



Department of Foreign Affairs and International Trade



For the
period ending
March 31, 1997



Improved Reporting to Parliament —
Pilot Document

Canada

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Foreword

On April 24, 1997, the House of Commons passed a motion dividing what was known as the *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*. It also required 78 departments and agencies to table these reports on a pilot basis.

This decision grew out of work by Treasury Board Secretariat and 16 pilot departments to fulfil the government's commitments to improve the expenditure management information provided to Parliament and to modernize the preparation of this information. These undertakings, aimed at sharpening the focus on results and increasing the transparency of information provided to Parliament, are part of a broader initiative known as "Getting Government Right".

This *Departmental Performance Report* responds to the government's commitments and reflects the goals set by Parliament to improve accountability for results. It covers the period ending March 31, 1997 and reports performance against the plans presented in the department's *Part III of the Main Estimates* for 1996-97.

Accounting and managing for results will involve sustained work across government. Fulfilling the various requirements of results-based management – specifying expected program outcomes, developing meaningful indicators to demonstrate performance, perfecting the capacity to generate information and report on achievements – is a building block process. Government programs operate in continually changing environments. With the increase in partnering, third party delivery of services and other alliances, challenges of attribution in reporting results will have to be addressed. The performance reports and their preparation must be monitored to make sure that they remain credible and useful.

This report represents one more step in this continuing process. The government intends to refine and develop both managing for results and the reporting of the results. The refinement will come from the experience acquired over the next few years and as users make their information needs more precisely known. For example, the capacity to report results against costs is limited at this time; but doing this remains a goal.

This report is accessible electronically from the Treasury Board Secretariat Internet site:
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Department of Foreign Affairs and International Trade

Performance Report

**For the
period ending
March 31, 1997**

Minister of Foreign Affairs

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Abbreviations

ACCT	Agence de coopération culturelle et technique	ILO	International Labour Organization
ADIP	Anti-Drug Information Program	IMF	International Monetary Fund
AECL	Atomic Energy of Canada Limited	IPF	Intergovernmental Panel on Forests
APEC	Asia-Pacific Economic Cooperation	ISO	International Standards Organisation
APM	Anti-personnel landmines	ITA	Information Technology Agreement
ACRS	Arms Control and Regional Security	IUCN	International Union for the Conservation of Nature
ARF	ASEAN Regional Forum	LRTAP	Long-range Transboundary Air Pollution
ASEAN	Association of South East Asian Nations	MIF	Multilateral Investment Fund
ATC	Agreement on Textiles and Clothing	MINUGUA	UN Verification Mission in Guatemala
CTBT	Comprehensive Test Ban Treaty	MNF	Multinational force
CCFM	Canadian Council of Forestry Ministers	NAFTA	North American Free Trade Agreement
CCMC	Canadian Construction Materials Centre	NATO	North Atlantic Treaty Organization
CCW	Convention on Certain Weapons	NGOs	non-governmental organizations
CFE	Conventional Forces in Europe	NLGA	National Lumber Grading Authority
CIBS	Canadian International Business Strategy	NORAD	North American Aerospace Defence [Command]
CIC	Citizenship and Immigration Canada	OAS	Organization of American States
CIDA	Canadian International Development Agency	OAU	Organization of African Unity
CRF	Consolidated Revenue Fund	OECD	Organisation for Economic Co-operation and Development
DAC	Development Assistance Committee	OSCAR	optimized system for capturing, archiving, and retrieval
DART	Disaster Assistance Response Team	OSCE	Organization for Security and Co-operation in Europe
DFAIT	Department of Foreign Affairs and International Trade	P-8	G-7 plus Russia
EBRD	European Bank for Reconstruction and Development	PEMD	Program for Export Market Development
EDC	Export Development Corporation	PLA	People's Liberation Army
EU	European Union	RSC	Revised Statutes of Canada
FIPA	Foreign Investment Promotion and Protection Agreement	SC	Statutes of Canada
FTAA	Free-Trade Area of the Americas	SFOR	Stabilization Force
FTE	full-time equivalent	SMEs	small and medium-sized enterprises
G-7	Group of Seven Leading Industrialized Nations [Canada, France, Germany, Italy, Japan, United Kingdom, United States]	TEP	Technology Enhancement Project
IAEA	International Atomic Energy Agency	UN	United Nations
IBD	International Business Development	UNDCP	U.N. Drug Control Program
IBOC	International Business Opportunities Centre	UNDOF	U.N. Disengagement Observer Force
ICAO	International Civil Aviation Organization	UNICEF	United Nations National Children's Fund
IDP	Investment Development Program	UNPF	United Nations Population Fund
IFPP	International Forestry Partnership Program	WIPO	World Intellectual Property Organization
		WTO	World Trade Organization

Section I. Ministers' Message

This Performance Report is the Department's first separate statement to Parliament of the results it has achieved with the taxpayers' funds it has been voted. It shows clearly, as have previous reports included in the Estimates, the extraordinary extent and diversity of the Department's, and Canada's, accomplishments in every corner of the world. This commitment to active participation in the economic, political, social, and cultural life of our planet is a reflection of the inescapable pressures of globalization and of the unmistakable desire of Canadians to be engaged, and to see their country engaged, internationally. Indeed, the Department could not achieve the results it reports were it not for the partnerships it has forged and continues to forge with Canadians. Business people who participate in trade missions, non-governmental organizations that contribute to policy consultations, artists who perform or exhibit abroad – each in his, her, or its own way symbolizes the different dimensions of Canada's foreign and trade policy and the constructive relationships between the Department and Canadian society that make this policy possible. In a time of declining budgets and ceaseless demands, the Department must continue to search for such partnerships if it is to meet the expectations of Canadians. Meeting those expectations will also be a continuing challenge for the Department's Canadian and local employees around the world. This Report and the accomplishments it documents are, in many ways, a statement of the accomplishments of these employees as representatives and servants of Canada. They can be proud of the Department's achievements in difficult conditions, as are we.

Sergio Marchi
Minister for International Trade

Lloyd Axworthy
Minister of Foreign Affairs

Section II. Departmental Overview

Mandate, Roles, and Responsibilities

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

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

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

The Department has four basic roles, which flow from its legal mandate. They are:

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

Objectives and Strategic Priorities

The strategic direction given to the Department's mandate and role comes from the three key objectives of Canada's foreign policy, as set out in the government's 1995 foreign policy statement, *Canada in the World*:

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

The provision of quality services, directly to Canadians or indirectly through other departments and levels of government with programs overseas, constitutes the Department's fourth objective.

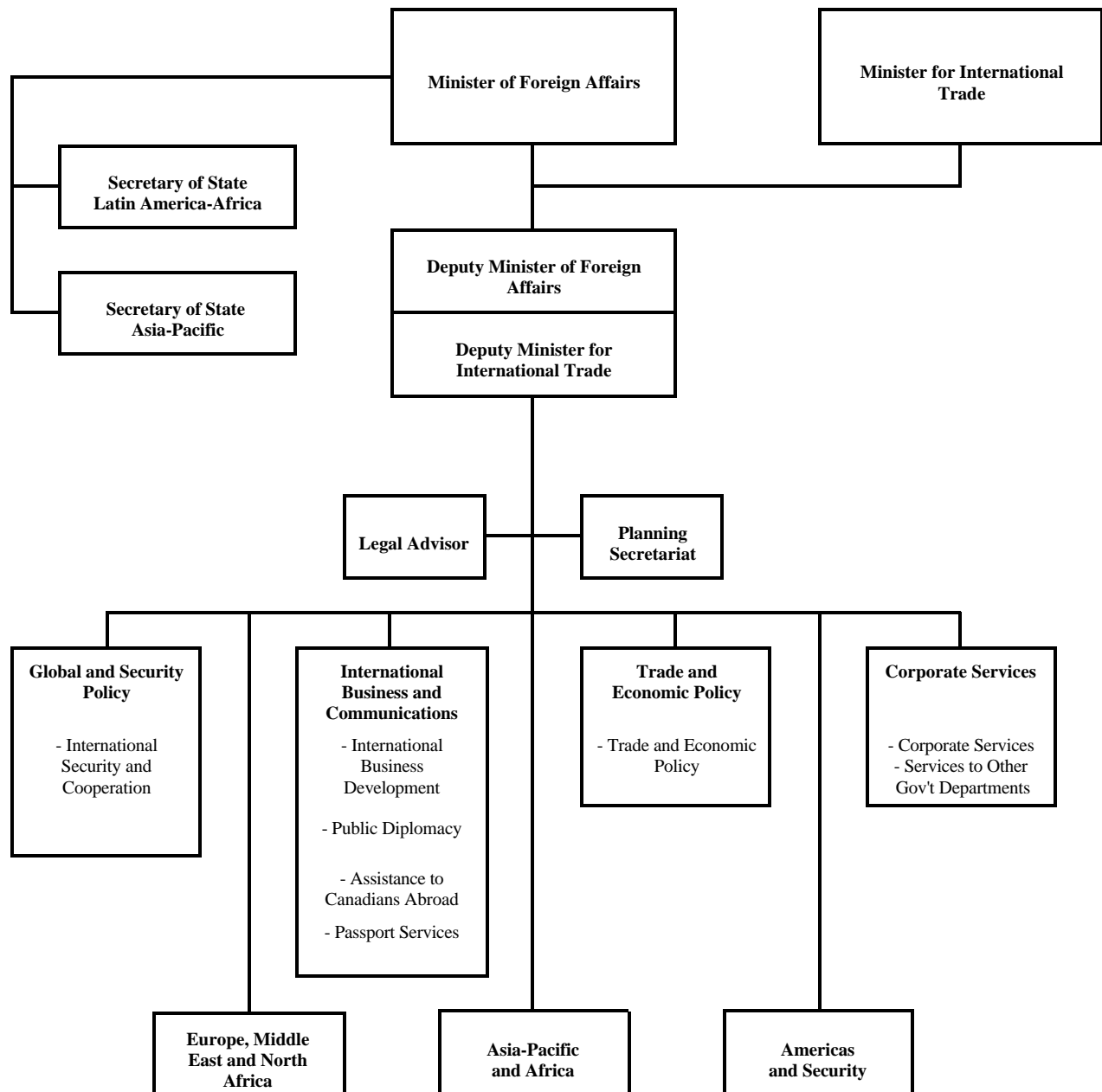
Business and Service Lines and Organization Composition

Organization Composition and Business Lines

The Department of Foreign Affairs and International Trade (DFAIT) has defined eight business lines as the link between its strategic objectives and its operational activities. The figure on page 4 illustrates the relationship between the business lines and the organizational structure of the Department, and shows the "functional" and "geographic" areas, as well as corporate services, all of which are headed by assistant deputy ministers.

The functional assistant deputy ministers are responsible for developing coherent, effective global policies and initiatives aimed at achieving the objectives of each business line on a worldwide scale. The geographic assistant deputy ministers are charged with the implementation of each business line within their respective regions and with ensuring that the global business line policies and initiatives are consistent with the development and maintenance of effective and coherent relationships between Canada and each country.

Organization of the Department



The objectives of the business lines are shown in the figure below, which also indicates how they support the Department's strategic objectives and lists the beneficiaries of, or partners in, the Department's services.

Links Between the Department's Business Lines, Strategic Objectives, and Partners/Beneficiaries

Business Line Objective	Strategic Objective Supported	Partners/Beneficiaries
<p><i>International Business Development</i></p> <p>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.</p>	<p>The promotion of prosperity and employment</p> <p>The provision of quality services to Canadians</p> <p>The projection of Canadian values and culture</p>	<p>Canadian exporters and export-ready firms</p> <p>Investors and investment-seeking firms</p> <p>Workers in the export sector</p> <p>Provincial governments and municipalities</p>
<p><i>Trade and Economic Policy</i></p> <p>Create jobs and prosperity in Canada by effectively managing Canada's trading relationships with the United States and liberalizing trade and capital flows around the world, based on clear and equitable rules.</p>	<p>The promotion of prosperity and employment</p> <p>The protection of our security within a stable global framework</p>	<p>Canadian exporters, export-ready firms and workers in the international sector of the economy</p> <p>Canadian importers and consumers</p> <p>Canadian firms and workers in vulnerable and sensitive sectors</p> <p>Investors and investment-seeking firms</p> <p>Provincial governments</p>
<p><i>International Security and Cooperation</i></p> <p>Promote a peaceful, law-based international system that reflects Canadian values and in which Canada is secure from threats from abroad.</p>	<p>The protection of our security within a stable global framework</p> <p>The projection of Canadian values and culture</p>	<p>The Prime Minister, the other ministers and their departments</p> <p>Provincial governments</p> <p>Canada as a society and individual Canadians and groups according to issue</p>

Links Between the Department's Business Lines, Strategic Objectives, and Partners/Beneficiaries (cont.)

Business Line Objective	Strategic Objective Supported	Partners/Beneficiaries
<p><i>Assistance to Canadians Abroad</i></p> <p>Meet the needs for official assistance of individual Canadians travelling or living abroad.</p>	<p>The provision of quality services to Canadians</p>	<p>Canadians travelling or living abroad</p>
<p><i>Public Diplomacy</i></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>The projection of Canadian values and culture</p> <p>The promotion of 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><i>Corporate Services</i></p> <p>Enable the Department to achieve its mission and objectives through the delivery of cost-effective support services.</p>	<p>Indirectly, each of the four objectives</p>	<p>Departmental management and staff responsible for delivering other business lines</p>
<p><i>Services to Other Government Departments</i></p> <p>Enable other government departments to deliver their programs abroad through the delivery of cost-effective support services.</p>	<p>Indirectly, each of the four objectives</p>	<p>Other government departments</p>
<p><i>Passport Services</i></p> <p>To provide internationally respected travel documents to Canadian citizens and other eligible residents of Canada.</p>	<p>The provision of quality services to Canadians</p>	<p>Travelling Canadians</p>

Resource Plans and Financial Tables

Further to the restructuring of DFAIT's program during 1996-97, the Department's plans and expenditures for all other years have been restated throughout this document so as to provide financial information that can be compared with the 1997-98 Main Estimates structure. The figure below provides a financial "crosswalk" between the old and the new program structures, using the 1996-97 Main Estimates.

