



**Department of  
Foreign Affairs and  
International Trade**

Performance Report

For the period ending  
March 31, 2002

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 of the Government of Canada are structured in several 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 *Report on Plans and Priorities* provides additional detail on each department and its programs primarily in terms of more strategically oriented planning and results information with a focus on outcomes.

The *Departmental Performance Report* provides a focus on results-based accountability by reporting on accomplishments achieved against the performance expectations and results commitments as set out in the spring *Report on Plans and Priorities*.

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 funds.

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## Foreword

In the spring of 2000, the President of the Treasury Board tabled in Parliament the document “Results for Canadians: A Management Framework for the Government of Canada”. This document sets a clear agenda for improving and modernising management practices in federal departments and agencies.

Four key management commitments form the basis for this vision of how the Government will deliver their services and benefits to Canadians in the new millennium. In this vision, departments and agencies recognise that they exist to serve Canadians and that a “citizen focus” shapes all activities, programs and services. This vision commits the Government of Canada to manage its business by the highest public service values. Responsible spending means spending wisely on the things that matter to Canadians. And finally, this vision sets a clear focus on results – the impact and effects of programs.

Departmental performance reports play a key role in the cycle of planning, monitoring, evaluating, and reporting of results through ministers to Parliament and citizens. Departments and agencies are encouraged to prepare their reports following certain principles. Based on these principles, an effective report provides a coherent and balanced picture of performance that is brief and to the point. It focuses on outcomes - benefits to Canadians and Canadian society - and describes the contribution the organisation has made toward those outcomes. It sets the department’s performance in context and discusses risks and challenges faced by the organisation in delivering its commitments. The report also associates performance with earlier commitments as well as achievements realised in partnership with other governmental and non-governmental organisations. Supporting the need for responsible spending, it links resources to results. Finally, the report is credible because it substantiates the performance information with appropriate methodologies and relevant data.

In performance reports, departments and agencies strive to respond to the ongoing and evolving information needs of parliamentarians and Canadians. The input of parliamentarians and other readers can do much to improve these reports over time. The reader is encouraged to assess the performance of the organisation according to the principles outlined above, and provide comments to the department or agency that will help it in the next cycle of planning and reporting.

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This report is accessible electronically from the Treasury Board of Canada Secretariat Internet site:  
<http://www.tbs-sct.gc.ca/rma/dpr/dpre.asp>

Comments or questions can be directed to:

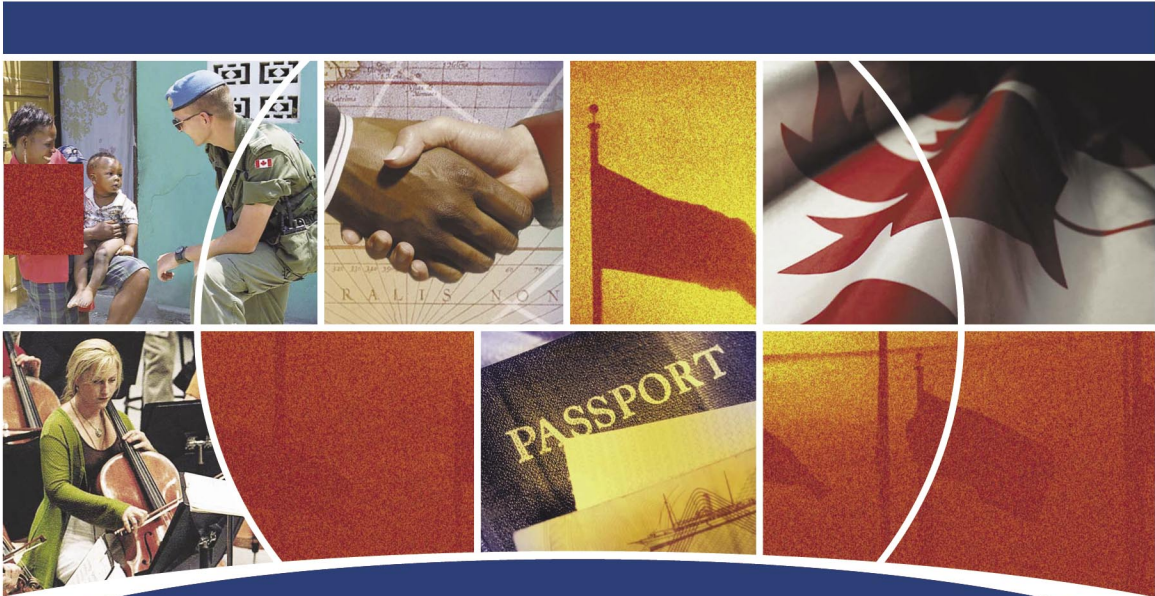
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# Performance Report 2001-2002

For the period ending March 31, 2002



Department of Foreign Affairs  
and International Trade



Approved

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Pierre S. Pettigrew  
Minister for International Trade

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Bill Graham  
Minister of Foreign Affairs

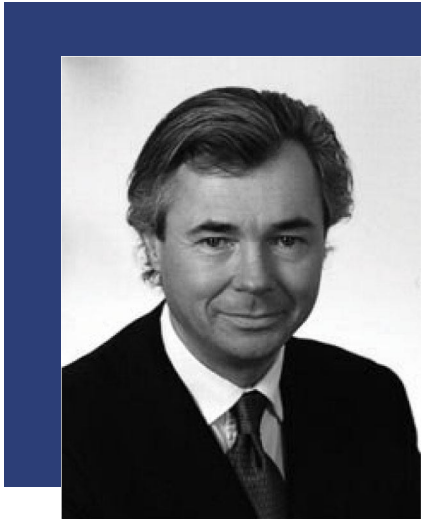


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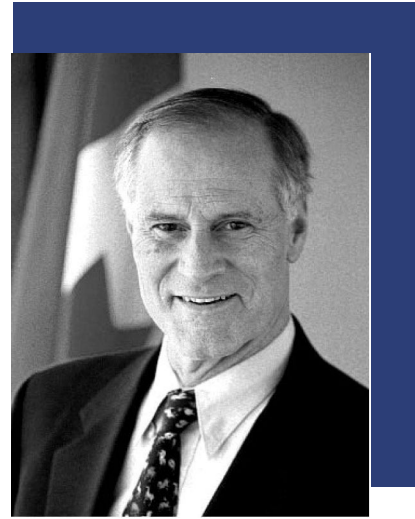
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# Message from the Ministers



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



**The Honourable Bill Graham**  
**Minister of Foreign Affairs**

The past year has been at times tragic, tumultuous, disquieting and heartwarming. The terrorist attacks of September 11, 2001, have drawn immediate—and enduring—attention to the complexity and volatility of the world community. Canadians were deeply affected by such events, and in response Canada remains firmly resolved to continue asserting those values and principles that Canadians have always upheld: a commitment to global peace and security, democracy, human rights and the rule of law.

In guiding Canada's foreign policy, the Department of Foreign Affairs and International Trade believes that Canada has a unique role to play as a middle power with a bilingual and multicultural society, diverse international interests and a reputation as a long-standing advocate of peace and stability. Over the last year, the Department not only focused more intensely on counterterrorism and global security issues, it also continued to advance its other international objectives such as restimulating the global economy, expanding trade and investment, and advancing social and economic development, particularly in Africa.

In pursuing these objectives in 2001-2002, the Department worked closely with domestic partners, including the provinces and private sector, as well as international organizations such as the United Nations, the World Trade Organization, the Organization for Economic Cooperation and Development and the G8 (the world's seven leading industrialized nations and Russia). Given the interdependence of the international community, such collaboration is the only way to deal effectively with key global issues such as terrorism and the continuing integration of world markets.

In focusing its efforts on the priorities and needs of Canadians in this highly complex world, the Department has responded through a wide range of activities and accomplishments. What follows are some of the highlights from 2001-2002.



### *Protecting Canada's Security in a Global Context*

- Following extensive consultations, between the Department and U.S. officials, Canada and the United States signed the Smart Border Declaration in December 2001. The purpose of this agreement, which includes a 30-point action plan, is to identify and address security issues, while ensuring the flow of people and goods across the border.
- The Department coordinated Canada's active participation in the campaign against terrorism in Afghanistan. In January 2002, Canada re-established diplomatic relations with that country and announced an additional \$100 million in humanitarian and reconstruction assistance. It also worked with G8 partners, the United Nations and the Afghan Interim Administration to establish effective security forces in Afghanistan, including a national army and police force, as well as to demobilize former combatants, reform the justice system and support the anti-narcotics campaign.
- In advancing its international human security agenda, Canada took part in the 2001 UN Conference on the Illicit Trade in Small Arms and Light Weapons in All Its Aspects, at which a Programme of Action was adopted to prevent, combat and eradicate this activity. Also in 2002, the Department launched the Canadian Consortium on Human Security, establishing a network of academics in Canadian universities who are engaged in teaching and research in this field.
- Throughout 2001-2002, the Department led Canada's campaign to encourage ratification and implementation of the Rome Statute of the International Criminal Court (ICC), which has been signed by 139 countries. To be based in The Hague, Netherlands, the ICC is intended to provide accountability for acts of genocide, war crimes and crimes against humanity. The Department also worked to ensure a smooth entry into force of the Statute, which took place July 1, 2002, and to increase public awareness and understanding of the ICC.
- The Department continued to lead efforts by the G7 Nuclear Safety Working Group to improve nuclear safety levels at Soviet-designed nuclear reactors. At the G8 Summit in June, the G8 Global Partnership Against the Spread of Weapons and Materials of Mass Destruction was launched. Its purpose is to support specific cooperation projects, initially in Russia, related to non-proliferation, disarmament, counterterrorism and nuclear safety.
- G8 leaders also agreed on a set of non-proliferation principles aimed at preventing terrorists or those who harbour them from acquiring or developing nuclear, chemical, radiological and biological weapons; missiles; and related materials, equipment or technologies. They also reached consensus on a new initiative to strengthen the security and efficiency of the global transportation system.
- G8 foreign ministers have been actively involved in global security issues and have been supportive of the Leaders' process. At their Whistler meeting, G8 foreign ministers discussed how to develop concrete measures to fight terrorism and issued a Progress Report on the Fight Against Terrorism, outlining actions that have been taken since September 11, 2001. They also discussed security issues in Afghanistan; tensions between India and Pakistan and continuing concerns regarding the risk of conflict between these nuclear weapons capable nations and the threat this would pose to regional and global security and stability; the changed international security environment and the challenge to global stability and security posed by the proliferation of weapons of mass destruction; and the crisis in the Middle East.



## *Promoting the Prosperity of Canadians Through Greater Trade and Investment*

- Over the course of the last year, the Department played a key role in preparations for the G8 Summit that Canada hosted and chaired in June 2002. Similar assistance was provided for the Prime Minister's pre-Summit visit to Africa in April 2002, during which African leaders expressed their clear commitment to move forward on their New Partnership for Africa's Development (NEPAD).
- Preparations for the G8 Summit focused on three priorities set by the Prime Minister: strengthening global economic growth and promoting sustainable development, building a new partnership for African development and fighting terrorism. At the Summit, leaders responded to NEPAD by establishing the G8 Africa Action Plan. For its part, Canada announced \$6 billion over five years in new and existing resources to assist with development in Africa. In addition, this country indicated that it will eliminate tariffs and quotas on virtually all imports from 48 least-developed countries, 34 of which are African, as of January 1, 2003.
- Also at the Summit, G8 leaders reaffirmed their commitment to a successful conclusion of the new round of WTO negotiations by January 2005 as well as a productive outcome at the 2002 World Summit on Sustainable Development.
- The Department played a lead role in successfully launching the new round of WTO negotiations at Doha, Qatar, in 2001. The negotiating agenda reflects Canada's main objectives, which are to reduce trade barriers and strengthen international trade rules. In addition, Canada is seeking the elimination of trade-distorting agricultural subsidies, establishment of clear time lines for negotiations on trade in services, stronger rules pertaining to anti-dumping and subsidies, and enhancement of the dispute settlement mechanism. Last year, Canada also continued to champion greater transparency of WTO operations to expand public understanding of the benefits of the multilateral trading system.
- In managing Canada's pre-eminent trade relationship with the United States, the Department worked with other federal departments, the provinces and industry in seeking a long-term solution to the ongoing softwood lumber dispute, in parallel with exercising rights under the North American Free Trade Agreement and the WTO. The Department also played an active role in defending Canadian interests with respect to agricultural and energy issues and collaborated on a successful campaign to exclude Canada from a safeguard action on steel by the United States.
- In 2001-2002, the Prime Minister and the Minister for International Trade led Team Canada missions to Europe as well as to Texas and California. Participants in the latter mission ("Team Canada West") came from the western provinces and territories, and the trip resulted in 19 agreements worth approximately \$92.9 million. The Team Canada mission to Russia and Germany secured 133 new business deals worth some \$583.6 million. This year's trade missions had the highest participation rate by women and Aboriginal entrepreneurs to date.

- The Department worked to ensure a lead role for Canada in negotiating a Free Trade Area of the Americas. In other negotiations on trade liberalization, an agreement was finalized with Costa Rica, talks were begun with other Central American countries, and discussions were ongoing with the European Free Trade Association and Singapore. At the Canada-CARICOM (Caribbean Community) Summit, held in Jamaica in 2001, the Prime Minister and Caribbean heads of government agreed to begin talks on a free trade agreement. These negotiations will be ongoing through the next fiscal year.

### *Projecting Canadian Culture and Values Worldwide*

- In 2001-2002, the Department provided over \$6.5 million to more than 400 Canadian artists and artistic companies to enable them to showcase their work to international audiences at major venues like the Venice Biennale, one of the world's most prestigious exhibitions of contemporary art. One of the important artistic activities supported by the Department last year was the Royal Winnipeg Ballet's tour of the United States and various Asian countries. Also last year, the Department organized state visits by the Governor General to Argentina, Chile and Germany, which took delegations of distinguished Canadian artists, scientists and scholars as well as cultural and business leaders to meet with their counterparts in those countries.
- The Department's scholarship programs enabled 300 international students to attend post-graduate courses in Canada last year. Meanwhile, Canada's missions abroad continued to actively promote this country's educational products and services. In 2001-2002, more than 200,000 foreign students pursued post-secondary and language studies at the undergraduate level in this country, injecting more than \$4 billion into the Canadian economy. In more than 30 other countries around the world, some 6,000 professors taught courses on Canada to some 150,000 students. These efforts raise awareness and understanding of Canada among young people in the international community.
- In an important initiative that promoted Canadian values throughout the Americas, Canada played a key role in the adoption of the Inter-American Democratic Charter by the OAS foreign ministers in Lima in September 2001. Canada ensured that the preparations included time and information for civil society from Canada and the rest of the region to be truly involved in the process.

### *Assisting Canadians and Working on Behalf of the Government of Canada Abroad*

- At more than 270 locations worldwide, the Department provided consular services last year to some 2.5 million Canadians working, travelling or doing business abroad as well as to their families in Canada. Consular services include replacement of lost or stolen passports and support in dealing with medical, legal or other emergencies.
- The attacks of September 11, 2001, heightened public awareness of, and concern about, the risks involved in international travel. The Department has responded by improving the content, range and distribution of its information on how to travel safely as well as by strengthening the ability of missions to handle crisis situations and adding 42 new consular staff positions at headquarters and abroad.



- For the second year in a row, Canada ranked number one in the world in providing government services on-line, according to a study released in April 2002 by the consulting firm Accenture. The Department is extremely active in this area and plays a key role in the federal Government On-Line program. Over the last year, the Department made significant enhancements to its own Internet presence and expanded electronic access to its missions abroad. In addition, it continued to lead further development of the international components of the main Government of Canada Web site.

In looking back at the Department's achievements in 2001-2002, we are particularly proud of the singular determination and professionalism demonstrated by all its employees during what was, by any definition, an especially difficult and tumultuous year for the international community. In conjunction with the Minister for International Cooperation and the Secretaries of State for Asia-Pacific; Central and Eastern Europe and the Middle East; and Latin America, Africa and La Francophonie, we wish to recognize the commitment and contribution to Canadians of those who work for this Department. It is on their behalf that we submit this report.

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Pierre S. Pettigrew  
Minister for International Trade

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Bill Graham  
Minister of Foreign Affairs

# About the Department

## What We Do

The Department of Foreign Affairs and International Trade develops and implements foreign policy that advances Canadian interests, projects Canadian values and culture worldwide and protects Canada's security. It works to expand the country's international trade and investment in order to increase job creation and prosperity. It offers consular services and other assistance to Canadians travelling, working or doing business abroad, and it supports the international objectives and activities of partner departments and agencies as well as the provinces and territories.

This department is unique among federal departments not only in its mandate but also in its extensive international presence. Its network of missions abroad plays a crucial role in everything it does by engaging foreign governments and other international authorities on behalf of the Canadian government; generating the information, contacts and methods to enable the country to pursue its national interests abroad; and providing services to Canadians outside Canada (some 2.5 million in the last fiscal year). A list of the Department's missions abroad and a description of the different types of missions can be found on-line <<http://www.dfait-maeci.gc.ca/english/missions/repcan-1e.htm>>.

## Who We Are

The Department's more than 8,300 employees are referred to as rotational, non-rotational or locally engaged. Members of the Foreign Service—over 1,900 in number—relocate regularly between Ottawa and missions abroad. The 4,170 locally engaged employees work exclusively in other countries where they have local knowledge, language skills and expertise. In Canada, 2,220 non-rotational staff work at headquarters as well as at passport offices and trade centres across Canada.

## Where We Are Located

The Department serves Canadians from its Ottawa headquarters as well as through 29 passport offices and a network of regional trade commissioners across the country. Outside Canada, it operates over 270 "points of service" covering 192 independent states. Owned and leased property assets abroad include 242 chanceries (office space), 104 official residences and some 1,600 staff quarters. Crown-owned land and buildings outside Canada have a market value of approximately \$1.5 billion, a significant and productive investment for Canadians. These properties are an essential resource that enables the Department to carry out its priorities worldwide and, at the same time, ensure the best possible security for its employees, assets and information.

## A World Leader in the Use of Information Technology

Recognized as a leader among national organizations of the countries of the Organization for Economic Cooperation and Development (OECD) in its use of information technology and telecommunications, the Department operates one of the world's largest and most diverse international client server networks. It also makes extensive use of Internet technology and, as part of the Government On-Line program, is constantly expanding and enhancing its on-line presence as well as the international components of the main Government of Canada Web site <<http://www.gc.ca>>.



## Key Partners

The success of the Department's work depends heavily on its partnerships with:

- partner departments and agencies, particularly Industry Canada, the Canadian International Development Agency, Citizenship and Immigration Canada, the Department of National Defence and Canadian Heritage;
- provincial, territorial and municipal governments;
- the Canadian private sector, including exporters, export-ready firms and their workers, investors and those seeking investment, importers and consumers, the travel and cultural sectors as well as vulnerable and sensitive industries;
- the voluntary sector;
- Canadian non-governmental organizations and citizens' groups;
- the Canadian academic community;
- foreign cultural and academic communities with an interest in Canada;
- Canadian and international media;
- representatives of foreign governments; and
- multilateral organizations such as the United Nations (UN), the North Atlantic Treaty Organization (NATO), the OECD, the World Trade Organization (WTO), the Asia-Pacific Economic Cooperation (APEC) forum, the Commonwealth and La Francophonie.

## How We Are Organized

The Minister of Foreign Affairs and the Minister for International Trade are responsible for the Department. Four other Cabinet members have specific responsibilities. The Minister for International Cooperation is responsible for the Canadian International Development Agency, and three Secretaries of State promote Canada's foreign policy and trade priorities within designated regions and/or organizations as follows: Asia-Pacific; Central and Eastern Europe and the Middle East; and Latin America and Africa as well as La Francophonie.

A number of other organizations outside the Department report to the Minister of Foreign Affairs, specifically:

- the International Development Research Centre, which helps communities in developing countries to address social, economic and environmental problems;
- the International Joint Commission, a joint Canada-U.S. body that manages and protects lake and river systems on the border between the two countries; and
- Rights and Democracy: the International Centre for Human Rights and Democratic Development, an independent organization that promotes human and democratic rights.

The Minister for International Trade has additional responsibility for:

- the Canadian Commercial Corporation, an export sales agency that works to expand Canada's international trade;
- Export Development Canada, a financial institution that provides trade-related financial services to Canadian exporters and investors;
- the Northern Pipeline Agency, which oversees planning and construction of the Canadian portion of the Alaska Highway Gas Pipeline Project; and

- the North American Free Trade Agreement (NAFTA) Secretariat (Canadian Section), which helps administer the dispute settlement provisions of NAFTA.

The Passport Office is a special operating agency within the Department, reporting to the Deputy Minister of Foreign Affairs.

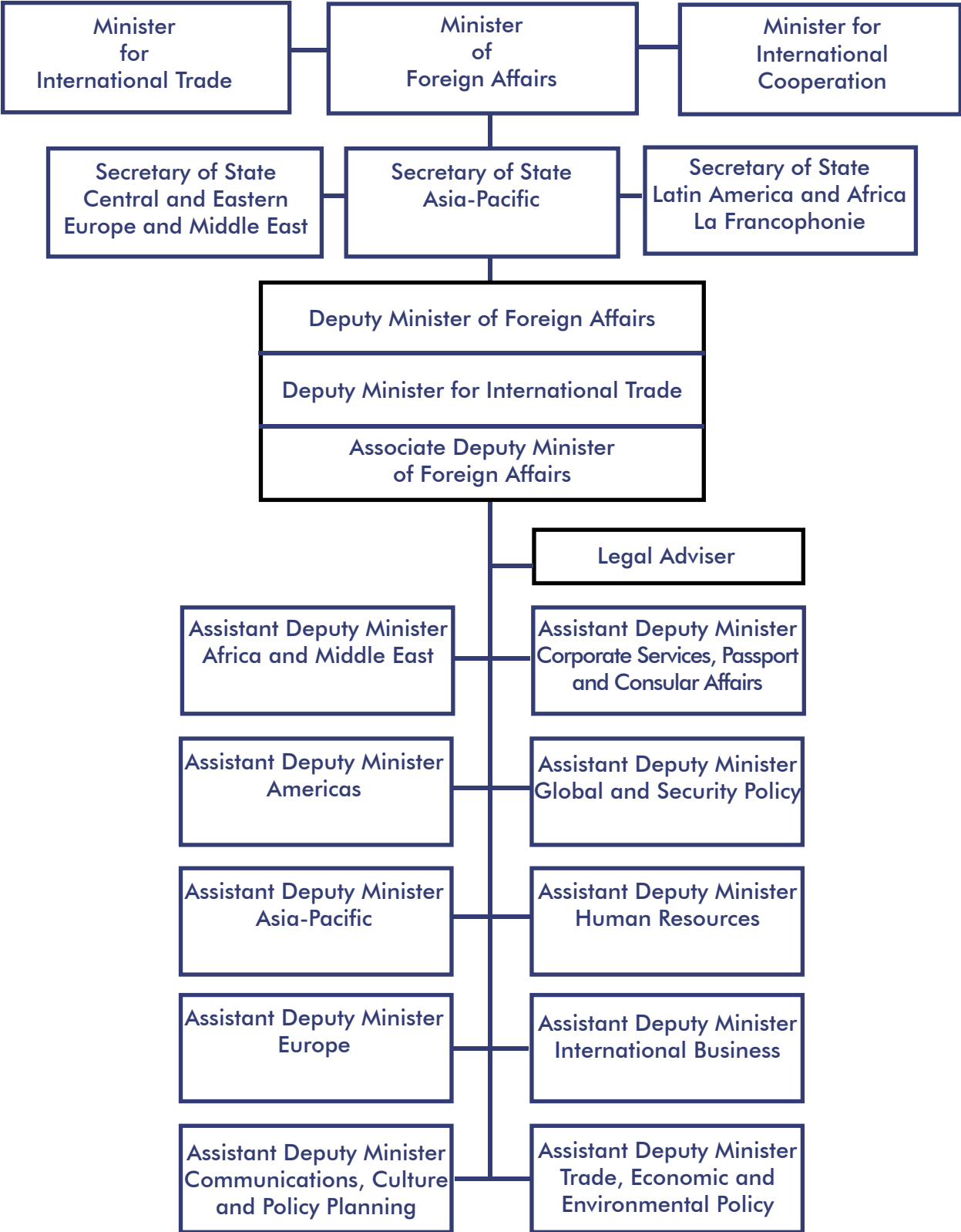
At its headquarters, below the level of deputy minister and associate deputy minister, the Department has a Legal Adviser and 10 assistant deputy ministers (ADMs). Six of these ADMs develop policies and initiatives to achieve the objectives of the Department's business lines worldwide (see table below). These business lines provide the framework for the Department's managerial accountability as well as its planning and performance reports. Between them, the ADMs Trade, Economic and Environmental Policy and Global and Security Policy are also accountable for nine missions to international organizations.

Assistant Deputy Minister (ADM)	Business Line Responsibility
ADM, International Business	International Business Development
ADM, Trade, Economic and Environmental Policy	Trade, Economic and Environmental Policy
ADM, Global and Security Policy	International Security and Cooperation
ADM, Communications, Culture and Policy Planning	Public Diplomacy
ADM, Corporate Services, Passport and Consular Affairs	Assistance to Canadians Abroad Passport Services Services to Other Government Departments Corporate Services
ADM, Human Resources	A separate component of Corporate Services

The Department's four other ADMs are in charge of policies and operations for specific geographic regions: Africa and the Middle East, the Americas, Asia-Pacific, and Europe. These four ADMs, as well as the Legal Adviser, ensure the horizontal coordination and appropriate delivery of all business line policies and initiatives in their regions or fields of jurisdiction. In so doing, the geographic branches collaborate extensively with the missions abroad.



Departmental Organization Chart (2001-2002)





# Strategic Context and Challenges

Before reviewing the Department's main accomplishments in 2001-2002, it is important to understand the operating context and challenges that affected its environment and operations over the last year. The most significant factors were:

- **Increasing Emphasis on Security Issues Worldwide:** The Department responded immediately to the terrorist attacks of September 11, 2001, first in the United States and then on a global scale, focusing more intensely on anti-terrorism and related issues, including the security of the border between Canada and the United States and heightened cooperation with European partners. This effort was ongoing throughout 2001-2002, given further developments including the military campaign in Afghanistan, escalation of the Israeli-Palestinian conflict and increased tension between India and Pakistan.
- **Growing Importance of Trade and Investment to Canada's Economy:** Exports now represent an astounding 45.4 percent of Canada's gross domestic product (GDP)—up from just 25 percent in 1990. This makes Canada by far the most export-oriented country in the G8. Ongoing management of Canada's crucial bilateral trading relationship with the United States—the largest such relationship in the world—was a key priority of the Department over the last year. The enhancement of Canada's relations with other hemispheric partners such as Mexico and the countries of Latin America and the Caribbean was also given considerable attention.
- **Need to Attract More International Business Activity and Investment to Canada** by promoting the advantages Canada offers as a key centre of entrepreneurship and innovation. Throughout 2001-2002, the Department undertook numerous trade and international business development activities to foster greater trade liberalization and increase participation by Canadian businesses in global markets.
- **Growing Interdependence of Foreign and Domestic Policies:** The international campaign against terrorism has provided a clear illustration of the need to integrate foreign and domestic policies in order to deal effectively with global issues. Over the past year, there has continued to be a sharply increasing number of issues the Department must handle horizontally, not only across federal departments and agencies but also with the full range of its domestic and international partners. Another prominent horizontal file handled last year was the preparation for the G8 Summit, chaired and hosted by Canada in June 2002. This included the organization of the Prime Minister's pre-Summit trip to Africa as well as comprehensive policy and logistical support.
- **Increased Demands for the Department's Services** from domestic and international partners. This was due to a number of developments, including a significant expansion in the activities of multilateral organizations of which Canada is a member, growth in the foreign diplomatic community in this country and a rise in the number of Canadians abroad seeking consular and other assistance.



- **Regional Challenges:** Over the past year, the Department faced a number of significant regional challenges around the world. In North America, the emphasis is clearly on a coordinated response to the terrorist attacks of September 11, while recognizing the need to expand Canada's relationship with Mexico. In Latin America and the Caribbean, Canada is working to expand trade through the negotiation of a Free Trade Area of the Americas, while strengthening our shared commitment to democracy in the region. With Europe, it is important for Canada to focus on a transatlantic partnership, based on significant commercial, cultural and historical ties. In Africa, the challenge is to foster greater development in order to eradicate poverty and enable the continent to participate more fully in the global economy. In the Middle East and Asia-Pacific, there are regional conflicts that directly engage Canada's international agenda, particularly with respect to counterterrorism, arms control and human security. At the same time, Canada has a strong interest in generating more trade and investment with Asia-Pacific, a region that is home to half the world's population.

## Strategic Outcomes

In evaluating its progress and performance in 2001-2002, the Department measured its accomplishments against the following strategic outcomes (the name of the relevant business line is in parentheses):

- Greater prosperity and job creation in Canada, achieved by helping the private sector take full advantage of international business opportunities and by facilitating foreign investment inflow and technology transfers (International Business Development);
- Greater job creation and prosperity in Canada and advancement of Canadian environmental interests and priorities, achieved through effective management of the country's trading, economic and environmental relationships as well as by liberalization of trade and capital flows around the world based on clear and equitable rules that reflect Canadian interests (Trade, Economic and Environmental Policy);
- Progress in establishing a peaceful, inclusive, rules-based international system reflecting Canadian values, in which Canada and Canadians are secure (International Security and Cooperation);
- Effective assistance, guidance and advice provided to Canadians working, living or travelling abroad, or to others on their behalf (Assistance to Canadians Abroad);
- Increased recognition of, and respect for, Canada's role as an active participant in world affairs and as an economic partner, as well as promotion of Canadian identity and values abroad and development of an international environment that is favourable to Canada's political and economic interests (Public Diplomacy);
- Efficient delivery of essential services in a cost-effective manner to enable the Department to carry out its mandate and meet its objectives in Canada and abroad (Corporate Services);
- Enable partner departments to effectively deliver their programs abroad through cost-effective support services that satisfy requirements within legal, policy and resource constraints (Services to Other Government Departments); and

- Provision of internationally respected travel documents, including passports, to Canadians and eligible residents for the purpose of facilitating their international travel (Passport Services).

This Performance Report provides quantitative and qualitative results, including success stories as well as some shortcomings. In this way, the report tells a balanced story, while highlighting the complexities of the Department's work. In identifying results, the Department relies on expert advice from within the Department, including from specialists within each business line as well as from audit and evaluation staff. It also uses information from outside the Department for this purpose, including client surveys and public opinion research.

## Principal Accomplishments of the Geographic Branches

The geographic branches implement the Department's business line objectives within their designated regions. They also manage the missions abroad, which represent Canada on a day-to-day basis within the international community and enable the Government of Canada to pursue the country's interest around the world. The close working relationship of the geographic branches and the missions abroad was highly effective throughout 2001-2002 in dealing with the following issues:

### *Fighting Terrorism and Promoting Global Peace*

Following the events of September 11, 2001, the Department responded immediately, beginning in New York and Washington, D.C., where the terrorist attacks took place. The Canadian Consulate General in New York worked tirelessly with police and other authorities to locate Canadians reported missing. Throughout the United States, all Canadian missions expanded their operations to a schedule of 24 hours a day, seven days a week, for a period after the attack. The Department's Operations Centre in Ottawa received 5,500 phone calls on the day of the attacks (the normal average for a two-week period) and 24,000 in the following two weeks.

The North America Bureau and the Canadian Embassy in Washington played a pivotal role in coordinating the Government of Canada response to the terrorist attacks. For instance, they organized key visits to the United States by the Prime Minister and 11 other Cabinet members. Their efforts also led to the development of the Smart Border Declaration, signed by Canada and the United States in December 2001, which ensures close cooperation on security of the shared border while ensuring that it is fully open to business.

Canada's ensuing participation in the international campaign against terrorism required extensive involvement by missions around the world as follows:

- Various missions provided critical input for the Department's travel advisories to ensure they were as up-to-date as possible in recognition of various international events, including the military campaign in Afghanistan and increasing tensions in the Middle East.
- In January 2002, Canada re-established diplomatic relations with Afghanistan and announced a further \$100 million in humanitarian and reconstruction assistance.



- Canada's missions in Israel provided critical assistance to Canadians caught up in the escalation of violence in the West Bank. In Canada and the Middle East, the Department undertook a public awareness campaign to underscore the non-racial, non-religious character of the international campaign against terrorism. Ministers consistently emphasized Canadian concerns about Palestinian and Israeli activities.
- In October 2001, the Department announced new measures to assist Pakistan in recognition of that country's decision to join the international coalition against terrorism. These measures include the easing of sanctions against Islamabad. Canada also responded positively to Pakistan's earlier announcement of a Road Map for Democracy, which outlines a phased restoration of democracy in Pakistan, culminating in national and provincial elections in October 2002.

It should also be noted that, throughout the Department's operations, enhancements were made in 2001-2002 to security systems and procedures at headquarters and missions abroad in order to further protect its employees, assets and information; at the same time that the Department's analytic capacity abroad was enhanced specifically in the area of international security.

### *Extending Canada's International Presence*

In June 2002, Canada chaired and hosted the G8 Summit in Kananaskis, Alberta. It took a lead role in pursuing a G8 Africa Action Plan to spur economic and social development on that continent. In preparation for the Summit, the Department provided comprehensive policy and logistical support and organized the Prime Minister's pre-Summit tour of Africa in April 2002.

In January 2002, Canada officially opened an embassy in Tripoli, Libya, and established a memorandum of understanding with that country to promote political dialogue. A Consulate/Trade Office in Barcelona, Spain, opened in October 2001.

Throughout 2001, Canada paid special tribute to Australia's centenary year in several ways. It presented a gift of a stone pavement inlay by renowned Canadian sculptor John McEwen, depicting the night sky of the northern and southern hemispheres. Canada also took part in numerous cultural events and attended the Commonwealth Heads of Government Meeting, held in Australia that year. In partnership with the Association for Canadian Studies in Australia and New Zealand, the Department launched the Canada-Australia Dialogue series, involving eminent citizens from both countries.

Governance and migration have been major issues of interest with our European partners and have been discussed at Canada-EU summits such as that held in Stockholm under the Swedish EU presidency in June 2001 and in Ottawa during the Belgian EU presidency in December 2001. Germany adopted new legislation for immigration modelled on the Canadian approach. The theme of the November 2001 Canada-U.K. Colloquium was Canada and the U.K. in the e-connected world.

The Think Canada 2001 festival in Japan, the largest Canadian event of this kind ever held in that country, was intended to increase awareness of Canada as a modern, diverse and sophisticated country and to encourage more trade partnerships and joint ventures. The festival featured more than 200 events, highlighting all aspects of Canadian society, including arts, culture, business and politics. Funding for the \$3 million initiative was provided by the Department as well as by more than 50 Canadian and Japanese corporate sponsors. An independent review of the event found it to be generally successful in achieving its objectives.

A regional trade strategy was developed and implemented aimed at enhancing commercial outreach to support the development of commercial networks and linkages between Canada and the Middle East and North Africa region.

