



# Department of Foreign Affairs and International Trade

## Performance Report

For the period ending  
March 31, 1998

Canada

## **Improved Reporting to Parliament Pilot Document**

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*.

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## Foreword

On April 24, 1997, the House of Commons passed a motion dividing on a pilot basis what was known as the annual *Part III of the Estimates* document for each department or agency into two documents, a *Report on Plans and Priorities* and a *Departmental Performance Report*.

This initiative is intended to fulfil the government's commitments to improve the expenditure management information provided to Parliament. This involves sharpening the focus on results, increasing the transparency of information and modernizing its preparation.

This year, the Fall Performance Package is comprised of 80 Departmental Performance Reports and the government's "*Managing For Results*" report.

This *Departmental Performance Report*, covering the period ending March 31, 1998, provides a focus on results-based accountability by reporting on accomplishments achieved against the performance expectations and results commitments as set out in the department's *Part III of the Main Estimates* or pilot *Report on Plans and Priorities* for 1997-98. The key result commitments for all departments and agencies are also included in *Managing for Results*.

Results-based management emphasizes specifying expected program results, developing meaningful indicators to demonstrate performance, perfecting the capacity to generate information and reporting on achievements in a balanced manner. Accounting and managing for results involve sustained work across government

The government continues to refine and develop both managing for and reporting of results. The refinement comes from acquired experience as users make their information needs more precisely known. The performance reports and their use will continue to be monitored to make sure that they respond to Parliament's ongoing and evolving needs.

This report is accessible electronically from the Treasury Board Secretariat Internet site:  
<http://www.tbs-sct.gc.ca/tb/key.html>

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Department of Foreign Affairs  
and International Trade

# Performance Report 1997-1998

For the  
period ending  
March 31, 1998

  
Minister for International Trade

  
Minister of Foreign Affairs

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## SECTION I MINISTERS' MESSAGE

As a major trading country, Canada's prosperity depends largely on a liberalized trading system. Our prosperity also depends on a peaceful and stable world environment that can support such liberal trade. On behalf of Canada, the Department of Foreign Affairs and International Trade works to achieve these two goals of increased prosperity and enhanced security—not just for Canadians, but for all citizens of the world. We are pleased to report on our achievements in this Performance Report for 1997–98.

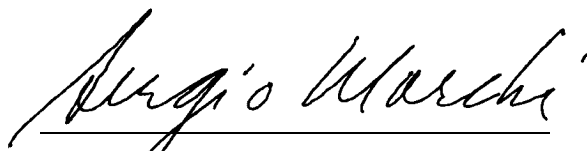
Over the past year, the Department continued to reinforce the links between foreign policy and domestic interests. To that end, we focused on creating prosperity, jobs and growth for Canadians through liberalized trade and exporter preparedness and by promoting trade and investment through Team Canada missions. We contributed to global peace, stability and human security by leading a campaign to ban anti-personnel landmines. We encouraged sustainable human development and environmental protection by negotiating the Kyoto Protocol to the Climate Change Convention. We promoted national unity. Moreover, we expanded opportunities for Canadian youth, Aboriginal interests and women.

The challenges and opportunities of globalization continued to affect all aspects of our work. In this rapidly changing world, the Department advanced the interests of Canada, and projected the values of Canadians. In so doing, we reinforced Canada's traditional role as a responsible and committed world citizen.

At the same time, we involved Canadians in both trade and foreign policy activities and consultations. Team Canada trade missions, for example, included Aboriginal groups, women entrepreneurs and other Canadian business people and educators, as well as other levels of government. Representatives of civil society, non-governmental organizations and governments were all actively involved in the Canadian-led campaign to ban anti-personnel landmines.

None of these achievements would have been possible without the hard work and dedication of the Department's employees in Canada and abroad.

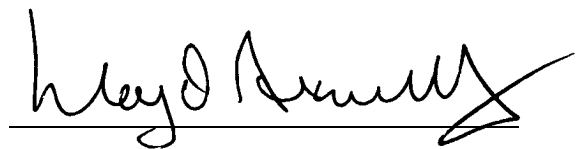
We are proud of our achievements over the past year. However, as shown by the following Chart of Key Commitments, we also recognize that increased prosperity and enhanced security are long-term goals. Over the next year, the Department will continue to influence positive change, and to ensure that Canada benefits from new opportunities.



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**Sergio Marchi**

*Minister for International Trade*



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**Lloyd Axworthy**

*Minister of Foreign Affairs*

## Chart of Key Commitments

The President of the Treasury Board's 1997 Report to Parliament entitled *Accounting for Results* identified key commitments relating to the Department of Foreign Affairs and International Trade. These commitments do not merely state goals which should be achieved in a given year. Rather, they represent results the Department seeks to achieve in the long-term. The commitments are listed, by departmental business line, in the following chart. Current performance on these commitments is reported in Section III.

Business Lines	Key Commitments	To be Demonstrated by:
<b>International Business Development</b>	Canadian firms able to take full advantage of opportunities abroad	doubling the number of "active" exporters to 10,000 by the year 2000 increased exports to priority markets and diversification of export markets in the key regions of Latin America and South East Asia Team Canada trade missions under leadership of the Prime Minister
	attraction and retention of foreign direct investment that creates jobs	reversal of Canada's declining share of global foreign direct investment
<b>Trade and Economic Policy</b>	an open, rules-based international trading system	further work to open markets and improve trade rules in countries such as China and Taiwan; a Free Trade Area for the Americas agreement; trade liberalization under APEC
	effective management of the trade relationship with the United States	fewer trade irritants and protected and improved access to the U.S. market under NAFTA and the WTO
<b>International Security and Cooperation</b>	control of conventional weapons	successful negotiations for a treaty to ban anti-personnel landmines
	a renewed United Nations	defusing of the UN's financial crisis
	leadership in international institutions	hosting summit meetings in Canada (APEC, OAS); election to the UN Security Council in 1999-2000



Business Lines	Key Commitments	To be Demonstrated by:
<b>International Security and Cooperation (cont.)</b>	sustainable development and improved protection of the environment	an international agreement that protects Canada's forest interests; agreement on measures to reduce climate change; agreement on actions against organic pollutants, especially in the North; settlement of Pacific salmon conservation and equity issues
	improved international cooperation in combatting terrorism and crime	signing of a convention on terrorist bombing; international implementation of P8 recommendations on fighting terrorism and transnational organized crime
	strengthened protection of children's rights	proposal in the International Labour Organization to develop a new convention on child labour by 1999
	peacekeeping in Bosnia and Haiti	restoration of peace and security; eventual withdrawal of Canadian troops
	peacebuilding	building institutions in regions at risk (Bosnia, Haiti, African Great Lakes region, Guatemala, and the Middle East)
	prosecution of war criminals	support of United Nations war crimes tribunals for the former Yugoslavia and Rwanda
	democracy and human rights in Nigeria, China and Cuba	no re-admittance of Nigeria to the active Commonwealth membership without genuine progress toward democracy; human rights dialogues with China and Cuba
<b>Assistance to Canadians Abroad</b>	greater protection for Canadians travelling or residing abroad	a better informed and prepared travelling public; faster response to Canadians in difficulty at lower cost; better quality of service in complex cases, e.g. child abduction

Business Lines	Key Commitments	To be Demonstrated by:
<b>Public Diplomacy</b>	strengthened international public understanding of Canada	implementation of the Canadian International Information Strategy
<b>Corporate Services/ Services to Other Government Departments</b>	cost-effective administrative support to the conduct of Canada's international relations	implementation of significant projects in property and information technology completion and implementation of the corporate human resources strategy
<b>Passport Services</b>	high-quality, cost-effective passport service	reduced burden on clients; eventual productivity gains and cost savings; security and integrity of Canadian passports

## SECTION II DEPARTMENTAL OVERVIEW

The Department of Foreign Affairs and International Trade represents Canada to the world, and the world to Canada. Building on its rich legacy of successful diplomacy and mediation, the Department provides the vehicle for Canada's action on the international stage. More than ever before, these activities involve the participation of Canadians.

### Mandate

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On behalf of the Government of Canada, the Department conducts all diplomatic and consular relations with foreign governments, and represents Canada in international organizations. It participates in relevant international negotiations, furthering and protecting Canada's domestic interests and fostering the development of international law. It coordinates Canada's economic relations, promoting the expansion of international trade. In addition, it administers the foreign service, including the interdepartmental coordination of diplomatic relations and the operation of missions abroad.

The Department's mandate is set out in *The Department of Foreign Affairs and International Trade Act*, RSC 1985. Other key legislation affecting the Department is listed in Section VI.

### Roles

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The Department has four basic roles which flow from its mandate:

- to develop and coordinate the government's international policy;
- to advocate Canadian interests and values overseas;
- to provide assistance to Canadians, including trade, investment, passport and consular services; and
- to support other government departments (OGDs) and agencies abroad.

### Mission/Strategic Priorities

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In 1995, in response to a report from the Special Joint Committee reviewing Canadian foreign policy, the Government released a foreign policy statement: *Canada in the World*. To prepare its mission and strategic priorities, the Department drew primarily from *Canada in the World*. Its three priorities are:

- to promote prosperity and employment;
- to protect our security within a stable global framework; and
- to project Canadian values and culture.

In addition, as a fourth priority, the Department aims to provide high-quality services to Canadians.

## Operating Environment

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Nearly a decade after the fall of the Berlin Wall, traditional frameworks for foreign policy, trade, defence and international development continue to crumble. Given the evolving nature of the operating environment, the Department strives to find the right balance between conventional activities and new initiatives that will position Canada for the next millennium. In all its work, the Department aims to deliver cost-effective results that serve the best interests of Canadians.

With the end of the Cold War, traditional alliances began to change. New ad hoc alliances are forming on emerging issues. As a country known for its tolerance and social conscience, Canada's greatest challenge will be to develop its potential for influencing international development for the benefit of all.

The Department continues to be flexible in the conduct of Canada's foreign affairs. It has taken advantage of the benefits of new technologies, as well as expertise available in civil society. As globalization blurs the lines between domestic and foreign policy, the Department must work more closely with OGDs and with provincial governments on economic, trade and international security issues.

### *The rise of international bodies*

Globalization is the most sweeping change affecting Canada's participation in the world. On a political level, globalization means that traditional nation states choose to exercise their sovereignty and promote their interests through international organizations. While Canada and the international community have benefitted enormously from the World Trade Organization (WTO), for example, the price of membership involves a balance of rights and obligations, and can limit the use of traditional government levers such as tariffs or preferential programs in various sectors.

Globalization is also changing the nature of conflict. The very notion of security has changed, moving its focus from the state to individual human beings. The openness inherent in globalization often heightens new threats to human security such as the drug trade, terrorism and environmental problems. Internal conflicts, often based on deeply-rooted ethnic or religious divisions, have largely replaced wars between countries. These intra-state conflicts, which are difficult to resolve, call for new mediation and peacebuilding techniques. A number of key treaties to protect human security, developed by international bodies, are moving towards universal ratification. The next step is to ensure that states comply with these treaties. In this context, the role of international institutions is paramount.

### *Canada – U.S. relations*

Canada's relationship with the United States remains of critical importance. In addition to its role as Canada's key military ally, the United States is a vital source of investment and technology.

Over 80 percent of Canada's exports are destined for the American market. Given the rise of instances of protectionism, often seen on a sectoral basis, and of unilateralism in the United States, it will be crucial for Canada's economic well-being to encourage enhanced American support for rules-based trade.

### ***New markets***

Canada is looking increasingly at markets beyond the United States. Multilateral, regional and bilateral trade negotiations will give Canadian exporters more access to international markets. Indeed, through increased international participation of Canadian firms, exports and investment have grown dramatically over the past five years. This trend is expected to continue.

As a trading nation, Canada benefits from a predictable and transparent trading environment. The World Trade Organization is broadening rules-based trade in sectors of key importance to Canada, including services and agriculture. Negotiations for a Free Trade Area of the Americas were set to begin in June 1998.

### ***International development***

Many developing countries are resisting the forces of globalization. Mechanisms to monitor compliance with treaties are viewed as intrusive, even disrespectful of a country's sovereignty. Some Asian countries point to trade liberalization as the source of their current financial crisis.

Canada must use its influence to ensure that globalization does not leave the developing world behind. It must support Africa's efforts to overcome marginalization. While widespread political and economic reforms in the 1990s are yielding faster growth and greater stability, Africa remains the world's poorest continent. The challenge now is to help Africa integrate into the world economy.

Information is key. In a world where information technology all too often bypasses the developing world, Canada can become a knowledge broker. It can ensure that the developing world benefits from new technology. For that reason, information technology will continue to play an important role in Canadian foreign policy, including international development.

### ***Public involvement***

More than ever, Canadian citizens are helping to shape their country's foreign policy. More Canadians are travelling abroad, developing new businesses in foreign countries and creating international networks. At the same time, Canada's diverse, multi-cultural population maintains its family ties with most of the world's countries. In addition to drawing on these rich sources of knowledge and insight, the Department will find ways to involve more Canadians in the definition of Canada's foreign policy.