"Crosswalk" Between the Old and the New Program Structures

OLD STRUCTURE (\$ millions)	NEW STRUCTURE								OLD STRUCTURE	
	International Business Development	Trade and Economic Policy	International Security and Cooperation	Assistance to Canadians Abroad	Public Diplomacy	Corporate Services	Services to Other Government Departments	Passport Services	\$ millions	FTEs ¹
Foreign Policy, Priorities and Coordination		1.7	12.6			4.9			19.2	126
International Trade Development	60.7								60.7	141
International Economic, Trade and Aid Policy		49.6	3.8						53.4	229
Political and International Security Affairs			353.5			12.6			366.1	275
Legal and Consular Affairs			9.6	2.7					12.3	104
Communications and Culture					34.3				34.3	102
Bilateral Relations and Operations	167.5	66.9	125.5	40.4	48.3	125.8	185.3		759.7	1,690
Passports								2.3	2.3	573
Operational Support, Human Resource Planning and Administration						68.7			68.7	657
New Structure (\$ millions)	228.2	118.2	505.0	43.1	82.6	212.0	185.3	2.3	1,376.7	
New Structure (FTEs)	488	453	617	90	237	1,439		573		3,897

1. FTEs = full-time equivalents.

Section III. Departmental Performance

A. Financial Performance

Planned versus Actual Spending

The Department spent approximately \$105 million less in 1996-97 than the \$1,376.7 million provided for at Main Estimates. The major reasons for the difference between planned and actual spending are as follows:

- Assessed contributions to the United Nations (UN) to cover Canada's share of UN-sponsored peacekeeping missions were \$82 million less than planned. Approximately \$58 million of this amount was saved because the UN transferred responsibility for peacekeeping activities in the former Yugoslavia to NATO. The remainder of the savings was attributable to the UN's peacekeeping costs in Haiti, Rwanda and Angola being less than originally expected.
- The Department paid \$25 million less in assessed contributions to international organizations. The strengthening of the Canadian dollar against various currencies in which assessments are levied accounted for a saving of \$18 million. The delay in the Organization for the Prohibition of Chemical Weapons becoming fully operational in 1996-97 resulted in a further saving of \$7 million. The savings on assessed contributions, including UN peacekeeping assessments, had a major impact on spending in the International Security and Cooperation business line.
- The Department spent \$28 million less than planned within its operating funds. Of this amount, \$13 million represented savings in overseas operations arising from the appreciation of the Canadian dollar. Savings were also achieved within the Department's salary budget, and funds were deliberately lapsed by managers across the Department in order to supplement spending in 1997-98 on high priority programs. This represents most of the reduced spending in operating funds for the International Business Development, Trade and Economic Policy, and Services to Other Government Departments business lines.
- Spending on capital projects was \$7 million higher than planned. This increase was mainly due to reinvestments in the Department's real property portfolio financed from the proceeds realized on the disposal of surplus properties. This explains most of the increased spending in the Corporate Services business line.
- The Department also spent \$23 million more than planned on grants and non-assessed contributions. Within the Public Diplomacy business line, the increase was due to new contributions to Radio Canada International and TV5, and additional spending on grants under the Academic Relations Program. The increase within International Business Development was due to a new contribution to the Canada-Israel Research and Development Foundation and additional spending on the Program for Export Market Development. The balance occurred within International Security and Cooperation and was due to higher spending in grants to municipalities in lieu of taxes and in contributions to fund Francophone Summit projects.

Resource Requirements by Organization and Business Line

Comparison of Total Planned Spending to Actual Expenditures, by Organization and by Business Line, 1996-97 (\$millions)

Organization	Business Lines								TOTAL
	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	
Intern. Business Policy and Communications	62.9 62.9	0.0 0.0	0.0 0.0	3.7 4.5	30.6 40.8	0.0 0.0	0.0 0.0	0.0 0.0	97.2 108.2
Trade and Economic Policy	0.0 0.0	54.0 55.5	0.1 0.1	0.0 0.0	0.0 0.0	0.0 0.0	0.1 0.1	0.0 0.0	54.2 55.7
Global and Security Policy	0.1 0.1	9.3 7.5	359.4 260.9	0.4 0.3	1.3 1.2	0.0 0.0	3.5 3.1	0.0 0.0	374.0 273.1
Americas and Security /Intelligence	47.8 48.3	18.9 16.4	61.2 56.4	10.4 9.9	13.2 13.8	4.4 4.9	36.8 36.0	0.0 0.0	192.7 185.7
Europe, Middle East and North Africa	58.1 58.1	21.7 18.9	36.7 35.7	18.8 17.2	23.8 23.1	0.0 0.0	68.5 65.8	0.0 0.0	227.6 218.8
Asia, Pacific and Africa	59.3 59.4	14.3 14.0	26.8 26.1	9.8 9.2	13.7 14.5	0.0 0.0	76.4 74.0	0.0 0.0	200.3 197.2
Corporate Services	0.0 0.0	0.0 0.0	11.0 13.8	0.0 0.0	0.0 0.0	200.5 207.9	0.0 0.0	0.0 0.0	211.5 221.7
Executive Offices	0.0 0.0	0.0 0.0	0.0 0.0	0.0 0.0	0.0 0.0	7.1 5.8	0.0 0.0	0.0 0.0	7.1 5.8
Legal Advisor and Planning Secretariat	0.0 0.0	0.0 0.0	9.8 7.6	0.0 0.0	0.0 0.0	0.0 0.0	0.0 0.0	0.0 0.0	9.8 7.6
Passport Office Deficit/(Surplus)	0.0 0.0	0.0 0.0	0.0 0.0	0.0 0.0	0.0 0.0	0.0 0.0	0.0 0.0	2.3 (2.4)	2.3 (2.4)
TOTAL	228.2 228.8	118.2 112.3	505.0 400.6	43.1 41.1	82.6 93.4	212.0 218.6	185.3 179.0	2.3 (2.4)	1,376.7 1,271.4
Percentage of TOTAL	18.0	8.8	31.5	3.2	7.4	17.2	14.1	-0.2	100.0

Note: Shaded numbers denote actual expenditures in 1996/97.

Comparison of Total Planned Spending to Actual Expenditures, by Business Line, 1996-97 (\$ millions)

Business Line	FTEs ¹	Operating	Capital	Voted Grants and Contributions	Subtotal: Gross Voted Expenditures	Statutory Grants and Contributions	Total Gross Expenditures	Less: Revenue Credited to the Vote	Total Net Expenditures
International Business Development	488	209.7	5.4	13.5	228.6	0.0	228.6	0.4	228.2
	484	204.6	4.7	19.6	228.9	0.0	228.9	0.1	228.8
Trade and Economic Policy	453	85.6	2.0	30.6	118.2	0.0	118.2	0.0	118.2
	427	82.7	2.1	27.5	112.3	0.0	112.3	0.0	112.3
International Security and Cooperation	617	146.6	4.4	354.8	505.8	0.0	505.8	0.8	505.0
	573	140.0	2.9	259.7	402.6	0.0	402.6	2.0	400.6
Assistance to Canadians Abroad	90	41.8	1.3	0.0	43.1	0.0	43.1	0.0	43.1
	94	39.6	1.5	0.0	41.1	0.0	41.1	0.0	41.1
Public Diplomacy	237	63.1	1.2	18.3	82.6	0.0	82.6	0.0	82.6
	221	66.3	1.3	25.8	93.4	0.0	93.4	0.0	93.4
Corporate Services	1,439	144.7	67.0	0.0	211.7	0.3	212.0	0.0	212.0
	1,528	146.5	71.8	0.0	218.3	0.3	218.6	0.0	218.6
Services to Other Government Departments	0	179.0	6.3	0.0	185.3	0.0	185.3	0.0	185.3
	40	171.3	7.7	0.0	179.0	0.0	179.0	0.0	179.0
Passport Services	573	52.7	0.0	0.0	52.7	0.0	52.7	50.4	2.3
	524	43.6	2.9	0.0	46.5	0.0	46.5	48.9	(2.4)
Total	3,897	923.2	87.6	417.2	1,428.0	0.3	1,428.3	51.6	1,376.7
	3,891	894.6	94.9	332.6	1,322.1	0.3	1,322.4	51.0	1,271.4
Other Revenues and Expenditures									
Less: Revenues credited to the Consolidated Revenue Fund ³									258.3
									149.1
Plus: Cost of services provided by other departments									155.5
									154.9
Net Cost of the Program									1,273.9
									1,277.2

Note: Shaded numbers denote actual expenditures/revenues in 1996-97.

1. FTEs = full-time equivalents
2. Operating includes contributions to employee benefit plans and ministers' allowances.
3. The difference between actual and budgeted revenues credited to the Consolidated Revenue Fund is primarily due to a decision to have revenues from immigration and visitor visa fees reported by Citizenship and Immigration.

Departmental Planned versus Actual Spending, by Business Line (\$ millions)

Business Lines	Actual 1993-94	Actual 1994-95	Actual 1995-96	Planned 1996-97	Actual 1996-97
International Business Development	218.1	241.1	228.5	228.2	228.8
Trade and Economic Policy	103.0	104.5	108.8	118.2	112.3
International Security and Cooperation	545.7	601.5	455.4	505.0	400.6
Assistance to Canadians Abroad	32.9	36.3	37.4	43.1	41.1
Public Diplomacy	93.4	89.9	81.9	82.6	93.4
Corporate Services	224.4	258.2	212.4	212.0	218.6
Services to Other Government	207.2	186.8	183.4	185.3	179.0
Passport Services - Deficit/(Surplus)	(3.7)	(3.1)	(6.6)	2.3	(2.4)
Total	1,421.0	1,515.2	1,301.2	1,376.7	1,271.4

B. Performance Accomplishments

Departmental Performance

The Department's business lines, their objectives, and their clients and partners are diverse, and a number of different approaches have been adopted in reporting results. In the case of the two business lines that deliver services directly to individual Canadians – Passports and Assistance to Canadians Abroad – the service itself is what is valued by the recipients, because in one way or another it facilitates the pursuit of their own international purposes.

In the case of International Business Development (IBD), the Department has undertaken to establish a corporate “performance measurement initiative” to measure the overall value and utility of its IBD program. This initiative will allow the Department to demonstrate the tangible results produced by the program, as well as the return on the public funds utilized. The initiative is also expected to contribute to the streamlining of the IBD program through better management decisions related to priority setting, resource allocation, and the review of the business line according to measured client needs, as well as in other areas.

The Trade and Economic Policy, International Security and Cooperation, and Public Diplomacy business lines do not lend themselves to aggregate or statistical reporting. Foreign relations taken as a whole constitute a continuous effort to achieve a myriad of qualitatively stated objectives in an environment in which all of the other players – foreign countries, multilateral organizations, multinational corporations, international non-governmental organizations (NGOs), etc. – are seeking their own equally diverse, often conflicting, ends.

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

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

Note: The results reported below are organized by the business line structure the Department first used in its 1997-98 Part III Expenditure Plan. The relationship between the business lines and the activity structure they replaced is explained in Section IV.

Business Line Performance

The “Key Planned Initiatives in 1996-97” are taken from the Highlights for 1996-97 published on page 15 of the Department's 1996-97 Part III Estimates.

International Business Development

Key Planned Initiatives in 1996-97

- Expand the Team Canada approach to export development to include all relevant federal organizations, the provinces, the municipalities, and the private sector.
- Assist small and medium-sized enterprises to take part in the international economy through advance planning, risk-sharing, market intelligence, access to export finance, building on experience in the U.S. market, access to international investors, and the building of partnering skills.

Results Achieved in 1996-97

To facilitate an assessment of performance, these results are grouped to correspond with the key planned initiatives.

Global

- Working in a Team Canada partnership, private and public stakeholders produced the Canadian International Business Strategy (CIBS), which identifies promising international markets for key business sectors and complementary action plans to maximize job creation through international business.
- The Export Development Corporation (EDC) introduced two innovative export-financing programs: 1) the Master Accounts Receivable Guarantee program, which provided 70 small exporters with \$11 million in working capital financing; and 2) the \$20 million Grow Export program, in which EDC, in partnership with the Canadian Imperial Bank of Commerce (CIBC), provides pre-shipment working capital financing to small and medium-sized exporters in the knowledge-based industries.
- More than 400 companies reported \$375.9 million in exports or contractual successes as a result of their export-marketing or capital project-bidding activities supported through the Program for Export Market Development (PEMD). PEMD assists smaller Canadian companies by sharing their export-marketing costs in new markets or the expense of their bidding on major international capital projects. Assistance to 724 companies totalled \$9.5 million in 1996-97. The assistance is repayable if the company is successful (\$3.4 million was repaid in 1995-96).
- The Corporate Partnering Program provides a unique strategic opportunity for small and medium-sized enterprises (SMEs) to access new markets, exchange technology, develop new products, acquire management know-how, and attract financing. During the year, the program introduced over 100 Canadian technology-based SMEs to pre-selected partners in 11 countries.

- The Venture Capital Program helped 85 Canadian technology companies to raise an estimated \$305 million in start-up and expansion financing by working with foreign venture capital funds, investment banks, corporate investors, and institutions.
- Over 1,000 service firms received training in how to export their services and over 800 firms purchased “Take a World View,” an interactive software tool that guides service firms through the exporting process. In partnership with Industry Canada, new Internet and CD-ROM versions of this tool were also being produced.
- The International Investment Servicing Program handled 431 investment inquiries of which 38 progressed into significant investment projects.
- Twenty-five associations in the service sector received general exporting assistance, and a further 10 associations received assistance to encourage firms in the sector to export by establishing an export committee and an export awards program, or by setting up alliances with associations in other countries.
- Thirty-nine associations received assistance totalling \$1.3 million under the PEMD-Special Activities Program. This component of PEMD helps industry associations to undertake international business activities for the overall benefit of their industry.
- The International Business Opportunities Centre (IBOC) provided accurate and timely information about international opportunities to Canadian companies. To date, the IBOC has contacted 10,000 Canadian companies to discuss 7,000 foreign business leads, resulting in 31 export sales valued at \$3 million.
- The Advocacy Unit, established in early 1997, provided the private sector with a more coordinated approach by senior elected officials in supporting Canadian companies involved with larger projects internationally.

Regional

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

- The Team Canada mission to South Korea, the Philippines, and Thailand in January 1997 resulted in increased trade and investment ties between Canada and those three countries. Canadian firms announced 180 new business agreements worth \$2.13 billion during this mission. These announcements included commercial contracts and agreements in principle, such as memoranda of understanding and letters of intent.
- Following the Team Canada mission, over 40 companies reported incremental business and/or business under negotiation worth an additional \$409 million in South Korea, the Philippines, and Thailand, as well as in Indonesia and Malaysia, which were visited by Team Canada in January 1996.

- Arising from the 1994 Team Canada visit to China, Atomic Energy of Canada Limited (AECL) and the China National Nuclear Corporation signed the final contract for the sale of two Candu-6 reactors to that country, valued at \$4 billion and with a Canadian content of \$1.5 billion.
- In December 1996, the “Canada Expo 96” trade show was held in Santiago, Chile – the first ever single-country trade show to be held in that country. This Team Canada event exposed 169 Canadian companies to over 3,000 key business contacts. Exhibitors reported \$121 million in short- to long-term anticipated business.
- The European Strategic Alliance Program generated 235 strategic alliance leads for Canadian SMEs, with an expected outcome of \$125 million to \$130 million in deals.
- A 70-person business mission to Ukraine organized by the Department resulted in contracts of over \$600 million.
- Fifty Canadian firms, assisted by the Department, exhibited at the Atlanta health care show Medtrade. Reports of on-site sales averaged \$100,000 for each participant.
- A Venture Capital Forum staged in Toronto put Canadian information technology companies in touch with 25 Canadian and U.S. venture firms, resulting in investments of \$7.3 million.
- In association with Aboriginal Business Canada, the New Exporters to Border States program facilitated a visit of 14 Canadian aboriginal artists and dealers to the Mesa Arizona Indian Arts and Crafts marketplace, contributing to sales of over \$50,000.