In 2001-2002, Canada played an unprecedented leadership role in the advancement of hemispheric cooperation. By hosting the Third Summit of the Americas, Canada firmly positioned itself in the region and managed to promote a balanced, people-focused collective agenda based on Canadian values and interests. Leaders from the 34 democratically elected countries of the region demonstrated more than ever their solidarity and ability to break new ground on fundamental issues. At the Summit they adopted a Democratic Clause, which was then complemented by an Inter-American Democratic Charter that reinforces the instruments of the Organization of American States (OAS) in strengthening democratic institutions. They also reaffirmed their commitment to conclude a Free Trade Area of the Americas by 2005 and ensured that the negotiation process remained on track. Canadian leadership was also key in the unprecedented release of the FTAA negotiating text on the eve of the Summit.

Also last year, the Department organized state visits by the Governor General to Argentina, Chile and Germany, which took delegations of distinguished Canadian artists, scientists and scholars as well as cultural and business leaders to meet with their counterparts in those countries.

The Secretary of State (Central and Eastern Europe and Middle East) visited the UAE, Kuwait and Qatar, particularly supporting Canadian business interests in the region. It had been many years since a Ministerial-level visit to those countries which focussed on trade issues had taken place and it will be followed up by a trade mission to the region.

### *Pursuing Canada's Interests Internationally*

Given the critical importance of trade and international business development to Canada's prosperity, the Department devoted considerable resources to trade liberalization and resolution of trade disputes in 2001-2002. Two important trade missions were undertaken, one to Russia and Germany and the other to Texas and California. Both were highly successful, resulting in more than half a billion dollars in new commercial agreements. International Trade Minister Pettigrew led a successful mission to India in April 2002. This trip was an important step in Canada's re-engagement of that country and the first tour of its kind involving a private sector delegation.

Canada engaged in free trade negotiations last year with Singapore and the European Free Trade Association and completed an agreement with Costa Rica. At the Canada-CARICOM (Caribbean Community) Summit, held in Jamaica in 2001, the Prime Minister and Caribbean heads of government agreed to begin negotiations on a free trade agreement. These negotiations will be ongoing through the next fiscal year.

In accordance with Canada's priority interest in providing technical assistance to modernize governance in Mexico, the two countries signed a letter of intent to promote and develop Mexican federalism. Canada and Mexico also signed an agreement on the application of respective competition laws, thereby strengthening related provisions of the North American Free Trade Agreement. Working with the provinces and the private sector, the Department helped to increase Canadian exports to Mexico by 10 percent in 2001, despite a weakening economy throughout North America and a 4 percent decline in Mexico's total imports that year.



In another important trade initiative, the Department was successful in its negotiations with the European Commission to improve market access for Canadian ice wine. Negotiations on a comprehensive wine and spirits agreement were launched in November 2001. The European Commission is one of the principal institutions of the European Union.

The Department also organized visits by foreign delegations to Canada last year. For instance, Brazilian government and business leaders travelled across the country to bring Canadian exporters up-to-date on trade and investment opportunities in that important market. Their Canadian counterparts will follow up with a trade promotion visit to Brazil in 2002. Canada also hosted the first Syrian business delegation visit to Canada as well as a bilateral meeting with Tunisian officials.

The state visit to Canada by the President of Portugal, Jorge Sampaio, in May-June 2001, included the commemoration of the 500th anniversary of the arrival of Corte Real in Newfoundland, and a visit by a business delegation for which seminars and meetings were organized in Montreal, Toronto, Vancouver and Ottawa.

German Chancellor Schroeder made a brief bilateral visit to Canada (Ottawa and Montreal) at the time of the Kananaskis Summit. Germany also figured prominently on the S&T front, with the October 2001 celebration of the 30th anniversary of the Canada-Germany Science and Technology Cooperation Agreement. To date, over 500 research projects have been completed and there are approximately 100 new or ongoing projects in the pipeline.

China's accession to the World Trade Organization in December 2001 has created new opportunities for Canada's substantial trade and investment interests in that country. The Canada-China Trade Action Plan was updated and published electronically to give the business community easier access to it. This also has helped Canada's trade commissioners to provide better informed advice on a quickly expanding market for Canadian exporters.

In partnership with the Department, the Canada China Business Council officially established regional offices in three additional Chinese cities in April 2002. This has greatly expanded business services in key regional markets of China. More information on the program can be found on-line <<http://www.ccbc.com> and <http://www.dfait-maeci.gc.ca/china>>.

In working to resolve trade disputes in 2001-2002, the Department collaborated with Canada's steel industry on a successful campaign to exempt this country from tariffs of up to 30 percent on steel imports into the United States. It also cooperated with other federal departments, the provinces and industry on a long-term solution to the ongoing softwood lumber dispute with that country. The Department engaged in bilateral negotiations on this issue, while actively defending these exports using dispute settlement mechanisms of the North American Free Trade Agreement and the World Trade Organization.

## STRATEGIC OUTCOMES, RESOURCE UTILIZATION AND ACCOMPLISHMENTS BY BUSINESS LINE

The strategic outcomes for each business line, outlined in the following pages, reflect those established in the Department's management framework. It should be noted that the actual results presented have been measured against commitments made in the Department's 2001-2002 Report on Plans and Priorities.

### International Business Development

#### Strategic Outcome

Greater prosperity and job creation in Canada, achieved by helping the private sector take full advantage of international business opportunities and by facilitating foreign investment inflow and technology transfers.

Summary of Spending in 2001-2002 (\$ millions)	
Planned spending at beginning of fiscal year	239.8
Total spending authorities at end of fiscal year	249.9
Actual spending	240.6
Personnel—Full Time Equivalents (FTEs)	
Canada-based FTEs utilized	475
Locally engaged FTEs utilized	562

#### Context

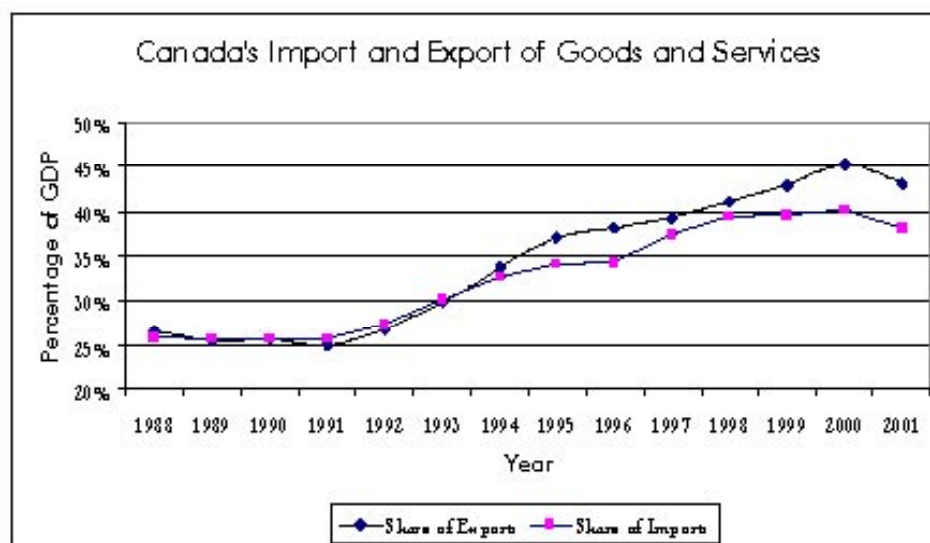
International Business Development contributes to the creation of employment and prosperity in Canada by assisting the traditional and non-traditional exporting business community in taking full advantage of international opportunities in the globalized economy. In addition to supporting the expansion of Canadian exports of goods and services, the Department's role is to facilitate investment into Canada and encourage technology development through alliances with non-Canadian partners.

This is accomplished by leading the federal government's overall trade development function through Team Canada Inc (TCI), the partnership of 23 departments and agencies responsible for international business development. TCI provides integrated and coordinated support programs, services and tools to Canadian firms to assist them in expanding their business in international markets. TCI's Web site, ExportSource <<http://www.exportsource.gc.ca>>, is Canada's most comprehensive on-line source for government export information. The Department also collaborates closely with Industry Canada in targeted initiatives to further attract foreign investment into Canada through Investment Partnerships Canada (IPC). The Department is working closely with IPC and TCI partners to strengthen Canada's image as a competitive and preferred location for foreign investors.



The Department operates the Canadian Trade Commissioner Service (TCS), the cornerstone of Canada's international business strategy in the global marketplace. The TCS is a 100-year-old network of more than 500 trade professionals located primarily in Canada's missions abroad. The Department's trade commissioners have expertise in a range of subjects, including foreign market access, business prospects and contacts as well as exporting, licensing, joint ventures and technology transfers. The Web site of the Canadian Trade Commissioner Service, InfoExport <<http://www.infoexport.gc.ca>>, provides free access to hundreds of sectoral market studies and country-specific reports to help Canadian companies identify foreign business opportunities and learn more about their target markets. This site also helps companies that are ready to export to get in touch with the employees at the Department's missions around the world and request the personalized core services that are offered.

For Canada, 2001 marked the 10th consecutive year of economic growth, the longest and most stable expansion of the post-war era. Canada's trade and investment continued to contribute substantially to this economic performance. In real terms (inflation-adjusted), Canada's gross domestic product (GDP) rose by 1.5 percent in 2001. The increase in Canada's foreign trade surplus contributed about half of this increase in overall GDP. Canada's current account balance improved markedly to a record surplus of \$29.1 billion, or 2.7 percent of GDP, in 2001.



Canada continued to perform well in trade and investment, although the high degree of global economic uncertainty was generally unfavourable to our foreign trade and investment. In 2001, the economies of a number of countries lapsed into recession. In this environment, Canada's exports of goods and services remained resilient, declining by 2.1 percent to \$467 billion after increasing by 14.6 percent in 2000. Canadian merchandise exports fell by 2.4 percent to \$412.5 billion in 2001, from a record high in 2000. Canada's services exports were \$55.1 billion in 2001, posting a 0.4 percent drop from 2000. Combined, exports of goods and services represented 43.1 percent of Canada's GDP. The comparable figure for 1991 was 24.9 percent. Over the years, re-engineering of Canada's industrial structure has led to significant shifts in Canada's exports, toward high-tech production and away from resources. The share of resource exports in total exports was 42.8 percent in 2001, down from 61.0 percent in 1981. In the case of exports of services, knowledge-based categories posted the strongest growth in recent years, representing 50 percent of total exports of services by 2001.



In 2001, the cumulative stock of foreign direct investment (FDI) into Canada reached \$320.9 billion, up 6.1 percent from \$302.3 billion in 2000. The stock of Canadian direct investment abroad (CDIA) increased 14.4 percent to \$389.4 billion in 2001 from \$340.4 billion in 2000.

*State of Trade 2002*, a report on Canada's performance in international trade and investment, is available on the Department's Web site <[http://www.dfait-maeci.gc.ca/eet/SOT\\_Summary-e.asp](http://www.dfait-maeci.gc.ca/eet/SOT_Summary-e.asp)>.

## ***Performance Expectations and Accomplishments***

### ***Ensure consistency in service delivery by posts and between trade programs and services, in order to sustain and build on improvements under the Trade Commissioner Service's New Approach to Service Delivery***

- The Department continued to implement its major "New Approach" initiative aimed at increasing the performance effectiveness of the Trade Commissioner Service by acting on suggestions emanating from client and employee surveys, internal audits and its client feedback line. These performance indicators are closely monitored with a view to constantly improve the way the TCS serves the complex and evolving needs of the Canadian business community.
- In line with its commitment to support its employees, the Department has initiated work to develop, for its Trade Commissioner Service, breakthrough human resource tools, training and professional development, organizational leadership principles, and an enunciation of underlying service values and ethics. It will also prepare a more modern definition of personnel skills and competencies to give better support to officers abroad in serving Canadian clients. Implementation will begin next year, complemented by a client service charter and an employee code of conduct.
- Specialized training focusing on six major industry sectors was provided to 305 Canadian trade officers from posts abroad. This training responds to the need of Canadian business clients to be serviced by staff who are intimately knowledgeable about their specific business environment and business challenges.
- Through its follow-up work with Canadian companies, the Department's International Business Opportunities Centre (IBOC) reported \$8.1 million worth of successful export sales resulting from its sourcing services in support of Canada's exporting community. It followed up on 5,200 business leads received from 100 posts abroad. Over 15,000 Canadian companies were contacted by phone and through IBOC's on-line service, e-Leads <<http://www.iboc.gc.ca>>, which significantly increased the timely dissemination of strategic business opportunities to Canadian companies.
- As part of the "Doing Business with Canada" Internet gateway for non-Canadians <<http://www.canadainternational.gc.ca>>, the Department launched a direct sourcing service for foreign buyers. In cooperation with Canada's trade officers abroad, this on-line service, which commenced operations in 1995, allows foreign buyers to submit their business leads directly to the International Business Information Centre for action. To date, the use of this service has been encouraging; several hundred business leads have already been matched and electronically disseminated to Canadian exporters.



- The Trade Commissioner Market Research Centre (MRC) produced 297 new market information products to help Canadian clients identify international market opportunities. These products included market reports, market briefs and country sector profiles. In addition, 55 sectoral reports were prepared to advise trade officers on Canada's export capability. The Market Research Centre sent 6,500 e-bulletins to Canadian posts abroad to provide relevant sectoral news articles from numerous electronic information sources highlighting international business opportunities for Canadian companies. Industry associations were also informed about the Trade Commissioner Service's activities through the quarterly *Export Partners* newsletter.
- The Department conducted the first International Financial Institution Virtual Trade Mission to Africa; 30 Canadian companies participated in this event, which linked them to procurement officers in both the African Development Bank in Abidjan and the World Bank in Washington to explore the intricacies of African markets. Other firms were able to prepare themselves on-line prior to their participation in five other missions: the Farnborough Air Show, the Canadian Trade Show on Board, the Women Crossing Borders businesswomen's trade mission to the United Kingdom, and Globe 2002. These electronic service enhancements enabled participants to capture international business opportunities more efficiently; they saved time and money by being able to prepare or participate without having to leave home. Consultations with key clients, including small and medium-sized enterprises (SMEs), Aboriginal-, women- and youth-owned enterprises, were conducted to identify their needs, and a new ministerial SME Advisory Board on International Trade was created. Aboriginal international businesses and women entrepreneurs were encouraged to expand their markets overseas through special supplements in *CanadExport*, the Department's international trade newsletter, and a revamped Businesswomen in International Trade Web site.
- A total of 514 companies received assistance under the Program for Export Market Development (PEMD), a program that shares with Canadian firms and trade associations the costs and risks of implementing their export development plans in new markets or preparing bids on major capital projects outside Canada. Authorized assistance amounted to \$10.5 million, while sales reported by companies using PEMD assistance amounted to \$170 million. An additional \$1.4 million in PEMD financial assistance was authorized for 21 trade associations, representing hundreds of Canadian companies, to help them undertake trade promotion initiatives on behalf of their members in a wide variety of industrial sectors. The average turnaround time for processing PEMD applications was reduced to four weeks from five weeks a year earlier.

*"This report is just what I... needed... This is great!"  
"For me, this is great information... it's all there."*

The 2002 MRC client survey indicated that users are clearly very pleased with the content, level of detail and overall presentation of the information products by the Centre. The MRC's information products received an average client rating of 8 out of 10.

*A survey of PEMD recipients in 2001 shows an overall rate of satisfaction of 90 percent. The PEMD users are particularly pleased with the following: service quality, PEMD Web site and communications, PEMD contribution and impact including export sales, identification of distributors/agents, and establishment of contacts.*

- The very successful Prime Minister-led Team Canada trade missions continued with Team Canada West in November 2001 to Dallas and Los Angeles, which included the participation of the four western premiers, the three territorial leaders, the Minister for International Trade and more than 190 business people. Canadian enterprises signed 19 agreements, valued at \$92.8 million, with their U.S. counterparts.
- In February 2002, the Prime Minister, 12 provincial and territorial leaders, the Minister for International Trade and over 400 business people travelled to Russia and Germany for Team Canada 2002. More than 290 Canadian enterprises participated in the mission, including more than 150 small and medium-sized companies and 70 women, three youth and eight Aboriginal entrepreneurs. The totals for women and Aboriginal entrepreneurs were the highest for any Team Canada mission to date. A total of 133 new business deals worth \$583.6 million were signed in Moscow, Berlin and Munich.
- The eight Team Canada missions since 1994 have created international trade opportunities for more than 2,800 representatives of Canadian business, directly contributing some \$30.6 billion in new business for Canada.
- The Program for International Business Development (PIBD), a fund for promotional activities abroad, underwent a comprehensive review. The result of the review was the introduction of a new fund for posts abroad, the Client Service Fund (CSF). Launched in April 2002, the CSF will be more client-focused and streamlined. Trade program managers at posts will have increased accountability for the utilization of funds and will be measured on their performance against a results-based management framework.
- With 71 percent of Canadian businesses using the Internet in 2001, according to Statistics Canada, the Web has become an effective service delivery mechanism for the Trade Commissioner Service. The TCS Web site <<http://www.infoexport.gc.ca>> experienced a 33 percent increase in the average number of clients it serves on a monthly basis, reaching a record number of close to 100,000 visits in March 2002 alone. Its content is regularly reviewed and enhanced to reflect changing foreign market environments, enabling Canadian firms to benefit from accurate and timely market intelligence.
- As part of the Government On-Line initiative, the Department has devoted extensive efforts to develop the Web-based "Virtual Trade Commissioner" to be launched in 2002. This new e-service will improve the services provided by the TCS by giving Canadian business clients access to personalized Web pages containing focused market intelligence related to their specific sectors and markets of interest.
- The Department increased Canadian exporters' awareness of the complexities of the funding programs of international financial institutions (IFIs) and the United Nations, which have procurement funding for developing and transition economies amounting to over US\$40 billion. This translates into approximately 200,000 contracting opportunities annually. IFInet <<http://www.infoexport.gc.ca/ifinet>>, the Department's Web site dedicated to this business, was improved through the addition of a free alert system that offers new e-information on business opportunities on a weekly basis. The site has an average of 2,500 visitors a month and over 1,000 subscribers.



- Through its IFI/UN Outreach Program, the Department continued to work with partners such as Canadian Manufacturers and Exporters, the Canadian International Development Agency, Industry Canada and Ontario Exports, participating in key events across Canada to increase awareness and understanding of IFI/UN business. A total of 17 presentations were delivered, reaching over 400 potential exporters.
- China's accession to the World Trade Organization (WTO) in December 2001 is creating new opportunities for Canada's substantial trade and investment interests in China. Through an innovative contracting relationship with the Canada China Business Council, regional offices were established in three additional Chinese cities. Officers abroad and in Canada received WTO training in order to better serve Canadian exporters, thus achieving the Department's objective of delivering focused training programs.
- Some 4,000 enterprises from across Canada increased their ability to tackle the U.S. market through their participation in 100 projects under the ExportUSA program—a series of seminars and missions that teach small and medium-sized companies the essentials of exporting to the United States.

#### ***Ensure that Team Canada Inc functions effectively for its clients***

- The Deputy Ministers' Committee on International Business Development has approved a comprehensive governance structure and performance measurement framework put forward by the TCI Management Board. This structure will foster unity amongst the 23 TCI member departments and agencies and provide a solid basis for the management of this virtual network. TCI has shown itself to be a unique and avant-garde example of horizontal management. Rooted in the local delivery of services to exporters and potential exporters through regional trade networks, TCI has drawn interest from the World Trade Organization/UN Conference on Trade and Development International Trade Centre, which sees it as a model of collaboration that could be used in developing economies to enhance their ability to expand prospects for trade and prosperity.
- In addition to its membership fee base, which generates \$1.65 million in operating funds, TCI succeeded in obtaining \$9 million over three years, 2001-2004, for a Brand Canada program to improve Canada's image at major international trade shows. While the current operating budget is adequate for a rudimentary level of functioning, TCI will continuously evaluate its needs in order to determine whether additional funding is required, particularly at the regional level, to enhance its ability to provide optimal service to its clientele.
- Having identified its client base as primarily SMEs, Team Canada Inc has adopted a single-window approach to client service by initiating a client referral system among TCI members to put clients in touch with the contact who can best satisfy their export inquiries. This is an ongoing challenge that will be at the centre of strategic evolution in the coming year. The client base continues to expand, and there have been some impressive results to date. For example, 16,000 calls were handled through the 1-888-EXPORTS Information Service and 230,000 visits to <http://www.exportsource.gc.ca> were logged.

***Ensure that Canada's export Crown corporations (the Canadian Commercial Corporation and Export Development Canada) are recognized as competitive, responsive, appropriately transparent and following ethical practices, and that they operate on a sound financial basis***

- The Department has taken a more active stance with respect to the review and approval of the corporate plans of Export Development Canada (EDC) and the Canadian Commercial Corporation (CCC). These plans set out each corporation's five-year strategic plan and are updated annually. This cooperative approach led to closer integration of the strategic directions of all three organizations, with a view to streamlining and making more competitive the access of Canadian businesses to international business financing.
- The Export Development Act was amended to introduce progressive legislative measures (Bill C-31). It now has a legal obligation to conduct environmental reviews with Auditor General oversight, and the Corporation's name was changed to Export Development Canada. The Department and EDC worked together to advance the Corporation's corporate social responsibility (CSR) policies, including taking steps to inform Canadian companies working abroad about domestic legislation and international obligations. Within EDC's CSR policies are new instruments for the promotion of disclosure, compliance and consultation and for the assessment of human rights obligations.
- EDC has incorporated some of the Auditor General's recommendations into its revised Environmental Review Directive, which it is diligently implementing. The Auditor General will conduct a second audit in early 2004 and comment at that time on the extent of EDC's compliance with her recommendations.
- Bill C-41 (CCC Act) focused on updating the Canadian Commercial Corporation's legislation to improve the Corporation's capacity to serve its clients while improving governance and administrative structures. Changes to the CCC's fee-for-service structure and funding increases have put CCC on a firm financial footing to deliver on its mandate. CCC has been actively supporting Canadian exports to government procurement markets in developing countries to address exporters' needs in those countries. Significant new activities are taking place in the Caribbean, South America and Southeast Asia.

***Improve collaboration between innovators in the Canadian science and technology (S&T) community (including institutions and the private sector) and their foreign counterparts***

- Several research and development partnering and venture capital missions and events were organized, providing Canadian participants from the biotechnology, advanced materials, photonics, laser, sourcing technology and managing knowledge sectors with partnership opportunities with their foreign counterparts in France, Germany, Hong Kong, Israel, Japan, Singapore, South Korea, Spain, Switzerland, Taipei and the United Kingdom.
- Canada-European Union science and technology collaboration was reinforced on the occasion of the 30th anniversary of the Germany-Canada Science and Technology Cooperation Agreement. Since



1971, over 500 cooperative research projects have been completed under this agreement and another 100 projects are currently active.

- The Department held consultations with other government departments and agencies through the Interdepartmental Network on International Science and Technology, which discussed, among other things, Canada's approach in advancing S&T relations with the European Union, enhancing Canada-Japan bilateral S&T cooperation, and a possible Canada-Korea Memorandum of Understanding on S&T Cooperation.
- Two S&T counsellors have been recruited for positions in Washington and Berlin and an additional locally engaged S&T position has been created in London. Consideration is being given to creating an S&T training program for all Trade Commissioner Service officers in support of Canada's scientific and technological development.
- Dissemination of S&T intelligence has been improved by introducing a new format for the *S&T Newslines*, which last year was issued 17 times to 240 recipients. An illustrated booklet entitled *Science and Technology Partnerships: The Canadian Way*, which promotes Canada as an innovative S&T-based economy, was distributed at all Canadian missions abroad.

#### Success Stories

Established in 1983, Teknion Furniture Systems of Toronto, Ontario, designs, manufactures and markets office systems and furniture products that support the complex integration of people and technology. Teknion <<http://www.teknion.com>> builds comfortable and highly functional workplace environments for millions of people around the world, helping companies boost their bottom line. Cutting-edge work environments, which are attractive but also conducive to increased productivity, help to enhance a company's ability to work with technology. Frank Delfino, President, Canadian and International Markets, received a 2001 Canada Export Award as Exporter of the Year.

From its remote outpost in La Ronge, Saskatchewan, Kitsaki Meats has become a leading producer and exporter of superior meat products. But it's known for a lot more than meat. In fact, Kitsaki <<http://www.kitsaki.com>> is the world's biggest producer and supplier of organic wild rice. Kitsaki has also become a model of community empowerment for indigenous people around the world. Harry Cook, its President, received the 2001 Aboriginal Business Achievement Award.

Produced from wood grown in Canada's northern forests, Lauzon Distinctive Hardwood Flooring's premium solid flooring is recognized worldwide for its beauty and virtually perfect precision milling. Lauzon <<http://www.lauzonltd.com>>, of Papineauville, Quebec, is a fully integrated company with operations from forest to finished product, and is now one of the three leaders in the flooring industry in North America. David Lauzon, President, received the 2001 Continuous Quality Achievement Award.

# Trade, Economic and Environmental Policy

## Strategic Outcome

Greater job creation and prosperity in Canada and advancement of Canadian environmental interests and priorities, achieved through effective management of the country's trading, economic and environmental relationships as well as by liberalization of trade and capital flows around the world based on clear and equitable rules that reflect Canadian interests.

Summary of Spending in 2001-2002 (\$ millions)	
Planned spending at beginning of fiscal year	113.6
Total spending authorities at end of fiscal year	235.5
Actual spending	230.9
Personnel—Full Time Equivalents (FTEs)	
Canada-based FTEs utilized	405
Locally engaged FTEs utilized	71

## Context

International trade and investment, based on open, rules-based systems, are crucial to Canada's economic prosperity. One in four jobs in Canada is linked directly to trade, with the value of exports of goods and services in 2001 representing 43.1 percent of gross domestic product (GDP). In 2001, the stock of Canada's direct investment abroad reached \$389.4 billion, and the stock of foreign direct investment in Canada rose by 6.2 percent to \$320.9 billion, equivalent to 29.4 percent of Canada's GDP. Against this backdrop, the role of the Trade, Economic and Environmental Policy branch is to influence the international environment to promote Canada's economic growth and employment and to advance Canada's international sustainable development and environmental interests in a manner consistent with core Canadian values. It does so by analyzing, developing and managing Canada's trade, economic and environmental relationships; negotiating and implementing international agreements; promoting the liberalization of trade and capital flows around the world based on clear and equitable rules that reflect Canadian values and interests; advancing international rule making that not only strengthens our capacity as a nation to regulate in the public interest but also protects and enhances our cultural diversity and ability to develop and implement social policies and programs based on Canadian priorities; controlling the import and export of certain products through the Export and Import Permits Act; managing irritants and disputes; and carrying out a full range of advocacy and domestic consultative and communications activities.

In 2001-2002, the Department continued to play a major role in advancing Canadian economic and trade policy interests at all levels—bilaterally, regionally and multilaterally. Our relationship with the United States—the destination for 85 percent (\$350.8 billion) of our merchandise exports and the source of 73 percent (\$255.5 billion) of our merchandise imports—remained paramount. While bilateral trade and



investment by and flow freely across the border and contribute significantly to Canada's economic prosperity, the tendency for protectionist U.S. actions required vigilant monitoring by Canada. Department efforts during the year focused in particular on the high-profile dispute with the United States over softwood lumber trade, but also on a number of agricultural irritants including trade in wheat and dairy products. Efforts also went into extensive Canadian lobbying during the year, including at the most senior levels of government. This resulted in Canada being exempted from a U.S. global safeguard action on steel late in the fiscal year. The risk of diversion into the Canadian market remains a concern. The terrorist attacks of September 11 underscored the importance of joint efforts to manage the Canada-U.S. border. The Department played an important role in this government-wide priority, by taking steps to strengthen Canada's export control regime pursuant to the Export and Import Permits Act and by promoting cooperation on other issues relating to North American economic integration, such as enhancing regulatory cooperation between Canadian and U.S. agencies. Canada also continued its efforts to build on and strengthen the North American Free Trade Agreement (NAFTA) during the year, including working to accelerate tariff reductions and clarify provisions of Chapter 11 dealing with investment.

On the multilateral trade front, international and Canadian efforts culminated in the successful launching of a new round of multilateral trade negotiations at the World Trade Organization (WTO) Ministerial Conference in Doha, Qatar, in November 2001, at which the accessions of China and Chinese Taipei (Taiwan) were also approved. Ongoing negotiations on agriculture and services have now been joined by broader-based negotiations on market access for non-agricultural goods, trade rules (i.e. subsidies and countervailing measures, anti-dumping measures and regional trade agreements), dispute settlement, a multilateral system of notification and registry for wines and spirits, and certain aspects of trade and the environment. The new round will reinforce the government's economic agenda by expanding global markets for Canadian goods and services and strengthening rules to bring greater stability and discipline to international trade flows. Negotiations will also support broader foreign policy interests, notably Canada's objectives in the area of sustainable development.

In addition to renewed multilateral negotiations, bilateral and regional trade initiatives continued apace during the year. Canada continued to exercise leadership in the Free Trade Area of the Americas (FTAA) negotiations, which are being carried out pursuant to the instructions from Leaders at the Quebec City Summit of the Americas in April 2001. As well, negotiations to establish a bilateral free trade agreement with Costa Rica were completed during the year, and negotiations are continuing with four other Central American countries (Guatemala, Honduras, Nicaragua and El Salvador), the European Free Trade Association (EFTA) and Singapore. Preparations for negotiations with the Caribbean Community (CARICOM) moved forward, as did initial exploratory work on possible free trade negotiations with the European Union and Japan.

In the context of the global economic slowdown in the second half of 2001, Canada was well placed to provide leadership in global efforts to promote renewed economic growth and stability, particularly since assuming the chairmanship of the G7/8 process at the start of 2002 and in preparing to host the June 26-28 Summit in Kananaskis, Alberta. Prime Minister Chrétien decided at the outset of Canada's chairmanship to focus on three clear priorities—strengthening global economic growth and sustainable development, building a new partnership for Africa's development, and fighting terrorism. The focus on a clear and well-prepared agenda, and the Prime Minister's decision to take a new management approach based on a small, informal setting and maximum opportunities for intimate discussions among Leaders, contributed in no small measure to the Summit's successful outcome.



On Africa, which the Prime Minister made the Summit's centrepiece, G8 Leaders launched a new and long-term partnership expressed in the Africa Action Plan. The Plan is backed up with an agreement on financial resources that should see a significant expansion in development assistance for Africa in the coming years, including \$6 billion from Canada over the next five years. This outcome builds on the results of the International Conference on Financing for Development held in Monterrey, Mexico, in March 2002, at which the Prime Minister announced an 8 percent per year increase in Canada's official development assistance and where Canada played a leading role in generating international agreement on a new framework for development cooperation, the Monterrey Consensus. Following the conclusion of the Summit, the Prime Minister announced a series of additional measures that Canada will take on a national basis to reinforce the Africa Action Plan. These measures include a \$100 million African Investment Fund and an initiative to eliminate quotas and duties on virtually all imports from 48 least-developed countries, 34 of which are in Africa.

To support global efforts to combat international terrorism, G8 Leaders adopted a set of six non-proliferation principles and a new G8 Global Partnership Against the Spread of Weapons and Materials of Mass Destruction, and committed to raising up to US\$20 billion over 10 years to support cooperative projects to give effect to this partnership. In addition, the Leaders approved an initiative on Cooperative G8 Action on Transport Security to strengthen the security and efficiency of the global transportation system. This initiative establishes priorities and deadlines for improved security in areas related to the movement of people and goods, with a focus on container security. In their discussions on strengthening global economic growth and sustainable development, Leaders reaffirmed their commitment to the Doha Agenda and to the Monterrey Consensus and undertook to work toward a successful conclusion to the upcoming World Summit on Sustainable Development (WSSD), to be held in Johannesburg from August 26 to September 4, 2002. The groundwork for all of the initiatives launched and decisions taken at Kananaskis was the focus of extensive efforts by the Department throughout the year.

On the sustainable development front more generally, international and Canadian efforts focused on preparations for the WSSD. The Summit will review progress in implementing commitments made at the 1992 Earth Summit in Rio de Janeiro and chart a course ahead on critical sustainable development issues of global significance. As vice-chair of the 10-person international bureau overseeing preparations for the WSSD, a departmental officer co-chaired negotiation of the WSSD Program of Action. The Department also led the interdepartmental negotiating team during the preparatory conferences and, along with Environment Canada and the Canadian International Development Agency (CIDA), oversaw federal government preparations for the Summit. The Department was also actively engaged in the two meetings of the Conferences of the Parties to the Kyoto Protocol to the UN Framework Convention on Climate Change, held in Bonn (June) and Marrakech (November). These meetings finalized most outstanding issues related to the implementation of the Kyoto Protocol, with particular focus on issues related to developing countries, compliance and use of the Protocol's Clean Development Mechanism (CDM) and Joint Implementation (JI) mechanism. The Department also actively promoted use of the CDM and JI mechanisms by the private sector in Canada and abroad through its CDM and JI Office.

The breadth and importance of Canada's international trade, economic and environmental agenda continued to demand an effective and concerted strategy of consultation and outreach with stakeholders and the broader public. The Department's communications efforts, which include both an educational and policy development function, were concentrated on Canada's multilateral trade agenda in the context of the Doha Round and on its various regional and bilateral trade priorities.



## *Performance Expectations and Accomplishments*

### **1. Promote and protect Canadian market access interests**

#### **1.1 Manage Canada-U.S. trade and economic relations effectively to further Canadian interests.**

- In December 2001, then Foreign Affairs Minister Manley and Governor Tom Ridge, Director of Homeland Security in the United States, signed a declaration on the creation of a “smart border” for the 21st century. It included a 30-point action plan based on four pillars to assist in determining and addressing security risks while efficiently and effectively expediting the flow of legitimate goods and people across the border. The four pillars were: Secure Flow of People; Secure Flow of Goods; Secure Infrastructure; and Coordination and Information Sharing.
- The Department, with Agriculture and Agri-Food Canada (AAFC), pursued the defence of Canadian wheat trade policies and practices in a U.S. Section 301 investigation initiated by the North Dakota Wheat Commission. The investigation report was issued in February 2001 by the United States Trade Representative. Though strongly worded and critical of the Canadian Wheat Board, the report did not include any immediate trade measures.
- The Department, with AAFC, undertook high-level interventions with the U.S. Administration and members of Congress to express strong concerns about the U.S. farm bill, which contained increases in trade-distorting farm subsidies and country-of-origin labelling requirements.
- On March 4, 2002, President Bush imposed safeguard measures, in the form of additional tariffs, on imports of 16 steel products found by the U.S. International Trade Commission to be seriously injuring the U.S. industry. As a result of extensive efforts by both the federal and provincial governments, the steel industry and steelworkers, and further to provisions of NAFTA, the President took no action against Canadian exports, valued at \$3.6 billion.
- In December 2001, several labour groups in the U.S. entertainment industry filed a petition seeking a U.S. countervail investigation of imports of film and television productions from Canada. The Department, in cooperation with Canadian Heritage, registered Canada’s opposition to such an investigation. The petitioners withdrew the request in January 2002.
- The Department actively pursued an advocacy campaign to inform Americans about Canada’s role as a secure and growing supplier of energy and to forestall provisions of new U.S. energy legislation that would have an impact on Canada as an energy supplier in an integrated North American energy market.