## Departmental Organization

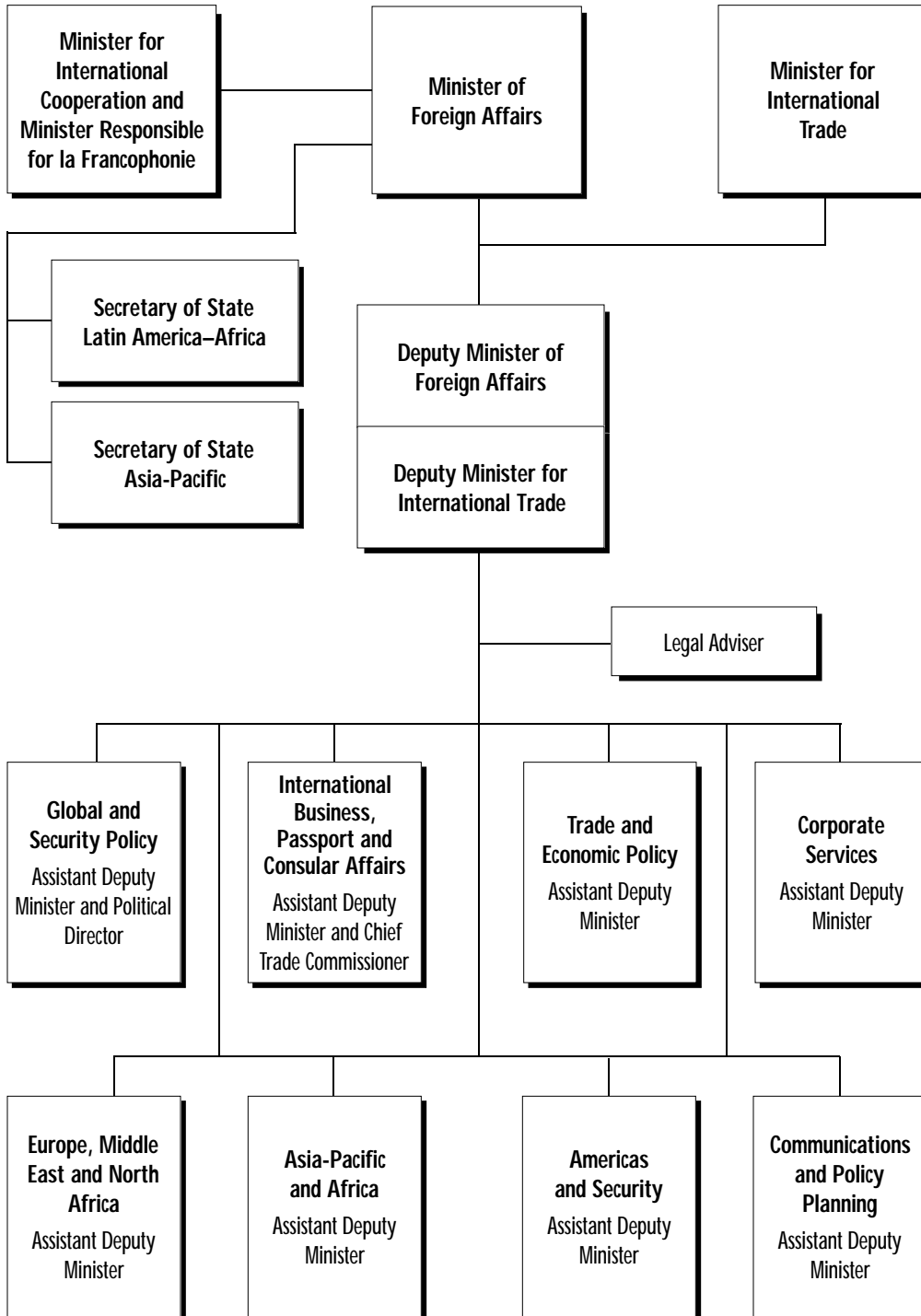
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The Department has two Ministers (one for Foreign Affairs and one for International Trade) and two Secretaries of State (one for the Asia-Pacific region and one for Latin America and Africa). The responsibilities of the two ministers extend beyond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

The Department has its headquarters in Ottawa and also serves Canadians across the country through 28 passport offices and a network of regional trade commissioners. Below the Deputy Minister level, the Department has a legal adviser and eight assistant deputy ministers. Outside Canada, the Department operates through a network of 129 missions and 33 satellite offices in 197 countries. Overseas representation is aided by approximately 100 honorary consuls.

The following table provides an overview of the Department's structure.

## Departmental Organization



The Department is organized along eight business lines, defined by function. These business lines are the basis for the Department’s plans, estimates and performance reports to Parliament. They are also the basis for managerial accountability within the Department. In the departmental matrix organization, five functional Assistant Deputy Ministers (ADMs) are accountable for the eight business lines and three geographic ADMs implement those policies at missions abroad. As shown in the table below, the functional ADM is sometimes accountable for more than one business line.

<b>Business Line Accountability of Functional Assistant Deputy Ministers</b>	
<b>Assistant Deputy Ministers</b>	<b>Business Lines</b>
<b>Global and Security Policy</b>	<ul style="list-style-type: none"> <li>• International Security and Cooperation</li> </ul>
<b>International Business, Passport and Consular Affairs</b>	<ul style="list-style-type: none"> <li>• International Business Development</li> <li>• Assistance to Canadians Abroad</li> <li>• Passport Services</li> </ul>
<b>Trade and Economic Policy</b>	<ul style="list-style-type: none"> <li>• Trade and Economic Policy</li> </ul>
<b>Communications and Policy Planning</b>	<ul style="list-style-type: none"> <li>• Public Diplomacy</li> </ul>
<b>Corporate Services</b>	<ul style="list-style-type: none"> <li>• Corporate Services</li> <li>• Services to OGDs</li> </ul>



## Links with Stakeholders

The Department is at the centre of Canada's international activity. It interacts with every government department and agency, other governments, business, non-governmental organizations (NGOs), universities and other elements of civil society. These relationships are illustrated in the table below which links the Department's business line objectives and strategic priorities with its public and private stakeholders.

Business Lines and Objectives	Strategic Priorities	Stakeholders
<b>International Business Development</b>		
Create jobs and prosperity in Canada by encouraging Canadian firms to take full advantage of international business opportunities and by facilitating inward investment and technology flows	Promote prosperity and employment	Canadian exporters and export-ready firms
	Provide quality services to Canadians	Investors and investment-seeking firms
	Project Canadian values and culture	Workers in the export sector  Provincial governments and municipalities
<b>Trade and Economic Policy</b>		
Create jobs and prosperity in Canada by effectively managing Canada's trading relationships with the United States and liberalizing trade and capital flows around the world, based on clear and equitable rules	Promote prosperity and employment	Canadian exporters, export-ready firms and workers in the export sector
	Protect our security within a stable global framework	Canadian importers and consumers  Canadian firms and workers in vulnerable and sensitive sectors
		Investors and investment-seeking firms  Provincial governments
<b>International Security and Cooperation</b>		
Promote a peaceful, law-based international system that reflects Canadian values and in which Canada is secure from threats from abroad	Protect our security within a stable global framework	The Prime Minister, other ministers and their departments
	Project Canadian values and culture	Provincial governments  Canada as a society and individual Canadians and groups according to issue
<b>Assistance to Canadians Abroad</b>		
Meet the needs for official assistance of individual Canadians travelling or living abroad	Provide quality services to Canadians	Canadians travelling or living abroad and their relatives in Canada

Business Lines and Objectives	Strategic Priorities	Stakeholders
<p><b>Public Diplomacy</b></p> <p>Create interest and confidence in Canada abroad and an international public environment favourable to Canada’s political and economic interests and Canadian values</p>	<p>Project Canadian values and culture</p> <p>Promote prosperity and employment</p>	<p>Canadian academic and cultural community</p> <p>Canadian cultural industries</p> <p>Foreign academic and cultural community interested in Canada</p> <p>Canadian and foreign media</p> <p>Clients of other business lines</p>
<p><b>Corporate Services</b></p> <p>Enable the Department to achieve its mission and objectives through the delivery of cost-effective support services</p>	<p>Provide quality services to Canadians</p> <p>Project Canadian values and culture</p> <p>Protect our security within a stable global framework</p> <p>Promote prosperity and employment</p>	<p>Departmental management and staff responsible for delivering other business lines</p>
<p><b>Services to OGDs</b></p> <p>Enable OGDs to deliver their programs abroad through the delivery of cost-effective support services</p>	<p>Promote prosperity and employment</p> <p>Provide quality services to Canadians</p> <p>Project Canadian values and culture</p> <p>Protect our security within a stable global framework</p>	<p>Other government departments</p>
<p><b>Passport Services</b></p> <p>Provide internationally respected travel documents to Canadian citizens and other eligible residents of Canada</p>	<p>Provide quality services to Canadians</p>	<p>Canadians travelling or living abroad</p>

## SECTION III DEPARTMENTAL PERFORMANCE

In this Performance Report, in keeping with the changes in reporting between government departments and Parliament, the Department reports on accomplishments achieved against performance expectations and results commitments. These expectations were set out in the Department's Expenditure Plan for 1997-98.

### International Business Development

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The Canadian economy depends on trade for its survival. Through this business line, the Department plays a critical role in developing international business opportunities, particularly for small- and medium-sized firms. The Department opens doors both for Canadians wishing to invest abroad and for foreigners who want to invest in Canada.

Summary of Spending in 1997-98 (\$ millions)	
Planned Spending	222.8
Total Authorities	227.5
Actual Spending	218.4

#### *Expectations and Accomplishments*

##### **Increase the number of active exporters.**

In 1997-98, overall exports of goods and services grew 7.4 percent to a record \$343 billion. The number of companies using the Department's trade and investment services continued to grow: 80,183 requests for overseas market information were received. In addition, 1,622 business representatives participated in the Department's trade fairs and 12,291 visited overseas missions.

##### **Broaden and diversify Canada's export base, with particular emphasis on small- and medium-sized enterprises (SMEs).**

Two major initiatives were the establishment of Team Canada Inc and a SME support unit. In October 1997, Minister Marchi launched Team Canada Inc, a network of government service providers that integrates and streamlines the delivery of trade and investment to the business community. Initially composed of the Department of Foreign Affairs and International Trade, Industry Canada, and Agriculture and Agri-Food Canada, Team Canada Inc will be expanded to include other departments active in international business development, the provinces and the private sector. This network serves novice and experienced exporters alike, both in Canada and abroad, 24 hours a day. Examples of this enhanced service include:

- ExportSource (<http://exportsource.gc.ca>) is Team Canada Inc's award winning web site. In its first year, it received an average of 166 visits per day.

- a national toll-free number (1-888-811-1119) that connects callers to the Team Canada Inc network via Canada Business Service Centres across the country. The service provides one-stop information for all trade enquiries. In the first two months of operation following its launch in February 1998, the service handled an average of 50 calls a day.

As part of its focus on increased support for SMEs, the Department created a new unit to adapt trade promotion services to the special needs of SMEs and new export constituencies such as women, Aboriginal and multicultural groups, and young entrepreneurs.

Many Canadian SMEs are new to the world of exporting. To help them tap into the American market, the Department runs the New Exporters to Border States program. In 1997–98, 972 Canadian participants gained first-hand experience of U.S. border markets through the program—an increase of 12 percent from the year before.

SMEs also benefitted from information provided by the International Business Opportunities Centre. During the year, the Centre responded to approximately 3,700 trade enquiries from 142 Canadian diplomatic missions abroad. Some 8,000 companies across Canada—75 percent of which were SMEs—were contacted with business leads.

In November 1997, some 120 women-led SMEs participated in the first Canadian women's trade mission to Washington, D.C. During the mission, which was led by Minister Marchi, SMEs signed agreements and contracts worth more than \$10 million.

### **Diversify export markets and broaden sectoral mix of exports.**

In 1997–98, as part of Canada's long-term plan to diversify export markets, Prime Minister Chrétien led the first Team Canada mission to Mexico, Brazil, Argentina and Chile. The mission resulted in a record 306 business deals, worth approximately \$1.78 billion. Some 80 percent of participants were SMEs—another record for the Team Canada missions. The 527 participants included 64 businesswomen; 56 presidents and vice-presidents of Canadian universities and colleges, and representatives of school recruitment agencies; 38 young entrepreneurs; and several Aboriginal business leaders. As part of the mission, four Latin American Canadian Education Centres (CECs) were officially opened. The CECs promote the value of higher education in Canada, providing advice to prospective students.

In addition to diversifying markets, Canada continued to broaden the nature of its exports. In 1997–98, exports of consumer products and industrial goods grew by 12.4 percent and 6.4 percent respectively. At the same time, exports of services totalled \$41.4 billion, up from \$38.9 billion in 1996–97. Nearly half of those service-related exports were knowledge-based services. Consequently, the relative combined share of total exports for the traditional sectors of agriculture, energy and forest products declined from 31 percent in 1992–93 to 29 percent in 1997–98.

In March, Minister Marchi led a mission of 84 companies to China to strengthen Canada's growing presence in this vast emerging market.

To provide greater assistance to exporters in other emerging markets, additional trade officers were deployed to Canadian missions in China, Taiwan, Chile, India, Brazil and Indonesia. As an initiative to increase exports worldwide, the Department created the "Go Team"—a rapid response team of trade commissioners. Team members leave on a moment's notice to pursue market opportunities created by high

profile initiatives such as Team Canada trade missions or free trade agreements. In 1997–98, “Go Team” officers went to Manila, Seoul, Bangkok, Santiago, Tel Aviv, Sao Paulo, Beijing, Buenos Aires and Mexico.

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## **Success Story**

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Bayley Communications of Ajax, Ontario is a small business employing 28 people and relying on exports for 80 percent of its sales of digital communications products and related services. During the 1998 trade mission to Latin America, Bayley signed agreements in all four countries (Mexico, Brazil, Argentina and Chile) valued at \$5 million over the next 2 years.

Bruce Friendship, President of the high tech firm, concludes “Team Canada trade missions provide an excellent opportunity for business people not experienced in foreign markets to test the waters...Our deals wouldn’t have been concluded so quickly if not for the high-profile trade mission...Governments offer excellent services and information in addition to Team Canada trade missions.”

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### **Increase market share in 15 fast growing markets.**

Canadian market share increased in the United States and in other markets such as Mexico, Italy, China, Hong Kong, South Africa and Israel. This success was somewhat offset by a decline in exports to Asian countries affected by the recent economic turmoil.

### **Increase growth of foreign direct investment in Canada.**

Attracted by Canada’s strong economy and growing international competitiveness, foreign direct investment in Canada grew by \$13 billion to reach an all-time high of \$188 billion. Nevertheless, since Canada remains a net exporter of capital, it will be important to devote further effort to compete successfully for increased foreign investment. It is estimated that every \$1 billion increase in new investment creates and sustains 45,000 jobs and adds \$4.5 billion to Canada’s gross domestic product over five years.

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## Success Story

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In 1997–98, Gist-brocades/Bio-Intermediair of the Netherlands, a world leader in manufacturing biopharmaceutical products, built its first manufacturing plant outside the Netherlands in Montreal. Canadian Trade Commissioners in the U.S., as well as Canadian officers at the embassy in the Netherlands, contributed significantly to the success of this deal.

The state-of-the-art facility, costing \$40 million, manufactures recombinant proteins, biopharmaceutical hormones, vaccines and other essential biological components derived from animal or bacterial cells.

The company cited Montreal's strong biotechnology infrastructure and the need to secure a location with convenient access to the North American market as factors behind its decision to invest in Canada. "Part of what attracted us most to Canada is the cultural link between Canada and the Netherlands," said Peter van Hoorn, the company's North American director of marketing and sales.

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### **Develop a responsive and cost-effective international business delivery mechanism that meets the recommendations of the Auditor General with respect to service standards and performance measurement.**

In response to the Auditor General's report (Chapter 25, November 1996), the Department developed a comprehensive "management by results" system for the Trade Commissioner Service (TCS) to help measure performance. Beginning in autumn 1998, the TCS will strengthen its relationship with its clients by:

- publishing a list of core services available from missions around the world;
- setting clear service standards; and
- seeking feedback from both clients and employees through regular surveys.