Trade and Economic Policy

Key Planned Initiatives in 1996-97

- Improve market access abroad through various channels – multilaterally through the World Trade Organization (WTO); regionally through further progress in the North American Free Trade Agreement (NAFTA) and in the Asia-Pacific Economic Co-operation (APEC) framework, in particular; and bilaterally.
- Assume the chairmanship of APEC for 1997.
- Develop, submit, and review the first Canadian action plan to liberalize and facilitate trade and investment in the Asia-Pacific region under the auspices of APEC.
- Intensify efforts to secure a Free Trade Agreement of the Americas (FTAA) by the year 2005.
- Begin formal trilateral discussions with the European Union and the United States on renewing transatlantic ties, with a special focus on economic relations.

Results Achieved in 1996-97

To facilitate an assessment of performance, these results are grouped to correspond with the key planned initiatives.

United States

- Canada convinced the U.S. government to accommodate, effective September 1997, Canadian exports of certain textile products that were adversely affected by changes in U.S. rules of origin for these products.
- Canada's efforts contributed to President Clinton's decision to suspend Title III of the Helms-Burton Act, which would have allowed U.S. citizens to sue those deemed to be “trafficking” in expropriated property in Cuba.
- A comprehensive allocation system under the five-year Canada-U.S. Softwood Lumber Agreement was successfully implemented on behalf of Canadian industry and of the producing provinces. The allocation system provides predictability for Canadian exporters planning softwood lumber shipments to the United States.
- Canada successfully defended against U.S. pressure to reduce Canadian exports of wool suits, sport coats, and pants.
- Unrestricted access to the U.S. grain market was maintained in the face of political pressure on the Administration from Congressional Representatives for a return to a more restrictive import regime.

North American Free Trade Agreement (NAFTA)

- Canada worked with its NAFTA partners to negotiate and implement “mutual recognition agreements” among professional groups in the three countries.
- Canada was successful in having a NAFTA Panel uphold Canada’s tariffication of non-tariff barriers (quotas) on U.S.-origin dairy, poultry, eggs, barley, and margarine products as being consistent with tariff reduction and elimination obligations under the NAFTA.
- Agreement was reached with the United States and Mexico to eliminate tariffs on a number of key industrial items sooner than required under the NAFTA.
- Improvements to the administrative procedures governing the application of trade remedy measures were agreed upon. The results of the NAFTA Trade Remedies Working Groups were released.

World Trade Organization (WTO)

- Canada helped shape the success of the first WTO Ministerial Conference, held in Singapore in December 1996. Among the decisions made at the conference were:
 - endorsement of full and effective implementation of the results of the agreements negotiated during the Uruguay Round;
 - political commitment to complete on-going negotiations on basic telecommunications and financial services;
 - endorsement of an ambitious program of review and further trade liberalization flowing from the so-called “built-in agenda” of the Uruguay Round agreements;
 - agreement to complete an Information Technology Agreement (ITA);
 - agreement to begin work on investment, competition policy, and transparency in government procurement;
 - support for the International Labour Organization (ILO) as the competent international institution to deal with labour standards issues and for the principle that respect for core labour standards is compatible with an open international trading system; and
 - agreement on initiatives to assist the least-developed countries to better integrate into the global trading system, including endorsement of Canada’s proposal to hold a high-level meeting in October 1997 to improve the coordination and effectiveness of technical assistance provided by aid agencies and multilateral financial institutions.
- Canada signed the WTO basic telecommunications services agreement in February 1997. The agreement includes 69 countries that collectively represent over 90 percent of the world’s \$880 million annual telecommunications services revenues.
- Canada and 40 other governments concluded the Information Technology Agreement within the WTO framework. The ITA provides for the elimination by the year 2000 of most-favoured-nation tariffs on a broad range of information technology products. World trade in these products is estimated to exceed \$1 trillion annually.
- Quotas on textile and clothing imports were phased out as agreed under the WTO Agreement on Textiles and Clothing (ATC). Quota liberalization will give Canadian consumers easier access to competitive sources of textiles and clothing.
- WTO members adopted the Report of the Appellate Body upholding complaints filed by Canada, the European Union (EU), and the United States that Japan’s liquor tax law discriminates against foreign imports.
- Canada and France signed an agreement that allows Canadian scallop exporters to have their product labelled as “Coquilles Saint-Jacques (Canada)” in France and to indicate its biological name.

- Canada took part in negotiations that led to Panama's accession to the WTO. Panama expects to formalize its membership before the end of 1997. (WTO accession negotiations continue with important countries such as China, Chinese Taipei, Russia, Ukraine, and Saudi Arabia.)
- Canada agreed with other WTO members to give priority to the accountancy sector in negotiations (to begin in 1999) to ensure that domestic regulations on professional qualifications, technical standards, and licensing do not act as disguised barriers to trade.

Asia Pacific Economic Cooperation (APEC)

- As chair of the APEC Forum in 1997, Canada directed its efforts towards furthering trade and investment liberalization, specifying trade facilitation measures that reduce the costs of doing business, establishing priorities in economic and technical cooperation, and increasing involvement of the private sector, youth, and women in the APEC dialogue.
- In 1996, Canada and other APEC members developed individual action plans for trade liberalization throughout the APEC region. Canada also worked with other APEC members in preparing the Manila Action Plan for achieving free and open trade and investment by 2010/2020.
- Canada facilitated a proposal among APEC members to support completion of the ITA within the WTO framework.

Free Trade Area of the Americas (FTAA)

- In 1996-97, Canada played a pivotal role in achieving consensus among the 34 participants to proceed in 1998 to the launch of FTAA negotiations. This represented an important step towards meeting the 2005 target date for concluding FTAA negotiations, as set by leaders of the countries of the western hemisphere.

Europe

- In December 1996, the European Union and Canada signed a common political declaration and a plan of action that includes a large component dealing with economic and commercial relations, and calls for a joint study on ways to facilitate trade in goods and services and reduce or possibly eliminate tariffs.
- Canada and the EU initialled, in March 1996, an agreement that strengthens cooperation in customs matters, improves the ability to combat customs fraud, and enhances the close working relationship that exists between Canada and the Union.
- In March 1997, Canada and the EU concluded negotiations on veterinary and health standards for trade in live animals, animal products, and fish and fish products. The agreement will provide for the mutual recognition of sanitary measures where those measures meet the importing country's desired level of human or animal health protection.

- Building on the Agreement for Scientific and Technological Co-operation between Canada and the European Union, signed in June 1995, five collaborative projects were initiated in 1996-97, bringing the total to 34.
- Canada submitted a proposal for enhanced visual inspections of coniferous lumber exports to the EU in order to provide an alternative to the kiln-drying requirement, which has significantly reduced exported volumes.

Japan

- Thanks to Canadian efforts, Japan officially recognized the grade rule of Canada's National Lumber Grading Authority (NLGA) for dimension lumber graded by members of the Canadian Lumber Standards Accreditation Board. As a consequence, virtually all dimension lumber milled in Canada for export can now be sold in Japan without the requirement for grading to an equivalent Japanese agricultural standard.
- Japan agreed to significantly reduce its tariffs on low-malt beer as of April 1, 1997 and to gradually reduce the rate to zero by 2002.
- The National Research Council's Canadian Construction Materials Centre (CCMC) signed "liaison agreements" with Japanese entities, which should ease access to the Japanese market for Canadian building products by allowing all steps in the evaluation process to be conducted in Canada rather than in Japan.
- Canada saw Japan's approval of the importation of three varieties of Canadian transgenic canola. After seven years of bilateral discussions and testing, Japan removed the ban on imports of seven varieties of Canadian greenhouse-grown tomatoes that had been prohibited on the grounds that tobacco blue mould disease is present in Canada.

Other Multilateral, Regional, and Bilateral Results

Agreements

- Canada signed a free-trade agreement with Chile in December 1996. The agreement, to be implemented in mid-1997, will provide immediate duty-free access for most Canadian exports of industrial goods and improved access for a range of agricultural goods. The agreement also provides significant new protection for Canadian investments in Chile, important new guarantees for Canadian exporters of services, and the mutual elimination of antidumping duties within a maximum of six years.
- Canada and Israel implemented a bilateral free-trade agreement in January 1997. The agreement provides Canada with enhanced market access opportunities and enables Canadian companies to compete on a level playing field with their American and European competitors, who had enjoyed preferential access to the Israeli marketplace through previously negotiated free-trade agreements.
- Canada signed Foreign Investment Protection Agreements (FIPAs) with Barbados, Romania, Ecuador, Egypt, Venezuela, Thailand, Panama, and Croatia. These

agreements contain legally binding obligations allowing Canadian investors to undertake foreign investment initiatives within a more stable environment and with reduced risk. Agreements with 21 countries have now been signed, 11 of which have been ratified.

- Two new World Intellectual Property Organization (WIPO) treaties – on copyright and neighbouring rights – were approved by Canada and other countries at a diplomatic conference held in December 1996. The treaties, when ratified by 30 signatories, will provide a clear framework for creators and users in the new digital environment by updating the existing international rules on copyright and by establishing a comprehensive new treaty for performances and phonograms.
- Canada signed on new or amended bilateral air-service agreements that will expand both business links and tourism with Germany, Japan, the Philippines, Mexico, Argentina, Cuba, India, Norway, Sweden, and Denmark, as well as with Costa Rica, El Salvador, Guatemala, and Nicaragua.

Other Results

- Canada and China agreed to a one-year extension (until December 31, 1997) of the bilateral quota agreement, including a minor increase to the quota on winter outerwear.
- The Canadian and Mexican trade ministers agreed to reinvigorate discussions on a bilateral antidumping exemption agreement and to have national statistical agencies resolve discrepancies in bilateral trade statistics.
- Canada agreed with other countries to draft a new ILO convention on the most abusive forms of child labour, to be adopted in 1999.
- Canada supported the “heavily indebted poor country” debt initiative, launched by the World Bank and International Monetary Fund (IMF) in 1996 to achieve debt sustainability for the poorest countries. Canada will contribute through the Paris Club, which will provide up to 80 percent debt relief for deserving, heavily indebted poor countries, on a “case-by-case basis” .
- In April 1996, Canada joined the Inter-American Development Bank’s Multilateral Investment Fund (MIF), which provides grants for technical assistance and training, and made a contribution of US\$10 million to the fund. The main benefit of Canadian membership is eligibility for MIF procurement, especially in the consulting and SME sectors.
- Canada contributed to the sixth replenishment of the Asian Development Fund in January 1997. Both the replenishment (US\$6.3 billion) and Canada’s contribution (\$172 million or 4.66 percent of the new donor share) were considerably lower than in previous years.
- In 1996, Canada’s contribution to the European Bank for Reconstruction and Development (EBRD) effectively doubled the bank’s capital. Canada led the call for the development of an EBRD graduation policy, effected in 1996, to ensure that the bank’s activities migrated from high-transition economies in central Europe to lower-

transition economies in the central and eastern Europe/former Soviet Union region.

- Canada's campaign to nominate a Canadian to the position of Secretary-General of the Organisation for Economic Co-operation and Development (OECD) was successful with the appointment of the Honourable Donald Johnston as the first non-European to head this prestigious organization. Negotiations on accession to the OECD with Hungary, Poland, and South Korea were completed.
- Canada decided to initiate negotiations with South Korea to secure enhanced access for Canadian suppliers to telecommunications equipment procurement in that country.
- The Summit of the Seven Industrialized Countries (G-7) in Lyon delivered on the substantive agenda initiated in Halifax and met all Canadian objectives.
- The Minister for International Trade released *Canada's International Market Access Priorities 1997*, a report outlining the range of multilateral, regional, and bilateral initiatives that Canada would pursue over the coming year to enhance the access of Canadian traders and investors to several key markets.

International Security and Cooperation

Key Planned Initiatives in 1996-97

- Implement the new North American Aerospace Defence (NORAD) agreement with the United States.
- Complete the security model study of the Organization for Security and Cooperation in Europe (OSCE) for its December 1996 Summit in Lisbon.
- Support efforts to strengthen civil society and draw attention to human rights abuses in Nigeria to ensure that the government of that country respects its undertakings regarding a return to democracy.
- Assist in developing an effective drug strategy for the Americas in conjunction with the Inter-American Anti-drug Commission of the Organization of American States (OAS).
- Seek election to a non-permanent seat on the UN Security Council in 1998.
- Conclude a pre-clearance agreement on expanded U.S. customs and immigration procedures at Canadian airports and on pre-inspection arrangements for truck traffic.
- Seek settlement of equity and conservation issues under the Pacific Salmon Treaty with the United States.
- Conclude an agreement with the United States to strengthen efforts against drugs, smuggling, and the illegal movement of people.

- Take steps to safeguard Canadian citizens and Canadian economic interests through Hong Kong's transition to Chinese sovereignty on July 1, 1997.

Results Achieved in 1996-97

To facilitate an assessment of performance, these results are grouped to correspond with the key planned initiatives.

Global and Regional Security

- The NORAD Treaty was renewed in June 1996 for five years. This will reinforce the traditionally close links between Canada and the United States with regard to continental defence and security.
- At the OSCE's Lisbon Summit, Canada and the other 54 participating states intensified discussion on a common security model for Europe for the twenty-first century and agreed to work toward a definition of how the OSCE could cooperate with other security organizations.
- Canada acted as a catalyst for NATO enlargement to ensure that applicants ready to join could be admitted early and that the door was not closed to future applicants. The decision on enlargement was made at the Madrid Summit in July 1997.
- In the OAS, Canada provided support to the now-permanent Committee on Hemispheric Security, where discussion focused on the implementation of regional confidence-building measures envisioned in the 1995 Santiago Declaration. As a result of a Canadian initiative, the OAS declared its intention to make the hemisphere a "landmine-free zone."
- While many other Middle East Peace Process activities have been suspended as a result of the current crisis, Canada's efforts as chair of the Refugee Working Group over the past year have resulted in Israelis, Palestinians, Egyptians, and Jordanians, as well as donor countries, meeting and working together on the issue of Palestinian refugees.
- Canada continued its increasingly active role on security issues in the Asia-Pacific region – which is of vital interest to this country – in particular in the context of the Association of South East Asian Nations (ASEAN). At the third ASEAN Regional Forum (ARF), held in Jakarta in August 1996, Canada presented the results of a joint peacekeeping seminar with Malaysia and sought to ensure the adoption of a substantive and progressive program of work in areas such as confidence-building and preventive diplomacy.
- Canada was active at both the governmental ("Track I") and non-governmental ("Track II") levels in the Asia-Pacific region, advancing the Canadian positions on such issues as landmines and non-proliferation as well as promoting stronger relations between civilian and military actors by encouraging military participation both in inter-sessional activities, such as search and rescue and disaster relief, and in the ARF meetings themselves.