### 1.1.1 Softwood Lumber

- With respect to softwood lumber, the Government of Canada worked closely with provincial governments and industry to evaluate the effect of the unfair U.S. trade actions on Canadian industry, workers and communities and to identify possible solutions to the dispute. These consultations also informed the government's extensive efforts to negotiate a new agreement with the United States during 2001-2002. However, the U.S. insisted on positions that were not acceptable to Canada as the basis for a settlement of the dispute.
- Canada is pursuing its rights under the dispute settlement provisions of the WTO and NAFTA. During 2001-2002, the government launched three separate challenges related to the softwood lumber dispute under the WTO, including challenges of U.S. preliminary determinations of subsidy and dumping as well as the duty refund provisions of U.S. trade remedy law. Canada also initiated the process of seeking panel reviews of both the U.S. final subsidy and dumping determinations under the provisions of NAFTA. Canada indicated that it intended to launch further challenges of the U.S. final determinations of subsidy, dumping and injury at the WTO and NAFTA.
- Canadian missions in the United States remained actively engaged with political, commercial, media and consumer opinion makers in an ongoing advocacy campaign to generate awareness of, and support for, Canada's position on this dispute. Two fact sheets and a brochure were developed to inform key U.S. decision and opinion makers of Canada's position, and venues were organized in the United States for Canadian speakers on forestry issues.

### 1.1.2 Export Controls/International Trafficking in Arms Regulations

- In April-May 2001, two new regulations pursuant to the Export and Import Permits Act came into force. The first covers the addition of items to the Export Control List, thereby harmonizing Canadian control lists with those of the United States. The second covers the requirement for U.S. re-export authorization for certain U.S.-origin goods and technology exported from Canada.
- The Canadian Defence Production Act and the Controlled Goods Regulations came into force on April 30, 2001, which established the Controlled Goods Registration Program (CGRP) administered by Public Works and Government Services Canada. The CGRP is a domestic program establishing controls over the in-country transfer of military goods listed on the Export Control List, comparable to mechanisms used in the United States to cover "deemed exports." This program, coupled with the export control changes noted above, was put in place to ensure Canada's competitive position in the global economy.

## 1.2 Strengthen the multilateral trading system by implementing existing WTO commitments, participating in agricultural and services negotiations as well as accession initiatives, promoting the launch of broader WTO negotiations, and supporting the development of further rules or understandings in additional areas.

- Canada successfully worked to launch a new round of multilateral trade negotiations at the Fourth WTO Ministerial Conference in Doha in November 2001.



- At Doha, WTO members agreed to a negotiating agenda that reflected Canada's major objectives: a high level of ambition for agricultural negotiations and clear time lines for the services negotiations, agreement to negotiate strengthened disciplines on anti-dumping and subsidies, non-agricultural market access, and improvements to the dispute settlement mechanism.
- Canada was also an active participant in the WTO services negotiations. Services are an engine of growth for the Canadian economy. In March 2001, Minister Pettigrew released Canada's initial negotiating position for the current round of negotiations on the General Agreement on Trade in Services (GATS). This position remains the pillar of the Canadian participation in these negotiations.
- The Doha Ministerial Conference determined that the market access phase of the services negotiations should start on June 30, 2002, with the submission of initial requests for specific commitments, and that initial offers should be tabled by March 31, 2003. Canada has therefore been preparing for this process in close cooperation with the provinces and territories.
- Canada participated actively in the second phase of WTO agriculture negotiations, advancing the objectives outlined in Canada's initial negotiating position. The second phase involved detailed discussions of negotiating proposals made by members in the first phase. Building on the direction provided by the Doha Ministerial Declaration, the second phase culminated in March 2002 with an agreed work plan to develop negotiating outcomes within one year.
- Canada actively participated in a number of WTO accession negotiations during the year, including in particular those of China and Chinese Taipei, which were approved at the Doha Ministerial meeting and took effect in December 2001 and January 2002 respectively. The increased market access and enhanced transparency and predictability of China's trade regime following its accession will provide important benefits to Canadian exporters, as will the accession of Chinese Taipei. In 2001, China and Chinese Taipei were Canada's fourth and 13th largest export markets respectively.
- Canada continues to play a key role as a member of the WTO Working Party on the accession of the Russian Federation. Significant progress was made in the last year on bilateral tariff negotiations on industrial goods and fish, while progress was slower on agricultural tariffs and the various services sectors. Preparation of the first draft of the Working Party report highlighted a year of intensified activity.
- Canada was an active participant in the ongoing WTO Work Program on Electronic Commerce and was a leading advocate for the identification of a forum for the discussion of horizontal or cross-cutting issues. This advocacy led to agreement among WTO members to hold a dedicated discussion on e-commerce under the auspices of the General Council in June 2001.

### 1.3 Implement existing bilateral trade agreements, pursue further bilateral and regional trade initiatives, explore the merits of new initiatives, and pursue other market access opportunities, with a particular focus on the FTAA negotiations as discussed at the Quebec City Summit of the Americas in April 2001.

#### 1.3.1 North American Free Trade Agreement

- NAFTA implementation continued, with a fourth round of “accelerated” tariff reductions implemented in January 2002. Mexican tariffs were eliminated ahead of schedule on most motor vehicles, wood pulp, railway stock parts, and graders and levellers, representing close to \$3.1 billion in bilateral trade.
- Canada also used the dispute settlement provisions of NAFTA to advance its trade interests. On January 17, 2001, Canada held Chapter 20 consultations with the United States on its restrictions on P.E.I. potatoes. On August 1, 2001, Canada and the U.S. reached an agreement detailing conditions for the 2001 and subsequent crops of P.E.I. potatoes.
- Under the investor-state provisions of Chapter 11, over the past year Canada has participated as a defendant in three cases and as a non-disputing party in a number of other proceedings involving the United States and Mexico.
- In July 2001, ministers signed a note of interpretation of provisions related to access to documents and minimum standard of treatment, and directed experts to continue their work examining the implementation and operation of Chapter 11.
- Also in July 2001, agreement was reached on seven product-specific rules of origin proposals. The proposals resolve some technical problems and will enhance trade. Agreement was also reached on proposals for technical rectifications to clarify various audit provisions and on technical rectification of the rules of origin to align with further amendments to the Harmonized System, which entered into force on January 1, 2002.
- Canada and Mexico signed an agreement on the application of respective competition laws. This complements the Canada-United States and Mexico-United States agreements and, as such, contributed to strengthening Chapter 15 of NAFTA.

#### 1.3.2 Free Trade Area of the Americas

- The western hemisphere’s trade ministers endorsed Canada’s proposal to release the consolidated draft negotiating texts of the FTAA. The release of negotiating texts is the culmination of Canada’s efforts to increase transparency in the FTAA process, which date back to the 1999 FTAA Ministerial meeting in Toronto.



- Canada played an active role with its FTAA partners in securing the commitment of trade ministers to conclude negotiations by January 2005 and implement the agreement by no later than December 2005. Trade ministers also agreed to strengthen the mandate of the FTAA's Civil Society Committee, furthering Canada's transparency objective in the FTAA process.
- Canada continued to play a leadership role in the FTAA negotiations in the run-up to the Ministerial meeting in Buenos Aires and the Quebec City Summit of the Americas, including as chair of the Joint Government-Private Sector Committee of Experts on Electronic Commerce.

### 1.3.3 Other Bilateral and Regional Negotiations and Initiatives

- On April 23, 2001, after nine months of negotiation, the Canada-Costa Rica Free Trade Agreement (CCRFTA) was signed in the presence of Prime Minister Jean Chrétien and President Miguel Angel Rodriguez. Two cooperation agreements on labour and the environment and a Joint Statement on Electronic Commerce were also signed. Royal Assent was given to the Canadian implementing legislation on December 18, 2001. The CCRFTA will enter into force once it has been ratified by the Costa Rican Congress and the appropriate legal instruments have been exchanged.
- In October 2001, Canada and Chile signed a protocol under the Canada-Chile Free Trade Agreement (CCFTA) to accelerate the elimination of tariffs on Canadian dried beans, frozen potatoes and pet food exported to Chile. This action compensated Canada for the application by Chile of a safeguard measure on wheat from January 2000 to July 2001.
- Following discussions between Canadian and Central American leaders (El Salvador, Guatemala, Honduras and Nicaragua) in September 2000 to pursue free trade negotiations, domestic consultations and preparatory meetings have been held. The negotiations, which Minister Pettigrew officially launched on November 21, 2001, took place throughout 2001-2002. Parallel agreements on labour and the environment are also being pursued.
- Domestic consultations and preparatory meetings have also been held on a free trade agreement (FTA) with Singapore following the announcement of exploratory discussions on June 5, 2000. Negotiations were subsequently launched by Prime Minister Chrétien and Singapore's Prime Minister Goh on the margins of the Asia-Pacific Economic Cooperation (APEC) Economic Leaders' Meeting in October 2001 and took place throughout 2001-2002. Parallel agreements on environment and labour are also being pursued.

- At the Canada-CARICOM Summit in Jamaica on January 19, 2001, Prime Minister Chrétien and the heads of government of the Caribbean Community and Common Market countries agreed to initiate discussions toward bilateral free trade. Canadian and CARICOM representatives held a preliminary meeting in March 2001. Since then, public consultations have been held to obtain advice and views on priorities, objectives and concerns.
- Canada announced the launch of negotiations with the EFTA countries (Iceland, Liechtenstein, Norway and Switzerland) in October 1998. A tentative agreement has been reached on most issues, but certain key elements, such as the treatment of Canada's shipbuilding and industrial marine sector, remain outstanding. While the government remains interested in finalizing this FTA with the EFTA countries, no dates have been set for the resumption of negotiations in order not to prejudice the outcome of the ongoing consultations with industry and provincial representatives.
- In October 2001, the government tabled its response to a Parliamentary Committee report that had made a number of recommendations to expand Canada's economic relations with the European Union. The government is currently reviewing the results of both an assessment of the merits of pursuing an FTA with the EU and a survey on business attitudes toward EU trade and investment barriers. The provinces and the private sector are being consulted throughout this process.
- After prolonged discussions between Canada and the EU, the European Commission agreed to improve market access for Canadian ice wine. Negotiations on a comprehensive wine and spirits agreement were launched in November 2001.
- Amendments were implemented in the Canada-Israel Free Trade Agreement to remove obstacles that had inhibited trade during the first five years of the agreement.
- The Department addressed the direct effects of September 11 on the Canadian aviation industry, including the commercial problems resulting from the shutdown of the air system following the attacks and the declines in business travel, tourism and conventions. In consultation with Transport Canada, aviation security requirements were enhanced to help ensure the long-term safety of air operations in Canada. The Department also helped develop the government response to the effects on the airlines' insurance coverage for terrorism, war risk and hijacking.
- In this difficult context, Canada concluded new bilateral air transport agreements with Poland, Spain and Chile and registered progress in air negotiations with Japan, Hong Kong, Korea, Portugal and Italy. These developments will reap future benefits for the Canadian aviation industry in the wake of a year in which economic losses were high and more than 10,000 employees were laid off.

#### **1.4 Defend Canadian rights, interests and policies through global and regional dispute settlement procedures, and refine those procedures where appropriate.**

- Canada continued to use the WTO dispute settlement provisions to defend its trade interests, including in cases involving softwood lumber, export financing for regional aircraft, the U.S.



Continued Dumping and Subsidy Offset Act of 2000 (the Byrd Amendment) and measures affecting the importation of milk and the export of dairy products.

- At the WTO, Canada participated as a complainant in five cases, as a defendant in two cases and as a third party in five cases. Canada also played a leading role in the effort to clarify the WTO rules applicable to implementation and retaliation. Canada co-sponsored a proposal to amend the Dispute Settlement Understanding to provide for a clear multilateral determination on the WTO-consistency of implementing measures prior to any request by a complaining party to retaliate. In addition, Canada joined in the consensus at Doha to launch a new round of dispute settlement negotiations with a completion date of May 2003. Canada, alongside other members, is an active participant in these negotiations.

#### **1.5 Expand the Department's capacity to undertake economic, statistical and policy analysis of Canada's economic and trade performance, and report the analysis to Parliament.**

- The Department continued its efforts to inform Canadians on Canada's performance in trade and investment and to explain issues bearing on trade policy, with the objective of promoting informed, analytically supported policy debate. The main outputs, both of which are available on the Department's Web site, were:

-*Trade Update 2001: Second Annual Report on Canada's State of Trade*; and  
-*Trade Policy Research 2001*.

The *State of Trade* report, which was tabled in Parliament, constitutes the Minister for International Trade's annual report on Canada's trade and investment performance. *Trade Policy Research* compiles research conducted within or on behalf of the Government of Canada on current topics of interest bearing on trade and investment policy. In addition, the Department made available to the public monthly and quarterly reports on Canada's trade performance.

#### **1.6 Improve management of Canada's trade controls and develop policy to help affected Canadian industries adapt to a rapidly changing trade environment.**

- The Department continued to manage effectively the full range of import and export controls pursuant to the Export and Import Permits Act (EIPA). These include export and import controls on steel, agricultural goods, textiles and clothing (including Tariff Preference Level allocations under NAFTA and the CCFTA). A new verification and compliance section completed its first full year of operation, thus improving compliance with the EIPA.
- On January 1, 2002, Canada implemented the third stage of the WTO Agreement on Textiles and Clothing, which brought about the removal of a number of quotas on apparel and textile products, as well as higher growth rates on remaining quotas.
- Public consultation and outreach activities continued in all associated sectors, and in the area of strategic goods became a more permanent element of Canada's overall export control program.
- Other efforts focused on the Canada-U.S. agreement on strategic trade controls, the comprehensive bilateral undertakings on retransfers of certain U.S.-origin goods from Canada, and softwood lumber issues.



- During 2001-2002, the Department issued 1.2 million import and export permits. Development continued on the new Export-Import Controls System. As of March 2002, final preparations were being made to facilitate system testing for user acceptance.

### 1.7 **Protect and promote the ability of Canada to regulate in the public interest, including in the environmental, health and safety, and resource management fields.**

- The Department actively participated in the development of a consultation paper, *A Canadian Perspective on the Precautionary Approach/Precautionary Principle*, and subsequent consultations domestically and internationally. Precaution is considered to be a finite and important subset of science-based risk management.
- The Department continued to remind Canadians about and defend the provisions of the WTO agreements that confirm the right of members to regulate in the public interest.
- The Department requires that bilateral and regional free trade negotiations, such as the FTAA, contain a cultural exemption. The Department also promoted internationally (i.e. at the WTO, La Francophonie, UNESCO, the Organization of American States and the FTAA) the development of a rules-based New International Instrument on Cultural Diversity, designed to allow countries to promote and preserve their cultural diversity, and has assisted in developing draft language. Canada confirmed in the context of initial GATS discussions that it would not make any commitments that would restrict its ability to achieve its cultural policy objectives, pending development of an instrument.

## 2. **Strengthen the coherence of the global economy's architecture and promote good economic governance and operation**

### 2.1 **Advance Canada's economic, social and financial interests through participation in the G8 process. Ensure effective follow-up to the 2000 Okinawa Summit, make substantive and logistical preparations for the 2001 Summit in Genoa, and prepare to host the 2002 Summit. With Environment Canada, organize associated G8 Environment Ministerial meeting.**

- The Department led preparations for the participation of the Prime Minister and the Minister of Foreign Affairs in the G7/8 process. Genoa's main focus—global poverty reduction—built on discussions at Okinawa, including follow-up work on infectious diseases and bridging the “digital divide.”
- The Department coordinated preparations across Canadian government departments for the Prime Minister to host the G7/8 Summit at Kananaskis in June 2002, including Ministerial meetings leading up to the Summit. This included support to the Canadian “Sherpa” team in the early setting of the substantive Summit agenda (three global priorities) and format (focused, retreat-style meeting), and overall logistical preparations for the Leaders' participation at Kananaskis.
- The Department also put in place an outreach program, which included meetings with local and national non-governmental organizations and other interested groups in both Canada and in G8 capitals, to discuss the Kananaskis Summit. In addition to providing a forum for questions and comments, the sessions held in Canada enabled the Canadian Sherpa and Summit organizers to develop their thinking on key issues and to remain connected to the views of Canadians.



**2.2 Provide foreign and economic policy advice on Canada's involvement in international development strategies and initiatives. In economic policies, programs and forums, work toward greater coherence in trade, social, environmental and development objectives.**

- The Department cooperated closely with CIDA and the Department of Finance in ensuring a strong Canadian contribution to international efforts to elaborate and implement more effective approaches to sustainable economic and social development, based on better planning, increased coherence among social and economic policies, and improved coordination among donor agencies. This included the assistance strategy for southern Europe and the Balkans, with initiatives in the areas of peacebuilding and good governance, economic reform and social sustainability, and continuing programs of assistance to Russia and Ukraine, such as technical assistance to support Russia's accession to the WTO.
- The Department coordinated the preparation of Canadian positions for the International Conference on Financing for Development in Monterrey, Mexico, in March 2002, led the Canadian negotiations for the Monterrey Consensus and supported the Prime Minister and two ministers at the conference. Canada played a leading role at the conference in ensuring that the Monterrey Consensus provides a new framework for development cooperation, based on the clear understanding that developing countries have primary responsibility for their own development.

**2.3 Promote coordinated approaches to Canada's involvement in multilateral economic and environmental organizations, including the WTO, the Organization for Economic Cooperation and Development (OECD), APEC, the UN Environment Program (UNEP) and other UN agencies, international financial institutions, G8 Environment Ministerial meetings, and other relevant institutions.**

- The Department led Canada's involvement in the OECD, a vital forum for dialogue and peer review on economic and social policy.
- Among the departmental priorities endorsed by the 2001 OECD Ministerial were the pledge to ensure that sustainable strategies are put in place by all members by the time of the World Summit on Sustainable Development, and ongoing work on health, migration and ageing. The Department supported ongoing OECD work in the areas of food safety and biotechnology, regulatory reform, untying aid to least-developed countries, and the environmental review of export credits. The Department was also active on OECD institutional reform, including the budget and priorities planning processes.
- The Department led preparations for the participation of the Prime Minister, the Minister of Foreign Affairs and the Minister for International Trade in the APEC process, which was hosted by China in 2001.
- The Shanghai APEC Leaders' Summit took place in October 2001 and was preceded by meetings of APEC ministers responsible for trade, small and medium-sized enterprises, human resources development and finance as well as by the pre-Summit Joint Ministerial Meeting, which brought together ministers of foreign affairs and trade.

- In Shanghai, APEC Leaders issued a strong statement on counterterrorism and adopted the Shanghai Accord, which will give new energy to APEC's work on trade and investment issues, with a particular focus on trade facilitation, the "new economy" and transparency. The Shanghai Accord will help to create a better environment for business in the Asia-Pacific region. In support of APEC's work on behalf of the WTO-based system, Canada also announced in Shanghai a \$9 million APEC Economic Integration Program to build the capacity of developing APEC members in Southeast Asia to better participate in the multilateral trading system.
- The Department worked closely with Environment Canada at the United Nations Environment Programme (UNEP) Global Ministers of the Environment Forum in February to complete the International Environmental Governance Process.

#### **2.4 Improve understanding of trade and environment policy linkages, and bring this knowledge to bear in negotiations on international agreements on trade or the environment.**

- The Department led Canada's active participation in the WTO discussions on trade and environment in the lead-up to the Fourth Ministerial in Doha, Qatar. The Doha Development Agenda represents a breakthrough in the treatment of environment at the WTO, with several paragraphs on the environment and sustainable development. The Agenda marked the launch of negotiations on certain aspects of trade and the environment, including removing barriers to environmental goods and services.
- The Department supported three international projects to encourage capacity building on trade and environment for developing countries and to improve understanding of trade and environment linkages: a conference on trade and environment for small island states held in Jamaica, a sustainable development law conference held in Montreal and a hemispheric policy dialogue process on sustainable development, trade and environment.
- The Department is undertaking Strategic Environmental Assessments of the new WTO negotiations, the FTAA negotiations, and bilateral trade agreements currently under negotiation. This process seeks to identify and evaluate the environmental effects of these initiatives on Canada and to identify options for enhancement or mitigation. The goal is to assist Canadian negotiators in integrating environmental considerations into the negotiation process, and to address public concerns by documenting how environmental factors are being considered during negotiations.
- The Department also co-led Canada's participation at the OECD Joint Working Party on Trade and Environment, which examined trade and environment policy issues. Last year, activities included a study on precaution, examination of the "polluter pays" principle, and development of a methodology for environmental assessments of liberalization of trade in services.

### **3. Engage, inform and educate Canadians through consultations and outreach on international trade and economic policy**

- In both the preparations for, and follow-up to, the FTAA and WTO Ministerial meetings, the Department broadened the participation and engagement of stakeholders in trade policy matters.



The creation of a Federation of Canadian Municipalities/Government of Canada Working Group on municipal concerns, an Internet-based public dialogue pilot project, and the redesign of the Trade Agreements and Negotiations Web site to improve information delivery and interactivity (with final release scheduled for September 2002) are among new initiatives to strengthen consultative mechanisms and public engagement on Canada's trade agenda.

- The Department continued to engage parliamentarians on trade policy by encouraging their substantive involvement in official delegations, international conferences and multi-stakeholder meetings, and by providing in-depth analytical support to the work of the Standing Committee on Foreign Affairs and International Trade on the WTO and the FTAA.
- In April 2001, Minister Pettigrew released *Opening Doors to the World: Canada's International Market Access Priorities*, the government's annual report outlining priorities for 2001 and highlighting results.

#### **4. Promote and defend broader Canadian political and economic interests though trade, economic and social policy levers**

##### **4.1 Support G8 initiatives to reduce global poverty, promote sustainable development, combat infectious diseases, and broaden the benefits of information and communications technologies. Support G7 initiatives to promote reform in Russia and Ukraine.**

- At the 2001 Summit in Genoa, Italy, G8 Leaders made a historic political commitment to develop a concrete G8 Africa Action Plan, in response to the New Partnership for Africa's Development (NEPAD), for adoption at the Kananaskis Summit. Canada was instrumental in establishing and leading the group of Leaders' Personal Representatives for Africa, and played an active role in the development of the G8 Africa Action Plan as the centrepiece of the Kananaskis Summit. Once finalized, the Plan should constitute a comprehensive and concrete attempt to make progress on the goals of eradicating extreme poverty and promoting sustainable development. Its development required broad consultations—both within the Canadian government and with foreign partners—and advanced thinking on many issues of importance to Canada, such as poverty eradication, peace and security, good governance, trade, investment and sustainable development, and health.
- Also at the 2001 Summit, G8 Leaders and the UN Secretary-General announced their commitment to create a public-private partnership to finance effective activities to combat AIDS, tuberculosis and malaria. This Global Fund was officially established, with over US\$1.3 billion in pledges, including Canada's commitment of US\$100 million. Canada has been very active in the establishment of the Fund, since its conception at the 2000 G8 Summit in Okinawa, by convening planning meetings and chairing various working groups to recommend operational, governance and fiduciary structures. The Fund's first disbursements were made in early 2002.
- G8 Leaders also mandated the G8 Education Task Force to develop recommendations on the achievement of universal primary education by 2015, and asked Canada to prepare a report on the implementation of the recommendations adopted by Leaders on bridging the digital divide (Digital Opportunities Task Force).

#### 4.2 Ensure that Canadian trade initiatives are consistent with and reinforce Canadian interests regarding international peace and security, human rights, corporate social responsibility, labour issues and other dimensions of international trade and economic relations.

- Canada has included the negotiation of labour and environmental cooperation agreements in the context of free trade negotiations with Costa Rica, four Central American countries and Singapore. The promotion of human rights and democratic principles, core labour standards and the protection of the environment are among the general objectives of the FTAA.
- Canada is building awareness of the importance of coherent and integrated policy approaches aimed at addressing the challenges of globalization, including through active support for, and participation in, the work of the International Labour Organization's World Commission on the Social Dimension of Globalization and the Summit of the Americas process. The Department is also encouraging and supporting multilateral, regional and private sector corporate social responsibility initiatives such as implementing the OECD Guidelines for Multinational Enterprises in Canada.

#### 5. Defend and advance our sustainable development and environmental policies

- Canada was the first country to sign and ratify the UNEP Convention on Persistent Organic Pollutants in Stockholm in May 2001. Canada is providing funding through the World Bank to help developing countries and countries with economies in transition to eliminate and severely reduce their use of the 12 pollutants covered by the Convention. It is also providing funding for subsequent meetings until the Convention enters into force.
- Negotiations in the context of the UN Framework Convention on Climate Change were successful, as consensus was reached in Bonn in July 2001 on operational rules for the implementation of the Kyoto Protocol. Canada was notably successful in obtaining the package rules and modalities for the Clean Development Mechanism and a good allocation for carbon sinks, which will help Canada achieve its Kyoto Protocol targets in a cost-effective manner.
- Canada's Clean Development Mechanism and Joint Implementation (CDM and JI) Office significantly increased its activities in 2001-2002, particularly in the area of project facilitation (feasibility and baseline studies), which will lead to cost-effective carbon credits for Canada. Extensive outreach efforts both in Canada and abroad have contributed to a greater understanding of CDM and JI issues, leading to increased Canadian participation in international projects.
- Canada participated in the first two substantive sessions of the United Nations Forum on Forests (UNFF). In June 2001, the UNFF adopted a multi-year program of work and a plan of action for the next five years. In March 2002, it adopted a ministerial declaration calling for greater political attention to achieving sustainable forest management as well as a number of resolutions related to combatting deforestation and forest degradation and other critical global forest issues.



- Canada participated in the second meeting of the Interim Committee of the Cartagena Protocol on Biosafety in Nairobi, Kenya, in October 2001, and co-hosted meetings of two technical expert groups on the key issue of handling, packaging, transport and identification of living modified organisms in Montreal in March 2002.
- Canada joined 115 other countries in approving the adoption of the final text of the International Treaty on Plant Genetic Resources for Food and Agriculture at the UN Food and Agriculture Organization. This treaty will ensure that plant breeders and researchers continue to have access to the seeds and plant parts they need to develop new crop strains, and will set up a system to ensure the equitable sharing of any benefits that arise from commercialization of these new strains.
- Canada played an important role in the WSSD preparatory process. This process assessed the implementation of the results of the 1992 Earth Summit in Rio and will result in a plan of action to be approved by Leaders at the WSSD in Johannesburg in September 2002.

# International Security and Cooperation

## Strategic Outcome

Progress in establishing a peaceful, inclusive, rules-based international system reflecting Canadian values, in which Canada and Canadians are secure.

Summary of Spending in 2001-2002 (\$ millions)	
Planned spending at beginning of fiscal year	541.2
Total spending authorities at end of fiscal year	612.7
Actual spending	599.7
Personnel—Full Time Equivalents (FTEs)	
Canada-based FTEs utilized	551
Locally engaged FTEs utilized	86

## Context

The International Security and Cooperation business line plans and directs Canada's international cooperation, both bilaterally and in multilateral organizations, with the goal of ensuring Canadian security, the protection of Canadian assets abroad, and the promotion of Canadian values and interests. The issues that dominated Canada's international security and cooperation agenda in 2001-2002 included the following.

- The campaign against terrorism has been at the forefront of the international security agenda since September 11. Canadian efforts have concentrated on ensuring the adoption of common principles for concrete, coordinated action against terrorism, and ensuring that international institutions form a cooperative, united front.
- The terrorist attacks of September 11 unleashed new dynamics in international relations, whether by exacerbating existing humanitarian crises (for example, the crisis in Afghanistan) or by complicating efforts to address others (such as the conflicts in the Middle East and South Asia).
- We face a new and more complex security environment, which includes the growing problem of asymmetrical threats and heightened fears of the proliferation of weapons of mass destruction. At the same time, global strategic stability was significantly enhanced over the past year by Russia's renewed engagement on security issues with the United States, with NATO, and within the G8.



- Canada's presidency of the G8 in 2002 was a challenging opportunity to calibrate the group's work to this new security environment, through a sustained focus on counterterrorism, threat reduction, support for regional security in key areas, and capacity building.
- The events of September 11 highlighted Canada's economic and security interdependence with the United States. The management of this relationship has subsequently increased in importance.
- The campaign against terrorism created an urgent need for information and intelligence. As a result, significant resources dedicated to the collection and dissemination of information concerning politically volatile areas were added to the Department. The new threat from non-state actors has created a challenge for intelligence collecting.
- Even before September 11, an increasingly divisive multilateral negotiating climate adversely affected Canada's work on human security, human rights and humanitarian affairs and our management of many international negotiations, including the World Conference Against Racism, the Commission on Human Rights, the World Assembly on Ageing and the Special Session on Children. This polarization exacerbated the North-South divide, notably on issues relative to the Middle East and reparations for transatlantic slavery.
- The growing U.S. tendency toward unilateralism, or ad hoc coalition building, has posed a challenge to traditional collective approaches and norms and has been a source of concern in the transatlantic relationship. This has increased the challenge of coordination and collective action in the multilateral context for Canada and like-minded countries.

## ***Performance Expectations and Accomplishments***

### ***Manage the evolving international crime and counterterrorism agendas within the United Nations through implementation and promotion of the Transnational Organized Crime Convention and the 12 counterterrorism conventions; and within the G8 through the Lyon Group's work on emerging crime issues and the Experts Group on Counter-Terrorism***

- Since January, as chair of the G8, Canada has led the work of the G8 Experts Group on Counter-Terrorism (now known as the Roma Group). Among this Group's accomplishments are recommendations that address transportation security, terrorist financing, money laundering, threats of weapons of mass destruction and the use of chemical, biological, radiological and nuclear agents.
- As part of these efforts, the G8 is sharing its best practices in the technical areas of counterterrorism. The G8 is continuing to build a comprehensive approach with a variety of multilateral organizations, particularly the United Nations.
- Canada chaired G8 processes to control the cultivation, production and trafficking of opium in Afghanistan in early 2002, in which 20-25 percent of the opium poppy crop was eradicated.



***Establish goals and secure the necessary resources for the political and security aspects of the Canadian-hosted 2002 G8 Summit and Foreign Ministers' process, by chairing G8 subgroups related to weapons of mass destruction, non-proliferation, plutonium dispositioning, nuclear safety, conflict prevention, terrorism and crime; and continue efforts to influence the G8's adoption of the Genoa Plan for Africa***

- In the lead-up to the G8 Summit in Kananaskis, Canada assumed a leadership role in developing and delivering the Global Partnership, aimed at assisting Russia and other states in safely eliminating weapon stocks, material and equipment. Canada provides leadership on this issue through financial support, expertise and technology.
- From February 2002, the Department launched G8 efforts to support the establishment of an effective and accountable security sector in post-Taliban Afghanistan.
- Canada has led efforts in the G7 Nuclear Safety Working Group, in different suppliers' groups, at the International Atomic Energy Agency, and through the UN and its associated bodies to contain the threat of nuclear weapons.
- The Department supported the creation of a G8 Summit Office to launch a series of G8 consultations with African leaders, multilateral institutions and other donor countries from December 2001 to March 2002. These meetings were key mechanisms in the development of the G8 Africa Action Plan.
- From December 2001 to March 2002, the Department provided substantive policy and logistical support to the G8 Summit Office and the Prime Minister's Office in order to organize the Prime Minister's six-country tour of Africa. As chair of the G8, the Prime Minister consulted extensively with Africans on the New Partnership for Africa's Development (NEPAD) and on the G8 Africa Action Plan.

***Advance the government's non-proliferation, arms control and disarmament goals and address specific risks, including through Canadian chairmanship of the Missile Technology Control Regime process, through active participation in the UN Conference on Small Arms and Light Weapons, and in the development of the G8 Global Partnership against the spread of weapons and materials of mass destruction***

- Canada led efforts in the G8 Non-Proliferation Experts Group with the goal of eliminating the threat of nuclear weapons.
- As Chair of the Missile Technology Control Regime (MTCR) from September 2001 to September 2002, Canada successfully promoted international action against missile proliferation through enhanced technical cooperation on export controls, expanded outreach to influential non-MTCR states and greater attention to the issue of proliferation to non-state actors, including terrorists. Canada was also centrally involved in the initial drafting and ongoing negotiation of an international code of conduct on ballistic missiles, the basis for the first-ever multilateral instrument governing missile issues.



***Manage the security and political relationship with the new U.S. administration, both in its North American context and in relation to global, multilateral and regional matters***

- Immediately following September 11, Canada engaged U.S. officials to demonstrate to them that concerns about terrorism can be accommodated within the context of a relatively open border. Canadians have been successful in keeping our mutual interests protected while adopting joint counterterrorism measures.
- Canada engaged U.S. policy makers to ensure protection of Canadian interests as the United States moved forward with the revision of its Unified Command Plan and development of missile defences. Canada continued to encourage U.S. cooperation on issues related to the transfer and excessive accumulation of small arms and light weapons, and encouraged the United States to move toward nuclear disarmament, as agreed under the Non-Proliferation Treaty, and to support multilateral regimes such as the Comprehensive Test Ban Treaty, Biological and Toxin Weapons Convention and Chemical Weapons Convention.
- Canada has maintained an open and productive relationship with the United States on crime and drug issues. This relationship continues to be strengthened through our continued participation on the Canada-U.S. Cross-Border Crime Commission, the adoption and implementation of the Transnational Organized Crime Conventions and cooperative and coordinated approaches on drug issues in a variety of multilateral forums.
- In the aftermath of September 11, Canada actively participated in the accelerated summit mandates of the Inter-American Committee Against Terrorism (CICTE) and in the negotiation of an Inter-American Convention Against Terrorism to guide the OAS member states in adopting their own measures to combat terrorism and to strengthen cooperation in the hemisphere.

***Within the UN system, continue pursuit of our Security Council agenda, contribute to the implementation of the UN Millennium Summit Declaration and advance other measures of reform, including for the Security Council and the specialized agencies, coordinate Canadian preparations for the HIV/AIDS Special Session, and advance negotiations on a Framework Convention on Tobacco Control under the World Health Organization***

- Canada lent strong support to implementation of the Millennium Declaration, a massive and long-term process led by the UN Secretary-General. Canada's positions in UN meetings and conferences (Financing for Development, Special Session on Children, preparations for the World Summit on Sustainable Development) reflected broad acceptance of the importance of the Millennium commitments and their consistency with Canadian values.
- Canada's goals for the HIV/AIDS Special Session, the first on a single disease, were developed via consultations involving government and civil society. Canada played a major role in negotiating the Declaration of Commitment, which is consistent with our HIV/AIDS goals and commits governments to a range of specific targets.