To advise the Government on strategic trade policy and international business development issues, the Department created a Team Canada Inc Advisory Board. The Board, whose members are drawn from the private sector, held its first meeting in February 1998. One of its first tasks for the next fiscal year will be to review an integrated business plan prepared by Team Canada partners for 1998 to 2001. A detailed report on the achievements of the International Business Development program will be submitted by Minister Marchi to Parliament early in the next fiscal year.

## Trade and Economic Policy

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The Department played the key role in managing Canada's participation in various multilateral fora. In so doing, it advanced Canadian interests, including objectives such as promoting sustainable economic development and developing appropriate social and economic policies. Ultimately, it strengthened the multilateral system by reaffirming political commitment to further trade and investment liberalization.

Summary of Spending in 1997-98 (\$ millions)	
Planned Spending	117.6
Total Authorities	201.9
Actual Spending	193.9

### *Expectations and Accomplishments*

**Work toward outcomes and deliverables through the Group of 7/8 (G-7/8), World Trade Organization (WTO), Organization for Economic Cooperation and Development (OECD), Asia-Pacific Economic Cooperation (APEC) and the Free Trade Area of the Americas (FTAA) agenda to support Canadian economic, financial, trade and social policy objectives.**

**Stimulate export performance, jobs and growth through improved conditions of access to markets and multilateral agreements in areas such as basic telecommunications, financial services, government procurement, investment, services and product standards.**

**Continue to implement WTO agreements and its built-in agenda, and define Canadian objectives for a new round of multilateral trade negotiations.**

*Group of 7/8:* With Russia participating as an unofficial eighth member, the G-7/8 held its annual meeting in June. Canada led efforts to establish national financial, supervisory and regulatory systems that could be monitored at the multilateral level. Canada also worked to ensure that developing countries had greater access to G-7/8 economies for their goods.

*World Trade Organization:* In 1997-98, Canada participated fully in WTO negotiations. Key results included:

- the Agreement on Basic Telecommunications which provides exporters with secure access to key markets and the benefits of a transparent, rules-based trading framework at the multilateral level. Ultimately, consumers will benefit from greater choice and lower prices for telecommunications products.
- the Financial Services Agreement which will cover 70 countries and over 95 percent of world trade in financial services. It will facilitate global access for Canadian financial institutions.

Canada helped achieve significant progress toward an agreement that will provide greater transparency in the area of government procurement. The agreement will allow Canada to compete more effectively in foreign procurement markets.

Canada also helped finalize guidelines for mutual recognition of standards. This agreement with the European Union affects six sectors covering \$12 billion in bilateral trade. In addition, by the end of the year, an agreement to streamline international accounting regulations was close at hand. This will help Canadian accountants to access foreign markets.

*Organization for Economic Cooperation and Development:* At the OECD Ministerial in April, Canada initiated analyses of codes of conduct and tariffs of member and non-member countries. It endorsed a major study on the benefits of trade and investment liberalization. Our statement set out Canadian interests for negotiations of a potential Multilateral Agreement on Investment (MAI). Canada offered to host an OECD conference on electronic commerce in October 1998 in Ottawa.

*Asia-Pacific Economic Cooperation:* In 1997–98, as chair of the APEC process, Canada helped develop The Early Voluntary Sectoral Liberalization (EVSL) approach to liberalizing trade on a voluntary basis. The key sectors of interest to Canada were environmental goods and services, fish and fish products, oilseeds and forest products. To promote trade and assist exporters, Canada helped refine customs procedures and standards.

*Free Trade Area of the Americas:* At the March 1998 meeting of the FTAA Trade Ministers, Canada was chosen to chair FTAA negotiations until October 1999. In this capacity, Canada completed the necessary steps to launch the upcoming negotiations. Canada's overall objectives for its chairmanship are to get detailed negotiations off to a strong start and to achieve concrete progress by the year 2000. The FTAA should be in place by 2005 and involve 34 countries.

*European Free Trade Area:* During a trip to Europe in October 1997, Prime Minister Chrétien called for a new free trade initiative between Canada and the countries of the European Free Trade Area (EFTA) namely, Norway, Switzerland, Iceland and Liechtenstein. As a first step, Canada concluded Trade and Cooperation Agreements (TECAs) with these countries. In the spring of 1998, Canada held exploratory discussions with the EFTA countries to exchange views on the scope and shape of a possible free trade agreement.

*North American Free Trade Agreement:* NAFTA continued to evolve. In July 1997, NAFTA members implemented the first round of negotiations aimed at accelerating the elimination of tariffs. Work continued in more than 30 committees, working groups and sub-committees. On January 1, 1998, tariff elimination was completed between Canada and the United States and the fifth step of Canada–Mexico tariff cuts for those items subject to tariff phase-out took place on the same date. Negotiations continued on a second round of accelerated reduction of tariffs.

### **Promote international cooperation regarding the application of competition policy.**

Canada and the European Union finalized a major agreement on competition policy. It will protect the benefits of trade liberalization for Canadian exporters and investors. Canada also advanced discussion on competition policy in the OECD, NAFTA and the WTO. The agreement will eventually improve cooperation in this area.



**Continue to pursue solutions that reduce the possibility of disputes, particularly with the United States, concerning the issues of subsidies, dumping, and the operation of trade remedy laws regarding such practices.**

In 1997–98, the Department intervened directly in a number of anti-dumping, countervailing duty and safeguard investigations, including steel wire rods to the U.S. and two newsprint cases in India and Indonesia. These reviews affected hundreds of millions of dollars worth of exports to other countries, particularly the United States. Partly as a result of these interventions, only one trade remedy was imposed on Canadian exports by another country. This trade remedy involved steel wheel rims exported to Australia. Canada continues to be engaged in the resolution of a dispute on aircraft subsidies.

**Manage trade disputes with other countries effectively.**

In 1997–98, Canada worked within the WTO on two major trade issues. In the first case, Canada argued successfully that the use of hormones in beef sold by some countries in the European Union contravened international health standards. In the second case, at Canada's initiative, Australia's ban on salmon was brought before a WTO panel. In addition, Canada negotiated mutually agreed solutions with India and Hungary for access affecting a wide range of goods including meat products, fisheries products, telecommunications equipment and electronic components. Canada also defended domestic measures to support magazines, initiated a case against France because of its ban on asbestos, and defended dairy export pricing policies. Working within the NAFTA and with the Canadian industry, Canada also established a mechanism to settle commercial disputes on agricultural goods.

**Negotiate Foreign Investment Protection Agreements (FIPAs) with priority countries.**

FIPAs enable Canadian investors to gain better access to markets and resources in foreign countries through a more stable and predictable environment. This in turn bolsters competitiveness, domestic economic growth and job creation. In 1997–98, Canada concluded FIPAs with Uruguay and Costa Rica. At the same time, it made progress on discussions with several other priority countries including Russia, China, Cuba, Argentina and Brazil.

**Allocate Canadian international assistance in such a way as to reflect foreign policy priorities, including military expenditures and the integration of reform of transitional economies.**

Foreign policy considerations, particularly as they relate to human and economic security, were clearly and publicly reflected in Canada's international assistance. In the previous fiscal year, Canada hosted an international symposium on military expenditures in developing countries. In 1997–98, the Department followed up on the symposium by working to ensure the issue was included in the program of the Organization for Economic Development and Cooperation. In addition, Canada advanced the issue of reduction of military expenditures in such policy fora as the Association of South East Asian Nations (ASEAN) and the Organization of American States. In June 1997, by hosting the Global Knowledge Conference in Toronto, Canada advanced the idea of using modern communications technologies to pursue Canadian international development objectives. To ensure follow-up to

the conference, the Department set up an electronic database on projects related to information technologies, communications and development.

**Conclude air transport agreements.**

During the year, Canada concluded air transport agreements with Belgium, China, Cuba, Fiji, Iceland, Japan, Taiwan, Ukraine and the United States. It also held bilateral civil aviation negotiations with China/Hong Kong, Kuwait, New Zealand, Russia and Switzerland. These agreements provide more flexibility for Canadians travelling for both business and pleasure. New all-cargo routes to Asian destinations were a significant achievement.

**Consult with the public on trade policy matters.**

Consultations with the business community were focused on the Sectoral Advisory Groups on International Trade (SAGITs) and the Team Canada Inc Advisory Board. Consultations with labour groups and NGOs focused on several issues—a potential Multilateral Agreement on Investment (MAI), and the FTAA and APEC processes—in addition to the regular consultations on human rights held annually. Further consultations were held with civil society on a broad range of WTO issues. In recognition of the growing interest among the Canadian public on the broader trade policy agenda, the Department further expanded existing mechanisms to enable greater levels of consultation with Canadians. For example, through the Department's web site, the Internet is used to facilitate public access to a wide selection of departmental publications, notices and press releases. These on-line documents are constantly updated and Canadians are encouraged to submit their views to the Department on a diverse number of trade policy issues.

## International Security and Cooperation

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In 1997–98, Canada pursued agreements on a broad range of issues related to international security and cooperation. In addition to leading a successful drive for a treaty to ban anti-personnel landmines, Canada helped negotiate international agreements to combat chemical weapons and terrorism. It also addressed human security issues such as child labour and the sexual exploitation of children. At the same time, through its work on global warming, the preservation of forests and the banning of dangerous pollutants, Canada took steps on the path toward sustainable human development.

Summary of Spending in 1997–98 (\$ millions)	
Planned Spending	433.7
Total Authorities	429.6
Actual Spending	420.7

### *Expectations and Accomplishments*

#### **Contribute to the enlargement of NATO, to be initiated in the context of an effective strategic relationship with the Russian Federation.**

It has long been a Canadian goal to create more stability in Europe by expanding the membership of NATO. In 1997–98, several important milestones were achieved. In May 1997, NATO and Russia agreed upon a framework for future cooperation. During Minister Axworthy's tenure as co-chair of the NATO-Russia Permanent Joint Council, an ambitious work program was negotiated.

The Madrid Summit, held in July 1997, invited three countries to join NATO: the Czech Republic, Poland and Hungary. Minister Axworthy co-chaired the meeting that completed the final draft of the agreement. Canada, in fact, was the first country to ratify the agreement—an act that enhanced Canada's image in Central and Eastern Europe. The agreement included a commitment to further expand NATO.

#### **Develop new tools and mechanisms for strengthening peace in countries prone to recurring cycles of violence.**

Unanticipated peacekeeping priorities arose during the fiscal year. Canada responded by sending police to expanded UN missions in Western Sahara and Guatemala. At the end of 1997–98, Canadian military or police personnel were serving with nine UN peacekeeping operations worldwide, as well as the UN-authorized NATO-led Stabilization Force (SFOR), Mine Action Centres in Bosnia and Cambodia, and the Multinational Force and Observers in the Sinai.

In 1997–98, Canada addressed the culture of violence at both the grassroots and the multilateral level. At the local level, Canada supported micro-disarmament, community reconciliation and networking among NGOs such as the Canadian Peacebuilding Coordinating Committee (an umbrella organization of over 200 NGOs) and the Peace Implementation Network (an international network of NGOs, research institutes and academia). Working with the Canadian Peacebuilding Coordinating Committee

(CPCC), for example, the Department created a web page to support communication and consultation with NGOs.

The Peacebuilding Fund, co-managed by the Department and the Canadian International Development Agency (CIDA), supported a variety of peacebuilding projects in developing countries. During the year, the Fund helped reinforce the capacity of Cambodian NGOs to educate voters about the electoral process. In addition, it supported a project in the Great Lakes region of Africa that brings together civil society groups in Rwanda and eastern Congo. The innovative project, managed by an African NGO, will allow the groups to explore local solutions to their conflicts.

At the multilateral level, Canada contributed to a task force organized by the Organization for Economic Cooperation and Development that produced guidelines on donor support for peacebuilding initiatives. In addition, Canada worked through the G-7/8 and the UN on a variety of initiatives. The Department also organized a meeting in March 1998, attended by representatives of major countries, international and regional organizations, and Canadian and foreign NGOs. The purpose of the meeting was to develop more effective tools for peacebuilding, to strengthen the capacity of international organizations to engage in peacebuilding activities and to improve information sharing among donors.

**Support democratic and economic progress in the former Yugoslavia and successful peacebuilding in Haiti, leading to the withdrawal of Canadian peacekeeping forces.**

Canadian peacekeeping and peacebuilding in the former Yugoslavia has continued, supporting the gradual shift toward democratic development and economic stability. In 1997–98, SFOR and the United Nations International Police Task Force (IPTF) helped to maintain a secure environment for political progress and peacebuilding. Canada contributed approximately 1,300 military personnel to the SFOR effort, along with military observers for UN missions in Croatia and the former Yugoslav Republic of Macedonia. The renewal of SFOR and the IPTF, along with the new police monitoring mission in Croatia, will preserve security. It will enable the broader peace process to continue in the former Yugoslavia. Canada also provided military experts to the Bosnia-Herzegovina Mine Action Centre. This will sustain the Centre's role as the focal point for addressing the humanitarian threat of anti-personnel landmines.

In 1997–98, peacebuilding in Haiti reached a new phase. The situation stabilized enough for UN military peacekeeping forces to leave the country. The number of Canadian police monitors also declined. At the same time, the number of trainers increased to reflect the institution-building priorities of the new civilian UN mission. By the end of the year, approximately 50 Canadian police personnel were serving in Haiti. About half worked with the Mission Civile Internationale en Haiti (MICIVIH) while the other half helped train the Haitian National Police. A small group of Canadian Forces technical personnel remained in Haiti to maintain Canadian vehicles lent to the UN mission.

### **Adopt a new Charter designed to consolidate and strengthen the actions of la Francophonie**

Canada has always sought a more political role for la Francophonie. Consequently, it supported the new Charter adopted at the November 1997 Hanoi Summit and the election of the first Secretary General of la Francophonie. Since then, the Secretary General has become the key player in the francophone institutional system. The Hanoi Summit gave Canada a forum to reiterate its commitment to peace, preventive diplomacy, democracy and human rights.

### **Create bilateral human rights dialogue mechanisms for human rights and democratic development in China and Cuba.**

In 1997–98, the Canada–China Joint Committee on Human Rights (JCHR) was created. At meetings in July and October 1997, Canadian delegations underscored China’s international human rights obligations. At the same time, Canada delivered key messages on aspects of China’s human rights situation of particular concern to Canadians, and discussed new bilateral cooperation in the area of human rights, democratic development and governance. Discussions in the JCHR have been positive and frank. The JCHR will expand its agenda in 1998–99.