- Canada continued its strong support for the workshops on managing potential conflicts in the South China Sea, which are hosted by Indonesia and draw together experts from all states involved in territorial disputes in that area. Pending the resolution of these territorial claims, the workshops help to identify working arrangements, thereby reducing regional tensions.
- Canada hosted activities for Chinese diplomats and military officials, including a two-week training seminar on security and multilateral diplomacy, held in January 1997 in cooperation with York University. Canada also hosted a visit by mid-level officials from the People's Liberation Army (PLA) in October 1996, as well as a group of PLA observers at a Canadian Forces winter training exercise in March 1997. The seminar and visits, in addition to establishing relationships with key Chinese officials, provided an opportunity to exchange views, highlight Canadian policy (including human rights), and build confidence.

Control of Conventional Weapons and Weapons of Mass Destruction

- Canada hosted an international conference that launched the "Ottawa Process," aimed at banning anti-personnel landmines (APMs).
- In October 1996, the Foreign Affairs and Defence ministers announced a joint policy decision to destroy two thirds of Canada's APM stockpile, with the last third to be destroyed in the context of successful negotiations to ban APMs.
- Also in October, Canada hosted a meeting of states and international and non-governmental organizations to develop an international strategy to ban anti-personnel land mines. At the conclusion of the meeting, the Minister of Foreign Affairs called upon states to negotiate a convention to ban APMs by December 1997. Canada is working vigorously with other committed governments towards the development and negotiation of a convention that will comprehensively ban the use, production, transfer, and stockpiling of APMs. Approximately 100 countries have expressed support for such a treaty, which to be signed in Ottawa on December 2-4, 1997.
- Canada agreed to an enhanced Protocol II to the Convention on Certain Conventional Weapons (CCW) concerning the use of anti-personnel landmines and a new Protocol IV prohibiting use of and transfer of blinding laser weapons.
- Canada was an active and important participant in the negotiation of the Comprehensive Test Ban Treaty (CTBT) and played a major role in securing its adoption by the UN General Assembly in September 1996. It also took a lead in subsequent negotiations that led directly to the establishment of the CTBT Organization, its subsidiary bodies, and its provisional secretariat.
- At the Moscow Nuclear Safety and Security Summit in April 1996, Canada and other participating states agreed on a program for preventing and combatting illicit trafficking in nuclear materials, which established points of contact and procedures for the rapid exchange of information among the members of the P-8 (the G-7 plus Russia). A framework agreement in support of improved cooperation among security and intelligence agencies in combatting illicit trafficking was also adopted.

- The Prime Minister announced at the Moscow Summit that Canada had agreed in principle to the use of Canadian-based Candu reactors for the consumption of mixed-oxide (MOX) fuels for the disposition of weapons-grade plutonium declared surplus to defence needs of the United States and Russia. The Candu MOX initiative is one of the options recognized by an October 1996 meeting of G-7 experts as offering prospects of early progress towards the non-proliferation objectives of the Moscow Summit. Canadian feasibility studies and test programs are continuing in collaboration with Russia and the United States.
- Canada continued its strong support to the work of the G-7 Nuclear Safety Working Group in upgrading safety levels at less-safe, Soviet-designed nuclear plants. The focus of attention over the past year has been the implementation of the G-7 memorandum of understanding with Ukraine in support of the closure of the Chornobyl nuclear plant by the year 2000. Plans to secure the shelter around the destroyed Chornobyl Unit-4 reactor were developed and agreed upon with Ukraine.
- Canada led discussions to strengthen the effectiveness and improve the efficiency of the International Atomic Energy Agency's (IAEA) safeguards system. The new enhanced safeguards will improve the IAEA's ability to detect undeclared nuclear material and activities. The new measures are set out in a model protocol to be entered into by each state.
- Canada contributed actively to international decision-making, especially on "declarations and inspections" issues, in preparation for the implementation, after entry into force, of the Chemical Weapons Convention, which is central to global efforts to eliminate chemical weapons. The aim is to implement the convention in an effective but minimally disruptive way. The Canadian National Authority continued to build awareness in Canada of the convention and the obligations it contains, as well as to develop information management, regulatory, and inspection mechanisms.
- The Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-use Goods and Technologies officially became operational in July 1996. Canada was instrumental in establishing the secretariat. By providing key organizational personnel, Canada played a vital role in the establishment of procedures necessary for the organization to become operational at an early date.
- Canada issued a revised "export control list" and was one of the first Wassenaar member countries to implement the initial Wassenaar Arrangement control lists.
- Canada was an active participant in the Conventional Forces in Europe (CFE) Treaty Review Conference held in May 1996, which noted that 58,000 pieces of conventional armaments had so far been eliminated and more than 2,500 inspections had taken place among the parties. The Review Conference adopted an agreement relating to the flank regions of the CFE zone of application, which was the single most important unresolved implementation issue. The parties also committed themselves to starting "a thorough process aimed at improving the operation of the Treaty in a changing environment." The parameters of these treaty adaptation negotiations were agreed upon in December 1996 and the negotiations themselves began in January 1997 in Vienna.

- The Department, in its 1996 “results commitments,” undertook to seek greater transparency in military spending in developing countries. In June 1996, the Minister of Foreign Affairs tabled in the House of Commons a Canadian strategy document entitled “Reduction of Military Expenditures in Developing Countries,” which reflects an interdepartmental consensus on the issue.
- In March 1997, Canada and the Development Assistance Committee (DAC) of the OECD co-sponsored a symposium on military expenditures in developing countries that brought together representatives of developing countries, the World Bank and the IMF, DAC member governments, and non-governmental experts. The participants identified a number of areas for further action to promote reduced military expenditures and military reform.

Conflict Prevention, Peacekeeping, and Peacebuilding

- Canada agreed to lead a UN Security Council-approved multinational force (MNF) for eastern Zaire, with mandate to facilitate the delivery of humanitarian aid and the voluntary repatriation of refugees to Rwanda. Canadian Forces deployed quickly and effectively performed the tasks assigned to them. While the Zaire MNF conducted few military operations, its impending arrival encouraged the return of refugees. The MNF negotiated access to the refugees for the humanitarian agencies, and MNF aircraft transported large supplies of humanitarian aid. The mission ended formally on December 31, 1996.
- Canada renewed its commitment of substantial Canadian military (750) and police (100) contributions to the UN Support Mission in Haiti.
- In September 1996, Canada co-chaired the second ministerial meeting of the “Friends of Rapid Deployment” in New York. As of March 1997, 19 of the 26 recommendations were either implemented or being implemented. The most critical remaining recommendation is the establishment of a multidisciplinary “rapidly deployable mission headquarters,” which would provide much needed planning and operational capacity to the United Nations.
- As part of our commitment to the principle of rapid deployment in peacekeeping, Canada along with five other countries is closely involved with the establishment of a “stand-by high-readiness brigade,” which could be deployed quickly under a UN peacekeeping mandate. Canada has provided one military officer to the stand-by brigade planning element.
- Canada is a leader in providing civilian police to peace operations – an important transition mechanism from peacekeeping to peacebuilding – in Namibia, Croatia, Bosnia-Herzegovina, and Haiti.
- The Canadian Peacebuilding Initiative, including the Peacebuilding Fund, was launched during the year.
- With the creation of the Disaster Assistance Response Team (DART), Canada fulfilled its undertaking in the Defence White Paper to create a rapid-response humanitarian capacity within its armed forces. Components of the DART were deployed in support of the Zaire MNF in November 1996.

- Building on its central theme of the “new peacekeeping partnership” and conveying Canadian policies and values to a wide range of actors and countries, the Pearson Peacekeeping Centre, based in Cornwallis, Nova Scotia, continued to broaden its curriculum and student base to include Canadian and international NGOs, humanitarian agencies, and other civilians as well as military personnel. Government funding for the centre has now been assured for the next five years.
- Canada provided \$2.5 million to an umbrella fund for building capacity in the Organization of African Unity (OAU) Conflict Prevention and Resolution Mechanism. The first project was a joint OAU-Canada-South Africa study of African peacekeeping training capability, which has become the basis for further action.
- NATO sustained its successful peacekeeping presence in Bosnia-Herzegovina with a smaller follow-on force, the “Stabilization Force” (SFOR), with 1,200 Canadian Forces personnel. The principal task of SFOR continued to be the maintenance of a secure environment in which civilian reconstruction efforts could take place. Canada also provided five retired civilian police to the UN International Police Task Force, as well as inspector assistants and other personnel to assist in the implementation of the Dayton Accords. Canada thus demonstrated its commitment to European security and efforts to bring lasting peace to the Balkans.
- Canada provided 15 military observers and two civilian police officers to the UN Verification Mission in Guatemala (MINUGUA). The military observer component of MINUGUA in February-March 1997 oversaw the demobilization required under the peace accords and the formal end to over three decades of civil war as well as the last of the operations (after Nicaragua and El Salvador) in the Central American peace process. Canada has provided military contributions to all Central American peace operations.
- Canada provided personnel to the Cambodian and Bosnia UN Mine Action Centres to train local populations in demining techniques, safety standards, and demining management skills. Canadian expertise in demining is renowned and is sought in other parts of the world such as Central America and Africa.

Democracy, Human Rights, and Governance

- Canada established the Democracy Development Fund which has successfully strengthened Nigerian civil society through NGOs, churches and labour unions. Canada co-sponsored a UN resolution which appointed a Special Rapporteur to examine, publicize and make recommendations on the human rights situation in Nigeria.
- Canada launched its Peacebuilding Initiative in October 1996. A \$10 million Peacebuilding Fund was established to fill urgent gaps in Canadian programming in the area of peacebuilding, democratic development, and good governance, and to mobilize Canadian talent and expertise in these areas.
- At the UN General Assembly in September 1996, Canada announced the establishment of a roster of stand-by human rights experts to assist the United Nations in responding to international crises in this area. The initial phase in this process has been completed.

- Canada was successful in its efforts to be re-elected to the UN Commission on Human Rights for the term 1998-2000.
- The former chief commissioner of the Canadian Human Rights Commission, Max Yalden, was elected to the UN Human Rights Committee, which monitors the implementation of the International Covenant on Civil and Political Rights.
- Canada led the successful campaign to renew for three years the mandate of the UN Special Rapporteur on Violence against Women, the only UN mechanism devoted exclusively to women's human rights.
- In January 1997, Canada concluded with Cuba a joint declaration that included a commitment to dialogue on human rights. The first human rights discussion was held in late February in Havana. The Canadian delegation included representatives of the Canadian International Development Agency (CIDA), the Department of Justice, and a non-governmental organization.
- As part of its international leadership on indigenous issues, the Canadian delegation to the UN Working Group on the Draft Declaration on Indigenous Rights made a formal statement that Canada accepts a right to self-determination of indigenous peoples that respects the territorial, constitutional, and political integrity of existing democratic states.
- To set an example for other states and to protect children's rights overseas, the House of Commons and the Senate adopted Bill C-27, which proposed amendments to the criminal law to allow for the prosecution of Canadian citizens and permanent residents who engage in commercial sexual activities with children while abroad.

Terrorism, Transnational Crime, and Drug Trafficking

- The OAS Drug Control Program adopted the OAS "Counter-Narcotics Strategy for the 21st Century" and revised its statutes to reflect changes in regional priorities. The strategy and the regional priorities reflect Canada's priorities in balancing supply and demand reduction efforts, establishing shared responsibility among all nations for finding solutions to this problem and the necessity for international cooperation.
- From December 1996 to April 1997, Canadian diplomatic efforts were mobilized to facilitate a peaceful and negotiated resolution of the hostage crisis in Lima, Peru. Canada's contribution to the management of the hostage-taking reinforced its image as a credible and impartial arbitrator while consolidating the resolve of other players to adhere to the anti-terrorism principles of various international conventions.
- Canada contributed to the development of 25 recommendations for international and domestic action on terrorism adopted at the Paris Summit Ministerial Meeting on Terrorism. These recommendations were also adopted by the United Nations and the European Union.

- Canada responded to a spate of terrorist bus bombings in Israel by providing Canadian-made sophisticated bomb disposal suits to Israel as well as Canadian-manufactured bomb detection equipment to the Palestinian Authority.
- At the UN Criminal Justice and Crime Prevention Commission, Canada won acceptance for its resolutions on violence against women and extradition. The UN Study on Firearms Regulations, which Canada chairs, was supported for another year, based on the work accomplished to date.
- Canada reached agreement with the UN Drug Control Program (UNDCP) to host a Youth and Substance Abuse Conference in Alberta in April 1998.
- Canada is creating a network of “mutual legal assistance in criminal matters treaties” to provide for cooperation between Canadian and foreign law enforcement agencies in criminal investigations and prosecutions. During the past year, Canada brought into force a mutual-assistance treaty with Poland, bringing the total number in force to 17, and signed similar agreements with Belgium, Portugal, Uruguay, and Ukraine. Negotiations were initiated with Israel, Russia, Pakistan, Turkey, Kazakhstan, Trinidad and Tobago, Denmark, and Norway.

Sustainable Development and Environmental Protection

- Canada submitted its offer to host the Permanent Secretariat of the UN Convention to Combat Desertification in Montreal. Parties to the convention will choose the site for the Permanent Secretariat in early October 1997. Canada actively promoted its offer throughout 1996-97. Germany and Spain are also seeking to host the Secretariat.
- In May 1996, the Prime Minister officially opened the offices of the Permanent Secretariat of the Convention on Biological Diversity in Montreal. The Secretariat now employs some 30 persons.
- Canada strongly advocated the launch of negotiations on an international convention on forests at the last two sessions of the UN Commission on Sustainable Development’s Intergovernmental Panel on Forests (IPF). The UN General Assembly’s Special Session convened to review the implementation of Agenda 21 (from the 1992 Earth Summit) agreed to establish an intergovernmental forum on forests to follow up on IPF recommendations and to “identify possible elements of and work towards consensus for international arrangements and mechanisms, for example, a legally-binding instrument.”
- The Minister of the Environment chaired the international process in Geneva that developed the “ministerial declaration” providing further direction on the negotiation of post-2000 emission targets under the Climate Change Convention.
- Canada hosted a ministerial meeting of the international Arctic Environmental Protection Strategy in Inuvik in March 1996 and became the first host of the Secretariat of the Arctic Council during 1996-97. The Council itself was officially inaugurated in Ottawa on September 19, 1996.

- Canada contributed to shaping the numerous resolutions of the International Union for the Conservation of Nature (IUCN) on major international environmental issues and hosted the IUCN World Conservation Congress in Montreal on October 12-23, 1996, attended by the Prime Minister and the Minister of the Environment.
- In order to prepare for the June 1997 review of the outcomes of the 1992 UN Conference on Environment and Development in Rio de Janeiro (the “Earth Summit”), the Department coordinated the preparation of Canada’s national report to the Commission on Sustainable Development, as well as a major Canadian trends report and five monographs on different sustainable development issues.
- The parties to the Montreal (Ozone) Protocol agreed on the replenishment of the multilateral fund of the Protocol for the next three years. Negotiations have begun, with active Canadian participation, to finalize the adoption of the “Montreal Amendment” to the protocol, which will include additional control measures on methyl bromide, an ozone-depleting substance.
- Canada and the United States published, under the 1991 Air Quality Agreement, the 1996 Progress Report, reporting substantial progress by the federal, provincial, and state governments in implementing acid-rain control programs, in particular the reduction and capping of emissions of sulphur dioxide (SO₂) and a commitment to reduce emissions of nitrogen oxides (NO_x).