- In February 2002, in the culmination of an effort initiated by Canada during our term as a member, the Security Council adopted new, more comprehensive mechanisms for consulting countries that contribute troops to UN peacekeeping operations. The Department contributed to new ideas for sanctions reform by funding a study by the International Peace Academy and by participating in the Stockholm Process led by Sweden.
- Canada played a significant role in administrative and budgetary reform in the UN system. The UN's 2002-2003 regular budget included provision for a modest increase along with commitments to review several major programs for improved efficiency. Similar results were achieved for several specialized agencies, including the International Civil Aviation Organization. Canada and other UN contributors achieved further improvements in results-based budgeting in several UN agencies, an approach increasingly rooted in the UN system.
- Through its leadership role, particularly in co-chairing one of the key working groups, Canada helped to narrow the range of differences in the negotiations on the Framework Convention on Tobacco Control, which are due to conclude by May 2003.

#### *Two New International Bodies in Montreal*

*Canada concluded negotiations with the United Nations Educational, Scientific, and Cultural Organization (UNESCO) for the establishment in Montreal of the UNESCO Institute for Statistics. The Institute, central to the UN system's statistical collection and analysis, was inaugurated in November 2001. It will generate significant spinoffs for the Montreal-area economy and for the Canadian research community. The Department also contributed to the success of Montreal in securing the headquarters of the World Anti-Doping Agency.*

***Advance human rights, good governance, democratic development and respect for the rule of law, including through practical agenda setting; active participation at the International Conference on Racism; establishment of the Permanent Forum on Indigenous Issues; bilateral human rights dialogues; advancement of the "protection of civilians" agenda; integration of women's human rights and the gender equality perspective into the UN system and other multilateral forums; and a campaign to run for the Commission on the Status of Women for the term starting in 2002***

- Canada advocated the development of international strategies for enhancing the protection of vulnerable populations during the Afghanistan crisis, both bilaterally and through multilateral meetings such as the Afghan Support Group. In addition, the Department participated in quarterly meetings of the Policy Action Group for Emergency Response and held weekly conference calls with Canadian humanitarian non-governmental organizations (NGOs) to share information and articulate Canadian foreign policy goals on the crisis in Afghanistan.
- Canada took an active role in the World Conference Against Racism in Durban, where we acted as coordinator of the Western Group. Despite the unacceptable aspects of this conference, Canada ensured that many positive elements relative to indigenous peoples, education, the role of civil society and youth were included in the concluding documents.



- Canada was particularly active in the UN General Assembly's Third Committee, at the commission on Human Rights and at the UN Commission on the Status of Women. Canadian human rights priorities were also pursued in the preparatory processes for the World Summit on Sustainable Development and the World Food Summit as well as in meetings of La Francophonie, the Commonwealth and the Organization of American States (OAS).
- Canada co-hosted with China and Norway the fourth annual Plurilateral Symposium on Human Rights in Jakarta, Indonesia, on March 11 and 12, 2002, with participants from both government and civil society from 15 Asian and South Asian states.
- Canada enhanced its engagement with civil society to promote an open foreign policy process. In addition to numerous ad hoc meetings with NGOs, the Department held its 14th annual Consultations on Human Rights conference with NGOs in February 2002 in preparation for the UN Commission on Human Rights.
- As Chair of the Working Group on the Office of the Coordinator for Humanitarian Affairs, Canada hosted international meetings in Geneva and Ottawa and worked to ensure more effective functioning of the international humanitarian system.
- The Department promoted greater awareness domestically and internationally of international humanitarian law and supported the work, including Web site development, of the Canadian National Committee on Humanitarian Law.
- Canada participated in a Regional Conference on Migration called the Puebla Process, along with Mexico, the United States, Guatemala, Honduras, Nicaragua, Belize, Panama, Costa Rica, El Salvador and the Dominican Republic. The Plan of Action included an emphasis on the benefits of migration management, while continuing to underscore the need to protect the human rights of migrants and to combat trafficking of migrants in the hemisphere.
- Canada advanced its priorities on gender equality and women's rights through active participation at the UN General Assembly, the UN Commission on Human Rights and the UN Commission on the Status of Women. Particular attention was given to integrating women's human rights and gender equality considerations into the conferences on Children (UN Special Session), the Second World Assembly on Ageing, and preparations for the World Summit on Sustainable Development. Canada secured membership in the UN Commission on the Status of Women for the term 2003-2006.
- In collaboration with the Canadian International Development Agency, the Department ensured prompt and appropriate Canadian responses and financial contributions in the aftermath of major natural disasters (Democratic Republic of Congo/Goma volcano eruption and Afghanistan earthquake), and ensured that these responses were communicated to the public.

***Develop capacity in conflict prevention, including through the G8 process; in peace support operations, including at the UN (e.g. implementation of the Brahimi Panel Report); and in Canadian and international capabilities for civilian police and expert deployment***

- Canada has been at the forefront of efforts at the UN, the Organization for Security and Cooperation in Europe (OSCE) and elsewhere to develop a more comprehensive approach to peace support operations, including developing capabilities of forensics experts, civilian police and human rights monitors.
- Through the UN and other organizations, Canada is leading efforts to assist countries as they put into place modern and democratically controlled military and security institutions.

***Consolidate and pursue Canada's human security agenda, including at the United Nations and the G8, through regional organizations and through the Human Security Network***

- Canada formally presented *Responsibility to Protect*, the final report of the International Commission on Intervention and State Sovereignty, to the UN Secretary-General and the international community in December 2001. The report has contributed to a shift in discourse away from divisive notions of a “right to intervene” toward a more acceptable concept of the “responsibility to protect” when confronted with acts of genocide and crimes against humanity.
- Through its International Criminal Court (ICC) campaign, Canada succeeded in playing a leading role in promoting the ratification and implementation of the Rome Statute of the ICC. On April 11, 2002, the Rome Statute received the 60th ratification necessary to trigger its entry into force on July 1, 2002.
- In March 2002, Canada, in cooperation with the Government of South Africa, hosted an international meeting of the Kimberley Process, which was attended by 37 countries, the European Community, the World Diamond Council and several NGOs. Participants reached consensus on proposals for an international certification scheme for rough diamonds and confirmed their intention to achieve the simultaneous launch of the scheme by all participants by the end of 2002.
- Through the Human Security Program, Canada supported more than 120 practical and action-oriented initiatives, furthering Canada's human security agenda in several bilateral, regional and multilateral forums.
- Pursuant to UN Security Council Resolution 1325 on Women, Peace and Security, Canada initiated the Canadian Committee on Women, Peace and Security to promote the domestic implementation of this resolution. Canada also established the Friends of 1325, a coalition of countries to discuss priorities for implementation and build momentum domestically, regionally and internationally. In collaboration with the United Kingdom, Canada developed a course on gender sensitization for military and civilians in peace support operations.



- Through the Youth International Internship Program, over 400 young Canadian interns from across the country were placed with host organizations outside Canada, including multilateral organizations such as the UN, NATO, the OSCE, the OAS and others, in support of initiatives that complement the three pillars of Canada's foreign policy.
- The Department co-chaired two interdepartmental groups on corporate social responsibility (CSR). Canada is also actively supporting a deepening of dialogue on CSR in the western hemisphere.
- Canada established the Canadian Consortium on Human Security, an initiative led by four Canadian universities to further policy-relevant research and teaching on human security, thus continuing to involve Canadian civil society on questions of human security.
- Within the Human Security Network, Canada intends to pursue follow-up to the Report of the International Commission on Intervention and State Sovereignty: *The Responsibility to Protect*. In addition, Canada will build support for recommendations outlined through partnerships with like-minded states and in other forums.

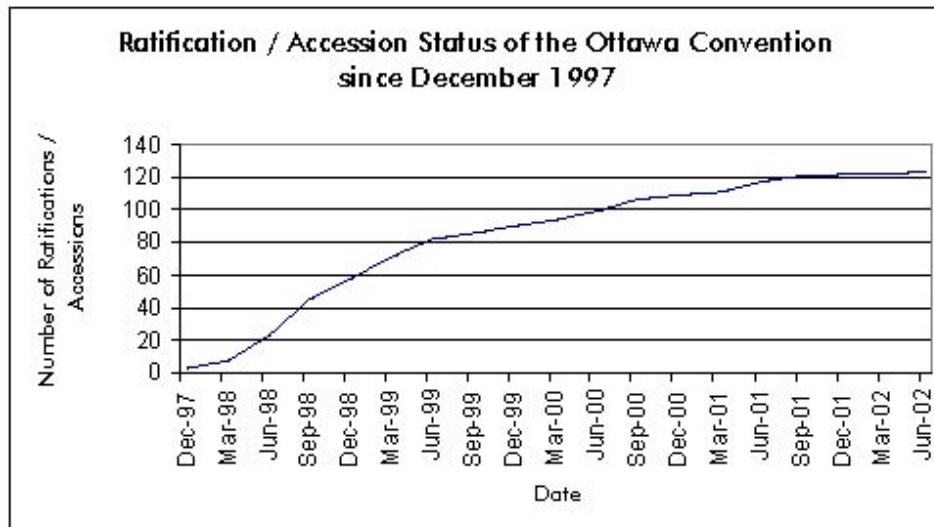
#### Canadian Leadership on War-Affected Children

*Canada continued to demonstrate leadership for the protection of war-affected children by supporting the establishment of an NGO Watchlist on Children and Armed Conflict. The Watchlist monitors and reports on the rights of children in specific situations of armed conflict and urges action by the United Nations Security Council, UN agencies and appropriate governments. As of April 2002, the Watchlist had issued four reports on the status of war-affected children in Afghanistan, Angola, Burundi and Cameroon.*

#### ***Promote universalization of the Ottawa Convention and advance the government's landmine policy through bilateral dialogue with key countries and the creation and implementation of programs in various mine-affected areas***

- Canada's leadership in the full implementation of the Ottawa Convention banning anti-personnel mines (APMs) is having a significant impact. In 2001-2002, the Department provided funding for 42 mine action projects in some of the world's most heavily mined countries. Canada is helping countries in every region of the world to meet their obligations under the Ottawa Convention, which has now been signed by 133 countries and ratified by 124. The number of states that have agreed to be formally bound by the Convention has risen steadily since its inception in December 1997.

- Canada's support contributes directly to the concrete progress made in the global fight against landmines. In 2001, the International Campaign to Ban Landmines noted a major reduction in the use of APMs in recent years, a dramatic drop in production (from over 50 country producers to 14 in 2001), an almost complete halt in the APM trade, the destruction of more than 27 million mines by over 50 countries and, most important, declining victim rates. The effectiveness of resources devoted to this cause was further confirmed in 2001 by an independent audit of the Canadian Landmine Fund.



***Assure Canada's contributions to the work of the Commonwealth Ministerial Action Group and at the Commonwealth Heads of Government Meeting in Brisbane***

- Following September 11, Canada spearheaded the issuance of a strong Commonwealth statement on terrorism, worked for a plan of action and participated in a Commonwealth Ministerial Committee on Terrorism.
- Canada played a leading role in the work of the Commonwealth Ministerial Action Group (CMAG), which addressed violations of the Harare Principles on Democracy in Pakistan, Fiji, the Solomon Islands, Gambia, Cameroon and Zimbabwe.
- At the Commonwealth Heads of Government Meeting (CHOGM) in Australia in March 2002, Canada played a key role in crafting a compromise on Zimbabwe, which led to Zimbabwe's suspension from the councils of the Commonwealth following flawed presidential elections. The CHOGM also agreed to strengthen the Commonwealth's capacity to assist in support of democratic values and the rule of law, and to give the CMAG more explicit authority to address all situations where the Harare Principles have been violated.

***Consolidate the place of La Francophonie in Canadian foreign policy, assure the foreign policy aspects of the Francophonie Games in Ottawa-Hull, and manage Canadian participation in Francophonie institutions and at the Beirut Summit***



- Canada actively contributed to the development and adoption (in June 2001) of the Cotonou Declaration and its Action Plan on Cultural Diversity, which made La Francophonie the first international organization to recognize the principle that cultural diversity is of paramount importance.
- The Department made an important contribution to the evaluation process introduced by the institutions of La Francophonie, with a view to ensuring the implementation of Canada's foreign policy objectives and improving the effectiveness of those institutions.

#### *The Francophonie Games—A Tremendous Success*

Thanks to a successful partnership amongst various levels of government, the Francophonie Games in Ottawa-Hull were a huge success. There were more than a million spectators, 3,000 athletes from 52 countries and 127 national television networks, which broadcast the Games in 70 countries, publicizing the vitality of La Francophonie and encouraging a positive image of Canada abroad.

#### *Strengthen regional security and political cooperation, including through the April 2001 Quebec City Summit of the Americas and the OAS to further enhance the government's hemispheric agenda; adapt and enlarge NATO; enhance dialogue with the European Union; improve OSCE crisis prevention; and enhance the Association of Southeast Asian Nations Regional Forum (ARF)*

- As Chair of the Third Summit of the Americas in Quebec City, Canada played a leadership role in the adoption of a detailed Plan of Action comprising numerous hemispheric initiatives to strengthen democracy, create prosperity and realize human potential.
- Canada's ongoing responsibility as Chair of the Summit process and our leadership at the OAS led to the adoption of a Democratic Clause at the Quebec City Summit; the Clause was then complemented by the September 2001 adoption of the Inter-American Democratic Charter, which reinforces the instruments of the OAS in strengthening democratic institutions.
- Recognizing Canada's interest in a peaceful and prosperous Europe, Canadian security activities in NATO, with the OSCE and with the European Union have focused on the increased integration of Central European countries into Euro-Atlantic security structures and enhanced partnership with Russia.
- In the Balkans, Canada is supporting the international community in moving away from intervention and toward partnership. Canada is lending its support to the OSCE by promoting a shift in priority from peacebuilding to support for democratic institutions and through the secondment of Canadians to OSCE missions. Working closely with the European Union as it develops its European Security and Defence Policy (ESDP), Canada has agreed to modalities for Canadian participation in ESDP missions, beginning with the EU police mission in Bosnia.
- Canada worked with like-minded countries in the UN General Assembly and Commission on Human Rights, and at major UN conferences on ageing, children and racism to advance the



protection and assistance needs of internally displaced persons (IDP). Support was provided to the Representative of the Secretary-General on Internally Displaced Persons and the Global IDP Database.

- Canada promoted its values throughout the ARF Post-Ministerial Conference, as well as through active support of the United Nations-led transitional arrangements in East Timor.

***Implement the Northern Dimensions of Canada's Foreign Policy, including through partnerships with northerners, the Arctic Council, Canada-EU cooperation and Canada-Russia cooperation***

- Canada successfully created partnerships that increase our effectiveness in addressing priority areas for action, including strengthening the Arctic Council, establishing a University of the Arctic and a Canadian and circumpolar policy research network, working with Russia to address its northern challenges, and increasing northern cooperation with the European Union and circumpolar countries.
- Canada enhanced the capacity of northern Canadians to discuss Arctic issues at international forums; helped to facilitate increased educational and mobility opportunities for northerners and increased exports of goods, services and culture by northern Canadians; and built stronger international circumpolar institutions in the process.
- At the UN, Canada promoted cooperation between states and indigenous organizations on issues such as the first meetings of the Permanent Forum for Indigenous Issues, scheduled for May 2002, and negotiation of the draft Declaration on the Rights of Indigenous Peoples at the UN in Geneva. Within the OAS, Canada continued to participate in efforts to negotiate the proposed draft Declaration on the Rights of Indigenous Peoples.

***Support the conduct of foreign and trade policy by assuring the collection, evaluation, analysis and dissemination of appropriate foreign intelligence to meet the policy-making and operational requirements of decision makers throughout the Department***

- One day after September 11, the Department and the Privy Council Office ensured that a daily high-quality intelligence summary of events became available to senior Canadian policy makers.
- The volume of sensitive information that was received through information-sharing agreements with other government departments and foreign governments required heightened security measures. The Department enhanced its technical and human capability to identify trends, define acceptable risks and counter threats. At headquarters and abroad, programs for improved security training and awareness as well as improved measures to protect people and information systems have been put into place. Security equipment and other measures are provided on the basis of threat and risk assessments that are reviewed continuously.
- The Department's communications system was expanded to accommodate highly classified material outside Canada. This permitted faster and wider dissemination of intelligence.



## ***Bilateral Partnerships***

Bilateral activities—a value in their own right—also serve to reinforce strong multilateral partnerships, which are indispensable in ensuring a more secure global environment. Each year, Canada seeks to manage and improve relations with our principal bilateral and multilateral partners.

### ***North America***

- In the days following September 11, the Department coordinated action on border security, including the development of policy proposals and the coordination of visits between U.S. and Canadian officials. This led to the creation of the Border Task Force, the development of the Smart Border Declaration and the 30-point action plan.
- The Department developed an advocacy strategy to deal with the perception of Canada as a security threat to the United States. Ministerial speaking events were scheduled, communications materials were produced and a book on the Canadian response to September 11 was distributed to key contacts.
- Canada and the United States have successfully maintained the Air Transport Preclearance Program at Canadian airports. In 2001-2002, Canada pre-published four regulations for the new Air Transport Preclearance Act, to update the existing program and provide increased security and efficiency in managing the air transport aspect of border management.
- Canada attached priority to providing technical assistance and expertise in modernizing governance in Mexico, including on such topics as Cabinet coordination and strategic planning, budget planning and rationalization of government expenditures, e-government and access to information. In November 2001, Canada and Mexico signed a letter of intent for the promotion and development of federalism.

### ***Latin America and the Caribbean***

- Important milestones were achieved in the advancement of hemispheric cooperation. Canada played an unprecedented leadership role and, by hosting the Third Summit of the Americas, firmly positioned itself in the region and promoted a balanced, people-focused collective agenda based on Canadian values and interests.
- Canada played a key role in mobilizing the countries of the western hemisphere to develop a concerted approach to Haiti. As a result, in January 2002, the OAS adopted Resolution 806 to establish a Special Mission to Haiti in order to help the Haitian government address serious human rights violations and reconstruct democracy.
- In the aftermath of September 11, Canada actively participated in the accelerated mandates of the Inter-American Committee Against Terrorism and in the negotiations for an Inter-American Convention Against Terrorism.

- Building on Canada's growing profile after the Summit, the Department promoted links with academic programs and research institutes—for example, the Canadian Foundation for the Americas (FOCAL)—to encourage greater understanding of the Americas. The Canadian government also provided expanded services to the public through Web sites such as <<http://www.americascanada.org>> and articles in various publications, including *Americas Magazine* and *Canada in the World*.
- Canada ensured the establishment of the Institute for Connectivity in the Americas, to which we contributed \$20 million. The Institute provides guidance and support in developing national and regional connectivity strategies and approaches in the region.
- As part of our strategy to conduct high-level visits in the region, the Governor General led a highly successful mission to Argentina and Chile in 2001. The participants on this mission were a reflection of the main pillars of Canadian foreign policy, coming from the cultural, Aboriginal and academic communities, as well as from the private and governmental sectors.

### Europe

- Canada made a significant contribution to the Balkan peace process through the provision of 1,600 troops to the peacekeeping force in Bosnia. Our humanitarian and diplomatic efforts were also substantial, including a \$50 million CIDA peacebuilding and reconstruction program and a significant refugee assistance program.
- Since January 2001, Canada has chaired the G8 Working Group on Kosovo, which oversees progress on peace and stability in the Balkans. The Group has been effective in coordinating G8 approaches and policies and advising foreign ministers from major contributing countries. The past year saw steady progress toward stabilization in the Balkans: a peace agreement in August 2001 ended months of conflict in the Former Yugoslav Republic of Macedonia, and democratic governments were consolidated in the Federal Republic of Yugoslavia, Croatia and Bosnia.
- In October 2001, the Governor General conducted an eight-day state visit to the Federal Republic of Germany, accompanied by a delegation of politicians, artists and academics. The visit was highly successful in promoting Canada's artists and cultural industries and in fostering a better understanding among Germans of what modern Canada has to offer.

### Asia-Pacific

- Significant progress has been made in drawing Pakistan back into the international mainstream. Canada delivered almost \$500 million in economic support in response to its commitment to join the international coalition against terrorism. Canada also continued to press both India and Pakistan to renounce their nuclear weapons and missile programs and worked to sustain G8 leadership and high-level engagement on the India-Pakistan border dispute, which helped defuse tensions.



## Canadian Assistance to Afghanistan

*Significant contributions have been made to bringing peace to Afghanistan after 23 years of conflict, including the ousting of the Taliban, the routing of al-Qaeda, and the installation of an interim administration to help Afghanistan move toward democracy. Canada deployed 2,500 troops in and around Afghanistan in support of coalition efforts and made Afghanistan a priority issue on the G8 agenda. In addition, \$100 million in official development assistance over two fiscal years is being provided. These contributions have helped almost one million refugees return to their home country.*

- Canada continued to advance its political agenda with China through a series of two-way high-level visits, including the Prime Minister's visit to Shanghai for an Asia-Pacific Economic Cooperation leaders' meeting. Canada hosted the Canada-China-Norway human rights plurilateral conference in Jakarta in March 2002, where new issues such as corporate social responsibility and human rights training for police were introduced.
- The political and security dimension of the Canada-Japan relationship was enhanced through cooperation with Japan in multilateral efforts to address issues related to international security, including through the United Nations and the work of the ARF, and as partners in the anti-terrorism coalition.
- Canada contributed to the stability in the Korean peninsula by conducting ongoing dialogue with the Democratic People's Republic of Korea and by encouraging renewed and improved relations with key interlocutors including the United States, Japan and the Republic of Korea.

## Middle East

- A comprehensive assessment of the implications of the campaign against terrorism for this region was undertaken, resulting in a regional strategy aimed at protecting and advancing Canadian interests.
- High-level engagement of regional leaders was undertaken to ensure they understood Canadian and Western goals in the international anti-terrorism campaign and to secure, where necessary, their cooperation with key elements of the campaign. These efforts helped to curb the perception of the campaign as anti-Arab or anti-Islam.
- Canada's leadership on the Palestinian refugee issue was reinforced through efforts to promote continued Palestinian-Israeli dialogue, which maintained important channels of contact between the parties during a difficult time.

- Canada worked so that the principles of fair-mindedness and justice were reflected in the consideration of Middle East issues in international forums, to ensure that the activities of these organizations supported rather than undermined peace efforts. Although offending language and divisive debates were not entirely blocked, Canadian efforts did assist in providing a greater understanding of the complex realities of the Middle East situation.
- Canada's relations with Iran were upgraded as a result of the first ministerial visit in 10 years. This initiative supported Iranian reform efforts and provided enhanced contact with Iranian leaders to encourage their cooperation with the Middle East peace process and the anti-terror campaign.
- Canada launched political consultations with Egypt, Jordan and Israel on regional and global issues, resulting in stronger political contacts and an improved profile and influence for Canada with these key regional players.

### *Africa*

- Canada opened an embassy in Tripoli, with the official opening ceremony taking place during the first Canadian ministerial visit to Libya.
- Canada and Tunisia jointly organized a seminar on APMs in Tunis to promote the implementation of the Ottawa Convention in North Africa.
- Canada, as chair of the Sierra Leone Special Court Management Committee, played a leadership role in establishing the court's parameters. The Special Court will try those who bear the greatest responsibility for committing crimes against humanity, other war crimes and serious violations of Sierra Leonean law during that country's civil war.
- Through Canada's Special Envoy to the Sudan, Canada played an important role in revitalizing international efforts to obtain a negotiated peace settlement in the Sudan, home of one of the bloodiest and longest-running civil wars on the continent.
- Canada contributed \$2.5 million to the peace process in the Democratic Republic of Congo (DRC) and nominated a Special Envoy to the DRC, who will commence consultations in 2002 to make recommendations on the role Canada could play in resolving this long-standing conflict.



# Assistance to Canadians Abroad

## Strategic Outcome

Effective assistance, guidance and advice provided to Canadians working, living or travelling abroad, or to others on their behalf.

Summary of Spending in 2001-2002 (\$ millions)	
Planned spending at beginning of fiscal year	51.1
Total spending authorities at end of fiscal year	53.2
Actual spending	51.6
Personnel—Full Time Equivalents (FTEs)	
Canada-based FTEs utilized	106
Locally engaged FTEs utilized	239

## Context

The Department offers a wide range of fast, efficient and professional consular services to Canadians all over the world, 24 hours a day, 365 days a year. Assistance is provided to those travelling or living in other countries in the event of an injury or death, child abduction or custody dispute, kidnapping, or emergency evacuation resulting from a disaster or other crisis. Aid is also provided to Canadians who are arrested or detained abroad. Assistance continues to be available for as long as necessary, until cases or issues are closed. The provision of consular services also assists Canadians in dealing with the differences that exist between our legal, social and business systems and those of foreign countries. These services are provided by recognized and trusted sources including embassies, high commissions, consulates and honorary consuls, at more than 270 points of service worldwide.

## Performance Expectations and Accomplishments

### *Improved content, range and distribution of information on safe travel abroad*

- The newly designed Consular Web site offers one-stop shopping for Canadians planning to travel abroad. It includes country-specific travel reports, weekly travel bulletins, on-line publications and a publication order form, anti-drug information, plus links to the Passport Office and other relevant organizations. A wide range of up-to-date information and advice specific to the safety and security of Canadians abroad is also available, particularly in the new “Emergencies” and “Current Issues” sections. Since 2000, there has been a 79 percent increase in the number of consular Web site users. In the period immediately following September 11, Canadians accessed the consular Web site and found the information they needed when they needed it. The number of site users increased by 122 percent during the period September to December 2001.

### Comments on Web Site

*"I just wanted to send an email to say how good this site is. I live abroad and do a lot of international travel for work so this site makes my life very easy. I just need to click on the country and find my requirements. Thanks for creating it and making my life easier!!!"*

*"I just want to tell you how impressed I am with the depth of information, and the quality of presentation on this site. I will be visiting Spain and looked up some info, but didn't expect to find so much."*

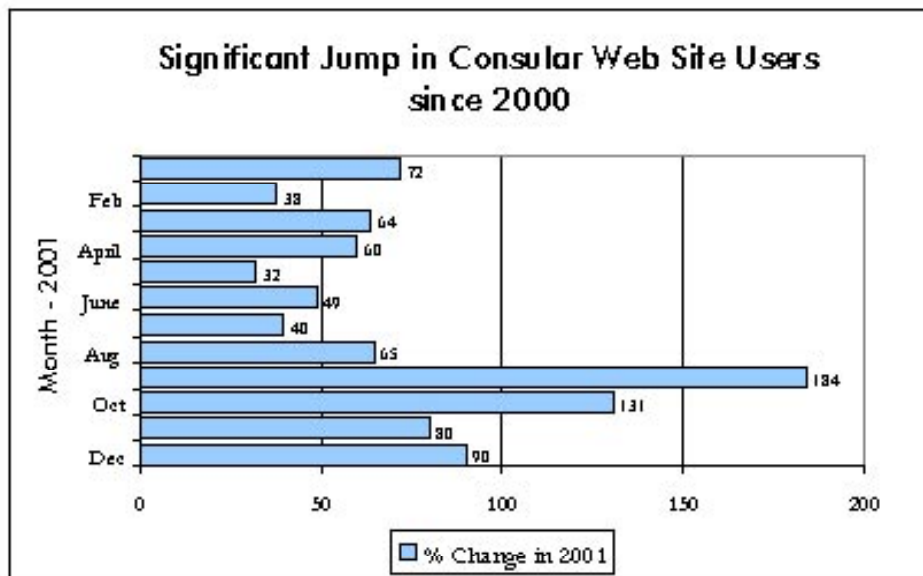
- Canadians also benefited from a wide range of safe-travel publications, including two new ones published during the past year: *Dual Citizenship* and *Teaching English in Taiwan*. A 52 percent increase in sponsorship revenues from 2001 to 2002 and partnerships with the public and private sector contributed to our ability to maintain the high quality of these publications at a lower cost to the public.
- Significant progress was made during the past year in outreach activities targeting members of the travel industry. These activities generated increased cooperation from the industry, which in turn means that Canadians are receiving better and more thorough advice on travel preparations directly from their travel agents, airlines and others in the travel industry.
- Since acquiring responsibility for the Anti-Drug Information Program in April 2001, the Bureau has incorporated the anti-drug message, including the consequences of drug use or possession abroad, into its outreach and safe-travel activities. Canadians now have easy access to this information when planning their international travel.
- More and more Canadians are writing to the Department with questions on consular matters. In 2001, more than 5,700 e-mails were received, an increase of over 100 percent from the previous year. All messages received a reply, usually within 24 hours.

### **Increased capacity of headquarters to assist missions during emergencies**

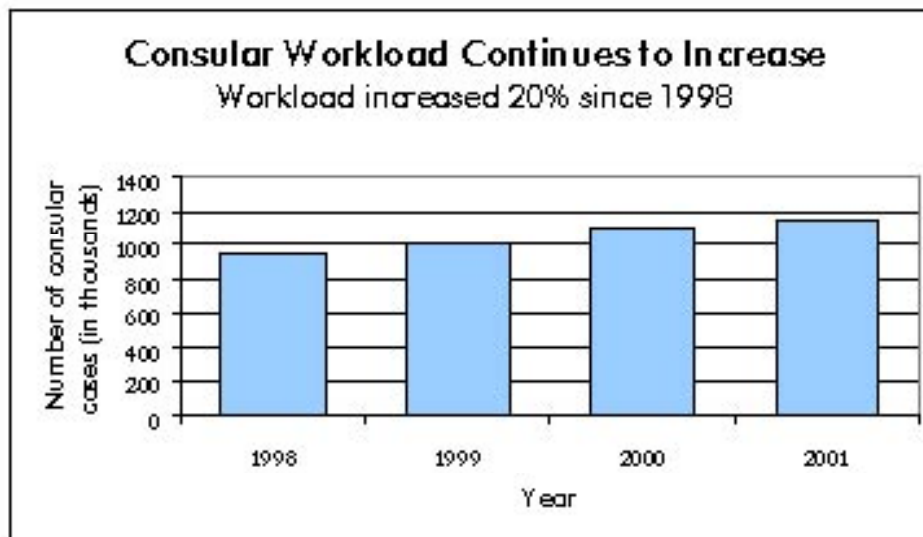
- The Department used funding approved under the Program Integrity initiative to begin work on a number of planned upgrades and other enhancements to the consular communications and case management system. This electronic system supports the management of all consular work and provides for the real-time exchange, storage and retrieval of information necessary for efficient and effective service delivery.
- An important result of this funding during the first year of a three-year allocation was an improved capacity for the Registration of Canadians Abroad (ROCA). Canadians living, working or visiting abroad who wish to register with the local Canadian embassy, high commission or consulate may now do so electronically and in a larger number of countries. Technological enhancements have made it possible to expand our registration lists and emergency planning to all countries in the world, including the United States, the countries of Western Europe, Australia and New Zealand, which were previously excluded. Since September 11, many Canadians have taken advantage of this improved service.



- Progress has been made toward expanding the consular communications and case management system to include all missions headed by honorary consuls. Privacy issues have delayed the project somewhat; however, these issues are being addressed.



- Canadians benefit from the availability of consular services 24/7, anywhere in the world. Over 11,000 “after hours” calls were redirected to the Operations Centre at headquarters from missions abroad in 2001, thereby relieving the burden on missions and providing better service to Canadians. To complement the existing phone and fax communications, a 24/7 e-mail response capability was introduced in 2001, adding to the methods of emergency communication available to Canadians in Canada and abroad.



**Consular officers better trained to deal with cases of child abduction, death, and arrest or detention abroad**

- Recent survey results and other feedback indicate that Canadians value consular services and consider well-trained and informed consular staff to be an important factor in client satisfaction. Consular



courses and regional seminars take place regularly and are updated and revised to incorporate new initiatives, policies and procedures. Most recently, considerable effort has been made to ensure that consular personnel are fully trained on the new measures to enhance the security and integrity of Canadian passports that were introduced this past winter. The recent addition of a Department of Justice Canada lawyer dedicated to legal and policy issues associated with children's issues will enable incorporation of such expertise into future consular training programs.

### *Consular response to September 11*

The year 2001 was marked by the September 11 crisis, which dramatically affected international travel, travel trends and, as a consequence, the demand for consular services. In the wake of September 11, Canadians received an immediate and effective response to concerns about their safety and the safety of their loved ones abroad.

- On the day of the terrorist attacks, the 24-hour Operations Centre handled 5,500 calls. Over the following two weeks, a total of 24,000 calls were dealt with.
- All Canadian missions abroad were ordered into emergency 24-hour service mode to assist Canadians affected by the events. Extended hours remained in effect for a number of weeks. Missions provided regular and insightful reporting from their regions, which was key to keeping travel advisories current and responsive to rapidly changing circumstances, particularly in the Middle East and South Asia.
- Staff at the Canadian Consulate General in New York and the Canadian Embassy in Washington worked around the clock with headquarters and local officials to track down hundreds of Canadians reported missing after the attacks. In New York, when telephone communication failed, staff members organized door-to-door search parties.
- As the Canadian victims were identified, the consular staff in New York established contact with next of kin and assisted them throughout the ordeal of recovery and identification of remains, and into the healing process.
- In Islamabad, mission staff implemented their emergency contingency plan. They initiated immediate contact with Canadian citizens in the region to provide them with accurate and timely information and advice, which enabled them to make informed decisions affecting their safety.
- A sophisticated consular communications and case management system enabled fast and efficient exchanges with missions abroad to assist Canadians who had been grounded by the ban on air travel.
- Family members in Canada were reassured that help was available to their loved ones, and were comforted when the news was bad.

### *Government On-Line*

- Utilizing funding approved under the Government On-Line program, significant progress has been made on the development of a centralized system (iCHILD) to improve the management of consular cases specific to children's issues, in particular those that fall within the framework of the Hague Convention on the Civil Aspects of International Child Abductions. This system is intended to link the major players involved: headquarters, missions abroad, the RCMP and provincial/territorial authorities. This project was developed on budget and on schedule and is currently being piloted with the Atlantic provinces.



- Government On-Line funding also enabled the development and maintenance of the Travel at Home and Abroad Web site <<http://www.passages.gc.ca>>. This site is led by the Department in partnership with 11 other federal departments. It offers Canadians well-organized, authoritative information about federal and provincial government programs and services related to travel either in Canada or abroad. An integrated tool to help travellers customize the information on the site to meet their specific plans is in the testing stages and should be available shortly.

### *Service Improvement Initiative*

- Consular Service Standards were developed and approved by Treasury Board in 1995. These standards are published on the consular Web site, and clients are encouraged to provide feedback if they believe the service they have received is not in accordance with these standards. Under the auspices of Treasury Board's Service Improvement Initiative, the Bureau conducted a client satisfaction survey to establish a baseline level of client satisfaction. Questionnaires were sent to over 3,000 former clients worldwide in February-March 2001. While the response rate was lower than anticipated, the survey did demonstrate a high level of satisfaction among those who responded (a rating of 4.08 out of a possible total 5.0).

### Success Stories

- In the aftermath of the terrorist attacks on the World Trade Center (WTC), staff of the Canadian Consulate General in New York faced the greatest consular challenge of their careers. Immediately after the attacks, they worked tirelessly 24 hours a day with the New York Police Department and the Mayor's Office to track down the hundreds of Canadians reported missing. As the Canadian victims were identified, contact was established with their next of kin. With the assistance of coroners from Ontario and counsellors from Quebec, families received grief counselling and guidance to obtain Presumed Death Certificates and to obtain and file DNA samples. Those who went to New York were accompanied to the Family Assistance Center and to Ground Zero. Functions were organized so that families could meet with one another and with the Prime Minister prior to the official memorial service in New York. In the longer term, WTC-dedicated consular officers in New York and Ottawa assisted families in establishing an e-mail network where they could share information. Officers have continued to maintain personal contact with families to deal with concerns as they arise and to guide them through the maze of legal and compensation issues.