During the year, building on the success of the JCHR, Canada and China co-hosted a multilateral symposium in Vancouver on “Legal Matters Related to Human Rights in a Civil Society.” The symposium, which marked the first time China agreed to co-host a multilateral meeting on human rights, brought together officials from key western countries and Asia, as well as national human rights commissions and academics. It represented a positive step toward the establishment of an Asia-Pacific regional dialogue on human rights. By the end of the year, plans for a second symposium were underway.

The bilateral dialogue on human rights with Cuba drew on the January 1997 Joint Declaration signed by Minister Axworthy and the Cuban Foreign Minister. In 1997–98, the two countries held meetings and seminars to discuss general human rights issues, as well as thematic issues such as children’s rights and women’s rights. The dialogue established a framework for longer exchanges. It has also opened up space in Cuba for both Canadian and Cuban NGOs to operate.

### **Conclude treaty negotiations to ban anti-personnel landmines successfully by the end of 1997.**

According to the UN, landmines kill or maim more than 2,000 people each month. Since landmines are often planted on farm land, they disrupt agricultural activities, playing havoc with a country’s ability to feed itself.

In 1997–98, Canada initiated a process to address the scourge of landmines. The process culminated in a conference held in Ottawa in December 1997 at which delegates finalized a treaty to ban the use, sale and export of anti-personnel landmines. By the end of the year, some 122 countries had signed the treaty.

In 1997–98, Canada committed \$100 million over five years to support implementation of the treaty. The funds will also be used to support demining, the rehabilitation of victims and the destruction of stockpiles. Following Canada’s lead, other countries pledged \$500 million for action on landmines.

**Support the entry into force of the Chemical Weapons Convention and enact Canadian legislation to support the Comprehensive Nuclear Test Ban Treaty.**

The Chemical Weapons Convention is the first multilateral disarmament agreement that bans an entire category of weapons and also provides extensive, detailed verification measures to support that ban. The Convention entered into force on April 29, 1997. As required by the Convention, Canada submitted all required National Declarations on time. These include Canada's Initial Declaration, Annual Past Declaration and Annual Anticipated Declaration. Canada also has in place export and import controls requirements to monitor and to regulate trade in the Convention's Scheduled Chemicals. Following the completion of consultations with stakeholders, it was expected that Canada's legislation and regulations would be put forward as a package by the spring of 1999. In October 1997, Canada received its first international inspection of its Single Small Scale Facility (SSSF) at CFB Suffield in Alberta. The facility engages in chemical weapons defensive research, an activity permitted under the Convention.

The Comprehensive Nuclear Test Ban Treaty was opened for signature on September 24, 1996. Canada played a prominent role in negotiating this agreement. National legislation to implement this treaty was to be introduced in Parliament in September 1998.

**Make progress in the areas of sustainable development, fair labour practices and human rights with special attention to international protection of children's rights.**

Canada continued to promote sustainable development in all relevant international fora. In 1997-98, in response to a Canadian initiative, the Organization for Economic Cooperation and Development (OECD) included sustainable development as one of its five core areas of work. As chair of Asia-Pacific Economic Cooperation, Canada ensured that sustainable development was high on the agenda of APEC's work.

The Department created the Child Labour Challenge Fund. The Fund supports private sector initiatives that address the issue of child labour. Canada also worked closely with the International Labour Organization (ILO) to develop a new Convention on the most extreme forms of child labour. The Convention should be ready for adoption in 1999.

In March 1998, the Department co-sponsored a Summit of sexually exploited youth from the Americas. To follow up the conference, the Department is supporting activities managed by NGOs in Canada and abroad. Canada also ratified the Hague Convention on Protection of Children and Cooperation in respect of Intercountry Adoption.

**Make progress toward resolving the institutional and financial crisis of the United Nations.**

Canada took several steps to help resolve the UN's financial crisis. Canada stepped up pressure on members who do not pay their dues. In particular, Minister Axworthy called on the United States, which is the largest debtor, to pay its dues in full, on time and without conditions. An attempt was made in the U.S. Congress to pass additional appropriations for the UN but this was not successful. During the year, the UN Secretary-General appointed a Canadian, Louise Frechette, as the UN's first Deputy Secretary-General. She was given a mandate to address UN institutional reform. In addition, the

Department coordinated Canada's strategy to ensure adoption of the second package of institutional reforms proposed by the UN Secretary-General. Canada successfully convinced UN member states to endorse the package as a whole; this will strengthen the impact of the reforms. For the third year in a row, the core UN budget continues to reflect Canada's policy of zero nominal growth. This policy—vigorously supported by Canada—is now widely accepted among UN members and senior UN officials.

In addition, the Department supported efforts to help the UN Environment Programme (UNEP) resume its role as the leading global environmental authority. In this capacity, UNEP would be better able to promote coherent implementation of environmental protection within the UN system. Canada brokered the creation of a high-level committee on UNEP governance issues that provided the political support to allow the new Executive Director to make necessary changes. Recognizing UNEP's chronic underfunding, the Department increased Canada's annual voluntary contribution by \$175,000. While the increase returned Canada to the pre-1992 level of \$1.1 million, the figure was still well below Canada's normal UN share. Despite the end of federal government Green Plan funding, Canada still contributed its share to the UN through an agreement with Treasury Board to match Departmental contributions. In addition to supporting the UN, the funds will support other international environmental conventions and institutions created since the 1992 Earth Summit held in Rio de Janeiro.

**Build a stronger basis for multilateral action by Canada in peace and security matters through non-permanent membership on the United Nations Security Council for 1999 and 2000.**

During the year, Canada intensified its campaign for a non-permanent seat on the Security Council. The Department organized a series of high profile events and meetings in New York involving Canadian Ministers and Heads of Mission. At the same time, the Department held a series of policy seminars intended to build a Canadian agenda for concrete reform of the Security Council. In particular, Canada wants the Security Council to reassert its leadership role on peace and security issues, to operate in a more transparent and democratic manner, and to accept the new security agenda promoted by Canada as a new basis for dealing with conflict.

**Improve environmental protection and more sustainable levels of economic and social development in the northern regions of Canada and the world.**

During the year, Canada worked toward promoting sustainable development in the North through the Arctic Council. The Council, created in 1996 to protect the marine environment of the North, has eight members: the United States, Canada, Iceland, Denmark (Greenland), Norway, Finland, Sweden and Russia. In addition, it offers special status to three organizations that represent indigenous peoples throughout the polar region. This status permits their representatives to discuss regional issues with representatives of member states. In February 1998, in its capacity as the first chair of the Council, Canada helped members reach consensus on the all important initial terms of reference for its sustainable development program. In autumn 1998, Canada will step down as chair.

In addition, the Department supported a conference on circumpolar sustainable development. The conference, organized by the Department of Indian Affairs and Northern Development, was to be held in May 1998 in Whitehorse. Results from the conference were expected to feed into the work of the Arctic Council. The First

Arctic Council Ministerial Meeting, hosted by Minister Axworthy, was expected to take place in Iqaluit on September 18–19, 1998.

**Conclude an international legal instrument that advances Canada's forest interests.**

Canada strongly believes a forest convention would benefit sustainable forest management internationally through better governance, common rules and coordinated funding. A convention would also benefit Canadian forest interests by promoting Canada's high standards and demonstrating these standards to consumers of Canadian forest products. In June 1997, at the five-year review of the Rio Earth Summit, the Special Session of the UN General Assembly created the Intergovernmental Forum on Forests (IFF) to decide whether to launch negotiations on a forest convention. At the IFF's first meeting, Canada successfully set an agenda that placed the forest convention issue front and centre. During the year, working closely with the Canadian Forest Service among others, the Department developed an international strategy to garner support for a convention which involves studies, workshops and regional meetings. It culminates in a wrap-up conference in Canada to be held before the IFF decision. Though an international agreement has not yet been concluded, substantial progress has been made.

**Reach agreement on the concerted multilateral action needed to effectively address the problems posed by global warming in the immediate post-2000 period.**

The international community widely recognizes the need to stabilize greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system. An agreement reached in December 1997—the Kyoto Protocol to the Climate Change Convention—committed industrialized countries to reduce their collective emissions of six greenhouse gases to 5.2 percent below 1990 levels by the years 2008 to 2012. The target levels vary for each nation, taking into account their different circumstances. Canada's target is a reduction of 6 percent. When compared to "business as usual" projections for 2010, Canada's target represents a 21 percent reduction of overall greenhouse gas emissions. While Kyoto was successful, the challenge remains to implement the terms of the protocol and to broaden the range of countries that will agree to reduce emissions. During the year, the Department coordinated international negotiations for Canada. In addition, it worked closely with the Interdepartmental Climate Change Secretariat, Environment Canada, Natural Resources Canada and other federal and provincial departments and stakeholders to develop a solid plan for implementing Canada's Kyoto Protocol commitments.

**Implement concrete actions to reduce significantly the threat that persistent organic pollutants pose to the health of Canadians, particularly in the North, and to the environment.**

Persistent organic pollutants (POPs), such as DDT and PCBs, bioaccumulate in wildlife and in humans who consume wildlife. POPs pose a threat to human health, particularly among Aboriginal Canadians. They also endanger the environment, especially in northern communities. Canada has banned or severely restricted the most dangerous POPs within this country. Many of these air-borne emissions, however, come from afar. To address long-range transport of POPs, Canada initiated scientific research that helped launch international action. In February 1998, the Department helped finalize negotiations on a regional POPs protocol (to be signed in June 1998) under the UN Economic



Commission for Europe's Long Range Transboundary Air Pollution Convention. The Department also contributed \$100,000 to help Environment Canada host the first session of negotiations on a global POPs convention. The negotiations, sponsored by UNEP, were planned for early 1998–99 in Montreal. Regional action on POPs was also advanced under the North American Agreement on Environmental Cooperation.

In March 1998, Canada helped finalize the negotiation of a Convention on Prior Informed Consent for International Trade in Banned or Severely-Restricted Chemicals (PIC). This convention, sponsored by UNEP and the Food and Agriculture Organization (FAO), was to be adopted in September 1998. It will regulate trade in certain hazardous chemicals and allow developing countries, in particular, to exercise greater control on imports of these substances.

Together, these two conventions will reduce the threat to human health and the environment posed by POPs, particularly in the North.

### **Support of the Conference of the Parties to the Desertification Convention at its first meeting in the fall of 1997 for locating the permanent secretariat of the Convention in Montreal.**

The Convention to Combat Desertification, which guides members to mobilize and coordinate resources, was finalized in 1994. It is an important international commitment to resolve land degradation in the drylands of the world. Under the leadership of CIDA, Canada has been a strong supporter of the Convention. In 1997–98, Canada entered a bid for Montreal to host the permanent Secretariat of the Desertification Convention. Montreal has become increasingly recognized as an international environment centre, particularly since the city was chosen to host the Biodiversity Convention Secretariat in 1995. However, despite a strong bid and a cooperative effort on the part of the federal government, the province and the city, Montreal lost out to Bonn. The competing bid was more financially generous, backed by Germany's large development assistance budget.

### **Negotiate and sign an international convention on terrorist bombing.**

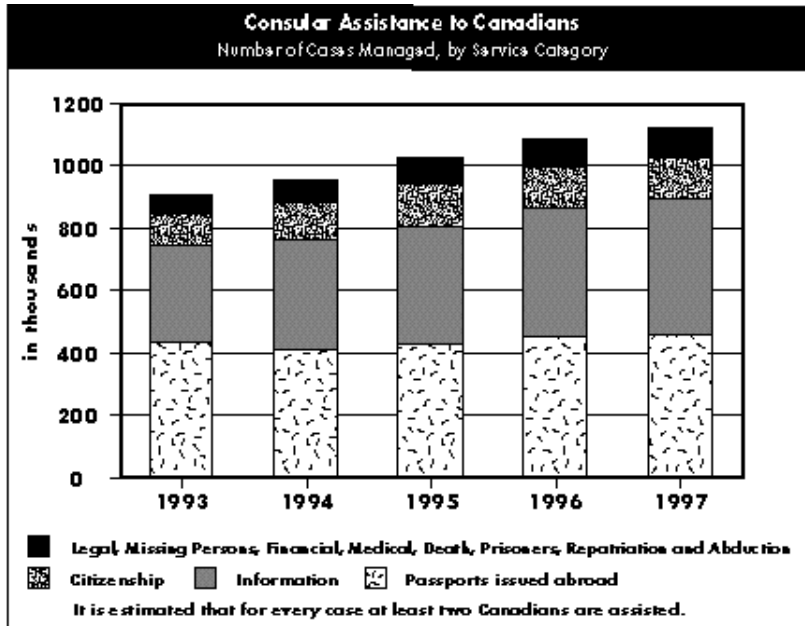
Negotiations on the Convention for the Suppression of Terrorist Bombing Offences (which Canada chaired) were completed in the autumn of 1997. The text was opened for signature on January 12, 1998. The Convention—which Canada has signed, but not ratified—is not yet in force. The Convention creates new international offences: the intentional targeting of public places, government or infrastructure facilities or transportation systems with explosive or other lethal devices, including chemical or biological agents and toxins. In addition, it obliges States Parties:

- to take jurisdiction over offences committed abroad by or against nationals;
- to prosecute offenders found on their territory or to extradite them to another State Party;
- to provide mutual legal assistance and exchange of information; and
- to comply, in the exercise of their obligations, with existing international law, including the purposes and principles of the United Nations Charter and international humanitarian and human rights law.

It also obliges States Parties not to refuse extradition solely on the grounds that the offence was politically motivated. This is the first counter-terrorism instrument to include this provision.

## Assistance to Canadians Abroad

Travelling Canadians expect Canadian missions abroad to provide support and assistance, particularly during emergencies. At the same time, Canadians at home expect the Department to provide up-to-date information about travel destinations, and health and security conditions in other countries. As indicated in the graph below, the number of consular cases has increased steadily since 1993. These cases range from passport and citizenship issues to missing persons and abductions.



Summary of Spending in 1997-98 (\$ millions)	
Planned Spending	43.5
Total Authorities	43.5
Actual Spending	41.6

During the year, the Department pursued the four major initiatives outlined below.

### *Expectations and Accomplishments*

**Implement the Safe Travel initiative successfully as indicated by: more travellers purchasing medical and other insurance before leaving Canada, more Canadians carrying and using their Canadian passports, greater awareness of the implications of laws and business practices in other countries and greater awareness among family and friends about the whereabouts of travellers.**

The Safe Travel initiative makes more information available to Canadians before they leave home. Since the program was initiated in 1996, the demand for assistance and protection has increased steadily. More Canadians purchased travel and medical insurance. The number of regular passports issued increased by

10 percent over the previous fiscal year.

