of effective communications including the production of brochures, pamphlets and leaflets • developing policies, procedures and systems for archiving panel review records and for managing all other documents related to the dispute settlement provisions of the relevant agreements

Key Results Commitment	Planned Results	Related Activities
	Operational Efficiency and Effectiveness	<ul style="list-style-type: none"> • ongoing enhancement of the NAFTA Secretariat Internet Web site by adding additional functionalities • elaborating plans for implementing, installing and supporting current and new information technology systems • establishing, in coordination with other national sections, management, policy and procedural frameworks in fulfilling the mandate of the NAFTA Secretariat • providing financial administration support to panels • administering a court-like registry for the panel review process • planning and coordinating activities to provide logistical support to all panels established under the relevant Agreements
	National/International Collaboration	<ul style="list-style-type: none"> • coordinating with other national sections the establishment of management, policy and procedural frameworks in fulfilling the mandate of the NAFTA Secretariat • developing a roster of assistants in collaboration with other national sections • being available to assist with the start-up of the designated Israeli Agency and the Chilean national Section, for the administration of the dispute settlement provisions of the Agreements • consulting and liaising with other government and non-governmental organizations to keep abreast of developments in trade issues and practices and dispute resolution mechanisms

Section IV: Financial Information

Table 4.1: Source of Non-Respendable Revenue

(\$ thousands)	Forecast Revenue 2001-2002	Planned Revenue 2002-2003	Planned Revenue 2003-2004	Planned Revenue 2004-2005
NAFTA Secretariat, Canadian Section				
Recovery of Panel Expenses	(250)	(300)	(350)	(300)
Total	(250)	(300)	(350)	(300)

Table 4.2: Net Cost of Program for the Estimates Year

(\$ thousands)	Total
NAFTA Secretariat, Canadian Section	
Net Planned Spending	2,924
<i>Plus: Services Received without Charge</i>	
Accommodation provided by PWGSC	129
Contributions covering employees' insurance premiums and expenditures paid by TBS	57
<i>Sub-total</i>	186
<i>Less: Non-respendable Revenues</i>	(300)
2002-2003 Net Cost of Program	2,810

Section V: Other Information

5.1 Spending Authorities

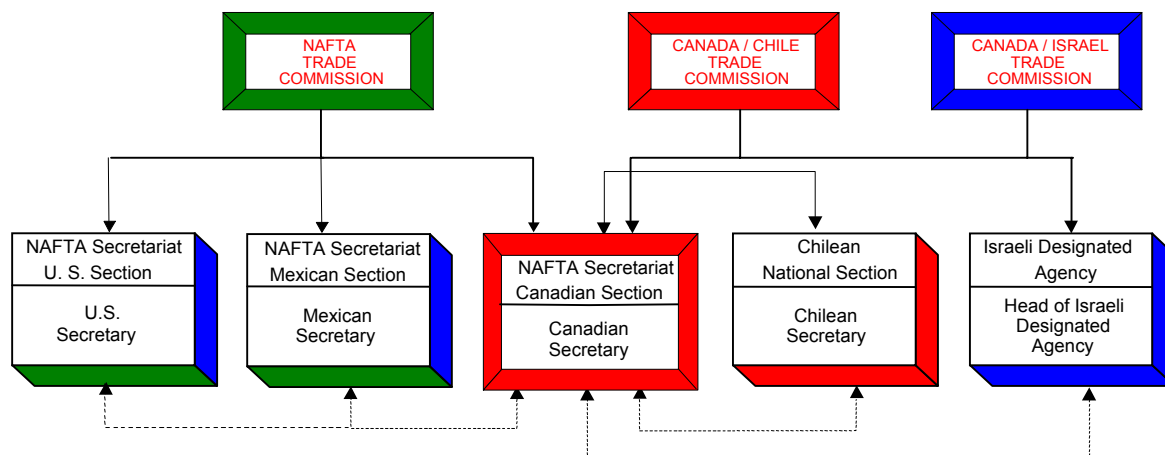
Table 5.1: Spending Authorities - Ministry Summary Part II of the Estimates

Vote		2002-2003 Main Estimates (thousands)	2001-2002 Main Estimates (thousands)
	NAFTA Secretariat, Canadian Section		
50	Program Expenditures	2,772	2,115
(S)	Contributions to Employee Benefits Plan (EBP)	152	141
	Total Agency	2,924	2,256

5.2 Mandated Responsibilities

The organization is headed by the Canadian Secretary who reports to the Minister for International Trade for parliamentary accountability. The Secretary also reports to the appropriate free trade commissions for the administration of the dispute settlement processes under the NAFTA, CIFTA or the CCFTA.

Figure 4
Mandated Responsibilities Chart



Guiding Principles

<i>Commitment to an Unbiased and Equitable Administrative Process</i>	The NAFTA Secretariat, Canadian Section, is committed to administering the dispute settlement provisions of the relevant Free Trade Agreements and other Bilateral Agreements as directed by the Parties in a manner which ensures unbiased administrative processes, equity, security and fairness.
<i>Commitment to Service Quality</i>	The NAFTA Secretariat, Canadian Section, is committed to maintaining the highest quality of administration to all dispute settlement proceedings and to investing in technologies that will sustain future operations.
<i>Support to Stakeholders</i>	The NAFTA Secretariat, Canadian Section, is committed to supporting and providing services to its stakeholders in dispute resolution in a manner that is impartial, responsive, accessible and timely.
<i>Openness and Accountability</i>	The NAFTA Secretariat, Canadian Section, is committed to the promotion of a corporate culture implementing transparent management processes and accountability, both to the NAFTA Free Trade Commission and to the public.
<i>Operational Efficiency</i>	The NAFTA Secretariat, Canadian Section, is committed to pursuing alternative service delivery to enhance information access and sharing and to improve operating practices.
<i>Continuous Learning</i>	The NAFTA Secretariat, Canadian Section is committed in having in place professional and motivated employees and in offering them to advance their careers through continuous learning.

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