- In November 2001, a Canadian journalist was reported missing, and possibly taken hostage, in Afghanistan. Officials at the Canadian High Commission in Islamabad immediately travelled to the Pakistani-Afghan border, where they engaged in discussions with Pakistani authorities and with contacts in Afghanistan in an effort to determine the well-being of the journalist. A few days later, the journalist was brought to the border by Taliban officials and turned over to Canadian authorities unharmed. Canadian consular officials made arrangements for the journalist to return to Canada. Throughout the ordeal, consular officials in Canada remained in touch with the journalist's family and kept them informed of developments.

- Significant progress was made during the past year to resolve difficulties with the Government of Vietnam in obtaining consular access to dual citizens of Canada and Vietnam when they are detained or arrested in Vietnam. Following a series of high-level representations, the Vietnamese Ministry of Foreign Affairs formally advised that Vietnamese authorities would allow holders of Canadian-Vietnamese nationality to exercise their consular rights to contact the Canadian Embassy when they are arrested or detained in Vietnam.

# Public Diplomacy

## Strategic Outcome

Increased recognition of, and respect for, Canada's role as an active participant in world affairs and as an economic partner, as well as promotion of Canadian identity and values abroad and development of an international environment that is favourable to Canada's political and economic interests.

Summary of Spending in 2001-2002 (\$ millions)	
Planned spending at beginning of fiscal year	96.8
Total spending authorities at end of fiscal year	103.9
Actual spending	99.6
Personnel—Full Time Equivalents (FTEs)	
Canada-based FTEs utilized	210
Locally engaged FTEs utilized	224

## Context

The September 11 terrorist attacks had a significant effect on all international operations of the Department, and on the Public Diplomacy program in particular. The Department planned new strategies and worked with other federal departments and other governments to strengthen Canada's security in the face of this challenge. This major effort was carried out in the context of Canada's global foreign policy. Targeted communications and outreach activities were used to consult and reassure Canadians and our foreign partners.

Combined with a global economic downturn, the events of September 11 created a more complex and unpredictable world environment in which to conduct public diplomacy, giving rise to changes in the Department's public affairs agenda. Focus shifted to new national security priorities including Afghanistan, U.S. issues, the Canada-U.S. border, and creation and implementation of the government's new anti-terrorism plan at home. The continuing Middle East crisis, coupled with the aftermath of September 11, placed a premium on efforts to reach out to interested communities both abroad and in Canada, with a view to fostering enhanced understanding of Canadian priorities and actions.

Promoting Canada externally was increasingly demanding in the face of intense image promotion by other countries and some adverse foreign media coverage of Canadian security capacity. The Department successfully coordinated communications with federal and provincial partners at home and abroad to promote Canada as a good neighbour and reliable partner to the United States. Communications work for key events such as the Summit of the Americas in Quebec City in April 2001, the G8 Summit in Alberta and World Youth Day 2002 in Toronto underscored Canada's active engagement in the international community, from our commitment to democracy in the hemisphere, to coping with AIDS in Africa, to concrete manoeuvres to limit weapons and materials of mass destruction.



The Department responded to a number of policy planning challenges during 2001-2002: adapting to the advent of a new U.S. administration; developing Canada's coordinated foreign, trade, defence and development policy response to September 11; ensuring involvement of Canadians and other constituents in the ongoing formation of that policy; preparing for Canada's role as chair and host of the G8 Summit; and addressing transition requirements for a new Minister of Foreign Affairs, including added demands regarding policy and support for Parliament and Cabinet. The year's unexpected events, coupled with the fluid international context, increased the need for horizontal policy thinking and coordination, resulting in a decision to strengthen the Department's policy planning capacity. The Department also met the growing demand by Canadians for greater transparency and accountability from their governments by installing new technology, streamlining administrative procedures and allocating additional resources to respond to increased requests for access to public information and ministerial correspondence.

The Department pursued its efforts to strengthen Canadian identity and social cohesion by continuing to represent Canada abroad as a culturally diverse, technologically advanced federal democracy with extensive links to the rest of the world. It worked to increase the involvement of Canadians in international activities through outreach, consultation and participation in international exchanges and events. Long-term strategies aimed at projecting Canadian values through arts promotion and academic relations continued to produce good returns, while demand for Canadian educational and cultural goods and services exports grew, thanks in part to the Department's export promotion efforts: exports of Canadian cultural products increased to \$2.2 billion in 2001, up 6 percent from 2000.

## ***Performance Expectations and Accomplishments***

### ***Raise public awareness about new national security priorities and inform domestic and international audiences about the Government of Canada's new anti-terrorism plan***

- Measures to address media criticism of Canadian security measures after September 11 included the publication of *Canada's Anti-Terrorism Plan*, which was distributed to all Canadian missions abroad and to finance ministers and central bank governors at the November 2001 meeting of world finance leaders (G20) in Ottawa. For several months, the Department's main Web site was devoted to informing Internet users about the campaign against terrorism. Traffic to the site increased 55 percent, rising to 140,000 page views in October from 90,000 page views in August.
- The Department organized a November visit to Ottawa, including a meeting with then Foreign Affairs Minister Manley, for seven foreign correspondents (from the *Financial Times* [FT], *Süddeutsche Zeitung* and *Boston Globe* among others), resulting in print (*Wall Street Journal*, *Boston Globe*, FT) and Web articles (*Washington Post*, FT) on Canada's response to September 11. The Department then worked with the Canadian Community Newspaper Association to orchestrate a visit to Ottawa by 22 community journalists. That visit, highlighted by meetings with then Health Minister Allan Rock on anthrax and with International Trade Minister Pierre Pettigrew on Canada-U.S. border issues, resulted in more than 30 published articles in community newspapers across Canada.
- The circulation of a special edition of the Department's publication *Canada World View*, on Canada's response to September 11, was increased by 4,000 copies for a total of 54,000 and distributed to all Canadian missions in the United States. Advertisements were placed

in key U.S. publications (*New York Times*, *Washington Post*) expressing Canadian sympathy for those directly affected by the September 11 attacks, all resulting in greater awareness in the United States of Canadian security efforts as well as of our continued solidarity.

### ***Raise public awareness of Canadian foreign and trade policy, Canada's international role and services provided by the Department***

- The Department's Web site <<http://www.dfait-maeci.gc.ca>> was visited 16 million times, representing a 100-fold increase over the previous year and accounting for nearly one quarter of all Government of Canada Web site visits. In 2001-2002, the site was redesigned to provide a convenient access point for public information on Canada's international role and to enhance access to departmental services and information. The project included a new front page that delivers more context for both domestic and international users, an improved Media Room, more information on Canadian missions abroad and the Department at home, and quick links to popular sites such as the Passport Office and the main Canada Web site.

### ***Improve public access to departmental services and information***

- The Department launched an on-line publications catalogue on its main Web site, demonstrating innovation in publishing and resulting in improved public access to published information on international trade and foreign affairs policies, programs and services. Some 70 publications, available in a variety of formats, including for the visually impaired, were included in the launch, generating nearly 2,000 visits in the first months of operation. The catalogue has also resulted in greater public recognition of the accessibility and accountability of the Department to its clients.

### ***Promote Canada and its values abroad***

- The "Canada and the World" cluster is the Government of Canada's primary Web presence for foreign and Canadian audiences seeking up-to-date, reliable and relevant information on Canada's role in the world. Led by the Department, the cluster is made up of 250 links to Web-based content from 20 government partners. The content ranges from information on Canada's international role in peacekeeping, disaster relief and counterterrorism, to our commitment to providing developmental and humanitarian aid, to the conventions, agreements and international partnerships that shape Canadian environmental policy. As the pilot for the Canada International Gateway's Multi-Language Project, the cluster's content is now available in Spanish in addition to English and French. Under the Department's leadership, the cluster currently attracts an average of 6,000 hits per month. A recent report by the consulting firm Accenture stated that the gateway is significant in presenting Canada as an attractive settlement, tourism and business destination, with approximately 20 percent of visits to federal Web sites originating outside Canada.

### ***Enhance the promotion of Canada and Canadian values and interests abroad***

- The Department developed a comprehensive package of communications tools aimed at better equipping Canada's 120 missions abroad to position Canada internationally as a dynamic, technologically sophisticated country, using consistent, creative messaging. This "Promoting Canada Abroad" package includes messages, speech modules, facts, a photo gallery and ready-to-run multimedia products to help Canadian missions promote Canada and Canadian values to



international audiences. Also included is the *Eyes on Canada* video produced by the National Film Board with support from the Department. The package is garnering praise from Canadian missions worldwide in anticipation of positive results in the year to come.

- An updated image of Canada is being projected on new and revamped Web sites at Canadian missions in Asia-Pacific. Web sites at missions in India and Pakistan, for example, are responding to the post-September 11 focus on security in that region. New Web-based tools were also created to assist missions in developing more effective public diplomacy strategies.

#### ***Raise public awareness of trade policy and the benefits of international trade for Canadians***

- The Department's efforts to foster an open dialogue with Canadians on international trade as well as to provide enhanced trade policy information has contributed to considerable awareness of trade-related issues. A March 2002 survey undertaken by the Department revealed keen interest among Canadians. Eighty-two percent of respondents stated that international trade has contributed significantly to the Canadian economy, although the response varied by education and income levels: greater optimism was expressed by those with higher education and income. A majority of respondents also expressed the view that the benefits of international trade favour large corporations, despite the climate of Canadians supporting the government's international trade performance. There was substantial support for the government's trade promotion efforts and for Team Canada missions in particular.
- The database of the Department's "Trade and Your Neighbourhood" Web site, a 2001-2002 initiative designed to communicate the local benefits of international trade, was expanded to include some 1,000 real-life examples demonstrating the Government of Canada's contribution to the success of Canadian small and medium-sized exporters, focusing on the contribution of these successes to communities across the country. Hundreds of these success stories have been disseminated via general print and electronic media, through community presses, by ministers, and through senior departmental officials in a wide range of public speaking activities and publications.

#### ***Increase international awareness of Canada's characteristics and accomplishments through expansion of Canada's cultural profile abroad, in concert with the Department of Canadian Heritage, the Canada Council for the Arts and other funding partners***

- The Department provided over \$4 million in grants to more than 400 individual Canadian artists and artistic companies for projects promoting a highly visible, positive profile of Canada internationally. Grant recipients were selected in consultation with other federal, provincial and municipal bodies that provide cultural funding. The numerous examples of how departmental involvement has enhanced Canada's cultural profile internationally included Canada's particularly noteworthy participation in 2001 in the prestigious Venice Biennale visual arts festival in Italy. Five Canadian artists were featured in the official program, and two Canadian dance companies were invited to perform at the festival, one for the third time running. George Bures Miller and Janet Cardiff were honoured with an award for their *Paradise Institute*, a virtual movie theatre experience, while the works of Max Dean (interactive table), Jeff Wall (photography) and Atom Egoyan (video projection) garnered notable praise.

- The Department also provided significant funding to the Royal Winnipeg Ballet, which performed *The Sleeping Beauty* in the United States and *Romeo and Juliet* in several Asian countries in 2001. Television, radio and newspaper coverage was extremely positive in all locations, and Canadian arts, business and government representatives successfully used the tours to nurture and extend their networks of contacts.

#### ***Develop closer links between cultural activities funded by the Department and foreign policy priorities***

- Processes to manage cultural grants provided for use in the Asia-Pacific region were redesigned to ensure tighter links to Canadian foreign policy priorities. This effort included encouraging greater public understanding of Canada in the Asia-Pacific region and of the importance of that region to Canada's security and prosperity. Canadian cultural events during Australia's centennial celebrations assisted, for example, in revitalizing Canada's bilateral relationship with Australia.
- Other salient examples of a strengthened link between cultural activities and foreign policy included the Governor General's official trips to Argentina, Chile and Germany in 2001. The programs of these state visits to Argentina and Chile in May and to Germany in October, organized with substantive support from the Department, showcased Canadian artists. In each case, foreign audiences were impressed by the ability of the Canadian artists to project a strong and sophisticated image of Canada and express through their work the political, economic and social realities of our country.

#### ***Increased exports of cultural goods and services***

- Exports of Canadian cultural goods increased to \$2.2 billion in 2001, up 6 percent from the previous year. Books, other printing, and advertising goods led these exports. Printing and advertising products were joined by film stock and music publishing products as the fastest-growing cultural exports. While cultural service and intellectual property exports (e.g. film and book rights and sound recording royalties) are not accurately captured by statistics, anecdotal evidence and reports from industry experts indicate that these are growing at an even faster pace than the export of cultural goods.

#### ***Internationalize higher education by maintaining and expanding frameworks for academic and institutional cooperation and exchanges bilaterally and multilaterally; promote Canada as a desirable destination for international students; develop new ways to facilitate international links; cooperate with provincial governments and others to advance Canadian interests internationally***

- Scholarships were awarded to some 300 outstanding international students, in many cases opening reciprocal opportunities for similarly gifted young Canadians to study abroad. An alumni tracer program was introduced to seek quantifiable information on the results of long-term scholarship



programs, which are expected in the next one to two years. Cooperation continued with Human Resources Development Canada to implement academic mobility programs with European and North American countries. These programs exemplify practical and effective ways to project Canadian values abroad and enable acquisition of skills directly relevant to work in a global knowledge-based economy. Continuing cooperation with the Council of Ministers of Education, Canada (CMEC) and relevant federal departments enabled Canada to maintain a strong presence at multilateral organizations and at international meetings related to education policy, as well as to reinforce Canada's reputation as a world leader in education.

### ***Project Canadian values through Canadian studies abroad***

- Successful Canadian studies programs were celebrated at a 25th anniversary conference in October 2001, with His Excellency John Ralston Saul as the keynote speaker. The event brought together the pioneers of Canadian studies, as well as present and future foreign practitioners, to assess past successes and reflect on the future. The conference raised the visibility of the program and its achievements and pointed to new directions for responding to the challenges of the future. Special Canadian studies scholarships, awarded to mark the occasion, allowed nine young Canadianists and another nine students to pursue their research projects in Canada. Several award winners participated in the conference. A program of Canadian studies internships also allowed 12 Canadian interns to acquire work experience with Canadian studies associations abroad and, in so doing, to serve as unofficial ambassadors for Canada in their host institutions.

### ***Increase opportunities for Canadian youth to gain international experience through study and work programs abroad***

- The number of young people taking part in working holiday programs to and from Canada continued to grow, reaching about 36,000. A national advertising campaign directed at major Canadian markets was renewed, fuelling interest in the use of the travel and work abroad programs as a means for young Canadians to gain international experience. Interest remains at a high level, and the Department continues to work to improve Canadian access to other countries on the basis of reciprocal opportunity through framework agreements.

### ***Improve the marketing abroad of Canadian educational and training services***

- Highly qualified scholarship winners were among the many international youth who have chosen to study at Canadian educational institutions. More than 200,000 full-time and short-term foreign students pursued post-secondary education and language studies in Canada during 2001. The economic impact of foreign students in Canada last year is estimated at more than \$3.5 billion. These numbers reflect the success of the Department's ongoing promotion of Canada and Canadian colleges and universities abroad.
- The Department continued to cooperate with the Canadian Education Centres Network (CECN) to increase the number of foreign students studying in Canada. The CECN, which represents some 280 client institutions across Canada, recruits foreign students through its 17 centres overseas. It estimates that the number of students who choose Canada as a place of study has increased about 20 percent per year. The Department's assistance to the CECN has resulted in greater visibility for Canadian education services and consequently an incremental increase in the number of students who choose



Canada as a study destination. The Department renewed its direct funding and in-kind support to the CECN for a second term, due to conclude in 2005. The Department also continued to work with education associations and institutions, assisting them in the identification and development of new overseas opportunities.

### *Increase exports of Canadian education products and services*

- The Department worked with other federal departments, provincial governments, marketing agencies, institutions and private sector clients to organize trade missions and Canadian booths and pavilions at international expositions and conferences. These efforts have raised the profile of Canadian capabilities in educational products and services and resulted in a number of successful business opportunities.

### *Enhance engagement of Canadians in policy development on current issues facing Canadian foreign policy*

- Roundtables organized for ministers and events organized by the Department's Canadian Centre for Foreign Policy Development (CCFPD) directly involved Canadians in the formation of foreign policy. The Department brought Canadians together in several cities to examine post-Taliban governance challenges in Afghanistan and the future of terrorism in international affairs, to discuss Canada-Europe relations and refugee issues, and to suggest solutions to Canada's foreign policy needs in general. These discussions helped Canadians connect with one another and with their federal government. Departmental activities, publications, video materials and a Web site geared to questions of policy <<http://www.cfp-pec.gc.ca>> also helped generate greater transparency and accountability in foreign policy making.
- A wide variety of advice was assembled from foreign policy experts, civil society, youth groups and other individuals. Among the events were Canada-U.S. policy development discussions in Halifax, Edmonton, Toronto, Washington, D.C., San Diego and Denver, and a National Forum on Africa in early 2002 in Toronto, Montreal, Saint John and Vancouver, which generated recommendations on many issues related to the G8 Summit in Alberta, including ongoing policy development in Canada-Africa relations. This advice was converted to ideas, proposals and recommendations on topics ranging from the impact of September 11 and its implications for Canada's efforts on counterterrorism and in Afghanistan, to priorities for Canada's approach to Africa in the lead-up to the G8 Summit, to how best to adapt to changes in U.S. foreign policy under the Bush administration.
- This work, as well as a wide range of funded projects, generated timely and useful policy options and advice for ministers, deputy ministers and senior and working-level officials in several government departments.

### *Ensure Canadian leadership of the G8 political process on ongoing and breaking international issues*

- In addition to developing a policy response to the events of September 11 via Canada's chairmanship of the G8 foreign ministers' process, the Department constructed an action-oriented and practical agenda that substantially enhanced coordination on issues such as counterterrorism in the wake of September 11, disarmament, conflict prevention, transboundary water management, demobilization of ex-combatants, and conflict in the Middle East.



### ***Improve consistency and coherence in Canada's foreign and trade policies and in their alignment with Canada's domestic priorities***

- The Department established a policy coordination division. Early products included policy analysis and advice to management on issues of globalization, regional integration and trade liberalization, as well as advice on how these issues connect with Canadian positions on environmental protection, human rights and international development. This particularly benefited departmental communications and parliamentary liaison on these controversial issues in the follow-up to the April 2001 Quebec City Summit of the Americas and in the lead-up to the WTO ministerial meetings at Doha, Qatar, later in the year.

### ***Ensure effective participation of provincial governments in international forums on issues touching on their domestic competencies***

- As the principal point of contact on international matters for provincial and territorial governments, the Department enhanced cooperation between the federal and provincial governments, notably on international terrorism and security issues after the September 11 terrorist attacks in the United States. The Department contacted provincial and territorial governments immediately following the attacks and kept them current on the status of affected Canadians as well as on the general political situation. Two provinces (Ontario and Quebec) offered staff to assist the Canadian mission in New York in dealing with the aftermath of the attacks. The Department organized special meetings with senior representatives of provincial and territorial governments to engage them in Canada's response to the attacks. This cooperation is continuing, with the provinces looking to the Department to keep them informed of international developments through a series of regular meetings between officials.

### ***Support the international interests of the provinces and territories***

- The Department facilitated the co-location of provincial representatives in key Canadian missions abroad and continued to discuss the possible co-location of provincial government personnel in other selected missions. The opening of offices by Alberta and Ontario at the Canadian Consulate in Munich, for example, has afforded those provinces a greater role in areas of direct concern to them. Co-location arrangements are a solid demonstration of successful collaboration between the federal and provincial governments to promote Canada abroad.

### ***Increase awareness at home and abroad of Canada as a strong and dynamic federation***

- The Department supported the annual Diplomatic Forum, held in Victoria, B.C., in November 2001. This event, which brings together heads of foreign missions in Canada and their senior staff to discuss Canadian foreign and domestic policy with ministers from all levels of government, increases understanding of Canada in general and the region that is being showcased in particular. The showcasing of British Columbia is expected to generate more interest and commercial activity by foreign governments in that province. Due to the rotational nature of the Forum (the 2002 event takes place in Halifax), the Department is able to spotlight all regions of Canada and emphasize the importance of each region's role in the Canadian federation.

### *Increase national identity and attachment to Canada*

- The Department partnered with non-governmental organizations, schools and universities to provide opportunities for young people to learn more about Canada's role in the world. During 2001-2002, the Department facilitated increased participation in the only bilingual model United Nations for high school students in Canada (in Fredericton), an event that brought young people together from across Canada to discuss international issues in a UN setting. Participants from Wales and Ecuador were also exposed to the bilingual Canadian model. At the university level, the Department helped over 200 students from Canada to attend a week-long model United Nations at UN headquarters in New York. The Canadian participants expressed keen interest in the briefings provided by departmental staff from Canadian missions abroad and remarked on how the week's activities had increased their sense of identification with Canada.
- The Department also sponsored and co-hosted the first Canada-U.S. Youth Summit, which brought together 50 Canadian and American university students to address key Canada-U.S. relations issues, and organized the fourth annual CCFPD Graduate Student Seminar, at which 15 students from across Canada travel to Ottawa each year for a week of policy work, resulting in an increased sense of Canadian identity among participating young people.

### *Enhance parliamentary engagement with the Department*

- In addition to their annual presentation on the Main Estimates, Trade Minister Pettigrew and former Foreign Affairs Minister Manley discussed major international events before parliamentary committees (e.g. Canada's response to the September 11 tragedy and the launch of a new round of WTO negotiations at the November 2001 meeting in Qatar). The decision by the Standing Committee on Foreign Affairs and International Trade to undertake a study on North American integration resulted in numerous information exchanges between Committee members and the Department, in Ottawa as well as in Canadian missions in the United States and Mexico. The Department worked with the Library of Parliament, Citizenship and Immigration Canada, and the Department of Canadian Heritage to launch a series of workshops for parliamentarians to identify the policy and legislative challenges of globalization. These activities resulted in greater transparency and a broadened relationship between the Department and parliamentarians.

### *Increase departmental efficiency in servicing Parliament*

- Officers of the Department who work with representatives of the Senate and the House of Commons participated in increased training and outreach activities. Canadian parliamentarians also took part in training. As a result of these reciprocal efforts, officers of the Department were more knowledgeable about the requirements of parliamentarians and thus were better equipped to meet them.

### *Contribute, through Cabinet, to government policy decision making on international issues*

- The demand for assistance to ministers in conducting Cabinet business continued to increase, particularly in times of major international developments (e.g. September 11, trade disputes and trade negotiations). The amount of preparation required (e.g. Memorandums to Cabinet, presentation



packages and *aides mémoire*) and the need for speed in producing required documents rose dramatically, as the Department was involved in producing documentation for almost one half of all items discussed in Cabinet. The cross-cutting nature of many of these issues necessitated more intense collaboration with other government departments, so that recommendations could take into account the perspectives of various stakeholders.

***Improve the Department's response to public demands for greater transparency and accountability***

- The Department demonstrated significant improvement, achieving an 82 percent timely response rate to Access to Information requests in 2001-2002, an increase from a 68 percent rate in 2000-2001. This was accomplished despite a 13 percent increase in the number of requests and a corresponding 11 percent increase in the number of pages reviewed.

***Provide more timely responses to queries from the Canadian public, non-governmental organizations, members of Parliament, other government departments and other individuals and organizations with an interest in Canadian foreign and international trade policies***

- In 2001-2002, the Department responded to more than 25,000 letters on issues such as softwood lumber, the Middle East crisis, national missile defence, the war in Afghanistan, terrorism, bulk water removal, human security and human rights. Timely replies to ministerial correspondence are imperative, as they reflect directly on the Department as a transparent organization actively promoting Canada in the world. The Department therefore finalized a contract to introduce a unified system to manage all correspondence to ministers and secretaries of state. It is expected that the introduction of a user-friendly, common automated tool for scanning, routing and tracking correspondence and for reporting on the preparation of responses will improve response time and service to Canadians. The system will provide immediate accessibility to correspondence through scanned images, allowing for quick responses to queries. The system will also allow for increased accountability in the preparation of ministerial correspondence.

# Corporate Services

## Strategic Outcome

Efficient delivery of essential services in a cost-effective manner to enable the Department to carry out its mandate and meet its objectives in Canada and abroad.

Summary of Spending in 2001-2002 (\$ millions)	
Planned spending at beginning of fiscal year	279.7
Total spending authorities at end of fiscal year	397.6
Actual spending	394.5
Personnel—Full Time Equivalents (FTEs)	
Canada-based FTEs utilized	1,990
Locally engaged FTEs utilized	2,236

## Context

The Corporate Services business line encompasses security, human resources and training, property and material management, corporate finance and planning, information systems and technology, and audit and evaluation. Also included is the Office of Protocol, which handles relations with the foreign diplomatic community within Canada, as well as travel and hospitality on behalf of the Prime Minister, Cabinet ministers and the Governor General.

The Department's day-to-day operations both at headquarters and at missions across the world are completely dependent on the delivery of corporate services. Furthermore, the Department relies on these services to modernize management systems and improve its overall effectiveness and efficiency. Challenges facing the Department in its daily operations include multinational work and linguistic requirements, multiple time zones, different currencies, and delivery of services 24 hours a day, seven days a week.

Over the last year, the following factors influenced the Department's delivery of corporate services:

- Human Resources faced ongoing challenges associated with government-wide efforts to modernize management practices in the public service and the need to provide the kinds of training and skills development that will better position employees and the Department in the new knowledge-based economy, as well as difficulties in retaining Foreign Service officers.
- The terrorist attacks of September 11 emphasized the need for further efforts to ensure the safety and security of employees, assets and information worldwide as well as to improve the Department's ability to identify and respond rapidly to risks.
- Canadians continue to demand more from government with respect to faster and more efficient delivery of services as well as greater transparency and accountability in government spending and operations.



- As the use of new information management and communications technologies increases throughout the Department, there is a corresponding change in the way technologies are being used. The rapidly increasing volume of various forms of electronic communications in the Department placed unprecedented demands on the management of information technologies and information.
- Various Corporate Services programs were adjusted to address increases in staffing levels at missions abroad, particularly in response to the events of September 11 and significantly higher demand for services from partner departments. The demand for services has also risen within the foreign diplomatic community, which continues to expand in Canada.

## ***Performance Expectations and Accomplishments***

### ***Putting people first: modernizing human resource management and training***

- The Foreign Service Directives, which are part of the compensation and benefits package, have been updated and adapted for the rotational workforce. New provisions are now in place for daycare of dependant children, for eldercare, and in support of spousal employment while employees are posted abroad. Provisions for a non-accountable relocation allowance, and a post-specific allowance, have reduced administration, both for the department and for employees. To balance operational requirements of missions with family considerations, a policy regarding maternity and parental leave abroad was developed, which allows employees up to six months leave while on assignment abroad, the remainder being taken at home.
- Distance learning, via the Internet, reaches employees worldwide. The number of employees taking distance learning courses for professional and personal development has increased significantly, from 115 participants in 1998-1999 to 2,346 participants in 2001-2002. The most popular programs are courses in integrated management systems and information management and technology (IM/IT), language training and professional training. Distance learning improves cost efficiency, since it eliminates the need for employees to travel or temporarily relocate to headquarters. Moreover, feedback has demonstrated that participating employees have a sense of being part of the Department, even in the most remote areas of the world.
- Some 83 percent of the Department's 329 managers are fully bilingual; in addition 3.3 percent have enrolled in official language training in 2001-2002. Among employees, 80 started official language training to meet their required levels in 2000-2001. To date, 51 have successfully completed training.
- Language training in languages other than French and English was sought by 663 employees, and in many cases was also offered to family members who would join them on posting. The duration of training ranged from two weeks to 10 months, depending on student aptitude and the difficulty of the language. These courses enable rotational employees and their families to adapt more quickly to the country of their posting.
- Participant surveys are used to measure the success of all departmental training efforts and determine whether changes are needed. In response to the 2002 survey, 62.5 percent indicated that they were well informed about training (versus 42 percent in 2000). Also, 68 percent indicated they were satisfied with the quality of the training they took (versus 54 percent in 2001). Finally,

42 percent indicated the training available met their training needs (up from 31 percent in 2000). Linking training with career development aspirations continues to be a departmental challenge.

- The Department along with its partners, the Treasury Board Secretariat, Citizenship and Immigration Canada and the Professional Association of Foreign Service Officers, jointly hired PriceWaterhouseCoopers to conduct a comprehensive Comparative Study of the Terms and Conditions of Employment in the Foreign Service among 16 OECD countries, four international organizations and several private corporations. The findings of that study, the ongoing analysis by Mercer Human Resource Consulting of the June 2001 Foreign Service (FS) Retention Survey and related FS retention data, and implementation of a formal exit interview process should all help the Department improve the conditions of service abroad and better understand the views that Foreign Service officers hold about their future in the Department. Preliminary results of the Mercer study indicated that financial remuneration, potential for career advancement outside the FS and, to some extent, spousal/partner considerations, were the main reasons for leaving. The study served as a major benchmark to confirm the collective bargaining process. The collective agreement signed on August 13, 2002, is a major step in addressing the retention problem.
- The Department needs to simplify and accelerate its Human Resources (HR) processes and has therefore placed emphasis on the development and promotion of generic work descriptions. Generic work descriptions have been developed under the major initiatives listed below and will be available on the intranet in the fall of 2002. This work has been conducted in line with the announced classification reform and has resulted in significant improvements to the career structure for the AS and SCY groups. These initiatives include:
  - review of the Executive Group positions in the Department (now completed);
  - review of the rotational AS Group functions abroad (now completed); and for some positions in HQ; and
  - review of the ST-SCY Group functions (now being finalized);
- In cooperation with the Treasury Board Secretariat and the Public Service Commission, the Department and Citizenship and Immigration Canada launched a major initiative to modernize the Foreign Service. FS officers are the professional group that staffs the key headquarters and mission positions responsible for international political, economic, trade and immigration work. Based on extensive research related to the Universal Classification Standard, the Department is spearheading, with its partners, the development of a new classification standard for FS work that is able to take account of the changing nature of this work and to better distinguish between levels of responsibility and accountability. When implemented, the new four-level structure is expected to better delineate the work, lead to more satisfying careers for FS officers, and enhance the prospects of retaining middle-level officers with highly marketable skills in demand in other departments and in the private sector.
- In 2001-2002, in order to streamline staffing, the HR Policy and Operations Bureau has regrouped all operational services for Canada-based staff under a single division (HRS). This should reduce the time to staff positions and help managers in their daily tasks. Moreover, HR Service Standards have been established to improve client satisfaction and are being monitored.



- Progress has been made with respect to the Department's representativeness for employment equity groups, the objective being to have a balanced workforce, representative of Canada. With this in mind, an accommodation policy was implemented. The Department also adopted a new policy on harassment prevention and conflict resolution aimed at fostering mutual trust, support and respect by preventing conflict and harassment and by providing mechanisms for resolving conflicts early.

### ***Ensuring a safe and secure work and living environment for employees***

- The Department makes every effort to ensure a safe working environment and secure living conditions for its employees. In the post-September 11 environment, the Department maintained and enhanced its technical and human capabilities to identify trends, define acceptable risks and address threats. At headquarters and abroad, ongoing programs are in place to protect people, information and information systems. In preparation for the G8 Summit, for example, personnel were processed effectively according to appropriate security levels. In addition, over 1,400 individuals—departmental officials, officials from other departments and agencies being posted abroad and contractors—were trained on up-to-date security and personal safety procedures, at headquarters and via distance learning. A number of safety and security courses were revised, and new courses are under development.
- Many steps were taken in 2001-2002 to increase employee awareness of security issues. Corporate security policies and procedures were updated and communicated to employees via Department-wide communiqués. This information was then placed on the Intranet for reference. For example, the Emergency Measures and Contingency Planning chapter of the *Manual of Security Instructions* (MSI) was revised and published on the Security and Intelligence Web site. This chapter identifies the procedures for staff to follow when handling suspicious packages and the steps to take in case of an evacuation or hostage taking. In addition, the *Personal Safety Abroad* booklet was updated and distributed to those going on a posting as well as to mission personnel. Procedures for hiring local staff were broadcast via e-mail and also placed on the Intranet. Following extensive consultations, the Information Technology Security chapter of the MSI was updated and posted internally. In concert with these steps, reviews of information security systems at selected missions were undertaken. Also updated, implemented and posted was the Network Acceptable Use Policy, identifying illegal and unacceptable network practices.
- At missions abroad, the Department, in partnership with the Department of National Defence, provides military guards when security assessments warrant. Due to increased global instability, an additional 14 guards were deployed in 2001-2002.
- Security measures were tested and threat and risk assessments conducted on an ongoing basis. All missions have such assessments in place, and many of them were renewed as part of an immediate verification process that took place after September 11.

### ***Building for the future with cost-effective capital investments***

- To provide safe, secure and functional accommodations for employees working abroad, and to ensure that foreign property investments provide long-term value for Canada, the Department has a



capital investment strategy in place. One aspect of the strategy is to undertake facility and operational improvements, as well as adjustments to construction projects already under way in response to changing program requirements (Damascus, Port-au-Prince). Construction was completed on new chanceries in Cairo, Caracas and Warsaw; missions in Jakarta and Kuala Lumpur were relocated; and construction has commenced on the Nairobi chancery and newly acquired Rome chancery. As for the Department's largest project, the new chancery in Berlin, a developer was selected and a multi-year master development ground lease and construction obligation were executed. With construction set to commence in June 2002, the completion date is scheduled for June 2004. The nine-storey Seoul chancery, complete with seven staff quarters, will commence construction in 2003. Evaluation of long-term options for London's Macdonald House are ongoing.

- The Department has a multi-year plan, approved by Treasury Board, to maintain ageing properties and undertake previously deferred maintenance. In 2001-2002, 60 comprehensive Building Condition Reports on official residences, staff quarters and chanceries, as well as more than 80 of the most urgent health and safety projects, were undertaken. These included electrical repairs and upgrades, and fire safety and building integrity improvements. In Rome, a new facility to replace a chancery with structural deficiencies was purchased.
- In July 2001, a Property Management Improvement Plan was presented to Treasury Board ministers to improve performance and results. The main elements of this plan call for increased project delivery capacity, improved financial viability and full integration of property decision making. To these ends, a new partnership has been struck with Public Works and Government Services Canada for the joint delivery of projects, and increased maintenance funding has been secured. Decision making now considers across-the-board resource impacts and implications for information management, information technologies and security.
- Through the sale of surplus and under-utilized property, \$23 million was applied to the Department's capital program in 2001-2002. This revenue is used to provide accommodations that are critical to departmental program integrity.
- The Physical Resources Bureau, which targets improved property planning and project management, is in the process of incorporating new financial systems and establishing a formal quality management system that meets the requirements of the ISO 9001:2000 designation. Implementing this quality management system will mean that procedures and instructions are available to all levels of personnel to ensure uniformity of understanding, consistency of action and continuity of performance. As well, the procedures and instructions can be used as a basis for control, audit and review of the systems and their effectiveness. The major project delivery function of the Bureau is expected to be fully compliant with this designation by 2003.