Canadians ordered about two million copies of safe travel publications. In addition, they took advantage of automatic response systems connected to the web site; tens of thousands of "hits" were registered during the year. Tens of thousands of Canadians also called the Department's 24-hour operations centre for help.

**Provide faster and more effective service for Canadians in difficulty around the world and reduce costs to the Department through the Initial Emergency Response initiative.**

Through the Initial Emergency Response initiative, the Department extends its "After Hours" service at headquarters in Ottawa. The "After Hours" service allows travelling Canadians to get help at any time of day or night. When the mission closes for the day, calls are routed directly to headquarters. This eliminates the need for Canadians to be on standby at the mission. In 1997-98, the Department brought the total number of missions using the service to more than 100. At the same time, the reduction of standby pay and overtime pay for duty officers at the missions continues to save over \$1 million annually.

Several emergency situations prompted the Department to evacuate Canadians, notably from Cambodia, Congo-Kinshasa and Congo-Brazzaville. These very successful consular operations highlighted the close working relationships between Canadian consular staff and those of other countries on whose resources our missions relied.

**Reduce the number of unanswered calls and waiting time, and increase the dissemination of information on services available to the public through the Improved Telephone Service initiative.**

Through the Improved Telephone Service initiative, the Department reduced the number of unanswered calls and waiting time and increased the amount of information available over the telephone. In 1997-98, the Consular Operations Centre introduced a new telephone system that reduced the rate of unanswered calls from 25 percent to less than 1 percent. The new system can also handle an unusually high number of calls. Normally, the Centre receives about 7,000 calls per month. In February 1998, the system handled 20,000 calls related to storm conditions in Florida.

**Improve the handling of complex cases and reduce the incidence of dissatisfaction among consular clients through the Quality of Service Initiative.**

During the year, the Department improved the quality of its services in missions. In 1997-98, the Department reduced the number of cases involving serious dissatisfaction among clients from 10 to 1.

## Public Diplomacy

“Public Diplomacy” describes the use of communications techniques to reach foreign audiences directly, as well as through traditional diplomatic channels. It strengthens international understanding of Canada, as well as interest and confidence in this country. It also influences the international public environment to be more favourable to Canada’s interests, values and economic prosperity. Through Public Diplomacy, the Department responds to Canadians’ information needs with respect to Canada’s foreign policy, its international trade and investment strategy, and its international, cultural and sustainable development agenda. It also supports Canada’s cultural sector, including cultural and education industries, and thus contributes to maintaining Canada’s unique cultural identity and infrastructure.

Summary of Spending in 1997–98 (\$ millions)	
Planned Spending	84.2
Total Authorities	96.0
Actual Spending	95.5

### *Expectations and Accomplishments*

**Increase knowledge and understanding of Canada in foreign leadership groups, including a better appreciation of Canada’s national and international objectives.**

In 1997–98, the Department promoted greater awareness of Canada through Canadian Studies associations around the world. More than 7,000 foreigners teach and promote Canadian studies abroad in more than 300 institutions, reaching 200,000 students. Ten Canadian Studies Centres were established and funding was awarded to support the preparation of 170 scientific articles and 140 courses on Canadian studies. The Department provided support for web site development to the International Council for Canadian Studies (ICCS) and national associations, as well as Canadian Studies Centres. Twenty-six web sites on Canadian Studies are now operational. The Department supported the ICCS Endowment Fund which leveraged \$2 million in 1997–98 from diverse sources and yielded a further \$100,000 worth of new Canadian Studies programs. The Cultural Personalities Exchanges Program (CPEP) allowed 21 academics and 37 representatives from the cultural sector in Canada to travel abroad and to raise the profile of Canada internationally. Under the Bank of Missions program with France, eight representatives from academia and 14 from the cultural sector also received travel grants to gain exposure for their work and to enhance awareness of Canada abroad; 14 academics and five artists achieved similar objectives under the program with Mexico.

Due to departmental support, Canada had the second largest foreign participation at the year-long “Thessaloniki, Cultural Capital of Europe 1997.” Among the 14 different cultural events were performances by NEXUS, La La La Human Steps, Tafelmusik and The Royal Winnipeg Ballet.

Staff of the newly reopened Canadian Cultural Centre in Paris programmed 50 events, welcoming 11,000 visitors in the first six months of operation. The Centre worked with the Canadian business community which used the facility extensively

for business meetings and promotion. Additionally, final preparations continued for the reopening of Canada House in London.

**Strengthen cooperation in higher education, research and training between Canada, Mexico and the United States, together with a reaffirmation, at the heads of government level, of the importance of cooperation between Canada and the European Union in higher education matters.**

In 1997–98, Canada worked with the United States and Mexico toward the creation of an Alliance for Higher Education and Enterprise in North America. The Alliance, under the auspices of the North American Institute (NAMI), would allow an increase in the quantity and quality of strategic alliances between higher education and business across the three countries.

In addition, Prime Minister Chrétien agreed to an action plan with the European Union including educational and youth components.

**Cooperate with the provinces through the Council of Ministers of Education (CMEC) and with the Canadian higher education community in seeking greater effectiveness in multilateral education bodies, increased institutionalized foreign linkages and increased use abroad of Canadian expertise in areas such as distance education.**

The Department and CMEC cooperated at international meetings on education at, among others, the OECD, the Council of Europe, UNESCO, APEC, the Commonwealth, la Francophonie and the OAS. The Department worked with NGOs to enable their presence at international gatherings, both with regard to substantive educational issues and to emerging education marketing opportunities.

**Ensure that scholarship programs are better attuned to Canadian interests and the demands of fiscal restraint, and that youth and young worker exchanges place 10,000 Canadian youth abroad on a reciprocal basis.**

In 1997–98, the terms and conditions of scholarships were modified to increase the annual rate of turnover for new awardees. The Department also began reviewing its Youth and Young Workers' Exchange Program with the aim of increasing the number of opportunities. In 1997, the program facilitated 24,000 bilateral and multilateral international youth exchanges.

**Increase exports of Canadian education products and services and reverse the decline in the number of foreign students coming to Canada.**

The Department increased its commitment to assisting education exporters in their marketing efforts abroad. In the January 1998 Latin America visit, Canadian Education Centres were inaugurated in Mexico, Brazil, Argentina and Chile. Over 56 representatives of Canadian education institutions and companies participated. In connection with the opening of the Centres, memoranda of education cooperation were signed in all four countries visited by Team Canada.

The Asian financial crisis has had a negative impact on the flow of students coming to Canada. However, this has been mitigated by the opening of new CECs in Latin America and increased marketing efforts in the Americas, Europe and the Middle East. In Latin America alone, the number of students coming to Canada has increased by 29 percent since 1995.

**Ensure acceptance of the value of a federal role in the internationalization of higher education by building academic networks and marketing Canadian educational goods and services.**

Preparations were underway for an Education Marketing Round Table to take place in May in Toronto over which Minister Marchi will preside.

At the annual meeting of federal and provincial officials on education-related international activities, all provinces supported federal initiatives in the area of education marketing.

**Ensure acceptance of the value-added role played by the federal government in building and reinforcing Canada's cultural infrastructure and unique cultural identity; ensure that the marketing of products and services of Canada's cultural industries contributes to closing Canada's trade gap in this sector.**

In 1997–98, the International Cultural Relations (ICR) Grant program funded 296 projects, up 7 percent from the previous year. In the performing arts alone, the Department supported 77 tours abroad, as well as 1,083 performances by 784 artists and technicians in 42 different countries. The ICR program leveraged almost \$13 million worth of direct activity in support of Canadian performing arts internationally throughout the year.

The Department and its partners had several achievements with respect to developing statistics on international trade flows for the cultural industries. Newly compiled data shows that cultural exports increased 7 percent in 1997 over 1996 and since 1990, the gap between exports and imports has narrowed by 5 percent. The Department drafted a definitional framework and refined cultural industries listings in its WIN sourcing database. A pilot course on trade promotion for the cultural industries and country market reports on seven sector-specific cultural industries were also completed.

**Increase understanding by key foreign audiences of Canada's characteristics and accomplishments, as well as its objectives, policies and priorities, especially through increased factual and favourable media coverage abroad.**

As a result of the Department's intensive communications efforts, Canada's Landmine Treaty initiative and its proposal for an international criminal court both gained widespread public acceptance in Canada and abroad. Communications supporting Canada's 1997 chairmanship of Asia-Pacific Economic Cooperation (APEC) and the January 1998 Team Canada Trade Mission to Latin America raised awareness of the importance of international trade and foreign investment to Canada's economic prosperity.

Three marketing products—*Canada Investment News*, *Canada Business Facts* and *Canada: A Bottom Line Investment Perspective*—highlighted Canada's strengths as an investment location. During the year, these products reached a broader audience. In addition, three of the Department's Internet sites won awards as the "Yahoo Pick of the Week;" CNET Canada gave the Department's main Internet site a four-star rating as one of the best government sites.

**Increase direct experience of Canada as a society by foreign political and business leaders, decision makers, and opinion formers (through exchanges and visits).**

Seventeen Harvard Fellows from 13 countries participated in a two-week study tour of Canada. Eight journalists from Mexico, Brazil, Chile and Argentina visited Canada before the Team Canada mission to Latin America. In all, departmental communications activities supported over 30 visits to Canada by foreign political leaders and leaders of major international organizations. These visits provided opportunities for dialogue on major policy issues and provided occasions to promote foreign investment and trade.

**Increase exposure in foreign markets for Canadian artists and cultural and educational goods and services, leading to more successful marketing.**

The Department coordinated a national, multi-partner participation in MILIA, a multi-media trade fair in Cannes, France. Together, the 21 partners, up from 13 in the previous year, made an estimated \$8 million in sales and signed two licensing deals. In addition, the Department collaborated with other stakeholders for "Spirits in the Sun," the first Canadian indigenous arts festival and trade event in Scottsdale, Arizona. Finally, the Department helped six cultural industry associations to provide export market support for their member companies. Through advertising, profiling of exports and investment on the InfoExport web site, Team Canada 1998 increased exposure of Canadian educational institutes.

**Enhance public awareness of the importance of exports and investment to job creation and prosperity for Canadians in the context of the government's jobs and growth agenda.**

Team Canada '98 to Latin America attracted more than 500 businesspeople, 80 per cent of whom represented SMEs. The progress of these companies was promoted through an aggressive media relations campaign, focusing on hundreds of smaller centres across Canada. Follow-up to the mission included an advertising supplement was published in trade journals and business magazines. Smaller ads focusing on particular companies also ran in Canadian magazines and other media under the CanadExport logo.

In the Fall of 1997, the KPMG report, which found that Canada was a cost-competitive destination for investment, was launched in Ottawa and distributed widely across the country through the International Trade Centres, in the U.S. and Europe, resulting in considerable media attention. The Department also created Team Canada Inc which included the construction of a public walk-in centre in the DFAIT lobby.

The report *Achievements of the International Business Development Program* was widely distributed with over 2000 copies reaching Members of Parliament, media and the business community. This report provides an update of the results of the Department's international business development activities.

**Implement successfully a new Canadian International Information Strategy in partnership with key government departments and the private sector, including broadcasters, cultural groups and the development assistance community.**

During 1997–98, the Department consulted over 100 leaders in the information technology, broadcasting and international development sectors to help prepare a Canadian International Information Strategy. These consultations reinforced the need to develop public-private sector partnerships.

The Department also launched an electronic information kiosk system. Kiosks were placed in public areas of Canadian embassies to enable foreigners to link to Canadian information sources.

**Improve use of the Department's outreach program to bring its major foreign policy, international trade, cultural, economic and corporate messages to key Canadian audiences through more visits by headquarters personnel and ambassadors to communities across the country.**

Through an improved outreach campaign, 26 Canadian Heads of Mission from the Asia-Pacific region undertook an extensive cross-country tour. A pilot project on video-conferencing enabled the Department to reach out to less accessible communities across Canada. The Media Relations Office increased its targeting of regional and ethnic media, foreign correspondents and Canadian journalism schools. The Department arranged for journalism and communications students to participate in co-op work positions.



## Corporate Services

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The Corporate Services business line enables the Department to achieve its mission and objectives through the delivery of cost-effective support services, including: finance, human resources, training, information management, overseas property and materiel, security, and audit and evaluation.

Summary of Spending in 1997-98 (\$ millions)	
Planned Spending	204.6
Total Authorities	258.3
Actual Spending	260.1

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

**Introduce service standards or agreements for all major functions of the Corporate Services business line, including mission administrative services, to enhance efficiency and effectiveness.**

In 1997-98, the Department introduced service standards in its Client Services and Information Technology bureaux. The standards set levels of performance for service delivery. They also provide a foundation for measuring client satisfaction and improving service.

The Client Services Bureau established service standards for every major business activity. These standards were placed on the Intranet for easy reference by clients. The Bureau monitors feedback to gauge satisfaction and then fine tunes its services to better meet the needs of clients.

The Department continued its implementation of service standards for mission administrative services, including those at the Canadian Trade Office in Taipei, where the standards were published in Canada's two official languages and Chinese. Service standards implemented in Canberra, Australia, were subject to client review and, in the majority of cases, staff achieved the standards which had been established.

**Use technology and re-engineer processes to reduce costs without affecting the quality of service.**

The Department launched a comprehensive program to renew its computing and messaging (SIGNET) environment. The modern tools, which are Year 2000 compliant, will improve communication between headquarters and staff who are stationed around the world.

To reduce costs and to improve service in the long-term, the Department introduced two new computer applications: the Integrated Management System (IMS) and Peoplesoft, a new human resource management system. Together, these applications will streamline administration and provide better information to clients more quickly.

**Develop policies to ensure human resources are well adapted to the challenge of operating diverse business lines on a worldwide scale.**

The Department began to implement its first comprehensive human resources strategy. The strategy focused on issues affecting Canadian employees such as staff re-assignment, a competency-based human resources system and the implementation of the Universal Classification Standard. This new standard will replace a 30 year old system. The human resources strategy also covered issues such as pensions and training for staff hired overseas.

**Assess the extent to which the Department has achieved the objectives of the reforms resulting from the departmental review.**

In 1997–98, the Department completed the implementation of a departmental review. In accordance with the reforms resulting from the review, a new governance structure was adopted to provide leadership and to promote corporate vision, priority-setting, teamwork and cooperation. A reduction of \$32.6 million to the Department's budget, beginning in 1998–99, was achieved by streamlining headquarters operations, downsizing missions abroad, and reducing grants and contributions. A new Department-wide business planning system was implemented to improve managerial accountability and to ensure that resources are allocated in line with departmental priorities. The Treasury Board approved management frameworks for international summits hosted in Canada and for Canadian membership in new international organizations.