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

- The Department began notification of every country with which Canada has diplomatic relations of our intention to seek election to a non-permanent seat on the UN Security Council in 1998.
- Canada’s campaign to promote UN reform has resulted in the creation of a broad coalition of reform-minded member states that actively press our UN reform agenda and of a management culture among UN managers, who are now adopting modern management techniques.
- Pursuing the UN reform agenda that Canada proposed at the G-7 Halifax Summit, the Lyon Summit declaration included new recommendations, since adopted by the UN Secretary-General, to channel the savings generated by reform into development activities. This will help to build support for reform among Non-aligned Movement and Group of 77 (developing countries) member states.

Constructive Relations with Specific Countries and Regions

- During the Prime Minister’s first official visit to Washington, significant agreements were reached on the transboundary environment (air and water quality; climate change, endangered species, research, the International Joint Commission) and on border issues (in-transit pre-clearance in Vancouver, new initiatives under the Shared Border Accord), as well as on cross-border crime and on science and technology initiatives.
- A dialogue with the United States was strengthened on the dispute over the Pacific Salmon Treaty. Agreement was reached on 1996 fishing arrangements in the south.

Stakeholders were brought directly into bilateral salmon negotiations in early 1997, and Canadian efforts heightened the U.S. focus on the need to settle the dispute. While the dispute remained unresolved, substantive progress was made by both sides in identifying possible long-term solutions.

- The Department followed closely the transfer of sovereignty over Hong Kong to the People's Republic of China which took place on July 1, 1997. In March 1997, the Department distributed in Canada and Hong Kong a booklet entitled *Hong Kong: A Guide for Visiting and Resident Canadians* providing information to Canadians on the implications of the handover on their status in Hong Kong. The Canadian Consulate General in Hong Kong has ensured that Canadians in Hong Kong are aware of the assistance which it can provide.
- Canada and Cuba agreed to expand bilateral relations through a number of new initiatives, including cooperation in the administration of justice, human rights issues and democratic development, macroeconomic cooperation, the negotiation of a Foreign Investment Promotion and Protection Agreement, collaboration on narcotics interdiction and the prevention of international terrorism, culture and sports cooperation, and research and development in the areas of health and the environment.
- Canada and Mexico signed a “declaration of objectives” and an action plan for their bilateral relationship – a comprehensive set of mutually shared political, economic, and social objectives that both countries wish to see realized, and which serves as a guide to deepening and consolidating the bilateral relationship in specific areas.
- Canada and the United States reached agreement on the environmental clean-up of four former U.S. military installations in Canada. Through an exchange of notes effected in October 1996, the U.S. government agreed to contribute US\$100 million towards the clean-up, subject to Congressional approval.
- Canada opened a trade and visa facilitation office in Chandigarh, India.

Assistance to Canadians Abroad

Key Planned Initiatives in 1996-97

- Appoint eight additional honorary consuls; extend after-hours service to additional missions.

Results Achieved in 1996-97

To facilitate an assessment of performance, these results are grouped to correspond with the key planned initiatives.

- Additional points of service. The honorary consul program continued to expand, with the establishment of new missions in Yerevan, Calcutta, Lomé, Kuching, Barcelona, Lyon, San Salvador, Nassau, Douala, and Lahore. There are now 89 locations where consular services are provided by honorary consuls.

- Emergency services. The 24-hour, seven-day telephone response service provided from the Department's Watch/Operations Centre was expanded to an additional 36 missions during the year. Approximately 75 missions are now using this service, which enables Canadians in difficulty abroad to deal directly with officials in Ottawa outside of business hours. The Watch/Operations Centre handles over 4,000 calls each month.
- In 1996-97, consular services were provided to more than 1.5 million Canadians through 250 points of service in 160 countries and through the Department's Consular Affairs Bureau. Significant developments during the year were the increasing numbers of emergency evacuations and the continuing requests for assistance in cases of international parental abductions of children and of international child custody disputes.

Consular Cases, by Category and by Region, 1996-97

	Africa and Middle East	Asia- Pacific	Europe	Latin America and Caribbean	United States	Total
Passport	27,845	78,065	105,217	25,091	89,178	325,396
Citizenship	7,223	13,590	32,659	9,512	26,975	89,959
Legal assistance	20,003	7,543	17,069	9,530	3,829	57,974
Financial assistance	481	331	875	972	335	2,994
Repatriation	294	67	170	197	195	923
Medical assistance	297	395	607	727	284	2,310
Missing persons	403	831	1,537	769	210	3,750
Prisoners	143	148	215	338	648	1,492
Deaths	87	135	502	349	273	1,346
Abductions	69	43	121	41	44	318
Information	66,656	46,479	135,098	45,755	44,381	338,369
Total	123,501	147,627	294,070	93,281	166,352	824,831

- Emergency evacuations. Several hundred Canadians resident in or visiting Liberia, the Central African Republic, Zaire, and Albania were evacuated to points of safety as a result of political unrest or natural disasters. The computerization of the register of Canadians residing abroad and the associated contingency planning process has continued.
- Protection services were provided to tens of thousands of Canadians in all countries of the world as a result of illnesses (mental or physical), accidents, crime victimization, and deaths by all causes (natural, accidental, suicide, or murder). During the year, the Consular Service provided assistance to approximately 1,400 Canadians detained or imprisoned in foreign countries. The number of international child abductions grew by approximately 150 new cases. There were several thousand cases of destitution and

need to arrange for financial assistance from family and friends or for loans from public funds. Approximately \$400,000 was loaned from public funds.

- During the year, a “transfer of offenders” treaty was concluded with Morocco. Eighteen Canadians were returned to Canada under the provisions of transfer agreements in 1996-97. As well, one additional American state enacted arrangements for transfers, bringing the number of such states to 43.
- Canada set up procedures for promoting the resolution of child abduction cases with two states (Egypt and Lebanon) that are not party to the Hague Convention on the Civil Aspects of International Child Abduction.
- An *amicus* brief was submitted in the Stanley Faulder death penalty case (a Canadian from Alberta on death row in the United States) as part of the argument that led to the ordering a new trial for Mr. Faulder.
- Passport and citizenship services. Passport services were provided to more than 325,000 Canadians, and 64,300 passports were issued abroad on behalf of the Passport Office. Citizenship services were provided to approximately 90,000 persons. Both services were computerized during the year.
- Awareness and information services. The provision of information to Canadians on conditions in other countries and the preparations they should make before leaving Canada remains a central aspect of consular services. Discussions and cooperative activities with the Canadian travel industry continued, and there was participation in a number of trade shows. As well, there were briefings of members of Parliament and staff in Ottawa and in their constituencies on how to deal with problems constituents encounter overseas. Three new publications were launched during the year – *Crossing the 49th*, *International Child Abductions*, and *Hong Kong* – and the publications *Bon Voyage...But* and *A Guide for Canadians Imprisoned Abroad* were re-printed. Responses to written inquiries from the public concerning cases and other matters were improved, and response times are now quicker than departmental norms.
- Voting abroad. An agreement on cooperation between the Chief Electoral Officer of Canada and the Department was signed, detailing the role and responsibilities of the Department in facilitating voting abroad by Canadian citizens. Preliminary discussions were held, and arrangements were made for the enumeration of Canadian citizens residing outside Canada.

Public Diplomacy

Key Planned Initiatives in 1996-97

- Implement an international business strategy to assure access for Canada's cultural and educational goods and services abroad and to increase market share.

Results Achieved in 1996-97

To facilitate an assessment of performance, these results are grouped to correspond with the key planned initiatives.

International Cultural Relations

Arts and Cultural Industries Promotion

- A strategy and action plan for the promotion of Canada's cultural industries was developed. The plan, which matches that developed by the National Sector Team, relies heavily upon a cooperative approach of partner organizations and departments. Elements include the development of statistical data on the cultural industries; the provision to officers at post of Canadian industry capability data and information in support of their export promotion efforts; and the undertaking of promotional activities based on expressed sector priorities.
- The business strategy has also seen the creation of a network of nine Canadian Education Centres in the Asia-Pacific region, including Mexico. These centres promote the sale of Canadian education services and goods. Other forms of such promotion, such as the Education Resource Centre at the Canadian embassy in Athens, are also being developed.
- As part of the international business strategy, guides describing Canadian capabilities in sound recording, film, and publishing were developed and circulated to posts to increase international awareness of the capabilities of Canadian firms.
- A major three-year initiative has been undertaken to obtain data on the balance of payments for the cultural industries. This will result in comprehensive information on the value of commodities, services, and investment in those industries.
- Support was provided to more than 10 Canadian performing arts and film festivals to enable them to invite foreign buyers, thereby promoting international market opportunities for Canadian artists and stimulating the sale of Canadian films abroad.
- Book sales abroad increased as a result of grants to more than 50 Canadian authors that enabled them to undertake reading tours abroad.
- Sales of literary rights and translation rights increased as a result of grants that enabled literary agents to attend major international book fairs.
- Canada took part for the first time in MILIA, an international multimedia trade fair held annually in Cannes. The companies that took part in the fair anticipate \$8 million in sales.

- Over 300 projects in more than 40 countries promoted Canadian culture and values through the creativity and excellence of Canadian artists. For example, in the United States an exhibition of Canadian Impressionism was mounted at the Frick Art Museum in Pittsburgh; a Chair of Canadian Culture was inaugurated at the University of Western Washington; and support was provided for U.S. buyers' missions to major Canadian performance showcases, including CINARS (International Exchange for the Performing Arts), the East Coast Music Awards, the *Festival de théâtre des Amériques*, and the Canada Dance Festival.
- A large Canadian cultural presence throughout 1997 at the "Cultural Capital of Europe" Festival in Thessaloniki, Greece reached an audience of hundreds of thousands of Greeks and other Europeans.
- There was noted Canadian participation in the Venice Biennale for Architecture and the Sydney Biennale.
- Cooperative projects with art galleries and museums in more than 30 countries resulted in mounting exhibitions of Canadian visual arts, architecture, and design for international audiences.
- Canada's *Théâtre Ubu* was honoured as the headline event at the prestigious Festival d'Avignon in France.
- The International Career Development program was launched, aimed at enabling Canadian artists to find outlets in foreign commercial galleries.
- Through juried programs in more than 30 countries, over 345 foreign university faculty members came to Canada for up to five weeks to do research for publication or to prepare courses on Canada. These programs foster a more informed and positive perception of Canada among decision- and opinion-makers in the academic, governmental, business, and media communities abroad. Foreign academics involved in Canadian studies helped to reinforce foreign perceptions of Canada's sovereignty and stability through media presentations, published research, teaching, and advice to public officials.
- The exhibition "Transitions: Contemporary Canadian Indian and Inuit Art" was presented in Paris as part of the reopening of the Canadian Cultural Centre. The exhibition was inaugurated by the Prime Minister.
- "White on White," an exhibition of Canadian ceramic art, travelled to Japan, China, Chinese Taipei, and Hong Kong.

Youth-Related Initiatives and International Academic Relations

- The Commonwealth and Government of Canada scholarship programs helped about 350 graduate students to work on a degree in Canada during the academic year, thereby broadening their knowledge of our country.

- Through reciprocal arrangements, similar scholarships offered by other countries enabled Canadian graduate students to study abroad and contribute to the internationalization of Canadian higher education.
- International youth and young-worker exchanges enabled over 10,000 Canadians to travel abroad and about 12,000 foreign youths to come to Canada. There are currently over 60 different international youth exchange programs involving over 20 different countries.
- The trilateral (Canada-United States-Mexico) initiative on collaboration in higher education, research, and training has led to increased student and faculty mobility within the region. Between 1993 and 1996, the number of academic agreements and linkages between Canada and Mexico increased from 33 to 83 (152 percent), and between Canada and the United States from 68 to 97 (43 percent).
- Under the Agreement on Higher Education and Training with the EU, 19 joint education projects involving approximately 500 participants were agreed upon in 1996-97, spanning a diverse range of fields, such as health, education, engineering, business, veterinary studies, food science, and chemistry.

Communications

- The Department promoted awareness of Canadian issues in the United States through public presentations by the Minister of Foreign Affairs to prestigious groups of American opinion moulders in Washington, New York, Boston, Detroit, Chicago, Minneapolis, San Francisco, and Los Angeles.
- The Minister for International Trade made public presentations on Canadian trade interests and concerns before significant U.S. audiences in New York and Detroit.
- Thanks to presentations in Washington to the Council of State Government and in Cleveland to “think tanks” and academics, the Minister of Intergovernmental Affairs was able to inform influential U.S. audiences about Canada’s step-by-step program to renew the federation, reconcile Canadians, and generate economic growth and jobs.
- Canadian openness to other cultural influences while retaining space for national expression was a message delivered to U.S. audiences by the ministers of Foreign Affairs, International Trade, Industry, and Canadian Heritage. Canadian cultural advocacy was also directed by Canadian heads of mission in the United States at communication giants such as Time-Warner, Gaylord Entertainment, CNN, NBC, Viacom, and A&E. The consulate in Detroit helped Bowling Green University to host a conference on “Canadian Cultural Sovereignty.”
- Public awareness and understanding of Canada’s key foreign policy and international trade priorities were enhanced in the United States through academic conferences or programs at Harvard University, the University of Maine, Texas A&M University, the University of California at Los Angeles, Columbia University, the University of California at Berkeley, the University of Western Washington, and others.

- The Department conducted public opinion research during the year showing that:
 - Canadians continue to strongly support Canada's foreign policy and international trade role;
 - there is strong support for key foreign and international trade policies and initiatives, such as peacebuilding, constructive engagement on human rights, the banning of anti-personnel landmines, liberalized world trade, and Team Canada trade missions; and
 - that citizens of other countries generally have a strongly favourable view of Canada.
- More visits by departmental officials and ambassadors to communities across the country resulted in major foreign policy, international trade, cultural, economic, and corporate information being brought to key Canadian audiences.
- There was positive and substantive reporting by the media of, and solid public support for, major Canadian foreign policy and international trade initiatives, such as the Canadian-led response to the Central African refugee crisis and the Ottawa Process aimed at banning anti-personnel landmines, and Team Canada trade missions.
- Public understanding was developed among target groups in Canada and abroad for Canada's Year of Asia-Pacific, which culminated in the APEC Leaders' Meeting in Vancouver.

Corporate Services/Services to Other Government Departments

Key Planned Initiatives in 1996-97

- Complete the Sustainable Development Strategy.
- Develop an intercultural effectiveness training program; implement a new harassment policy; develop a new policy on ethics.
- Design and develop a new automated financial system.

Results Achieved in 1996-97

To facilitate an assessment of performance, these results are grouped to correspond with the key planned initiatives.