#### *Modernizing management and financial information systems*

- During the 2001-2002 fiscal year, staff at headquarters and relevant missions abroad worked closely to implement procedures to ensure a seamless transition to the euro currency.
- Many bank accounts were established for missions abroad, improving cash control and overall



efficiency at those missions. Procedures were developed and distributed to enable missions to make arrangements with foreign banks on their own.

- Unplanned events such as the September 11 attacks and the Argentina banking crisis resulted in some modifications to mission banking strategies. A pilot project for the collection of revenue via credit cards was implemented in the United Kingdom and the United States, with the goal of reducing the amount of cash collected.
- The Department has improved its information resources and communications between missions and the four geographic branches in order to strengthen the financial framework in general. These improvements include the updating of financial procedures and their distribution via the Intranet and staff training venues. Fraud awareness courses were also conducted.
- A concerted effort was made to enhance the monitoring of financial practices and improve analysis of financial reports, enabling better financial and risk management information to be made available to departmental officials.
- The Department has successfully implemented Business Intelligence and Activity-Based Costing pilot projects. Business Intelligence provides accessible and accurate cross-functional business information to support decision making and promote accountability and responsible stewardship of resources. The system integrates information from five different sources, including financial databases and *PeopleSoft* (for human resource information), improving accuracy and consistency of information across systems. Activity-Based Costing provides managers with information that accurately depicts the complete cost of providing a service, enabling them to undertake more advanced planning and budget forecasting. Both tools support the government-wide financial information and modern management strategies to give managers timely, accurate information for high-quality decision making.
- 2001-2002 saw the management of the Department's salary accounts handed over to individual departmental bureaus as part of modern management and stewardship initiatives. This handover serves as the foundation for e-business solutions. The salary management system is integrated with *PeopleSoft* and the financial management system and is available to managers on their desktop computers. Actual amounts spent on salaries are reported each week. As a result, managers can now track and forecast their staff expenditures—which represent approximately one third of the Department's total budget—on a global basis. The provision of more accurate and timely information and the consistency of information across all corporate management systems result in improved decision making and risk management.

### ***Improving business practices, communications and client services using new technologies***

- The Department continued to ensure standard, reliable and up-to-date IM/IT facilities both in Ottawa and at missions abroad. This program stems from a 1996 decision to fund the ongoing replacement and upgrading of network software and equipment on an agreed schedule. Employees use these facilities to deliver high-quality, cost-effective programs to Canadians.
- Starting in 2001-2002, technology replacement focused on providing the infrastructure for two

of the Government of Canada's major change initiatives: Citizen-Centred Service Delivery and Government On-Line. The network was also expanded to give employees at the 39 smallest missions access to the full range of network services and to expand options for mobile and remote access to the network. This is to ensure that all missions can provide standard benefits to Canadians while aiding or acting as a representative of Canada abroad. Both projects were funded in part by Treasury Board in recognition of their importance to Government of Canada programs.

- With the completion of an Information Management Action Plan, two steps have been taken to improve employee productivity. The InfoBank project has been launched to implement a modern solution to manage electronic documents. A second program uses short-term training, coaching and various communications activities to encourage employees to use existing tools as effectively as possible.
- During an international crisis, the Department must be prepared to operate at its normal high standard. This year, a Minister's Certificate of Commendation was issued to recognize the performance of IM/IT employees in successfully maintaining and restoring network services that were compromised with the destruction of the World Trade Center on September 11. That event spurred a review of business continuity plans for IM/IT, which resulted in recommendations related to previously unidentified risks.
- Because Canadians should feel comfortable and secure when using departmental Web sites, the Department has an Internet Operations Model to set standards to ensure just that. One year old in January 2002, this model defines responsibilities for Internet technology, format (Common Look and Feel) and content quality. During the past year, an Internet Operations Committee was formed out of this model to establish consensus on the standards. The work of the Committee has helped manage a tremendous expansion and improvement in the Department's Internet presence.
- In the context of the Government On-Line (GOL) initiative, the Department continued to play a key role in the government's single-window Internet access strategy, championing the interdepartmental effort to develop and operate the gateway for non-Canadian clients <<http://www.canadainternational.gc.ca>> with its clusters Going to Canada, Doing Business with Canada, and Canada and the World. The Department also leads clusters on both the Canadians Gateway (Travel at Home and Abroad) and the Canadian Business Gateway (Exporting/Importing). The Canada site is the primary Internet access point for all Government of Canada programs and services. The international component, Canada International, coordinates information from different agencies related to international trade, travel and international relations and targets Canadians working or travelling abroad as well as potential immigrants, visitors, investors, importers, business partners, students and more.
- For the second year in a row, the Accenture consulting group has recognized the success of the government's IM/IT and the GOL project by ranking the Government of Canada number one in the world for on-line delivery of services to its citizens. Ranking is based on actual services delivered, but also on the quality of the support structure in place, cross-agency cooperation, a citizen-centred approach, a privacy and security infrastructure, and other considerations. The Department takes an active role in all these areas. The Accenture report, ranking Canada ahead of 23 other countries, cited Canada International as "an important means of presenting Canada as an attractive country in which to live, visit, or do business." In recognition of its contribution to the



Canada site, especially as the lead for the international component, the Department received the Head of the Public Service Award for excellence in service delivery. As part of the “Technology in Government Week” Distinction Awards, silver medals were awarded to the Department in the “Improved Service Delivery to Citizens and Business” category.

### *Managing for results*

- The Department developed 11 Results-based Management and Accountability Frameworks (RMAFs) over the course of 2001-2002. These frameworks provide a blueprint for what a policy, program or initiative is expected to achieve; describe the rationale, resources and performance logic; and present measurement, evaluation and reporting strategies that will be implemented to track progress. Most of the RMAFs were required as part of Treasury Board’s transfer payments policy. Crafting the frameworks involved close collaboration among program stakeholders (managers, line staff, clients, institutional partners, etc.) to define expected results and/or to put in place performance measurement systems and procedures. The Department began to explore ways of developing “umbrella” RMAFs in areas amenable to amalgamation such as cultural, academic and environmental programming. In addition, a handbook to assist program managers with the application of Results-Based Management concepts and procedures was developed.
- Also completed in 2001-2002 were five evaluation assessments and six evaluation studies, including one interdepartmental evaluation. Recommendations identified improvements in the efficiency and effectiveness of service delivery in diverse areas such as the promotion of an enhanced Canada brand, the implementation of the Canadian Landmines Fund and Consular Affairs.
- Five audits of grants and contributions programs were performed. These audits reviewed controls, advised management of potential improvements, and assessed compliance with Treasury Board policy. The Department also launched a suite of contribution recipient audits. Two of these recipient audits were completed in 2001-2002, enabling managers to better assess the efficiency and effectiveness of their programs and to determine whether recipients had complied with the terms and conditions of contribution agreements. The Department also completed 13 Risk-Based Audit Frameworks, which aid in the assessment of risk levels for contributions and help management determine the type, frequency, timing and cost of audits to be conducted.
- Twenty-two inspections and audits of missions were conducted to assess the management of missions, the performance of mission managers, the efficiency and effectiveness of operations, and the prudence of decision making. The resulting recommendations facilitated human resource decision making and helped officials improve policies and procedures and allocate resources more effectively, leading to better program results.
- Three audits were carried out at headquarters in Ottawa, enabling the Department to develop better contracting processes, improve record-keeping systems and practices, and make more effective use of desktop tools.

### *Upholding international standards for diplomatic relations*

- Foreign travel and hospitality functions of the Prime Minister, the Governor General and departmental ministers, as well as visits to Canada and other events involving foreign heads of state and other dignitaries, were arranged by the Department. Collaboration with the Prime Minister's Office, Rideau Hall and the diplomatic community was essential in making these arrangements.
- In accordance with the Vienna Convention on Diplomatic Relations, the Department provided high-quality services for over 8,000 members of the foreign diplomatic community and their families in Canada, including accreditation preparations for the arrival and departure of an estimated 200 individuals and the tracking and follow-up of incidents involving foreign diplomats within Canada.
- Over the past year, there has been a 30 percent rise in incoming correspondence related to the diplomatic community in Canada. For example, in the year 2000, the Department issued 4,693 controlled and official documents to the diplomatic community; that number rose to 6,773 in 2001, an increase of 44 percent.
- Information sessions were carried out with other government departments and with the provinces to ensure that responsibilities and regulations governing diplomatic status under the Vienna Convention are understood and respected.
- To ensure satisfaction with the government's capacity to manage the passage of high-level visitors through Canadian airports, with emphasis on Ottawa and Toronto, a new lounge was opened at Ottawa's main terminal in September 2001.
- The Department provides support services for ministerial travel and conferences. Support to ministerial travel increased from an average of 22 events per year to 31 in 2001-2002, while the number of supported conferences in Canada increased from an annual average of 15 to 28.
- Over the past three years, there has been a steady increase in the number of visits by heads of state, from an annual average of 16 during the years 1995-1996 through 1997-1998, to an average of 25 over the past three years. In the same time frame, the average number of hospitality events associated with attendance by visiting dignitaries at conferences in Canada increased from 15 to 289. These events represent only a portion of the more than 900 hospitality functions managed on behalf of the Prime Minister, the Governor General, ministers and senior management during the last fiscal year.
- In the past year, there have been a few incidents of impaired driving, and in each case the Office of Protocol has ensured that the Department's new Impaired Driving Policy has been conformed to. A call to the relevant mission to inform it of the incident was followed up by a diplomatic note. This requested a waiver of administrative immunity so that the Department could receive the individual's driver's licence and then request that the relevant provincial authorities suspend it for a period of one year. In cases where immunity was not waived, an undertaking from the ambassador guaranteeing that the individual would not drive for one year was requested.



# Services to Other Government Departments

## Strategic Outcome

Enable partner departments to effectively deliver their programs abroad through cost-effective support services that satisfy requirements within legal, policy and resource constraints.

Summary of Spending in 2001-2002 (\$ millions)	
Planned spending at beginning of fiscal year	239.1
Total spending authorities at end of fiscal year	245.4
Actual spending	240.3
Personnel—Full Time Equivalents (FTEs)	
Canada-based FTEs utilized	38
Locally engaged FTEs utilized	1,291

## Context

The Department provides a broad range of services to partner departments and agencies (PDs) to enable them to carry out their mandates outside Canada. Such services are also provided to Crown corporations and, in certain instances, to provincial and foreign governments, which are referred to as co-located entities. The costs of providing services to co-located entities are fully recovered. Included in the broad range of support are staff accommodation, office space, financial and personnel administration, material management, maintenance, telecommunications and miscellaneous support services.

The Department's provision of this support enables Canadians beyond our borders to take advantage of single-point access to the many services of the Government of Canada and its partners in a cost-effective manner.

There has been rapid growth in the number of positions abroad over the past three years. More than 300 positions were created during this period, many at the request of PDs that wish to provide Canadians with increased representation and service outside Canada. In fact, over 50 percent of federal government personnel abroad (excluding administrative staff) are engaged in delivering programs for departments and agencies other than the Department of Foreign Affairs and International Trade. Over 85 percent of embassies, high commissions, consulates general and consulates have personnel from other government organizations.

Services provided to these personnel are guided by memorandums of understanding negotiated between the Department and the relevant PDs: the Canadian International Development Agency, the Canadian Space Agency, Citizenship and Immigration Canada, the Department of National Defence, Natural Resources Canada, the Royal Canadian Mounted Police and others. The primary non-federal government department entities that are co-located at missions are the provincial governments of Alberta, Ontario and Quebec, the Government of Australia, and Export Development Canada.

## Performance and Accomplishments

### *Effective and efficient delivery of services to the satisfaction of client departments and agencies within resource, legal and policy constraints*

- Common-service agreements were completed with the Province of Ontario for the creation of several trade offices at missions located in New York, Shanghai and Munich, as well as with the Government of Alberta to establish a provincial presence in Mexico City and Munich. The advantage that comes with such agreements is that they provide opportunities to coordinate efforts at various levels of government, avoid potential overlap between activities, and achieve economies of scale in the provision of support services.
- Some 109 new positions abroad were negotiated with seven other government departments and five co-located entities. Ongoing support at missions abroad was provided to 2,083 personnel delivering programs on behalf of other government departments and co-locators.

New Staff Positions Abroad			
Department or Agency	Canada-Based Positions	Locally Engaged Positions	Total Positions
Canadian International Development Agency	8	9	17
Citizenship and Immigration Canada	6	42	48
Department of National Defence	5	0	5
Others	16	23	39
<b>TOTAL</b>	<b>35</b>	<b>74</b>	<b>109</b>

- With the rapid growth of positions abroad, challenges arise in areas such as the provision of office space, information technology and administration. To improve the management of this growth, a Committee on Representation Abroad (CORA) was established in 2001-2002. This committee is guided by a framework that was developed the year before. Under the framework, which applies to all Canada-based and locally engaged staff to be added to missions abroad, CORA is responsible for ensuring that all new positions abroad are established only when policy and program requirements are consistent with Canada's broad foreign policy objectives; when operational considerations and costs are fully assessed; and when all funding has been provided by the sponsoring organization. CORA must also ensure that proposals from all organizations are given equal and due consideration.
- Standard provisions for the compensation of support and administrative costs have been developed to ensure a more equitable formula for sharing co-location costs with PDs. These will relieve some of the ongoing pressures that exist in the administrative and support functions at missions. A per capita amount will be charged to the Department's bureaus and PDs each time a position is created. The ultimate result will be an increase in the number of administrative support positions abroad.



- Additionally, as a common-service provider to PDs, the Department aims to offer a standard by which all clients can expect to be serviced abroad. A generic memorandum of understanding (MOU) between the Department and partner departments is being developed to replace the numerous existing agreements. This MOU will set out the terms and conditions governing the delivery of common services, including common principles, service standards, consultation processes and funding of services.



# Passport Services

## Strategic Outcome

Provision of internationally respected travel documents, including passports, to Canadians and eligible residents for the purpose of facilitating their international travel.

Summary of Spending in 2001-2002 (\$ millions) *	
Planned cash requirement (surplus)	(1.4)
Total spending authorities at end of fiscal year	14.1
Actual cash requirement	3.2
Personnel—Full Time Equivalents (FTEs)	
Canada-based FTEs utilized	949
Locally engaged FTEs utilized	0

\* This business line is funded through the use of a revolving fund. The amounts shown in this table refer to the cash requirements for the fund over the fiscal year. These do not directly reflect the operating profit or loss that the fund will realize since the latter is calculated on an accrual accounting basis.

## Context

The Passport Office provides Canadians with internationally respected travel documents and services that meet published service standards. A special operating agency within the Department, the Passport Office is self-financing and recovers its costs from fees collected for services. It must routinely assess the integrity of travel documents and the security of the eligibility and issuance process. Service quality and fiscal balance are maintained through a careful review of service delivery costs.

## Performance Expectations and Accomplishments

### Tightened security measures and additional measures

- The events of September 11, 2001, heightened people's awareness of the extent of the problems and repercussions associated with appropriation of identity on an international scale. As a result, a large number of countries, including Canada, have been forced to tighten their public security measures. In this country, the Passport Office has participated in these activities as an expert in the areas of secure identification documents and validation of identity. Its work has led to increased cooperation with national and international police authorities, security agencies and border crossings and with the federal, provincial and territorial authorities that issue identification documents. The Office works in close cooperation with the Treasury Board Secretariat, Chief Information Officer Branch, the Department of Citizenship and Immigration and the Canada Customs and Revenue Agency to promote the standards for travel documents published by the International Civil Aviation Organization.



- In October 2001, the Passport Office tightened security measures related to the passport application process, establishing more detailed review of the background of guarantors and the information provided by applicants. Application forms have been modified to include more background information. The new passport application form was introduced in February 2002. The Passport Office conducted massive hiring of examiners (126 new recruits). In cooperation with the Province of Quebec, the Passport Office has also established new requirements for people born in Quebec: proof of Canadian citizenship must be a birth certificate issued by the Directeur de l'état civil de la Province du Québec or a citizenship certificate issued by Citizenship and Immigration Canada.
- In addition to these security measures, a new policy was implemented in December 2001: the “one person one passport” policy, requiring that all children under 16 years of age have their own passport. Adopted by the International Civil Aviation Organization, the policy is intended to reduce the risk of international trafficking in children.
- To strengthen the border check process, the Passport Office is reviewing progress in technology such as the use of biometric (facial recognition) technology. In addition to the passport photo, border officials will use encoded information to authorize entry, reducing the risk of fraudulent use of altered documents. The technology will also be used domestically to facilitate search efforts for individuals identified by police authorities and in the identity validation process.
- To improve identity validation, the Office has undertaken a project to develop electronic links with provincial and territorial databases. The objective of the project is to establish, by fall 2003, structures to check the validity of birth certificates submitted by applicants with their passport applications.

### **Amendments to the Canadian Passport Order**

- To support all these measures, the Governor-in-Council authorized a \$25 increase in passport fees on December 10, 2001. The Order Amending the Canadian Passport Order, P.C. 2001-2277, 10 December 2001 (SI/2001-121, 19 December 2001) was published in the *Canada Gazette* (Part II, Vol. 135, No. 26) on December 19, 2001. All the amendments to the Order may be found on the Passport Office Web site <<http://www.ppt.gc.ca>>.

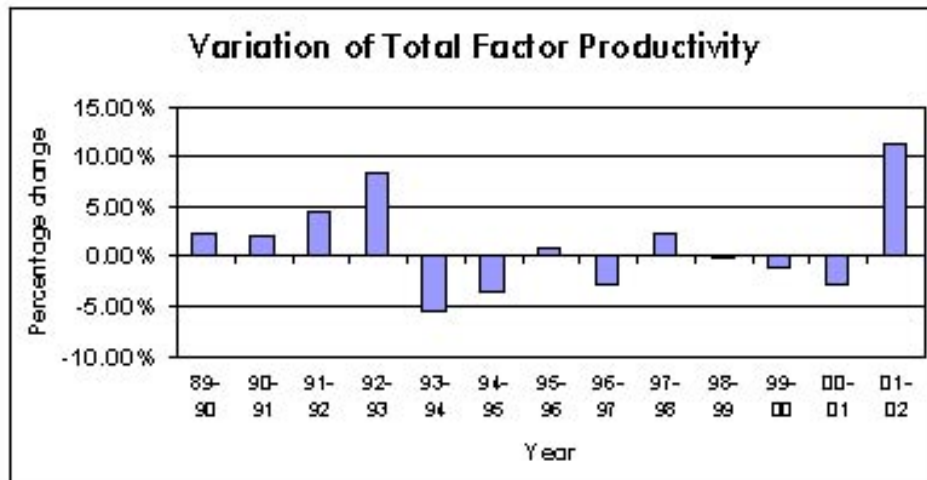
### **Business volume**

- In the 2001-2002 fiscal year, 2,040,211 passports were issued in Canada and at missions in other countries. Of that number, 1,934,813 passports were issued in Canada and 105,398 at missions in other countries, an increase for the missions of 7.7 percent over the previous year. In Canada, the Western region experienced an increase of 17 percent over the previous year, and respective increases of 5 percent and 2 percent were seen in the Ontario and Eastern regions. Only the Central region experienced a decrease, of 2 percent.
- The total volume thus increased by 5 percent over the previous year, slightly above estimates. The increase was mainly seen in the fall and during the peak season (December to March). Tighter security measures at borders, particularly the U.S. border, and delayed and renewed travel by Canadians caused an abrupt increase for some offices, particularly those located near border areas, where increases as high as 50 percent were observed. Volumes fell back to estimated levels in March.

- All the new measures have had a significant impact on the Office as a whole, changing many aspects of programs, particularly passport production and review, and service, particularly waiting and application processing times.

### *Total factor productivity*

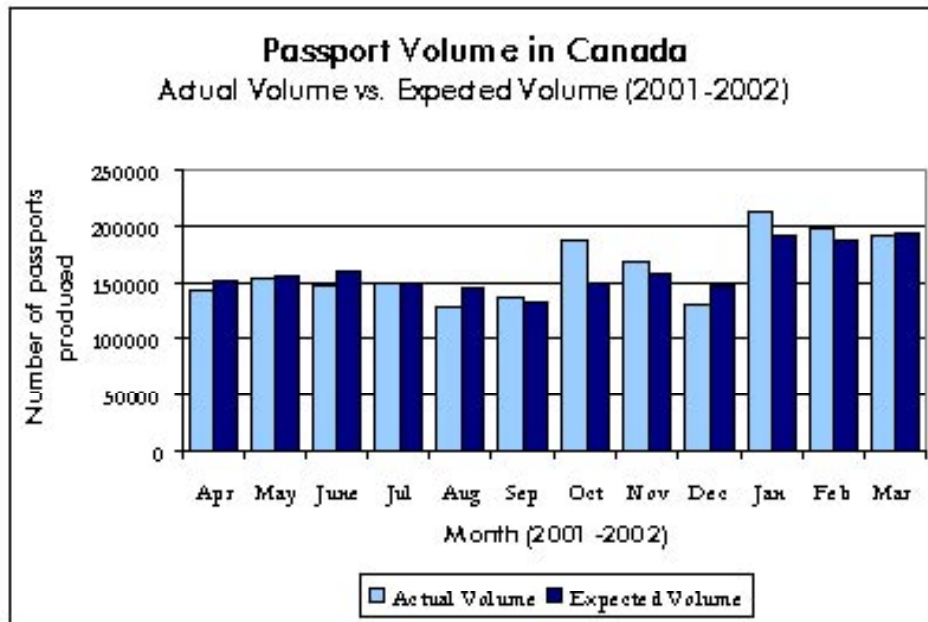
- Total factor productivity increases for 2001-2002 of 11 percent were mainly due to an increase in revenues. In 2001-2002, revenues increased by approximately \$22 million. Of this, only about \$4 million was the result of volume increases; the remainder was the result of an increase in the price of a passport. Accordingly, real total factor productivity decreased by 1 percent.
- The tragic events of September 11, 2001, led to tighter security measures, which in turn led to higher staffing costs. In addition, increased investment in passport printing technology, coupled with the ongoing investment in IRIS<sup>®</sup>, has resulted in continued decreases in capital returns. Such a decline is normal during the first two stages (initial investment and growth) in the life cycle of a major investment. These are the primary reasons explaining the decline in productivity.



- Future gains in productivity, furthermore, are contingent not only on the Passport Office's ability to deliver more effective business applications but also on the seamless interaction between IRIS<sup>®</sup> and Government On-Line.

### *Delivery time and waiting period*

- Tightened security measures led the Office to change its service standards. The waiting time for processing a passport has gone from five to 10 days in the 29 issuing offices. For the 15 percent of clients who mail in their applications, the waiting period has gone from 10 to 20 days.
- The significant increase in the volume of applications in the peak season at the same time as security measures were being implemented created some pressure on service. The processing time for in-person service, although somewhat longer in the fall, has been met. Mail service has been more negatively affected by the combined increase in verification measures and volume, and the installation of the IRIS<sup>®</sup> system produced a delay that caused the target objective, which had already been changed to 20 days, to be exceeded by an average of 15 to 25 days. In March 2002, applicants had to wait 30 to 45 days to receive their passports. Measures have been introduced to eliminate this delay.



- In the 2001-2002 fiscal year, 70 percent of clients who appeared at Passport Office counters were served in less than 45 minutes, representing little change from the previous year. The national average waiting time was 36 minutes, compared with 35.5 minutes the previous year. However, offices in metropolitan areas and near the U.S. border had longer waiting periods.

### Call centres

- In fiscal year 2001-2002, the Passport Office processed approximately 2.27 million telephone calls, an increase of 14 percent over the previous year. Of that number, slightly more than one million callers asked to speak to an officer.
- The access rate for calls to our toll-free call centres dropped dramatically to 77 percent, a drop of 13 points from last year. The decrease began after the events of September 11 and continued until the end of the fiscal year. However, 81 percent of callers who asked to speak to an officer were able to do so, a similar rate to the previous year.
- The drop is the result of a number of factors: the increase in calls due to the events of September 11; the implementation of new security measures and policies; significant mail service delays, which caused concern for a considerable number of applicants; the inadequate number of telephone lines; and lack of resources allocated to call centres, with a resulting longer waiting time to reach an officer. The average waiting time was nearly seven minutes, compared with four and a half minutes last year. Together, these factors overloaded the lines. Corrective measures, particularly with reference to the number of lines and officers for each of the four call centres, will be implemented in 2003 to return to the industry standard of 95 percent success in reaching the target office on the first attempt.

### *Client satisfaction*

- The Passport Office conducted a national client survey in June 2001. The results showed that respondents value the following aspects of service: staff competence, acceptance of travel documents by other countries and staff effectiveness.
- Ninety-six percent of respondents were “satisfied” or “very satisfied” with the service, which is consistent with previous surveys. Although this indicates a significant overall level of satisfaction, the Passport Office realizes there is room for improvement; only 31 percent of satisfied clients selected “very satisfied.” The main improvement required by clients is a decrease in waiting time (the waiting period for in-person service and overall service time). The majority of clients also indicated that Passport Office service was equal to or better than the service in other federal government and private sector agencies. These results are consistent with the results of two surveys (in 1998 and 2000) conducted by Erin Research as part of the Citizens First study, in which the Passport Office ranked among the top 10 for service satisfaction and first, in fact, among federal agencies, with a result of 61 percent.

### *Financial situation*

- Measures introduced to control costs in 2000-2001 were maintained for fiscal year 2001-2002. The December 10, 2001, Governor-in-Council authorization for a fee increase will have a positive impact on the overall budget.
- Before the fee increase, the Treasury Board granted the Passport Office an interim loan of \$7.9 million to fund its activities until the fee increase took effect in December 2001. The Treasury Board also authorized reinstatement of an accumulated surplus of \$5.75 million previously deducted by the Board, removal of the requirement to write off the \$2 million balance, and access to a net allocation accumulated on authorized funds of \$9.02 million.
- As part of the \$250 million program established by the federal government to introduce measures and legislation to fight terrorism, the government granted \$7.05 million to the Office to support expenditures not in the 2001-2002 estimates to start implementing new security measures. Funding for the measures will subsequently come from revenue generated by fees.

### *Progress on Major Strategic Projects*

#### *To improve client service: improving passport security features and providing more accessible and convenient service*

- The Passport Office has developed a new version of the passport with enhanced security features that make modification or falsification practically impossible. The new passport has the following characteristics:
  - The digitally printed photo is embedded in the page; a “ghost” photo also appears under ultraviolet light.
  - A series of holographic images called “crystagrams” is embossed on the secure information page. Depending on the viewing angle, the images appear to move on the page.



- The personal data and signature are digitally printed and embedded in the page and cannot be changed or erased.
- A new “optically variable” ink is used that changes colour depending on the light.
- The new passport is available in 2002; its production is aligned with the deployment in stages of the new production centres (one in Gatineau and the other in Mississauga). Deployment has begun but was delayed to incorporate increased security measures.
- As part of the Government On-Line initiative, the Passport Office has continued its efforts to establish the “Passport On-Line” infrastructure and has developed some applications. Deadlines have been slightly delayed, but activities that will be deployed in 2003 include:
  - an interactive application form that can be downloaded from the Department’s Web site and, once completed by the applicant, integrated into the system; and
  - on-line service for passport renewal, in a pilot project limited to employees of the Department and the Passport Office.
- The Office has initiated discussions with authorities in British Columbia to establish electronic verification of birth certificates. The Office has also begun discussions with the other provinces and territories and with federal institutions that issue identification documents.
- The biometrics (facial recognition) project is at the concept and product validation stage. Once the products have been selected, the Office will proceed with system development.
- Optimization of counter service by reducing waiting time is ongoing in major urban centres. An overall model has been established and will be implemented in 2002-2003. For 2004-2005, the target is for 95 percent of clients to wait less than 45 minutes (in-person service).
- A pilot project with Canada Post Corporation provided receiving services in the urban areas of Montreal and Toronto. Just over 15,000 applications went through this service before its suspension in November 2001. Three quarters of applicants indicated that the administration fee of \$10 set by Canada Post Corporation was acceptable to them. Nine out of 10 clients were satisfied with the service. The pilot project will continue once all security measures have been settled.
- The Office conducted an initial client satisfaction survey as part of the new client satisfaction evaluation program. A second phase planned for fall 2001 has been postponed to 2002-2003.

### ***Simplifying the task for clients: re-engineering procedures that apply to service delivery and processing applications***

- Subject to additional charges, urgent, express and on-demand services are offered for clients who want them.
- The Office has established principles for developing a passport renewal process; IRIS® passport holders will have only to fill out a simplified form, submit a new photo and pay the fee. The new service will begin in 2003. Simplified renewal will reduce processing time. In 2005-2006, renewals will represent nearly 50 percent of the volume of transactions.

*Improving efficiency and cost-effectiveness: increasing productivity and reducing operating costs*

- The Office has completed a project to improve its procedures, including counter service. Measures to reduce transaction time will make the process faster and more effective. Ergonomics improvement measures are being added.
- Operational management has begun a review of key processes to make them simpler and more effective; improvements will be made in the internal system for recording fees, eliminating double entry of this information. In addition, the Office has reviewed its planning process and introduced a new project management framework.
- The Office modified part of its management structure by reviewing the composition and role of the Executive Committee, which will focus mainly on strategic issues. A Management Committee was created to deal with interfunctional issues. In addition, new coordinator positions were created, one for the operational sector and the other for corporate services. These changes are intended to simplify communications and decision making.
- The Office has completely recast its mission, developed a new vision and strategic plan and will also conduct a full review of performance indicators.





## Resource Summary

Vote/Statutory(S)	2001-2002 Planned Spending	2001-2002 Total Authorities	2001-2002 Actual Spending
(1) Operating expenditures	962.8	1,099.2	1,067.6
(5) Capital expenditures	108.6	177.1	176.5
(10) Grants and contributions	399.7	505.7	497.4
(S) Ministers' salaries and motor car allowances	0.1	0.1	0.1
(S) Payments under the Diplomatic Service (Special) Superannuation Act	0.2	0.2	0.2
(S) Contributions to employee benefit plans	89.9	93.7	93.7
(S) Passport Revolving Fund	0.0	14.1	3.2
(S) Refunds of amounts credited to revenue in previous years	0.0	3.2	3.2
(S) Collection agency fees	0.0	0.0	0.0
(S) Spending of proceeds from disposal of surplus Crown assets	0.0	2.6	1.9
(S) Loss on foreign exchange	0.0	16.4	16.4
<b>Total Department</b>	<b>1,561.3</b>	<b>1,912.4</b>	<b>1,860.2</b>

Due to rounding, figures may not add to totals shown.



**Table 2: Comparison of Total Planned Spending to Actual Spending by Business Line (\$ millions)**

<b>Business Line</b>	<b>FTEs</b>	<b>Operating</b>	<b>Capital</b>	<b>Grants and Contributions</b>	<b>Total Gross Spending</b>	<b>Less: Respendable Revenue</b>	<b>Total Net Spending</b>
International Business Development	1,050.0 <i>1,066.6</i> <b>1,036.7</b>	221.8 <i>233.7</i> <b>227.1</b>	4.5 <i>4.5</i> <b>4.4</b>	16.6 <i>14.8</i> <b>10.7</b>	242.9 <i>253.0</i> <b>242.2</b>	3.1 <i>3.1</i> <b>1.6</b>	239.8 <i>249.9</i> <b>240.6</b>
Trade, Economic and Environmental Policy	542.0 <i>595.8</i> <b>475.9</b>	97.4 <i>121.2</i> <b>116.7</b>	1.7 <i>1.7</i> <b>1.6</b>	14.5 <i>112.6</i> <b>112.6</b>	113.6 <i>235.5</i> <b>230.9</b>	0.0 <i>0.0</i> <b>0.0</b>	113.6 <i>235.5</i> <b>230.9</b>
International Security and Cooperation	680.0 <i>633.8</i> <b>636.8</b>	191.8 <i>247.1</i> <b>238.0</b>	5.2 <i>12.5</i> <b>12.4</b>	345.1 <i>354.0</i> <b>350.0</b>	542.1 <i>613.6</i> <b>600.5</b>	0.9 <i>0.9</i> <b>0.8</b>	541.2 <i>612.7</i> <b>599.7</b>
Assistance to Canadians Abroad	303.0 <i>390.5</i> <b>345.8</b>	51.9 <i>54.0</i> <b>52.5</b>	1.3 <i>1.3</i> <b>1.3</b>	0.1 <i>0.1</i> <b>0.1</b>	53.3 <i>55.4</i> <b>53.8</b>	2.2 <i>2.2</i> <b>2.2</b>	51.1 <i>53.2</i> <b>51.6</b>
Public Diplomacy	430.0 <i>552.8</i> <b>434.2</b>	73.5 <i>79.7</i> <b>75.4</b>	1.1 <i>1.1</i> <b>1.1</b>	23.3 <i>24.2</i> <b>24.0</b>	97.9 <i>105.0</i> <b>100.5</b>	1.1 <i>1.1</i> <b>0.9</b>	96.8 <i>103.9</i> <b>99.6</b>
Corporate Services	3,900.0 <i>3,511.5</i> <b>4,226.0</b>	208.2 <i>265.4</i> <b>257.1</b>	88.5 <i>149.3</i> <b>149.0</b>	0.3 <i>0.2</i> <b>0.2</b>	297.0 <i>414.9</i> <b>406.3</b>	17.3 <i>17.3</i> <b>11.9</b>	279.7 <i>397.6</i> <b>394.5</b>
Services to Other Government Departments	1,281.0 <i>1,825.7</i> <b>1,329.0</b>	232.8 <i>238.7</i> <b>233.6</b>	6.3 <i>6.7</i> <b>6.6</b>	0.0 <i>0.0</i> <b>0.0</b>	239.1 <i>245.4</i> <b>240.3</b>	0.0 <i>0.0</i> <b>0.0</b>	239.1 <i>245.4</i> <b>240.3</b>
Passport Services	561.0 <i>942.8</i> <b>948.7</b>	54.6 <i>57.3</i> <b>92.3</b>	0.0 <i>12.4</i> <b>12.4</b>	0.0 <i>0.0</i> <b>0.0</b>	54.6 <i>69.7</i> <b>104.7</b>	56.0 <i>55.6</i> <b>101.6</b>	-1.4 <i>14.1</i> <b>3.2</b>
<b>Total</b>	8,747.0 <i>9,519.5</i> <b>9,433.1</b>	1,132.0 <i>1,297.2</i> <b>1,292.8</b>	108.6 <i>189.5</i> <b>188.9</b>	399.9 <i>505.9</i> <b>497.5</b>	1,640.5 <i>1,992.5</i> <b>1,979.2</b>	80.6 <i>80.2</i> <b>119.0</b>	1,559.9 <i>1,912.4</i> <b>1,860.2</b>
Other Revenues and Expenditures:							
Non-respendable revenues							122.7 <i>152.5</i> <b>152.5</b>
Cost of services provided by other government departments							53.7 <i>53.7</i> <b>54.0</b>
<b>Net Cost of the Program</b>							1,490.9 <i>1,813.6</i> <b>1,761.7</b>

Amounts in regular font denote planned spending and revenue at the beginning of the fiscal year.