**Implement a series of significant real property projects.**

During the year, property sales generated over \$24 million in revenue for the capital program—an increase of one-third from the previous year. These funds were reinvested in new and existing structures.

The Department continued to construct a diplomatic complex in Algiers, Algeria, and to renovate Canada House in London, England. Both projects were expected to be completed in the next fiscal year.

Construction began on new chanceries in Geneva, Switzerland, and Kingston, Jamaica, as well as on a staff quarters project on the compound in New Delhi, India. Following the German government's decision to move its capital from Bonn, the Department purchased a site in Berlin for a new residence and chancery. A site was also purchased in Beijing, China, to address overcrowding in the chancery.

In February 1998, when fire destroyed the chancery in Caracas, Venezuela, the Department purchased and fit-up a replacement. In Bogota, Columbia, to avoid expensive structural repairs to the existing chancery, the Department identified new office space for purchase.

**Address Year 2000 readiness issue.**

The Department is addressing the Year 2000 challenge at four distinct levels:

- technical (ensuring that its own systems are compliant);
- operational (ensuring that its missions abroad remain operational in the face of possible failures on the part of critical external service providers);
- policy (protecting Canadian interests that could be affected by a lack of Year 2000 preparedness in other countries); and
- global (encouraging other countries to act in the little time that remains).

The Department's technical response is the furthest advanced. The Department has three government-wide mission critical business functions: export and import controls, passport issuance and consular services. Seven major systems support those functions. It is anticipated that by August 1998, 57 percent of the work of reviewing and correcting these systems will be completed. It is expected that the balance of the necessary work will be completed on schedule. Nevertheless, the Department has assessed the remaining risks and developed contingency plans in case of delays. All missions and headquarters units are following the process set out in the Department's Year 2000 Compliancy Kit. This process, which deals with assets subject to Year 2000-related failure as well as mission critical functions, is 51 percent complete and is expected to be totally complete by September.

The Department recognizes that its missions abroad will play a critical role in protecting Canadian interests and individual Canadian travellers abroad in any Year 2000-related crises. It will therefore conduct mission-by-mission assessments of the risk to critical host-country infrastructure and services. Each mission is preparing contingency plans to ensure it can remain operational in the event of host-country failures.

Major policy concerns include potential disruptions to international trade (on which 40 percent of Canada's gross domestic product depends), threats to Canadian travellers (a record two to three million Canadians are expected to be abroad at the time) and risks to international security. The Department's action plan to defend Canadian interests in the face of these threats includes:

- a detailed risk assessment of potential impediments to critical trade flows, to be completed by June 1999;
- temporary increases in consular capacity in December 1999 and January 2000;
- an outreach campaign to encourage exporters and Canadian travellers to take sensible precautions; and
- proactive measures to keep ports of entry open even if support systems fail in other countries, including in the U.S.

The Department will take every opportunity to encourage other countries to take similar action. Whatever progress countries can make in the time remaining will reduce the impact on themselves, Canada and the world system.

## Services to Other Government Departments

As part of its functions, the Department provides support services to OGDs that administer programs in Canada's missions abroad. The arrangements concerning the provision of these services are set out in Memoranda of Understanding.

Summary of Spending in 1997-98 (\$ millions)	
Planned Spending	185.5
Total Authorities	187.7
Actual Spending	187.5

### *Expectations and Accomplishments*

**Review existing arrangements with OGDs, other federal agencies and provinces with representatives located in Canada's missions to develop a more appropriate way of sharing operational costs.**

The Department initiated an annual consultative process with eight OGDs to better coordinate planning, programming and budgeting for missions abroad. By coordinating these activities, the Department strengthened program delivery at several missions, assisted in containing operational costs and permitted earlier identification of accommodation requirements.

The Department and the Canadian Tourism Commission (CTC) finalized arrangements to transfer responsibility for management of the tourism program abroad to the CTC. The transfer will result in a fully-integrated national tourism program operating both in Canada and abroad. It is expected to increase the benefits of tourism to Canadians.

The Department began to renegotiate the information technology portion of its Memorandum of Understanding with Citizenship and Immigration (CIC) to better compensate the Department for CIC's share of increased telecommunications costs.

Negotiations continued with the province of Quebec to place provincial officers in Beijing, Kuala Lumpur and Shanghai. The province has agreed to reimburse the Department for any additional costs and to pay a fair share of ongoing operational costs at the three missions.

## Passport Services

In 1997–98, demand for passports increased by 10 percent over the previous year—the most significant increase of the past decade. Over the past 10 years, demand has climbed steadily, and this trend is expected to continue. Transport Canada estimates the number of Canadian international air travellers will increase by 5 percent each year through to 2016. Notwithstanding the increase in workload, the fee charged by the Passport Office has remained unchanged since January 1991.

Summary of Spending in 1997–98 (\$ millions)	
Planned Net Cash Requirement	7.4
Total Unused Authority	29.7
Actual Net Cash Requirement	1.0

Travel Document Volume (By Type)					
Product / Service	1993–94	1994–95	1995–96	1996–97	1997–98
24-page passport	1,286,065	1,365,969	1,472,096	1,347,321	1,486,173
48-page passport	15,101	15,807	17,770	16,464	18,845
Diplomatic passport	2,244	2,141	1,886	1,763	1,926
Special passport	4,179	4,803	5,174	5,493	4,013
Emergency passport	1,272	1,209	1,161	895	573
Refugee travel document	7,887	5,017	5,843	4,000	4,530
Certificate of identity	3,205	2,160	1,487	1,155	1,778
<b>Total</b>	<b>1,319,953</b>	<b>1,397,187</b>	<b>1,505,417</b>	<b>1,377,091</b>	<b>1,517,838</b>

The Passport Office's service standard is to ensure delivery of the applicant's passport within the targeted period: five days if the application is made in person at one of the 28 passport offices across Canada, and 10 days if the application is made using the mail-in option. This goal was achieved 97 percent of the time.

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

**Improve client service and cost-effectiveness and maintain integrity and security of passports by implementing Alternative Service Delivery (ASD) options such as developing new alliances with other departments, agencies, and/or the private sector to exploit core competencies and provide savings, quality service and enhanced security.**

Alternative Service Delivery refers to finding the most appropriate means of providing programs, functions, services or activities to achieve objectives. This may involve the increased use of more business-like practices such as outsourcing or partnership arrangements with OGDs or other levels of government. The ultimate goal is for all partners to save money and improve service.

During the year, the Department developed partnerships with two OGDs. In the first partnership, the Passport Office initiated two pilot projects with Citizenship and Immigration (CIC). As part of the first pilot project, CIC and the Passport Office began sharing office space in London, Ontario, in September 1997. In the second project, CIC and the Passport Office began streamlining certain operations in Edmonton, by allowing new Canadians to apply for their citizenship certificate and passport together. The Edmonton project was hampered by organizational changes in CIC, as well as office relocations at both CIC and the Passport Office. Nevertheless, when the pilot project began in December 1997, half of the eligible clients chose to benefit from the combined application process. Two additional pilot projects—shared services and common card technology—are still under discussion.

The Department also developed a partnership with Canada Post involving pilot projects in two Ontario cities. In one component of the project, citizens in Cornwall and Sudbury were given greater access to passport filing services. Instead of having to mail their passport application, they could complete an application at a Post Office. This resulted in a significant reduction in mail-in applications from the two cities. Moreover, the applications completed at the Post Office had fewer errors. Thus, preliminary results from this project indicated a faster turn-around time for clients and cost savings for the Department. The two partners also offered a deluxe passport service called FASTBACK. Through this service, the passport is delivered to the client's door for an extra \$30. To date, 26 percent of applicants who used Canada Post as their agents also used the FASTBACK service. Further development of these innovations will depend on a final evaluation of the results.

#### **Reduce burden on clients and save costs by revising the application and issuance process.**

In November 1997, a project was initiated to redesign all passport applications in order to simplify their design and improve readability, ensure the design is technologically compatible with the new passport processing information system, and enable an Internet interface. A prototype has been developed and is being tested in Winnipeg, Toronto, Quebec City and Los Angeles.

Some applicants live a fair distance from a Passport Office and need their passport urgently. To simplify the process, the Passport Office initiated a pilot project with Revenue Canada (Customs) in Halifax. Applicants can now pick up their passports at the Customs office located at the Halifax International Airport instead of travelling to the Passport Office in downtown Halifax.

The Passport Office will also provide an option to applicants who do not need their passport urgently, but still find it cumbersome to return to a Passport Office. For an additional fee, the Passport Office will mail the passport to the applicant at their home. This will be offered as a pilot project in Montreal area offices in the next fiscal year.

## SECTION IV FINANCIAL PERFORMANCE

This section includes a series of financial tables that explain the Department's financial performance in 1997–98. In these tables, amounts shown as “planned spending” represent the Department's Main Estimates, or its budget at the beginning of 1997–98. Amounts shown as “total authorities” represent the Department's Main Estimates plus Supplementary Estimates approved during the fiscal year plus unused authority within the Passport Revolving Fund.

**Table 1: Summary of Voted Appropriations (\$ millions)**

<b>Vote</b>	<b>1997–98 Planned Spending</b>	<b>1997–98 Total Authorities</b>	<b>1997–98 Actual Spending</b>
1 Operating expenditures	817.4	840.0	822.4
5 Capital expenditures	69.4	110.7	110.1
10 Grants and contributions	338.6	421.8	414.0
11 To write off debts and obligations	0.0	0.1	0.0
(S) Ministers' salary and motor car allowance	0.1	0.1	0.1
(S) Payments under the <i>Diplomatic Service (Special) Superannuation Act</i>	0.3	0.3	0.3
(S) Contributions to employee benefit plans	66.1	66.1	66.1
(S) Passport Revolving Fund	7.4	29.7	1.0
(S) Refunds of amounts credited to revenue in previous years	0.0	1.9	1.9
(S) Collection agency fees	0.0	0.1	0.1
(S) Spending of proceeds from disposal of surplus Crown assets	0.0	3.5	2.8
<b>Total Department</b>	<b>1,299.3</b>	<b>1,474.2</b>	<b>1,418.7</b>

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

Business Lines	Operating	Capital	Grants and Contribu- tions	Total Gross Spending	Less: Revenue Credited to the Vote	Total Net Spending
International Business	207.1	5.3	13.4	225.8	3.0	222.8
Development	<i>209.6</i>	<i>4.1</i>	<i>16.8</i>	<i>230.5</i>	<i>3.0</i>	<i>227.5</i>
	<b>200.5</b>	<b>4.1</b>	<b>16.8</b>	<b>221.4</b>	<b>3.0</b>	<b>218.4</b>
Trade and Economic Policy	86.6	2.0	29.0	117.6	0.0	117.6
	<i>88.5</i>	<i>1.4</i>	<i>112.0</i>	<i>201.9</i>	<i>0.0</i>	<i>201.9</i>
	<b>81.3</b>	<b>1.4</b>	<b>111.2</b>	<b>193.9</b>	<b>0.0</b>	<b>193.9</b>
International Security and Cooperation	152.8	4.3	279.3	436.4	2.7	433.7
	<i>164.1</i>	<i>5.3</i>	<i>262.9</i>	<i>432.3</i>	<i>2.7</i>	<i>429.6</i>
	<b>161.2</b>	<b>5.3</b>	<b>256.0</b>	<b>422.5</b>	<b>1.8</b>	<b>420.7</b>
Assistance to Canadians Abroad	42.3	1.2	0.0	43.5	0.0	43.5
	<i>42.2</i>	<i>1.3</i>	<i>0.0</i>	<i>43.5</i>	<i>0.0</i>	<i>43.5</i>
	<b>40.5</b>	<b>1.1</b>	<b>0.0</b>	<b>41.6</b>	<b>0.0</b>	<b>41.6</b>
Public Diplomacy	66.2	1.1	16.9	84.2	0.0	84.2
	<i>64.9</i>	<i>1.1</i>	<i>30.0</i>	<i>96.0</i>	<i>0.0</i>	<i>96.0</i>
	<b>64.6</b>	<b>1.0</b>	<b>29.9</b>	<b>95.5</b>	<b>0.0</b>	<b>95.5</b>
Corporate Services	154.9	49.4	0.3	204.6	0.0	204.6
	<i>179.2</i>	<i>91.1</i>	<i>0.3</i>	<i>270.6</i>	<i>12.3</i>	<i>258.3</i>
	<b>178.8</b>	<b>90.7</b>	<b>0.3</b>	<b>269.8</b>	<b>9.7</b>	<b>260.1</b>
Services to Other Government Departments	179.5	6.0	0.0	185.5	0.0	185.5
	<i>181.2</i>	<i>6.5</i>	<i>0.0</i>	<i>187.7</i>	<i>0.0</i>	<i>187.7</i>
	<b>181.0</b>	<b>6.5</b>	<b>0.0</b>	<b>187.5</b>	<b>0.0</b>	<b>187.5</b>
Passport Services	57.7	0.0	0.0	57.7	50.3	7.4
	<i>76.5</i>	<i>3.5</i>	<i>0.0</i>	<i>80.0</i>	<i>50.3</i>	<i>29.7</i>
	<b>51.5</b>	<b>3.5</b>	<b>0.0</b>	<b>55.0</b>	<b>54.0</b>	<b>1.0</b>
<b>Total</b>	947.1	69.3	338.9	1,355.3	56.0	1,299.3
	<i>1,006.2</i>	<i>114.3</i>	<i>422.0</i>	<i>1,542.5</i>	<i>68.3</i>	<i>1,474.2</i>
	<b>959.4</b>	<b>113.6</b>	<b>414.2</b>	<b>1,487.2</b>	<b>68.5</b>	<b>1,418.7</b>
<b>Other Revenues and Expenditures</b>						
Revenue Credited to the Consolidated Revenue Fund						145.6
						<i>204.4</i>
						<b>241.6</b>
Cost of services provided by other government departments						41.8
						<i>41.8</i>
						<b>42.5</b>
<b>Net Cost of the Program</b>						1,195.5
						<i>1,311.6</i>
						<b>1,219.6</b>

*Note: Amounts in regular font denote planned spending and revenue.*

*Amounts in italics denote total authorities for spending and revenue.*

*Amounts in bold denote actual spending and actual revenue.*



## ***Explanatory Notes to Table 2***

The Department's 1997–98 spending authorities totalled \$1,474.2 million. Of this amount, \$1,299.3 million was provided through Main Estimates. An additional \$151 million was approved through Supplementary Estimates. Moreover, the Passport Office had \$22.3 million more in unused authority than the amount included in the Main Estimates.