The narrative results for these two business lines are combined for the sake of brevity and because the Services to Other Governments Departments business line only displays costs, while the results themselves were achieved within the Corporate Services business line.

- The Department drafted its sustainable development strategy, *Agenda 2000*, which:
 - commits the Department to working towards progress internationally on issues of

concern to Canadians, including sustainable development, and to demonstrating excellence within the scope of its own operations;

- outlines the Department's sustainable development goals through to the year 2000;
 - was the focus of extensive public consultations via a variety of media, including a well-used Website; and
 - will be tabled in Parliament before December 1997.
- The Department published its second annual report detailing its environmental management program for internal operations both in Canada and abroad, with an emphasis on preventing pollution, conserving natural resources, and saving money. For example, the energy conservation program resulted in savings of over \$150,000 annually.
 - The Department established a Centre for Intercultural Learning and began some intercultural training in collaboration with CIDA.
 - A new harassment policy was implemented, and work was initiated on developing an ethics policy.
 - Development was started on a new financial system (SAP) for implementation, beginning on April 1, 1998.
 - The increased traffic capacity of the telecommunications network and the implementation of the Department's "intranet" helped to make small and mobile missions abroad more effective and enabled innovative service delivery at reasonable cost – e.g., the routing of after-hours telephone calls to Ottawa.
 - The Department's Website was redesigned in response to a heavy increase in traffic; 14 mission sites were set up, offering information in local languages and attuned to local conditions.
 - The Department completed new office facilities in Port of Spain, Santiago, Sarajevo, Oslo, and Tel Aviv, and reopened the Canadian Cultural Centre in Paris. It also sold property valued at \$5.7 million in Bangkok, Brasilia, Bridgetown, Buenos Aires, Cleveland, Kingston, London, Munich, and Santiago.

Passport Services

Key Planned Initiatives in 1996-97

- Introduce measurable service standards.

Results Achieved in 1996-97

- Canadians have access to passport services at any of the 29 passport offices in Canada or through the mail-in service. Canadians residing in the United States can receive passports through the mail-in service. Refugees, landed immigrants, and official

travellers are served through specialized units located in Hull. Government officials, citizens, and journalists on official Canadian missions, such as the Team Canada trade missions, as well as members of the Canadian Forces on peacekeeping missions, have benefited from these services.

- Passport fees have remained unchanged at \$35 (for the 24-page passport) in 1996-97. (Since November 1995, a levy of \$25 is collected by the Passport Office for consular services.) The Passport Office has continued to finance its operations and to invest in new technologies that will lead to a simplified renewal process for passport holders.

Passports: Fee Schedule and Volumes, 1996-97 to 1998-99

Category of travel document	Current fee (dollars)	Number of documents issued		
		Estimated 1998-99	Forecast 1997-98	Actual 1996-97
Passport				
24 pages	35*	1,414,968	1,381,539	1,347,321
48 pages	37*	17,084	16,825	16,464
Diplomatic	57	1,843	1,806	1,763
Special	57	5,775	5,634	5,493
Emergency	6*	909	908	894
Other				
Non-citizen refugee travel documents	35*	4,206	4,103	4,000
Non-citizen certificate of identity	75*	1,215	1,185	1,155
Total (domestic and foreign operations)		1,446,000	1,412,000	1,377,090

* As of November 8, 1995, a consular fee of \$25 is charged on all documents issued pursuant to the Canadian Passport Order.

Volume

- Twenty-three percent of Canadians are now passport holders. The Passport Office issued 1,377,090 travel documents to Canadians in 1996-97, which represents a decrease of nearly 12.5 percent from the forecasted volume for that period. That large decrease can be attributed to the unexpected increase that took place in previous years. In 1995-96, the volume was up by more than 14 percent over the preceding year. During that year, there was an increase in international travel, in passport renewals in Quebec in the lead-up to the referendum, and in early renewals to avoid the new consular fee (announced in the February Budget and introduced in November 1995). In 1996-97, Canadians who would have typically renewed in this year either did so earlier or, because of the new \$25 consular service fee, put off renewal until travel

and the need for a passport were confirmed. Further, the \$60 passport fee is more expensive than other forms of identification, such as the Citizenship Card, and parents tend to include children on their passports rather than obtain separate passports for them.

- The 1-800 telephone service processed over 1.3 million requests for information from Canadians.

Financial

- As a Special Operating Agency operating under the authority of a revolving fund, the Passport Office finances its operations entirely from revenues generated by fees received for travel documents. The Passport Office must break even over a four-year cycle. In 1996-97, a \$2.4 million cash surplus was reported, resulting in a \$6.3 million surplus on an accrual basis. This higher-than-expected cash surplus was a direct result of the deferrals in timing for the Technology Enhancement Project (TEP) pilots, of problems in the supply of passport materiel, and of spending that was postponed until 1997-98.

Passport Office: Performance Targets, 1996-97

Turnaround target	Forecast 1996-97	Actual 1996-97	Forecast 1997-98
Applications received:			
By mail	97% in 10 days 100% in 17 days	88% in 10 days 100% in 17 days	97% in 10 days 100% in 17 days
In person	97% in 5 days 100% in 7 days	97% in 5 days 100% in 7 days	97% in 5 days 100% in 7 days
Productivity target*			
Production employees only	3,445	3,359	3,237**
All employees	2,630	2,639	2,517

* The rate of productivity is defined as the number of travel documents issued per FTE.

** Productivity is expected to decrease during the pilots and initial roll-out stages of the new OSCAR system.

- The productivity measure used at the Passport Office is based on the number of passports issued per full-time equivalent (FTE). The unexpected decrease in demand yielded slightly lower productivity. The Passport Office has a certain degree of flexibility in the workforce that enabled it to maintain a fairly consistent productivity,

given the fluctuations in the demand for passports as well as normal seasonal variations in demand.

- A measurable service standard of turnaround time was implemented, as indicated in the figure above.

Other

- In cooperation with other federal departments, the Passport Office initiated three projects that have the potential to improve service, reduce duplication, and increase the security of passport products and services, and their accessibility to Canadians.
 - *Common card technology.* The Passport Office and Citizenship and Immigration Canada (CIC) developed a standard for travel documents in the form of an electronic card that was put forth by the International Standards Organisation (ISO) and the International Civil Aviation Organization (ICAO) as the standard to be used worldwide for travel cards. A decision is expected by February 1998. Canada, represented by the Passport Office, co-chairs the Technology Advisory Group that will recommend a standard to ICAO.
 - *Cooperation.* The Passport Office and CIC identified three pilot projects for cooperation on concurrent application processes, co-location, and shared services. The projects will begin in 1997-98 and will run for a minimum of 18 months.
 - *Partnership.* The Passport Office and Canada Post agreed to conduct a pilot study whereby Canada Post would provide front-office services on behalf of the Passport Office in locations where the latter currently has no facilities. The parameters for the pilot study will be established in 1997-98.
- Travellers to the United States from the Vancouver airport continue to obtain a CANPASS card, which is the product of a joint project between Revenue Canada, Citizenship and Immigration, and the Passport Office. The encoded card, produced in our Vancouver offices, enables frequent travellers to quickly clear customs.
- A client survey in 1995-96 indicating that 51 percent of our clients wished to use electronic payments led us to implement a pilot credit- or debit-card system in five locations. This pilot project was successful, and the system will be implemented across Canada in 1997-98.
- The Passport Office finalized the OSCAR software (Optimized System for Capturing, Archival and Retrieval) to be used in the process of passport applications. This new system has been in development for four years and pilot studies were implemented in five sites beginning in April 1997.

C. Key Reviews

Evaluation of the Investment Development Program

The evaluation of the Investment Development Program (IDP) was concluded during the summer of 1996. The results of the evaluation included a new perspective on the program's clientele and an emphasis on partnerships for enhanced effectiveness. The recommended changes were implemented under a new program structure and management.

Investment Development Program: Performance Management Framework

As the result of an evaluation of this program in the summer of 1996, the implementation of performance measurement was recommended to assess on-going program effectiveness. As a prelude to the design of performance indicators, the Office of the Inspector General, acting in a consultative capacity, worked with program management to create a generic performance management framework. This document essentially reviews core lines of business, clients, anticipated results, and potential measurement indicators. The challenge was to bring all partner Bureaux together, to clearly articulate respective roles, and to sort out specific accountabilities. The framework is a foundation document upon which work on the design and implementation of measurement systems will be built.

Re-engineering of the Trade and Economic Program in Mexico

The services of the Evaluation Group were required to guide and facilitate the re-engineering of the Trade and Economic Program in Mexico. This exercise led to the establishment of a new business model, articulated around the "market intelligence" concept. The clients of the exercise have adopted the model and have started working on information flows and staff training plans. The trade sector of the Department has distributed the document to all trade commissioners for their use and reference.

Trade Performance Measurement

In response to the Auditor General's Report in the fall of 1996, the Trade Commissioner Service endeavoured to design performance indicators with the help of consultative services from the Office of the Inspector General. The result – a balanced scorecard – identified the need to assess overall impact, client input, staff input, and workload indicators in a systematic way. The framework for measuring performance received ministerial approval and has progressed to specific sub-projects, each designed to capture an element of the information critical to demonstrating value-for-money in an effective and efficiently delivered International Business Development (IBD) program. In addition to providing management services for this initiative, the Evaluation Group has taken the lead role for the development of the service-charge component of the exercise.

Survey of Political and Economic Officers' Activities

Five-hundred and seventy-seven Political and Economic Officers (PEOs) were surveyed to ascertain the percentage of time spent on different core activities. The results formed part of a multi-faceted study by the Evaluation Group to define the political and economic relations function for the purpose of future performance measurement. An analysis of the results identified the diversion of officer attention from core business activities in areas of support functions and managing formal communication processes. Partly as a result of these and other findings from political and economic evaluation studies, changes to the ministerial correspondence, briefing-book, and question-and-answer processes have been or are being implemented.

Political and Economic Studies: Review of the Country (Geographic) Desk Approach

A case study of the country or geographic desk "approach" (GDA) in DFAIT's Asia-Pacific Branch was completed in May 1996. The GDA has broken down the old organizational divisions between trade development and political/economic and other programs. It is a flexible approach for organizing resources in work teams to serve the needs of country or regional programs. The evaluation revealed not only that it is a sensible adaptation towards increased flexibility and efficiency in the use of resources within a geographic branch, but that the team work can be extended to accessing resources and expertise from other branches within DFAIT and from other government departments. The evaluation report identified some areas where improvements could be made; for example, customized training support for each division/officer has been a major omission in the implementation of the GDA so far.

Foreign Policy Consultation, Research, and Outreach

A program designed to increase public involvement in foreign policy was approved by the Treasury Board in 1995 and funded at \$3.5 million for three years. Program management, with advice from the Evaluation Group, designed a framework for the future evaluation of this program. The framework helped management in the design of administrative systems to capture on-going data for the purpose of result measurement, control features, and ultimate impact analysis.

African Great Lakes Crisis Management

Canada committed itself to leading a multinational relief effort, to stave off a potential humanitarian crisis in the African Great Lakes region in November 1996. DFAIT, the Department of National Defence, and CIDA cooperated on implementing this decision and mobilizing the international community under the auspices of a UN resolution. The Department's executive requested an evaluation of how the crisis was managed, to glean lessons for use in future crisis management situations. Recommendations on structure, resourcing, and administration were accepted by management.

Canada's Drug Strategy

The Department of Foreign Affairs and International Trade is one of seven departments participating in Canada's Drug Strategy, which ended in fiscal year 1996-97. The Treasury Board required an evaluation at the conclusion of the interdepartmental strategy, and the Department's Evaluation Group provided input for this analysis. In addition, the Evaluation Group assessed the effectiveness and efficiency of the Anti-Drug Information Program (ADIP), designed to warn Canadian travellers of the dangers of any involvement (use or transport) with drugs when abroad. Operational recommendations on client targeting, measuring results, and impact assessment were accepted by management for future program planning.

International Forestry Partnerships Program

The International Forestry Partnerships Program (IFPP) is a Canadian Council of Forestry Ministers (CCFM) initiative aimed at providing accurate and balanced information about Canadian forestry practices in a foreign milieu. It is administered by Natural Resources Canada and delivered abroad – mainly in Germany, the United Kingdom, and the United States – by the Department (headquarters and missions). A joint evaluation of the IFPP was completed in 1996, and the evaluation report was presented to the CCFM. The results of the evaluation indicate that the IFPP has been a success. A major benefit has been a unified Canadian voice.

Joint Review of the Agri-food Specialists Abroad Initiative

Agriculture and Agri-food Canada launched the Agri-food Specialists Abroad Initiative in 1992 to assist the agri-food industry in identifying and exploiting export opportunities. Agriculture and Agri-food Canada undertook a review to determine the overall value-for-money of this initiative. The evaluation methodology consisted of documentation and data review, interviews, and survey. The Department assisted in carrying out the survey, which was distributed to exporters, associations, and trading houses registered in the WinExport data base. The evaluation's key conclusion was that the Agri-food Specialists Abroad Initiative is a worthwhile program and should be continued and possibly expanded.

Mission Reviews

The Office of the Inspector General conducted reviews at 18 missions in 1996-97. The scope of those audits included management of the mission and the administration, consular, and IBD programs, with the latter occupying an increasing portion of review resources and attention. The mission reviews were selected through a risk assessment model. The scope of future reviews will also include the political and economic relations program. This means that future mission reviews will be comprehensive, in that they will cover all of the Department's programs abroad. Special focus was given in the past year to mission "hub and spoke" relationships.

Headquarters Audits

A growing portion of audit resources are being dedicated to audits at headquarters – some by function and others by organizational unit. More and more audit effort is focused on information technology auditing, reflecting the tremendous changes the Department is now experiencing in its information systems infrastructure. Projects undertaken include “systems under development” audits of the new financial system (SAP), personnel system (PeopleSoft), and consular (COSMOS) system. Reviews of Internet development and the “year 2000” problem are in progress as well.

Other Key Reviews

The Auditor General has conducted audits of the Department’s IBD program and of its involvement (and that of the Department of National Defence) in peacekeeping operations. He has also included the Passport Office and the consular program in his government-wide audit of client service standards and performed a follow-up audit of the financial management and control functions.

Section IV. Supplementary Information

A. Listing of Statutory and Departmental Reports

The Department does not produce statutory or other regular reports.

B. Contacts for Further Information

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Media Relations Office

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Canadian Commercial Corporation

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International Joint Commission

100 Metcalfe Street, 18th Floor

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International Development Research Centre

250 Albert Street, P.O. Box 8500

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Northern Pipeline Agency

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Canadian Secretariat (NAFTA)

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International Centre for Human Rights and Democratic Development

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C. Financial Summary Tables

Relationship of Business Lines to Activity Structure

Until its 1997-98 Part III Expenditure Plan the Department organized the presentation of its plans and expenditures according to an “activity structure,” adopted after it was given responsibility for international trade in 1982. A review of the Department’s operations and governance carried out in 1996 confirmed that this activity structure should be revised so as to permit a clearer picture of the cost of the services provided by the Department and of their distribution around the world.