Amounts in italics denote total authorities for spending and revenue at the end of the fiscal year.

Amounts in bold denote actual spending and actual revenue.

Due to rounding, figures may not add to totals shown. FTEs include Canada-based and locally engaged staff.

Table 3: Historical Comparison of Total Planned Spending to Actual Spending (\$ millions)

Business Line	Actual Spending 1999-2000	Actual Spending 2000-2001	Planned Spending 2001-2002	Total Authorities 2001-2002	Actual Spending 2001-2002
International Business Development	273.9	235.3	239.8	249.9	240.6
Trade, Economic and Environmental Policy	204.9	120.2	113.6	235.5	230.9
International Security and Cooperation	448.7	506.6	541.2	612.7	599.7
Assistance to Canadians Abroad	46.0	49.1	51.1	53.2	51.6
Public Diplomacy	90.1	104.6	96.8	103.9	99.6
Corporate Services	306.8	324.0	279.7	397.6	394.5
Services to Other Government Departments	208.9	216.2	239.1	245.4	240.3
Passport Services	8.2	-1.1	-1.4	14.1	3.2
<b>Total</b>	<b>1,587.5</b>	<b>1,554.9</b>	<b>1,560.0</b>	<b>1,912.4</b>	<b>1,860.2</b>

Due to rounding, figures may not add to totals shown.



**Table 4: Revenues by Business Line (\$ millions)**

<b>Business Line</b>	<b>Actual Revenues 1999-2000</b>	<b>Actual Revenues 2000-2001</b>	<b>Planned Revenues 2001-2002</b>	<b>Total Authorities 2001-2002</b>	<b>Actual Revenues 2001-2002</b>
<b>Respendable Revenues</b>					
<i>International Business Development</i>					
Canadian Business Centre	0.0	0.0	0.0	0.0	0.0
Trade fairs and trade/investment technology missions	2.8	2.1	3.1	3.1	1.6
<i>Trade, Economic and Environmental Policy</i>	0.0	0.0	0.0	0.0	0.0
<i>International Security and Cooperation</i>					
International Youth Exchange	0.0	0.4	0.9	0.9	0.8
<i>Assistance to Canadians Abroad</i>					
Specialized consular services	2.1	2.0	2.2	2.2	2.2
<i>Public Diplomacy</i>					
Canadian Education Centres	0.8	0.9	1.1	1.1	0.9
<i>Corporate Services</i>					
Telecommunications services	1.0	0.9	2.1	2.1	1.6
Training services	4.8	4.3	5.0	5.0	4.5
Real property services abroad	3.5	3.8	10.2	10.2	5.8
<i>Services to Other Government Departments</i>	0.0	0.0	0.0	0.0	0.0
<i>Passport Services</i>					
Passport fees	64.9	84.9	56.0	55.6	101.6
<b>Total Respendable Revenues</b>	<b>80.0</b>	<b>99.3</b>	<b>80.6</b>	<b>80.2</b>	<b>119.1</b>

Due to rounding, figures may not add to totals shown.

Table 4 continued: Revenues by Business Line (\$ millions)

Business Line	Actual Revenues 1999-2000	Actual Revenues 2000-2001	Planned Revenues 2001-2002	Total Authorities 2001-2002	Actual Revenues 2001-2002
<b>Non-Respendable Revenues</b>					
<i>International Business Development</i>					
Contributions repaid under the Program for Export Market Development	3.4	3.6	2.5	5.6	5.6
Adjustment to previous years' expenditures	0.0	0.0	0.0	0.5	0.5
<i>Trade, Economic and Environmental Policy</i>					
Softwood lumber permit fees	102.5	93.2	10.0	1.8	1.8
Import and export permit fees	16.4	17.5	14.6	19.4	19.4
<i>International Security and Cooperation</i>					
Adjustment to previous years' expenditures	9.1	4.9	0.0	0.7	0.7
<i>Assistance to Canadians Abroad</i>					
Consular fees on travel documents	44.0	48.1	46.8	48.7	48.7
Adjustment to previous years' expenditures	0.0	0.0	0.0	0.4	0.4
<i>Public Diplomacy</i>					
Adjustment to previous years' expenditures	0.0	0.0	0.0	0.2	0.2
<i>Corporate Services</i>					
Employee rental shares and transportation	14.3	14.7	14.4	17.3	17.3
Sales of properties and other assets	8.9	27.4	25.0	20.8	20.8
Adjustment to previous years' expenditures	7.1	7.5	4.0	17.1	17.1
Services provided to the Passport Office	4.4	4.4	4.4	4.4	4.4
Gain on foreign exchange	0.0	0.7	0.0	14.3	14.3
Other	1.3	1.2	1.0	1.3	1.3
<i>Services to Other Government Departments</i>					
Adjustment to previous years' expenditures	1.2	2.7	0.0	0.0	0.0
<i>Passport Services</i>					
	0.0	0.0	0.0	0.0	0.0
<b>Total Non-Respendable Revenues</b>	<b>212.7</b>	<b>225.9</b>	<b>122.7</b>	<b>152.5</b>	<b>152.5</b>
<b>Total Revenues</b>	<b>292.7</b>	<b>325.2</b>	<b>203.3</b>	<b>232.7</b>	<b>271.6</b>

Due to rounding, figures may not add to totals shown.

#### Explanatory notes to Table 4

The Department has the authority to collect and respense revenues arising from the activities listed in the preceding table. Revenue was collected in 2001-2002 for the following:



### **Respendable Revenues**

Trade fairs and trade/investment technology missions: DFAIT provides logistical support to Canadians organizing trade and investment missions abroad. The costs of such services (local transportation, translation, room rentals, hospitality events, etc.) are recovered from mission organizers.

International Youth Exchange (IYE) Program: DFAIT uses revenue from user fees: to cover incremental costs incurred to support the program at missions abroad, other than costs of processing visas and work permits; to expand quotas within the IYE program by extending the program into countries with minimal current participation and by responding to demand for more exchanges in currently participating countries; and to increase the level of Canadian outbound participation by advertising the program to Canadian youth and more effectively promoting the program within Canada.

Specialized consular services: In 1998-1999, DFAIT received approval to respend revenues collected for specialized consular services at missions abroad. These services include activities such as legal and notary services (e.g. administering oaths, receiving an affidavit, authenticating signature and seal of a foreign authority). Clients in emergency situations abroad, or to whom overriding humanitarian or compassionate considerations apply, are exempt from these fees. Fees reflect the cost of providing the services and do not undercut those charged by local professionals.

Canadian Education Centres: The cost of certain services (e.g. rent and utilities) provided to Canadian Education Centres, which promote Canadian education and training services, is recovered from the Canadian Education Centre Network.

Telecommunications, training and real property services abroad: DFAIT is designated a common-service provider (a central supplier of particular services to support the requirements of other departments) to departments with operations abroad. DFAIT is funded for the provision of those services that are mandatory for departments to use when required to support Canada's diplomatic and consular missions abroad and has the authority to charge other departments and agencies for optional services. DFAIT consults its partner departments and agencies on the rates to be charged and the services provided. Rates charged to other government departments are to recover incremental costs only, and rates charged to Crown corporations and non-federal organizations do not exceed the full cost of the service being provided, in accordance with the government's cost-recovery policy.

Passport fees: The Passport Office operates as a revolving fund, which is a non-lapsing authorization by Parliament to make payments out of the Consolidated Revenue Fund. It is financed through the recovery of fees for travel documents. A portion of the fees for the 24-page passport, which accounts for over 97 percent of the travel documents issued, includes a \$60 respendable charge.

### **Non-Respendable Revenues**

Contributions repaid under the PEMD: This program provides contributions to small companies and national industry associations. Most contributions are repayable if the recipient company has incremental sales or contractual success. Repayments are credited to the Consolidated Revenue Fund (CRF).

Import and export permit fees: The issuance of import and export permits is fundamental to the control of the export and import of identified goods under the Export and Import Permits Act. The standard cost recovery fee is \$9 per permit, and the revenue collected is credited to the CRF.

Softwood lumber permit fees: A standard fee of \$9 per permit for each permit delivered at the customs brokers' installations and a fee of \$14 for each permit issued at the Export and Import Controls Bureau is charged to softwood lumber exporters.

Consular fees on travel documents: In addition to the fees collected for responding by the Passport Office, a consular fee of \$25 is collected on behalf of DFAIT and credited to the CRF. This fee represents the costs of services provided by the Consular Program.

Employee rental shares and transportation: Under the Foreign Service Directives, employees pay an accommodation rate based on accommodation costs in Ottawa. In addition, under certain circumstances, primarily at hardship posts, employees are permitted to rent official vehicles for personal use. These payments are credited to the CRF.

Sales of properties and other assets: As a special operating agency, the Physical Resources Bureau of DFAIT has the authority to sell surplus Crown-owned property. The revenue generated from these sales is credited to the CRF and returned to DFAIT through Supplementary Estimates for reinvestment.

Services provided to the Passport Office: Since the Passport Office sets its fees on the basis of the full cost of its operations, DFAIT's overhead cost attributed to passport operations at missions abroad must be accounted for. The value of this overhead (financial and personnel services, information management, physical resources) has been established at \$4.4 million, and this amount is deposited to the CRF.

<b>Table 5: Transfer Payments by Business Line (\$ millions)</b>					
<b>Business Line</b>	<b>Actual Spending 1999-2000</b>	<b>Actual Spending 2000-2001</b>	<b>Planned Spending 2001-2002</b>	<b>Total Authorities 2001-2002</b>	<b>Actual Spending 2001-2002</b>
<b>GRANTS</b>					
International Business Development	0.8	0.0	2.1	0.3	0.2
Trade, Economic and Environmental Policy	0.0	0.0	0.0	0.0	0.0
International Security and Cooperation	5.9	10.8	11.4	16.5	16.5
Assistance to Canadians Abroad	0.0	0.0	0.0	0.0	0.0
Public Diplomacy	22.3	32.5	21.3	21.9	21.7
Corporate Services	0.2	0.2	0.3	0.2	0.2
Services to Other Government Departments	0.0	0.0	0.0	0.0	0.0
Passport Services	0.0	0.0	0.0	0.0	0.0
<b>Total Grants</b>	<b>29.2</b>	<b>43.5</b>	<b>35.1</b>	<b>39.0</b>	<b>38.6</b>
<b>CONTRIBUTIONS</b>					
International Business Development	14.8	13.0	14.5	14.5	10.4
Trade, Economic and Environmental Policy	107.2	14.0	14.5	112.6	112.6
International Security and Cooperation	257.2	304.9	333.7	337.4	333.5
Assistance to Canadians Abroad	0.0	0.1	0.1	0.1	0.1
Public Diplomacy	0.5	1.7	2.0	2.3	2.3
Corporate Services	0.0	0.0	0.0	0.0	0.0
Services to Other Government Departments	0.0	0.0	0.0	0.0	0.0
Passport Services	0.0	0.0	0.0	0.0	0.0
<b>Total Contributions</b>	<b>379.7</b>	<b>333.7</b>	<b>364.8</b>	<b>466.9</b>	<b>458.9</b>
<b>Total Transfer Payments</b>	<b>408.9</b>	<b>377.2</b>	<b>399.9</b>	<b>505.9</b>	<b>497.5</b>

Due to rounding, figures may not add to totals shown.



Table 6: Details of Transfer Payments Programs

## Grants International Security and Cooperation

*Strategic Outcome: Progress in establishing a peaceful, inclusive, rules-based international system reflecting Canadian values, in which Canada and Canadians are secure.*

Grants in Lieu of Taxes on Diplomatic, Consular and International Organizations' Property in Canada (**\$6.4 million**)

**Planned Results:** This grant exists to fulfill Canada's international obligations to foreign diplomatic and consular missions pursuant to the Vienna Convention on Consular Relations as well as obligations pursuant to headquarters agreements in force between Canada and international organizations.

**Actual Results:** Grants of \$6.4 million in lieu of taxes on eligible diplomatic properties were paid in 2001-2002 within the required time frame.

## Public Diplomacy

*Strategic Outcome: Increased recognition of, and respect for, Canada's role as an active participant in world affairs and as an economic partner, as well as promotion of Canadian identity and values abroad and development of an international environment that is favourable to Canada's political and economic interests.*

Grants in Aid of Academic Relations (**\$13.5 million**)

**Planned Results:** The purpose of grants in aid of academic relations is to foster an informed, well-disposed and sustained interest in Canada among foreign professionals and leaders; provide effective Canadian policy responses in education to a changing international environment; and expand markets for Canadian educational services abroad.

**Actual Results:** During 2001-2002, the Department's international scholarship programs brought approximately 300 young people from other countries to Canada for post-graduate courses. These students were just a few of the many international youth who have chosen to study at Canadian educational institutions. More than 200,000 full-time and short-term foreign students pursued post-secondary education and language studies in Canada. The economic impact of foreign students in Canada last year alone has been estimated at more than \$4 billion. Abroad, some 6,000 foreign professors taught courses on Canada to 150,000 students in over 30 countries. These numbers reflect the success of the Department's ongoing promotion of Canada and Canadian colleges and universities abroad.

Grants in Aid of Cultural Relations (**\$8.2 million**)

**Planned Results:** The purpose of grants in aid of cultural relations is to ensure the presence of Canadian professional artists in high-quality cultural presentations abroad; engage foreign agents and impresarios in Canadian arts festivals and showcases; achieve an adequate representation of Canada in arts promotional activities abroad; and expand markets for Canadian cultural products and services.

**Actual Results:** The Department supported over 400 Canadian individual artists and artistic companies in 2001-2002 to promote a highly visible and positive profile of Canada internationally. Grant recipients were selected in collaboration with other federal, provincial and municipal bodies that provide cultural funding. Some salient examples of the successful combination of arts and foreign policy were the Canadian participation at the Venice Biennale, the Governor General's state visits to Argentina, Chile and Germany, and the Royal Winnipeg Ballet's tours of Asia and the United States.

## Contributions

Assessed Contributions (**\$278.6 million**)

**Actual Results:** In order to maintain Canada's continued membership and participation in various international organizations, the Department of Foreign Affairs and International Trade is responsible for ensuring that the required payments are made. For 2001-2002, the amount paid in regard to assessed contributions was \$278.6 million.



Table 6 continued: Details of Transfer Payments Programs

### *International Security and Cooperation*

*Strategic Outcome: Progress in establishing a peaceful, inclusive, rules-based international system reflecting Canadian values, in which Canada and Canadians are secure.*

#### Peacebuilding and Human Security Program (**\$8.4 million**)

**Planned Results:** This program was created to advance Canada's foreign policy objectives for human security, which were determined through a broad interdepartmental consultative process. They include the following priority areas: protection of civilians, peace support operations, conflict prevention, accountability and public safety.

**Actual Results:** This past year, the program has been very successful in funding practical, action-oriented projects in support of Canada's human security agenda. It supported more than 120 such initiatives worldwide and served as a valuable advocacy and policy development tool, furthering Canada's human security agenda in several bilateral, regional and multilateral forums. Significant achievements to date include support for the establishment of the International Criminal Court, the report of the International Commission on Intervention and State Sovereignty and the creation of a Canadian Consortium on Human Security.

#### Youth International Internship Program (**\$6 million**)

**Planned Results:** This program provides funding for the first paid career-related international work experience for the youth of Canada on placements abroad, under projects selected on the basis of the Department's mandate and reflecting Canadian youth employment priorities. In addition, it provides safety and security assessments of international placements of Canadian interns proposed by the Department and other government departments.

**Actual Results:** In 2001-2002, the program provided international placements for 396 youth of Canada under 44 projects reflecting the Department's mandate: promoting trade and investment (40 percent), promoting global peace (40 percent) and projecting Canada's culture and values (20 percent); and employment priorities: employment equity (61 percent) and youth at risk (23 percent). As well, it performed safety and security assessments of more than 1,200 placements proposed by the Department and by Human Resources and Development Canada, Industry Canada, Heritage Canada and Environment Canada.

#### Projects and Development Activities Resulting from La Francophonie Summits (**\$9.7 million**)

**Planned Results:** The fund supports the biennial action plan, ratified by the heads of state and government on the occasion of La Francophonie summits, in the areas of democratic development, consolidation of the rule of law, peace and human security, francophone multilateral cooperation, new information technologies and cultural diversity. The amount contributed by Canada is the subject of interdepartmental coordination and is usually re-evaluated at each summit.

**Actual Results:** The amount given to the intergovernmental agency of La Francophonie was divided among 27 projects. These projects were grouped under several themes that emerged from the Moncton Summit, including youth, information and communications technologies, human rights, freedom and democracy, and good governance.

#### Canadian Landmine Fund (**\$5.6 million**)

**Planned Results:** The Canadian Landmine Fund supports or has launched projects that have the following objectives: increase Ottawa Convention treaty ratification and universalization through a coordinated international campaign and targeted mine action programs; ensure effective implementation and verification of the Ottawa Convention provisions; maximize international coordination and effectiveness of mine action in the field; increase awareness of, and support for, Canadian leadership on mine action; contribute to the destruction of stockpiles of anti-personnel mines by offering technical expertise and financial support; and increase the financial capacity of mine action programming on a long-term basis.



**Table 6 continued: Details of Transfer Payments Programs**

**Actual Results:** In 2001-2002, Canada's political and diplomatic effort to universalize the Ottawa Convention contributed to an increase in the number of States Parties to the Convention. The number of States Parties rose from 111 in March 2001 to 122 in March 2002. The Department funded 42 mine action projects in every region of the world, including some of the most heavily mined countries. Canadian initiatives contributed to the declining victim rates, a dramatic drop in the number of country producers, and the almost complete halt in trade of the weapon. In the area of awareness and support for Canadian leadership on mine action, through the Youth Mine Action Ambassadors Program, the Department funded seven youth ambassadors who conducted a variety of outreach and education activities across Canada throughout the year. Canada published an annual report on the Canadian Landmine Fund, and maintains a mine action information Web site <<http://www.mines.gc.ca>>, in addition to publishing *Safelane*, a quarterly magazine on the issue. Canada has been a leader in providing assistance, including financial and technological assistance as well as technical advice and support, for the destruction of stockpiled mines. In an effort to ensure compliance with the Convention's requirement that stockpiled mines be destroyed within certain deadlines, Canada funded numerous stockpile destruction projects in 2001-2002. The five-year Canadian Landmine Fund is scheduled to continue until March 2003. The Department is currently taking steps to ensure that Canada is able to commit the necessary resources to ensure full implementation and universalization of the Ottawa Convention for the period beyond 2003.

### *International Business Development*

**Strategic Outcome:** *Greater prosperity and job creation in Canada, achieved by helping the private sector take full advantage of international business opportunities and by facilitating foreign investment inflow and technology transfers.*

#### **Program for Export Market Development (\$7.1 million)**

**Planned Results:** The Program for Export Market Development (PEMD) helps Canadian companies enter new markets by sharing the costs of activities that companies normally could not or would not undertake alone, thereby reducing the risks involved in entering a foreign market. Eligible costs and activities include market visits, trade fairs, visits of incoming buyers, product testing for market certification, legal fees for international marketing agreements, transportation costs of offshore company trainees, product demonstration costs, promotional materials and other costs necessary to execute a market development plan. The program also shares the cost of preparing bids on major capital projects outside Canada.

**Actual Results:** In 2001-2002, 500 Canadian enterprises received a total of \$5.1 million in financial assistance under the program. These enterprises reported estimated sales of \$170 million as a direct result of the assistance provided by PEMD. As well, 30 trade associations, representing hundreds of Canadian companies, received a total of \$2 million to help them undertake trade promotion initiatives on behalf of their members in a wide variety of industrial sectors.

### *Trade, Economic and Environmental Policy*

**Strategic Outcome:** *Greater job creation and prosperity in Canada and advancement of Canadian environmental interests and priorities, achieved through effective management of the country's trading, economic and environmental relationships as well as by liberalization of trade and capital flows around the world based on clear and equitable rules that reflect Canadian interests.*

#### **Contributions to Provinces Related to Softwood Lumber Export Controls (\$97 million)**

**Planned Results:** The purpose of this program is to distribute to the four provinces covered by the 1996 Canada-U.S. Softwood Lumber Agreement (SLA), a proportionate share of the SLA export fee revenues net of the costs of administration and SLA-associated legal costs arising from defending Canada's interests.

**Actual Results:** Net SLA export fee revenues of \$97 million were proportionally distributed to the provinces of Alberta, British Columbia, Ontario and Quebec in 2001-2002, fulfilling obligations under agreements entered into with each of these provinces pursuant to the SLA.

Table 7: Resource Requirements by Organization and Business Line (\$ millions) (Page 1 of 2)

Organization	Business Line			
	International Business Development	Trade, Economic and Environmental Policy	International Security and Cooperation	Assistance to Canadians Abroad
Executive Offices	0.0 <i>0.0</i> <b>0.0</b>	0.0 <i>0.0</i> <b>0.0</b>	0.0 <i>0.0</i> <b>0.0</b>	0.0 <i>0.0</i> <b>0.0</b>
Legal Adviser	0.0 <i>0.0</i> <b>0.0</b>	2.9 <i>3.0</i> <b>2.0</b>	4.3 <i>6.6</i> <b>5.6</b>	0.0 <i>0.0</i> <b>0.0</b>
Global and Security Policy	0.0 <i>0.0</i> <b>0.0</b>	0.3 <i>0.3</i> <b>0.3</b>	390.4 <i>415.3</i> <b>405.8</b>	0.0 <i>0.0</i> <b>0.0</b>
Trade, Economic and Environmental Policy	0.0 <i>0.0</i> <b>0.0</b>	47.5 <i>169.7</i> <b>166.7</b>	3.5 <i>5.0</i> <b>5.0</b>	0.0 <i>0.0</i> <b>0.0</b>
International Business	49.3 <i>53.6</i> <b>44.9</b>	0.0 <i>0.0</i> <b>0.0</b>	0.0 <i>0.0</i> <b>0.0</b>	0.0 <i>0.0</i> <b>0.0</b>
Communications, Culture and Policy Planning	0.0 <i>0.0</i> <b>0.0</b>	0.0 <i>0.0</i> <b>0.0</b>	1.0 <i>2.5</i> <b>2.4</b>	0.0 <i>0.0</i> <b>0.0</b>
Corporate Services, Passport and Consular Affairs	0.0 <i>0.0</i> <b>0.0</b>	0.0 <i>0.0</i> <b>0.0</b>	47.2 <i>48.4</i> <b>49.6</b>	6.1 <i>7.9</i> <b>7.5</b>
Human Resources	0.0 <i>0.0</i> <b>0.0</b>	0.0 <i>0.0</i> <b>0.0</b>	0.0 <i>0.0</i> <b>0.0</b>	0.0 <i>0.0</i> <b>0.0</b>
Americas	62.8 <i>63.7</i> <b>65.2</b>	25.1 <i>28.6</i> <b>28.2</b>	30.3 <i>41.1</i> <b>39.4</b>	14.3 <i>14.5</i> <b>14.3</b>
Europe	45.0 <i>53.0</i> <b>52.8</b>	21.9 <i>13.7</i> <b>13.7</b>	18.5 <i>37.9</i> <b>37.4</b>	11.8 <i>12.6</i> <b>12.2</b>
Asia-Pacific	55.7 <i>51.1</i> <b>50.0</b>	8.1 <i>12.9</i> <b>12.6</b>	31.2 <i>36.8</i> <b>35.7</b>	12.0 <i>12.0</i> <b>11.5</b>
Africa and Middle East	27.0 <i>28.5</i> <b>27.6</b>	7.9 <i>7.3</i> <b>7.3</b>	14.8 <i>19.1</i> <b>18.7</b>	6.9 <i>6.2</i> <b>6.1</b>
<b>Total</b>	239.8 <i>249.9</i> <b>240.6</b>	113.6 <i>235.5</i> <b>230.9</b>	541.2 <i>612.7</i> <b>599.7</b>	51.1 <i>53.2</i> <b>51.6</b>

Amounts in regular font denote planned spending and revenue at the beginning of the fiscal year.

Amounts in italics denote total authorities for spending and revenue at the end of the fiscal year.

Amounts in bold denote actual spending and actual revenue.

Due to rounding, figures may not add to totals shown.



Table 7 continued: Resource Requirements by Organization and Business Line (\$ millions) (Page 2 of 2)

Organization	Business Line (continued from previous page)				Total (including all business lines)
	Public Diplomacy	Corporate Services	Services to Other Government Departments	Passport Services	
Executive Offices	0.0 <i>0.0</i> <b>0.0</b>	8.3 <i>11.7</i> <b>10.1</b>	0.0 <i>0.0</i> <b>0.0</b>	0.0 <i>0.0</i> <b>0.0</b>	8.3 <i>11.7</i> <b>10.1</b>
Legal Adviser	0.0 <i>0.0</i> <b>0.0</b>	0.0 <i>0.0</i> <b>0.0</b>	0.0 <i>0.0</i> <b>0.0</b>	0.0 <i>0.0</i> <b>0.0</b>	7.2 <i>9.5</i> <b>7.6</b>
Global and Security Policy	0.0 <i>0.0</i> <b>0.0</b>	0.0 <i>0.0</i> <b>0.0</b>	0.0 <i>0.0</i> <b>0.0</b>	0.0 <i>0.0</i> <b>0.0</b>	390.7 <i>415.6</i> <b>406.2</b>
Trade Economic and Environmental Policy	0.0 <i>0.0</i> <b>0.0</b>	0.0 <i>0.0</i> <b>0.0</b>	0.0 <i>0.0</i> <b>0.0</b>	0.0 <i>0.0</i> <b>0.0</b>	51.0 <i>174.7</i> <b>171.7</b>
International Business	0.0 <i>0.0</i> <b>0.0</b>	0.0 <i>0.0</i> <b>0.0</b>	0.0 <i>0.0</i> <b>0.0</b>	0.0 <i>0.0</i> <b>0.0</b>	49.3 <i>53.6</i> <b>44.9</b>
Communications, Culture and Policy Planning	51.2 <i>56.0</i> <b>53.0</b>	0.0 <i>0.0</i> <b>0.0</b>	0.0 <i>0.0</i> <b>0.0</b>	0.0 <i>0.0</i> <b>0.0</b>	52.2 <i>58.6</i> <b>55.4</b>
Corporate Services, Passport and Consular Affairs	0.0 <i>0.0</i> <b>0.0</b>	229.3 <i>332.3</i> <b>330.8</b>	0.0 <i>0.0</i> <b>0.0</b>	-1.4 <i>14.1</i> <b>3.2</b>	281.2 <i>402.7</i> <b>391.0</b>
Human Resources	0.0 <i>0.0</i> <b>0.0</b>	42.0 <i>53.6</i> <b>53.6</b>	0.0 <i>0.0</i> <b>0.0</b>	0.0 <i>0.0</i> <b>0.0</b>	42.0 <i>53.6</i> <b>53.6</b>
Americas	14.5 <i>15.7</i> <b>15.5</b>	0.0 <i>0.0</i> <b>0.0</b>	74.1 <i>77.0</i> <b>76.5</b>	0.0 <i>0.0</i> <b>0.0</b>	221.2 <i>240.6</i> <b>239.2</b>
Europe	12.1 <i>12.3</i> <b>11.9</b>	0.0 <i>0.0</i> <b>0.0</b>	63.9 <i>69.9</i> <b>67.4</b>	0.0 <i>0.0</i> <b>0.0</b>	173.2 <i>199.3</i> <b>195.5</b>
Asia-Pacific	10.1 <i>12.9</i> <b>12.8</b>	0.0 <i>0.0</i> <b>0.0</b>	64.5 <i>64.5</i> <b>64.0</b>	0.0 <i>0.0</i> <b>0.0</b>	181.6 <i>190.1</i> <b>186.7</b>
Africa and Middle East	8.9 <i>7.0</i> <b>6.4</b>	0.0 <i>0.0</i> <b>0.0</b>	36.6 <i>34.0</i> <b>32.4</b>	0.0 <i>0.0</i> <b>0.0</b>	102.1 <i>102.1</i> <b>98.4</b>
<b>Total</b>	96.8 <i>103.9</i> <b>99.6</b>	279.7 <i>397.6</i> <b>394.5</b>	239.1 <i>245.4</i> <b>240.3</b>	-1.4 <i>14.1</i> <b>3.2</b>	1,559.9 <i>1,912.4</i> <b>1,860.2</b>

Amounts in regular font denote planned spending and revenue at the beginning of the fiscal year.

Amounts in italics denote total authorities for spending and revenue at the end of the fiscal year.

Amounts in bold denote actual spending and actual revenue.

Due to rounding, figures may not add to totals shown.

Business Line	Current Estimated Total Cost	Actual Spending 1999-2000	Actual Spending 2000-2001	2001-2002		
				Planned Spending	Total Authorities	Actual Spending
<b>Corporate Services</b>						
Amman, Jordan Chancery land purchase	7.2	0.0	0.0	7.5	7.5	7.2
Atlanta, United States Official residence purchase	2.9	0.0	0.0	2.5	2.5	2.5
Beijing, China Compound purchase	34.8	8.3	8.4	0.1	0.4	0.1
Berlin, Germany Chancery construction	92.6	2.2	2.6	12.3	19.9	24.6
Berlin, Germany Official residence construction	7.2	3.8	0.2	0.0	0.1	0.1
Bucharest, Romania Chancery annex construction	1.9	0.0	1.8	0.1	0.1	0.1
Cairo, Egypt Chancery construction	15.1	2.6	5.1	3.3	3.5	3.5
Caracas, Venezuela Chancery construction	20.5	1.4	5.8	1.9	1.9	1.8
Dallas, United States Official residence purchase	2.4	2.1	0.1	0.0	0.0	0.0
Dhaka, Bangladesh Compound construction	23.0	7.5	0.0	7.1	0.1	0.1
Geneva, Switzerland Chancery construction	21.3	4.4	0.4	0.3	0.3	0.2
Lagos, Nigeria Compound renovation	3.1	0.7	2.3	0.4	0.2	0.1
London, United Kingdom Macdonald House renovations	1.7	0.0	0.0	1.5	1.5	1.5

Due to rounding, figures may not add to totals shown.



Table 8 continued: Capital Projects by Business Line (\$ millions)						
Business Line	Current Estimated Total Cost	Actual Spending 1999-2000	Actual Spending 2000-2001	2001-2002		
				Planned Spending	Total Authorities	Actual Spending
<b>Corporate Services</b>						
Moscow, Russia 5 staff quarters purchase	4.4	0.0	2.7	1.4	1.4	1.4
Nairobi, Kenya Chancery construction	25.3	0.9	1.0	8.3	10.8	10.8
New Delhi, India 8 staff quarters construction	4.2	2.7	1.4	0.0	0.1	0.1
Port-au-Prince, Haiti Chancery construction	20.1	0.0	0.4	4.1	4.9	4.9
Rome, Italy Chancery purchase	34.6	0.0	0.0	26.4	26.4	26.4
Seoul, Korea Chancery construction	51.7	0.7	0.2	0.1	0.1	0.1
Tokyo, Japan 19 staff quarters construction	17.6	4.7	12.3	0.6	0.2	0.2
Warsaw, Poland Chancery addition/renovation	14.8	1.2	4.7	11.5	8.0	8.0
Washington OAS, United States Official residence purchase	2.8	0.0	0.0	2.9	2.9	2.8
<b>Passport Services</b>						
Passport Services Technology Enhancement Plan	32.9	5.7	0.1	0.0	15.0	0.0
Passport On-Line	1.6	0.0	0.0	1.4	1.6	0.3
Facial recognition	2.1	0.0	0.0	0.2	2.1	0.2
Electronic data link with provinces	1.7	0.0	0.0	0.0	1.7	0.0
<b>Total</b>	<b>447.5</b>	<b>48.9</b>	<b>49.5</b>	<b>93.9</b>	<b>113.2</b>	<b>97.0</b>

Due to rounding, figures may not add to totals shown.

Table 9: Passport Office Revolving Fund Financial Statement (\$ millions)					
	Actual Spending 1999-2000	Actual Spending 2000-2001	Planned Spending 2001-2002	Total Authorities 2001-2002	Actual Spending 2001-2002
Revenues	64.5	71.3	94.6	94.6	93.3
Expenses	67.4	82.5	96.4	96.4	111.1
<b>Profit or Loss</b>	<b>-2.9</b>	<b>-11.2</b>	<b>-1.8</b>	<b>-1.8</b>	<b>-17.8</b>
Add items not requiring use of funds:					
Amortization	3.5	7.9	10.8	10.8	18.7
Provision for employee termination benefits	1.0	1.1	0.0	0.0	1.3
Passport material usage	0.0	0.0	6.3	6.3	0.0
Deferred leasehold inducements	0.0	0.0	0.0	0.0	0.3
Interest on loan	0.0	0.0	0.4	0.4	0.4
Total non-cash items	4.5	9.0	17.5	17.5	20.7
Add cash inflows:					
TB Public Safety and Security Initiatives	0.0	0.0	7.1	7.1	7.1
TB Government On-Line	0.0	0.0	1.6	1.6	1.6
Total cash inflows	0.0	0.0	8.7	8.7	8.7
Changes in working capital	2.3	12.8	-16.5	-16.5	-10.0
Net capital acquisitions and other changes	-12.1	-23.2	-21.9	-21.9	-4.8
Cash surplus (requirement)	-8.2	-12.6	-14.0	-14.0	-3.2
Loan from DFAIT	0.0	7.9	0.0	0.0	0.0
Return of a previous write-off of the Revolving Fund accumulated surplus	0.0	5.8	0.0	0.0	0.0
<b>Authority: cumulative surplus (drawdown)</b>	<b>13.0</b>	<b>14.1</b>	<b>0.0</b>	<b>0.0</b>	<b>10.9</b>

Due to rounding, figures may not add to totals shown.



**Table 10: Contingent Liabilities (\$ millions)**

	Amount of Contingent Liability		
	March 31, 2000	March 31, 2001	Current as of March 31, 2002
<i>Loans</i>			
Parliamentary-approved loan guarantees to the governments of Romania and Bulgaria	24.0	35.0	35.0
Pending and threatened litigation	812.1 *	646.2 *	345.5
<b>Total</b>	<b>836.1</b>	<b>681.2</b>	<b>380.5</b>

**Explanatory notes to Table 10:**

As of March 31, 2002, contingent liabilities estimated at \$380.5 million were outstanding against DFAIT:

- \$35 million related 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 Romania and Bulgaria.
- \$345.5 million related to nine individual cases of pending or threatened litigation. Most of these claims are for contractual damage claims and/or employment-related actions. While these cases are in various stages of litigation, it is not DFAIT's policy to comment on their expected outcomes. They must, however, be recognized as potential liabilities against the Crown and are therefore presented for information purposes.

\* Pursuant to recent changes in disclosure requirements for the Public Accounts, the estimated amount of contingent liabilities arising from pending or threatened litigation which are deemed unlikely to be realized are to be set at zero. The amounts shown as of March 31, 2000, and March 31, 2001, have been restated to reflect this change.