There are several reasons for the \$151 million increase provided through Supplementary Estimates:

- The Department made contributions totalling \$87 million to the provinces to transfer revenues from Softwood Lumber Product Export fees. Under the *Canada–United States Softwood Lumber Agreement*, the Department levies fees on exports of softwood lumber. It returns revenues from these fees annually to the provinces under the terms and conditions of a contribution agreement. These contributions account for the increase in spending authorities under the Trade and Economic Policy business line.
- The Department received an additional \$24 million for reinvestment in its real property portfolio. These funds represented the proceeds from the sale of properties no longer required by the Department. They are included under the Corporate Services business line.
- The Department was able to carry forward \$40 million of its 1996–97 appropriation to 1997–98. The carry-forward was used to fund high priority items in various business lines, such as the Team Canada visit to Latin America (International Business Development), the Asia-Pacific Economic Cooperation Summit in Vancouver (Trade and Economic Policy), the Landmines Conference (International Security and Cooperation) and new capital projects in Santiago and Tokyo (Corporate Services).

The Department also reallocated approximately \$32 million for spending on new grants and non-assessed contributions. These included contributions to the Youth International Internship Program (\$7.9 million); contributions to Simon Fraser University for a Dialogue Centre (\$2 million); higher spending in grants in lieu of taxes to municipalities (\$1 million) under the International Security and Cooperation business line; contributions to Radio Canada International of \$6 million and to TV5 of \$1 million; and increased spending of \$6.6 million on Grants in Aid of Academic Relations under the Public Diplomacy business line.

Increased spending of \$3 million was authorized under the International Business Development business line for the Program for Export Market Development. The Department obtained flexibility for funding these new grants and contributions. Resources, primarily within the International Security and Cooperation business line, became available due to a reduced rate of assessment on contributions to the UN and reduced requirements for UN peacekeeping operations.

The Department's expenditures for 1997–98 totalled \$1,418.7 million, or \$55.5 million less than the spending authority of \$1,474.2 million. Reasons for this difference include:

- The Department spent less than planned on operations abroad due to currency exchange gains of approximately \$8 million.
- A reduced rate of assessment for contributions to the United Nations accounted for an \$8 million surplus within the International Security and Cooperation and Trade and Economic Policy business lines.

- The Department planned a surplus of \$10 million which can be carried forward to address funding pressures in 1998–99.
- The Passport Office Revolving Fund had cash requirements of only \$1 million, or \$28.7 million less than its accumulated authority at the beginning of 1997–98.

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

<b>Business Lines</b>	<b>Actual Spending 1995–96</b>	<b>Actual Spending 1996–97</b>	<b>Planned Spending 1997–98</b>	<b>Total Authorities 1997–98</b>	<b>Actual Spending 1997–98</b>
International Business Development	228.5	228.8	222.8	227.5	218.4
Trade and Economic Policy	108.8	112.3	117.6	201.9	193.9
International Security and Cooperation	455.4	400.6	433.7	429.6	420.7
Assistance to Canadians Abroad	37.4	41.1	43.5	43.5	41.6
Public Diplomacy	81.9	93.4	84.2	96.0	95.5
Corporate Services	212.4	218.6	204.6	258.3	260.1
Services to Other Government Departments	183.4	179.0	185.5	187.7	187.5
Passport Services	-6.6	-2.4	7.4	29.7	1.0
<b>Total</b>	<b>1,301.2</b>	<b>1,271.4</b>	<b>1,299.3</b>	<b>1,474.2</b>	<b>1,418.7</b>

**Table 4: Crosswalk between Old Resource Allocation and New Allocation**

This table is not applicable to the Department.

**Table 5: Resource Requirements by Organization and Business Line (\$ millions)**

Organizations	Business Lines								Totals
	International Business Development	Trade and Economic Policy	International Security and Cooperation	Assistance to Canadians Abroad	Public Diplomacy	Corporate Services	Services to Other Gov't Departments	Passport Services	
Executive Offices	0.0	0.0	0.0	0.0	0.0	6.8	0.0	0.0	6.8
	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>5.8</i>	<i>0.0</i>	<i>0.0</i>	<i>5.8</i>
	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>5.5</b>	<b>0.0</b>	<b>0.0</b>	<b>5.5</b>
Legal Adviser	0.0	0.0	11.0	0.0	0.0	0.0	0.0	0.0	11.0
	<i>0.0</i>	<i>0.0</i>	<i>13.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>13.0</i>
	<b>0.0</b>	<b>0.0</b>	<b>10.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>10.2</b>
Global and Security Policy	0.1	10.6	347.9	0.4	1.2	0.0	3.2	0.0	363.4
	<i>0.1</i>	<i>6.2</i>	<i>327.1</i>	<i>0.3</i>	<i>0.8</i>	<i>0.0</i>	<i>2.5</i>	<i>0.0</i>	<i>337.0</i>
	<b>0.1</b>	<b>6.8</b>	<b>321.8</b>	<b>0.3</b>	<b>0.9</b>	<b>0.0</b>	<b>2.8</b>	<b>0.0</b>	<b>332.7</b>
Trade and Economic Policy	0.0	58.5	0.2	0.0	0.0	0.0	0.2	0.0	58.9
	<i>0.0</i>	<i>143.2</i>	<i>0.2</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.1</i>	<i>0.0</i>	<i>143.5</i>
	<b>0.0</b>	<b>134.8</b>	<b>0.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>	<b>0.0</b>	<b>135.1</b>
International Business, Passport, and Consular Services	62.9	0.0	0.0	3.3	0.0	0.0	0.0	0.0	66.2
	<i>54.0</i>	<i>0.0</i>	<i>0.0</i>	<i>7.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>61.0</i>
	<b>45.0</b>	<b>0.0</b>	<b>0.0</b>	<b>5.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>50.2</b>
Communications and Policy Planning	0.0	0.0	3.6	0.0	25.3	0.0	0.0	0.0	28.9
	<i>0.0</i>	<i>0.0</i>	<i>4.6</i>	<i>0.0</i>	<i>47.6</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>52.2</i>
	<b>0.0</b>	<b>0.0</b>	<b>3.9</b>	<b>0.0</b>	<b>47.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>51.1</b>
Corporate Services	0.0	0.0	0.0	0.0	0.0	197.8	0.0	0.0	197.8
	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>252.5</i>	<i>0.0</i>	<i>0.0</i>	<i>252.5</i>
	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>254.6</b>	<b>0.0</b>	<b>0.0</b>	<b>254.6</b>
Americas and Security	45.9	15.4	17.2	11.4	13.5	0.0	38.8	0.0	142.2
	<i>52.0</i>	<i>16.4</i>	<i>21.8</i>	<i>11.4</i>	<i>12.7</i>	<i>0.0</i>	<i>40.1</i>	<i>0.0</i>	<i>154.4</i>
	<b>50.8</b>	<b>16.0</b>	<b>21.3</b>	<b>11.1</b>	<b>12.4</b>	<b>0.0</b>	<b>38.9</b>	<b>0.0</b>	<b>150.5</b>
Europe, Middle East and North Africa	53.8	22.1	32.5	18.6	29.6	0.0	63.7	0.0	220.3
	<i>55.6</i>	<i>18.3</i>	<i>34.8</i>	<i>16.4</i>	<i>21.9</i>	<i>0.0</i>	<i>66.6</i>	<i>0.0</i>	<i>213.6</i>
	<b>55.5</b>	<b>18.2</b>	<b>34.7</b>	<b>16.4</b>	<b>21.8</b>	<b>0.0</b>	<b>66.3</b>	<b>0.0</b>	<b>212.9</b>
Asia, Pacific and Africa	60.1	11.0	21.3	9.8	14.6	0.0	79.6	0.0	196.4
	<i>65.8</i>	<i>17.8</i>	<i>28.1</i>	<i>8.4</i>	<i>13.0</i>	<i>0.0</i>	<i>78.4</i>	<i>0.0</i>	<i>211.5</i>
	<b>67.0</b>	<b>18.1</b>	<b>28.6</b>	<b>8.6</b>	<b>13.2</b>	<b>0.0</b>	<b>79.4</b>	<b>0.0</b>	<b>214.9</b>
Passport Office	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.4	7.4
	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>29.7</i>	<i>29.7</i>
	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>1.0</b>	<b>1.0</b>
<b>Total</b>	222.8	117.6	433.7	43.5	84.2	204.6	185.5	7.4	1,299.3
	<i>227.5</i>	<i>201.9</i>	<i>429.6</i>	<i>43.5</i>	<i>96.0</i>	<i>258.3</i>	<i>187.7</i>	<i>29.7</i>	<i>1,474.2</i>
	<b>218.4</b>	<b>193.9</b>	<b>420.7</b>	<b>41.6</b>	<b>95.5</b>	<b>260.1</b>	<b>187.5</b>	<b>1.0</b>	<b>1,418.7</b>

*Note: Amounts in regular font denote planned spending.  
Amounts in italics denote total authorities.  
Amounts in bold denote actual spending.*

**Table 6: Revenues to the Vote (\$ millions)**

<b>Business Lines</b>	<b>Actual Revenues 1995-96</b>	<b>Actual Revenues 1996-97</b>	<b>Planned Revenues 1997-98</b>	<b>Total Authorities 1997-98</b>	<b>Actual Revenues 1997-98</b>
International Business Development	0.4	0.1	3.0	3.0	3.0
Trade and Economic Policy	0.0	0.0	0.0	0.0	0.0
International Security and Cooperation	1.2	2.0	2.7	2.7	1.8
Assistance to Canadians Abroad	0.0	0.0	0.0	0.0	0.0
Public Diplomacy	0.0	0.0	0.0	0.0	0.0
Corporate Services	0.0	0.0	0.0	12.3	9.7
Services to Other Government Departments	0.0	0.0	0.0	0.0	0.0
Passport Services	53.4	48.9	50.3	50.3	54.0
<b>Total Revenues Credited to the Vote</b>	<b>55.0</b>	<b>51.0</b>	<b>56.0</b>	<b>68.3</b>	<b>68.5</b>

**Table 7: Revenues to the Consolidated Revenue Fund (\$ millions)**

<b>Business Lines</b>	<b>Actual Revenues 1995-96</b>	<b>Actual Revenues 1996-97</b>	<b>Planned Revenues 1997-98</b>	<b>Total Authorities 1997-98</b>	<b>Actual Revenues 1997-98</b>
International Business Development	3.9	3.7	2.5	2.6	3.0
Trade and Economic Policy	12.6	54.8	13.8	112.8	112.3
International Security and Cooperation	2.3	2.7	0.0	0.0	3.1
Assistance to Canadians Abroad	15.6	35.2	35.3	36.8	38.8
Public Diplomacy	0.0	0.0	0.0	0.0	0.0
Corporate Services	51.0	47.1	92.7	52.2	84.3
Services to Other Government Departments	243.8	5.6	0.0	0.0	0.1
Passport Services	0.0	0.0	1.3	0.0	0.0
<b>Total Revenues Credited to the CRF</b>	<b>329.2</b>	<b>149.1</b>	<b>145.6</b>	<b>204.4</b>	<b>241.6</b>

**Table 8: Statutory Payments (\$ millions)**

<b>Business Lines</b>	<b>Actual Spending 1995-96</b>	<b>Actual Spending 1996-97</b>	<b>Planned Spending 1997-98</b>	<b>Total Authorities 1997-98</b>	<b>Actual Spending 1997-98</b>
International Business Development	13.9	14.1	16.5	16.5	16.0
Trade and Economic Policy	5.8	6.3	7.9	7.9	6.8
International Security and Cooperation	8.0	9.0	10.1	10.1	10.3
Assistance to Canadians Abroad	2.4	2.8	3.3	3.3	3.3
Public Diplomacy	4.1	5.0	6.0	6.0	5.4
Corporate Services	12.4	13.4	9.3	14.8	15.5
Services to Other Government Departments	10.1	13.2	13.4	13.4	14.0
Passport Services—Revolving Fund Deficit/(Surplus)	-6.6	-2.4	7.4	29.7	1.0
<b>Total Statutory Payments</b>	<b>50.1</b>	<b>61.4</b>	<b>73.9</b>	<b>101.7</b>	<b>72.3</b>

Table 9: Transfer Payments (\$ millions)

Business Lines	Actual Spending 1995-96	Actual Spending 1996-97	Planned Spending 1997-98	Total Authorities 1997-98	Actual Spending 1997-98
<b>Grants</b>					
International Business Development	1.4	4.9	2.2	0.9	0.9
Trade and Economic Policy	0.0	0.0	0.0	0.0	0.0
International Security and Cooperation	7.5	8.0	5.8	6.9	6.9
Assistance to Canadians Abroad	0.0	0.0	0.0	0.0	0.0
Public Diplomacy	18.7	19.8	16.9	23.0	22.9
Corporate Services	0.3	0.3	0.3	0.3	0.3
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>27.9</b>	<b>33.0</b>	<b>25.2</b>	<b>31.1</b>	<b>31.0</b>
<b>Contributions</b>					
International Business Development	14.8	14.7	11.2	15.9	15.9
Trade and Economic Policy	30.0	27.5	29.0	112.0	111.2
International Security and Cooperation	293.8	251.7	273.5	256.0	249.1
Assistance to Canadians Abroad	0.0	0.0	0.0	0.0	0.0
Public Diplomacy	8.4	6.0	0.0	7.0	7.0
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>347.0</b>	<b>299.9</b>	<b>313.7</b>	<b>390.9</b>	<b>383.2</b>
<b>Total Transfer Payments</b>	<b>374.9</b>	<b>332.9</b>	<b>338.9</b>	<b>422.0</b>	<b>414.2</b>

**Table 10: Capital Spending by Business Line (\$ millions)**

<b>Business Lines</b>	<b>Actual Spending 1995-96</b>	<b>Actual Spending 1996-97</b>	<b>Planned Spending 1997-98</b>	<b>Total Authorities 1997-98</b>	<b>Actual Spending 1997-98</b>
International Business Development	5.9	4.7	5.3	4.1	4.1
Trade and Economic Policy	1.8	2.2	2.0	1.4	1.4
International Security and Cooperation	6.8	2.9	4.3	5.3	5.3
Assistance to Canadians Abroad	1.5	1.5	1.2	1.3	1.1
Public Diplomacy	1.1	1.3	1.1	1.1	1.0
Corporate Services	64.6	71.8	49.4	91.1	90.7
Services to Other Government Departments	7.0	7.7	6.0	6.5	6.5
Passport Services	0.0	0.0	0.0	3.5	3.5
<b>Total Capital Spending</b>	<b>88.7</b>	<b>92.1</b>	<b>69.3</b>	<b>1,14.3</b>	<b>113.6</b>