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

Relationship Between the Business Lines and Activity Structure

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

Summary of Voted Appropriations

Authorities for 1996-97 - Part II of the Estimates

Financial Requirements, by Authority (\$ millions)

Vote	Program	Main Estimates 1996-97	Actual 1996-97
1	Operating expenditures	811.7	785.5
5	Capital expenditures	87.6	92.0
10	Grants and contributions	417.2	332.6
11	To write off debts and obligations due to her Majesty in right of Canada amounting to \$52,014 owed by 14 debtors		0.1
(S)	Minister of Foreign Affairs - salary and motor car allowance		
(S)	Minister for International Trade - salary and motor car allowance		
(S)	Payments under the <i>Diplomatic Service (Special) Superannuation Act</i>	0.3	0.3
(S)	Contributions to employee benefit plans	57.6	59.8
(S)	Passport Revolving Fund	2.3	(2.4)
(S)	Refunds of amounts credited to revenue in previous years		0.7
(S)	Collection agency fees		
(S)	Spending from proceeds from disposal of surplus Crown assets		2.8
Total Department		1,376.7	1,271.4

**Revenues Credited to the Consolidated Revenue Fund (CRF), by Business Line
(\$ millions)**

Business Lines	Actual 1993-94	Actual 1994-95	Actual 1995-96	Planned 1996-97	Actual 1996-97
International Business Development	3.3	8.3	3.9	2.5	3.7
Trade and Economic Policy	5.2	6.5	12.6	10.1	54.8
International Security and Cooperation	1.3	0.0	2.3	0.0	2.7
Assistance to Canadians Abroad	0.6	0.5	15.6	36.4	35.2
Public Diplomacy	0.0	0.0	0.0	0.0	0.0
Corporate Services	61.5	58.2	51.0	62.3	47.1
Services to Other Government Departments	76.3	98.1	243.8	147.0 ¹	5.6
Passport Services	0.0	0.0	0.0	0.0	0.0

Total Revenues Credited to the CRF

1. Beginning in 1996-97, actual revenues from Immigration and visitor visa fees were reported by Citizenship and Immigration.

Details of Revenues Credited to the Consolidated Revenue Fund (CRF)
(\$ millions)

Source of Revenues	Actual 1993-94	Actual 1994-95	Actual 1995-96	Planned 1996-97	Actual 1996-97
Employee rental shares	18.0	17.9	16.8	16.1	14.8
Import and export permit fees	5.2	6.5	9.3	10.1	13.9
Softwood lumber permit fees	0.0	0.0	0.0	0.0	40.8
Sales of properties and other assets	19.3	20.4	18.0	32.5	19.7
Property rentals and co-location	0.0	1.4	1.6	1.3	1.5
Office accommodation and other services to Provinces	1.2	0.6	0.8	0.9	0.6
Consular fees					
- for specialized services	0.5	0.5	0.6	0.6	0.7
- for travel documents	0.0	0.0	15.0	35.8	34.2
Contributions repaid under Program for Export Market Development	3.2	4.3	3.9	2.5	3.6
Immigration Visa cost recovery ¹	61.9	96.9	242.5	146.1	0.0
Adjustment to previous years' expenditures	32.2	16.1	8.6	7.0	10.5
Services provided to Passport Office	4.4	4.4	4.4	4.4	4.4
Other	2.3	2.6	7.7	1.0	4.4
Total Revenues Credited to the CRF					

1. Beginning in 1996-97, actual revenues from Immigration and visitor visa fees were reported by Citizenship and Immigration.

Revenues Credited to the Vote, by Business Line
(\$ millions)

Business Lines	Actual 1993-94	Actual 1994-95	Actual 1995-96	Planned 1996-97	Actual 1996-97
International Business Development	0.0	0.1	0.4	0.4	0.1
Trade and Economic Policy	0.0	0.0	0.0	0.0	0.0
International Security and Cooperation	0.0	0.0	1.2	0.8	2.0
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	0.0	0.0
Services to Other Government Departments	0.0	0.0	0.0	0.0	0.0
Passport Services	46.6	49.5	53.4	50.4	48.9
Total Revenues Credited to the Vote	46.6	49.6	55.0	51.6	51.0

Capital Expenditures, by Business Line (\$ millions)

Business Lines	Actual 1993-94	Actual 1994-95	Actual 1995-96	Planned 1996-97	Actual 1996-97
International Business Development	4.6	6.4	5.9	5.4	4.7
Trade and Economic Policy	1.9	2.0	1.8	2.0	2.1
International Security and Cooperation	5.2	4.2	6.8	4.4	2.9
Assistance to Canadians Abroad	2.2	1.7	1.5	1.3	1.5
Public Diplomacy	0.9	1.0	1.1	1.2	1.3
Corporate Services	91.3	105.4	64.6	67.0	71.8
Services to Other Government Departments	6.5	5.4	7.0	6.3	7.7
Passport Services	0.0	0.9	0.0	0.0	2.9
Total Capital Expenditures	112.6	127.0	88.7	87.6	94.9

Capital Projects, by Business Line (\$ millions)¹

Business Lines	Current Estimated Total Costs	Actual 1993-94	Actual 1994-95	Actual 1995-96	Planned 1996-97	Actual 1996-97
<i>Corporate Services</i>						
Construction of diplomatic complex, Algiers (S-EPA)	34.7	0.7	1.3	1.0	17.4	10.4
Purchase of official residence, Boston (S-EPA)	2.0					1.6
Staff quarters project, Budapest (S-EPA)	1.5			0.3	0.6	0.1
Chancery project, Cairo (S-EPA)	24.4		1.7	1.4	11.1	1.1
Chancery project, Geneva (S-EPA)	21.6			5.2	3.0	7.0
Purchase of staff quarters, Guatemala (S-EPA)	1.1					1.1
Chancery addition, New Delhi (S-EPA)	24.6	5.9	6.0	5.7	7.6	4.4
Staff quarters project, New Delhi (S-EPA)	9.5					0.7
Relocation of consulate general, New York (S-EPA)	1.3					0.5
Chancery project, Kingston (I-PPA)	12.2			1.4	3.0	0.1
Chancery refit, Lagos (I-PPA)	1.3				1.2	
Canada House renovation, London (S-EPA)	18.0			0.2	2.0	1.7
Construction of staff quarters, Moscow (I-PPA)	11.0					0.1
Chancery relocation, Nairobi (I-PPA)	8.5					1.2
Chancery relocation, Port of Spain (S-EPA)	1.0					1.0
Renovation of Cultural Centre, Paris (S-EPA)	5.5		0.1	1.7	2.4	3.5
Chancery relocation, Santiago (S-EPA)	9.0		1.3	5.0	1.4	2.5
Chancery/staff quarters project, Seoul (I-PPA)	55.2		14.9	0.2		0.1
Chancery relocation, Tel Aviv (S-EPA)	1.1					1.1
Staff quarter construction, Tokyo (I-PPA)	23.3			0.4		0.8
<i>Passport Services</i>						
Technology Enhancement Project (TEP) (I-EPA)	25.0	1.4	4.2	2.2	4.8	4.4
Wallet-sized passport card (I-PPA)	4.6			0.2	0.4	
Total Capital Projects	296.4	8.0	29.5	24.9	54.9	43.4

1. Definitions used in this figure:

Classes of Estimates

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

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

Approval Status

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

Effective Project Approval (EPA): Treasury Board approval of, and expenditure authorization for, the objectives of the project implementation phase. Sponsoring departments are to submit for EPA when the scope of the overall project has been defined and when the estimates have been refined to the substantive level.

Transfer Payments, by Business Line
(\$ millions)

Business Lines	Actual 1993-94	Actual 1994-95	Actual 1995-96	Planned 1996-97	Actual 1996-97
Grants					
International Business Development	3.2	2.0	1.4	2.3	4.9
International Security and Cooperation	11.2	7.0	7.5	5.9	8.0
Public Diplomacy	20.9	20.7	18.7	18.3	19.8
Corporate Services	0.3	0.3	0.3	0.3	0.3
Total Grants	35.6	30.0	27.9	26.8	33.0
Contributions					
International Business Development	16.7	15.6	14.8	11.2	14.7
Trade and Economic Policy	24.6	28.6	30.0	30.7	27.5
International Security and Cooperation	397.7	451.3	293.8	348.8	251.7
Public Diplomacy	15.3	15.2	8.4	0.0	6.0
Total Contributions	454.3	510.7	347.0	390.7	299.9
Total Transfer Payments	489.9	540.7	374.9	417.5	332.9

Statutory Payments, by Business Line
(\$ millions)

Business Lines	Actual 1993-94	Actual 1994-95	Actual 1995-96	Planned 1996-97	Actual 1996-97
International Business Development	5.5	13.3	13.9	13.9	14.1
Trade and Economic Policy	4.2	5.3	5.8	6.8	6.3
International Security and Cooperation	6.2	8.1	8.0	8.8	9.0
Assistance to Canadians Abroad	0.8	2.2	2.4	2.8	2.8
Public Diplomacy	1.9	3.6	4.1	4.7	5.0
Corporate Services	8.2	12.1	12.4	8.7	13.4
Services to Other Government Departments	3.5	8.8	10.1	12.2	13.2
Passport Services	(3.7)	(3.1)	(6.6)	2.3	(2.4)
Total Statutory Payments	26.6	50.3	50.1	60.2	61.4

Passport Office Revolving Fund Financial Summary
(\$ millions)

	Actual 1994-95	Actual 1995-96	Planned 1996-97	Actual 1996-97¹
Expenditures	42.8	44.4	48.7	42.5
Revenues	49.5	53.4	50.4	48.9
Profit or (Loss)	6.7	9.0	1.7	6.4
Add:				
- Non-cash items	1.8	1.9	2.0	1.6
- Changes in working capital	0.9	(2.3)	0.0	2.0
- Depreciation and other charges	(6.3)	(2.0)	(6.0)	(7.6)
Cash requirements	3.1	6.6	(2.3)	2.4
Deletion of surplus		(5.8)		
Authority balance	26.5	27.3	25.0	29.7

1. The 1996-97 actual volume was 9 percent lower than the 1995-96 actual volume and 13 percent lower than the forecasted volume. In addition to reducing costs to cope with the reduction in demand, the \$2.4 million surplus is attributable to deferrals in timing of the TEP pilots, problems with the supply of passport material, and other projects that were postponed until 1997-98.

Contingent Liabilities
(\$ millions)

	Current Amount of Contingent Liability
Loans:	
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	24.0
Claims and Pending and Threatened Litigation:	
Pending or threatened litigation	11.5
Total	35.5

D. Summary of Medium-Term Objectives and Expected Results, by Business Line

These performance expectations were first published in October 1996 in *Getting Government Right: Improving Results Measurement and Accountability* submitted to Parliament by the President of the Treasury Board. To the extent results were achieved in 1996-97 against these expectations, they are reported in Section III of this report.

Foreign Affairs and International Trade	
Objectives	Expected Results
<i>International Business Development</i>	
Canadian firms able to take full advantage of opportunities abroad	Doubling the number of Canadian firms actively exporting by the year 2000; Diversification of export markets; Completion of the Team Canada partnership among federal government, the provinces and business; Trade Team Canada missions under leadership of the Prime Minister.
Job-creating foreign direct investment	New investment in Canada; retention and expansion of existing international firms in Canada.
Transfer of appropriate technology	Increased opportunities for successful partnerships between Canadian SMEs and large international firms in selected technology-intensive sectors.
<i>Trade and Economic Policy</i>	
An open, rules-based international trading system	Negotiations in the World Trade Organization on basic telecommunications and further work to open markets and improve trade rules in countries such as China and Russia; Negotiations on a Multilateral Agreement on Investment in the OECD; Negotiations on a Free Trade Agreement for the Americas; Trade liberalization under APEC.
Effective management of the trade relationship with the United States	Protected and improved access to the U.S. market through consultations, negotiations and dispute settlement under NAFTA and the WTO.

Foreign Affairs and International Trade	
Objectives	Expected Results
<i>International Security and Cooperation</i>	
Control of conventional weapons	Further measures to ban anti-personnel landmines; greater transparency in the arms trade and in military spending in developing countries.
Control of nuclear weapons	A Comprehensive Test Ban Treaty.
Strengthened peacekeeping	Implementation of the operational portions of the Rapid Reaction Study; better ability to mobilize Canadian civilian experience to help war-torn countries.
A renewed United Nations	Reduced overlap in program delivery and in administrative costs, sounder finances.
Leadership in international institutions	Hosting summit meetings in Canada (APEC, OAS).
Security in Europe	Carefully managed enlargement of NATO.
Sustainable management of the environment	Launch of negotiations on an international forests convention, successful completion of negotiations on climate change, international action on persistent organic pollutants.
Improved international cooperation in combatting terrorism and crime	International agreement on limiting access by terrorists to national territories and to resources; stopping illicit use of national and international protection for legitimate political opponents and refugees.
Strengthened protection of children's rights	<p>Legislation to prosecute in Canada those nationals and permanent residents who engage in prostitution-related activities with children abroad;</p> <p>Proposal in the International Labour Organization to develop a new agreement on child labour;</p> <p>Domestic action to use Rugmark and other labels to combat exploitative practices;</p> <p>Strengthened Convention on the Rights of the Child to combat sexual exploitation.</p>
Reconstruction of former Yugoslavia	Program of assistance to democratic and economic reconstruction.

Foreign Affairs and International Trade	
Objectives	Expected Results
<p>Prosecution of war criminals</p> <p>Restoration of democracy and human rights in Nigeria</p> <p>Support for the Middle East Peace Process</p>	<p>Supporting the United Nations war crimes tribunals for former Yugoslavia and Rwanda.</p> <p>Sanctions and other pressures on the military regime.</p> <p>Economic assistance, chairing the Refuge Working Group, active participation in other multilateral activities.</p>
<i>Assistance to Canadians Abroad</i>	
<p>Greater protection for Canadians in difficulty abroad</p>	<p>Possible new international legal and other instruments.</p>
<i>Public Diplomacy</i>	
<p>Strengthened international understanding of Canada</p>	<p>Cultural and educational exchanges; international promotion of cultural and education industries.</p>

E. Additional Results Achieved in 1996-97

International Security and Cooperation

Global and Regional Security

- Canada initiated bilateral security consultations for the first time with Brazil and Argentina, where the Canadian example of a joint civilian-military delegation was well-received.
- Canada's active participation in the October 1996 meeting of defence ministers of the Americas in Bariloche, Argentina confirmed our interest in the security of the region and the importance of civilian control of military establishments.
- Canada undertook a project through the Department's Verification Research Program to explore the special security concerns of small island states. The resulting report identified a number of possible practical cooperative "confidence- expanding" measures. It was tabled in the OAS Hemispheric Security Committee thus underlining Canadian interest on this security issue.
- To promote contacts among regional participants as a mentor within the Arms Control and Regional Security (ACRS) Working Group of the Middle East Peace Process, Canada produced and distributed on the ACRS communication network a "Directory of Electronic Information Sources on Arms Control and Disarmament, and on the Middle East." This accomplishment is significant in encouraging continued activity in the Peace Process, given the current political stalemate.
- At the "Track II" level in the Asia-Pacific region, Canada provided support to the Canadian academics who co-chaired (with Japan) the North Pacific Working Group in Vancouver in February 1997, which focused on security cooperation and issues in the northern Pacific/northeast Asia region and, for the first time, included all relevant Asian countries, such as North Korea and Mongolia, as well as Taiwanese scholars.
- In June, Canada through the University of Victoria hosted the 1996 North Pacific Arms Control Workshop in Victoria, involving academic and governmental participants from China, Japan, South Korea, Russia, and the United States. This cooperative Canada/South Korea series of workshops represents a valuable channel for the exchange of views on arms control and security matters in this vital and sensitive area of the world and helps to ensure that a strong and credible Canadian voice is heard on unfolding security developments in the region.
- In order to examine the possibilities of a broader relationship with one of our premier trading partners, Canada commissioned a study produced jointly by Canadian and Japanese academics on Canada-Japan security cooperation. Both governments are now considering a plan of action based on the study.