## Contracting and Procurement

CONTRACTING	
Points	Input
1. Role played by contracting in delivering programs	There is a corporate contracting group that has a departmental-wide mandate to improve processes and services in the Department.
2. Overview of the contracting management processes and strategy within the Department	<p>A network of Contract Review Boards has been established across the Department. The Contract Review Boards are responsible for scrutinizing all service contracts and amendments to these contracts, excluding legal service agreements under the authority of the Minister of Justice.</p> <p>Through an internal training organization, training is provided on a continuous basis to managers involved in contracts. Employees identified as contract advisers assist managers in the contract process as required. In addition, advisory groups (small groups of contract advisers) are essential in increasing the level of understanding and knowledge about contracting processes.</p>
3. Progress and new initiatives enabling effective and efficient procurement practices	<p>The Department continued to make significant progress in improving the integrity of its practices as well as management accountability in these functions. Progress has also been made on a number of other issues identified in previous years' audits of service contracts, such as increasing the resources and the number of staff devoted to the contracting corporate unit and ensuring that system initiatives under way within the Department are capable of providing corporate contracting information.</p> <p>In terms of future activities, the Department is looking into improving the contract training curriculum by focusing it directly on the roles and responsibilities of individual managers. It is also developing a contract management system to enhance both the monitoring capabilities and the accountability of managers. As well, the corporate contracting group has placed information on the departmental Intranet providing reference material for managers who need information on procurement and contracting policies as well as guidance regarding those policies.</p> <p>Training and advisory group activities have increased the level of management's awareness and understanding of government contracting rules and regulations, resulting in better contract procedures and documentation. Over the last few years, the value of competitively awarded contracts has increased in the Department.</p>



PROCUREMENT	
Points	Input
1. Role played by procurement in delivering programs	<p>The Headquarters Administrative Services Division is responsible for management of a procurement and contracting program for the acquisition and delivery of all goods (office furniture and furnishings, consumables, central receiving, moving services and disposal) on behalf of headquarters.</p> <p>This division also represents the Department at the Materiel Management Committee, Environmental Management Committee, Crown Assets Disposal Committee and Space Management Committee. It is mandated to review overall procurement contracting and supply management policies, practices and standards within the Department. As well, it participates as a Subcommittee member of the Professional Development and Certification Program currently being championed by the Treasury Board and other government departments.</p> <p>The Physical Resources Bureau is responsible for procurement of household furnishings, fixtures and equipment as part of the fitting up of living quarters for Canadian government representatives abroad and their families, enabling them to live and function abroad for extended periods. Similarly, it procures office furnishings, fixtures and equipment as part of the fitting up of office space for Canadian representatives abroad, enabling them to effectively deliver federal government programs.</p>
2. Overview of the procurement management processes and strategy within the Department	<p>The Assistant Deputy Minister (ADM) for Corporate Services has departmental responsibility for materiel management and has delegated this responsibility to the Information Management and Technology Bureau (SXD) for informatics equipment and peripherals globally; the Security and Intelligence Bureau (ISD) for security equipment and supplies globally; the Headquarters Administrative Services Division (SRA) for office furnishings, equipment and supplies for headquarters; and the Physical Resources Bureau (SRD) for office and staff quarter furnishings and equipment, fine art and supplies for missions abroad. Each is responsible for developing materiel management policies and for effective life-cycle management of materiel assets from procurement through to disposal. Also reporting to the ADM for Corporate Services is the Materiel Management Committee, whose mandate is to provide broad direction on the materiel management function in the Department and also to provide an overall corporate focus on materiel management issues and strategies. The Committee is made up of representatives from ISD, SXD, SRD and the Corporate Finance, Planning and Systems Bureau (SMD).</p>
3. Progress and new initiatives enabling effective and efficient procurement practices	<p>The Headquarters Administrative Services Division recently implemented an automated inventory management system for the corporate central stores operation of the Department, expediting procurement services, providing an accurate inventory count and ultimately reducing procurement costs.</p> <p>The Physical Resources Bureau moved warehouse facilities from Montreal to Ottawa, resulting in improved control over warehousing and shipping arrangements. Its implementation of FACTS has made possible full inventory management of its warehouse holdings, including tracking incoming and outgoing shipments, managing the furniture stockpile, keeping shipping data, calling up mission shipping instructions and enabling vendor and client reports. Following a review of standing offer agreements, only 25 of 75 were retained and those kept were improved, streamlining procurement and producing better-quality results. The use of scanners to send e-mail pictures to clients has increased client participation in the selection process and brought greater client satisfaction with the items procured. The implementation of the Certification and Development program, which promotes continuous learning, will further improve efficiency by improving skills and heightening awareness of new and better methods and tools.</p>

## Government On-Line

The government made Government On-Line (GOL) a priority in the 1999 Throne Speech, stating that “our goal is to be known around the world as the government most connected to its citizens, with Canadians able to access government information and services on-line at the time and place of their choosing.” GOL has been extended to a comprehensive six-year program (2000-2005) to develop and implement electronic service delivery using a client-centred model. The results to date demonstrate that Canada is a technologically advanced and culturally diverse country, well equipped to benefit from the opportunities of greater global interdependence.

The Department embraced GOL as a step toward an effective international Web presence for the Government of Canada. The Department has been active in GOL from a number of perspectives: our programs and services for Canadians travelling and doing business abroad, our mandate for foreign policy and international trade issues, our role as Canada’s voice abroad, and our role as the common service provider and telecommunications infrastructure provider for the government outside Canada. The GOL Project Office is the departmental focal point for these activities.

*In April 2002, Canada ranked number one in Accenture’s annual global e-government study for the second year in a row, ahead of 23 other countries. The report cited Canada International, the gateway to Canadian government services for non-Canadians, as “an important means of presenting Canada as an attractive country in which to live, visit or do business.”*

### *The Department’s GOL Plan*

Information and communications technologies are a vital means for the Department to deliver its programs and services in a 24/7 global environment. In terms of electronic service delivery, we have identified three service layers through which Canadian citizens and business can access departmental programs and services, or where non-Canadians can access relevant government programs and services: (1) Knowledge Access—rich information resources on the Department’s Internet sites as well as international gateways and clusters on the Canada Site; (2) Transaction Processing—convenient interactive on-line service delivery; and (3) Collaborative Relationships—managing relations with valued clients on-line. In line with the government’s broader Service Improvement Agenda, the Department has also begun developing a service improvement framework within which to address cross-channel rationalization (i.e. Internet, telephone, in-person).

### *Knowledge Access*

The Department continued to play a key role in the government’s single-window Internet access strategy, championing the interdepartmental effort to develop and operate the gateway for non-Canadian clients <<http://www.CanadaInternational.gc.ca>> with its clusters Going to Canada, Doing Business with Canada, and Canada and the World. Canada International has experienced a steady increase in traffic since its inception in January 2001. In its first year of operation, it received about 21 percent of the visitors to the Canada Site main page and nearly one million visits.



The Department also leads clusters on both the Canadians Gateway (Travel at Home and Abroad) and the Canadian Business Gateway (Exporting/Importing). The Department worked with more than 20 departments and agencies to make enhancements to Canada International and all the clusters, including a more intuitive, user-friendly design for Canada International and an interactive tool, launched in March 2002, for answering frequently asked questions on Doing Business with Canada.

This collaborative interdepartmental work builds upon our considerable departmental Internet presence, active since 1996, including some 80 mission Web sites for Canadians and local audiences, in English and French and 14 other languages. In the past year, the Department launched or revised 74 Web sites and began implementing its schedule to become compliant with the Canadian government's Common Look and Feel guidelines (35 percent complete). The Department also made progress in streamlining access to embassy and other mission Web sites in the United States, Latin America and Europe.

The Department's main Internet site and 160 subsidiary sites play an important role in disseminating information to the public, as demonstrated following the events of September 11. The main site contains 75,000 pages of information, with 6.8 million pages read per month. The number of visitors has increased by 110 percent over the last year. Since October 2001, the Department's Web sites as a whole have received over one million visitors per month.

### ***Transaction Services, Collaborative Relationships and Interjurisdictional Partnerships***

The Department is committed to using the Internet to improve its services for Canadians at home and abroad. In the year 2001-2002, the Department continued work on its GOL pathfinder projects, including Passport On-Line, and completed work on Virtual Trade Commissioner (Phase 1), Trade Talks with Canadians (Pilot) and Federal/Provincial/Territorial Management of Child Abduction Cases (Pilot).

#### ***Passport On-Line***

The Passport Office Web site recorded 1.64 million visitor sessions in 2001-2002. Since the passport application forms for Canadians residing in the United States were first posted on the site in September 2000, roughly 38,000 forms have been downloaded. The regular passport application form for residents of Canada was made available on-line in December 2000, and 191,215 application forms have been downloaded. In its final phase, Passport On-Line will enable clients to apply for a travel document on-line while maintaining the security and integrity requirements of the current passport system, including back-end integration with provincial registrars and key government departments.

#### ***Virtual Trade Commissioner***

The Department supports Canadian businesses in identifying and seizing business opportunities abroad by providing current and in-depth local market intelligence (e.g. business leads) and knowledge of these foreign markets and their key networks and contacts. E-services included the creation of an electronic service delivery channel that complements and integrates all other delivery channels (e-mail, fax, phone, walk-in). Interactive Web pages have been created to serve three key clients (Canadian companies, partner clients and foreign companies). Canadian clients can request services on-line from officers abroad, receive instantaneous e-mail notification of business leads and information, update their profile on-line and request mission agreement on-line. Foreign companies also benefit with on-line profiles and registration. With these services, companies have more timely access to the relevant information they require to expand their business horizon.

### *Trade Talks with Canadians*

The government has made citizen engagement an integral part of the trade policy agenda. Encouraging public interest and understanding of international trade is critical to establishing policies that reflect Canada's priorities, values and interests, and essential to maintaining our commitment to fairness, stability and good governance as citizens of the global community. The objective of this initiative is to establish a long-term consultation process with Canadians on Canada's Trade Policy Agenda. The first phase of the project included a content analysis and assessment of the existing Trade Negotiations and Agreements Web site, which provides up-to-date information related to international trade organizations, trade negotiations and agreements, as well as on dispute settlement cases. The site also includes a Consultations section, where Canadians are invited to voice their opinions on various trade policy issues. In parallel, an interactive on-line consultation pilot group of 40 participants, involving a broad range of stakeholders in business, industry, academia and non-governmental organizations, was successfully completed; further testing, including on the usability of interactive consultation software, will be required to pursue the project. In addition, to support the consultation process, a new information and documents management system is being developed to facilitate communications, follow-up and reporting. The results of these experiences will serve as the basis to set up the framework for an ongoing dialogue with Canadians.

### *Federal/Provincial/Territorial Management of Child Abduction Cases*

Under the Hague Convention on the Civil Aspects of International Child Abductions, the office of the Attorney General has established a Federal Central Authority (located in the Department of Foreign Affairs) and central authorities in all provincial and territorial attorney general offices. There have been ongoing problems (noted in parliamentary reports and debates) in coordinating the flow of information and activities between these offices and the Department's offices abroad. A centralized system is being developed to integrate this disparate information into a common database and communication system. This system, called iCHILD, integrates all provincial/territorial central authorities with the Federal Central Authority as well as with the Department's headquarters and offices abroad via a secure Internet connection. iCHILD permits optimal sharing of information among all levels of government concerning child abduction cases. It was developed on budget and on schedule and is currently being piloted with the Atlantic provinces.

### *E-Government*

The Department became a sponsoring organization for the Crossing Boundaries project launched by the Hon. Reg Alcock, MP. The Department is supporting the Centre for Collaborative Government with the international phase of the project, comparing Canada's progress with progress in other countries. The project aims to create a more informed discussion of e-government among elected officials, public servants, academics, journalists, public interest groups and the private sector. Sixteen federal departments and three private sector organizations are currently supporting Crossing Boundaries III, providing a core group to act as a think tank on future directions of e-government and e-democracy.



# Investment

## *Lead Departments*

Investment Partnerships Canada (IPC) was created jointly by the Department and Industry Canada. It is a partnership-based federal organization that plays the lead role in implementing the federal investment strategy, the ultimate objective of which is to improve Canada's position as a preferred destination of foreign direct investment (FDI).

## *Context*

Globalization has enhanced the competition for global strategic investments. Canada's stock of FDI from all geographic sources reached \$321 billion in 2001, an increase of slightly more than 6 percent from the previous year's total of \$302 billion and more than 137 percent higher than the figure in 1991. The United States is the leading investor in Canada, accounting for 67 percent of the FDI stock in 2001, a figure that has remained relatively constant over the last decade.

However, the challenge still exists to increase Canada's share of the North American Free Trade Agreement (NAFTA) area's inward FDI. It has declined by about 9 percentage points over the last 10 years, going from 21 percent in 1990 to 13 percent in 2000, while the U.S. share has continued to increase.

## *Description*

Federal investment programming consists of three interrelated lines of business: (i) improving Canada's investment climate; (ii) branding and marketing Canada as the preferred destination of foreign investment; and (iii) promoting Canada to prospective investors through various channels, including Team Canada and ministerial missions, the Deputy Ministers' Investment Champion Program, and the Canadian Ambassadors' Corporate Liaison Program.

## *Performance Expectations and Accomplishments*

### *Improved domestic and international investment climate*

- Investment impediments were monitored and identified through feedback from the Deputy Ministers' Investment Champion campaigns and other calls on corporate leaders.
- Investment climate issues were researched and analyzed in consultation with partner organizations to strengthen knowledge aimed at facilitating new approaches to deal with investment impediments.
- Eight reports were produced on Canada's investment climate. They were assessed by international organizations such as the United Nations Conference on Trade and Development, A.T. Kearney, the Organization for Economic Cooperation and Development and the Economic Intelligence Unit.
- IPC contributed to interdepartmental efforts to improve the access of Canadian industry to the world's best and brightest workers.

- IPC participated in the government-wide effort to ensure smooth flows at the border after September 11.
- The development of the Innovation Strategy was reviewed in light of its implications for the federal investment strategy.

#### *Canada branded and recognized as an investment location of choice*

- Branding surveys were done in the United States in the context of branding pilots, supplemented by media analysis and additional surveys of those responsible for site selection and broader groups of investors.
- The investment policy agenda was updated by adding brand attributes.
- The Prime Minister and Cabinet ministers played a key role as branding ambassadors for various Team Canada missions, KPMG campaigns and the World Economic Forum in New York.
- Senior private sector representatives were enlisted to strengthen the branding ambassador network.
- A core program of signature events, such as the World Economic Forum, Team Canada missions and Forbes in Canada, was identified and organized.
- Material and tools to support the Canada brand, in the form of a variety of printed brochures and electronic tools, was developed and produced.
- An effective investment Web site <<http://www.investincanada.ic.gc.ca>>, compliant with the new Government On-Line standard, has been developed and maintained.
- An investment-related section of the Program for Export Market Development (PEMD) financial assistance program, aimed at helping communities become investment-ready, was managed and marketed. Some \$4 million worth of projects were approved in 2001-2002.

#### *Increased attraction and retention of multinational investment in Canada*

- A strategic framework to review investment priorities, sectors and markets was developed and interdepartmentally agreed upon.
- Investment action plans for 10 priority markets were developed, in part through the IPC-led round tables, 15 of which were held in 2001-2002.
- Twelve investment promotion campaigns, led by federal deputy ministers in priority markets, were organized and coordinated. Some 70 corporate calls were made.
- IPC actively supported the Team Canada missions to the U.S. Atlantic in May 2001, the U.S. West in November 2001 and Europe in February 2002, ministerial visits to the Netherlands, Sweden and Japan, as well as numerous outcalls by heads of missions and other senior officials in targeted markets and sectors.



- Ten incoming investment missions from France, Germany, Japan, Singapore, the United Kingdom and the United States were organized.
- Over 700 inquiries from potential investors were answered, both domestically and internationally, in consultation with partners.
- A Web-based investment data collection and reporting system was constructed on a pilot basis at IPC.
- Venture capital-ready Canadian firms were showcased in New York.
- The development of a ranking system to identify companies with the greatest investment potential and the design of an internal lead project management system were initiated.

## Modern Management

Modern Comptrollership is a government-wide management reform that focuses on the sound management of resources and effective decision making to provide managers with integrated financial and non-financial performance information, a sound approach to risk management, appropriate control systems and a shared set of values and ethics.

The Department of Foreign Affairs and International Trade uses the term “modern management” to refer to Modern Comptrollership. The Department defines modern management in terms of:

- setting clear priorities;
- focusing on results;
- simplifying processes;
- defining clear accountability;
- delegating to the appropriate level; and
- providing the support and tools needed to monitor performance.

An action plan has been developed to focus on the following three key areas:

- departmental strategic results;
- an integrated management regime; and
- effective management of human resources.

### *Results for Each Key Area*

#### *Departmental Strategic Results*

A new strategic plan process has been initiated to articulate key departmental priorities and focus on results. Once approved, this will set the framework for the next round of business plans. A Managers’ Forum was held to discuss issues, priorities and achievement of results. Based on this discussion, an action plan has been prepared addressing issues and expected results; the action plan will be implemented within a year.



### ***Integrated Management Regime***

New systems have been implemented to simplify processes and to provide managers with the tools necessary to support and monitor performance. Financial and non-financial information has been integrated into easily accessible and user-friendly reports. The provision of timely and accurate information on the cost of our operations abroad and on the cost of providing common services abroad has been facilitated by the implementation of Activity-Based Costing (ABC). Tools such as a Salary Management System, Business Intelligence, and ABC contribute to the streamlining and modernization of management and administrative processes.

### ***Effective Management of Human Resources***

Salary budgets have been devolved to managers for both non-rotational and rotational positions. This provides managers with greater flexibility and control over the management of their resources. The implementation of Leave Self-Service reduces the administrative burden through streamlined processes and self-service tools.

The Foreign Service group is being restructured to reflect the operational and responsibility realities of officers and to achieve parity with other professional groups.

Competency-based management is being implemented as a tool to achieve the organization's strategic objectives.

To improve Human Resources services, a series of tools has been developed, including the Human Resources Services Standards. A Policy on Accommodating Employees in the Workplace has been developed to ensure that our working environment is as inclusive and non-discriminatory as possible and to ensure that we respond to accommodation needs in a timely manner. A Learning Policy has also been approved, which reflects the importance of lifelong learning and the Department's commitment to creating and maintaining a learning culture.

## ***Sustainable Development Strategy***

The Department continues to implement the commitments articulated in *Agenda 2003: A Sustainable Development Strategy for the Department of Foreign Affairs and International Trade*, which was tabled in Parliament in February 2001. The following commitments, which are specific to the 2001-2002 time frame within the three-year span of the strategy, have been fully or partially met. More details on progress can be found on-line <<http://www.dfait-maeci.gc.ca/sustain/menu-e.asp>>.

### ***To meet the goal to improve the trade-environment interface:***

- Corporate social responsibility (CSR) training was provided to assist personnel in their advancement. The Department, with the Canadian Council for International Cooperation, hosted a one-day CSR workshop with other departments and non-governmental organizations to identify opportunities for future multi-stakeholder collaboration.
- Canada was successful in getting a commitment to deepen hemispheric dialogue on CSR included in the Quebec Summit Action Plan at the Summit of the Americas in April 2001.



- A Government of Canada Web site on the OECD Guidelines for Multinational Enterprises was launched in June to advance implementation of the guidelines, a voluntary multilateral framework that includes recommendations on best practices for corporations in the area of environmental protection and other aspects of sustainable development. As well, brochures promoting the guidelines were produced and distributed.
- Consultations were held with interdepartmental stakeholders in early 2002 to develop a Canadian approach to improving understanding of issues related to environmental labelling and certification.
- The Department started to apply the Framework for Conducting Environmental Assessments of Trade Negotiations to negotiations at the World Trade Organization (WTO) and Free Trade Area of the Americas as well as to bilateral negotiations.
- Canada was an active proponent of incorporating the environment into the WTO Doha Ministerial Declaration (November 2001), and specific Canadian proposals were incorporated in the final declaration.

***To meet the goal to promote sustainable development in international activities, departmental negotiations culminated in:***

- Canada signing and ratifying the Stockholm Convention on Persistent Organic Pollutants in May 2001, the first country to do so.
- The adoption of a Food and Agriculture Organization (FAO) International Plan of Action on Illegal, Unregulated and Unreported Fishing in March 2001, which was then endorsed by the FAO Council in June 2001.
- Canada signing the Cartagena Protocol on Biosafety under the Biodiversity Convention in April 2001 to ensure the safe (in terms of biosafety) transboundary movement of living modified organisms.
- The entry into force of the 1995 Agreement on Straddling and Highly Migratory Fish Stocks in December 2001.
- Bill C-15 (Amendments to the International Boundary Waters Treaty Act), which was passed in the House of Commons in October 2001. The bill prohibits bulk removal of boundary waters from their water basins and principally affects the Great Lakes.

***To meet the goal to clarify the place of human security and human rights in sustainable development:***

- A paper that relates the key conceptual linkages was completed for internal discussion in February 2002, and funding was provided for an interdepartmental cooperative research project.
- The Department hosted periodic meetings with relevant government departments in 2001 to build on the momentum of the 2000 International Experts Workshop on Economic, Social and Cultural Rights and to discuss follow-up to UN General Assembly special sessions.
- Negotiations resulted in Canada's signing of the UN Protocol on the Illicit Trafficking in Firearms in March 2002, and work is ongoing for its ratification.
- Support was provided for the Children's Forum, a Youth Preparatory Meeting in New York in advance of the UN Special Session on Children in May 2002.

***To meet the goal to implement the sustainable development aspects of the Northern Dimension of Canada's Foreign Policy, the Department:***

- In partnership with the Department of Indian Affairs and Northern Development, organized an Arctic Council Capacity-Building Workshop in November 2001 in Finland to identify the capacity-building needs most critical for achieving progress toward sustainable development in the Arctic and to develop a strategy to address those needs.
- Provided financial support for the following initiatives:
  - 1) implementation of a Globe Program, "Global Learning and Observations to Benefit the Environment," in schools in the three territories (March 2001-ongoing);
  - 2) a Canadian-Norwegian Arctic Cooperation Seminar (organized by the Canadian Embassy in Norway, the Norwegian Ministry of Foreign Affairs, the Fridtjof Nansen Institute, and the Research Council of Norway), which gathered scholars and researchers from the two countries to improve contacts and determine mutual objectives on Arctic cooperation (Norway, April 2001);
  - 3) a Students on Ice Learning Expedition, which provided an educational 10-day journey to the Arctic for 50 students aged 14-18 (August 2001);
  - 4) Yukon College's coordination of, and support for, the participation of northern indigenous and non-indigenous people and northern institutions in the development of the University of the Arctic and the Bachelor of Circumpolar Studies Program; and
  - 5) participation of four Canadian graduate students and two faculty members in the Circumpolar Arctic Social Science PhD Network course, "The Consequences of Industrial Development in the Arctic" (Kola Science Centre, Russia, September 2001).

***To meet the goal to prepare for the World Summit on Sustainable Development (WSSD) in 2002:***

- The Department worked with the WSSD Secretariat on consultations with partners in the provinces, civil society and business to develop Canada's engagement plan for the Summit.

***To meet the goal to make sustainable development (SD) an operating premise for the Department:***

- A report was completed on the way selected countries and corporations communicate and implement SD, for evidence of best practices.
- SD as federal policy was integrated into relevant training courses, and SD competency was broadened across personnel sectors by improving awareness and training programs.
- Employee conditions for Foreign Service (FS) officers in the field were improved by the development of new financial directives, a health and welfare strategy, a new Hardship Evaluation System and the launch of *A Comparative Study of the Terms and Conditions of Employment of FS Officers*.



## Regulatory Initiatives

Purpose of legislative or regulatory initiative	Expected results	Results achieved
1. Regulations excluding certain instruments from the definition of "Goods" (Preclearance Act)	To limit the goods that could be seized in a preclearance area to all but currency and monetary instruments	On December 22, 2001, the Government published these proposed regulations under the Preclearance Act in Part I of the <i>Canada Gazette</i> for public comment.
2. Regulations designating the persons or categories of persons who may enter the preclearance area	To maintain an acceptable level of sterility and security in the preclearance area	On December 22, 2001, the Government published these proposed regulations under the Preclearance Act in Part I of the <i>Canada Gazette</i> for public comment.
3. Regulations prescribing the information concerning in-transit passengers that airlines must make available to U.S. preclearance officers, the manner it will be provided, the purpose for which and the manner in which this information may be used and communicated	To maintain security at the border while maintaining the protection of privacy	The Government published this additional preclearance regulation for public comment on January 19, 2002.
4. Regulations providing for the manner of disposing of detained, seized or forfeited goods	To make sure that U.S. preclearance officers dispose of these goods in a manner compatible with Canadian standards in public health, animal health and plant protection	The Government published this additional preclearance regulation for public comment on January 19, 2002.

## How to Reach Us

The Department of Foreign Affairs and International Trade shares a wealth of information resources and reference tools with the Canadian public through a number of information and media services.

### Information Services

#### Enquiries Centre

The Enquiries Centre is a referral service and resource centre for information on international markets and Canadian foreign policy. The Centre acts as the Department's first line of contact with the public.

The Enquiries Centre responds to general enquiries about the Department's mandate, organizational structure and diplomatic representation abroad, trade-related enquiries concerning exporting procedures and foreign markets, and questions about Canada's foreign policy and involvement in international organizations.

Where specialized knowledge is required, clients are referred to geographic or sectoral experts in the Department. The Centre also coordinates the storage and distribution of the Department's hard-copy publications.

Telephone: (800) 267-8376 toll-free / (613) 944-4000 National Capital Region

Fax: (613) 996-9709

E-mail: [enqserv@dfait-maeci.gc.ca](mailto:enqserv@dfait-maeci.gc.ca)

Mail: Information Services (SXCI)  
Department of Foreign Affairs and International Trade (DFAIT)  
125 Sussex Drive  
Ottawa, Ontario K1A 0G2

#### Web Sites

The Department of Foreign Affairs and International Trade Web site <<http://www.dfait-maeci.gc.ca>> is a source of up-to-date information addressing the needs of both domestic and international clients. A large number of documents published by the Department can be accessed on-line <<http://www.dfait-maeci.gc.ca/english/news/public.htm>>.

The sites of the special operating agencies, corporations and commissions that report to Parliament through the Department's ministers are as follows:

Canadian Commercial Corporation: <http://www.ccc.ca>

Canadian International Development Agency: <http://www.acdi-cida.gc.ca>

Export Development Canada: <http://www.edc-see.gc.ca>

Rights and Democracy:

International Centre for Human Rights and Democratic Development: <http://www.ichrdd.ca>

International Development Research Centre: <http://www.idrc.ca>

International Joint Commission: <http://www.ijc.org>

Northern Pipeline Agency: [http://canada.gc.ca/depts/agencies/npaind\\_e.html](http://canada.gc.ca/depts/agencies/npaind_e.html)

NAFTA (North American Free Trade Agreement) Secretariat: <http://www.nafta-sec-alena.org>

Passport Office: [http://www.dfait-maeci.gc.ca/passport/menu\\_e.asp](http://www.dfait-maeci.gc.ca/passport/menu_e.asp)



## *Departmental Library*

The Library holds a unique collection of materials in areas relevant to the Department's mandate. Selected services are available to members of the public conducting research in these subject areas. The Library is open to the public Monday to Friday from 8:30 a.m. to 4:30 p.m. For information:

Telephone: (613) 992-6150

E-mail: [link-biblio@dfait-maeci.gc.ca](mailto:link-biblio@dfait-maeci.gc.ca)

## *Media Services*

### *Media Relations Office*

The Media Relations Office provides information to the media on all aspects of Canada's foreign and trade policy, relations with other countries, involvement in international organizations, and departmental operations.

The Media Relations Office can be reached at:

Telephone: (613) 995-1874

Fax: (613) 995-1405

### *Office Locations of the Department and of Related Organizations:*

#### **Department of Foreign Affairs and International Trade**

125 Sussex Drive  
Ottawa, Ontario  
K1A 0G2  
(613) 944-4000 / 1-800-267-8376

#### **Canadian Commercial Corporation**

1100-50 O'Connor Street  
Ottawa, Ontario  
K1A 0S6  
(613) 996-0034 / 1-800-748-8191

#### **Canadian International Development Agency**

200 Promenade du Portage  
Hull, Quebec  
K1A 0G4  
(819) 997-5006 / 1-800-230-6349

#### **Export Development Canada**

151 O'Connor Street  
Ottawa, Ontario  
K1A 1K3  
(613) 598-2500

#### **International Development Research Centre**

250 Albert St., 18th Floor  
P.O. Box 8500  
Ottawa, Ontario  
K1G 3H9  
(613) 236-6163

#### **International Joint Commission**

234 Laurier Ave. West, 22nd Floor  
Ottawa, Ontario  
K1P 6K6  
(613) 995-2984

#### **North American Free Trade Agreement (NAFTA) Canadian Section**

90 Sparks Street, Suite 705  
Ottawa, Ontario  
K1P 5B4  
(613) 992-9388

#### **Northern Pipeline Agency**

125 Sussex Drive  
Ottawa, Ontario  
K1A 0G2  
(613) 993-5000

#### **Passport Office**

Corporate Secretariat  
Ottawa, Ontario  
K1A 0G3  
(819) 994-3500 / 1-800-567-6868

#### **Rights and Democracy:**

#### **International Centre for Human Rights and Democratic Development**

1001 de Maisonneuve Blvd. East, Suite 1100  
Montreal, Quebec  
H2L 4P9  
(514) 283-6073

# Statutes and Regulations

**The Minister of Foreign Affairs has sole responsibility to Parliament for the following acts:**

- *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 Commission Act*, RSC 1985, c. I-16
- *International Boundary Waters Treaty Act*, RSC 1985, c. I-17
- *International Development (Financial Institutions) Assistance Act, An Act concerning an order under the S.C. 1997*, c.19
- *International Development (Financial Institutions) Assistance Act*, RSC 1985, c. I-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
- *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 under the responsibility of the Minister of Foreign Affairs are administered outside the Department:**

- *Asia-Pacific Foundation of Canada Act*, RSC 1985, c. A-13
- *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
- *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:**

- *Anti-Personnel Mines Convention Implementation Act*, S.C. 1997, c. 33
- *Canada Prize Act*, R.S., 1970, c. P-24, s. 9
- *Canada Shipping Act*, RSC 1985, c. S-9, s. 632.4
- *Canada Transportation Act*, SC 1996, c. 10, s. 76
- *Canadian Environmental Assessment Act*, SC 1992, c. 37, s. 40, s. 47, s. 58
- *Canadian Security Intelligence Service Act*, RSC 1985, c. C-23, s. 13, s. 16, s. 17, s. 19
- *Citizenship Act*, RSC 1985, c. C-29, s. 3
- *Coasting Trade Act*, SC 1992, c. 31, s. 3, s. 11
- *Corruption of Foreign Public Officials Act*, S.C. 1998, c. 34, s. 12
- *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*, SC 1997, c. 36, s. 51, s. 53
- *Defence Production Act*, RS, c. D-2, s. 43
- *Excise Tax Act*, RSC 1985, c. E-15, s. 68.3
- *Extradition Act*, S.C. 1999, c. 18, s. 9, s. 10
- *Federal Real Property Act*, SC 1991, c. 50
- *Foreign Enlistment Act*, RSC 1985, c. F-28, s. 7
- *Foreign Extraterritorial Measures Act*, RSC 1985, c. F-29, s. 2.1, 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 (third supplement) c. 29, s. 17
- *Mutual Legal Assistance in Criminal Matters Act*, RSC 1985 (fourth supplement) c. 30, s. 4
- *Oceans Act*, SC 1996, c. 31, s. 23, s. 25, s. 42, s. 44
- *Preclearance Act*, S.C. 1999, C. 20
- *Revolving Funds Act*, RSC 1985, c. R-8, s. 4
- *State Immunity Act*, RSC 1985, c. S-18, s. 9, s. 14, s. 15

**The following acts under the responsibility of the Minister for International Trade are administered outside the Department:**

- *Canadian Commercial Corporation Act*, RSC 1985, c. C-14
- *Export Development Act*, RSC 1985, c. E-20
- *Northern Pipeline Act*, RSC 1985, c. N-26

**Certain provisions of the following acts also involve the Minister for International Trade:**

- *Canada-Chile Free Trade Agreement Implementation Act*, SC 1997, c. 14, s. 11, s.13
- *Canada-Costa Rica Free Trade Agreement Implementation Act*, S.C. 2001, c. 28
- *Canada-Israel Free Trade Agreement Implementation Act*, SC 1996, c. 33, s. 10, s.12, s.13, s.15
- *Canada-United States Free Trade Agreement Implementation Act*, SC 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 III
- *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*, SI/81-86
- *Customs Diplomatic Privileges Regulations*



## Acronyms and Abbreviations

**APEC:** Asia-Pacific Economic Cooperation forum

**APM:** Anti-personnel mine

**ARF:** ASEAN Regional Forum

**ASEAN:** Association of Southeast Asian Nations

**CARICOM:** Caribbean Community

**CCC:** Canadian Commercial Corporation

**CCFPD:** Canadian Centre for Foreign Policy Development

**CCFTA:** Canada-Chile Free Trade Agreement

**CDIA:** Canadian direct investment abroad

**CECN:** Canadian Education Centre Network

**CIDA:** Canadian International Development Agency

**CRF:** Consolidated Revenue Fund

**CSR:** Corporate social responsibility

**DFAIT:** Department of Foreign Affairs and International Trade

**EDC:** Export Development Canada

**EFTA:** European Free Trade Association

**EU:** European Union

**FAO:** Food and Agriculture Organization

**FDI:** Foreign direct investment

**FS:** Foreign Service

**FTAA:** Free Trade Area of the Americas

**FTE:** Full time equivalent

**G7/8:** Seven leading industrialized nations (Canada, France, Germany, Italy, Japan, United Kingdom, United States) plus Russia

**GATS:** General Agreement on Trade in Services

**GDP:** Gross domestic product

**GOL:** Government On-Line

**ICC:** International Criminal Court

**IFIs:** International financial institutions

**IM/IT:** Information management/information technology

**IPC:** Investment Partnerships Canada

**IRIS<sup>®</sup>:** Automated Passport Production System

**MRC:** Market Research Centre

**NAFTA:** North American Free Trade Agreement

**NATO:** North Atlantic Treaty Organization

**NEPAD:** New Partnership for Africa's Development

**NGO:** Non-governmental organization

**OAS:** Organization of American States

**OECD:** Organization for Economic Cooperation and Development

**OSCE:** Organization for Security and Cooperation in Europe

**PDs:** Partner departments

**PEMD:** Program for Export Market Development

**PIBD:** Program for International Business Development

**S&T:** Science and technology

**SD:** Sustainable development

**SLA:** Softwood Lumber Agreement

**SMEs:** Small and medium-sized enterprises

**TCI:** Team Canada Inc

**TCS:** Trade Commissioner Service

**UN:** United Nations

**UNEP:** United Nations Environment Programme

**UNESCO:** United Nations Educational, Scientific and Cultural Organization

**WSSD:** World Summit on Sustainable Development

**WTO:** World Trade Organization