Table 11: Capital Projects by Business Line (\$ millions)

Business Lines / Projects	Current Estimated Total Cost	Actual Spending 1995-96	Actual Spending 1996-97	Planned Spending 1997-98	Total Authorities 1997-98	Actual Spending 1997-98
<b>Corporate Services</b>						
Construction of diplomatic complex, Algiers	33.1	1.0	10.4	12.0	13.7	13.7
Chancery lease, Bangkok	1.4			1.2	1.4	1.2
Purchase of compound, Beijing	31.0				9.6	9.6
Construction of chancery, Berlin	34.2		0.1		1.7	1.7
Construction of official residence, Berlin	6.8				3.0	3.0
Purchase of official residence, Boston	2.0		1.6	0.6	0.4	0.4
Construction of 2 staff quarters, Budapest	1.1	0.3	0.1	1.1	1.1	0.7
Construction of chancery, Cairo	22.9	1.4	1.1	5.6	5.6	0.6
Purchase of chancery, Caracas	14.5				1.7	1.7
Construction of chancery, Geneva	21.3	5.2	7.0	7.5	7.5	0.3
Construction of chancery, Kingston	13.6	1.4	0.1	3.0	3.0	2.9
Official residence and staff quarter development, Kuala Lumpur	5.1			0.6		
Renovation of Canada House, London	18.0	0.2	1.7	7.0	14.4	14.4
Construction of 13 staff quarters, Moscow	10.0		0.1	4.0	4.0	0.0
Construction of chancery, Nairobi	15.7		1.2	1.1	1.1	0.0
Construction of chancery addition, New Delhi	25.2	5.7	4.4	0.7	0.7	0.3
Construction of 18 staff quarters, New Delhi	9.5		0.7	3.0	3.4	3.4
Consulate General lease, New York	1.7		0.5	0.4	1.1	1.1
Purchase of chancery, Santiago	8.9	5.0	2.5		0.1	0.1
Construction of chancery and staff quarters, Seoul	53.1	0.2	0.1	2.5	0.8	0.8
Construction of 19 staff quarters, Tokyo	14.4	0.4	0.8		0.1	0.1
<b>Passport Services</b>						
Passport Office, Technology Enhancement Project (TEP)	19.5	2.2	4.4	5.3	5.3	3.6
Other capital projects	4.6	0.2			4.0	4.0
<b>Total Capital Projects</b>	<b>367.5</b>	<b>23.2</b>	<b>36.8</b>	<b>55.6</b>	<b>83.7</b>	<b>63.6</b>



**Table 12: Status of Major Crown Projects**

This table is not applicable to the Department.

**Table 13: Loans, Investments and Advances**

This table is not applicable to the Department.

**Table 14: Passport Revolving Fund Financial Statement (\$ millions)**

	<b>Actual 1995-96</b>	<b>Actual 1996-97</b>	<b>Planned 1997-98</b>	<b>Authorities 1997-98</b>	<b>Actual 1997-98</b>
<b>Revenues</b>	53.4	48.9	48.7	51.7	54.3
<b>Expenses</b>	44.4	42.5	49.8	56.6	48.6
Profit or (Loss)	<b>9.0</b>	<b>6.4</b>	<b>-1.1</b>	<b>-4.9</b>	<b>5.7</b>
Add items not requiring use of funds:					
Amortization	1.4	1.3	1.3	1.3	1.1
Provision for employee termination benefits	0.5	0.3	0.5	0.5	1.9
Changes in working capital	-2.3	2.0	-0.2	-0.2	3.3
Net capital acquisitions and other changes	-2.0	-7.6	-7.9	-7.9	-13.0
Cash surplus (requirement)	<b>6.6</b>	<b>2.4</b>	<b>-7.4</b>	<b>-11.2</b>	<b>-1.0</b>
Deletion of surplus	-5.8	0.0	0.0	0.0	0.0
Authority: cumulative surplus (drawdown)	<b>27.3</b>	<b>29.7</b>	<b>22.3</b>	<b>18.5</b>	<b>28.7</b>

**Table 15: Contingent Liabilities (\$ millions)**

	Amount of Contingent Liability		
	March 31 1996	March 31 1997	Current as of March 31, 1998
<b>Loans</b>			
Parliamentary approved loan guarantees made by Canadian financial institutions in accordance with terms and conditions approved by the Minister of Finance to the Government of Romania	37.5	24.0	24.0
<b>Pending and Threatened Litigation</b>	11.5	11.5	10.9
<b>Total</b>	<b>49.0</b>	<b>35.5</b>	<b>34.9</b>

**Table 16: Canada-based Personnel Expressed as Full-time Equivalents (FTEs)**

Business Lines	Planned Utilization 1997-98	Total Utilization Authorities 1997-98	Actual Utilization 1997-98
International Business Development	471	468	450
Trade and Economic Policy	419	451	434
International Security and Cooperation	585	600	578
Assistance to Canadians Abroad	96	97	93
Public Diplomacy	212	185	178
Corporate Services	1,461	1,441	1,386
Services to Other Government Departments	39	40	38
Passport Services	571	571	544
<b>Total</b>	<b>3,854</b>	<b>3,853</b>	<b>3,701</b>

## SECTION V CONSOLIDATED REPORTING

### Sustainable Development Strategies

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The Department tabled its sustainable development strategy, known as *Agenda 2000*, in the House of Commons on December 10, 1997. The Department believes that sustainable development integrates economic growth and social development with the need to preserve our vast natural and rich human environment.

#### ***Key Goals and Objectives***

Agenda 2000 has four goals:

- cooperative international action on issues of global concern supported by an international system in which world trade and international business, social equity and environmental protection are mutually supportive objectives;
- enhanced global peace and security supported by the rule of law;
- the projection of Canadian values such as democratic development, human rights, the reduction of poverty, social equity and diversity as vital contributions to the well-being of peoples around the world; and
- the integration of sustainable development considerations into decision-making as part of responsible management and delivery of programs and operations.

Under these four broad objectives, the Department identified 52 specific areas for action. Some had clear, short-term objectives while others had more long-term goals that were not easily measured.

#### ***Performance Measurement Strategy***

The Department developed an internal monitoring system to keep track of progress on each of the 52 items in *Agenda 2000*. The first progress report was to be posted on the Department's Sustainable Development web site early in the next fiscal year. See <http://www.dfait-maeci.gc.ca/sustain/commiss/toc-e.asp>.

#### ***Progress to Date***

The Department has already reported on many of these items in Section III, Departmental Performance. To simplify this report, we have indicated the relevant business line and page number below.

Issue	Business Line	Page
APEC	International Security and Cooperation	25
The Arctic Council	International Security and Cooperation	26
Climate change	International Security and Cooperation	27
Transboundary pollutants	International Security and Cooperation	27

### ***Stewardship Performance***

*Agenda 2000* listed actions to systematize the “greening” of the Department’s operations. In 1997–98, a committee chaired by the Assistant Deputy Minister, Corporate Services was created to put an Environmental Management System (EMS) into place. In addition, the Department has:

- issued internal instructions to guide annual bureau business plans;
- developed a baseline data bank of operations to measure green improvements;
- applied the “government’s best practices” in such areas as water and energy conservation;
- conducted environmental assessments of projects outside Canada;
- incorporated “environmental considerations” into Memoranda to Cabinet; and
- advised on the greening of conferences, exhibitions and large events.

### ***Corrective Action***

The Commissioner for the Environment and Sustainable Development has noted that most departments need to improve performance management and establish clear targets. This presents a special challenge to the Department of Foreign Affairs and International Trade. So much of the activity related to sustainable development involves international negotiations involving organizations and governments from 160 countries. In such cases, progress is measured in increments rather than in clearly defined steps.

The Department has two strategies to address the measurement issue. First, it will measure achievement on a specific action by charting progress since the last reporting period. It will also suggest expected results for the next period. Second, strategic priorities will be redefined over time to focus on specific and perhaps more easily measured activities. In these ways, the Department will come closer to measuring its progress toward sustainable development.

## Regulatory Initiatives

In this section, the Department summarizes the performance of its regulatory initiatives. It is intended to provide performance information that was formerly reported in the Federal Regulatory Plan. The table below outlines performance related to the *Export and Import Permits Act*.

Purpose of legislative or regulatory initiative	Expected results	Performance Measurement criteria	Results achieved
Under section 6 of the <i>Export and Import Permits Act</i> (EIPA) the Governor-in-Council can amend the Area Control List (ACL) to include any country that the Minister of Foreign Affairs deems necessary to carry out the application of the Act.	<i>“short term”</i> Add Burma (Myanmar) to the ACL.	<i>“short term”</i> Require exporters of any goods to apply for and possess an export permit.	<i>“short term”</i> A small increase in the number of export permits.
	<i>“long term”</i> Keep certain countries on the ACL as appropriate for foreign policy reasons. Motivate Burma to improve its human rights records.	<i>“long term”</i> Maintain the requirement for export permits until the required results are achieved. Encourage other like-minded countries to take similar action which hopefully would force the Burmese government to change for the better.	<i>“long term”</i> A limited number of export permits is expected. Banning exports of non-essential goods will have an effect on the viability of the Burmese government.
Under section 12 of the EIPA the Governor-in-Council may make regulations for, <i>inter alia</i> , the administration of the export permit requirements.	<i>“short term”</i> Update and simplify the process of applying for export permits.	<i>“short term”</i> Ensure exporters can meet requirements for permits more easily.	<i>“short term”</i> New regulations are more concise and more easily understood. Export permit applications are completed more thoroughly and more consistently.
	<i>“long term”</i> Ensure that procedures are both easily understood by the exporting community and legally defensible.	<i>“long term”</i> Ensure that regulations remain current and well understood.	<i>“long term”</i> Regulations are adjusted as required to meet the needs of the exporting community.

## SECTION VI OTHER INFORMATION

### A. Evaluation Reports and Internal Audits

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During 1997–98, the Department completed evaluation reports on:

- Team Canada
- African Great Lakes Crisis
- Global and Human Issues Bureau Resource Review
- WINExport, Client Tracking Process
- Information Management Technology Support Review

Internal audits were conducted at the following missions: Madrid, The Hague, Bonn, Berlin, Munich, Dusseldorf, Hamburg, Nairobi, Beijing, Shanghai, Hong Kong, Guangzhou, Manila, Seoul, Taipei, Chicago, London, Bucharest, Moscow, St. Petersburg, Kiev, Abidjan, Bamako, Niamey and Ouagadougou.

### B. Statutes and Regulations Currently in Force

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#### *Statutes*

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 Waters Treaty Act*, RSC 1985, c. I-17
- *International Development (Financial Institutions) Assistance Act*, SC 1980–81–82–83, c. 73
- *International Development (Financial Institutions) Assistance Act*, RSC 1985, c. 1-18
- *Privileges and Immunities (NATO) Act*, RSC 1985, c. P-24
- *Prohibition of International Air Services Act*, RSC 1985, c. P-25
- *Special Economic Measures Act*, SC 1992, c. 17
- 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:

- *Canada Transportation Act*, SC 1996, c. 10, s. 76
- *Canadian Environmental Assessment Act*, SC 1992, c. 37, s. 40, s. 47, s. 58
- *Canadian Laws Offshore Applications Act*, SC 1990, c. 44, s. 10
- *Canadian Security Intelligence Service Act*, RSC 1985, c. C-23, s. 13, s. 16, s. 17, s. 19
- *Citizenship Act*, RSC 1985, c. C-29, s. 3, s. 23
- *Coasting Trade Act*, SC 1992, c. 31, s. 3, s. 11
- *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. 53
- *Excise Tax Act*, RSC 1985, c. E-15, s. 68.3
- *Foreign Enlistment Act*, RSC 1985, c. F-28, s. 7
- *Foreign Extraterritorial Measures Act*, RSC 1985, c. F-29, s. 5
- *The Geneva Conventions Act*, RSC 1985, c. G-3, s. 6, s. 9
- *Immigration Act*, RSC 1985, c. I-2, s. 116
- *Motor Vehicle Transport Act*, 1987, RSC 1985, c. M-12.01, s. 17
- *Mutual Legal Assistance in Criminal Matters Act*, RSC 1985, c. M-13.6, s. 6
- *Oceans Act*, SC 1996, c. 31, s. 25, s. 42, s. 44
- *Revolving Funds Act*, RSC 1985, c. R-8, s. 4
- *Canada Shipping Act*, RSC 1985, c. S-9, s. 632.4
- *State Immunity Act*, RSC 1985, c. S-18, s. 9, s. 14, s. 15
- *Teleglobe Canada Reorganization and Divestiture Act*, SC 1987, c. 12, s. 8

The 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. 1 to 8 and Parts I and III
- *Canada–Israel Free Trade Agreement Implementation Act*, SC 1996, c. 33, s. 1 to 7 and Parts I and III
- *Canada–United States Free Trade Agreement Implementation Act*, RSC 1988, c. 65, s. 1 to 7 and Parts I and V
- *North American Free Trade Agreement Implementation Act*, SC 1993, c. 44, s. 1 to 9 and Parts I and III
- *Special Import Measures Act*, RSC 1985, c. S-15, Parts I.1, and II
- *World Trade Organization Agreement Implementation Act*, SC 1994, c. 47, s. 1 to 7 and Parts I and III

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

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

## C. Further Information Sources

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### Parliamentary Liaison Officers

General Inquiries (613) 944-0389

### Media Relations Office

General Inquiries (613) 944-5153

### InfoCentre for Department of Foreign Affairs and International Trade

125 Sussex Drive  
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### Regulatory Affairs for the Department of Foreign Affairs and International Trade

Coordinator of Regulatory Affairs  
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**Canadian Commercial Corporation**

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(613) 996-0034

**International Joint Commission**

100 Metcalfe Street, 18th Floor  
Ottawa, Ontario  
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(613) 995-2984

**International Development Research Centre**

250 Albert Street, P.O. Box 8500  
Ottawa, Ontario  
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(613) 236-6163

**Northern Pipeline Agency**

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Ottawa, Ontario  
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(613) 993-7466

**Canadian Secretariat (NAFTA)**

90 Sparks Street, Suite 705  
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(613) 992-9388

**International Centre for Human Rights  
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