- The deployment of naval task groups to various regions (e.g., Southeast Asia, the South Pacific, South America, and Europe) reinforced Canada's role as a security partner and provided an opportunity to promote Canadian technology in selected countries. A new aspect was added with the holding of seminars on security issues during deployments in Asia. Canada's participation in naval exercises in the Mediterranean and the Persian Gulf contributed to international peace operations.

Control of Conventional Weapons and Weapons of Mass Destruction

- Canada's nuclear cooperation programs, which facilitate Canadian nuclear exports while ensuring that such exports do not contribute to the manufacture of nuclear explosive devices, were successfully managed. Bilateral nuclear consultations were carried out with Argentina, the United States, Australia, Romania, Euratom, Japan, and South Korea. New bilateral agreements were brought into force with Argentina and the Slovak Republic.
- An amendment to the Canada/U.S. Bilateral Nuclear Cooperation Agreement was negotiated with the United States, which allowed AECL to use spent American nuclear fuel in its possession in an important research program aimed at demonstrating the ability of Candu reactors to use re-engineered spent fuel as fuel. Once proven, this ability will enhance Candu's value and attractiveness, particularly to foreign partners such as South Korea.
- Canada played a key role in the development of safety objectives to be applied to the management of spent fuel and radioactive waste. These objectives are embodied in the Joint Convention on the Safety of Spent Fuel Management and the Safety of Radioactive Waste Management.
- Canada took part in negotiations that led to a harmonization of the Zangger Committee trigger list of nuclear items, the export of which is controlled, with the Nuclear Suppliers Group trigger list. (The Zangger Committee is an informal group of major nuclear supplier states under the auspices of the Nuclear Non-proliferation Treaty.) This simplifies export procedures while ensuring that Canada's nuclear non-proliferation objectives are not compromised.
- At a treaty review conference in December 1996, Canada, along with other parties to the Biological and Toxin Weapons Convention, reaffirmed that the use of biological or toxin weapons would effectively constitute a violation of the convention (which prohibits development, production, and stockpiling) and stressed their determination to strengthen its effectiveness, including the negotiation of a legally binding protocol to that end. Canada, in keeping with the G-7's stated concerns about biological weapon terrorism, worked with New Zealand to draw attention to, and obtain consensus on, the need for national measures to prevent the use of biological or toxin weapons in terrorist or criminal activity.
- In 1996, the Department issued 1,495 export permits for military goods, 304 permits for nuclear materials and related items, 19 permits for missile-related items, and 12

permits for legitimate commercial items that could be misused and illegally diverted to biological and chemical weapons purposes. These controls, which are designed to reduce the proliferation of weapons of mass destruction – i.e., nuclear, chemical, and biological weapons, and their delivery (missile) systems – as well as conventional arms, emanate from various control regimes in which Canada participates.

- Canada took part in the Annual Implementation Assessment Meeting for the Vienna Document (1994) of the OSCE. The meeting reviewed the implementation of the Vienna Document's package of confidence- and security-building measures and made recommendations for their enhancement through the work of the OSCE's Forum for Security Cooperation.
- In December 1996, Canada and other OSCE states agreed on a framework for arms control that is designed to create a web of interlocking and mutually reinforcing arms control obligations and commitments for the OSCE area. The accompanying decision on "Development of the Agenda of the Forum for Security Co-operation" sets out a process for achieving this goal that has begun and in which Canada is actively engaged.
- A Canadian expert is a participant in the United Nations Panel on the Conventional Arms Register, which held its first meeting in March 1997. The panel is reviewing the operation of the register and exploring ways in which it might be improved and expanded.
- The Department's Verification Research Program, drawing upon more than 50 academic and private sector experts, completed over 40 research projects on non-proliferation, arms control, and disarmament issues and produced approximately 30 reports. This program provides background support to Canada's international efforts in the field and fosters an active Canadian expert community upon which Canadian diplomatic efforts can draw as required.

Conflict Prevention, Peacekeeping, and Peacebuilding

- Canada's lead role in peacekeeping allowed us to engage regional actors in security discussions via the theme of peacekeeping. A peacekeeping seminar in Tokyo in November 1996, focusing on the New Peacekeeping Partnership, was held in conjunction with the Prime Minister's visit and drew a broad audience, including parliamentarians, government and military officials, and NGO representatives. As part of an ASEAN Regional Forum governmental meeting held in April 1996, Canada and Malaysia co-chaired a workshop that highlighted the issues of cooperation in security matters and the role of regional actors. In Latin America, Canada and Argentina co-chaired a May 1996 peacekeeping seminar with the Rio Group of countries, which focused on military/civilian relations and the prospect for collaboration among regional countries. Through the Pearson Peacekeeping Centre, Canada commissioned and tested a mobile one-week peacekeeping training course on the theme of the New Peacekeeping Partnership. This will allow Canada to cooperate with key countries in various regions on peace and security issues.

- Canada chaired a working group and presented a key paper on training at the Madrid Donors' Conference on Peacekeeping and Security in Africa, which led to an agreement on technical and training priorities – an important factor in ensuring the best use of donor resources.
- In the past year, Canada and Japan have created a successful partnership during their first year as part of the joint peacekeeping operation in the UN Disengagement Observer Force (UNDOF) in the Golan Heights. Canada has been in UNDOF since 1974, whereas this was Japan's first foray into military peacekeeping outside of the Asia-Pacific region.
- As a result of three visits by the Minister of Foreign Affairs to Guatemala to show Canadian political support for the peace process, Canada supported the UN mission in that country (MINUGUA) by providing 15 Canadian military observers and two civilian police human rights monitors.
- Canada supplied key personnel and election monitors to the OSCE mission in Bosnia, which helped to expedite needed election policy and operational decisions, thereby contributing to stability and the development of democracy in that country.
- Canada continued to support the efforts of the OSCE to maintain peace and defend civil and minority rights. This included the provision of Canadians for two of the OSCE's long-term missions, in Ukraine and Moldova. Other areas where Canada was particularly active in promoting peacebuilding policies were Albania and Chechnya.

Democracy, Human Rights, and Governance

- A departmental Website for human rights was created, providing the Canadian public with easily accessible information on Canada's efforts to promote and protect human rights, women's equality, and indigenous rights internationally.
- Canada assisted in the development of the electoral process by providing technical experts and observers to elections in Europe, Latin America, the Middle East, and Africa.
- Canada has made repeated interventions with the Israeli government, the Palestinian Authority, and the government of Iran on behalf of Canadians and non-Canadians to ensure respect for human rights. Two practical results were the release of a Canadian from an Israeli jail and a Palestinian in Israeli custody receiving proper medical treatment and legal representation.

Terrorism, Transnational Crime, and Drug Trafficking

- Canada provided reconstruction assistance to Algeria's *Maison de la Presse* after it was bombed by Islamist terrorists.
- Canada chaired the G-7 experts subgroup on alien smuggling, co-chaired the subgroup on firearms, and developed specific proposals for other groups working on subjects such as high-tech crime.
- Canada successfully promoted a balanced approach to the drug issue in defining the agenda for the UN General Assembly Special Session on Drug Issues planned for June 1998. Stimulants and precursors, money-laundering and judicial cooperation, and demand reduction and alternative development have been identified as priority themes.
- Canada financed (and contributed substantially to) the first meeting of the expert group that is preparing the Declaration on the Principles of Demand Reduction on drugs to be adopted at the Special Session.
- Canada continued active cooperation on drug control issues in the Caribbean in the context of the Barbados Plan of Action. This year we contributed to two UN Drug Control Program projects that arise from the Plan of Action and made a further contribution to the Caribbean Customs Law Enforcement Council for customs cooperation projects in the region.
- A number of international initiatives to combat corruption have been undertaken, with Canada as an active participant. The OAS convention on this matter, which Canada negotiated (along with other members) and will shortly sign, includes a commitment to criminalize the bribery of foreign public officials.

Sustainable Development and Environmental Protection

- At the second UN Conference on Human Settlements, "Habitat II," Canada helped ensure that the economic, social, and environmental pillars of sustainable development were incorporated into the conference's main objectives of adequate shelter for all and sustainable human settlements in an urbanizing world.
- The Commission for Environmental Cooperation announced further trilateral action to enhance environmental and public health protection, to protect migratory birds and monarch butterflies, to cooperate in air monitoring and modelling, to better manage hazardous chemicals, to cooperate on environmental enforcement, and to better integrate trade and environmental policies.
- Canada played an active role in negotiating the declaration and plan of action at the first Hemispheric Summit on Sustainable Development, held in Santa Cruz, Bolivia, and in promoting key Canadian sustainable development priorities. Canada also vigorously advocated hemisphere-wide consultations on civil society in advance of the Bolivia Summit.

- Negotiation of a protocol on persistent organic pollutants under the Convention on Long-range Transboundary Air Pollution (LRTAP) began in January 1997 after several years of preliminary discussions. It is hoped that negotiations will be completed by early 1998.
- The UN Environment Program's governing council approved the launch of negotiations on a multilateral convention to address the problems posed by persistent organic pollutants. Canada has placed a high priority on addressing the problems that persistent organic pollutants originating outside Canada pose to the health of Canadians, especially indigenous Canadians living in the Arctic.
- Canada played an active role in developing a draft liability protocol under the Basel Convention on Transboundary Movement of Hazardous Wastes and their Disposal.
- Canada successfully negotiated an agreement on environmental cooperation with Chile to enhance environmental protection in the two countries and to support the environmental goals and objectives of the Canada-Chile Free Trade Agreement.
- Memoranda of understanding on environmental cooperation have been signed with Brazil, Uruguay, and Argentina, and formal bilateral environmental consultations have been initiated with all three countries.
- Canada lifted the ban on exports of Canadian PCB wastes (polychlorinated biphenyls) to the United States for thermal, chemical, or other methods of destruction at facilities approved by the Environmental Protection Agency under the *Toxic Substances Control Act*. This will contribute to the environmentally sound and economically sensible management of PCB wastes in Canada.

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

- Agreement was achieved on a reduction in the regular UN budget for 1998-99. In addition, efficiency savings of \$325 million were attained for the period under review.
- Program planning in each of the United Nations' funds and programs – the United Nations Children's Fund (UNICEF), Development Program (UNDP), and Population Fund (UNPF) – has been harmonized to avoid duplication and contradiction.
- At the 1996 World Food Summit, Canada contributed actively to the adoption of a “world plan of action” to promote world food security and approved a Canadian national program for respecting Canada's obligations under the plan.
- Five Canadian Internet servers were installed in member countries of *la Francophonie* to promote the use of the French language on the Internet and the export of Canadian technology.

- At the Marrakech Francophone Ministerial Conference, Canada achieved:
 - the adoption of an institutional reform package, including the nominations of a new secretary general of *la Francophonie* and an administrator general of the *Agence de coopération culturelle et technique* (ACCT); and
 - the promotion of the candidacies of Moncton as host of the 1999 Francophone Summit, and Ottawa/Hull as host of the 2001 Francophone Games.

F. Legislation Administered by Foreign Affairs and International Trade

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 1981-82-83, c. 73
- *International Development (Financial Institutions) Assistance Act*, RSC 1985, c. 1-18
- *Privileges and Immunities (NATO) Act*, RSC 1985, c. P-24
- *Prohibition of International Air Services Act*, RSC 1985, c. P-25
- *Special Economic Measures Act*, SC 1992, c. 17
- *Territorial Sea and Fishing Zones Act*, RSC 1985, c. T-8, with the exception of section 6
- Treaties of Peace with: Austria, Germany, SC 1919 (second session), c. 30; Bulgaria, SC 1920, c. 4; Hungary, SC 1922, c. 49, SC 1948, c. 71 and SC 1950, c. 50, s. 10; Italy, Romania, Finland, SC 1948, c. 71 and SC 1950, c. 50, s. 10; Japan, SC 1952, c. 50; Turkey, SC 1922, c. 49
- *United Nations Act*, RSC 1985, c. U-2

The following acts are administered outside the Department:

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

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

- *Canadian Environmental Assessment Act*, SC 1992, c. 37, s. 40, s. 47, s. 58
- *Canadian Laws Offshore Applications Act*, SC 1990, c. 44, s. 10
- *Canadian Security Intelligence Service Act*, RSC 1985, c. C-23, s. 13, s. 14, s. 16, s. 17, s. 19
- *Citizenship Act*, RSC 1985, c. C-29, s. 3, s. 23

- *Coasting Trade Act*, SC 1992, c. 31, s. 3, s. 17
- *Criminal Code*, RSC 1985, c. C-46, s. 7, s. 57, s. 477.4
- *Cultural Property Export and Import Act*, RSC 1985, c. C-51, s. 4, s. 17, s. 39
- *Customs Tariff*, RSC 1985, c. C-54.01, s. 59
- *Excise Tax Act*, RSC 1985, c. E-15, s. 68.3
- *Foreign Enlistment Act*, RSC 1985, c. F-28, s. 7
- *Foreign Extraterritorial Measures Act*, RSC 1985, c. F-29, s. 5
- *The Geneva Conventions Act*, RSC 1985, c. G-3, s. 6, s. 9
- *Immigration Act*, RSC 1985, c. I-2, s. 116
- *Motor Vehicle Transport Act*, 1987, RSC 1985, c. M-12.01, s. 17
- *Mutual Legal Assistance in Criminal Matters Act*, RSC 1985, c. M-13.6, s. 6
- *National Transportation Act*, 1987, RSC 1985, c. N-20.01, s. 86, s. 156
- *Revolving Funds Act*, RSC 1985, c. R-8, s. 4
- *Canada Shipping Act*, RSC 1985, c. S-9, s. 632.4
- *State Immunity Act*, RSC 1985, c. S-18, s. 9, s. 14, s. 15
- *Telelobe Canada Reorganization and Divestiture Act*, SC 1987, c. 12, s. 8

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

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

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

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